

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006005486601**

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REGISTRATION & DISCLOSURE

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

RE: [REDACTED]

Kyle Timothy Holland, Respondent
Financial and Operations Principal
General Securities Principal
CRD No. 2308543

Pursuant to Rule 9216 of FINRA Code of Procedure, [REDACTED], and Kyle Timothy Holland ("Respondents") submit 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 Respondents alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondents 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

During all periods mentioned herein, Respondent [REDACTED] was a registered broker dealer with the Securities and Exchange Commission and a member of FINRA (f/k/a NASD). Respondent's registration as a broker dealer with the SEC, and its registration with FINRA as a member firm, remains in effect. Respondent engages in several types of business including, but not limited to, the retailing of

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Letter of Acceptance, Waiver and Consent
[REDACTED] and Kyle Timothy Holland

corporate equity securities over the counter, and the selling of corporate debt securities and mutual funds. Respondent employs approximately seven registered persons.

Respondent Kyle Timothy Holland entered the securities industry in January 1993 as a General Securities Representative of a member of FINRA. During all periods mentioned herein, he was registered as a Financial and Operations Principal and General Securities Principal with Respondent [REDACTED]. Respondent Holland's registration with Respondent [REDACTED] remains in effect.

RELEVANT PRIOR DISCIPLINARY HISTORY

Respondent [REDACTED] has no disciplinary history.

Respondent Kyle Timothy Holland's relevant prior disciplinary history consists of the following:

In June 2005, FINRA accepted a Letter of Acceptance, Waiver, and Consent (C06050016) whereby Respondent Kyle Timothy Holland was fined \$25,000 and suspended in all capacities for one month and suspended in any principal capacity for three months because he had failed to ensure that his member firm complied with the net capital rule and because he had failed to give his member firm notice of several private securities transactions which consisted of selling 75,000 shares of Gexa stock to four individuals. Regarding the net capital violation, Respondent Holland's firm had failed to properly account for a significant settlement liability and this liability caused the firm to violate the net capital rule for a period of 22 months.

OVERVIEW

During a four-month period, Respondent [REDACTED], acting through Respondent Kyle Timothy Holland, (i) conducted a securities business while failing to have sufficient net capital; (ii) filed an inaccurate FOCUS report; and (iii) failed to have a reasonable supervisory system, including written procedures. Respondent Holland also acted in a principal capacity while he was serving a three-month principal suspension.

FACTS AND VIOLATIVE CONDUCT

1. On twelve days during the period between June 15, 2005 and September 22, 2005, Respondent [REDACTED], acting through Respondent Kyle Timothy Holland, engaged in a securities business while failing to maintain adequate net capital. On these twelve days the firm received a total of nineteen customer stock certificates. Respondent [REDACTED] receipt of customer stock certificates required it to maintain at least \$50,000 in net capital; however, the firm, acting through Respondent Holland, failed to maintain net capital of at least \$50,000 on the days it received the stock certificates. The net capital deficiencies for the twelve days ranged from approximately \$8,000 to approximately \$40,000.

During the period referenced above, Respondent [REDACTED], acting through Respondent Kyle Timothy Holland, filed an inaccurate FOCUS Report with FINRA, in that the FOCUS Report overstated the firm's net capital position, and Respondent Holland also failed to give FINRA notice of Respondent [REDACTED] net capital deficiencies.

Such acts, practices, and conduct constitute separate and distinct violations of SEC Rules 15c3-1, 17a-5, and 17a-11 by Respondent [REDACTED]. Respondent Kyle Timothy Holland violated NASD Conduct Rule 2110.

2. During the period from June 2005 through September 2005, Respondent [REDACTED], acting through Respondent Kyle Timothy Holland, failed to establish and maintain a reasonable supervisory system, including written procedures, relating to the receipt and handling of customer stock certificates. Specifically, the firm's supervisory system and written procedures failed to address (i) the steps the firm would take to return stock certificates to customers who had inadvertently forwarded their certificates to the firm instead of the clearing firm; and (ii) how the firm would instruct its customers regarding the correct way to deposit stock certificates into their accounts.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 3010 and 2110 by Respondent [REDACTED] and Respondent Kyle Timothy Holland.

3. During the period from on or about August 23, 2005 to on or about September 13, 2005, while suspended from acting in all principal capacities as a result of regulatory action taken against him, Respondent Kyle Timothy Holland engaged in certain activities requiring principal registration. These activities consisted of his signing a Selling Group Agreement and preparing and signing an Engagement Letter, both of which furthered the securities business of [REDACTED]

Letter of Acceptance, Waiver and Consent
[REDACTED] and Kyle Timothy Holland

[REDACTED]. By signing the Selling Group Agreement and the Engagement Letter, Respondent Holland not only established [REDACTED] as the exclusive placement agent and financial advisor in a private offering of shares of Vincera, Inc, but also bound [REDACTED] to the terms contained in both documents. Respondent Holland also signed the Selling Group Agreement as a Managing Director of [REDACTED].

Such acts, practices, and conduct constitute separate and distinct violations of NASD Membership and Registration Rule 1021 and NASD Conduct Rule 2110 by Respondent Kyle Timothy Holland.

B. Respondents also consent to the imposition of the following sanctions:

A monetary fine of \$2,000 against Respondent [REDACTED].¹

A monetary fine of \$20,000 and a suspension for Respondent Kyle Timothy Holland from association with any FINRA member firm in any capacity for a period of thirty days. In addition, a suspension from association with any FINRA member firm as a Financial and Operations Principal ("FINOP") for a period of three months, and a requirement that Respondent Kyle Timothy Holland requalify as a FINOP by taking and passing the appropriate qualifying examination before acting in any capacity which requires registration as a FINOP.

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

Respondents specifically and voluntarily waive any right to claim that they 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.

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, Respondent [REDACTED] revenues and financial resources. See Notice to Members 06 – 55.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondents 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 Respondents;
- 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, Respondents 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.

Respondents 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

Respondents 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;

Letter of Acceptance, Waiver and Consent
[REDACTED] and Kyle Timothy Holland

- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondents; and
- C. If accepted:
1. this AWC will become part of Respondents' permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondents;
 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. Respondents 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. Respondents 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 Respondents' rights to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

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

12-31-07
Date

[REDACTED]
By: Kyle Holland
Name: Kyle Holland
Title: Managing Director

Date _____

Kyle Timothy Holland
Kyle Timothy Holland

Counsel for Respondent

Date _____


George C. McGuigan, Jr.
Regional Counsel

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