

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006006784201**

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

RE: Andrew Shubert
Registered Representative
CRD No. 1457528

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REGISTRATION & DISCLOSURE

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Andrew Shubert ("Shubert") 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I 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

Shubert first became registered with FINRA (f/k/a the NASD) in 1986 as a Series 7 (Registered Representative) and 63 (Uniform Securities Agent) with Natixis Bleichroeder (f/k/a Arnold & S. Bleichroeder). Between August 2004 and November 2007, Shubert was registered with Basic Investors Inc ("Basic" or the "Firm") as a Series 7, 24 (General Securities Principal), and 63. Since May 2008, Shubert has been registered with another FINRA member firm.

FACTS AND VIOLATIVE CONDUCT

Between August 23, 2004 and November 19, 2007, Shubert was Basic's Compliance Director. Among his responsibilities as Compliance Director, Shubert was responsible for establishing and maintaining the Firm's written procedures.

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Basic was a retail and market making firm, specializing in OTCBB and Pink Sheet stocks. In addition, a substantial portion of Basic's business consisted of providing business consulting services to issuers. Pursuant to its business consulting agreements, Basic provided a variety of services to issuers, including promoting them to potential investors and other broker-dealers.

Shubert failed to establish and maintain written procedures to supervise Basic's business consulting services. Accordingly, the Firm had no written supervisory procedures that addressed the supervision of its consulting business. There were no written supervisory procedures that required a principal to approve the business consulting agreements or to review or supervise the services the Firm provided to these issuers. Between January 2005 and March 2007, Basic entered into business consulting agreements to provide consulting services to 35 issuers. Basic also acted as a market maker in the securities of 27 of these 35 issuers, and on 13 occasions, Basic commenced both activities within one month of the other. No one at the Firm reviewed whether, in every instance, any services other than market making were provided to these issuers.

As a result of Shubert's failure to establish and maintain written procedures to supervise Basic's business consulting services, Basic failed to detect or prevent the following market making violations related to its business consulting services. Specifically, in September 2005 and again in May 2006, a stock promoter, who was also a customer of Basic, arranged for the Firm to provide business consulting services to two issuers for whom he was a promoter. Under the consulting agreements with these companies, the promoter paid Basic free trading stock of each of the companies. Within days after entering into each of these consulting agreements, Basic began making a market in the company's securities. Basic never provided any other services to either company. As a result, Basic violated NASD Conduct Rule 2460 by accepting payment for market making.

By virtue of the above, Shubert violated NASD Conduct Rules 3010(b) and 2110 by failing to establish and maintain written procedures reasonably designed to supervise Basic's business consulting business.

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

1. A censure;
2. A fine of \$10,000.

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

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- 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 National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudice 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.

I further specifically and voluntarily waive 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

I 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 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 me; and

C. If accepted:

1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
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 FINRA Rule 8313; and
4. I 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. I 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 my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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.

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

2/2/09
Date

Andrew Shubert
Andrew Shubert

Reviewed By:

Eric S. Hutner
Eric S. Hutner, Esq.
Hutner Klarish LLP

1359 Broadway, Suite 2001
New York, New York 10018

Accepted by FINRA:

2/18/09
Date

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


Jeremy Bloom, Principal Counsel
FINRA Department of Enforcement
14 Wall Street, 14th Floor
New York, NY 10005