

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT

20050000650-01

TO: Department of Market Regulation
NASD

RE: **Anderson & Strudwick, Incorporated, Respondent**
Broker-Dealer
CRD No. 48

Pursuant to Rule 9216 of NASD Code of Procedure, Anderson & Strudwick, Incorporated ("ANSR") 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 ANSR alleging violations based on the same factual findings.

ANSR 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 ANSR; and
3. If accepted:
 - a. this AWC will become part of ANSR's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against ANSR;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about ANSR'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. ANSR 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 ANSR's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

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

ANSR has been a member of NASD since February 3, 1948. ANSR does not have any relevant disciplinary history.

I.

WAIVER OF PROCEDURAL RIGHTS

ANSR 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 ANSR;
- 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, ANSR specifically and voluntarily waives 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.

ANSR 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

In connection with MRD200448827 / 20050000650¹, the staff of NASD's Department of Market Regulation ("staff") conducted a review of ANSR's compliance with SEC Rule 11Ac1-6 for the period July 1, 2001 through September 30, 2004 (the "review period"). The staff also reviewed the firm's written supervisory procedures concerning SEC Rule 11Ac1-6.

- A. ANSR 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:*
1. ANSR failed to make publicly available for each quarter during the review period a complete report on its routing of non-directed orders in covered securities during that quarter within one month after the end of each quarter.
 2. The conduct described in paragraph one constitutes separate and distinct violations of SEC Rule 11Ac1-6(b).
 3. ANSR'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 SEC Rule 11Ac1-6.* Specifically, ANSR's supervisory system did not include written supervisory procedures providing for: (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.

¹ On January 3, 2005 the NASD implemented a new matter tracking system. The new number assigned to this matter is referenced above following the original number assigned by the previous tracking system.

4. The conduct described in paragraph three constitutes a violation of NASD Conduct Rules 2110 and 3010.

- B. ANSR also consents to the imposition, at a maximum, of the following sanctions:

A censure, a fine of \$20,000 (composed of a \$12,500 fine for the SEC Rule 11Ac1-6 violations and a \$7,500 fine for the supervision violation) and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph three. 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 three; and, (3) the date the revised procedures were implemented.

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

III.

OTHER MATTERS

- A. ANSR understands that it may attach a Corrective Action Statement to this AWC which is a statement of demonstrable corrective steps taken to prevent future misconduct. ANSR 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. ANSR agrees to pay any monetary sanctions imposed on ANSR upon notice that this AWC has been accepted and that such payments are due and payable, and has attached the Election of Payment form showing the method by which ANSR proposes to pay any fine imposed.
- C. ANSR specifically and voluntarily waives any right to claim that ANSR is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

Anderson & Strudwick, Incorporated

By: George F. Ngdie
Name: GEORGE F NGDIE, III
Title: PRESIDENT & CEO

Counsel for Respondent

9/15/06
Date


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

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Sent via 2nd Day UPS

September 7, 2005

RECEIVED

SEP 11 P 2 17

NASD MARKET REGULATION, INC.
MARKET REGULATION

NASD Market Regulation
Attn: Beatrice Biso
9509 Key West Avenue
Rockville, MD 20850

Re: Letter of Acceptance, Waiver and Consent
(Review No. MRI/200448827/20050000650)

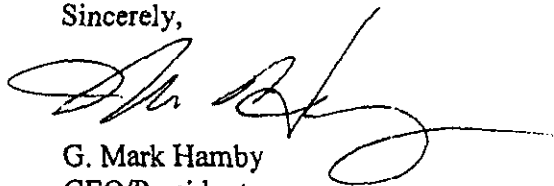
Dear Ms. Biso:

Per your transmittal to me on August 31, 2005, please find the enclosed Letter of Acceptance, Waiver and Consent ("AWC") with my signature for resolution of the charges currently under consideration by NASD's Department of Market Regulation. We would also like to submit a Correction Action Statement below stating the following measures that have been taken to better comply with SEC Rule 11Ac1-6 reporting requirements, that were necessary due to our misunderstanding that Pershing, our clearing broker, was handling reporting requirements for our firm. This Corrective Action Statement is submitted by the Respondent. It does not constitute factual or legal findings by NASD, nor does it reflect the views of NASD, or its staff.

- 1.) Anderson & Strudwick (A&S) has executed a contract with SunGard Trading Systems to facilitate our order routing for OTC trades. The contract is for trade reporting services of Nasdaq transactions pursuant to 11Ac1-6. SunGard utilizes Brasscompliance's website in order to post quarterly reporting for A&S. Pershing, our clearing broker, will continue to provide reporting for listed securities and options.
- 2.) A&S has updated its web pages showing new language to explain how our order flow reporting is handled. Additionally, this language can be found on Pershing's website relating to our Nasdaq transactions.

If you need any further information or have any questions, please feel free to contact either Chief Compliance Officer Jenny Duncan or myself at [REDACTED]

Sincerely,

A handwritten signature in black ink, appearing to read 'G. Mark Hamby', with a long, sweeping horizontal line extending to the right.

G. Mark Hamby
CEO/President
Anderson & Strudwick, Inc. (CRD 48)

Enclosure