

FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

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REGISTRATION & DISCLOSURE

Department of Enforcement,

Complainant,

vs.

Meeting Street Brokerage, LLC,
BD No. 34764,

Vincent Esposito,
CRD No. 2713493,

and

Lisa Esposito,
CRD No. 2362228,

Respondents.

Disciplinary Proceeding
No. 2007007151001

Hearing Officer – RSH

Department of Enforcement,

Complainant,

vs.

Meeting Street Brokerage, LLC,
BD No. 34764,

Respondent.

Disciplinary Proceeding
No. 2008013096101

Hearing Officer – RSH

ORDER ACCEPTING OFFER OF SETTLEMENT

Date: December 8, 2009

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INTRODUCTION

Disciplinary Proceeding No. 2007007151001 was filed on August 1, 2008 and Disciplinary Proceeding No. 2008013096101 was filed on April 24, 2009 (Complaints) by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA). Respondents Meeting Street Brokerage, LLC, Vincent Esposito, and Lisa Esposito submitted an Offer of Settlement (Offer) to the Complainant on October 28, 2009. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondents have consented, without admitting or denying the allegations of the Complaints, and solely for the purposes of these proceedings and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, to the entry of findings and violations consistent with the allegations of the Complaints and agreed to in the Offer, and to the imposition of the sanctions set forth below, and fully understand that this Order will become part of Respondents' permanent disciplinary records and may be considered in any future actions brought by FINRA.

BACKGROUND

A. Meeting Street Brokerage, LLC

Meeting Street is a FINRA member located in Palm City, Florida. The firm currently has three registered persons and an additional associated person. Meeting Street conducts a general retail securities brokerage business and also has prime brokerage customers.

In May 2006, Meeting Street entered into a Consent Order with the State of Connecticut that provides from at least August 2004 through March 2005, the firm: (1) transacted business as a broker-dealer in Connecticut without proper registration; (2) employed at least one unregistered broker-dealer agent, in violation of Section 36b-6(b) of the Connecticut Uniform Securities Act (CUSA); and (3) sold certain unregistered and non-exempt penny stocks, in contravention of Section 36b-16 of the CUSA. In connection with the Consent Order, Meeting Street agreed to, among other things, pay a \$5,800 fine.

B. Vincent Esposito

Vincent Esposito has worked in the securities industry since at least December 1995. He currently has Series 7, 24, 55, and 63 licenses. Vincent Esposito has been associated with several different FINRA members at different times between December 1995 and the present. On August 6, 2003, Meeting Street filed a Form U4 for Vincent Esposito commencing his association with the firm as of July 28, 2003. He is currently registered with FINRA and associated with Meeting Street. He does not have a relevant disciplinary history.

C. Lisa Esposito

Lisa Esposito has worked in the securities industry since at least May 1993. She currently has Series 62 and 63 licenses. Lisa Esposito has been associated with several different FINRA members at different times between May 1993 and the present. On September 13, 2004, Meeting Street filed a Form U4 for Lisa Esposito commencing her association with the firm as of February 20, 2004. She is currently registered with FINRA and associated with Meeting Street.

In 2001, in connection with an SEC Order arising out of her role as a supervisor for All-Tech Direct, Inc.'s margin department, Lisa Esposito agreed to cease and desist from causing future Regulation T violations, pay a \$10,000 fine, and serve a three-month suspension. The

Order provides, among other things, that she knew, or was reckless in not knowing, that All-Tech made loans from accounts controlled by persons associated with the firm to its day-trading customers in order to satisfy such customers' Regulation T margin calls, and that such loans violated Regulation T and All-Tech's written procedures.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

MARKET MANIPULATION

ALL RESPONDENTS

(Section 10(b) of the Securities Exchange Act of 1934, SEC Rule 10b-5, and NASD Conduct Rules 2120 and 2110)

1. Relay Capital Corp. was incorporated in Canada in 2002 as First Canadian American Credit Services, Ltd., relocated to Nevada, changed its name to Galloway Oil and Gas, Inc., and then changed its name to Relay Capital Corp. in December 2004. As of June 2005, Relay Capital was in the development stage and had not commenced planned principal operations. According to its website, Relay Capital purports to be a developer and marketer of pre-paid financial services, including pre-paid, reward, employee payroll, gift, retail, affinity group, travel, and fund transfer cards.

2. From approximately 2004 through the present, Relay Capital stock (and the stock of its predecessors) has traded on the pink sheets, except during the period of March 8, 2007 through March 21, 2007, when the SEC suspended trading in the stock in connection with "Operation Spamalot" -- a stepped-up effort by the SEC to protect investors from potentially fraudulent spam e-mail hyping small company stocks. From at least March 2004 through the present, Relay Capital stock has not traded over 50¢ per share. It last traded in 2008 at \$0.0001 per share.

3. Prior to January 2005, trading in Relay Capital stock was *minimal*.

4. In January 2005, two Meeting Street customers deposited 19.5 million shares of Relay Capital stock into their Meeting Street accounts. After these deposits were made, trading in the stock increased and trades placed by the Espositos and approved by Vincent Esposito, the firm's principal, for Meeting Street customers accounted for a substantial percentage of the stock's total volume and customer volume in 2005, especially in the first seven months of the year.

5. In a recorded conversation on March 3, 2005 regarding Relay Capital stock, Lisa Esposito told DK, a trader at another FINRA member firm, that "I want to bring volume in here, [DK]."

6. Between March 1, 2005 (two days before Lisa Esposito's conversation with DK about bringing in volume) and May 20, 2005 (trading day before the stock's price and volume increased substantially), Relay Capital stock trades placed by Vincent and/or Lisa Esposito for Meeting Street customers accounted for approximately 81% of the stock's total market volume. In sum, Relay Capital stock trades placed by Vincent and/or Lisa Esposito dominated the trading volume during this time period.

7. In recorded conversations with DK in 2005, Lisa Esposito detailed Respondents' scheme to manipulate Relay Capital stock. She told DK that "[s]o basically what my guy is willing to do is if guys come in, he'll give them shares—to bring their costs down." She also told him that "I need you up on the bid," "I need guys that can support the bid," and "I will be on the offer side, I want everybody else to come in on the bid."

8. In facilitating the manipulation, Vincent and/or Lisa Esposito placed approximately 100 matched orders of Relay Capital stock for the firm's customers. These trades

artificially increased the trading volume of Relay Capital stock and/or artificially increased or maintained its price.

9. In furtherance of the manipulative scheme, the Espositos facilitated journals of Relay Capital stock to at least eight customers who purchased or agreed to purchase additional shares of the stock. As Lisa Esposito told DK in March 2005, these journals were made to improperly bring down purchasers' or prospective purchasers' cost bases in the stock.

10. The Espositos also facilitated numerous other large and suspicious journals of Relay Capital stock between the firm's customers. The journals ranged in size from 10,000 to 8.75 million shares. Approximately 32 accounts, including an account owned and controlled by Lisa Esposito's consulting company (TMD Consulting), sent or received journals of Relay Capital stock in 2005.

11. On at least twelve occasions in the second half of 2005, rather than sell shares of Relay Capital stock through the open market, Vincent and/or Lisa Esposito placed agency cross trades of the stock. Most of these trades involved situations in which Meeting Street was required to sell the stock or cancel its purchase because customers did not pay for their purchases within the time allotted by Regulation T. The agency cross trades ranged in size from 875,000 to 2.5 million shares. If these trades, which were relatively sizeable in light of the stock's thin trading volume, were made through the open market, they likely would have caused the stock's price to plummet. Most of the agency cross trades were made at prices at or above the high at which the stock traded on the day of the trade. Some of the agency cross trades did not make business sense because they were made at two to nearly ten times the price at which the stock traded on the day of the trade. In sum, the agency cross trades artificially maintained or inflated the price of Relay Capital stock.

12. In the last six trading days of May 2005, Relay Capital stock experienced a relatively sizeable increase in price and volume. During this peak, Vincent and/or Lisa Esposito sold over 1.2 million more shares of the stock than they bought for the firm's customers. This May 2005 spike coincided with promoters' dissemination of e-mails and newsletters claiming that the stock would generate spectacular returns in a relatively short period of time. This period also coincided with two positive press releases issued by Relay Capital. During the seven weeks prior to the May 2005 sudden surge in the stock's price and volume, trades placed by Lisa Esposito and/or Vincent Esposito for Meeting Street customers accounted for approximately 96% of the stock's customer purchase volume, approximately 92% of its customer sale volume, and approximately 77% of the stock's total volume.

13. In furtherance of the manipulative scheme, the Espositos continually allowed customers to buy the stock without sufficient funds to do so and without a good faith belief that they would pay for their purchases before selling the stock. In some instances, the Espositos did not have the requisite good faith belief because they allowed customers to make purchases well beyond their customers' financial means as represented in new account forms. In other instances, they did not have the requisite good faith belief because their customers repeatedly failed to pay for their large purchases of Relay Capital stock. In fact, Vincent and/or Lisa Esposito effected nearly 100 purchases of Relay Capital stock for customers in which the cost to purchase the stock was met by the sale of the stock. By allowing these purchases, the Espositos enabled the scheme participants to artificially inflate the stock's volume and/or artificially increase or maintain its price.

14. In order to facilitate the manipulation, the Espositos failed to promptly sell the stock or cancel its purchase in approximately 50 instances when customers did not pay for their

Relay Capital stock purchases within the time allotted by Regulation T, and they also failed to impose the requisite 90-day freeze in approximately 45 instances on ten different accounts in which the cost to purchase the stock was met by the sale of the stock or cancellation of its purchase. The foregoing allowed the scheme participants to continue to trade the stock and thus continue to artificially inflate its volume and/or artificially increase or maintain its price.

15. From the foregoing activity and from Lisa Esposito's conversations with DK, the Espositos knew, or were reckless in not knowing, that they were working with their customers to facilitate the manipulation of Relay Capital stock. Indeed, in a March 3, 2005 conversation, DK told Lisa Esposito that it was a "violation type thing" to journal Relay Capital stock to persons who agreed to purchase the stock in order to bring down their cost bases. Lisa Esposito responded to DK's concern by saying that "I know at this point."

16. Lisa Esposito also knew that customers PO, EPY, and MM were working together to obtain investor or public relations people for Relay Capital. The Espositos also knew, or were reckless in not knowing, of the manipulative scheme based on the fact that in 2005, numerous customers, most of whom were from California, opened accounts with Meeting Street, a Florida-based broker-dealer, in which they traded only Relay Capital stock.

17. All Relay Capital stock journals and trade orders at Meeting Street were placed by Vincent Esposito or Lisa Esposito.

18. As Meeting Street's principal and Chief Compliance Officer during the period at issue, Vincent Esposito approved the suspect Relay Capital stock journals and trades.

19. Vincent Esposito also was the broker of record on the accounts at issue.

20. During the period at issue, Lisa Esposito was in charge of the firm's margin department and was thus responsible for the numerous Regulation T violations described above.

21. Respondents had two motives to engage in the manipulation – trading profits and commissions.

22. TMD Consulting, an entity owned by Lisa Esposito, received 500,000 shares of Relay Capital stock for consulting services in January 2005 and an additional 703,500 shares of the stock in May 2005 for consulting services. In total, 1,203,500 shares of Relay Capital stock were journaled into TMD Consulting's account in 2005.

23. In 2005, TMD Consulting, the Espositos, and members of their immediate family realized a collective gain on their Relay Capital stock trades of approximately \$120,000.

24. In 2005, Meeting Street, which is owned by Vincent Esposito, received approximately \$289,000 in commissions for placing Relay Capital stock trades. This amounted to approximately 29% of the firm's total revenue for 2005.

REGULATION T VIOLATIONS

ALL RESPONDENTS

**(Section 7(c) of the Securities Exchange Act of 1934,
12 C.F.R. § 220.8, and NASD Conduct Rules 2520(f)(7) and (9) and 2110)**

25. As noted above, throughout 2005, all Respondents:

- a. Continually allowed customers to buy Relay Capital stock without sufficient funds to do so and without a good faith belief that they would pay for their purchases before selling the stock;
- b. Effected nearly 100 purchases for customers in which the cost to purchase Relay Capital stock was met by the sale of the same;
- c. Failed to promptly sell Relay Capital stock or cancel its purchase when customers did not pay for their purchases within the time allotted by Regulation T in approximately 50 instances; and

- d. Failed to impose Regulation T's requisite 90-day freeze approximately 45 times on ten different accounts in which the cost to purchase Relay Capital stock was met by the sale of the stock or cancellation of its purchase.

26. The foregoing Regulation T violations in Relay Capital stock occurred in the accounts of at least the following 21 customers: MS, PR, AC, AG, DP, KU, EPY, WSN, WSF, JC, LP, PO, GBIHL, RC, DW, WSIR, KW, LC, CF, FUC, and WSE.

27. From December 2005 through January 2006, the Espositos placed at least four agency cross trades of pink sheet-traded TeloVax stock for the firm's customers. These trades in this penny stock ranged in size from 115,000 to 775,000 shares. Two of these trades were between related parties and entities: corporate account controlled by customer WS to account of customer NS (brother of customer WS); and corporate account controlled by customer WS to individual account of customer WS. The other two trades involved customer GG, who largely paid for his TeloVax purchase in an untimely manner with money wired into his account by the aforementioned customer NS. In three instances between December 2005 and February 2006, the TeloVax stock purchases of customers NS and GG were funded by the sale of the stock or cancellation of its purchase. In four instances between December 2005 and February 2006, the Espositos did not promptly sell TeloVax stock or cancel its purchase when customers NS, WS, and GG did not pay for their TeloVax stock purchases within the time allotted by Regulation T.

28. Between November 2005 and January 2006, the Espositos placed at least nine agency cross trades of pink sheet-traded Extreme Innovations, Inc. stock for the firm's customers. All of the agency cross trades in this penny stock involved the accounts of customer MM, companies owned by MM, or companies owned by his business partner, customer ME. In all but one instance, the foregoing accounts were on both sides of the transaction (*e.g.*, one MM

company selling to another MM company and an MM company selling to MM). The trades ranged in size from 12,000 to 285,000 shares. In approximately 25 instances, the foregoing accounts' purchases of Extreme Innovations stock were funded by the sale of the stock or cancellation of its purchase. In approximately 20 instances, the Espositos did not promptly sell the stock or cancel its purchase when the foregoing accounts failed to timely pay for their Extreme Innovations stock purchases. In two instances, the Espositos did not impose the requisite 90-day freeze on the account of a company owned by customers MM and ME.

29. In 2005, all Respondents improperly allowed numerous customers to buy Relay Capital stock without sufficient funds to do so and without a good faith belief that they would pay for their purchases before selling the stock.

30. In approximately 95 instances in 2005, all Respondents improperly allowed customers to buy Relay Capital stock and pay for their purchases by the sale of the stock or cancellation of its purchase. In three instances between December 2005 and February 2006, all Respondents improperly allowed customers to buy TeloVax stock and pay for their purchases by the sale of the stock or cancellation of its purchase. In approximately 25 instances between November 2005 and January 2006, all Respondents improperly allowed customers to buy Extreme Innovations stock and pay for their purchases by the sale of the stock or cancellation of its purchase.

31. In approximately 50 instances in 2005, all Respondents failed to promptly sell Relay Capital stock or cancel its purchase when numerous customers did not pay for their purchases within the time allotted by Regulation T. In approximately four instances from December 2005 through January 2006, all Respondents failed to promptly sell TeloVax stock or cancel its purchase when customers did not pay for their purchases within the time allotted by

Regulation T. In approximately 20 instances between November 2005 and January 2006, all Respondents failed to promptly sell Extreme Innovations stock or cancel its purchase when customers did not pay for their purchases *within the time allotted* by Regulation T.

32. In approximately 45 instances in 2005, all Respondents failed to implement the requisite 90-day freeze on ten accounts in which the cost to buy Relay Capital stock was met by the sale of the stock or cancellation of its purchase. In two instances between November 2005 and January 2006, all Respondents failed to implement the requisite 90-day freeze on one account in which the cost to buy Extreme Innovations stock was met by the sale of the stock or cancellation of its purchase.

33. All Relay Capital, TeloVax, and Extreme Innovations stock trades were placed by Vincent Esposito or Lisa Esposito.

34. Vincent Esposito was the broker of record on the accounts at issue.

35. As Meeting Street's principal and Chief Compliance Officer during the period at issue, Vincent Esposito approved and/or failed to prevent the *foregoing* Regulation T violations in Relay Capital, TeloVax, and Extreme Innovations stocks.

36. During the period at issue, Lisa Esposito was in charge of the firm's margin department and was thus responsible for the numerous Regulation T violations described above.

37. All Respondents committed the foregoing violations by placing the trades, failing to timely liquidate positions or cancel trades, and/or failing to impose the requisite 90-day freeze on subject accounts. Vincent Esposito also approved the trades and allowed the foregoing violations to occur.

**FAILURE TO COMPLY WITH AML OBLIGATIONS
VINCENT ESPOSITO AND MEETING STREET
(NASD Conduct Rules 3011(a) and 2110)**

38. During the period at issue, Vincent Esposito served as the firm's AML Compliance Officer.

39. From at least 2005 through the present, federal law and NASD rules required Meeting Street, through Vincent Esposito, to monitor for possible suspicious activity, investigate such activity, and file SARs when appropriate.

40. From approximately 2005 through the present, Meeting Street's written supervisory policies and procedures required Vincent Esposito, as the firm's AML Compliance Officer, to detect AML "red flags," investigate those "red flags," document his investigations, and file SARs or document his reasons for not filing SARs upon completion of his investigations.

Relay Capital, TeloVax, and Extreme Innovations Stocks

41. In 2005 and the first quarter of 2006, Meeting Street's customers' activity in Relay Capital, TeloVax, and Extreme Innovations stocks as described above raised numerous AML "red flags."

42. Meeting Street, through Vincent Esposito, was aware, or reasonably should have been aware, of the aforementioned "red flags" triggering their AML obligations. Meeting Street, through Vincent Esposito, did not appropriately investigate the firm's customers' activity in Relay Capital, TeloVax, and Extreme Innovations stocks, did not document investigations of that activity, and did not file SARs in connection with that activity nor document its reasons for not filing SARs. The firm's failure to file SARs in connection with that activity was unreasonable.

Customer SLJP

43. The suspicious activity in customer SLJP's individual and corporate accounts, along with the questionable backgrounds of customer SLJP, his ex-wife, and his known business associates, raised numerous AML "red flags."

44. In 2002, the British Columbia Securities Commission ("BCSC") accused but did not convict customer SLJP of failing to properly report insider trades. In addition, in 2005, customer SLJP's ex-wife and his known business associate were sanctioned by the BCSC.

45. From approximately September 2006 through March 2007, customer SLJP made approximately 400 transactions in the stock of Terra Nostra Resources Corp., a copper and stainless steel company in China, in his Meeting Street accounts. Customer SLJP generally did not trade any other stocks in his accounts. From September 2006 through April 2007, customer SLJP purchased 362,680 shares for \$891,345 and sold 678,922 shares for \$1,810,478 in his two accounts. Trading in his accounts began and ended in one account before beginning in the other. Customer SLJP traded relatively small amounts of Terra Nostra stock despite maintaining a large position in it. For example, in December 2006 and January 2007, customer SLJP owned approximately \$2 million worth of Terra Nostra stock, and he frequently made trades of 500 or 1,000 shares when the stock generally traded in the \$2.50 per share range.

46. From October 2006 through April 2007, customer SLJP made certificate deposits totaling about one million shares of Terra Nostra stock. Between December 2006 and April 2007, customer SLJP wired over \$1.1 million from his Meeting Street accounts to his personal bank accounts in California and China and to his company's account in Hong Kong. In addition, customer SLJP's accounts and other Meeting Street accounts journaled approximately 350,000 shares of Terra Nostra stock for reasons noted as "consulting" or "private transactions."

47. Customer SLJP also had many ties to Terra Nostra. His daughter was a director of the company. The son of his aforementioned former business associate served as Terra Nostra's CEO, President, and CFO at various times. In February 2007, customer SLJP was appointed CEO and Chairman of the Board of two companies, which owned 51% of Terra Nostra.

48. Meeting Street, through Vincent Esposito, was aware, or reasonably should have been aware, of the aforementioned "red flags" triggering their AML obligations. Meeting Street, through Vincent Esposito, did not appropriately investigate that activity, did not document an investigation of that activity, and did not file a SAR in connection with that activity nor document its reasons for not filing one. The firm's failure to file a SAR in connection with that activity was unreasonable.

Customers MM and ME

49. The suspicious activity in the multiple accounts owned and/or controlled by customers MM and ME, who were business partners, along with their questionable backgrounds, raised AML "red flags."

50. From at least 2006 through 2007, customer MM maintained approximately five accounts with Meeting Street; including an individual account and multiple corporate accounts. Some of the corporate accounts were joint accounts with customer ME.

51. In 2006, customer MM was indicted for grand larceny for allegedly stealing the stock of a publicly-traded company with which he was affiliated. By at least September 2006, Vincent Esposito was aware of the indictment. Vincent Esposito's investigation into the indictment consisted solely of customer MM telling him that the situation was a misunderstanding.

52. From at least 2006 through 2007, customer ME maintained at least three corporate accounts with Meeting Street, two of which were joint accounts with customer MM. In 2005, customer ME was suspended by NASD for failing to pay arbitration awards and to respond satisfactorily to a request for information about the same. In January 2006, customer ME was barred from association with any NASD member firm after having failed to request termination of his suspension. Vincent Esposito knew, or should have known, of customer ME's regulatory issues.

53. The corporate accounts owned and/or controlled by customers MM and ME engaged in the suspicious trading of Extreme Innovations stock detailed above.

54. In addition, in October 2006, a corporate account owned and/or controlled by customer ME journaled 1,350,000 shares of over-the-counter Gene Thera Inc. stock to the accounts of third parties. In September 2006, a corporate account owned and/or controlled by customers ME and MM journaled 150,000 shares of Gene Thera stock to a corporate account owned and/or controlled by customer MM.

55. Meeting Street, through Vincent Esposito, was aware, or reasonably should have been aware, of the aforementioned "red flags" triggering their AML obligations. Meeting Street, through Vincent Esposito, did not appropriately investigate that activity, did not document an investigation of that activity, and did not file SARs in connection with that activity nor document its reasons for not filing SARs. The firm's failure to file SARs in connection with that activity was unreasonable.

Customer JP

56. The suspicious activity in customer JP's account, along with his questionable background, raised AML "red flags."

57. Meeting Street, through Vincent Esposito, was aware of the fact that customer JP had sold unregistered securities while he was not registered with an NASD member firm. Meeting Street's clearing firm expressed concerns about opening the account, but Vincent Esposito insisted that it be opened. The account was ultimately opened so that customer JP could receive a journal of 150,000 shares of over-the-counter Gene Thera stock, liquidate the position, and transfer the cash out of the account. The account was closed shortly after that.

58. Meeting Street, through Vincent Esposito, was aware of the aforementioned "red flags" triggering their AML obligations. Meeting Street, through Vincent Esposito, did not appropriately investigate that activity, did not document an investigation of that activity, and did not file a SAR in connection with that activity nor document its reasons for not filing one. The firm's failure to file a SAR in connection with that activity was unreasonable.

Customer JL

59. The suspicious activity in the account of customer JL, coupled with his questionable background, raised AML "red flags."

60. In 1986, NASD barred customer JL from associating with a member firm in any capacity. In 2000, he consented to a Final Judgment in an SEC action alleging that he had made false and misleading statements in recommending the purchase of a fraudulently manipulated security. Meeting Street, through Vincent Esposito, was aware of customer JL's regulatory issues. Vincent Esposito advised Meeting Street's clearing firm that the clearing firm would not be responsible for customer JL's account.

61. Customer JL journaled 400,000 shares of Black Dragon Resource Companies, Inc. stock, a penny stock, to an unrelated account in September 2006 and another 300,000 shares to another unrelated account in February 2007. The reason provided in both letters of authorization

is "Private Transaction." A March 2007 press release discloses that customer JL was nominated to the Board of Directors and became President of Black Dragon that month.

62. Meeting Street, through Vincent Esposito, was aware, or reasonably should have been aware, of the aforementioned "red flags" triggering their AML obligations. Meeting Street, through Vincent Esposito, did not appropriately investigate that activity, did not document an investigation of that activity, and did not file a SAR in connection with that activity nor document its reasons for not filing one. The firm's failure to file a SAR in connection with that activity was unreasonable.

**INSTANT MESSAGE RETENTION VIOLATIONS
MEETING STREET
(SEC Rule 17a-4(b)(4) and NASD Conduct Rules 3010(a), 3110(a), and 2110)**

63. From on or about December 3, 2004, through February 14, 2006, Meeting Street failed to preserve business-related instant messages of its registered and associated persons.

64. During that same time period, Meeting Street failed to establish and maintain a system to supervise the activities of its registered representatives, registered principals and other associated persons that was reasonably designed to achieve compliance with SEC Rule 17a-4(b)(4) and NASD Rule 3110(a), as they pertain to the preservation of business-related instant messages.

**REGISTRATION VIOLATIONS
MEETING STREET
(NASD Rules 1032(f) and 2110)**

65. From on or about December 6, 2004, through March 24, 2005, Meeting Street permitted Lisa Esposito to execute equity transactions on an agency basis for Meeting Street's customers, even though Lisa Esposito was not registered as a Limited Representative – Equity Trader.

**RECORDKEEPING VIOLATIONS
MEETING STREET
(NASD Conduct Rules 2860(b)(18)(B) and 2110)**

66. From March 2005 through September 2005, Meeting Street, acting through its registered representatives, executed approximately 400 options transactions using discretionary power in the accounts of three customers.

67. As to each of these transactions, Meeting Street failed to maintain a record clearly reflecting its exercise of discretionary authority and including the information required by NASD Conduct Rule 2860(b)(18)(B).

**NET CAPITAL VIOLATIONS
MEETING STREET
(SEC Rule 15c3-1 and NASD Conduct Rule 2110)**

68. On five dates in 2005, Meeting Street conducted a securities business while failing to maintain its minimum required net capital.

69. Meeting Street's net capital violations mainly resulted from its receipt of customer stock certificates. On the days when it received such certificates, Meeting Street's minimum net capital requirement rose from \$5,000 to \$50,000.

70. Specifically:

- a. Meeting Street's net capital on January 19, 2005 was \$45,862. On that date, Meeting Street received at least two customer stock certificates. Meeting Street conducted a securities business on that date, despite having a net capital deficiency of \$4,138.
- b. Meeting Street's net capital on February 25, 2005 was \$7,861. On that date, Meeting Street received at least one customer stock certificate.

Meeting Street conducted a securities business on that date, despite having a net capital deficiency of \$42,139.

- c. Meeting Street net capital on May 19, 2005 was \$38,455. On that date, Meeting Street received at least one customer stock certificate. Meeting Street conducted a securities business on that date, despite having a net capital deficiency of \$11,545.
- d. Meeting Street's net capital on October 17, 2005 was \$35,165. On that date, Meeting Street received at least one customer stock certificate. Meeting Street conducted a securities business on that date, despite having a net capital deficiency of \$14,835.
- e. Meeting Street's net capital on November 23, 2005 was \$45,288. On that date, Meeting Street received at least two customer stock certificates. Meeting Street conducted a securities business on that date, despite having a net capital deficiency of \$4,712.

Based on the foregoing, Meeting Street willfully violated Sections 7(c) and 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and SEC Rules 10b-5, 15c3-1, and 17a-4(b)(4) and also violated 12 C.F.R. § 220.8 and NASD Rules 1032(f), 2120, 2520(f)(7) and (9), 2860(b)(18)(B), 3010(a), 3011(a), 3110(a), and 2110; Vincent Esposito willfully violated Sections 7(c) and 10(b) of the Exchange Act and SEC Rule 10b-5 and also violated 12 C.F.R. § 220.8 and NASD Conduct Rules 2120, 2520(f)(7) and (9), 3011(a), and 2110; and Lisa Esposito willfully violated Sections 7(c) and 10(b) of the Exchange Act and SEC Rule 10b-5 and also violated 12 C.F.R. § 220.8 and NASD Conduct Rules 2120, 2520(f)(7) and (9), and 2110.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondents from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that:

Meeting Street be expelled from FINRA membership;

Lisa Esposito be barred from association with any FINRA member in all capacities; and

Vincent Esposito be suspended from association with any FINRA member in all capacities for 90 days, be suspended from association with any FINRA member in a principal capacity for two years, and be fined \$15,000.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this Order.

SO ORDERED.

FINRA

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



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