

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
20042000085-01

TO: Department of Market Regulation
NASD

RE: WIEN Securities, Inc. (succeeded by Hudson Securities, Inc.), Respondent
Broker-Dealer
CRD No. 10467

Pursuant to Rule 9216 of NASD Code of Procedure, WIEN Securities, Inc. (succeeded by Hudson Securities, Inc.), ("WIEN" or "the firm"), submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described in Part II below. This AWC is submitted on the condition that, if accepted, NASD will not bring any future actions against WIEN alleging violations based on the same factual findings.

WIEN understands that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Department of Market Regulation and National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against WIEN; and
3. If accepted:
 - a. this AWC will become part of WIEN's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against WIEN;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about WIEN's disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-2; and
 - d. WIEN 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 allegation in this AWC or create the impression that the AWC is without factual basis. Nothing in this provision affects WIEN's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

WIEN also understands that its experience in the securities industry and disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and history are as follows:

WIEN became a member of NASD in November 1983 and its registration is currently in effect. As of July 1, 2004, WIEN has been under the management of its new owner, Hudson Securities, Inc.

On March 19, 2004, NASD accepted the firm's AWC pursuant to which the firm was censured and fined \$30,500 for violations of NASD Rules 2110, 3010, 4632, and 6130 and SEC Rules 10b-10 and 17a-3 and was ordered to revised its written supervisory procedures.

On March 19, 2003, NASD accepted the firm's AWC pursuant to which the firm was censured and fined \$82,500 for violations of NASD Rules 2110, 3110, 3320, 4613(b) and (e)(1)(c), 6130, and 6740 and SEC Rules 11Ac1-1, 11Ac1-4, 15C2-11, 17a-3 and 17a-4.

On October 24, 2002, NASD accepted the firm's AWC pursuant to which the firm was censured and fined \$22,500 for violations of NASD Rules 3320, 4613(b) and (e)(1)(c) and SEC Rules 11Ac1-1 and 11Ac1-4.

On September 17, 2001, NASD accepted the firm's AWC pursuant to which the firm was fined \$5,000 for violations of NASD Rules 2110 and 6955.

On June 14, 2001, NASD accepted the firm's AWC pursuant to which the firm was censured and fined \$20,000 for violations of NASD Rules 2110, 3010, and 6130 and SEC Rule 11Ac1-4, and was ordered to revise its written supervisory procedures.

On January 23, 2001, NASD accepted the firm's AWC pursuant to which the firm was censured and fined \$17,500 for violations of NASD Rules 2110, 2320, 3110, and 6130 and SEC Rules 10b-10 and 11Ac1-4.

I.**WAIVER OF PROCEDURAL RIGHTS**

WIEN specifically and voluntarily waives the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against WIEN;
- B. To be notified of the Formal 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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, WIEN specifically and voluntarily waives 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.

WIEN further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of 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.

II.**ACCEPTANCE AND CONSENT**

- A. This matter arises out of two Trading and Market Making Surveillance Examinations ("TMMS") (Nos. 20042000085 and 20050002619) and a Limit Order Display review, (No. 20042000032) conducted by the staff of NASD's Department of Market Regulation ("the staff"). The staff reviewed the following:

20042000085¹

- Twenty customer sale transactions for compliance with NASD Rules 3110 and 3370;
- Twenty-one proprietary sale transactions for compliance with NASD Rule 3370;
- One-hundred and nine sales in NNM securities for compliance with NASD Rule 6130;
- Five short sales in NNM securities for compliance with NASD Rule 3350;
- Fifty limit orders in market making securities for compliance with NASD Rules 2110, IM-2110-2, 2320, and 6440 and SEC Rule 11Ac1-4;
- Twenty-five non-displayed limit orders for compliance with NASD Rule 2320;
- Sixty-four limit and market orders executed in a principal or riskless principal capacity for compliance with NASD ACT (now known as The Nasdaq Market Center) and trade reporting rules;
- One open buy limit order and stop sell limit order in a security traded ex-dividend for compliance with NASD Rule 3220;
- One trade in an NNM/SC security reported with a .PRP modifier for compliance with NASD Rules 4632 and 2320;
- Twenty-five trades reported in market making securities for compliance with SEC Rule 11Ac1-5;
- Four order groups, eight orders security/size/order data statistics published in the May 2003 order execution report for compliance with SEC Rule 11Ac1-5;
- Data published in the quarterly order routing report for the second quarter of 2003 for compliance with SEC Rule 11Ac1-6;
- Twenty-five customer transactions in OTCBB and/or OTC equity securities for compliance with NASD Rules 3110 and 2320;
- Two-hundred and twenty-five order/trade records for compliance with SEC Rules 17a-3 and 17a-4 and NASD Rule 3110;
- Three-hundred and ninety trades reported to ACT for compliance with NASD ACT and trade reporting rules;
- Ten persons engaged in the firm's trading and market making activities for compliance with NASD registration rules; and
- The firm's establishment and implementation of "regular and rigorous" reviews of the execution quality of orders sent to other market centers for execution in effect during May 2003 for compliance with NASD Rules 2320 and 3010.

¹ All items reviewed are from trade dates May 13 and 14, 2003, unless noted otherwise above.

20050002619²

- Ten market orders executed as principal for compliance with NASD Rule 6130;
- Forty-two limit and market orders executed in a principal or riskless principal capacity for compliance with NASD ACT and trade reporting rules;
- One open buy limit order and stop sell limit order in a security traded ex-dividend for compliance with NASD Rule 3220;
- Twenty-five trades reported in market making securities for compliance with SEC Rule 11Ac1-5;
- Twenty-eight security/size/order data statistics published in the June 2004 order execution report for compliance with SEC Rule 11Ac1-5;
- Data published in the quarterly order routing report for first quarter 2004 for compliance with SEC Rule 11Ac1-6;
- Twenty-three customer transactions in OTCBB and/or OTC equity securities for compliance with NASD Rules 3110 and 2320;
- Two-hundred and fifty-five order/trade records for compliance with SEC Rules 17a-3 and 17a-4 and NASD Rule 3110;
- Three-hundred and ninety-nine trades reported to ACT for compliance with NASD ACT and trade reporting rules;
- Twenty-two persons engaged in the firm's trading and market making activities for compliance with NASD registration rules;
- The firm's establishment and implementation of "regular and rigorous" reviews of the execution quality of orders sent to other market centers for execution in effect during June 2004 for compliance with NASD Rules 2320 and 3010; and
- Twenty-three customer trade confirmations for compliance with SEC Rule 10b-10.

20042000032

- WIEN's compliance with SEC Rule 11Ac1-4 - Limit Order Display during July 1, 2002 through December 30, 2002.

B. WIEN hereby accepts and consents, without admitting or denying the allegations or findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD 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 NASD:

² All items reviewed are from trade dates July 21 and 22, 2004, unless noted otherwise above.

20042000085

1. WIEN's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of NASD, concerning crossing, anti-competitive practices, and SEC Rule 11Ac1-1 - 1% rule. Specifically, the firm's supervisory system did not include written supervisory procedures providing for one or more of the following: (1) identification of the person(s) responsible for supervision with respect to the applicable rules; (2) a statement of the supervisory step(s) to be taken by the identified person(s); (3) a statement as to how often such person(s) should take such step(s); and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented.
2. The firm failed to enforce a system for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of NASD, concerning SEC Rule 11Ac1-6; best execution; SEC Rule 11Ac1-5; trade reporting; and OATS clock synchronization.
3. The conduct described in paragraphs one and two constitutes violations of NASD Conduct Rules 2110 and 3010.
4. WIEN failed to report to Nasdaq Market Center the correct symbol indicating whether the transaction was a buy, sell, sell short, sell short exempt or cross for ten transactions in eligible securities.
5. The conduct described in paragraph four constitutes separate and distinct violations of NASD Marketplace Rule 6130(d).
6. WIEN failed, within 90 seconds after execution, to transmit through the Nasdaq Market Center three last sale reports of transactions in Nasdaq securities.
7. The conduct described in paragraph six constitutes separate and distinct violations of NASD Marketplace Rule 5430(a).
8. WIEN reported through Nasdaq Market Center 33 last sale reports of transactions in Nasdaq securities it was not required to report.
9. The conduct described in paragraph eight constitutes separate and distinct violations of NASD Marketplace Rule 5430(b).

10. WIEN failed to report to Nasdaq Market Center the identification of the Order Entry firm in six transactions in eligible securities.
11. WIEN failed to report to Nasdaq Market Center the correct symbol indicating whether WIEN executed two transactions in eligible securities in a principal or agency capacity.
12. WIEN failed to report to Nasdaq Market Center the correct execution time for one transaction in an eligible security.
13. The conduct described in paragraphs 10, 11, and 12 constitutes separate and distinct violation of NASD Marketplace Rule 6130(d).
14. WIEN reported through Nasdaq Market Center two last sale reports of transactions in eligible securities it was not required to report.
15. The conduct described in paragraph 14 constitutes separate and distinct violations of NASD Marketplace Rule 6420(b).
16. WIEN failed to report through Nasdaq Market Center two last sale reports of transactions in OTC Equity securities.
17. WIEN reported through Nasdaq Market Center three last sale reports of transactions in OTC Equity securities it was not required to report.
18. The conduct described in paragraphs 16 and 17 constitutes separate and distinct violations of NASD Marketplace Rule 6620(b).
19. WIEN, on one occasion when it acted as principal for its own account, failed to provide written notification disclosing to its customer the correct reported trade price. WIEN failed on five occasions to provide written notification disclosing to its customer its correct capacity in the transaction.
20. The conduct described in paragraph 19 constitutes separate and distinct violations of SEC Rule 10b-10.

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21. The firm failed to enforce a system for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of NASD, concerning trading in front of customers; best execution; trade reporting; SEC Rule 11Ac1-1 - 1% rule; and record keeping.
22. The conduct described in paragraph 21 constitutes a violation of NASD Conduct Rules 2110 and 3010.
23. In three transactions for or with a customer, WIEN failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions, as reflected on Exhibit A.
24. The conduct described in paragraph 23 constitutes separate and distinct violations of NASD Conduct Rules 2110 and 2320.
25. WIEN failed, within 90 seconds after execution, to transmit through the Nasdaq Market Center one last sale report of a transaction in a Nasdaq security.
26. The conduct described in paragraph 25 constitutes a violation of NASD Marketplace 5430(a).
27. WIEN reported through Nasdaq Market Center three last sale reports of transactions in Nasdaq securities it was not required to report.
28. The conduct described in paragraph 27 constitutes separate and distinct violations of NASD Marketplace Rule 5430(b).
29. WIEN failed to report to Nasdaq Market Center the correct symbol indicating whether WIEN executed six transactions in eligible securities in a principal or agency capacity.
30. WIEN failed to report to Nasdaq Market Center the correct symbol indicating whether the transaction was a buy, sell, sell short, sell short exempt or cross for 12 transactions in eligible securities.
31. The conduct described in paragraphs 29 and 30 constitutes separate and distinct violations of NASD Marketplace Rule 6130(d).
32. WIEN reported through Nasdaq Market Center one last sale report of a transaction in an eligible security it was not required to report.

33. The conduct described in paragraph 32 constitutes a violation of NASD Marketplace Rule 6420(b).
34. WIEN reported through Nasdaq Market Center 12 last sale reports of transactions in OTC Equity securities it was not required to report.
35. The conduct described in paragraph 34 constitutes separate and distinct violations of NASD Marketplace Rule 6620(b).
36. During the review period WIEN transmitted to OATS 21 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the reports contained inaccurate Routed Order Ids and an inaccurate share amount.
37. The conduct described in paragraph 36 above constitutes separate and distinct violations of NASD Marketplace Rule 6955(a).
38. WIEN failed on three occasions to provide written notification disclosing to its customer its correct capacity in the transaction.
39. The conduct described in paragraph 38 constitutes separate and distinct violations of SEC Rule 10b-10.
40. WIEN failed to show the correct time of entry on the memorandum of five brokerage orders.
41. WIEN failed to show the terms and conditions on the memorandum of one brokerage order.
42. The conduct described in paragraphs 40 and 41 constitutes separate and distinct violations of SEC Rule 17a-3 and NASD Conduct Rule 3110.

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43. On 116 occasions during the period of July 1, 2002 through December 30, 2002, WIEN failed to display immediately 116 customer limit orders in Nasdaq securities in its public quotation, when each such order was at a price that would have improved WIEN's bid or offer in each such security; or when the order was priced equal to WIEN's bid or offer and the national best bid or offer for each such security, and the size of the order represented more than a *de minimis* change in relation to the size associated with WIEN's bid or offer in each such security.

44. The conduct described in paragraph 43 constitutes separate and distinct violations of SEC Rule 11Ac1-4.
45. During July 1, 2002 through December 30, 2002, WIEN transmitted to OATS 15 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the reports contained inaccurate order cancellation times.
46. The conduct described in paragraph 45 constitutes separate and distinct violations of NASD Marketplace Rule 6955(a).

C. WIEN also consents to the imposition, at a maximum, of the following sanctions:

1. A censure, a \$72,500 fine (20042000085 - a \$10,000 fine for the supervision violations, a \$10,000 fine for the trade and ACT reporting violations, and a \$5,000 fine for the SEC Rule 10b-10 violations; 20050002619 - a \$5,000 fine for the supervision violation, a \$5,000 fine for the best execution violations, a \$7,500 fine for the trade and ACT reporting violations, a \$10,000 fine for the OATS violations, a \$5,000 fine for the SEC Rule 10b-10 violations, and a \$5,000 fine for the record keeping violations; and 20042000032 - a \$5,000 fine for the Limit Order Display violations and a \$5,000 fine for the OATS violations); and
2. An undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph one. Within 30 business days of acceptance of this AWC by the NAC, a registered principal of the Respondent shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraph one; and, (3) the date the revised procedures were implemented; and Restitution by Respondent to the investors listed on Exhibit A hereto in the total amount of \$444, plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this Letter of Acceptance, Waiver and Consent is accepted by the National Adjudicatory Council.
3. A registered principal of the firm shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution, to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850 no later than 120 days after acceptance

of this Letter of Acceptance, Waiver and Consent. If for any reason, Respondent cannot locate any customer after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the customer last resided.

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

III.

OTHER MATTERS

- A. WIEN understands that it may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. WIEN understands that it 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 NASD, nor does it reflect the views of NASD or its staff.
- B. WIEN agrees to pay any monetary sanctions imposed on it upon notice that this AWC has been accepted and that such payments are due and payable, and has attached an Election of Payment form showing the method by which WIEN proposes to pay any fine imposed.
- C. WIEN specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

WIEN certifies that the firm has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce WIEN to submit it.

Respondent
WIEN Securities Corporation
(succeeded by Hudson Securities, Inc.)

3/15/06
Date

By: 
Name: CEO HUDSON SECURITIES, INC.
Title: MARY CUNNINGHAM

Reviewed by:

Anthony W. Djinis
Counsel for Respondent

Pickard and Djinis LLP (Phone: 202-223-4418)
1990 M Street, NW, Suite 660
Washington, DC 20036

Accepted by NASD:

5/4/06
Date

Thomas R. Gira
Thomas R. Gira
Executive Vice President and Deputy
Department of Market Regulation

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

Exhibit A

Restitution

Exh. 1, item 22 - \$104

Exh. 2, item 2 - \$100

Exh. 2, item 5 - \$240

Total \$444