

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006003723101**

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REGISTRATION & DISCLOSURE

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

RE: Prestige Financial Center, Inc.
(BD No. 30407)

and

Lawrence Kirshbaum
(CRD No. 270856)

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, Prestige Financial Center, Inc. ("Prestige" or the "Firm") and Lawrence Kirshbaum ("Kirshbaum") (collectively, the "Respondents") 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 Respondents alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondents 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

Prestige has been a member of FINRA (f/k/a NASD) since January 1993. The Firm currently has a minimum net capital requirement of \$5,000. Prestige claims the (k)(2)(ii) exemption from the customer protection rule.

Prestige, which conducts a general retail securities business, has experienced recent growth, expanding its number of registered representatives from fewer than 10 during the first quarter of 2006 to over 60 during the first quarter of 2007.

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Kirshbaum first became registered with NASD as a General Securities Representative (GSR) and a General Securities Principal (GSP) on August 14, 1978 through his association with a member firm. Subsequently, he was registered with various member firms. On August 16, 1991, he became registered as a Financial and Operations Principal (FN) through a member firm.

On May 27, 1999, Kirshbaum became registered as a GSP, GSR, FN, and a Municipal Securities Principal (MP) through his association with Prestige. On May 20, 2004 he also became registered as a Government Securities Principal (PG) through Prestige where he is currently registered.

Kirshbaum is currently the President and the Chief Financial Officer of Prestige.

Respondents do not have any relevant disciplinary history with FINRA or any other self-regulatory organization, the U.S. Securities and Exchange Commission, or any state securities regulator.

OVERVIEW

During the period from January 1, 2004 through September 28, 2006, Prestige, acting through Kirshbaum, received customer funds in the form of customer checks made payable to the Firm. The receipt of the customer checks increased the Firm's net capital requirement and led to violations of the Net Capital Rule – SEC Rule 15c3-1 during this period. During this period, the Firm also failed to maintain a Checks Received and Forwarded blotter or an equivalent record as required by SEC Rule 17a-3. Finally, the Firm permitted certain individuals to park their registrations with the Firm when in fact, they were not conducting any business that required registration.

FACTS AND VIOLATIVE CONDUCT

1. During the period from January 1, 2004 through September 28, 2006, Prestige received and held customer funds. The Firm's Membership Agreement provided that because the Firm was claiming an exemption under SEC Rule 15c3-3(k)(2)(ii), it would "not hold customer funds or safekeep customer securities." Receiving and holding customer checks made payable to the firm was a material change in Prestige's business operations and required that the Firm seek (through a Continuing Membership Application) and receive advance approval from NASD prior to engaging in such actions. Prestige failed to seek and receive advance approval.

By reason of the foregoing, Prestige violated NASD Membership and Registration Rule 1017 and NASD Conduct Rule 2110.

2. As a result of receiving and holding customer funds, pursuant to SEC Rule 15c3-1 Prestige's minimum net capital requirement increased from \$5,000 to \$250,000. As a result, Prestige, acting through Kirshbaum, failed to maintain the required minimum net capital while conducting securities business on the seven (7) dates detailed below:

- a) Pursuant to SEC Rule 15c3-1(a), on March 30, 2004, Prestige's minimum net capital requirement was \$250,000. On that date, Prestige had net capital in the amount of \$45,797, and a net capital deficiency of \$204,203;
- b) Pursuant to SEC Rule 15c3-1(a), on September 28, 2004, Prestige's minimum net capital requirement was \$250,000. On that date, Prestige had net capital in the amount of \$64,545, and a net capital deficiency of \$185,455;
- c) Pursuant to SEC Rule 15c3-1(a), on March 22, 2005, Prestige's minimum net capital requirement was \$250,000. On that date, Prestige had net capital in the amount of \$80,740, and a net capital deficiency of \$169,260;
- d) Pursuant to SEC Rule 15c3-1(a), on June 14, 2005, Prestige's minimum net capital requirement was \$250,000. On that date, Prestige had net capital in the amount of \$76,497, and a net capital deficiency of \$173,503;
- e) Pursuant to SEC Rule 15c3-1(a), on September 15, 2005, Prestige's minimum net capital requirement was \$250,000. On that date, Prestige had net capital in the amount of \$62,172, and a net capital deficiency of \$187,828;
- f) Pursuant to SEC Rule 15c3-1(a), on March 30, 2006, Prestige's minimum net capital requirement was \$250,000. On that date, Prestige had net capital in the amount of \$54,948, and a net capital deficiency of \$195,052;
- g) Pursuant to SEC Rule 15c3-1(a), on September 29, 2006, Prestige's minimum net capital requirement was \$250,000. On that date, Prestige had net capital in the amount of \$140,199, and a net capital deficiency of \$109,801.

By reason of the foregoing, Prestige violated SEC Rule 15c3-1 and NASD Conduct Rule 2110 and Kirshbaum violated NASD Conduct Rule 2110.

3. The Firm failed to maintain a Checks Received and Forwarded Blotter or an equivalent record as required by SEC Rule 17a-3.

By reason of the foregoing, Prestige violated SEC Rule 17a-3 and NASD Conduct Rules 3110 and 2110.

4. From December 2001 to January 2007 (for periods ranging from 242 days to several years), Prestige, acting through Kirshbaum, permitted JT, KK, EM, and LG to maintain their NASD registrations through their purported associations with Prestige, when in fact they were not actively involved in Prestige's investment banking or securities business or were otherwise functioning as representatives of the Firm.

By reason of the foregoing, Prestige and Kirshbaum violated NASD Membership & Registration Rule 1031(a) and NASD Conduct Rule 2110.

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

- Prestige and Kirshbaum to be jointly and severally fined \$15,000;
- Prestige to be fined an additional \$12,500; and
- Prestige and Kirshbaum to be censured.

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

Respondents specifically and voluntarily waive any right to claim that they are 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

Respondents 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 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 National Adjudicatory Council ("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 acceptance or rejection of this AWC.

Respondents 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

Respondents 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 Respondents; and
- C. If accepted:
 - 1. this AWC will become part of Respondents' permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondents;

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. 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 finding in this AWC or create the impression that the AWC is without factual basis. Respondents 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 Respondents' right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

D. Respondents 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 FINRA, nor does it reflect the views of FINRA or its staff.

Respondents certify that they have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that Respondents 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 Respondents to submit it.

9/17/2007

Date



Lawrence Kirshbaum

9/17/2007

Date



Prestige Financial Center, Inc., (BD No. 30407)

By: Lawrence Kirshbaum

President and Chief Financial Officer

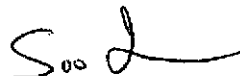
Accepted by FINRA:

October 24, 2007

Date

Signed on behalf of the

Director of ODA, by delegated authority



Soo H. Im

Senior Regional Attorney

FINRA Department of Enforcement

One Liberty Plaza

New York, NY 10006

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