

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20050014461

To: Department of Enforcement
NASD

Re: Energy Securities, Inc.
Broker Dealer
(CRD No. 101220)

and

Lawrence R. Buettner
Direct Participation Programs Principal
(CRD No. 2535892)

Pursuant to Rule 9216 of NASD Code of Procedure, Energy Securities, Inc. ("Respondent Member") and Lawrence R. Buettner ("Respondent Representative"), 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 submissions 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 Rule 8310 and IM 8310-2; and

005053211 2005

- 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:

Energy Securities, Inc. ("Respondent Member") became a Member of NASD and became registered with the Securities and Exchange Commission ("SEC") on April 20, 2000 as a broker-dealer. The Respondent Member's membership with NASD and registration with the SEC remain currently in effect. The Respondent Member's disciplinary history includes an AWC effective August 23, 2001 in which, without admitting or denying the allegations, it consented to a fine of \$4,500 and to the entry of findings that it held customer funds that were held in an account that did not meet the requirements of SEC Rules; failed to comply with the terms of its membership agreement by holding customer funds; and filed an inaccurate FOCUS Part IIA report that overstated the Respondent Member's excess net capital.

Lawrence R. Buettner ("Respondent Representative") became registered with the SEC in January 2000 and became associated with Respondent Member as a Direct Participation Programs Principal. Respondent Representative is the President with ownership of a 50% interest in the Respondent Member and responsibility for Member Respondent's compliance with financial requirements. Respondent Representative was jointly named and sanctioned in the AWC in 2001 for the same conduct as Respondent Member, as described in the preceding paragraph.

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 Respondents;
- 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 its acceptance or rejection.

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 allegations or 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 or about January 14, 2005, February 14, 2005 and March 21, 2005, Respondent Member, acting through Respondent Representative, failed to comply with SEC Rule 15c3-1, in that it used the mails or other means or instrumentalities of interstate commerce to effect transactions in securities when it failed to maintain the minimum required net capital, in violation of SEC Rule 15c3-1 and NASD Conduct Rule 2110 by the Member.

- B. Respondents also consent to the imposition, at a maximum:
- 1) a joint and several fine in the amount of \$15,000; and
 - 2) a revocation of Respondent Member's exemption from the requirement under NASD Membership and Registration Rule 1022 to qualify and register as a Limited Principal – Financial and Operations with NASD a person who passes an appropriate Qualification Examination.

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 upon notice that this AWC has been accepted and that such payments are due and payable and have attached an Election of Payment form 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 a duly authorized representative has read and understands all of the provisions of this AWC and has 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, has been made to induce that representative to submit it.

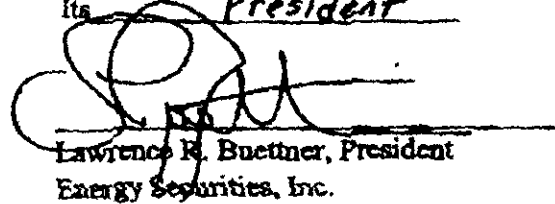
8/24/06

Date

Energy Securities, Inc.

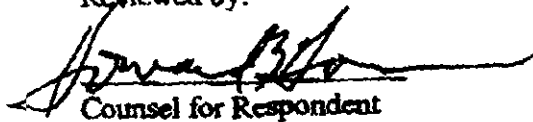


By: Lawrence Buettner
Its President



Lawrence R. Buettner, President
Energy Securities, Inc.

Reviewed by:



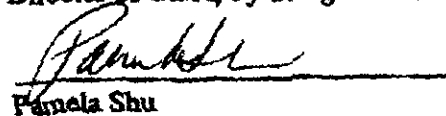
Counsel for Respondent

Accepted by NASD:

October 4, 2006

Date

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



Pamela Shu

Regional Counsel
NASD Department of Enforcement
55 W. Monroe, 27th Floor
Chicago, IL 60603
(312) 899-4353

NASD Regional Director
Carlotta A. Romano
Senior Vice President and
Regional Director
55 W. Monroe, 27th Floor
Chicago, IL 60603
(312) 899-4324

STATEMENT OF CORRECTIVE ACTION

1. ESI will either increase its common stock by \$50,000, bringing the total to \$60,000 or in the alternative, it will in compliance with Rule 15c3-1d and Appendix D to Rule 15c3-1 enter into a Subordination Agreement between Larry Buettner and Ronald Walblay, the two shareholders of ESI, who will loan the additional \$50,000 to ESI so that such amount will qualify as equity capital.

2. As further corrective action, ESI will also have a FINOP to make the net capital calculations as required.

Due to the preceding considerations, ESI respectfully requests that the Office of Disciplinary Affairs be more lenient in its disciplinary decision.

This Statement of Corrective Action is submitted by the Respondent. It does not constitute factual or legal findings by NASD, nor does it reflect the views of NASD, or its staff.