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REGISTRATION & DISCLOSURE

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2-005003485101**

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

RE: William Henry Weisbrod, Respondent
Registered Representative
CRD No. 812664

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, I 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 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

On June 23, 1980, William Henry Weisbrod became registered with FINRA (f/k/a National Association of Securities Dealers or NASD) as a General Securities Representative. On March 25, 1985, he became registered as a General Securities Sales Supervisor. From November 9, 1998 through April 22, 2005, Weisbrod was registered in those same capacities through member firm Citigroup Global Markets Inc. Weisbrod is currently registered with another member firm. He has no relevant disciplinary history.

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OVERVIEW

Weisbrod recommended unsuitable transactions in customer PW's accounts involving the purchase of approximately \$2 million of Class B mutual fund shares in 12 similar mutual funds. Further, Weisbrod entered this level of Class B mutual fund transactions, which was not permitted by his employer member firm, in a manner designed to evade firm policy and circumvent its supervisory controls. This conduct violated NASD Conduct Rules 2310 and 2110, IM-2310-2 and IM-2830-1.

FACTS AND VIOLATIVE CONDUCT

In 2002, Customer PW was a young homemaker, caring for two small children, and had virtually no investment experience. Her husband died in the World Trade Center on September 11, 2001, and, about one week later, she gave birth to a special needs child. PW sought advice from Weisbrod on how to invest \$2 million in insurance proceeds and other money she had received after her husband's death. PW's main concern was that the \$2 million provide for her family indefinitely. She had no other source of income, as her husband had been the family's sole breadwinner, and needed to ensure that there was enough money for the family's living and medical expenses. PW completely relied upon Weisbrod to invest her money in a manner consistent with her needs and objectives.

From February 2002 through July 2002, Weisbrod recommended and effected approximately \$2 million in purchases of Class B mutual fund shares in PW's accounts without having reasonable grounds for believing that the transactions were suitable, given the total dollar amount of Class B shares purchased and PW's financial situation and needs. Indeed, the prospectuses for some of the subject mutual funds provided that Class B share purchases in excess of \$250,000 were not appropriate due to the higher expenses of such shares. PW could have purchased Class A shares in the same and/or another comparable fund with no sales charge by applying breakpoints, using letters of intent and/or using rights of accumulation. Instead, Weisbrod invested PW's money in Class B shares of 12 similar mutual funds within 9 different fund families. By investing solely in the Class B shares, PW was exposed to unnecessary fees, paying nearly twice as much in annual expenses, while Weisbrod significantly increased his commissions.¹

¹ Between March 9, 2007 and May 11, 2007, Citigroup provided \$89,870 in restitution to PW based on Weisbrod's unsuitable investment recommendations.

At the time Weisbrod effected those transactions in customer PW's accounts, Citigroup required pre-approval of Class B share purchases in excess of \$100,000. To circumvent this pre-approval policy and the firm's supervisory controls, Weisbrod entered almost all of the trades in PW's accounts in amounts of \$90,000 or less.

Based on the foregoing, Weisbrod violated NASD Conduct Rules 2310 and 2110, IM-2310-2 and IM-2830-1.

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

- A two-month suspension from association with any FINRA member in any capacity; and
- A fine in the amount of \$33,500, of which \$23,500 represents disgorgement of commissions earned by Weisbrod on the unsuitable transactions entered in PW's accounts.

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

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

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.)

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

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 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

I understand that:

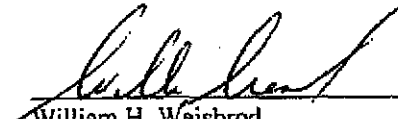
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me;
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record 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 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. 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; and

- 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 have 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 me to submit it.

10/27/08
Date


William H. Weisbrod
Respondent

Reviewed by:


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Counsel for Respondent
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Accepted by FINRA:

1/14/09
Date

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



Lynn M. Kaseta
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