

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2007007387901

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REGISTRATION & DISCLOSURE

TO: Department of Enforcement
NASD

RE: Griffin, Mills & Long, LLC, Respondent
Member Firm
CRD No. 47778

Walter A. Mills, Respondent
General Securities Principal
CRD No. 2532559

Pursuant to Rule 9216 of NASD Code of Procedure, Griffin, Mills & Long, LLC (GML) and Walter A. Mills (collectively Respondents) submit this Letter of Acceptance, Waiver and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described in Part II below. This AWC is submitted on the condition that, if accepted, NASD will not bring any future actions against them alleging violations based on the same factual findings.

Respondents understand that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Department of Enforcement and National Adjudicatory Council (NAC) Review Subcommittee or Office of Disciplinary Affairs (ODA), pursuant to NASD Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondents; and
3. If accepted:
 - a. this AWC will become part of Respondents' permanent disciplinary records and may be considered in any future actions brought by NASD or any other regulator against them;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about Respondents' disciplinary record;

- c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-2; and
- d. 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. Nothing in this provision affects Respondents' testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

Respondents also understand that their experience in the securities industry and disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and history are as follows:

GML became an NASD member on December 23, 1999, and its membership is current. GML does not have any relevant disciplinary history by NASD, other self-regulatory organizations, the Securities and Exchange Commission, or any state regulator.

Mills has been associated with GML since March 31, 2003. He became a General Securities Representative (Series 7) in August 1994, and as a General Securities Principal (Series 24) in September 1996. Mills also serves as the GML's President, Managing Director and CEO. Mills has not been the subject of prior disciplinary action by NASD, other self-regulatory organizations, the Securities and Exchange Commission, or any state regulator.

I.

WAIVER OF PROCEDURAL RIGHTS

Respondents specifically and voluntarily waive the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against them;
- 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 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 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.

Respondents further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of 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.

II.

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 NASD, or to which NASD 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 NASD:

Misuse of Customers' Funds

1. From on or about April 2, 2004 through July 2, 2004, GML, acting through Mills, and in participation with other registered representatives of GML, sold common stock of Applied Engineering Products Company (AEPC) to approximately 3 customers, totaling \$125,000.
2. From on or about September 1, 2004 through March 31, 2006, GML, acting through Mills, and in participation with other registered representatives of GML, sold a second offering of AEPC common stock to approximately 45 customers, totaling \$1,672,500.
3. Each private placement offering memorandum for AEPC required that customer checks be made payable to AEPC. In contravention of the terms of the private placement offering memoranda, GML, through Mills and other registered representatives of GML at the direction of Mills, instructed customers who participated in the AEPC offerings to either make their checks payable to Red Rock Resources, Inc. (RRRI), or to wire transfer funds directly to RRRI's account at Wells Fargo Bank. RRRI is a company owned and controlled by Mills and is not an NASD member firm.

4. By directing customer funds to RRRI's account, customer proceeds were commingled with other funds unrelated to the offering. Further, by directing customer funds to RRRI's bank account, GML, acting through Mills, used the proceeds in a manner contrary to the representations made to the customers in the private placement memoranda.

The aforementioned acts, practices and conduct constitute separate and distinct violations of Conduct Rules 2330 and 2110 by GML and Mills.

Failure to Provide NASD with Information and Documents

1. In March 2007, NASD sent GML and Mills a written request pursuant to NASD Rule 8210, for information and documents relevant and necessary to its investigation of the firm's private placement securities business. Responses to the request were due from GML and Mills by April 13, 2007. GML and Mills failed to fully respond or provide all of the requested information and documentation, without which, Staff is unable to conclude its investigation. On or about April 26, 2007, GML and Mills informed NASD that they will not provide further information to NASD staff in connection with its investigation into their handling of various private placements, including AEPC.

The aforementioned acts, practices and conduct constitute separate and distinct violations of NASD Procedural Rule 8210 and Conduct Rule 2110 by GML and Mills.

- B. Respondents also consent to the imposition, at a maximum, of the following sanctions:

1. GML will be expelled from NASD membership; and
2. Mills will be barred from associating with any NASD member in any capacity.

The sanctions imposed herein shall be effective on a date set by NASD staff. Pursuant to IM-8310-2(f), a bar or expulsion shall become effective upon approval or acceptance of this AWC by the NAC.

III.

OTHER MATTERS

Respondent Mills understands that if he is barred or suspended from associating with any NASD member he becomes 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, Respondent Mills may not be associated with any NASD member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. (See NASD Rule 3310 and IM-3310-1.)

Respondents certify that they have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce them to submit it.

5/3/2007
Date

GRIFFIN, MILLS & LONG, LLC

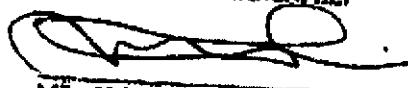
By: Walter A. Mills
Walter A. Mills
Managing Director and CEO

5/3/2007
Date

Walter A. Mills
Walter A. Mills, Individually

Reviewed by:

WELLMAN & WARREN, LLP



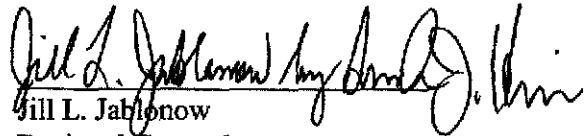
Miko Uchida, Esq.
Counsel for Respondents
Wellman & Warren, LLP
24411 Ridge Route, Suite 200
Laguna Hills, CA 92653
(949) 580-3737

Accepted by NASD:

July 19, 2007

Date

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



Jill L. Jablonow

Regional Counsel

NASD Department of Enforcement

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NASD District Director

David A. Greene

District Director

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