

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006003689401

TO: Department of Enforcement
NASD

RE: Griffin Securities, Inc.
Broker-Dealer
(B.D. No. 43229)

Pursuant to Rule 9216 of NASD Code of Procedure, Griffin Securities, Inc. (Griffin Securities, the Firm, or Respondent) submits 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 Respondent alleging violations based on the same factual findings.

Respondent understands 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 Respondent; and
3. If accepted:
 - a. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against Respondent;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about its 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
 - d. Respondent 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. Nothing in this provision affects

Respondent's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

Respondent also understand that Respondent's 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:

Griffin Securities has been a member of NASD since September 5, 1997. It conducts a general securities business.

The Firm has no formal disciplinary history with NASD, the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

I.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under NASD'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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent 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.

Respondent 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.

II.

ACCEPTANCE AND CONSENT

- A. Respondent 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:

1. Between April 2004 and February 2006, Griffin Securities held customer stock certificates in a safe on its premises despite a provision in its Membership Agreement requiring that the firm not safekeep customer securities. Based on this conduct, Griffin Securities violated NASD Membership and Registration Rule 1017 and NASD Conduct Rule 2110.

2. As a result of holding customer securities Griffin Securities' minimum net capital requirement increased from \$5,000 to \$250,000. Griffin Securities conducted a securities business while failing to maintain its minimum net capital requirement on three dates. The dates and deficiencies were as follows:

- On Thursday, June 30, 2005, the firm had a net capital deficiency of \$124,218.61;
- On Wednesday August 31, 2005, the firm had a net capital deficiency of \$78,338.88; and
- On Friday September 30, 2005, the firm had a net capital deficiency of \$122,739.06.

Based on this conduct, Griffin Securities violated SEC Rule 15c3-1, promulgated under the Securities Exchange Act of 1934, and NASD Conduct Rule 2110.

3. Between October 2004 and November 2005, Griffin Securities caused draft research reports to be sent to three companies that were the subjects of the reports. These draft reports contained price targets and/or ratings that should not have been sent to the subject companies. By disseminating draft research reports containing price targets and ratings to subject companies the Firm violated NASD Conduct Rules 2711(c) and 2110.

- B. Respondent also consents to the imposition, at a maximum, of the following sanctions:

- A censure; and
- A fine of \$20,000.

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

III.

OTHER MATTERS

- A. Respondent understands that it may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent 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 NASD, nor does it reflect the views of NASD or its staff.
- B. Respondent agrees 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 Respondent has attached an Election of Payment form showing the method by which it proposes to pay any fine imposed.
- C. Respondent specifically and voluntarily waives any right to claim that Respondent is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

Respondent certifies that it has 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, has been made to induce them to submit it.

Griffin Securities, Inc.

By: _____



Print Name: _____

ADRIAN STECYK

Title: _____

PRESIDENT & CEO

MAY 8, 2007
Date

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

May 30, 2007



Jolie K. Glynn
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GRIFFIN



SECURITIES
Member NASD, SIPC

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May 8, 2007

Julie K. Lynn
Regional Counsel
NASD Department of Enforcement
One Liberty Plaza
New York, NY 10006

Re: Corrective Action Statement
Griffin Securities (BD No. 43229) - 20060036894

Dear Ms. Lynn:

Griffin Securities, Inc. respectfully submits this Corrective Action Statement of corrective steps that have been implemented to address the findings by the NASD in the attached Letter of Acceptance, Waiver and Consent.

Our safekeeping of a customer's stock certificates, which was inconsistent with our Membership Agreement and resulted in certain net capital deficiencies, was done for the limited purpose of assisting the customer in obtaining removal of restrictions on transfer of the shares because our clearing broker will not accept delivery of certificates that are not in fully negotiable form. Notwithstanding that the removal of restrictions was not yet completed, the legended certificates were nevertheless returned by us to the customer as soon as the matter was raised by the compliance examiner. Since that time, it has been and will continue to be our policy not to hold any customer certificates for any purpose.

The draft research reports that apparently contained price targets and/or ratings when furnished to the subject companies occurred because we inadvertently did not remove such items in all places in the report. In order to avoid any possibility of a similar error in the future, we have instituted procedures, as suggested in the Joint Memorandum of the NASD and NYSE, to furnish to subject companies a separate document containing a summary of factual information for which we seek verification instead of a redacted draft of the research report.

Sincerely,

A handwritten signature in cursive script that reads "Julia R. Lancian".
Julia R. Lancian
Chief Compliance Officer

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