

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

NO. 20060049769-01

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REGISTRATION & DISCLOSURE

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

RE: Western International Securities, Inc., Respondent
Broker-Dealer
CRD No. 39262

Pursuant to NASD Rule 9216 of the FINRA Code of Procedure, Western International Securities, Inc. (the "firm") 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 the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- 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 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

The firm became a member of the FINRA on November 29, 1995. The firm's registration remains in effect.

RELEVANT PRIOR DISCIPLINARY HISTORY

The firm had no relevant prior disciplinary history.

SUMMARY

In connection with 20060049769, the staff of the Market Regulation Department (the "staff") reviewed the firm's compliance with NASD Rules applicable to fixed income pricing during the time period January 1, 2003 through March 31, 2005 (the "review period").

FACTS AND VIOLATIVE CONDUCT

1. During the review period, in six transactions, the firm purchased or sold corporate bonds from or to customers and failed to purchase or sell such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. The specific incidents are identified in Exhibit A, attached hereto. The conduct described in this paragraph constitutes separate and distinct violations of NASD Conduct Rules 2110, 2440 and IM-2440.
2. 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 FINRA, concerning fair prices and commissions. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (1) the identification of the person(s) responsible for supervision with respect to the applicable rules and (2) a statement as to how often such person(s) should take the supervisory step(s) identified in the written supervisory procedures. The conduct described in this paragraph constitutes violations of NASD Conduct Rules 2110 and 3010.

B. The firm also consents to the imposition of the following sanctions:

- A censure.
- A fine of \$12,500.
- An order to pay restitution to the customers listed on Exhibit A hereto in the total amount of \$2,199, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from date of the violative conduct until the date this AWC is accepted by the National Adjudicatory Council (the "NAC"). A registered principal of the firm shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution, to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, or in an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, no later than 120 days after acceptance of this AWC. If for any reason the firm cannot locate any customer identified in Exhibit A after reasonable and documented efforts within

such period, or such additional period agreed to by the staff, the firm shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property, or abandoned property fund for the state in which the customer is last known to have resided.

- An undertaking to revise the firm's written supervisory procedures with respect to the areas described above in paragraph 2. Within 30 business days of acceptance of this AWC by the NAC, a registered principal of the Respondent shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, or in an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, a signed, dated letter, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraph 2; and (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that it is 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

The firm specifically and voluntarily waives the following rights granted under FINRA'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 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

The firm understands 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 the firm; and
- C. If accepted:
 - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's 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. 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

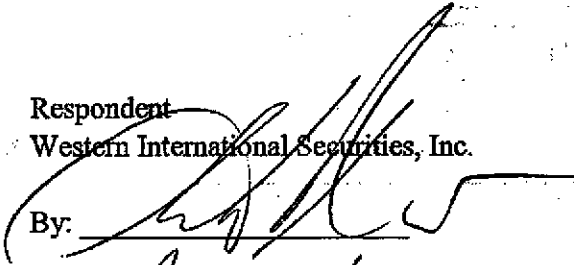
without factual basis. The firm may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm 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 FINRA, nor does it reflect the views of FINRA or its staff.

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; that it has agreed to the AWC's 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 the firm to submit it.

October 6, 2008
Date

Respondent
Western International Securities, Inc.

By: 

Name: Andrew Kuo

Title: CCO

Reviewed by:


Attorney Name
Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Accepted by FINRA:

11/21/08
Date

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

Thomas R. Gira
Thomas R. Gira
Executive Vice President
Department of Market Regulation

Western International Securities, Inc.
Matter No. 20060049769

Exhibit A

Exhibit 1

Item No.	Date	Cusip Id	Issue	Quantity	Contra 1	Trade 1 Time	Trade 1 Price	Firm	Contra 2	Trade 2 Time	Trade 2 Price	Mark-up	Mark-down	Restitution
1	1/14/2004	897907AA9	TACA.GA	20	INGS (\$)	13:00:00	81.250	WISI	C (B)	13:00:00	85.250	4.92%		\$223.12
2	1/23/2004	70558AAB2	PEUC.GB	25	MITR (B)	12:34:00	99.000	WISI	C (S)	12:34:00	95.000		4.04%	\$259.98
3	1/23/2004	897907AA9	TACA.GA	50	INGS (\$)	14:51:00	83.500	WISI	C (B)	14:51:00	87.500	4.79%		\$509.50
9	2/19/2004	20902YAC6	CTDC.GA	35	INGS (\$)	13:59:00	73.000	WISI	C (B)	13:59:00	76.500	4.79%		\$455.95
11	4/2/2004	067066AB6	BARAK.GA	20	MITR (\$)	15:24:00	74.750	WISI	C (B)	15:24:00	77.750	4.01%		\$150.00
15	5/25/2004	52729NAR1	LVL.TGD	40	INGS (\$)	15:35:10	71.000	WISI	C (B)	15:40:15	74.000	4.23%		\$600.76

TOTAL: \$2,199.31