

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20070072528-01**

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REGISTRATION & DISCLOSURE

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

RE: Douglas Financial, LLC, Respondent
BD. No. 119302

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, Douglas Financial, LLC ("Douglas Financial" or "Respondent") 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent 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

Douglas Financial was first registered with FINRA (formerly known as NASD) on or about July 23, 2002. Since its inception, Douglas Financial's business has been limited to acting as a finder/placement agent for private offerings and direct participation programs. The firm operates out of a single branch office in New York City and employs approximately seven registered persons.

RELEVANT PRIOR DISCIPLINARY HISTORY

Respondent does not have any disciplinary history.

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FACTS AND VIOLATIVE CONDUCT

1. From at least August 2003 until December 2006 (the "Review period") the firm failed to establish, maintain and enforce a reasonable supervisory system designed to achieve compliance with FINRA rules governing the review of e-mail correspondence. Specifically, during the review period, the firm allowed its registered representatives to use third party e-mail systems but Respondent did not reasonably enforce a system to audit or review such e-mail correspondence on a systematic basis.

By reason of the foregoing, Douglas Financial violated NASD Rules 3010 and 2110.

2. During the review period, Douglas Financial used electronic storage media ("ESM") as it is defined in SEC Rule 17a-4, and failed to notify FINRA of its use of ESM as required by SEC rules.

By reason of the foregoing, Douglas Financial violated SEC Rule 17a-4(f) and NASD Conduct Rule 2110.

OTHER FACTORS

- B. Respondent also consent to the imposition of the following sanctions:

- Censure, and
- A fine of \$15,000.

Respondent agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. Respondent submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed. Respondent specifically and voluntarily waives any right to claim that it is 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.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent 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 Respondent.
- 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, Respondent 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.

Respondent further specifically and voluntarily waives 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

Respondent 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 NASD Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
 - I. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or

any other regulator against me:

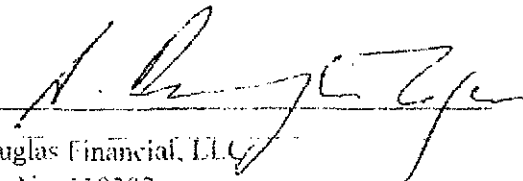
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's disciplinary record;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-3; and
4. Respondent 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. Respondent 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

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

Respondent certifies that it has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent 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 Respondent to submit it.

9/18/2008

Date



Douglas Financial, LLC
BD. No. 119302

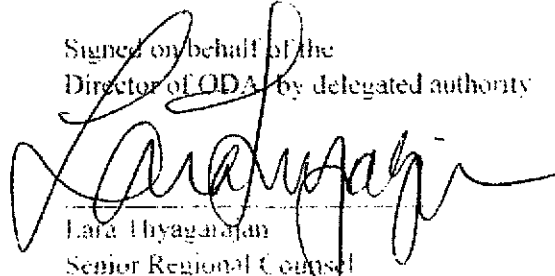
By Andrew Douglas Logue
President of Douglas Financial, LLC

Accepted by FINRA:

October 16, 2008

Date

Signed on behalf of the
Director of ODA by delegated authority

A handwritten signature in black ink, appearing to read 'Lara Thyagarajan', is written over a horizontal line.

Lara Thyagarajan
Senior Regional Counsel
FINRA Department of Enforcement
One Liberty Plaza
New York, NY 10006
Phone: 212-858-4000
Facsimile: 212-858-4770