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REGISTRATION & DISCLOSURE

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
20060044708-01

TO: Department of Market Regulation
NASD

RE: Alpine Securities Corporation
Broker-Dealer
CRD No. 14952

Pursuant to Rule 9216 of NASD Code of Procedure, Alpine Securities Corporation (the "firm" or "ALPS") 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 the firm alleging violations based on the same factual findings.

The firm understands that:

1. Submission of this AWC is voluntary and will not resolve this matter until it has been reviewed and accepted by NASD's Department of Market Regulation and the National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs, 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 the firm; and
3. If accepted:
 - a. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against the firm;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about the firm's 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. the firm 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 the firm's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

The firm also understands that its experience in the securities industry and its disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and history are as follows:

ALPS became a member of NASD in 1984. Its registration remains in effect. The firm has the following relevant disciplinary history.

- In September 2005, NASD accepted ALPS's AWC (20050001590) in which the firm agreed to a censure and a total fine of \$22,500 for violations of NASD Conduct Rules 2110, 2510(b), 3010, 3011, and 3110 and SEC Rules 17a-3 and 17a-4. Violations of Conduct Rule 3010 involved failing to enforce the firm's written supervisory procedures relating to complying with anti-money laundering laws and regulations and maintaining proper books and records, and for having deficient written supervisory procedures, during November and December 2003. ALPS also agreed to an undertaking to revise its written supervisory procedures.
- In April 2005, NASD accepted ALPS's AWC (CLG050041) in which the firm agreed to a censure and a fine of \$20,000, \$10,000 of which was for having in place deficient written supervisory procedures relating to compliance with OATS rules from October to December 2003, in violation of Conduct Rules 2110 and 3010.
- In August 2004, NASD accepted ALPS's AWC (C3A040036) in which the firm agreed to a censure and a fine of \$10,000 for supervisory deficiencies, in violation of Conduct Rules 2110 and 3010, and ACT reporting inaccuracies, in violation of Marketplace Rule 6130(d).

I.

WAIVER OF PROCEDURAL RIGHTS

The firm 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 the firm;
- 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, the firm 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.

The firm 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

This matter is the result of the Department of Market Regulation's review no. 20060044708 into ALPS's compliance with SEC Reg SHO from October 1 to December 31, 2005.

- A. The firm 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 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. ALPS had a fail to deliver position in Grant Life Sciences, Inc. (GLIF), a threshold security, at a registered clearing agency for thirteen consecutive settlement days beginning November 8, 2005, and failed to immediately thereafter close out the fail to deliver position by purchasing securities of like kind and quantity. The fail to deliver position in GLIF resulted from a customer's sale of restricted securities

under SEC Rule 144 that were not timely transferred by the issuer's transfer agent. The firm had a fail to deliver position in UAL Corporation (UALAQ), a threshold security at a registered clearing agency for thirteen consecutive days beginning October 12, 2005, and failed to immediately thereafter close out the fail to deliver position by purchasing securities of like kind and quantity. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 203(b)(3) ("Close-Out Rule").

2. ALPS had a fail to deliver position at a registered clearing agency in UALAQ, a threshold security, for thirteen consecutive settlement days, and, without closing out the fail to deliver position by purchasing securities of like kind and quantity, it failed to borrow the security or enter into a *bona fide* arrangement to borrow the security before executing 56 proprietary short sales in connection with its market making activities in UALAQ. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 203(b)(3)(iii) ("Pre-Borrow Requirements").
3. On October 24, 2005, ALPS incorrectly reported to the Nasdaq Market Center that 19 customer sale transactions in GLIF under SEC Rule 144 were long sales. From October 14 to December 16, 2005, ALPS incorrectly reported to the Nasdaq Market Center 55 proprietary sale transactions in UALAQ in connection with its market making activities as exempt short sales. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6130(d)(6).
4. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of NASD, relating to NASD Marketplace Rule 6130(d)(6) and SEC Rules 200(g) ("Order Marking"), 203(a) ("Long Sales"), 203(b) ("Locate Requirements"), 203(b)(3), and 203(b)(3)(iii) ("Pre-Borrow Requirements"). The firm's supervisory system did not include written supervisory procedures providing for: (1) identification of the persons responsible for supervision with respect to the applicable rules; (2) a statement of the supervisory steps to be taken by the identified persons; (3) a statement as to how often such persons should take such steps; and (4) a statement as to how the completion of the steps included in the written supervisory procedures should be documented. The conduct described in this paragraph constitutes a violation of NASD Conduct Rules 2110 and 3010.

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

A censure and a total fine of \$27,500.

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

III.

OTHER MATTERS

- A. The firm 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. The firm agrees to pay any monetary sanctions imposed on it upon notice that this AWC has been accepted and that such payments are due and payable, and has attached the Election of Payment form showing the method by which the firm proposes to pay any fine imposed.
- C. The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

The firm 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, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce the firm to submit it.

Respondent,
Alpine Securities Corporation

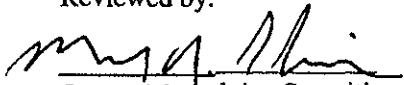
Date

By: _____

Name:

Title:

Reviewed by:



Counsel for Alpine Securities Corporation

Accepted by NASD:

Date

Cameron K. Funkhouser
Senior Vice President
Department of Market Regulation

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

Attachment:

Standard Election of Payment Form

The firm 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, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce the firm to submit it.

Respondent,
Alpine Securities Corporation

5/9/07
Date

By: Clark Johnston
Name: CLARK JOHNSTON
Title: PRESIDENT

Reviewed by:

Counsel for Alpine Securities Corporation

Accepted by NASD:

5/25/07
Date

Cameron K. Funkhouser
Cameron K. Funkhouser
Senior Vice President
Department of Market Regulation

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

Attachment:

Standard Election of Payment Form