

FINRA

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**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060052666-01**

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

RE: Merrill Lynch, Pierce, Fenner & Smith, Incorporated, Respondent
Broker-Dealer
CRD No. 7691

Pursuant to FINRA Rule 9216 of the FINRA Code of Merrill Lynch, Pierce, Fenner & Smith, Incorporated (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 January 26, 1937, and its registration remains in effect.

RELEVANT PRIOR DISCIPLINARY HISTORY

- On June 26, 2007, an AWC became final in which the firm was censured and fined \$40,000 for violations of NASD Rules 2110, 2320 and 6130.
- On April 25, 2006, an AWC became final in which the firm was censured and fined \$37,500 for violations of NASD Rules 2110, 6130 and 6620.
- On March 23, 2006, an AWC became final in which the firm was censured and fined \$45,000, for among other things, violations of NASD Rule 3110 and SEC Rules 17a-3 and SEC Rule 605 of Regulation NMS.
- On November 11, 2005, an AWC became final in which the firm was censured and fined \$40,000, for among other things, violations of NASD Rules 2110 and 2320.

20060052666 (includes: 20070113292, 20060059351, 20070081967, 20070113283, 20080160373, 20070090699, 20070114285, 20060059187, 20070080431, 20090178283, 20070106596, 20080152568, 20060063846 and 20080131917) (CDB)

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- On June 3, 2005, an AWC became final in which the firm was censured and fined \$7,500 for violations of NASD Rule 6955.
- On May 19, 2005, an AWC became final in which the firm was censured and fined \$12,500 for violations of NASD Rule 6955.

SUMMARY

Best Execution Matters:

In Matter No. 20060052666, the staff of the Department of Market Regulation (the "staff") reviewed the firm's compliance with best execution requirements in equity transactions for the period January 1, 2006 through March 31, 2006.

In Matter No. 20070113292, the staff reviewed the firm's compliance with best execution requirements in municipal bond transactions for the period July 1, 2007 through September 30, 2007.

In Matter No. 20060059351, the staff reviewed the firm's compliance with best execution requirements in corporate bond transactions for the period January 1, 2006 through March 31, 2006.

In Matter No. 20070081967, the staff reviewed the firm's compliance with best execution requirements in corporate bond transactions for the period October 1, 2006 through December 31, 2006.

In Matter No. 20070113283, the staff reviewed the firm's compliance with best execution requirements in corporate bond transactions for the period July 1, 2007 through September 30, 2007.

Trade Reporting And Compliance Engine Reporting Matters:

In Matter No. 20080160373, the staff reviewed the firm's compliance with Trade Reporting And Compliance Engine ("TRACE") reporting requirements during the period January 1, 2006 through September 30, 2006.

In Matter No. 20070090699, the staff reviewed the firm's compliance with TRACE requirements during the period January 1, 2007 through March 31, 2007.

Large Option Position Reporting Matter:

In Matter No. 20070114285, the staff reviewed the firm's compliance with option position reporting requirements during the period August 1, 2007 through October 31, 2007.

Short Sales Matter:

In Matter No. 20060059187, the staff reviewed the firm's compliance with short-interest reporting requirements for the period June 1, 2006 through October 31, 2007.

Trade Reporting Matters:

In Matter No. 20070080431, the staff reviewed the firm's compliance with accepting or declining transactions within 20 minutes after execution (the "20-Minute Rule") for the period September 1, 2006 through December 31, 2006.

In Matter No. 20090178283, the staff reviewed the firm's compliance with use of the .RO modifier for the period December 1, 2006 through March 3, 2008.

In Matter No. 20070106596, the staff reviewed the firm's compliance with equity trade reporting rules for the period January 1, 2007 through April 30, 2007.

In Matter No. 20080152568, the staff reviewed the firm's compliance with equity trade reporting rules for the period May 1, 2008 through August 31, 2008.

Order Handling Matter:

In Matter No. 20060063846, the staff reviewed the firm's compliance with the Limit Order Display Rule for the period March 1, 2006 through July 7, 2006.

Trading and Market Making Surveillance Examination:

In Matter No. 20080131917, the staff conducted a Trading and Market Making Surveillance ("TMMS") examination in which the staff reviewed the trading activity of the firm as set forth in Exhibit 1, which is attached hereto and incorporated by reference, for trade dates April 15, 2008 and May 20, 2008.

FACTS AND VIOLATIVE CONDUCT

Best Execution Matters:

In connection with 20060052666:

1. In 54 transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions, as reflected on Exhibit 2 which is attached. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2320.
2. The firm failed to memorialize the terms and conditions and the order receipt times for 63 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and NASD Rule 3110.

In connection with 20070113292:

3. In eight 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 3 which is attached. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rules G-17 and G-30(a).

In connection with 20060059351:

4. In 18 transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions, as reflected on Exhibit 4 which is attached. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2320.

In connection with 20070081967:

5. In seven transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions, as reflected on Exhibit 5 which is attached. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2320.

In connection with 20070113283:

6. In eight transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions, as reflected on Exhibit 6 which is attached. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2320.

TRACE Reporting Matters:

In connection with 20080160373:

7. During the period reviewed, the firm double reported to TRACE 5,090 transactions in TRACE-eligible securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6230.

In connection with 20070090699:

8. During the period reviewed, the firm failed to report to TRACE 152 transactions in TRACE-eligible securities within 15 minutes of the time of execution. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6230(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Rule 2110.

Large Option Position Reporting Matter:

In connection with 20070114285:

9. During the period reviewed, the firm failed to report a total of 13,239 positions in conventional options by the close of business on the next business day following the day on which the positions were established. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2860(b)(5).

Short Sales Matter:

In connection with 20060059187:

10. During the period June 1, 2006 through November 30, 2006, the firm submitted to NASD its short interest position reports in NASDAQ and Over-the-Counter securities. These reports included 409 short interest positions totaling 84,677,863 shares when the firm should have reported 744 short interest positions totaling 165,094,151 shares. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 3360.

11. During the period June 1, 2006 through October 31, 2007, the firm submitted to the New York Stock Exchange (the "Exchange") its short interest position reports in securities listed on the Exchange. These reports included 1,205 short interest positions totaling 494,424,679 shares when the firm should have reported 1,947 short interest positions totaling 669,604,216 shares. The firm also failed to report 434 short interest positions totaling 161,554,857 shares to the Exchange for the period June 1, 2006 through October 31, 2007. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 2110 and Incorporated NYSE Rule 421.10.

Trade Reporting Matters:

In connection with 20070080431:

12. The firm failed to accept or decline in the NASD/Nasdaq Trade Reporting Facility ("NASD/Nasdaq TRF") 1,782 transactions in Reportable Securities within 20 minutes after execution, approximately two percent of all transactions that the firm had an obligation to accept or decline as the order entry firm ("OEID") during the period reviewed. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6130(b).

In connection with 20090178283:

13. The firm transmitted 96 trade reports for odd-lot trades and failed to report the transactions with the required odd-lot modifier of .RO to the NASD/Nasdaq TRF, (for reports transmitted during the period December 1, 2006 through July 29, 2007) and the FINRA/Nasdaq TRF (for reports transmitted during the period July 30, 2007 through March 3, 2008). The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6130(g).

In connection with 20070106596:

14. The firm failed, within 90 seconds after execution, to transmit to the NASD/Nasdaq TRF 18,733 last sale reports of transactions in Consolidated Quotation System ("CQS") securities. These late transactions represent approximately 17 percent of all eligible CQS securities that were reported by the firm during the period January 1, 2007 through April 30, 2007. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 4632(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Rule 2110.
15. The firm incorrectly designated as ".T" to the NASD/Nasdaq TRF 422 last sale reports of transactions in designated securities executed during normal market hours. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 4632(a)(2).

In connection with 20080152568:

16. The firm failed, within 90 seconds after execution, to transmit to the Over-The-Counter Reporting Facility ("OTCRF") 1,620 last sale reports of transactions in OTC Equity securities. These transactions constitute approximately four percent of the transactions reviewed (45,180) that the firm reported to the OTCRF during the period reviewed. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6620(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Rule 2110.

Limit Order Display Matter:

In connection with 20060063846:

17. During the period reviewed, the firm failed to display immediately 64 customer limit orders in Nasdaq securities in its public quotation, when each such order was at a price that would have improved the firm's bid or offer in each such security; or when the order was priced equal to the firm's bid or offer and the national best bid or offer for each such security, and the size of the order represented more than a *de minimis* change in relation to the size associated with the firm's bid or offer in each such security. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 604 of Regulation NMS.

Trading and Market Making Surveillance Examination:

In connection with 20080131917:

18. During the period reviewed, the firm, on five occasions, accepted a short sale order in an equity security from another person, or effected a short sale in an equity security for its own account, without: (1) borrowing the security, or entering into a bona-fide arrangement to borrow the security; or (2) having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due; and (3) documenting compliance with SEC Rule 203(b)(1) of Regulation SHO. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 203(b)(1) of Regulation SHO.
19. For the month of February 2008, the firm made available a report on the covered orders in national market system securities that it received for execution from any person. This report included incorrect information as to: (1) the classification of two market orders as limit orders; (2) failed to provide inclusion/exclusion information for two other orders; and (3) published inaccurate statistics in one order and size type category. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 605 of Regulation NMS.

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

A censure and a total fine of \$304,000 (consisting of: \$20,000 for the best execution violations in equity securities; \$12,000 for the best execution violations in municipal bonds; \$86,000 for the best execution violations in corporate bonds; \$7,500 for the books and records violations; \$12,500 for the TRACE violations; \$7,500 for the Large Option Position Reporting violations; \$80,000 for the short interest reporting violations; \$50,000 for the equity trade reporting violations; \$12,500 for the SEC Rule 604 of Regulation NMS violations; \$10,000 for the SEC Rule 605 of Regulation NMS violations; and \$6,000 for the SEC Rule 203(b) of Regulation SHO violations).

Restitution by Respondent to the investors related to the transactions listed on the enclosed Exhibits 2 through 6, in the total amount of \$48,416.83 (consisting of: \$629.63 (see Exhibit 2); \$5,691.45 (see Exhibit 3); \$29,269.83 (see Exhibit 4); \$2,870.06 (see Exhibit 5); and \$9,955.86 (see Exhibit 6) **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. 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.

The firm 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 sanctions 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 National Adjudicatory Council ("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 8310; 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 it has 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 the firm to submit it.

November 12, 2010
Date

Respondent
Merrill Lynch, Pierce, Fenner & Smith, Incorporated

By: Jaqueline M. Seng

Print Name: Jacqueline M. Seng

Title: Associate General Counsel

Reviewed by:

Attorney Name
Counsel for Respondent

Firm Name: _____

Address: _____

Telephone number: _____

Accepted by FINRA:

11/4/11
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

Merrill Lynch, Pierce, Fenner & Smith Incorporated
Matter No. 20080131917

The staff reviewed the following samples:

<u>Sample Size</u>	<u>Review Area</u>	<u>Sample Source</u>
25	customer and proprietary sell orders, for compliance with SEC Rules 200(g) and/or 203(b),	from trade date May 20, 2008
106	customer and proprietary sales, for compliance with NASD Rule 6130,	from trade date May 20, 2008
0	cancelled transactions for compliance with the requirement to cancel trade reports within ninety seconds of cancellation from books and records,	from trade date May 20, 2008
100	limit and market orders executed as principal, for compliance with NASD Rules 2110 (and IM-2110-2) 2111, 6440, 6541 and 2320, and SEC Rules 601 and 604,	from trade date May 20, 2008
10	not held customer orders, for compliance with NASD Rules 2320 and NASD Rule IM 2110-06,	from trade date May 20, 2008
24	orders in securities for which the firm was a market center, for compliance with the order size/type classification requirements of SEC Rule 605,	from trade date April 15, 2008
27 orders (4 categories)	security/size/order data statistics published on the firm's monthly order execution report, for compliance with SEC Rule 605,	from the statistics published for the February of 2008
N/A	data published on the firm's quarterly order routing report, for compliance with SEC Rule 606,	from the report published for the 1st quarter of 2008
50	orders in NNM or SC securities submitted to OATS, for compliance with NASD Rule 6955,	from trade date May 20, 2008
21	trades reported to ACT or TRACS with the .RO modifier, for general compliance with NASD Trade Reporting and ACT rules,	from trade date May 20, 2008
10	open buy limit orders and stop sell limit orders in securities traded ex-dividend, for compliance with NASD Rule 3220,	from trade date May 20, 2008
34	Orders entered in the Nasdaq SingleBook system from compliance with NASDAQ Rule 4755,	from trade date May 20, 2008
12	orders for NASDAQ securities in soft dollar accounts for compliance with trade reporting rules and the safe harbor limitations of SEC section 28(e),	from trade date May 20, 2008
859	trades reported to ACT or TRACS in connection with the above samples, for general compliance with NASD Trade Reporting and ACT rules,	from trade dates April 15 and May 20, 2008

Merrill Lynch, Pierce, Fenner & Smith Incorporated
Matter No. 20080131917

The staff reviewed the following samples:

<u>Sample Size</u>	<u>Review Area</u>	<u>Sample Source</u>
246	order/trade records prepared and maintained in connection with the above samples, for general compliance with NASD Rule 3110 and SEC Rules 17a-3 and 17a-4,	from trade dates April 15 and May 20, 2008
47	customer trade confirmations reviewed in connection with the above samples, for compliance with SEC Rule 10b-10,	from trade date May 20, 2008
N/A	the firm's establishment and implementation of "regular & rigorous" reviews of the execution quality of orders sent to other market centers and internalized, for compliance with NASD Rules 2320 and 3010,	based on WSPs in effect during May of 2008
N/A	the firm's establishment and implementation of a supervisory system and written supervisory procedures, for compliance with NASD Rule 3010.	based on WSPs in effect during May of 2008

Merrill Lynch, Pierce, Fenner & Smith, Inc. (MLCO)
Matter No. 20060052666

AWC Exhibit #2

Best Execution Violation	Item # from FINRA's 6/7/06 Request Letter	Date	Issue	Quantity	Trade Time	Trade Price	Restitution Still Owed to Customer by MLCO
1	11	1/11/2006	RBS\$M	412	12:28:07	\$25.55	\$0.00
2	12	1/11/2006	JPM\$K	422	12:28:08	\$24.00	\$0.00
3	13	1/11/2006	GPE\$X	428	12:28:09	\$24.22	\$0.00
4	14	1/11/2006	AED	600	15:38:00	\$24.90	\$0.00
5	15	1/13/2006	JPM\$Y	500	11:56:50	\$24.90	\$0.00
6	16	1/17/2006	JPM\$Y	195	11:26:31	\$24.90	\$0.00
7	17	1/17/2006	JPM\$Y	1000	12:09:30	\$24.90	\$0.00
8	18	1/17/2006	JWF	414	12:14:30	\$23.55	\$0.00
9	19	1/17/2006	JWF	450	14:23:50	\$23.55	\$0.00
10	20	1/17/2006	AEP	200	14:51:46	\$36.95	\$80.00
11	32	1/23/2006	RBS\$L	630	10:45:53	\$23.90	\$18.90
12	33	1/23/2006	ABN\$G	600	10:53:03	\$24.58	\$0.00
13	35	1/24/2006	C\$Q	1968	9:46:22	\$24.90	\$0.00
14	36	1/24/2006	HBC\$A	1000	9:53:03	\$24.89	\$0.00
15	37	1/24/2006	MER\$G	400	11:42:15	\$24.54	\$400.00
16	38	1/25/2006	ISG	400	11:47:18	\$24.57	\$0.00
17	39	1/25/2006	PNU	1000	15:56:45	\$24.58	\$0.00
18	46	1/30/2006	MER\$H	1925	14:17:39	\$25.20	\$57.75
19	47	1/30/2006	BK\$F	165	15:24:06	\$24.26	\$0.00
20	56	2/6/2006	MSJ	1321	15:18:02	\$25.10	\$0.00
21	57	2/7/2006	WPK	800	14:28:27	\$24.42	\$0.00
22	58	2/7/2006	WPK	800	14:30:11	\$24.42	\$0.00
23	59	2/7/2006	WPK	800	14:31:03	\$24.42	\$0.00
24	60	2/9/2006	PJT	1000	13:59:59	\$25.35	\$0.00
25	63	2/16/2006	C\$R	800	11:12:02	\$25.05	\$0.00
26	66	2/16/2006	JPM\$Y	300	13:07:40	\$24.95	\$0.00
27	70	2/21/2006	AKF	2000	12:07:16	\$24.50	\$0.00
28	74	2/27/2006	GED	400	10:40:27	\$24.76	\$16.00
29	75	3/2/2006	JPM\$P	1000	11:48:24	\$25.25	\$0.00
30	76	3/2/2006	HBC\$A	700	13:04:04	\$24.90	\$0.00
31	78	3/6/2006	RE\$B	1000	14:31:50	\$23.49	\$0.00
32	81	3/7/2006	RBS\$N	300	9:40:12	\$25.45	\$0.00
33	82	3/7/2006	USB\$G	1000	10:13:18	\$25.25	\$0.00
34	83	3/7/2006	MWR	2000	10:36:07	\$24.62	\$0.00
35	86	3/7/2006	PYK	780	14:05:48	\$24.92	\$0.00
36	87	3/9/2006	ABN\$E	2000	9:57:07	\$23.83	\$40.00
37	89	3/10/2006	BAC\$Y	920	10:53:28	\$24.55	\$0.00

Merrill Lynch, Pierce, Fenner & Smith, Inc. (MLCO)
Matter No. 20060052666

AWC Exhibit #2

Best Execution Violation	Item # from FINRA's 6/7/06 Request Letter	Date	Issue	Quantity	Trade Time	Trade Price	Restitution Still Owed to Customer by MLCO
38	90	3/10/2006	MER\$	500	14:54:24	\$25.79	\$0.00
39	91	3/13/2006	HBC\$A	1500	9:47:29	\$24.88	\$0.00
40	94	3/13/2006	BAC\$Y	1000	13:44:03	\$24.37	\$0.00
41	98	3/15/2006	MER\$	1000	10:50:50	\$25.89	\$0.00
42	99	3/15/2006	AEH	1950	11:48:32	\$25.09	\$0.00
43	100	3/17/2006	AEO	1000	11:03:23	\$25.62	\$0.00
44	103	3/21/2006	SSP	600	15:16:45	\$44.66	\$16.98
45	105	3/23/2006	MER\$H	413	10:29:07	\$25.50	\$0.00
46	108	3/23/2006	C\$S	800	11:59:42	\$24.41	\$0.00
47	109	3/23/2006	GEC	600	12:16:19	\$25.05	\$0.00
48	111	3/27/2006	JPM\$K	950	15:18:45	\$23.52	\$0.00
49	112	3/28/2006	AKT	900	10:25:27	\$23.56	\$0.00
50	113	3/28/2006	C\$S	543	10:39:22	\$24.37	\$0.00
51	114	3/28/2006	C\$S	502	10:40:48	\$24.37	\$0.00
52	115	3/28/2006	MET\$A	750	10:52:48	\$26.12	\$0.00
53	119	3/31/2006	ABN\$E	400	10:00:30	\$23.25	\$0.00
54	120	3/31/2006	BAC\$B	1000	11:47:14	\$24.65	\$0.00
Total Restitution Still Owed:							\$629.63

Merrill Lynch, Pierce, Fenner & Smith, Inc. ("MLCO")
Matter No. 20070113292

AWC Exhibit #3

Item No.	Date	CUSIP ID	Issue	Quantity	Contra*	Trade Time	Trade Price	Firm	Restitution Still Owed to Customer by MLCO
1	7/13/2007	130684SH2	LOS ANGELES CALIF CTFS PARTN HOLLYWOOD PRESBYTERIAN MED CTR	5	C(S)	14:48:24	104.756	MLCO	\$94.70
2	8/20/2007	13063AC31	CALIFORNIA ST VAR PURP-FSA-CR	10	C(B)	14:11:24	94.860	MLCO	\$152.30
3	8/20/2007	13063AC31	CALIFORNIA ST VAR PURP-FSA-CR	25	C(B)	15:36:13	94.998	MLCO	\$407.75
4	8/20/2007	13063AC31	CALIFORNIA ST VAR PURP-FSA-CR	20	C(B)	18:11:18	94.988	MLCO	\$326.20
5	8/20/2007	13063AC31	CALIFORNIA ST VAR PURP-FSA-CR	50	C(B)	18:38:22	94.998	MLCO	\$820.50
6	8/20/2007	13063AC31	CALIFORNIA ST VAR PURP-FSA-CR	100	C(B)	19:07:59	94.948	MLCO	\$1,591.00
7	8/20/2007	13063AC31	CALIFORNIA ST VAR PURP-FSA-CR	100	C(B)	19:15:09	94.948	MLCO	\$1,591.00
8	8/20/2007	576049ZD5	MASSACHUSETTS ST WTR RES AUTH GEN-SER J	50	C(B)	13:52:43	102.746	MLCO	\$708.00
Total Restitution Still Owed:									\$5,691.45

*Contra parties are identified as follows: B-D (S) indicates another Broker-Dealer selling to the firm; B-D (B) indicates another Broker-Dealer buying from the firm; C (S) indicates a customer selling to the firm; and C (B) indicates a customer buying from the firm.

Merrill Lynch, Pierce, Fenner & Smith, Inc. ("MLCO")
Matter No. 20060059351

AWC Exhibit #4

Item No.	Date	CUSIP ID	Issue	Quantity	Contra*	Trade Time	Trade Price	Firm	Restitution Still Owed to Customer by MLCO
1	1/3/2006	345370AZ3	F.GH	100	C (B)	9:15:22	89.500	MLCO	\$2,375.00
2	1/3/2006	345370AZ3	F.GH	100	C (B)	9:15:22	89.500	MLCO	\$2,375.00
3	1/3/2006	345370AZ3	F.GH	100	C (B)	15:27:58	89.500	MLCO	\$2,375.00
4	1/3/2006	345370AZ3	F.GH	90	C (B)	15:28:01	89.500	MLCO	\$2,137.50
5	1/3/2006	345370AZ3	F.GH	90	C (B)	15:28:11	89.500	MLCO	\$2,137.50
6	1/27/2006	345370B.J8	F.GJ	275	C (B)	13:09:37	81.000	MLCO	\$0.00
7	2/8/2006	02406PAE0	AMAX.GD	37	C (B)	15:09:38	85.500	MLCO	\$1,152.78
8	2/8/2006	02406PAE0	AMAX.GD	22	C (B)	15:11:57	85.500	MLCO	\$685.44
9	2/27/2006	803111AM5	SLE.HE	300	C (B)	10:42:38	99.748	MLCO	\$7,191.60
10	2/27/2006	803111AM5	SLE.HE	50	C (B)	11:34:08	99.580	MLCO	\$1,115.60
11	2/27/2006	803111AM5	SLE.HE	50	C (B)	15:12:28	99.950	MLCO	\$1,300.60
12	2/28/2006	803111AM5	SLE.HE	25	C (B)	13:27:19	100.415	MLCO	\$766.55
13	3/1/2006	803111AM5	SLE.HE	70	C (B)	14:48:47	99.872	MLCO	\$2,345.29
14	2/14/2006	645767AW4	VZ.KV	25	C (B)	11:28:48	118.201	MLCO	\$1,343.94
15	2/14/2006	645767AW4	VZ.KV	20	C (B)	13:29:55	118.085	MLCO	\$1,051.95
16	2/14/2006	645767AW4	VZ.KV	7	C (B)	17:30:55	118.214	MLCO	\$377.21
17	2/14/2006	645767AW4	VZ.KV	7	C (B)	17:33:22	118.214	MLCO	\$377.21
18	2/14/2006	645767AW4	VZ.KV	3	C (B)	17:34:02	118.214	MLCO	\$181.66
Total Restitution Still Owed:									\$20,269.93

*Contra parties are identified as follows: B-D (S) indicates another Broker-Dealer selling to the firm; B-D (B) indicates another Broker-Dealer buying from the firm; C (S) indicates a customer selling to the firm; and C (B) indicates a customer buying from the firm.

Merrill Lynch, Pierce, Fenner & Smith, Inc. ("MLCO")
Matter No. 20070081967

AWC Exhibit #5

Item No.	Date	CUSIP ID	Issue	Quantity	Contra*	Trade Time	Trade Price	Firm	Restitution Still Owed to Customer by MLCO
1	10/26/2006	92344XAB5	VZ.NG	110	C (B)	12:24:11	107.603	MLCO	\$2,201.10
2	10/27/2006	912920AR6	Q.HX	5	C (S)	12:03:12	91.500	MLCO	\$0.00
3	10/31/2006	184502AA0	CCU.GB	25	C (B)	11:39:05	90.500	MLCO	\$440.00
4	11/7/2006	184502AA0	CCU.GB	53	C (B)	10:21:49	90.500	MLCO	\$228.96
5	11/17/2006	694032AX1	SBC.HS	20	C (B)	12:41:49	105.543	MLCO	\$0.00
6	12/8/2006	74254PCJ9	PFGLF	15	C (B)	13:50:27	88.500	MLCO	\$0.00
7	12/20/2006	78490FSJ9	SLM.YX	20	C (B)	15:15:49	93.000	MLCO	\$0.00
Total Restitution Still Owed:									\$2,870.06

*Contra parties are identified as follows: B-D (S) indicates another Broker-Dealer selling to the firm; B-D (B) indicates another Broker-Dealer buying from the firm; C (S) indicates a customer selling to the firm; and C (B) indicates a customer buying from the firm.

Merrill Lynch, Pierce, Fenner & Smith, Inc. ("MLCO")
Matter No. 2007013283

AWC Exhibit #6

Item No.	Date	CUSIP ID	Issue	Quantity	Contra*	Trade Time	Trade Price	Firm	Restitution Still Owed to Customer by MLCO
1	7/17/2007	650094CA1	VZ.LO	25	C (B)	15:53:01	103.408	MLCO	\$607.50
2	7/20/2007	650094CA1	VZ.LO	50	C (B)	14:03:14	104.545	MLCO	\$1,783.50
3	7/25/2007	532457AZ1	LLY.GV	90	C (B)	12:19:24	97.895	MLCO	\$2,882.70
4	8/13/2007	590188JF6	MER.HA	23	C (B)	14:27:07	108.682	MLCO	\$1,079.16
5	8/13/2007	590188JF6	MER.HA	23	C (B)	15:18:26	108.715	MLCO	\$1,086.75
6	8/16/2007	037411AS4	APA.GM	100	C (B)	15:17:52	101.657	MLCO	\$1,007.00
7	9/17/2007	91324PAR3	UNH.GR	15	C (B)	14:32:03	100.974	MLCO	\$616.50
8	9/18/2007	91324PAR3	UNH.GR	25	C (B)	11:16:32	100.435	MLCO	\$892.75
Total Restitution Still Owed:									\$9,955.86

*Contra parties are identified as follows: B-D (S) indicates another Broker-Dealer selling to the firm; B-D (B) indicates another Broker-Dealer buying from the firm; C (S) indicates a customer selling to the firm; and C (B) indicates a customer buying from the firm.