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REGISTRATION & DISCLOSURE

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2005000777001**

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

RE: Isaac Schinazi, Respondent
CRD No. 2382880

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, I, Isaac Schinazi ("Respondent"), 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 (formerly known as NASD) will not bring any future actions against me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I 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

Respondent first became registered as a General Securities Representative ("GSR"), General Securities Principal ("GSP") and Government Securities Principal ("PG") with FINRA through an association with former member firm Gemini Financial Corporation (BD No. 34626) ("Gemini") beginning December 21, 1994. On April 18, 2002, Respondent's registrations were terminated because his registration status had been Inactive - Continuing Education for at least two years.

On August 5, 2002, Respondent again became registered through Gemini as a GSR and PG. On August 28, 2002, Respondent again became registered through Gemini as a GSP.

On January 10, 2006, Respondent's registrations through Gemini were terminated without the filing of a Uniform Termination of Securities Industry Registration ("Form U-5").

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Respondent is not currently registered through or associated with a FINRA member firm. However, pursuant to Article V, Section 4 of NASD's By-Laws, he remains subject to FINRA's jurisdiction until at least January 9, 2008.

Respondent has no relevant disciplinary history with the Securities and Exchange Commission, any self-regulatory organization, or state securities regulator.

OVERVIEW

During the time period of the violative conduct described herein, Respondent was the President of Gemini. The findings referenced herein arise from: (i) a private placement business conducted by Gemini, (ii) the failure to abide by net capital requirements on certain dates, (iii) deficiencies surrounding the use and retention of e-mail at the firm, and (iv) the failure to ensure the proper registration of one individual.

FACTS AND VIOLATIVE CONDUCT

1. During the period of in or about November 2002 through in or about March 2004, former NASD member firm Gemini served as placement agent for a "minimum-maximum" contingency private placement offering of securities (convertible preferred stock) issued by NS.

The terms and conditions of the offering were set forth in a private placement memorandum for Series A Convertible Preferred Stock dated November 20, 2002 (the "Series A NS PPM") and provided for a contingency minimum of \$500,000 and maximum of \$1,500,000. The Series A NS PPM provided that the offering would terminate on February 25, 2003. In connection with this offering, Gemini obtained funds from investors and such funds were placed in a bank account -- not an escrow account -- pending closing of the offering. After obtaining such funds, the following events occurred with respect to the offering:

- In or about January 2003, pursuant to a Supplement to Private Placement Memorandum and Consent and Amendment to Investor Subscription Agreement and Investor Questionnaire (the "Supplement"), the terms of the offering were changed in that, among other things, the minimum offering of the placement was reduced from \$500,000 to \$275,000 (although the Consent also states that it was reduced to \$300,000).
- On January 29, 2003, at a time when the original stated contingency of \$500,000 had not been met, Gemini, acting through Respondent and another individual, caused investor funds to be disbursed from the bank account and transferred to, inter alia, NS and Gemini.
- After the Supplement, which resulted in a change in the terms of the offering, Gemini, should have terminated the offering and returned funds

to those investors from whom Gemini received funds. However, Gemini, acting through Respondent and another individual, failed to return the investor funds. Such failure rendered the terms of the Series A NS PPM false and misleading.

By reason of the foregoing, Respondent violated Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-9 promulgated thereunder, and NASD Conduct Rule 2110.

2. During the period of in or about April 2004 through in or about December 2004, Gemini served as placement agent for a second "minimum-maximum" contingency private placement offering of securities (convertible preferred stock) issued by NS. The terms and conditions of the offering were set forth in a private placement memorandum for Series B Convertible Preferred Stock dated April 12, 2004 (the "Series B NS PPM") and provided for a contingency minimum of \$500,000 and maximum of \$6,000,000. The Series B NS PPM provided that the offering would terminate on September 30, 2004, subject to an extension until December 31, 2004.

On or about June 16, 2004, at a time when the stated contingency minimum of \$500,000 had not yet been met, Gemini, acting through Respondent and another individual, caused investor funds to be disbursed from the account to the issuer.

By reason of the foregoing, Respondent violated Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-9 promulgated thereunder, and NASD Conduct Rule 2110.

3. In connection with both the aforementioned Series A NS PPM and the aforementioned Series B NS PPM offerings, Gemini failed to maintain an escrow account to hold customer funds pending occurrence of each offerings' contingencies. Instead, in connection with both offerings, Gemini, acting through Respondent and another individual, caused customer funds to be deposited in a savings account with a bank that was not an escrow account.

By reason of the foregoing, Respondent caused Gemini to violate section 15(c) of the Exchange Act of 1934 and Rule 15c2-4 promulgated thereunder and thus violated NASD Conduct Rule 2110.

4. While conducting a securities business on the following dates, Gemini, acting through Respondent, failed to maintain the required minimum net capital as required by SEC Rule 15c3-1 on the following dates:

- On Tuesday, January 18, 2005, when Gemini's net capital requirement was \$50,000, Gemini's actual net capital was \$34,856, a deficiency of \$15,143.

- On Tuesday, January 28, 2005, when Gemini's net capital requirement was \$50,000, Gemini's actual net capital was \$36,608, a deficiency of \$13,391.
- On Friday, October 29, 2004, when Gemini's net capital requirement was \$250,000, the Gemini's actual net capital was \$58,492, a deficiency of \$191,508.
- On Tuesday, August 31, 2004, when Gemini's net capital requirement was \$250,000, the Gemini's actual net capital was \$54,518, a deficiency of \$191,508.
- On Friday, July 30, 2004, when Gemini's net capital requirement was \$250,000, Gemini's actual net capital was \$73,903, a deficiency of \$176,097.

By reason of the foregoing, Respondent caused Gemini to violate SEC Rule 15c3-1 and thus violated NASD Conduct Rule 2110.

5. During the period from at least November 2002 through at least December 2004, Gemini, acting through Respondent, permitted Gemini registered representative RM to engage in activities that required that he be registered as a General Securities Principal when he was not so registered. By reason of the foregoing, Respondent violated NASD Membership and Registration Rule 1021(a) and Conduct Rule 2110.

6. During the period of at least May 2003 until at least October 2004, Gemini, acting through Respondent, failed to maintain and preserve all of its electronic communications as required by Exchange Act Rule 17a-4. Specifically, Gemini was unable to produce requested emails. Gemini, acting through Respondent, did not store emails in a non-rewritable, non-erasable format. Rather, Gemini employees, including Respondent, subscribed to and utilized their own email service providers for e-mails that related to Gemini's securities business. By reason of the foregoing, Respondent caused Gemini to violate SEC Rule 17a-4 and NASD Conduct Rules 3110(a) and thus violated NASD Conduct Rule 2110.

B. I also consent to the imposition of the following sanctions¹:

- A suspension from associating in any and all capacities with any FINRA member firm for a period of ten (10) business days; and
- A suspension from associating in any principal capacity with any FINRA

¹ On February 9, 2006, Respondent filed for bankruptcy under Chapter 7 of Title 11 of the United States Code. Due to his bankruptcy filing, no monetary sanction has been imposed.

member firm for a period of fifty (50) calendar days.

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

I understand that if I am barred or suspended from associating with any FINRA member, I become 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, I 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 NASD Rule 8310 and IM-8310-1.)

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against me;
- 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, I 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.

I 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.

III.

OTHER MATTERS

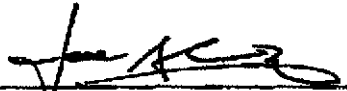
I understand that:

- 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 me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary records and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary records;
 - 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. I 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. I 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 my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I agree to its 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 me to submit it.

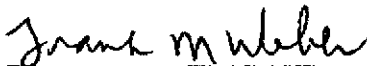
11/19/07
Date


Respondent Isaac Schinazi

Accepted by FINRA:

December 21, 2007
Date

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


Frank M. Weber, Esq.
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