

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20050005259-02**

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

RE: **Garden State Securities, Inc.**, Respondent
Broker-Dealer
CRD No. 10083

Ted Baturin, Respondent
General Securities Representative
CRD No. 2259696

Christopher Lane, Sr., Respondent
General Securities Principal
CRD No. 301668

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Garden State Securities, Inc. (the "firm"), Ted Baturin ("Baturin") and Christopher Lane, Sr. ("Lane") (collectively, the "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 the Respondents alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The 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

The firm has been a member of FINRA since August 1981, and its registration remains in effect.

Baturin has been registered with FINRA as a General Securities Representative since

1992. Baturin has been registered at the firm as a General Securities Representative since April 2003.

Lane has been registered with FINRA in various capacities since 1968. Lane has been registered at the firm as a Financial and Operations Principal, Municipal Securities Principal, Options Principal, General Securities Representative and General Securities Principal since April 1997.

RELEVANT DISCIPLINARY HISTORY

None of the Respondents has any prior relevant disciplinary history.

FACTS AND VIOLATIVE CONDUCT

In connection with Matter No. 20050005259, the staff of the Department of Market Regulation of FINRA (the "staff") conducted a review of corporate bond transactions executed by the firm for the period October 1, 2004 through December 31, 2005 for compliance with the rules and regulations relating to fixed income fair pricing. The staff also reviewed the firm's compliance with NASD Rules 2310 and the firm's written supervisory procedures and supervisory system with respect to fixed income trading for the period March 1, 2004 through December 31, 2005 (the "review period").

1. In each of the 12 instances reflected on Exhibit A, the firm, acting through Baturin, bought/sold a security for the firm's account from/to another broker-dealer and failed to sell/buy such security to/from a firm customer at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to such security at the time of the transaction, the expense involved, and that the firm was entitled to a profit. The conduct described in this paragraph constitutes separate and distinct violations of NASD Conduct Rules 2110, 2440 and IM-2440.
2. In June 2003, HG and DG, a married couple, each opened an IRA rollover account at the firm. HG and DG were ages 76 and 68, respectively, when the accounts were opened. Both HG and DG were retired, although DG continued to do some seasonal work. Their investment objectives were preservation of principal and income. Their risk tolerance was low. HG was diagnosed with Parkinson's disease prior to opening the account at the firm, and became incapacitated during the review period.
3. As reflected on Exhibit B, during the period March 1, 2004 through December 31, 2005, the firm, acting through Baturin, recommended to HG and/or DG the purchase of 21 corporate bonds, resulting in a total of 30 purchase transactions. The recommended bonds, which were rated as below investment grade, were speculative securities.

4. In each of the 30 transactions reflected on Exhibit B, the firm, acting through Baturin, recommended and executed transactions in securities without reasonable grounds for believing that the recommendation was suitable upon the basis of facts disclosed by HG and DG as to their other security holdings and their financial situation and needs. The conduct described in this paragraph constitutes separate and distinct violations of NASD Conduct Rules 2110 and 2310.
5. During the review period, Lane was the designated general securities principal with authority to carry out supervisory responsibilities with respect to the firm's fixed income area. Lane was also the designated supervisor responsible for supervising Baturin.
6. During the review period, Lane failed to reasonably and properly supervise the activities of Baturin so as to detect and prevent violations of NASD Rules 2110, 2310, 2440, and IM-2440. The conduct described in this paragraph constitutes a violation of NASD Rules 2110 and 3010.
7. During the review period, the firm failed to enforce its written supervisory procedures which specified that Lane was to conduct certain supervisory reviews of Baturin's customer account activity to detect and prevent violations of NASD Rules 2310, 2440 and IM-2440. The conduct described in this paragraph constitutes a violation of NASD Rules 2110 and 3010.

B. The Respondents also consent to the imposition of the following sanctions:

Garden State Securities, Inc:

A censure, a fine of \$50,000 (comprised of a \$15,000 fine for the fair pricing violations, a \$17,500 fine for the unsuitable transactions, and a \$17,500 fine for the supervision violations), and restitution by the firm to the customers for whom the transactions listed on Exhibit A were effected in the total amount of \$3,894.90, 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 AWC is accepted by the National Adjudicatory Council. 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 or in an e-mail from a work-related account of the registered principal to **MarketRegulationComp@finra.org**, no later than 120 days after acceptance of this AWC. 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 is known to have last resided.

Ted Baturin:

A fine of \$20,000 (comprised of a \$10,000 fine for the fair pricing violations and a \$10,000 fine for the unsuitable transactions) and a five month suspension in all capacities.

Christopher Lane, Sr.:

A fine of \$7,500 and a 20 business day suspension as a General Securities Principal.

Each of the Respondents agrees to pay their respective monetary sanction(s) upon notice that this AWC has been accepted and that such payment is due and payable. Each Respondent has submitted an Election of Payment form showing the method by which the Respondent proposes to pay the fine imposed.

Each Respondent specifically and voluntarily waives any right to claim that the Respondent is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

Respondent Baturin understands that if he is barred or suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, he 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.

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 Complaint issued specifying the allegations against the firm;
- 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, 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 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

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 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 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 FINRA Rule 8313; 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 undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf 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.

11/9/09
Date

Respondent
Garden State Securities, Inc

By: Louis Lucky Perrotto Jr.

Name: Louis Lucky Perrotto Jr.

Title: COO

Reviewed by:

Isaac M. Zucker

Isaac M. Zucker, Esq.
Counsel for Respondent
Law Offices of Isaac M. Zucker, PLLC
600 Old Country Road, Suite 321
Garden City, New York 11530
Tele: (516) 385-6699

Accepted by FINRA:

2/22/10
Date

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

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

Garden State Securities, Inc. ("GRST")
Matter No. 20050005259

Exhibit A

Item No.	Date	Cusip Id	Issue	Quantity	*Contra 1 (s)	Trade 1 Time	Trade 1 Price	Firm	*Contra 2 (b)	Trade 2 Time	Trade 2 Price	Mark-up	Mark-down	** Restitution
1	11/16/2004	194832AD3	CKC.GD	15	B-D	13:46:44	101.952	GRST	C	13:46:44	105.952	3.923%		\$200.00
2	11/18/2004	390064AG8	GAP.GD	12	B-D	13:42:38	97.314	GRST	C	13:35:00	102.314	5.138%		\$113.12
3	11/18/2004	390064AH6	GAP.GE	13	B-D	14:14:23	89.548	GRST	C	13:37:00	94.548	5.584%		\$101.29
4	12/15/2004	05873KAF5	BFT.GB	20	B-D	12:35:05	87.023	GRST	C	12:35:05	91.023	4.596%		\$173.26
5	12/15/2004	344126AM9	FMXI.GB	20	B-D	12:05:55	98.858	GRST	C	12:05:55	102.658	4.054%		\$387.61
6	11/18/2004	344126AM9	FMXI.GB	20	B-D	15:20:50	96.342	GRST	C	15:24:00	101.342	5.190%		\$264.77
7	11/22/2004	344126AM9	FMXI.GB	20	B-D	11:40:14	96.854	GRST	C	11:57:00	101.654	5.173%		\$266.73
8	12/15/2004	031652AM2	AMKR.GC	20	B-D	11:49:48	102.774	GRST	C	11:49:48	107.774	4.865%		\$182.75
9	12/15/2004	194832AD3	CKC.GD	20	B-D	12:02:54	102.954	GRST	C	12:02:54	107.954	4.857%		\$217.83
10	11/15/2004	247361YE2	DAL.GH	22	C	15:57:00	75.5	GRST	B-D	15:57:00	80.5		6.211%	\$182.82
11	11/16/2004	194832AD3	CKC.GD	25	B-D	14:28:55	102.078	GRST	C	14:28:55	107.078	4.898%		\$622.22
12	11/15/2004	247361YE2	DAL.GH	55	C	12:36:00	75	GRST	B-D	12:36:00	80		6.250%	\$1,182.50
											Total:			\$3,894.90

* Contra parties are listed as (s) for the seller or (b) for the buyer in each transaction. 'B-D' represents a transaction with another broker-dealer.

** The firm has paid partial restitution for item nos. 2, 3, 4 and 6-10. The 'Restitution' figures show the remaining amount owed to each customer.

GRST
20050005259
Schedule of Unsuitable Transactions

Item	Date	Firm	B/S	Contra	Issue	Issuer Name	Qty	Trade Price	S&P	Moody's	Fitch	Coupon	Maturity	Current Rating
1	3/18/2004	GRST	S	C (DG)	GT.GE	Goodyear Tire	40	99.5	B	B3	CCC+	8.50%	3/15/2007	B-
2	3/18/2004	GRST	S	C (DG)	UCU.GD	Aquila, Inc.	20	104	B	Caa1	B-	8.20%	1/15/2007	B
3	3/18/2004	GRST	S	C (DG)	WINN.GA	Winn Dixie	35	90.5	B	B1	NA	8.88%	4/1/2008	Defaulted
4	4/6/2004	GRST	S	C (DG)	DAL.GH	Delta Airlines	10	94.12	CCC	Caa2	CC	7.70%	12/15/2005	B-
5	4/21/2004	GRST	S	C (DG)	DAL.GH	Delta Airlines	12	85.5	CCC	Caa2	CC	7.70%	12/15/2005	B-
6	4/21/2004	GRST	S	C (DG)	GAP.GD	Great Atlantic	17	96	B	B3	NA	7.75%	4/15/2007	B-
7	4/21/2004	GRST	S	C (HG)	NAFC.GA	Nash Finch	17	100.875	B-	B3	B-	8.50%	5/1/2008	B-
8	7/26/2004	GRST	S	C (DG)	AMKR.GB	Amkor Technologies, Inc.	25	105	CCC+	B3	NA	10.50%	5/1/2009	B-
9	7/26/2004	GRST	S	C (HG)	BFT.GB	Bally Total Fitness	15	94.5	B-	B3	NR	9.88%	10/15/2007	Defaulted
10	7/26/2004	GRST	S	C (DG)	BFT.GB	Bally Total Fitness	10	94.5	B-	B3	NR	9.88%	10/15/2007	Defaulted
11	7/26/2004	GRST	S	C (HG)	CPN.GC	Calpine Corp.	16	96.5	CCC+	Caa1	B-	10.50%	5/15/2006	Defaulted
12	7/26/2004	GRST	S	C (DG)	CPN.GC	Calpine Corp.	10	96.5	CCC+	Caa1	B-	10.50%	5/15/2006	Defaulted
13	7/26/2004	GRST	S	C (DG)	LEVI.GC	Levi Strauss & Co.	25	104.5	CCC	Ca	CCC+	11.63%	1/15/2008	B-
14	7/29/2004	GRST	S	C (DG)	BFT.GB	Bally Total Fitness	10	94	B-	B3	NR	9.88%	10/15/2007	Defaulted
15	11/16/2004	GRST	S	C (DG)	CKC.GD	Coltins & Aikman	15	105.952	B-	B2	NA	10.75%	12/31/2011	Defaulted
16	11/18/2004	GRST	S	C (HG)	GAP.GD	Great Atlantic	12	102.314	B-	Caa1	NA	7.75%	4/15/2007	B-
17	11/18/2004	GRST	S	C (HG)	GAP.GE	Great Atlantic	13	94.548	B-	Caa1	NA	9.13%	12/15/2011	Caa1
18	12/15/2004	GRST	S	C (DG)	AMKR.GC	Amkor Technologies, Inc.	20	107.774	B	B3	NA	9.25%	2/15/2008	B
19	12/16/2004	GRST	S	C (DG)	FMXI.GB	Foamex LP	10	102.658	B-	B3	NA	10.75%	4/1/2009	Defaulted
20	3/28/2005	GRST	S	C (DG)	CURE.GC	Curative Health Services	10	90.171	B-	B3	NA	10.75%	5/1/2011	Defaulted
21	3/28/2005	GRST	S	C (DG)	DUOC.GB	Dura Operating Corp.	10	86.133	CCC+	Caa1	NA	9%	5/1/2009	Defaulted
22	3/28/2005	GRST	S	C (DG)	FMXI.GB	Foamex LP	10	92.391	B-	B3	NA	10.75%	4/1/2009	Defaulted
23	3/31/2005	GRST	S	C (HG)	WRNH.GA	Werner Holdings Co., Inc.	30	76.479	CCC-	B3	NA	10%	11/15/2007	Defaulted
24	4/14/2005	GRST	S	C (DG)	HLO.GB	HLL Operating Co., Inc.	15	99.69	B	B3	NA	10.50%	6/15/2010	CCC
25	6/14/2005	GRST	S	C (DG)	GM.GC	General Motors Corp.	10	96.759	BB	Baa3	BB+	9.40%	7/15/2021	C
26	8/24/2005	GRST	S	C (DG)	CURE.GC	Curative Health Services	15	85.25	CCC	Caa2	NA	10.75%	5/1/2011	Defaulted

GRST
20050005259
Schedule of Unsuitable Transactions

Item	Date	Firm	B/S	Contra	Issue	Issuer Name	Qty	Trade Price	S&P	Moody's	Fltch	Coupon	Maturity	Current Rating
27	9/7/2005	GRST	S	C (DG)	PLINT.GD	Pliant Corp.	20	96.089	CCC+	Caa3	NA	11.13%	9/1/2009	CC
28	9/7/2005	GRST	S	C (HG)	PLINT.GD	Pliant Corp.	25	96.089	CCC+	Caa3	NA	11.13%	9/1/2009	CC
29	11/3/2005	GRST	S	C (DG)	GM.GC	General Motors Corp.	15	79.966	BB-	B1	BB	9.40%	7/15/2021	C
30	11/3/2005	GRST	S	C (DG)	UIS.GM	Unisys Corp.	10	92.458	BB-	Ba3	BB-	8%	10/15/2012	B+