

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

NO. 20060049781-01

2009 AUG 14 P 2:03

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

FINRA
MARKET REGULATION

RE: Cumberland Brokerage Corporation, Respondent
Broker-Dealer
CRD No. 13409

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Cumberland Brokerage Corporation (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 has been a member of FINRA since July 27, 1983, and its registration remains in effect. The firm has no relevant disciplinary history.

SUMMARY

In Review No. 20060049781, the Market Regulation Department staff ("the staff") conducted a regulatory review regarding compliance by the firm with MSRB Rules regarding fair pricing of municipal bonds from January 1, 2003 through March 31, 2005 ("the review period").

FACTS AND VIOLATIVE CONDUCT

During the review period, in 18 pairs of transactions, the firm purchased municipal securities for its own account from a customer and/or sold municipal securities for its own account to a customer at an aggregate price (including any mark-down or mark-up) that was not fair and reasonable, taking into

consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer, or municipal securities dealer is entitled to a profit, and the total dollar amount of the transaction. The transactions are identified on Exhibit 1, which is attached. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rules G-17 and G-30(a).

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

A censure and a fine of \$10,500;¹ and

Restitution by Respondent to the customers listed on Exhibit 1 which is attached, in the total amount of \$14,679.57, plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this AWC is accepted by the National Adjudicatory Council ("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, Respondent cannot locate any customer after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent 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 known to have last resided.

The firm agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payment is 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 imposed in this matter.

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

¹ Pursuant to the General Principles Applicable to all Sanction Determinations contained in the Sanction Guidelines, FINRA imposed a lower fine in this case after it considered, among other things, the firm's revenues and financial resources. See Notice to Members 06-55.

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 Complaint issued specifying the allegations against the firm;
- B. To be notified of the 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 FINRA Rule 9143 or the separation of functions prohibitions of FINRA 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 FINRA 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 FINRA Rule 8313; 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 undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that the firm 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.

8-12-2009

Date

Respondent

Cumberland Brokerage Corporation

By:



Name: GLENN SCHARF

Title: PRESIDENT

Counsel for Respondent

Date 9/22/09

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

Cumberland Brokerage Corporation

Review Period: January 1, 2003 through March 31, 2005

Exhibit 1

Item	Date	Symbol/ CUSIP	Qty	Dealer Price	Customer Price	\$ Profit	% M/U or M/D	Proposed M/U or M/D %	* Restitution (in \$)
2	1/6/2003	161044BE1	50,000	50.825	48.625	\$1,000.00	3.951%	2.849%	\$278.85
3	1/7/2003	613603NB1	10,000	23.000	28.000	\$500.00	21.739%	5.000%	\$100.00
7	2/20/2003	71782FAA9	125,000	11.000	11.850	\$1,062.50	7.727%	5.000%	\$375.00
8	3/17/2003	276310AC3	10,000	20.500	25.500	\$500.00	24.390%	5.000%	\$100.00
9	3/18/2003	841513EW0	20,000	36.450	39.450	\$600.00	8.230%	5.000%	\$200.00
10	3/21/2003	413893CL0	100,000	12.517	13.250	\$733.00	5.856%	5.000%	\$107.15
11	3/27/2003	791305LF0	305,000	13.250	15.250	\$6,100.00	15.094%	5.000%	\$4,079.38
15	4/23/2003	799445AC4	50,000	10.200	12.200	\$1,000.00	19.608%	5.000%	\$600.00
17	5/15/2003	663549GP2	1,840,000	0.520	0.570	\$920.00	9.615%	5.000%	\$441.60
18	6/2/2003	759752AE8	115,000	7.500	8.250	\$862.50	10.000%	5.000%	\$431.25
20	6/11/2003	348418AA6	30,000	13.000	15.000	\$600.00	15.385%	5.000%	\$200.00
22	7/25/2003	592888AC5	65,000	71.500	62.000	\$5,175.00	13.287%	5.000%	\$4,160.00
23	8/12/2003	13077FAA5	325,000	13.125	14.250	\$3,656.25	8.571%	3.989%	\$1,954.86
25	10/14/2003	161038AM6	100,000	66.000	70.000	\$4,000.00	6.061%	5.000%	\$700.00
29	4/23/2004	948804AC3	200,000	3.750	4.250	\$1,000.00	13.333%	5.000%	\$600.00
31	7/14/2004	592040UK3	75,000	17.250	18.250	\$750.00	5.797%	5.000%	\$103.13
38	12/22/2004	71781PAK6	40,000	34.500	37.000	\$1,000.00	7.246%	5.000%	\$310.00
43	3/28/2005	140426AA5	20,000	59.086	56.000	\$617.20	5.223%	3.333%	\$217.20
Total Restitution									\$14,679.57

* Restitution figures allow the firm to make a minimum of \$400 for each trade pair.