

**FINANCIAL INDUSTRY REGULATORY AUTHORITY**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. 2007007325201**

**RECEIVED**

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REGISTRATION & DISCLOSURE

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

**RE:** Alton Securities Group Inc.  
(CRD No. 39639)

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, Alton Securities Group Inc. ("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 Alton Securities Group Inc. 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**

Alton Securities Group Inc. became a member of FINRA (f/k/a National Association of Securities Dealers, Inc. or NASD) and registered with the Securities and Exchange Commission ("SEC") on June 6, 1996. Respondent engages in activities, among others, involving mutual fund retailing, retailing corporate equity securities over-the-counter, and acting as a municipal securities broker. Respondent's membership with FINRA and registration with the SEC remain currently in effect.

**RELEVANT PRIOR DISCIPLINARY HISTORY**

Respondent has no relevant prior disciplinary history.

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## OVERVIEW

The staff's review found that Respondent failed to adequately assess the existence of available breakpoint discounts for certain transactions effected during the review period of October 24, 2005 through August 19, 2007. In addition, during that period, Respondent failed to have an adequate system to ensure that customers were receiving the benefit of all applicable breakpoint discounts. By reason of the foregoing, Respondent violated NASD Conduct Rules 2110 and 3030, respectively.

## FACTS AND VIOLATIVE CONDUCT

1. During the period of October 24, 2005 through August 19, 2007, Respondent failed to adequately assess the existence of available breakpoint discounts for mutual fund transactions, and, therefore, did not provide such discounts for 50 of 1,740 transactions effected during this period. By reason of the aforementioned conduct, Respondent violated NASD Conduct Rule 2110.
  2. During the period of October 24, 2005 through August 19, 2007, Respondent failed to have an adequate supervisory system in place to ensure that customers were receiving the benefit of all applicable breakpoint discounts for mutual fund transactions. By reason of the aforementioned conduct, Respondent violated NASD Conduct Rules 3010 and 2110.
- B. Respondent also consents to the imposition of the following sanctions: a censure and a fine in the amount of \$11,200.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable.

Respondent has 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 Respondent 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**

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 it;
- 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 it;

**C. If accepted:**

1. 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 it;
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; and

- 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.

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Respondent certifies that a duly authorized representative 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.

6/23/08  
Date

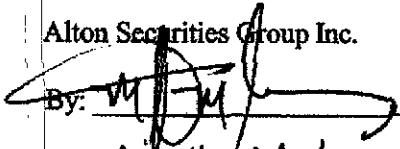
Reviewed by:

\_\_\_\_\_  
Counsel for Respondent

Accepted by FINRA:

July 9, 2008  
Date

Alton Securities Group Inc.

By: 

Matt Maberry

Its: President/CEO/c.c.o

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

  
\_\_\_\_\_  
Marcletta Kerr  
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FINRA Department of Enforcement  
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