

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2005000631601

TO: Department of Enforcement
NASD

RE: PGP Financial, Inc.
[BD No. 21617]

Ellen Lozinski
General Securities Principal
[CRD No. 2372418]

Pursuant to Rule 9216 of NASD Code of Procedure, PGP Financial, Inc. ("PGP") and Ellen Lozinski ("Lozinski") (collectively, "Respondents") submit 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 Respondents alleging violations based on the same factual findings.

Respondents understand 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 Enforcement 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 Respondents; and
3. If accepted:
 - a. this AWC will become part of Respondents' permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against Respondents;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about Respondents' disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD

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Rule 8310 and IM-8310-2; and

- d. Respondents 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 Respondents' testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

Respondents also understand that their 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:

PGP has been a member of NASD since on or about July 27, 1998.

Lozinski is the President of PGP. On or about July 19, 1993, Lozinski first became registered with NASD as a General Securities Representative ("GSR") through an NASD member firm and later became registered as a General Securities Principal ("GSP") with another member firm, on or about July 14, 2000. Lozinski has been registered with NASD as a GSR and GSP through PGP since on or about February 28, 2002.

Respondents do not have any disciplinary history with the Securities and Exchange Commission, any state securities regulator, or self-regulatory organization

I.

WAIVER OF PROCEDURAL RIGHTS

Respondents specifically and voluntarily waive the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against them;
- 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, Respondents specifically and voluntarily waive 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.

Respondents further specifically and voluntarily waive 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. 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 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. From on or about August 20, 2004 through on or about January 11, 2006, PGP, acting through Lozinski, operated a securities business without a properly registered Financial and Operations Principal ("FINOP"). By reason of the foregoing, PGP and Lozinski violated NASD Membership and Registration Rule 1022(b) and NASD Conduct Rule 2110.
2. PGP, acting through Lozinski, failed to file the Uniform Termination Notice for Securities Industry Registration ("Form U-5") concerning registered person, Maureen Carroll, within thirty days of the date of termination. By reason of the foregoing, PGP and Lozinski acted in contravention of Article V, Section 3(a) of NASD's By-Laws and violated NASD Conduct Rule 2110.
3. PGP, acting through Lozinski, allowed the firm to conduct a securities business while under net capital. PGP failed to maintain required minimum net capital on May 28, 2004 and December 31, 2004.
 - a. On May 28, 2004, PGP's minimum net capital requirement was \$5,000. On that date, while conducting a securities business, PGP, acting through Lozinski, maintained net

capital of \$1,036 and had a net capital deficiency of \$3,964. This deficiency was due primarily to the firm relying on a balance in its web-CRD deposit account for its net equity calculation and higher than expected costs at the firm.

- b. On December 31, 2004, PGP's minimum net capital requirement was \$7,295. On that date, while conducting a securities business, PGP, acting through Lozinski, maintained net capital of \$917 and had a net capital deficiency of \$6,378. This deficiency was due primarily to the reclassification of a prepaid expense from an allowable asset to a non-allowable asset.

By reason of the foregoing, Lozinski violated NASD Conduct Rule 2110 and PGP violated SEC Rule 15c3-1(a)(2) and NASD Conduct Rule 2110.

- B. Respondents also consent to the imposition, at a maximum, of the following sanctions:
 - A fine of \$25,000.00 against PGP, joint and several with Lozinski;
 - A ten (10) business day suspension, in a principal capacity, against Lozinski; and,
 - A censure against PGP.
- C. The sanctions imposed herein shall be effective on a date set by NASD Staff.

III.

OTHER MATTERS

- A. Respondents understand that they may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that they 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. Respondents agree to pay any monetary sanctions imposed on them upon notice that this AWC has been accepted and that such payments are due and payable and have attached Election of Payment forms showing the method by which Respondents propose to pay any fine imposed.

- Respondents certify that they have read and understand all of the provisions of this AWC and have 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, have been made to induce Respondents to submit it.

Date 5/24/06

By: Ellen Lozinski
Ellen Lozinski
President

Ellen Lozinski
Ellen Lozinski

Counsel for Respondents

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

6/19/06
Date

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