

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060068724-01**

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

RE: Barrett & Company, Respondent
Broker-Dealer
CRD No. 1175

Pursuant to FINRA Rule 9216 of the FINRA Code of Procedure, Barrett & Company (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 November 18, 1939, and its registration remains in effect.

RELEVANT PRIOR DISCIPLINARY HISTORY

The firm has no relevant disciplinary history.

SUMMARY

In connection with 20060068724, the staff of the Department of Market Regulation (the "staff") reviewed the firm's compliance with the handling and execution of market orders during the period July 1, 2006 through September 30, 2006 (the "review period").

FACTS AND VIOLATIVE CONDUCT

1. During the review period, the firm failed to execute 33 orders fully and promptly. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2111(a).

20060068724 (CDB).

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2. During the review period, the firm failed in eight of the 33 transactions identified in paragraph one, for or with a customer, 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 A which is attached. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2320.
3. During the review period, in connection with 73 orders, the firm transmitted to the Order Audit Trail System ("OATS") reports that contained inaccurate or incomplete data. Specifically, the firm transmitted: 57 reports that contained inaccurate timestamps; 32 incomplete reports that failed to include limit price information; eight reports that inaccurately reported multiple orders received from a single customer as one order. In addition, the firm inaccurately transmitted to OATS: New Order, Route, and Execution Reports for eight orders when it should have transmitted a New Order Report and a Route Report, or a Combined Order/Route Report for each order. The firm also inaccurately transmitted to OATS: New Order and Execution Reports for eight orders when it should have submitted a New Order Report and a Route Report, or a Combined Order/Route Report for each order. The conduct described in this paragraph constitutes 113 separate and distinct violations of NASD Rule 6955(a).
4. During the review period, the firm failed to show the correct time of entry on the memorandum of ten brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and NASD Rule 3110.

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

A censure, a fine of \$17,500 (consisting of \$10,000 for the violations of NASD Rules 2110, 2111(a) and 2320; \$5,000 for the violations of NASD Rule 6955 and \$2,500 for the violations of SEC Rule 17a-3 and NASD 3110) and restitution by Respondent to the investors listed on Exhibit A which is attached, in the total amount of \$758.00, 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.

8.9.10
Date

Respondent
Barrett & Company

By: W. G. Saville Jr.

Print Name: WILSON G. SAVILLE JR.

Title: MAN. DIR

Reviewed by:

Attorney Name
Counsel for Respondent

Firm Name: _____

Address: _____

Telephone number: _____

Accepted by FINRA:

9/23/10
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

Barrett & Company
Matter No. 20060068724

Exhibit A

Item No.	Date	Issue	Quantity	Trade Time	Trade Price	Restitution
1	7/14/2006	CATS	3000	9:59:48	3.349	\$273.00
2	7/14/2006	UFPT	2500	10:15:39	5.840	\$175.00
3	7/18/2006	POSS	2500	15:01:01	8.720	\$50.00
4	7/24/2006	LPHI	1500	15:58:23	5.100	\$75.00
5	8/18/2006	NKBS	3000	9:48:21	1.550	\$30.00
6	8/21/2006	POSS	1000	15:20:52	9.390	\$10.00
7	8/24/2006	IOSP	500	10:45:16	23.660	\$100.00
8	9/15/2006	UFPT	1500	10:22:47	5.430	\$45.00
					Total:	\$758.00