

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060051583-04**

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Thomas J. Lewis, Respondent
CRD No. 2684821

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Thomas J. Lewis ("Lewis"), submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Lewis, during all times relevant to this AWC, was a broker and co-manager of the credit default swap ("CDS") desk for Chapdelaine Corporate Securities & Co. ("Chapdelaine") (a then FINRA-registered member that subsequently was acquired by Tullett Prebon Holdings Corp. ("TPH")). He currently is employed as the co-head of the CDS desk at Tullett Liberty Inc., and also as a registered broker at Tullett Prebon Financial Services LLC, a FINRA member and fellow indirect subsidiary of TPH. During all times relevant to this AWC, he was registered as a general securities representative. He continues to hold that license. He has worked in the financial industry for more than a decade.

RELEVANT DISCIPLINARY HISTORY

Lewis understands that his disciplinary history may be a factor that will be considered in deciding whether to accept this AWC. Lewis has no relevant disciplinary history.

SUMMARY

The subject matter of this AWC concerns communications between Lewis and personnel at certain other interdealer brokers regarding CDS dealers' proposed brokerage fee rate reductions. In Review No. 20060051583, the staff of the Department of Market Regulation (the "staff") reviewed conduct by Lewis and his fellow Chapdelaine CDS co-desk manager, Matthew Somers ("Somers"), that appeared to be an improper attempt by Chapdelaine, through Lewis and Somers, to influence other CDS interdealer brokers about CDS dealers' proposed brokerage fee rates during the review period of July 1, 2005 through December 1, 2006 (the "review period").

CDS instruments generally enable counterparties to purchase/sell "risk protection" associated with the risk of credit events (such as bankruptcies, defaults, or credit downgrades in underlying instruments). The risk protection purchaser generally pays a periodic fee to the seller for the life of the CDS. The risk protection seller agrees to pay the purchaser a set amount should a credit event occur during the CDS term. Chapdelaine and other CDS interdealer brokers provided an intermediary brokerage service to major commercial and investment banks that are wholesale CDS dealers, by identifying and matching counterparties for transactions between such CDS dealers. Chapdelaine received an agreed upon brokerage fee for successfully matching buying and selling counterparties (its clients).

FACTS AND VIOLATIVE CONDUCT

During the review period, Lewis and Somers communicated with personnel at certain other CDS interdealer brokers about CDS dealers' proposed brokerage fee rate reductions on numerous occasions. These communications generally arose after individual CDS dealers sought to renegotiate the CDS brokerage fees they paid by transmitting schedules of their proposed brokerage rate reductions to various interdealer brokers. Lewis' communications with personnel at other interdealer brokers about the proposed rate schedules included, among other things, reactions to the proposed rate reductions and statements concerning actual or contemplated interdealer broker responses or counter-proposals to the schedules (including, in some instances, discussions of mutually parallel counter-proposals to CDS dealers' rate reduction requests). While many of the communications involved one-to-one discussions between Lewis and personnel from other CDS interdealer brokerage firms, the communications frequently referred to similar types of interactions about the schedules involving additional interdealer brokerage firms.

CONCLUSION

As a result of the conduct described above, Lewis, during the review period, repeatedly engaged in improper communications with other interdealer brokers about CDS dealers' brokerage rate proposals concerning CDS instruments and, therefore, failed to abide by his duty to observe high standards of commercial honor and just and equitable principles of trade. This conduct described in this paragraph constitutes a violation of both NASD Rule 2110 and the prohibition in IM-2110-5 against engaging in conduct that "attempts improperly to influence another member or person associated with a member."

B. I also consent to the imposition of the following sanctions:

A suspension from associating with any member of FINRA in any capacity for a period of six months, and a fine of \$350,000.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. (See FINRA Rules 8310 and 8311.)

I agree to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;

- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (“NAC”) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudice of the General Counsel, the NAC, or any member of the NAC, in connection with such person’s or body’s participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person’s or body’s participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

I understand that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (“ODA”), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and

4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

11/10/09
Date

Respondent

By: 
Thomas J. Lewis

Reviewed by:


David Spears
Spears & Imes LLP
51 Madison Avenue
New York, NY 10010
Phone: (212) 213-6991

Accepted by FINRA:

12/2/09
Date

Signed on behalf of the
Director of ODA, by delegated authority


Thomas R. Gira
Executive Vice President
Department of Market Regulation