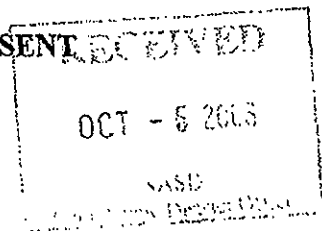


NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2005000841501



TO: Department of Enforcement
NASD

RE: Surety Financial Services Inc.
[BD No. 18344]

John T. Renck
Introducing Broker/Dealer Financial and Operations Principal
[CRD No. 1171278]

Pursuant to Rule 9216 of NASD Code of Procedure, Surety Financial Services Inc. ("Surety") and John T. Renck ("Renck") (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:

Surety has been a member of NASD since on or about December 2, 1986.

Renck is the President and Financial and Operations Principal (FINOP) of Surety. On or about July 20, 1983, Renck first became registered with NASD as a General Securities Representative (GSR) through an NASD member firm. Renck became registered with Surety as both a GSR and a General Securities Principal (GSP), on or about December 2, 1986. On or about January 7, 1991, Renck obtained his Series 28 and became registered with Surety as an Introducing Broker/Dealer Financial and Operations Principal.

Respondents do not have any relevant 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:

On multiple occasions, Surety, acting through Renck, allowed the firm to conduct a securities business while under net capital. Surety failed to maintain required minimum net capital on the following dates: August 29, 2003; September 30, 2003; November 28, 2003; January 30, 2004; July 30, 2004; August 31, 2004; September 30, 2004; October 29, 2004; November 30, 2004; December 31, 2004; January 31, 2005; February 28, 2005; March 4, 2005. During these periods, Surety operated pursuant to the (k)(2)(ii) exemptive provision of SEC Rule 15c3-3. Pursuant to SEC Rule 15c3-1, Surety's minimum net capital requirement is the greater of \$5,000 or 6 2/3% of aggregate indebtedness. Therefore, the required minimum net capital for Surety fluctuates from month to month:

1. On August 29, 2003, Surety's minimum net capital requirement was \$6,709. On that date, while conducting a securities business, Surety, acting through Renck, maintained net capital of (\$15,235) and had a net capital deficiency of \$21,945. This deficiency was due primarily to (a) accrued legal bills and (b) infused capital that had been withdrawn within twelve months and was not properly accounted for in Surety's financials.

2. On September 30, 2003, Surety's minimum net capital requirement was \$7,590. On that date, while conducting a securities business, Surety, acting through Renck, maintained net capital of (\$14,896) and had a net capital deficiency of \$22,486. This deficiency was due primarily to (a) accrued legal bills and (b) infused capital that had been withdrawn within twelve months and was not properly accounted for in Surety's financials.
3. On November 28, 2003, Surety's minimum net capital requirement was \$5,000. On that date, while conducting a securities business, Surety, acting through Renck, maintained net capital of (\$14,310) and had a net capital deficiency of \$19,310. This deficiency was due primarily to (a) accrued legal bills and (b) infused capital that had been withdrawn within twelve months and was not properly accounted for in Surety's financials.
4. On January 30, 2004, Surety's minimum net capital requirement was \$6,318. On that date, while conducting a securities business, Surety, acting through Renck, maintained net capital of \$4,236 and had a net capital deficiency of \$2,081. This deficiency was due primarily to (a) accrued legal bills and (b) infused capital that had been withdrawn within twelve months and was not properly accounted for in Surety's financials.
5. On July 30, 2004, Surety's minimum net capital requirement was \$8,746. On that date, while conducting a securities business, Surety, acting through Renck, maintained net capital of (\$37,645) and had a net capital deficiency of \$46,391. This deficiency was due to accrued legal bills that were not properly accounted for in Surety's financials.
6. On August 31, 2004, Surety's minimum net capital requirement was \$10,759. On that date, while conducting a securities business, Surety, acting through Renck, maintained net capital of (\$45,462) and had a net capital deficiency of \$56,221. This deficiency was due to accrued legal bills that were not properly accounted for in Surety's financials.
7. On September 30, 2004, Surety's minimum net capital requirement was \$9,738. On that date, while conducting a securities business, Surety, acting through Renck, maintained net capital of (\$31,931) and had a net capital deficiency of \$41,669. This deficiency was due to accrued legal bills that were not properly accounted for in Surety's financials.
8. On October 29, 2004, Surety's minimum net capital requirement was \$11,364. On that date, while conducting a securities business, Surety,

acting through Renck, maintained net capital of (\$47,811) and had a net capital deficiency of \$59,175. This deficiency was due to accrued legal bills that were not properly accounted for in Surety's financials.

9. On November 30, 2004, Surety's minimum net capital requirement was \$12,428. On that date, while conducting a securities business, Surety, acting through Renck, maintained net capital of (\$49,557) and had a net capital deficiency of \$61,986. This deficiency was due to accrued legal bills that were not properly accounted for in Surety's financials.
10. On December 31, 2004, Surety's minimum net capital requirement was \$11,554. On that date, while conducting a securities business, Surety, acting through Renck, maintained net capital of (\$33,961) and had a net capital deficiency of \$45,514. This deficiency was due to accrued legal bills that were not properly accounted for in Surety's financials.
11. On January 31, 2005, Surety's minimum net capital requirement was \$11,044. On that date, while conducting a securities business, Surety, acting through Renck, maintained net capital of (\$86,452) and had a net capital deficiency of \$97,495. This deficiency was due to accrued legal bills that were not properly accounted for in Surety's financials.
12. On February 28, 2005, Surety's minimum net capital requirement was \$9,710. On that date, while conducting a securities business, Surety, acting through Renck, maintained net capital of (\$56,555) and had a net capital deficiency of \$66,265. This deficiency was due to accrued legal bills that were not properly accounted for in Surety's financials.
13. On March 4, 2005, Surety's minimum net capital requirement was \$9,363. On that date, while conducting a securities business, Surety, acting through Renck, maintained net capital of \$2,894 and had a net capital deficiency of \$6,470. This deficiency was due to accrued legal bills.

By reason of the foregoing, Renck violated NASD Conduct Rule 2110 and Surety 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:

- Censures against Surety and Renck; and
- A joint and several fine of \$15,000.00 against Surety and Renck.

- 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.
- C. Respondents specifically and voluntarily waive any right to claim that they are unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

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.

Surety Financial Services Inc.

10/3/06
Date

By: John Thomas Renck
John Thomas Renck
President

John Thomas Renck
John Thomas Renck

Reviewed by:

Counsel for Respondents

Accepted by NASD:

10/26/06
Date

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

Vaishali S. Shetty
Vaishali S. Shetty

Regional Counsel

NASD Department of Enforcement

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NASD Deputy District Director

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