

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 200600376360**

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REGISTRATION & DISCLOSURE

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

RE: Hattier, Sanford & Reynoir, LLP, Respondent
[CRD No. 2148]

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, Hattier, Sanford & Reynoir, LLP 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. We 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

Hattier, Sanford & Reynoir, LLP has been a member of FINRA (f/k/a National Association of Securities Dealers or NASD) since February 1942 and engages in a general securities business, including municipal securities trading and underwriting. During all periods mentioned herein, Hattier, Sanford & Reynoir, LLP was a registered broker-dealer with the United States Securities and Exchange Commission and a member of FINRA, which registration and membership remain currently in effect.

RELEVANT PRIOR DISCIPLINARY HISTORY

Hattier, Sanford & Reynoir, LLP has not been the subject of any relevant, formal disciplinary action within the past five years.

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OVERVIEW

During a routine examination of Hattier, Sanford & Reynoir, LLP ("HSR") completed on November 3, 2006, the Staff discovered that, during the seven-month period from May 31, 2005 to December 31, 2005, HSR had executed 99 equity trades away from its clearing firm without employing a Series 55 Registered Equity Trader, and thereby violated NASD Membership and Registration Rule 1032(f). The Staff also discovered that HSR had violated MSRB Rule G-14 by failing to report five of the 1196 municipal securities transactions that had actually occurred over a 14-month period from February 1, 2005 to March 31, 2006, and by failing to timely report 107 of the 1191 trades that it had reported. Finally, the Staff discovered that, in violation of MSRB Rule G-37, HSR had failed to report seven instances in which it had participated in negotiated municipal security underwriting activities during the roughly six-month period from October 19, 2005 to March 23, 2006.

FACTS AND VIOLATIVE CONDUCT

1. From on or about May 31, 2005, to on or about December 31, 2005, Respondent Hattier, Sanford & Reynoir, LLP executed 99 equity trades without employing a Series 55 Registered Equity Trader.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Membership and Registration Rule 1032(f) and NASD Conduct Rule 2110 by Respondent Hattier, Sanford & Reynoir, LLP.

2. From on or about February 1, 2005, to on or about March 31, 2006, Respondent Hattier, Sanford & Reynoir, LLP failed to report to MSRB five of 1,196 municipal security transactions that had occurred during that period, and failed to timely report 107 of the 1,191 municipal security transactions that it had reported.

Such acts, practices, and conduct constitute separate and distinct violations of MSRB Rule G-14 by Respondent Hattier, Sanford & Reynoir, LLP.

3. Respondent Hattier, Sanford & Reynoir, LLP failed to report seven instances in which it had participated in negotiated municipal security underwriting activities during the period from on or about October 19, 2005, to on or about March 23, 2006.

Such acts, practices, and conduct constitute separate and distinct violations of MSRB Rule G-37.

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

A censure and a fine in the amount of \$12,500 to be assessed against Respondent Hattier, Sanford & Reynoir, LLP.

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

We specifically and voluntarily waive any right to claim that we 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

We 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 us;
- 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, we 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.

We 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

We 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; and
- 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. We 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. We 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.
- D. We may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. We understand that we 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.

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

By: Lowell S. Wilson
Lowell S. Wilson, CFO
 [Name and Title]

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