

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2005002133004**

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REGISTRATION & DISCLOSURE

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

**RE:** First Montauk Securities Corporation, Respondent  
CRD No. 13755

Pursuant to Rule 9216 of FINRA Code of Procedure, First Montauk Securities Corporation ("FMSC" or "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 FMSC alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. FMSC 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**

FMSC has been a member of FINRA (f/k/a National Association of Securities Dealers or NASD) since 1984. The firm conducts a general securities business through 142 branch offices in 30 states and has 216 registered personnel. Its principal office is located in Red Bank, New Jersey.

**RELEVANT PRIOR DISCIPLINARY HISTORY**

In December 2006, FMSC entered into a settlement with FINRA pursuant to Letter of Acceptance, Waiver and Consent No. 2005001028302, in which FINRA found that the firm violated NASD Conduct Rules 3010 and 2110 by failing to enforce its written supervisory procedures that required a customer address change to a post office box to be approved by the

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firm's legal and compliance department. The firm was censured and fined \$10,000.

In September 2006, FMSC entered into a settlement with the New Jersey Bureau of Securities ("Bureau of Securities") pursuant to a Consent Order in which the Bureau of Securities fined FMSC \$475,000 for employing an unregistered agent who sold securities to New Jersey customers through the assistance of another agent. This constituted the creation of false records and failure to supervise. FMSC offered incentives to its agents to sell the product without disclosing material information and avoided any open-market price corrections which artificially inflated the product's price. The firm was mandated to hire an independent consultant to review the firm's supervision of branch offices, suitability standards, and monitoring of sales agent activities. In addition, two executive officers of the firm's parent company agreed to resign all their supervisory positions.

In January 2006, FMSC entered into a settlement with FINRA pursuant to Letter of Acceptance, Waiver and Consent No. E9B2005005003, in which FINRA found that the firm violated SEC Rules 10b-10 and 17a-3, NASD Rules 3011, 2110, 3110, 6230, and 3010, and MSRB Rule G-41. FMSC's supervisory system was not reasonably designed to achieve compliance with securities laws and regulations regarding TRACE reporting. In addition, the firm had an inadequate AML program, sent inaccurate trade confirmations, maintained trade tickets that had illegible or inaccurate time stamps, and incorrectly reported municipal trades. FMSC was censured and fined \$50,000.

In March 2004, FMSC entered into a settlement with FINRA pursuant to Letter of Acceptance, Waiver and Consent No. CAF040026, in which FINRA found that the firm violated NASD Rules 1021, 2110, 2210, 2711, and 3010. The firm issued research reports that failed to disclose material facts, and made exaggerated, unwarranted, and misleading statements, about a securities issuer. The firm failed to adopt and implement supervisory procedures to ensure that research reports issued by the firm or prepared by associated persons not employed by the firm complied with applicable securities laws and regulations. The firm's supervisory procedures failed to set forth procedures for the review of research reports prepared by outside consultants. In addition, FMSC permitted an individual to manage the firm's securities business while not registered as a principal. FMSC was censured, fined \$75,000, and suspended from issuing research reports for 3 months. Furthermore, the firm agreed to hire an independent consultant to review and make recommendations

regarding the firm's supervisory procedures concerning the research reports.

In March 2004, FMSC entered into a settlement with FINRA pursuant to Letter of Acceptance, Waiver and Consent No. C3A040014, in which FINRA found that the firm violated Article V, Section 3(b) of the FINRA By-Laws, and NASD Conduct Rules 3010 and 2110, by maintaining supervisory procedures that were not reasonably designed to achieve compliance with the relevant securities laws and regulations, and that failed to identify the responsible principals. FMSC failed to promptly amend the Form U4s for 13 registered representatives after becoming aware of information that triggered an obligation to amend; failed to promptly amend the Form U5s for four registered representatives after becoming aware of information that triggered an obligation to amend; failed to report four arbitration awards/settlements against it; failed to timely report seven other arbitration awards/settlements; and failed to report two terminations for cause. FMSC was censured and fined \$45,000.

In August 2002, FMSC entered into a settlement with FINRA pursuant to Letter of Acceptance, Waiver and Consent No. C9B020053, in which FINRA found that the firm violated NASD Conduct Rules 2110, 2320, 3010, and 3110, NASD Marketplace Rules 4632, 4642, 6130, 6240, and 6620, and SEC Rule 17a-3, by failing to establish and enforce written supervisory procedures regarding its mutual fund business, and failing to properly report trades, exercise reasonable diligence to determine best inter-dealer market, and properly time-stamp order tickets. FMSC was censured, fined \$45,000, and was required to update its written supervisory procedures.

### **OVERVIEW**

Between December 2003 and April 2005 (the "relevant period"), FMSC, having installed a sophisticated system to review trading by its brokers and identify potentially improper trades or inappropriate sales practices, failed to adequately respond to red flags generated by the system that suggested its brokers were engaging in excessive trading and unsuitable transactions in customer accounts. The firm failed to adequately train its supervisors in how its compliance system operated and how to respond to red flag alerts generated by its system. When confronted with indications that supervisors were not fulfilling their duties, the firm failed to take adequate steps to ensure its supervisors were properly discharging their supervisory obligations. For part of the relevant period, from December 2003 to December 2004, FMSC did not have adequate written supervisory procedures to provide guidance to supervisors who reviewed customer

transactions for suitability and other sales practice issues. Accordingly, FMSC violated NASD Rules 3010(a) and (b) and 2110.

FMSC also failed to retain business-related internal e-mail between May 2003 and January 2004 and, accordingly, violated Section 17(a) of the Securities Exchange Act of 1934, Rule 17a-4 thereunder, and NASD Rules 3110 and 2110.

## **FACTS**

### **A. FMSC's Supervisory Structure and Systems**

During the relevant period, FMSC relied on its branch managers as the front-line supervisors of brokers in FMSC's branch offices. Regional Supervisory Officers ("RSOs") supervised the branch managers, supervised the smaller branch offices that did not have branch managers, and indirectly supervised the registered representatives who reported to the branch managers. A Chief Supervisory Officer ("CSO") supervised the RSOs.

FMSC used the Protegent Broker Audit system ("Protegent") as its principal tool to monitor trading and alert supervisors about potential compliance issues. The Protegent system reviewed retail transactions made by the firm's brokers and, comparing the transactions to certain customer information, generated alerts that identified transactions that might be questionable. The alerts were automatically routed to each broker's designated supervisor, typically the branch manager, who was required to review the alert and take appropriate action to investigate whether the transaction was improper, such as discussing the transaction with the broker or the customer involved. The reviewer was then required to document his or her review of the potentially improper transaction that generated the alert in the Protegent system.

### **B. FMSC Failed to Respond to Signs of Excessive Trading**

During the relevant period, the firm's Protegent system frequently alerted supervisors to red flags warning of possible excessive trading and other unsuitable transactions by FMSC brokers in customer accounts. The firm's supervisors repeatedly ignored the red flags and failed to respond adequately to evidence of potential sales practice violations. FMSC's indifference to those clear warnings constituted a failure to supervise the activities of its brokers.

As an example of the serious nature and number of red flags ignored by the firm's supervisors, during the relevant period, an FMSC broker from the firm's branch office in Port Washington, NY managed three customer accounts that generated numerous alerts on Protegent that the broker might be engaging in excessive trading in his customers' accounts. In one account, the broker's branch office manager received

dozens of Protegent alerts in one year that repeatedly warned of possible high account turnover, high account velocity, and high commissions. Despite these frequent warnings, the branch manager never spoke with the customers or determined whether the activity in each account was consistent with the customer's objectives and financial condition. The RSO who supervised the branch did not investigate the trading in these accounts or the branch manager's failure to respond to Protegent alerts about this trading until late 2006. After reviewing the activity in the three accounts, the RSO admitted that the accounts "slipped through the cracks."

Supervisors also failed to respond adequately to red flags in a customer account serviced by an FMSC broker from the firm's branch office in Hauppauge, NY. Beginning in early 2004, the account produced alerts on Protegent suggesting excessive trading and other unsuitable transactions. The alerts repeatedly warned of loss of value, flip trades, and overconcentration in the account. Despite these clear signs of excessive trading, the branch manager neither analyzed the customer's account, nor compared aggregate commissions to costs in the account. Rather, the branch manager did nothing more than speak with the registered representative on multiple occasions, overlooking continued alerts that the account was being actively traded and had declined in value. Neither the branch manager nor any other principal at the firm spoke with the customer about the activity in the customer's account until March 2005. Approximately one month later, the customer closed the account.

Despite these and other similar red flags suggesting FMSC brokers might be engaging in excessive trading and unsuitable transactions, FMSC supervisors consistently failed to take actions to investigate the transactions to ensure compliance with NASD rules.

**C. FMSC Did Not Exercise Adequate Supervision Over Branch Managers Who Reviewed Their Own Transactions**

FMSC allowed certain branch managers to supervise their own business, including reviewing Protegent alerts of potentially improper transactions in the branch manager's customer accounts. For example, between January and May 2004, a branch manager in FMSC's Paramus, NJ branch office was responsible for four customer accounts that generated Protegent alerts of possible excessive trading and other unsuitable transactions. Although the branch manager was the broker of record for the accounts and recommended most of the transactions that generated Protegent alerts about trading in the customer accounts, the branch manager, not the RSO, reviewed the

Protegent alerts caused by those transactions. The RSO at no time reviewed the activity in the customer accounts.

**D. FMSC Failed to Establish and Maintain an Adequate Supervisory System to Train and Monitor Supervisors**

FMSC's failure to reasonably supervise registered representatives resulted in part from the firm's failure to adequately train its supervisors in how to use the Protegent system. After 2001, the firm provided no formal training to its supervisors on using the Protegent system as a supervisory tool, including training on how to understand and respond to Protegent alerts. As a result, the firm's supervisors did not adequately understand Protegent alerts or the steps they needed to take in response to them. For example, the firm's Paramus branch manager, after receiving numerous alerts on the Protegent system, merely responded, "Why is this thing generating these alerts," but did not otherwise follow up to determine whether the trading at issue was proper. FMSC's failure to ensure that each principal possessed a core level of competency on Protegent and other systems of supervision resulted in supervisors who were not properly equipped to effectively review customer accounts.

The firm also failed to ensure that supervisors were diligently exercising their supervisory responsibilities, ignoring indications that the supervisors were, in fact, failing in their duties. Despite not providing branch managers adequate training on Protegent, the firm continued to rely on the branch managers' review of the Protegent alerts to supervise trading in customer accounts. The firm's RSOs and CSO, however, ignored obvious signs that the branch managers were ill equipped to supervise and were not performing their supervisory duties. For example, the firm ignored numerous signs that the branch manager for the firm's Hauppauge, NY branch office did not fully understand the use of margin accounts, despite repeated instruction from the firm's margin department, and evidence that he did not adequately understand options or the firm's options policies, leading him to execute uncovered calls in retirement and other accounts when such transactions were prohibited. The firm's operations department alerted the RSO, CSO and other managers about the branch manager's improper use of options. These supervisors, however, failed to adequately respond, and the branch manager continued to execute uncovered calls in retirement and other accounts.

Moreover, as noted above, trading in customer accounts in other branches generated red flags for months suggesting excessive trading and unsuitable transactions, and the branch manager who serviced some of the accounts was reviewing his own activities. Yet for all three branches, the firm never investigated whether the branch managers or RSOs were properly discharging their supervisory duties.

**E. FMSC Failed to Establish, Maintain, and Enforce Adequate Written Procedures for Supervising Registered Representatives and Producing Branch Managers**

Between December 2003 and December 2004, FMSC failed to establish, maintain, and enforce adequate written supervisory procedures for supervising registered representatives and producing branch managers, including what data and reports to review, and how to respond to indications of red flags. The relevant procedures only required that representatives know their customers and comply with information contained on new account forms in recommending securities to customers. The firm's written procedures were deficient by failing to establish mechanisms for ensuring compliance with, and detecting violations of, NASD suitability rules.

**F. FMSC Failed to Retain Electronic Communications**

Between May 3, 2003 and January 2, 2004, FMSC failed to retain internal electronic communications sent between its associated persons in part because it failed to configure its e-mail system properly after a software upgrade. In connection with its investigation of the firm and certain registered representatives, the staff sought e-mail sent or received by over twenty (20) registered representatives from June 1, 2003 until August 31, 2005. As a result, the firm had failed to retain all e-mail requested by the staff, which hindered the staff's investigation.

**VIOLATIVE CONDUCT BY RESPONDENT**

**FMSC's Supervisory Violations**

As described above, FMSC violated NASD Conduct Rules 3010 and 2110 by failing to: 1) reasonably supervise the activities of its registered representatives; 2) establish and maintain an adequate supervisory system to ensure that supervisors were trained and reasonably fulfilling supervisory obligations; and 3) establish, maintain, and enforce adequate written supervisory procedures to supervise registered representatives and producing branch managers that were reasonably designed to ensure compliance with NASD Rules.

**FMSC Failed to Retain E-Mail**

As described above, FMSC violated Section 17(a) of the Securities Exchange Act, Rule 17a-4 thereunder, and NASD Conduct Rules 3110 and 2110 by failing to retain all business-related e-mails.

## **SANCTIONS**

B. FMSC also consents to the imposition of the following sanctions:

1. A censure; and
2. A fine of \$175,000;

FMSC further consents to undertake the following:

1. Within ninety (90) days of Notice of Acceptance of the AWC, a senior officer of FMSC will certify in writing under oath that the firm has reviewed its systems and procedures regarding training and monitoring of supervisors, and has established systems and procedures reasonably designed to achieve compliance with the laws, regulations, and rules concerning supervisors fulfilling their supervisory responsibilities. Upon written request showing good cause, FINRA staff may extend the procedural date in this paragraph.

FMSC agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. FMSC has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

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

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

## **II.**

### **WAIVER OF PROCEDURAL RIGHTS**

FMSC 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 it;
- 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, FMSC 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.

FMSC further specifically and voluntarily waives 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

FMSC 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 FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against FMSC; and
- C. If accepted:
  - 1. this AWC will become part of FMSC's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against it;

2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about FMSC'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-8310-2; and
4. FMSC 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. FMSC 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 FMSC's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

D. FMSC may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. FMSC understands that it 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.

FMSC 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 FMSC has agreed 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 FMSC to submit it.

September 14, 2007  
Date

First Montauk Securities Corp.  
Respondent

By:   
Victor K. Kurylak, President & CEO

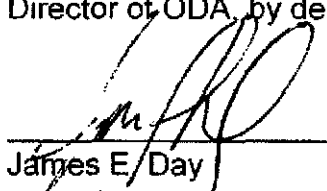
Reviewed by:

  
George F. Meierhofer, Esq.  
Counsel for Respondent  
Becker & Poliakoff LLP  
45 Broadway, 11<sup>th</sup> Floor  
New York, NY 10006  
(212) 599-3322

Accepted by FINRA:

10/15/07  
Date

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

  
James E. Day  
Chief Counsel  
FINRA Department of Enforcement

SEP 20 2007

FINRA  
ENFORCEMENT**FIRST MONTAUK SECURITIES CORP.**  
**STATEMENT OF CORRECTIVE ACTION****Case No. 20050021330**

FMSC submits the following Statement of Corrective Action for consideration by the Office of Disciplinary Affairs ("ODA") and/or the National Adjudicatory Council ("NAC") in connection with their evaluation of the decision to accept the terms of the Letter of Acceptance, Waiver and Consent ("AWC") as submitted by the Firm with regard to the resolution of the matter referenced above.

**Each Statement of Corrective Action identified herein is being submitted solely by FMSC and FMSC acknowledges that it does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.**

**Supervisory System, Procedures and Escalation Protocols**

As described in the AWC, the Firm utilizes Sungard's Protogent Broker Audit system, a sophisticated electronic transaction and account activity monitoring tool, to review customer account activity and identify potentially improper trades or sales practices. The Protogent system generates red flag alerts when it detects activity that breaks one or more of the defined parameters or filters that are used to identify potential sales practice concerns. Designated supervisory personnel are then responsible for reviewing the Protogent alerts and related customer account activity in order to determine whether a sales practice problem exists, and, if so, taking appropriate corrective action. Despite the sophistication of the Protogent system, FMSC recognizes that the FMSC supervisory system is only as strong as the individuals who are functioning as the designated supervisors in the process of reviewing the alerts that are generated by Protogent. Therefore, FMSC has taken the following actions under the direction of new senior management for Compliance and Supervision at FMSC: (1) centralized the performance of supervisory functions within the supervisory structure; (2) implemented new organizational escalation guidelines; and (3) implemented more explicit guidelines for contacting customers in response to Protogent alerts.

As described in the AWC, during the relevant period, FMSC utilized a supervisory structure through which an on-site branch office manager ("BOM") acted as the front-line supervisor for brokers in FMSC's branch offices,<sup>1</sup> including responsibility for the review of

<sup>1</sup> FMSC's primary business is conducting a full-service retail brokerage business through registered representatives that are independent contractors and may be located in both branch office and non-branch office locations. Branch office locations typically are staffed with a Series 24 qualified registered principal who functions as the BOM in the  
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Protogent alerts, and a designated Regional Supervisory Officer ("RSO") at the Firm's home office then supervised each BOM. Effective June 1, 2007, BOMs are no longer responsible for the review of Protogent alerts for any customer accounts. Instead, these supervisory responsibilities have been centralized with the RSOs in the Supervision Department at the Firm's home office, who perform a dedicated supervisory function with no sales or P&L responsibilities. This change in supervisory duties has been communicated to BOMs through a new Supervisory Delegation Memo that clearly defines the supervisory responsibilities of the BOM. FMSC management believes that this change in supervisory structure will greatly enhance the implementation of controls that are designed to ensure consistently appropriate responses to Protogent alerts.

FMSC management believes that an effective supervisory system requires a functioning process for the escalation of potential concerns to progressively more senior management. Therefore, effective January 24, 2007, FMSC implemented specific guidelines for the escalation of issues that may cause significant legal, regulatory, reputation or franchise risk for any of its businesses. The primary purpose of these guidelines is to emphasize to all employees in FMSC's home office, including Operations, Compliance, Legal and Supervision departments, the importance of promptly escalating such issues to the appropriate control function and management personnel so that the Firm is better prepared to assess and deal with these issues in an effective and timely fashion. The guidelines also provide specific examples of what types of issues should be escalated, to whom they should be escalated, and that the process of escalation and response should be appropriately documented.

FMSC management also believes that an effective system for supervising sales practices related to customer account activity and responding appropriately to Protogent alerts requires the opportunity for ongoing dialogue by supervisory personnel with the broker and the customer, in addition to the review of customer profiles and account activity. Therefore, in September 2006 FMSC implemented enhancements to the Firm's Client Contact Guide to provide designated supervisors with detailed guidance as to the topics that should be addressed with a client when discussing activity in their account that has resulted in a Protogent alert or otherwise been identified as a potential sales practice issue. The Client Contact Guide also provides designated supervisors with a standardized process for documenting their discussions with clients.

#### **Supervisory Training Program**

Kevin O'Friel, joined FMSC in November 2006 as the Chief Supervisory Officer. Among other duties involved in implementing an effective supervisory program for FMSC, Mr. O'Friel is responsible for ensuring the proper training of supervisors. To that end, he has

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performance of certain supervisory functions. Non-branch office locations typically are not staffed with a Series 24 qualified registered principal and all supervisory functions are performed by RSOs in the home office.

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implemented, effective April 30, 2007, a training program that includes bi-weekly meetings with the entire Supervision Department at the Firm's headquarters to review the use of the Protogent Broker Audit tool and provide a forum for discussing the most effective process for using the tool and responding appropriately to the alerts that are generated. In addition to the bi-weekly meetings, in May 2007 Mr. O'Friel had representatives from Sungard conduct a Protogent refresher training program for the Supervisory Department. It is also important to note that the training related directly to the use of Protogent is in addition to a variety of training elements that make up a comprehensive program for training Supervisory Department staff, including role playing, attendance at NASD and SIFMA conferences, rotation of Supervisory Department staff attending the SIFMA Legal and Compliance Division monthly luncheons, and relevant web-based training.

#### **Technology Testing Protocols**

Thomas Cottingham joined FMSC in October 2006 as the Business Information Officer for FMSC and he has since assumed overall responsibility for the Firm's various technology systems and programs. Mr. Cottingham has over fifteen years of experience in the financial services industry, including operational, compliance and project management expertise. He joined FMSC from Penn Mutual and its Horner, Townsend & Kent broker dealer where he was the Business Information Officer for new business ventures. In addition, he has held various compliance, operations and supervisory roles at Prudential Securities, Inc. and PaineWebber, Inc. Since assuming his position with FMSC, Mr. Cottingham has established a program for implementing new technologies, or upgrades to existing technologies, that includes appropriate testing protocols and the establishment of performance controls before any new or upgraded technology is put into production. He has also established a program for the ongoing testing of the performance of existing technology.

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As a final matter, FMSC would like to note that, as a result of a September 2006 Consent Order with the Bureau of Securities for the State of New Jersey, the Firm engaged an Independent Consultant to reviewed its supervisory and operational procedures and controls for the supervision of agent sale activities. The Independent Consultant completed her review in May 2007 and we believe that this review serves as independent validation that the Firm has successfully implemented remedial measures that are designed to prevent a recurrence of conduct similar to that at issue here.

Very truly yours,



Victor K. Kurylak  
President and CEO

cc: Celeste Leonard, Chief Compliance Officer  
George Meierhofer, Esq., Becker & Poliakoff

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