

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060068049-01**

RECEIVED

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REGISTRATION & DISCLOSURE

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

RE: Belle Haven Investments, L.P., Respondent
Broker-Dealer
CRD No. 29278

Pursuant to FINRA Rule 9216 of the FINRA Code of Procedure, Belle Haven Investments, L.P. (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 October 14, 1991 and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has no relevant disciplinary history.

SUMMARY

In connection with 20060068049, the staff of the Department of Market Regulation (the "staff") conducted a regulatory review to determine the firm's compliance with the Municipal Securities Rulemaking Board's ("MSRB") transaction reporting rules, during the period July 1, 2006 through September 30, 2006.

In connection with 20070107085, the staff conducted a regulatory review to determine the firm's compliance with the MSRB's transaction reporting rules, during the period April 1, 2007 through June 30, 2007.

In connection with 20080137102, the staff conducted a regulatory review to determine the firm's compliance with the MSRB's transaction reporting rules, during the period January 1, 2008 through March 31, 2008.

FACTS AND VIOLATIVE CONDUCT

20060068049

1. During the period reviewed, the firm failed to report information regarding 128 purchase and sale transactions effected in municipal securities to the Real-time Transaction Reporting System ("RTRS") in the manner prescribed by Rule G-14 RTRS Procedures and the RTRS Users Manual. Specifically, the firm failed to report information about such transactions within 15 minutes of Time of Trade to an RTRS Portal. These late transaction reports represent approximately seven percent of all transaction reports in municipal securities (1,922) that the firm reported to the MSRB during the period reviewed. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.
2. During the review period, the firm failed to enforce its written supervisory procedures which specified that MSRB Dealer Feedback Reports, used in the firm's review for ensuring compliance in municipal bond transaction reporting, were to be initialed, dated and any actions taken on the report noted. The conduct described in this paragraph constitutes a violation of MSRB Rule G-27.

20070107085

3. During the period reviewed, the firm failed to report information regarding 170 purchase and sale transactions effected in municipal securities to the RTRS in the manner prescribed by Rule G-14 RTRS Procedures and the RTRS Users Manual. Specifically, the firm failed to report information about such transactions within 15 minutes of Time of Trade to an RTRS Portal. These late transaction reports represent approximately six percent of all transaction reports in municipal securities (2,841) that the firm reported to the MSRB during the period reviewed. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.
4. During the review period, the firm failed to enforce its written supervisory procedures which specified that MSRB Dealer Feedback Reports, used in the firm's review for ensuring compliance in municipal bond transaction reporting, were to be initialed, dated and any actions taken on the report noted. The conduct described in this paragraph constitutes a violation of MSRB Rule G-27.

20080137102

5. During the period reviewed, the firm failed to report information regarding 226 purchase and sale transactions effected in municipal securities to the RTRS in the manner prescribed by Rule G-14 RTRS Procedures and the RTRS Users Manual. Specifically, the firm failed to report information about such transactions within 15 minutes of Time of Trade to an RTRS Portal. These late transaction reports represent approximately five percent of all transaction reports in municipal securities (4,186) that the firm reported to the MSRB during the period reviewed. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.

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

A censure and a total fine of \$32,500 (\$22,500 for the MSRB transaction reporting violations and \$10,000 for the supervisory violations).

The firm agrees to pay the monetary sanction 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 sanction 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.

June 24, 2009
Date

Respondent
Belle Haven Investments, L.P.

By: Mark Steffen
Print Name: Mark Steffen
Title: CEO

Reviewed by:

Luigi Spadafora Esq.
Attorney Name
Counsel for Respondent

Firm Name: Winget, Spadafora & Schwartzberg, L.L.P.
Address: 45 Broadway, New York, NY 10006
Telephone number: 212-221-6900

Accepted by FINRA:

7/23/09
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

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INVESTMENTS

June 24, 2009

Carl Binns
Attorney
FINRA Market Regulation
9509 Key West Avenue
Rockville, MD 20850

Re: Star No. 20060068049 (includes: 20070107085 and 20080137102)

Dear Mr. Binns:

As per the instructions in your letter dated June 11, 2009, we are submitting this Statement of Corrective Action. This Corrective Action Statement is submitted by the Respondent. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.

Below you will find several steps we have taken as a firm to correct the internal processes that resulted in the late reported trades which are the subject of FINRA's findings. They are broken down into several categories:

Documentation and Communication: We have augmented our documentation and communication processes to allow for better controls and communication and instituted the following:

1. Color Coded tickets for Buys and Sells
2. Phone Number and Name of contra party on the ticket (in case a trade is unmatched on MSRB)
3. Highlighting or circling special settlement dates on trade tickets
4. E-Mail alerts from MSRB on late or questionable trades (so we can attempt to correct within the 15 minute time frame)
5. Developing better relationships and systems with contra parties for trade comparisons and affirmations
6. Generating PDF files on a daily basis of MSRB trades which are approved electronically at least weekly by Mark Steffen and filed in an MSRB trade log
7. Tracking late trade progress on a daily basis with an excel file using data from the MSRB on total, cancelled, questionable, and late trades and updating management at least monthly on the current late trade percentage

Supervisory System: Improvements in our system for accountability allows for a better supervisory process. Accordingly, we have instituted the following:

1. Only approved employees can write tickets. Currently: Matt Dalton, Mark Steffen, Brian Steeves and Jack Klokkel
2. All tickets have to be approved by Matt Dalton or Mark Steffen prior to order entry
3. Order entry on Pershing and NFS can only be done by trained and qualified employees. Currently the qualified order entry employees are Bill Callagy and Laura Chapman
4. Checking Alpha/Numeric of contra party on a consolidated list prior to trade input
5. Generating PDF files on a daily basis of MSRB trades which are approved electronically at least weekly by Mark Steffen and filed in an MSRB trade log

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6. Tracking Late Trade progress on a daily basis with an excel file using data from the MSRB on total, cancelled, questionable, and late trades and updating management at least monthly on the current late trade percentage.

Training: Providing more training to responsible employees allows for better execution of these compliance tasks. The following have been implemented:

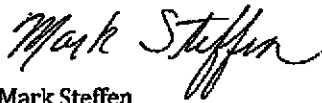
1. Maintaining an order entry user manual for training and troubleshooting
2. Greater understanding and training on the RTRS website functions and capabilities
3. Greater understanding and training on MSRB rules on what constitutes a late trade and potential corrective actions

Measurable Results from Corrective Actions Taken:

Belle Haven has been below the Industry Average on Late Trades since December of 2008. (See attached late trade percentage graph)

We hope this information is useful in assessing Belle Haven's commitment to be in compliance with all reporting requirements.

Please do not hesitate to contact us if you have any further questions.



Mark Steffen
CCO
Belle Haven Investments