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REGISTRATION DISCLOSURE

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. **** 20050001577-01**

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

RE: Royal Alliance Associates, Inc., Respondent
Broker-Dealer
CRD No. 23131

Pursuant to NASD Rule 9216 of the FINRA Code of Procedure, Respondent, Royal Alliance Associates, Inc. ("ROYL" 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 below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against ROYL alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

In connection with 20050001577, the staff of the Fixed Income Investigations Team of FINRA's Department of Market Regulation (the "staff") conducted a review of: (1) the pricing of and markups on municipal bond transactions executed by ROYL during the period of April 1, 2004 through June 30, 2004 (the "review period"); (2) ROYL's supervisory program and written supervisory procedures relating to same; and (3) the registration criteria of certain employees responsible for managing and/or supervising the firm's municipal bond transactions during the review period.

A. ROYL 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

ROYL has been a member of FINRA, formerly NASD, since July 10, 1989, and its registration remains in effect. ROYL has the following relevant disciplinary history:

- On December 11, 2006, an AWC became final pursuant to which ROYL was fined \$250,000 for violations of NASD Conduct Rules 2110 and 3010.

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- On November 30, 2006, an AWC became final pursuant to which ROYL was censured and fined \$20,000 for violations of NASD Conduct Rules 2110 and 3010 and NASD Marketplace Rule 6230.
- On November 30, 2005, an AWC became final pursuant to which ROYL was censured and fined \$100,000 for violations of NASD Conduct Rules 2110 and 3010.

FACTS AND VIOLATIVE CONDUCT

1. With respect to the five transactions identified in Exhibit A, ROYL, 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 at 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. ROYL's supervisory system during the review period did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of the MSRB, concerning the firm's fair pricing of and markups on municipal bond transactions. Specifically, the principal designated as the firm's supervisor for transactions in municipal securities including those identified in Exhibit A was the trader who executed the transactions at issue. Furthermore, the firm's supervisory system did not include written supervisory procedures providing for reviews for compliance with MSRB Rule G-30 that included: (a) the identification of the person(s) responsible for supervision with respect to the applicable rule; and (b) a statement as to how the completion of the supervisory step(s) included in the written supervisory procedures should be documented. Finally, the firm was unable to produce sufficient evidence to the staff of completion of such supervisory steps during the review period. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rules G-17 and G-27.
3. During the review period, ROYL failed to ensure that one of its corporate officers, who was employed as a First Vice President of the firm, was manager of the trader who executed the municipal transactions identified in Exhibit A and was assigned such supervisory responsibilities as oversight of the equity and fixed-income trades of the firm's Trading Desk, was properly registered as either a Municipal Securities Principal or a General Securities Principal. The conduct described in this paragraph constitutes a violation of MSRB Rules G-3 and G-17 and NASD Conduct Rules 1021 and 2110.

B. ROYL also consents to the imposition of the following sanctions:

A censure; total fines of \$50,000 (consisting of \$10,000 for the unfair pricing violations, \$25,000 for the supervision failures in connection with the firm's municipal bond transactions, and \$15,000 for the registration violation); payment of restitution in the amount of \$2,767.30, plus interest as calculated below; and an undertaking to revise the firm's supervisory procedures with respect to the deficiencies described in paragraph I.A.2. Within 30 business days of acceptance of this AWC by the NAC, a registered principal of ROYL shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, DEPARTMENT OF MARKET REGULATION, 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 supervisory procedures to address the deficiencies described in paragraph I.A.2; and (3) the date(s) on which the revised procedures were implemented.

Restitution shall be paid by ROYL to the customers involved in the transactions described on Exhibit A in the total amount of \$2,767.30, plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from each date of violative conduct until the date that this AWC is accepted by the NAC. The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

If, for any reason, ROYL cannot locate any customer identified in Exhibit A after reasonable and documented efforts within the period of 120 days following acceptance of this AWC, or such additional period agreed to by the staff, ROYL shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state(s) in which the customer is last known to have resided.

Satisfactory proof of payment of the restitution or of reasonable and documented efforts undertaken to effect restitution shall be provided to FINRA staff no later than 120 days after acceptance of this AWC. More specifically, no later than 120 days after acceptance of this AWC, a registered principal of the firm shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, DEPARTMENT OF MARKET REGULATION, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850:

- (1) A schedule showing (a) the amount of restitution paid to each Recipient, (b) the amount of interest paid to each Recipient, (c) the date on which restitution and interest were paid, and (d) any amounts paid to escheat, unclaimed-property or abandoned-property funds; and

(2) Satisfactory proof of payment as detailed in (1), and of reasonable and documented efforts undertaken to effect restitution prior to making payments to escheat, unclaimed-property or abandoned-property funds.

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

ROYL agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. ROYL has submitted an Election of Payment form showing the method by which the firm proposes to pay the fines imposed.

ROYL specifically and voluntarily waives any right to claim that the firm is unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

II.

WAIVER OF PROCEDURAL RIGHTS

ROYL 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, ROYL 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.

ROYL 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.

III.

OTHER MATTERS

ROYL understands that:

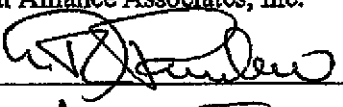
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and
- C. If accepted:
 - 1. This AWC will become part of ROYL'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 ROYL'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. ROYL 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. ROYL 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 ROYL's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. ROYL 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.

ROYL 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; that the firm 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.

November 27, 2007
Date

Respondent
Royal Alliance Associates, Inc.

By: 
Name: ARTHUR TAMBARO
Title: PRESIDENT

Reviewed by:


Glenn M. Kalow, Esq.
VP & Associate General Counsel
Royal Alliance Associates, Inc.
One World Financial Center
200 Liberty Street, 15th Floor
New York, New York 10281

Accepted by FINRA:

12/31/07
Date

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

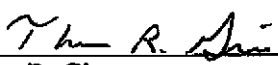

Thomas R. Gira
Executive Vice President
Department of Market Regulation

Exhibit A**Royal Alliance Associates, Inc. ("ROYL")
20050001577-01**

Item	Date	Firm 1	Firm 2	Firm 3	Issue	Qty	Trade 1 Time	Trade 1 Price	Trade 2 Time	Trade 2 Price	Markup or Spread	Profit	Excess Profit/ Restitution
1	4/05/04	C	ROYL	C	696735 HXO	50	16:01	99.5	16:10	104.37	4.89%	\$2,435	\$693.75
2	4/05/04	C	ROYL	C	952347 KR2	70	16:07	103.6	16:07	99.44	4.02%	\$2,912	\$475.72
3	4/05/04	C	ROYL	C	798147 RF3	100	16:07	103.30	16:07	107.59	4.15%	\$4,285	\$669.33
4	4/05/04	C	ROYL	C	79730C BE3	100	16:07	105.05	16:07	109.5	4.24%	\$4,450	\$773.25
5	4/08/04	FISA	ROYL	C	662858 AN9	15	11:30	101.5	13:36	105.58	4.02%	\$612	\$155.25
Total Profit:												\$14,694.00	
Total Excess/Restitution:												\$2,767.30	