

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2007007357901**

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REGISTRATION & DISCLOSURE

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

RE: [REDACTED]

Lewis Mason, Respondent
General Securities Representative
(CRD# 1797652)

Cary W. Sucoff, Respondent
General Securities Principal; General Securities Representative
(CRD# 1156732)

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondents [REDACTED]
[REDACTED], Lewis Mason and Cary W. Sucoff submit 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 Respondents alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondents hereby accept and consent, 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

[REDACTED] has been a member of FINRA since August 14, 2006. [REDACTED] is subject to a \$5,000 minimum net capital requirement and claims an exemption from SEC Rule 15c3-3 under paragraph k(2)(i). [REDACTED] conducts a general securities business from its office in Jericho, NY and employs approximately 6 registered representatives and one associated person. [REDACTED] has no disciplinary history.

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Mason first became associated with FINRA in March 1988. Mason was registered as a General Securities Representative through member firm Laidlaw & Company (UK) Ltd. (BD # 119037) ("Laidlaw") from July 12, 2004 through August 8, 2006. Mason is currently registered with FINRA through [REDACTED]. Mason has no disciplinary history.

Sucoff first became associated with FINRA in June 1983. Sucoff was registered as a General Securities Principal and a General Securities Representative through member firm Laidlaw from March 23, 2003 through August 8, 2006. Sucoff is currently registered with FINRA through [REDACTED]. Sucoff has no disciplinary history.

OVERVIEW

1. [REDACTED] electronic communications retention system (i) failed to preserve all communications in a non-rewriteable, non-erasable format, and (ii) could not provide a duplicate copy of [REDACTED] electronic correspondence that would be kept separate from the original. Accordingly, [REDACTED] failed to comply with SEC Rule 17a-4(f)(2)(ii)(A) and SEC Rule 17a-4(f)(3)(v) and violated NASD Conduct Rules 3110 and 2110.
2. [REDACTED] served as a placement agent without establishing and implementing an anti-money laundering compliance program ("AMLCP") reasonably designed to achieve and monitor its compliance with the Bank Secrecy Act. Accordingly, [REDACTED] violated NASD Conduct Rules 3011(b) and 2110.
3. While registered through Laidlaw, Mason and Sucoff were employed by, and agreed to accept compensation from, another entity outside the scope of the relationship with their employer firm without providing prompt written notice to the firm. This conduct violated NASD Conduct Rules 3030 and 2110.

FACTS AND VIOLATIVE CONDUCT

1. Records to Be Preserved – ESP

During the period August 14, 2006 through January 3, 2007, [REDACTED] electronic communications retention system failed to preserve all electronic communications in a non-rewriteable, non-erasable format in that employees were permitted to use personal email and instant messaging accounts for firm business without there being a system for preserving all such communications. Additionally, [REDACTED] did not have in place an audit system for the inputting of records that were maintained by electronic storage media, in that [REDACTED] online backup and storage provider could not provide a duplicate copy of [REDACTED] electronic correspondence that would be kept separate from the original.

Accordingly, ■ failed to comply with SEC Rule 17a-4(f)(2)(ii)(A) and SEC Rule 17a-4(f)(3)(v) and violated NASD Conduct Rules 3110 and 2110.

2. Anti-Money Laundering Compliance Program – ■

From about August 14, 2006 through January 3, 2007, ■ primarily acted as a broker and placement agent in connection with private placements and private financing transactions offered to institutions and accredited individual investors. During this period, its AMLCP was designed for a broker-dealer primarily engaged in a retail securities business. Those procedures did not reflect ■ business model and customer base and were not adequately designed to fit its business model and needs. Accordingly, ■ AMLCP was not reasonably designed to achieve and monitor its compliance with the Bank Secrecy Act.

In addition, from about August 14, 2006 through January 2007, ■ failed to implement its Customer Identification Program ("CIP") in connection with its sale of private placements. During this period, ■ served as a placement agent for five private offerings and sold shares in those offerings to seven customers. ■ did not receive any compensation from the purchasers of the private placements – its agreements were with, and its compensation came exclusively from, the issuers. Nevertheless, ■ was required to implement its CIP with respect to each of the purchasers but failed to do so.

Accordingly, ■ violated NASD Conduct Rules 3011(b) and 2110.

3. Outside Business Activities – Mason and Sucoff

On June 1, 2006, while still registered through Laidlaw, Mason and Sucoff were hired by B Inc., pursuant to an agreement Mason and Sucoff signed in their personal capacities, to assist it in locating financing for a proposed acquisition (the "B Inc. Transaction") in exchange for a commission. During the period June 1, 2006 through August 8, 2006, while registered through Laidlaw, Mason and Sucoff provided services to B Inc. and introduced B Inc. to LMFL, a potential source of financing for the B Inc. Transaction. On July 19, 2006, LMFL and B signed a non-binding proposal letter that outlined the basic structure of the final transaction. At no time was Laidlaw informed in writing of Mason's and Sucoff's employment by and agreement to accept compensation from B Inc. in connection with the B Inc. Transaction. On August 9, 2006, Mason and Sucoff left the employment of Laidlaw and became registered through their new firm, ■. Thereafter, in late August 2006, B Inc. obtained the financing from LMFL and Mason's and Sucoff's new firm, ESP, received the compensation for Mason's and Sucoff's services to B Inc.

Based on the foregoing, Mason and Sucoff violated NASD Conduct Rules 3030 and 2110.

B. Respondents also consent to the imposition of the following sanctions:

1. A censure against ■■■;
2. A fine of \$8,000 against ■■■;¹
3. A suspension of Mason from associating with any FINRA member firm in any capacity for 15 business days;
4. A fine of \$10,000 against Mason;
5. A suspension of Sucoff from associating with any FINRA member firm in any capacity for 15 business days; and
6. A fine of \$10,000 against Sucoff.

Respondents agree to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. Respondents have each submitted an Election of Payment form showing the method by which Respondents proposes to pay the fine imposed.

Respondents specifically and voluntarily waive any right to claim that Respondents are unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

Masson and Sucoff understand that if they are barred or suspended from associating with any FINRA member, they become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, Mason and Sucoff may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. (See FINRA Rules 8310 and 8311.)

Mason's suspension shall commence on a date set by FINRA staff. Sucoff's suspension shall commence following the conclusion of Mason's suspension. The remaining sanctions imposed herein shall be effective upon a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondents specifically and voluntarily waive the following rights granted under FINRA's

¹ Pursuant to the General Principles Applicable to all Sanction Determinations contained in the Sanction Guidelines, FINRA imposed a lower fine in this case against ■■■ after it considered, among other things, ■■■ revenues and financial resources. See Notice to Members 06-55.

Code of Procedure:

- A. To have a Complaint issued specifying the allegations against Respondents;
- B. To be notified of the 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, Respondents specifically and voluntarily waive any right to claim bias or prejudice 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.

Respondents further specifically and voluntarily waive 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

Respondents understand 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 Respondents; and
- C. If accepted:
 - 1. this AWC will become part of Respondents' permanent disciplinary

records and may be considered in any future actions brought by FINRA or any other regulator against Respondents;

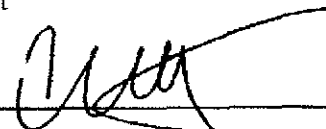
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondents' disciplinary records;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
4. Respondents 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. Respondents 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 Respondents' right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

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

Mason, Sucoff and the undersigned, on behalf of [REDACTED], certify that they and a person duly authorized to act on [REDACTED] behalf have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that Respondents have 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 Respondents to submit it.

1-08-09
Date

[REDACTED]
Respondent

By: 

[Name and title]

CARY SUCOFF
DESIGNATED PRINCIPAL

1/8/09
Date

Lewis Mason
Lewis Mason, Respondent

1-8-09
Date

Cary W. Sucoff
Cary W. Sucoff, Respondent

Reviewed by:

Kathy H. Rocklen, Esq.
Proskauer Rose LLP
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New York, NY 10036-8299
Tel: (212) 969-3000
Attorneys for Respondents

Accepted by FINRA:

February 18, 2009
Date

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

Samuel L. Barkin
Samuel L. Barkin
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FINRA, District 10
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