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**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

NO. 20050020359-02

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REGISTRATION & DISCLOSURE

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

RE: Great Pacific Fixed Income Securities, Inc., Respondent
Broker-Dealer
CRD No. 29251

Pursuant to Rule 9216 of the FINRA Code of Procedure, Great Pacific Fixed Income Securities, Inc. (the "firm") submits 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 firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm hereby accepts and consents, 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 (formerly NASD) since April 8, 1993, and its registration remains in effect.

RELEVANT PRIOR DISCIPLINARY HISTORY

The firm understands that its disciplinary history may be a factor that will be considered in deciding whether to accept this AWC. The firm has no relevant disciplinary history.

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VIOLATIVE CONDUCT BY RESPONDENT

In Market Regulation Review No. 20050020359, FINRA staff ("the staff") conducted a review of the firm's compliance with NASD Rules applicable to trade reporting in the Trade Reporting and Compliance Engine ("TRACE") for the period April 1, 2005 through June 30, 2005.

In Market Regulation Review No. 20070089377, the staff conducted a review of the firm's compliance with Municipal Securities Rulemaking Board rules concerning trade reporting in the Real-time Transaction Reporting System ("RTRS") for the period January 1, 2007 through March 31, 2007.

In connection with Market Regulation Review No. 20050020359,

1. The firm failed to report 120 transactions in TRACE-eligible securities within 30 minutes of execution. These late transactions constituted approximately 95 percent of all transactions in TRACE-eligible securities that the firm was required to report to TRACE during the period April 1, 2005 through June 30, 2005. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6230(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Rule 2110.
2. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of NASD, concerning TRACE. Specifically, the firm's supervisory system did not include written supervisory procedures providing for a statement of the supervisory step(s) to be taken by the identified person(s). The conduct described in this paragraph constitutes a violation of NASD Rules 2110 and 3010.

In connection with Market Regulation Review No. 20070089377,

3. In 37 instances, the firm improperly reported information to the RTRS that it should not have. Specifically, the firm improperly reported 37 "purchase and sale transactions effected in municipal securities" to the RTRS, when those events were nonreportable customer allocations of 18 reportable block transactions that the firm failed to report. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.

4. The firm failed to report information regarding 14 purchase and sale transactions effected in municipal securities to the RTRS in the manner prescribed by Rule G-14 RTRS Procedures and the RTRS Users Manual. Specifically, in transactions with customers, the firm failed to include specific items of information listed for such transactions in the Specifications for Real-Time Reporting of Municipal Securities Transactions, namely a Special Condition Indicator. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.
5. The firm failed to report information regarding 20 purchase and sale transactions effected in municipal securities to the RTRS in the manner prescribed by Rule G-14 RTRS Procedures and the RTRS Users Manual. Specifically, the firm failed to report information to an RTRS Portal within 15 minutes of Time of Trade for 10 transactions and by the end of the day of execution for 10 transactions. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.
6. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of MSRB, concerning municipal securities reporting. Specifically, the firm's supervisory system did not include written supervisory procedures providing for compliance with MSRB Rule G-14 that included: (1) a statement of the supervisory step(s) to be taken by the person(s) responsible for supervision of the applicable rules; and (2) a statement as to how often such person(s) should take such step(s). The conduct described in this paragraph constitutes a violation of MSRB Rule G-27(c).
7. The firm failed to enforce its written supervisory procedures which specified that the designated principal would initial and date transaction or order records reviewed, with notations in the supervisor's daytimer or supervisory log. The firm provided none of the above specified supervisory documentation during the period January 1, 2007 through March 31, 2007. The conduct described in this paragraph constitutes a violation of MSRB Rules G(27)(c).

B. The firm also consents to the imposition of the following sanctions:

A censure, a \$10,000 fine (consisting of \$3,500 for the TRACE reporting violations, \$1,500 for the MSRB reporting violations, and \$5,000 for the TRACE and MSRB supervisory violations), and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraphs I.A.2 and I.A.6. Within 30 business days of acceptance of this AWC by the National Adjudicatory Council ("NAC"), a registered principal of the Respondent shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraphs I.A.2 and I.A.6; and, (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

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

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 Formal Complaint issued specifying the allegations against the firm;
- 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, 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 NASD Rule 9143 or the separation of functions prohibitions of NASD 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 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 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 NASD Rule 8310 and IM 8310-3; 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 the firm 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 firm certifies that it 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.

May 22, 2008
Date

Respondent
Great Pacific Fixed Income Securities, Inc.

By: Christopher Kinck
Name: Christopher Kinck
Title: Managing Director

Reviewed by:

Attorney Name
Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Accepted by FINRA:

June 26, 2008
Date

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

Richard Wallace
~~Thomas R. Gira~~ Richard Wallace
~~Executive Vice President~~
Department of Market Regulation