

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010022543701**

TO: Department of Enforcement
Financial Industry Regulatory Authority (“FINRA”)

RE: World Trade Financial Corp., Respondent
Member
CRD No. 42638

Frank E. Brickell, Respondent
General Securities Principal
CRD No. 3257725

Rodney P. Michel, Respondent
General Securities Principal
CRD No. 1275392

Jason T. Adams, Respondent
General Securities Principal
CRD No. 2137404

Pursuant to FINRA Rule 9216 of FINRA’s Code of Procedure, Respondents 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 Respondents alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondents 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

World Trade Financial Corporation (WTFC or Firm) has been a FINRA member since January 6, 1998. Its principal place of business is located in San Diego, California. The firm operates pursuant to the Section (K)(2)(II) exemptive

provisions of Exchange Act Rule 15c3-3, with a net capital requirement of \$100,000.00. Its relevant disciplinary history is described below.

Rodney Preston Michel entered the securities industry in 1989. Since August 1998, Michel has been registered with WTFC and served as its president. In 1989, Michel became registered as a General Securities Representative. In 1995, Michel became registered as a General Securities Principal and a Financial and Operations Principal. In 1996, Michel became registered as a Municipal Securities Principal. In 2000, Michel became registered as an Equity Trader. Michel's relevant disciplinary history is described below.

Jason Troy Adams entered the securities industry in 1991. Since January 1999, Adams has been registered with WTFC. In 1991, Adams became registered as a General Securities Representative. In 1999, Adams became registered as a General Securities Principal. In 2000, Adams became registered as an Equity Trader. Adams's relevant disciplinary history is described below.

Franklin Edward Brickell entered the securities industry in 1999 and became registered as a General Securities Representative. Since September 2001, Brickell has been registered with WTFC. In 2001, Brickell became registered as an Equity Trader. In 2006, Brickell became registered as a General Securities Principal. In 2008, Brickell became registered as a Financial and Operations Principal. Brickell's relevant disciplinary history is described below.

RELEVANT DISCIPLINARY HISTORY

In *World Trade Financial Corporation*, 2012 SEC LEXIS 56 (2012) *appeal docketed*, No. 12-70681 (9th Cir. March 2, 2012), the Securities and Exchange Commission found that WTFC and Brickell engaged in unregistered sales of securities in violation of Section 5 of the Securities Act of 1933 and NASD Rule 2110. The Commission further found that WTFC, Michel and Adams failed to reasonably supervise Brickell in the course of engaging in unregistered sales of securities, and that WTFC and Michel failed to establish and maintain a supervisory system and written supervisory procedures (WSPs) reasonably designed to achieve compliance with Section 5 of the Securities Act, in violation of NASD Rules 3010 and 2110. The Commission affirmed the following sanctions imposed by the FINRA National Adjudicatory Council:

- WTFC: a fine in the amount of \$45,000 and a prohibition from receiving and selling unregistered securities until the firm obtains an independent consultant to review its procedures;
- Michel: a fine in the amount of \$30,000, and a 45-day suspension from association with any FINRA member in a principal capacity;
- Adams: a fine in the amount of \$20,000, and a 30-day suspension from association with any FINRA member in a principal capacity; and

- **Brickell: a fine in the amount of \$15,000, and a 30-day suspension from association with any FINRA member in any capacity.**

OVERVIEW

Between March 2009 and August 2011 (the Relevant Period), on behalf of a certain customer (Customer), WTFC received and sold to the public in over-the-counter transactions over 27.5 billion shares of twelve penny stock issues, resulting in approximately \$61,000,000.00 in proceeds. During the Relevant Period, the Customer's transactions represented the majority of the Firm's business and revenue. WTFC, acting through Brickell, effected these transactions without the benefit of registration or a valid exemption to registration pursuant to Section 5 of the Securities Act of 1933, in violation of FINRA Rule 2010.

In connection with those sales, WTFC, acting through Brickell, Michel and Adams, failed to establish, maintain and enforce a supervisory system and adequate written supervisory procedures reasonably designed to achieve compliance with federal securities laws and industry rules regarding unlawful distribution of unregistered securities, in violation of NASD Rule 3010 and FINRA Rule 2010.

In addition, between May 2008 and November 2010, WTFC, acting through Michel, failed to supervise Brickell, who was acting as a Producing Manager, in violation of NASD Rule 3012 and FINRA Rule 2010.

Finally, during the Relevant Period, WTFC, acting through Brickell, failed to have a program reasonably designed to monitor for and detect and suspicious activity, as required by the Bank Secrecy Act, 31 U.S.C. 5318, and regulations promulgated thereunder, including 31 C.F.R. 1023.320¹, in violation of NASD Conduct Rules 3011(a)(for conduct before January 1, 2010), and FINRA Rules 3310(a) (for conduct after December 31, 2009) and 2010.

FACTS AND VIOLATIVE CONDUCT

During the Relevant Period, WTFC, through Brickell, used the means and instruments of interstate commerce to effect, as agent in the account of a sole proprietor Customer, sales of approximately 27,809,938,908 shares of common stock, at penny and sub-penny prices, of at least twelve issuers for which no registration statement was in effect pursuant to Section 5 of the Securities Act of 1933. The securities and transactions were not otherwise exempt from registration. The subject transactions resulted in approximately \$60,230,115.00 in proceeds.

¹ Codified at 31 C.F.R. 103.19 through March 1, 2011. On March 1, 2011, FinCEN transferred its regulations from 31 C.F.R. Part 103 to 31 C.F.R. Chapter X as part of an ongoing effort to increase the efficiency and effectiveness of its regulatory oversight.

During the Relevant Period, Brickell acted as the registered representative of record for the Customer's account and as the Chief Compliance Officer for the Firm. In that capacity, Brickell had primary responsibility to perform due diligence for the Firm related to the Customer's transactions. Brickell was authorized to accept the Customer's deposits and exercised that authority and supervised the Customer's transactions.

The Customer acquired rights to the shares when he entered into private investment in public equity transactions (PIPEs), whereby he purportedly made loans, or acquired loans previously made by third parties, to thinly-traded micro-capitalized companies in exchange for convertible notes to purchase stock at a substantial discount to the market price, from approximately 20 to 50 percent. Upon conversion, the Customer promptly liquidated the stock at penny and sub-penny prices and withdrew the proceeds. The Customer's sales generally comprised a large percentage of the daily trading volume of the relatively illiquid stocks, and the number of shares sold represented a large percentage of the outstanding shares of the issuers. As a result of the conversions and related issuance of shares, all issuers substantially increased the number of issued and outstanding shares of common stock.

The Customer purportedly acquired the shares through three methods:

- purchase of convertible debt from a third party who had acquired it from the issuer or another third party;
- purchase of convertible promissory notes from an issuer in consideration of a purported secured and collateralized promissory note; and
- purchase of convertible promissory notes from an issuer in consideration of a payment of cash.

To effect the subject transactions, the Customer presented WTFC and the issuer with a promissory note and a notice of conversion that instructed the issuer to convert a certain dollar amount of the note to common stock, to issue the shares, not to exceed 4.9% of the issuer's outstanding stock at any time (with one exception), and to cause the transfer agent to deposit the shares through WTFC's clearing firm into the Customer's trading account at WTFC. For each promissory note, the Customer continued to issue notices of conversion to the issuer and WTFC, in increments limited to 4.9% of the outstanding stock, until the Customer fully converted each note. The process generally required numerous conversions to fully convert a note, which were followed by prompt liquidations.

For example, between March 23 and March 25, 2009, the Customer engaged in 21 conversions to convert into one million shares his first note from a certain issuer, Unico, Inc., with a purported face value of \$100,000.00. In those three days, WTFC, on behalf of the Customer, sold the entire one million shares, even though the Unico shares were thinly traded. In that regard, on March 23, 24, and 25, 2009, the Customer's sales represented 85%, 79%, and 93% of the

issuer's total daily volume. The Customer typically then converted additional shares either while liquidating a prior conversion of shares representing 4.9% of the outstanding shares, or shortly thereafter. Generally, WTFC began accepting and executing the Customer's orders to liquidate the stock immediately upon receipt of conversion notices and prior to the issuance and deposit of shares. Upon liquidation or shortly thereafter, the Customer requested and received proceeds from WTFC through regular wire transfers of funds.

At or about the time the Customer provided a first notice of conversion relating to any given promissory note, WTFC, acting through Brickell, accepted from the Customer and reviewed supporting documentation and determined to accept the shares as freely tradable.

This supporting documentation generally was inadequate to establish that the shares were exempt from the requirement to register offerings of stock with the Securities and Exchange Commission, pursuant to Section 5 of the Securities Act of 1933, or that the shares qualified for an exception, pursuant to SEC Rule 144. For example, with four exceptions, WTFC and Brickell did not require and the Customer did not provide any evidence that the Customer had provided consideration or payment for the shares.

Nor did WTFC or Brickell conduct a searching inquiry into such factors as the history of the issuers, each of whom consisted of a little known company with short operating history and thinly traded stock. Four of the companies had no revenue for the years immediately prior to the Customer's conversion and liquidation of shares. Two of the entities were the subject of civil litigation involving allegations of fraud. Five of the companies reported significant operating losses on nominal revenue or substantial negative net equity.

WTFC and Brickell also failed to conduct a searching inquiry regarding the source of shares that the Customer acquired from third parties. Several of these parties were affiliated with issuers and several were reported to be under investigation at the time the Customer converted and liquidated shares through WTFC.

WTFC and Brickell also ignored red flags indicating that the Customer was engaging in the unlawful distribution of securities. These red flags included: (1) the Customer's activity was limited to penny stocks; (2) the Customer deposited a large position of a thinly traded, little known security; and (3) in the matter of a few days or weeks, the Customer deposited and sold a position and promptly withdrew the proceeds.

Rather than conducting a searching inquiry and evaluating overt red flags in every instance in which the Customer deposited shares pursuant to purported convertible promissory notes, WTFC, acting through Brickell, accepted and liquidated the shares transferred to it, and wired proceeds to the Customer.

In June 2009, the Firm's clearing firm, Legent Clearing, LLC, declined to continue to execute liquidations of the Customer's shares acquired by conversion of a promissory note acquired by the Customer from a third party, rather than directly from the issuer. Upon this development, WTFC caused the Customer to open a trading account at its second clearing firm, Penson Financial Services, Inc. In June 2011, Penson determined not to continue processing liquidations of unregistered penny stock shares, including, in particular, the Customer's trading through WTFC.

1. Sales of Unregistered Equity Securities Without Benefit of Exemption From Registration, in Violation of Section 5 of the Securities Act of 1933, and thereby FINRA Rule 2010

a. Sales of Unregistered Equity Securities of Unico, Inc. (UNCO)

As of February 28, 2009, Unico had 5,823,306 common shares outstanding. Between March 23, 2009 and February 25, 2010, the Customer deposited at WTFC 1,558,898,175 shares of Unico common stock. Unico issued the shares to the Customer from the conversion of eight promissory notes with a purported aggregate principal value of \$1,575,100.00. In 2007, Unico had issued the promissory notes separately to two third-parties, who assigned them to a party who subsequently assigned the notes to the Customer.

Between March 23, 2009 and February 25, 2010, the Customer sold through WTFC 1,558,898,175 shares of Unico, with aggregate proceeds of \$2,557,885.00, at prices per share ranging from \$0.006 in March 2009 to \$0.03 per share in June 2009 to \$0.0002 in February 2010. Between March 23, 2009 and February 25, 2010, the volume of shares sold by the Customer on a daily basis through WTFC represented between 0.92% and 99.9% of the total daily trade volume for Unico. For the same period, the Customer's transactions, on a per trade basis, ranged between 0.16% and 85% of the total number of Unico shares traded daily.

b. Sales of Unregistered Equity Securities of Wellstar International, Inc. (WLSI)

As of May 21, 2009, Wellstar International had 1,689,092,864 common shares outstanding. Between June 2, 2009 and December 1, 2010, the Customer deposited at WTFC 12,255,148,661 shares of Wellstar International common stock issued from the conversion of five promissory notes with the principal value totaling \$961,500.00. Wellstar International sold the notes between October 2005 and May 2009 to a third party, from whom the Customer acquired the majority of his interest.

Between June 2, 2009 and December 1, 2010, the Customer sold through WTFC 12,075,148,651 shares of Wellstar International common stock, at prices per share

of from \$0.0007 in June 2009, to \$0.0001 per share in December 2009. Aggregate proceeds totaled \$2,260,022.09. At the end of this period, the Customer's account held an additional 180,000,000 shares. Following a reverse split (100 to 1), the Customer's Wellstar International liquidations were priced between \$0.0046 in January 2010 to \$0.0009 in December 2010. Between June 2, 2009 and December 1, 2010, the volume of shares sold by the Customer on a daily basis through WTFC represented between 2.94% and 87.9% of the total daily trade volume for Wellstar International. For the same period, the Customer's transactions, on a per trade basis, ranged between 0.12% and 86% of the total number of Wellstar International shares traded daily.

c. Sales of Unregistered Equity Securities of BizAuctions, Inc. (BZCN)

As of March 31, 2009, BizAuctions had 224,983,292 common shares outstanding. Between May 27, 2009 and May 2, 2011, the Customer deposited at WTFC 5,678,088,181 common shares of BizAuctions issued to the Customer from the conversion of three promissory notes, for which the consideration purportedly totaled \$341,892.00.

Between May 27, 2009 and May 2, 2011, the Customer sold through WTFC 5,678,088,181 shares of BizAuctions common stock, for total proceeds of \$1,801,071.00, at prices ranging from \$0.003 per share in June 2009 to \$0.0001 per share in May 2011. Between May 27, 2009 and May 2, 2011, the volume of shares sold by the Customer on a daily basis through WTFC represented between 1% and 80% of the total daily trade volume for BizAuctions. For the same period, the Customer's transactions, on a per trade basis, ranged between 0.07% and 80% of the total number of BizAuctions shares traded daily.

d. Sales of Unregistered Equity Securities of mPhase Technologies, Inc. (XDSL)

As of May 4, 2009, mPhase had 777,315,561 common shares outstanding. Between June 18, 2009 and April 29, 2011, the Customer deposited at WTFC 571,565,477 shares of mPhase Technologies common stock, issued from the conversion of five convertible debentures, with a total purported principal value of \$6,470,000.00.

Between June 18, 2009 and April 29, 2011, the Customer sold through WTFC 571,565,477 shares of mPhase Technologies common stock, at prices ranging from \$0.02 from November 2009 to \$0.0051 in April 2011. Aggregate proceeds totaled \$7,684,950.00. Between June 18, 2009 and April 29, 2011, the volume of shares sold by the Customer on a daily basis through WTFC represented between 0.8% and 81% of the total daily trade volume for mPhase Technologies. For the same period, the Customer's transactions, on a per trade basis, ranged between 0.3% and 60% of the total number of mPhase Technologies shares traded daily.

e. Sales of Unregistered Equity Securities of Cord Blood America, Inc. (CBAI)

As of May 15, 2009, Cord Blood America had 1,579,096,424 common shares outstanding. Between July 1, 2009 and April 12, 2011, the Customer deposited at WTFC 2,223,165,319 shares of Cord Blood America common stock from the conversion of seven debenture securities issued between August 2, 2006 and March 24, 2010, for purported consideration of \$6,247,959. Three of the seven notes (originally sold in 2006 and 2007 in the principal amount of \$747,959) were assigned to the Customer; the remaining four debentures, in the principal amount totaling \$5,500,000, were sold directly to the Customer, who paid for them by delivering to the company a purported secured and collateralized promissory note in the amount of the purchase price.

Between July 1, 2009 and April 12, 2011, the Customer sold through WTFC 2,223,165,319 shares of Cord Blood America common stock, for total proceeds of \$9,052,655.00, at prices ranging from \$0.003 in July 2009 to \$0.19 in January 2010, before declining in July 2010 to \$0.006 to \$0.002 in April 2011. Between July 1, 2009 and April 12, 2011, the volume of shares sold by the Customer on a daily basis through WTFC represented between 1% and 68% of the total daily trade volume for Cord Blood America. For the same period, the Customer's transactions, on a per trade basis, ranged between 0.02% and 41% of the total number of Cord Blood America shares traded daily.

f. Sales of Unregistered Equity Securities of Advanced Cell Technology, Inc. (ACTC)

As of September 23, 2009, Advanced Cell Technology had 501,905,641 common shares outstanding. Between September 18, 2009 and January 19, 2011, the Customer deposited at WTFC 226,166,884 shares of Advanced Cell Technology common stock issued from the conversion of seven debt securities issued to the Customer, for total purported consideration of \$7,380,000. Of these shares, 13,200,000 shares were registered securities.

Between September 18, 2009 and January 19, 2011, the Customer sold 226,166,884 shares of Advanced Cell Technology common stock for total proceeds of \$31,056,420, at prices ranging from \$0.13 in September 2009 to \$0.04 in November 2010. Subsequently, the stock price rebounded and the Customer sold at \$0.16 in January 2011. Between September 18, 2009 and January 19, 2011, the volume of shares sold by the Customer on a daily basis through WTFC represented between 0.37% and 46% of the total daily trade volume for Advanced Cell Technology. For the same period, the Customer's transactions, on a per trade basis, ranged between 0.01% and 22% of the total number of Advanced Cell Technology shares traded daily.

g. Sales of Unregistered Equity Securities of Greenshift Corporation (GERS)

As of September 30, 2009, Greenshift had 701,528,167 common shares outstanding. Between November 8, 2009 and March 4, 2010, the Customer deposited at WTFC 587,531,900 shares of Greenshift common stock issued from the conversion of two convertible debentures, in the aggregate amount of \$72,500, which were assigned to the Customer by a party related to Greenshift.

Between November 18, 2009 and March 4, 2010, the Customer sold 587,531,900 shares of Greenshift common stock, for total proceeds of \$187,330.00, at prices ranging from \$0.0009 in November 2009 to \$0.00026 in March 2010. Between November 18, 2009 and March 4, 2010, the volume of shares sold by the Customer on a daily basis through WTFC represented between 1% and 21% of the total daily trade volume for Greenshift. For the same period, the Customer's transactions, on a per trade basis, ranged between 0.42% and 21% of the total number of Greenshift shares traded daily.

h. Sales of Unregistered Equity Securities of Camelot Entertainment Group, Inc. (CMGR)

As of August 15, 2009, Camelot had 260,604,433 common shares outstanding. Between August 27, 2009 and January 24, 2011, the Customer deposited at WTFC 4,355,762,910 shares of Camelot Entertainment Group common stock, issued from the conversion of debt in the purported amount of \$600,000.00. A small portion of these shares resulted from a note assigned to the Customer by a third party; the majority were acquired by the Customer in consideration of a Secured and Collateralized Promissory Note in the amount of \$500,000.00.

Between August 27, 2009 and January 24, 2011, the Customer sold through WTFC 4,355,762,910 shares of Camelot Entertainment Group common stock for total proceeds of \$1,960,530, at prices ranging from \$0.002 in August 2009 down to \$0.0001 in April 2010. In July 2010, Camelot Entertainment Group effected a reverse consolidation and the Customer sold shares at \$0.09 per share. The Customer deposited more Camelot Entertainment Group shares, and then traded the Camelot Entertainment Group shares down to \$0.001 in January 2011. Between August 27, 2009 and January 24, 2011, the volume of shares sold by the Customer on a daily basis through WTFC represented between 2% to 80% of the total daily trade volume for Camelot Entertainment Group. For the same period, the Customer's transactions, on a per trade basis, ranged between 0.08% and 80% of the total number of Camelot Entertainment Group shares traded daily.

i. Sales of Unregistered Equity Securities of Nacel Energy Corporation (NCEN)

As of August 18, 2010, Nacel Energy had 25,645,724 common shares outstanding. Between September 29, 2010 and June 21, 2011, the Customer deposited at WTFC 24,290,993 shares of Nacel Energy common stock issued from the conversion of two convertible promissory notes issued to the Customer and from the conversion of a loan agreement partially assigned to the Customer by a third party.

Between September 29, 2010 and June 21, 2011, the Customer sold through WTFC 24,290,993 shares of Nacel common stock for total proceeds of \$1,044,466.00, at prices ranging from \$0.08 in September 2010 to \$0.03 in June 2011. Between September 29, 2010 and June 21, 2011, the volume of shares sold by the Customer on a daily basis through WTFC represented between 10% and 98% of the total daily trade volume for Nacel Energy. For the same period, the Customer's transactions, on a per trade basis, ranged between 1% and 31% of the total number of Nacel Energy shares traded daily.

j. Sales of Unregistered Equity Securities of MedClean Technologies, Inc. (MCLN)

As of September 30, 2010, MedClean had 764,496,874 common shares outstanding. Between October 1, 2010 and July 11, 2011, the Customer deposited at WTFC 494,560,119 shares of MedClean Technologies common stock issued from the conversion of two convertible promissory notes, each in the principal amount of \$600,000, sold to the Customer for purported consideration of Secured and Collateralized Promissory Notes.

Between October 4, 2010 and July 11, 2011, the Customer sold through WTFC 494,560,119 shares of MedClean Technologies common stock for total proceeds of \$1,928,645.00, at prices ranging from \$0.007 in October 2010 to \$0.0026 in July 2011. Between October 4, 2010 and July 11, 2011, the volume of shares sold by the Customer on a daily basis through WTFC represented between 1% and 34% of the total daily trade volume for MedClean Technologies. For the same period, the Customer's transactions, on a per trade basis, ranged between 0.27% and 13.7% of the total number of MedClean Technologies shares traded daily.

k. Sales of Unregistered Equity Securities of Northwest Biotherapeutics, Inc. (NWBO)

As of December 31, 2010, Northwest had 73,118,471 common shares outstanding. Between January 21, 2011 and May 6, 2011, the Customer deposited at WTFC 280,299 shares of Northwest common stock issued from the conversion of \$130,000 debt assigned to the Customer by a third party.

Between January 31, 2011 and May 6, 2011, the Customer sold through WTFC 280,299 shares of Northwest common stock for total proceeds of \$178,263, at prices ranging from \$0.72 in January 2011 to \$0.4185 in May 2011. Between

January 31, 2011 and May 6, 2011, the volume of shares sold by the Customer on a daily basis through WTFC represented between 1% and 34% of the total daily trade volume for Northwest. For the same period, the Customer's transactions, on a per trade basis, ranged between 0.27% and 13.7% of the total number of Northwest shares traded daily.

1. Sales of Unregistered Equity Securities of MusclePharm Corporation (MSLP)

As of March 31, 2011, MusclePharm had 130,608,189 common shares outstanding. Between April 29, 2011 and June 23, 2011, the Customer deposited 13,850,000 shares of MusclePharm Corporation common stock issued from the partial conversion of a convertible promissory note issued to the Customer, in the principal amount of \$300,000.00, in purported consideration of a Secured and Collateralized Promissory Note.

Between April 29, 2011 and June 23, 2011, the Customer sold through WTFC 13,850,000 shares of MusclePharm Corporation common stock for total proceeds of \$497,875.00, at prices ranging from \$0.045 in April 2011, down to \$0.0292 in June 2011. Between April 29, 2011 and June 23, 2011, the volume of shares sold by the Customer on a daily basis through WTFC represented between 5% and 53% of the total daily trade volume for MusclePharm Corporation. For the same period, the Customer's transactions, on a per trade basis, ranged between 0.14% and 19% of the total number of MusclePharm Corporation shares traded daily.

Trading Summary

The following table summarizes the Customer's trading through WTFC during the Relevant Period:

Issuer Name	Clearing Firm	The Customer Deposit/Selling Period	Total Number of Shares Issued to Customer	Total Number of Shares Sold by Customer	NET Proceeds to Customer	TOTAL
Unico Inc.	Legent	March 23, 2009 - May 26, 2009	42,224,858	42,224,858	\$ 257,174.78	
	Penson	June 1, 2009 - February 25, 2010	1,516,673,317	1,516,673,317	\$ 2,320,710.34	
					\$ 2,577,885.12	\$ 2,577,885.12
BizAuctions Inc.	Legent	May 27, 2009 - June 3, 2009	12,700,000	12,700,000	\$ 38,931.42	
	Penson	June 10, 2009 - May 2, 2011	5,665,388,181	5,665,388,181	\$ 1,762,139.73	
					\$ 1,801,071.15	\$ 1,801,071.15
Wellstar International Inc.	Penson	June 2, 2009 - December 1, 2010	12,255,148,651	12,075,148,651	\$ 2,260,022.09	\$ 2,260,022.09
mPhase Technologies Inc.	Legent	June 18, 2009 - November 9, 2009	105,531,821	105,531,821	\$ 2,329,279.00	
	Penson	November 12, 2009 - April 29, 2011	466,033,656	466,033,656	\$ 5,355,671.01	
					\$ 7,684,950.01	\$ 7,684,950.01
Cord Blood America Inc.	Penson	July 1, 2009 - April 12, 2011	2,223,165,319	2,223,165,319	\$ 9,052,655.79	\$ 9,052,655.79
Camelot Entertainment Group Inc.	Penson	August 27, 2009 - January 24, 2011	4,355,762,910	4,355,762,910	\$ 1,960,529.61	\$ 1,960,529.61
Advanced Cell Technology Inc.	Penson	September 28, 2009 - January 19, 2011	226,166,884	226,166,884	\$ 31,056,420.74	\$ 31,056,420.74
Greenshift Corp.	Penson	November 8, 2009 - March 4, 2010	587,531,900	587,531,900	\$ 187,329.66	\$ 187,329.66
Nacel Energy Corp.	Penson	September 29, 2010 - June 21, 2011	24,920,993	24,920,993	\$ 1,044,466.00	\$ 1,044,466.00
MedClean Technologies Inc.	Penson	October 1, 2010 - July 11, 2011	494,560,119	494,560,119	\$ 1,928,645.83	\$ 1,928,645.83
Northwest Biotherapeutics Inc.	Penson	January 21, 2011 - May 6, 2011	280,299	280,299	\$ 178,263.35	\$ 178,263.35
MusclePharm Corp.	Penson	April 29, 2011 - June 23, 2011	13,850,000	13,850,000	\$ 497,875.65	\$ 497,875.65
					27,809,938,908	\$ 60,230,115.00

By effecting sales of securities in contravention of Section 5 of the Securities Act, WTFC, acting through Brickell, violated FINRA Rule 2010.

2. Failure to Supervise The Firm's Compliance With Section 5 of the Securities Act of 1933, In Violation of NASD Rule 3010 and FINRA Rule 2010

a. Inadequate Procedures

During the Relevant Period, WTFC, acting through Brickell, failed to establish and maintain adequate supervisory procedures relating to unregistered sales of restricted securities.

Between March 2009 and December 2009, the Firm's written supervisory

procedures failed to: (1) describe WTFC's systems and processes to comply with its obligation to make a reasonable inquiry into whether a customer depositing and selling thinly traded securities was an affiliate of the issuer or an underwriter; or (2) address how WTFC would monitor and address red flags that signal the possibility of an illegal, unregistered distribution.

On March 10, 2009, the Firm informally supplemented the then-current written supervisory procedures when Brickell distributed Firm-wide an email reflecting a requirement that certain information must be obtained and reviewed in connection with all incoming deposits of shares. As a result, the Firm then required the following information or documents: (1) the number of shares outstanding; (2) a registration statement or information related to the exemption on which the shareholder bases the right to sell the shares; (3) supporting documentation relating to the issuance and origin of the shares (*e.g.*, legal opinion, subscription agreements); and (4) evidence of consideration paid for the shares. These supplementary written procedures were inadequate, however, in that they failed to: (1) establish a process to collect information regarding the elements of SEC Rule 144; (2) describe how the Firm would perform the necessary reasonable inquiries or verify information provided by a customer; (3) describe how the Firm would monitor for red flags; or (4) describe supervisory controls to ensure that the written supervisory procedures were being followed.

On December 6, 2009, the Firm amended the procedures to include excerpts from Regulatory Notice 09-05 *Unregistered Resales of Restricted Securities*. Thus, between December 6, 2009 and May 11, 2011, the Firm's procedures provided that, following an initial review and approval by the Head Trader or Home Office Supervisor, the Chief Compliance Officer would make an independent assessment of the information provided, including: (1) verification of the adequacy of the documentation; (2) an in-depth investigation of the customer's and issuer's background; (3) a "thorough" review of the opinion of counsel; and (4) a review of any previous sales by the customer. These amended written procedures were inadequate, however, in that they failed to: (1) describe how the firm would perform the necessary reasonable inquiries; (2) describe how the Firm would monitor and address red flags; and (3) describe supervisory controls to ensure that the written supervisory procedures were being followed.

On May 11, 2011, WTFC further amended its written supervisory procedures. Thus, the procedures in effect between May 11, 2011 and October 27, 2011, required associated persons to complete a "Broker Due Diligence Form" when the potential proceeds from the sale of unregistered shares would be greater than \$25,000. These amended written procedures were inadequate, however, in that they failed to establish supervisory controls to ensure that the written supervisory procedures were being followed.

b. Failure to Implement Procedures

During the Relevant Period, WTFC, acting through Brickell, Michel and Adams, failed to establish, maintain, and enforce adequate supervisory procedures relating to unregistered sales of restricted securities.

WTFC's written supervisory procedures in effect during the Relevant Period designated the Chief Compliance Officer and the Trade Desk Supervisor as the supervisors responsible for transactions executed pursuant to Rule 144. During the Relevant Period, Brickell acted as the Chief Compliance Officer and had primary responsibility to implement the Firm's policies and procedures. Adams acted as the Trade Desk Supervisor and supervised all trading engaged in by the Firm. Michel, the Firm's president, supervised Brickell and Adams and participated in the approval of the customer deposits and liquidations.

During the Relevant Period, WTFC utilized a Deposit Securities Questionnaire (DSQ) to obtain information regarding the origin of the deposit. As the designated representative for the Customer's accounts, Brickell was responsible for obtaining documents relating to the Customer's stock deposits. Brickell also was responsible for review the information on the DSQ for the elements of Rule 144, including holding period, affiliation, the method by which the shares were acquired, from whom the shares were acquired, ownership interest at the time of acquisition, legal opinions evidencing reliance on the exemption, and documents to establish that consideration had been provided for the shares.

Notwithstanding the WSPs described above, WTFC, Michel, Brickell and Adams failed to conduct a reasonable inquiry regarding the Customer's shares prior to acceptance of the shares and execution of the Customer's orders to liquidate them.

i. Inadequate Evidence of Payment

The Customer acquired the 48 convertible debt instruments deposited at WTFC during the Relevant Period in the following manner: (1) 26 were acquired by assignment from third parties; and (2) 24 were purchased directly from the issuer in private transactions exempt from registration. Of the 24 convertible debt securities purchased directly from the issuer, 20 were acquired for consideration in the form of a secured and collateralized promissory note from the Customer.

With respect to shares acquired from third parties, WTFC failed to conduct an adequate inquiry regarding the source of and payment for shares. The Firm conducted no review of the party from whom the Customer acquired the shares. Thus, as early as April 2008, WTFC failed to obtain information relating to actions taken by the Securities Exchange Commission against persons from whom the Customer acquired shares relating to unlawful public offerings of penny stock securities. In addition, with four limited exceptions relating to notes acquired from third parties, WTFC failed to obtain, review or verify any record reflecting

evidence of payment or consideration provided for the shares deposited by the Customer. Thus, WTFC failed to verify payment for shares resulting from the conversion by the Customer of 44 of 48 convertible debt instruments.

With respect to shares acquired by promissory notes issued by the Customer, Rule 144(d)(2) provides that when securities are purchased with a promissory note (or other obligation to pay the purchase price), payment of the purchase price is not deemed full unless the promissory note:

- a. Provides for full recourse against the purchaser of the securities;
- b. Is secured by collateral, other than the securities purchased, having a fair market value at least equal to the purchase price of the securities purchased; and
- c. Shall have been discharged by payment in full prior to the sale of the securities.

With respect to shares the Customer acquired through the issuance of a promissory note, the Firm failed to: (1) obtain copies of the promissory notes and verify that the notes provided for full recourse; (2) obtain any evidence regarding collateral that secured the Customer's notes; and (3) verify that installment payments were completed; and (4) verify the date on which installment payments were completed. Without this information, WTFC failed to perform a reasonable inquiry that the Customer's share deposits qualified for exemption from registration.

ii. Inadequate Review of Issuer Status

In connection with the Customer's deposits, WTFC failed to conduct adequate due diligence regarding the issuers. As a threshold matter, the Firm failed to document any review that it might have performed. In addition, the Firm failed to review whether the shares were issued by a shell company, even though, as noted above, several issuers had no revenue. Likewise, WTFC failed to verify the corporate status of the issuers, which resulted in sales of common stock issued by at least one defunct corporation. WTFC further did not have procedures to investigate the regulatory histories of officers and directors and other persons associated with issuers, including persons from whom the Customer acquired convertible debt instruments. WTFC also did not review public disclosures available through the SEC web portal (EDGAR) and did not verify information provided by the Customer concerning the convertible debt instruments with the publicly available information.

iii. Inadequate Review and Reliance Upon Legal Opinions

In connection with the review and approval of the Customer's deposits and in contravention of the Firm's procedures, WTFC further placed unreasonable reliance on legal opinions provided by the Customer. For the most part, the legal

opinions reviewed by the Firm relied upon self-serving representations from the Customer and the Firm took no steps to verify those representations. In addition, the Customer provided and the Firm relied upon a single legal opinion for multiple notes issued by a company, without requiring current material information.

In connection with the transactions described above, WTFC, acting through Adams, Brickell, and Michel, failed to establish and implement a supervisory system and adequate procedures reasonably designed to achieve compliance with federal securities laws and FINRA rules regarding unlawful distribution of unregistered securities, in violation of NASD Rule 3010 and FINRA Rule 2010.

3. Failure to Implement Adequate Supervisory Controls, In Violation of NASD Rule 3012

From March 2009 through November 2010, Brickell acted as the broker of record for the Firm's house accounts, including the Customer's account. During this period, commissions generated in these accounts comprised approximately fifty percent of the firm's revenue. Accordingly, during this period, Brickell acted as a Producing Manager, pursuant to NASD Rule 3012. The Firm's WSPs then in effect at WTFC required heightened review procedures when the activities of a Producing Manager generate at least 20% of the Firm's revenues. The Firm, acting through Michel, failed to identify Brickell as a producing manager and failed to supervise Brickell's customer account activities, in violation of NASD Rule 3012.

4. Failure to Supervise The Firm's Compliance With The Bank Secrecy Act, In Violation of NASD Rule 3011 and FINRA Rules 3310 and 2010

NASD Rule 3011, effective through December 31, 2009, and FINRA Rule 3310(a), effective beginning on January 1, 2010, require every member firm to develop and implement a written anti-money laundering (AML) program reasonably designed to achieve and monitor the firm's compliance with the requirements of the Bank Secrecy Act (31 U.S.C. § 5311, et seq.) and the implementing regulations promulgated thereunder by the Department of the Treasury, including the requirement that all U.S. broker-dealers report suspicious transactions indicative of a possible violation of law or regulation. 31 C.F.R. § 103.19(a)(1).¹

According to the Firm's procedures, Brickell was the designated Anti-Money Laundering Compliance Officer (AMLCO). During the Relevant Period, WTFC, through Brickell, failed to establish and maintain a system reasonably designed to monitor for, detect, and investigate suspicious activity to determine whether the Firm was required to file a Suspicious Activity Report.

¹¹ Codified at 31 C.F.R. 1023.320, as of March 1, 2011.

During the Relevant Period, the Firm's AML written supervisory procedures identified numerous red flags known to indicate suspicious activity. These red flags include activity, such as the Customer's conduct, that involve penny stocks, large positions of a thinly-trade, little-known security, and the deposit of a security with an immediate subsequent request for liquidation. WTFC failed to detect and investigate these red flags adequately.

By failing to have a program reasonably designed to monitor for, detect and, where appropriate, report suspicious transactions involving a customer's account, WTFC, acting through Brickell, violated NASD Conduct Rule 3011(a) (for conduct before January 1, 2010) and FINRA Rules 3310(a) (for conduct after December 31, 2009) and 2010.

- B. Respondents also consent to the imposition of the following sanctions:¹
1. WTFC:
 - a. a censure;
 - b. a fine in the amount of \$250,000.00; and
 - c. WTFC, for a period of one year from the date of Notice of Acceptance of this AWC, is prohibited from:
 - i. directly or indirectly receiving, in any manner, any security in certificate form, including but not limited to receipt by Deposit Withdrawal At Custodian (DWAC) or by Depository Trust Corporation (DTC) Free Receipt, unless the shares evidenced by such certificate are subject to an effective registration statement. The indirect receipt of securities includes securities received by WTFC's clearing firm on behalf of WTFC's customers or securities transferred from the clearing firm via any means; and
 - ii. selling, for the benefit of any customer or firm proprietary account, any securities deposited with WTFC (including through the firm's clearing firm) by Automated Customer Account Transfer (ACAT) for securities traded on Over-The-Counter Bulletin Board (OTCBB) or Pink Sheets unless:
 - a) the stock has been held in the account for at least 180 days; and
 - b) the unsettled daily sell quantity in the security for the entire firm is less than five percent of the average daily trading volume for the 20 previous days upon which there were transactions in the security.
 2. Michel:
 - a. a fine in the amount of \$35,000.00; and
 - b. a four-month suspension from association with any FINRA member

¹ The satisfaction of any requirement that is set forth in this Acceptance, Waiver and Consent does not, by itself, constitute compliance with the federal securities laws, FINRA rules or any other standard of conduct.

in any capacity except as a Financial Operations Principal (FINOP);

3. Adams:
 - a. a fine in the amount of \$5,000.00; and
 - b. a three-month suspension from association with any FINRA member in a principal capacity; and
4. Brickell:
 - a. a fine in the amount of \$40,000.00; and
 - b. a nine-month suspension from association with any FINRA member in any capacity.

Each Respondent agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. Each Respondent has submitted Election of Payment forms showing the method by which each Respondent proposes to pay the fine imposed.

Each Respondent specifically and voluntarily waives any right to claim that they are unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

Respondents Michel, Adams, and Brickell each understand that if they are barred or suspended from associating with any FINRA member, they each become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, they 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).

The sanctions imposed herein shall be effective on a date set by FINRA staff. The suspension of Respondent Michel shall commence on a date set by FINRA staff. The suspension of Respondent Brickell shall commence no later than the tenth day following the conclusion of the suspension of Respondent Michel. The suspension of Respondent Adams shall commence no later than the tenth day following the conclusion of the suspension of Respondent Brickell.

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against Respondents;
- 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, Respondents specifically and voluntarily waive any right to claim bias or prejudgment 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.

Respondents 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

Respondents 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 any Respondent; and
- C. If accepted:
 - 1. this AWC will become part of each Respondents’ permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against any Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondents’ 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. Respondents 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. Respondents 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 Respondents' rights to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

D. Respondents may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that they 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.

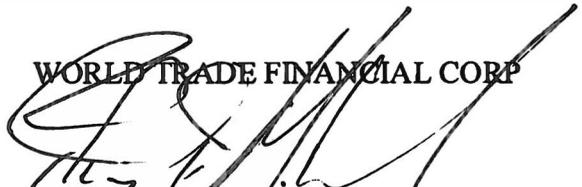
Respondents Michel, Adams and Brickell, and the undersigned, on behalf of the Firm who certifies that he a person duly authorized to act on the Firm's behalf, have each read, and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that each Respondent has 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 any Respondent to submit it.

1/22/2013
Date (mm/dd/yyyy)

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1/22/2013
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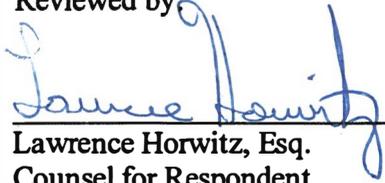
WORLD TRADE FINANCIAL CORP

By: Rodney P. Michel, President


Frank E. Brickell, Respondent


Rodney P. Michel, Respondent


Jason T. Adams, Respondent

Reviewed by:



Lawrence Horwitz, Esq.
Counsel for Respondent
Horwitz, Cron & Armstrong, LLP
26475 Rancho Parkway South
Lake Forest, Ca 92360
Phone: 949-540-6540

Accepted by FINRA:



Date

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



Cynthia A. Kittle, Senior Regional Counsel
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