

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20050001121-02**

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REGISTRATION & DISCLOSURE

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

RE: Crews & Associates, Inc., Respondent
Broker-Dealer
CRD No. 8052

Pursuant to NASD Rule 9216 of the FINRA Code of Procedure, Crews & Associates, Inc. (the "firm") submits 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 the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm hereby accepts and consents, 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

Crews & Associates, Inc. has been a member of FINRA, formerly known as NASD, since September of 1979, and its registration remains in effect. The firm has no relevant prior disciplinary history.

SUMMARY

In connection with Matter No. 20050001121, the staff of the Department of Market Regulation of FINRA (the "staff") conducted a review of municipal bond transactions executed by the firm during the period July 1, 2003 through March 31, 2004 (the "review period"), for compliance with the Municipal Securities Rulemaking Board's ("MSRB") rules relating to fair pricing. The staff also reviewed the firm's written supervisory procedures and supervisory system with respect to municipal bond pricing.

In connection with Matter No. 20050021858, the staff conducted a review of transactions reported by the firm to the Real-time Transaction Reporting System ("RTRS") during the period February 1, 2005 through March 31, 2005. The staff also reviewed the firm's written supervisory procedures and supervisory system with respect to municipal bond trade reporting.

FACTS AND VIOLATIVE CONDUCT

20050001121

1. In 14 instances, the firm, a municipal securities dealer, failed to purchase municipal securities for its own account from a customer or sell municipal securities for its own account to a customer an aggregate price (including any markdown or markup) that was fair and reasonable, taking into consideration all relevant factors, including the best judgment of the firm as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the firm was entitled to a profit, and the total dollar amount of the transaction. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rules G-17 and G-30.
2. The firm'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 fair pricing and mark-ups. Specifically, the firm's written supervisory procedures did not reflect the actual procedures that the firm had for: (1) the identification of the person(s) responsible at the firm to ensure compliance with the; (2) the step(s) that such person(s) should take to ensure compliance therewith; (3) how often such person(s) should take such step(s); and (4) how enforcement of such written supervisory procedures should be documented at the firm. The conduct described in this paragraph constitutes a violation of MSRB Rule G-27.

3. During the period February 1, 2005 through March 31, 2005, the firm failed to report information regarding 914 purchase and sale transactions effected in municipal securities to the Real-time Transaction Reporting System ("RTRS") in the manner prescribed by Rule G-14 RTRS Procedures and the RTRS Users Manual. Specifically, the firm failed to report information about such transactions within 15 minutes of Time of Trade to an RTRS Portal. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.

B. The firm also consents to the imposition of the following sanctions:

A censure, a fine of \$27,500 (comprised of a \$20,000 fine for the mark-up violations identified in 20050001121, a \$5,000 fine for the late MSRB reports identified in 20050021858, and a \$2,500 fine for the written supervisory procedures violation), and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph two.

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 two; and, (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that it is 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

The firm specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the firm;
- 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 National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm 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.

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

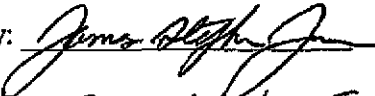
The firm understands that:

- 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 NASD Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and
- C. If accepted:
 - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-3; and
 - 4. The firm 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. The firm 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 the firm's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm 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 FINRA, nor does it reflect the views of FINRA or its staff.

The firm certifies that it has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's 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 the firm to submit it.

11/23/07
Date

Crews & Associates, Inc.

By: 
Name: JAMES STEPHEN JONES
Title: PRESIDENT

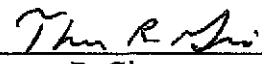
Reviewed by:


Counsel for Respondent

Accepted by FINRA:

12/14/07
Date

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


Thomas R. Gira
Executive Vice President
Department of Market Regulation