

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2007007453101**

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REGISTRATION & DISCLOSURE

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

RE: Pickering Energy Partners, Inc., n/k/a Tudor, Pickering & Co. Securities, Inc.
CRD No. 129772

Pursuant to NASD Rule 9216 of FINRA Code of Procedure, Pickering Energy Partners, Inc., n/k/a Tudor, Pickering & Co. Securities, Inc. (Pickering 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

Pickering Energy Partners Inc., n/k/a Tudor, Pickering & Co. Securities, Inc., is currently, and was during all times relevant hereto, a member of FINRA (f/k/a National Association of Securities Dealers or NASD) and registered as a broker/dealer with the U.S. Securities and Exchange Commission. Pickering registered with FINRA in May 2004, as a full-service broker-dealer. The firm currently employs 31 registered personnel and operates three branch offices. Pickering has no prior relevant prior disciplinary history.

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OVERVIEW

This case involves two separate net capital violations and a related books and records violation by Pickering. Specifically, on April 21, 2006, the firm conducted a securities business while having a net capital deficiency of <\$627, 263.16>. The firm also conducted a securities business while in net capital deficiency during the period from December 22, 2006 through January 23, 2007. The latter net capital violation also resulted in the firm filing an inaccurate FOCUS report for the quarter ending on December 31, 2006.

FACTS AND VIOLATIVE CONDUCT

1. On April 21, 2006, Pickering had a <\$627, 263.16> net capital deficiency that resulted from its participation in a firm commitment underwriting. Specifically, the firm was required to take an open contractual commitment haircut in connection with its participation in a firm commitment underwriting of securities. The net capital rule required the firm to base its open contractual commitment haircut on the actual price of the securities and the firm's net capital position at the end of the day prior to the underwriting going effective. Pickering failed to properly calculate its open contractual commitment haircut, in that it based its haircut on the *average* price of the securities and its *prior* month-end net capital position. When the firm based its calculations on the correct figures, the above-described net capital deficiency resulted. The firm was back in net capital compliance on April 22, 2006, after all of the securities were sold.
2. During the period from December 22, 2006 through January 23, 2007, Pickering conducted a securities business while failing to maintain its minimum net capital requirement. The firm's capital deficit ranged from a high of <\$974,450.90> on December 22, 2006 to a low of <\$68,960.87> on January 23, 2007. The net capital deficiency resulted from the firm's misclassification of a non-allowable asset as an allowable asset. The misclassification, combined with the firm's payout of annual bonuses on December 22, 2006, caused the firm to fall below its minimum net capital requirement. The asset misclassification also resulted in the firm filing an inaccurate FOCUS report for the period ending December 31, 2006.

Such acts, practices and course of conduct constitute distinct violations of SEC Rules 15c3-1 and 17a-5(a), and NASD Conduct Rule 2110 by Pickering Energy Partners, Inc., n/k/a Tudor, Pickering & Co. Securities, Inc.

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

Censure and a monetary fine in the amount of \$10,000.

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 it 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 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:
 - 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.

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- 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.

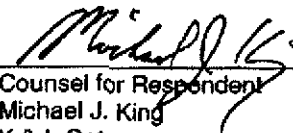
Respondent certifies that it has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce Respondent to submit it.

PICKERING ENERGY PARTNERS, INC.

12/28/2007
Date

By: Christine Drusch
Name: Christine Drusch
Title: CEO

Reviewed by:

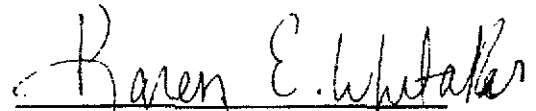

Counsel for Respondent
Michael J. King
K & L Gates
1601 K Street, NW
Washington, DC 20006-1600

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Accepted by FINRA:

01/30/2008
Date

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

A handwritten signature in cursive script, reading "Karen E. Whitaker", written over a horizontal line.

Karen E. Whitaker, Regional Counsel
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Dallas, TX 75243
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