

RECEIVED
2007 APR -7 P 7 46
REGISTRATION & DISCLOSURE

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

NO. 20070076938-01

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

RE: Finance 500, Inc., Respondent
Broker-Dealer
CRD No. 12981

Pursuant to FINRA Rule 9216 of the FINRA Code of Procedure, Finance 500, Inc. (the "firm") 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 the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm 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

The firm has been a member of FINRA since December 14, 1982 and its registration remains effective.

RELEVANT PRIOR DISCIPLINARY HISTORY

The firm has no relevant disciplinary history.

FACTS AND VIOLATIVE CONDUCT

In 20070076938, the staff of FINRA's Department of Market Regulation conducted a review of the firm's mark-ups and mark-downs charged in connection with municipal bond transactions during the period April 1, 2006 through June 30, 2006 (the "review period").

During the review period, in nine pairs of transactions, the firm purchased municipal securities for its own account from a customer and/or sold municipal securities for its own account to a customer at an aggregate price (including any mark-down or mark-up) that was not fair and reasonable, taking into

consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer, or municipal securities dealer is entitled to a profit, and the total dollar amount of the transaction. The transactions are identified on Exhibit A which is attached. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rules G-17 and G-30(a).

B. The firm also consents to the imposition of the following sanctions:

A censure and a total fine of \$15,000.¹

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

The firm 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.

¹ On February 25, 2009, the firm provided evidence that restitution was made to each of the identified customers.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm 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 the firm;
- 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, the firm 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.

The firm further specifically and voluntarily waives 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

The firm 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 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 the firm; and
- C. If accepted:
 - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. the firm 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. The firm 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 the firm's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm 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.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's 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 the firm to submit it.

3-16-09
Date

Respondent
Finance 500, Inc.

By: Robert L. Hicks

Name: Robert L. Hicks

Title: President/CEO

Reviewed by:

Lynne Bolduc
Attorney Name
Counsel for Respondent

Firm Name: Oswald & Yap LLP

Address: 16148 Sand Canyon

City/State/Zip: Irvine, CA 92618

Phone Number: 949/788-8900

Accepted by FINRA:

4/3/09
Date

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

Thomas R. Gira
Thomas R. Gira
Executive Vice President
Department of Market Regulation

Finance 500, Inc. ("FANC")
 Matter No. 20070078938

AWC Exhibit A

Item	Date	CUSIP ID	Quantity	Contra 1*	Trade 1 Time	Trade 1 Price	Firm	Contra 2*	Trade 2 Time	Trade 2 Price	Markup	Markdown	Spread	Restitution
1	05/18/06	826310AE4	20	B-D (B)	15:02:00	90.280	FANC	C (S)	15:05:00	85.828		4.90%		PROVIDED
2	05/17/06	826310AG9	20	B-D (B)	14:00:00	89.800	FANC	C (S)	15:30:00	86.400		4.90%		PROVIDED
3	05/17/06	826310AF1	20	B-D (B)	14:10:00	89.800	FANC	C (S)	15:30:00	85.400		4.90%		PROVIDED
4	05/05/06	826310AE4	20	B-D (B)	16:22:00	87.500	FANC	C (S)	15:45:00	83.250		4.86%		PROVIDED
5	05/08/06	826310AE4	100	B-D (B)	16:11:00	89.750	FANC	C (S)	16:20:00	85.350		4.90%		PROVIDED
6	05/17/06	360830AE8	20	B-D (B)	14:00:00	89.750	FANC	C (S)	15:30:00	85.350		4.90%		PROVIDED
7	05/17/06	826310AC8	20	B-D (B)	14:00:00	89.800	FANC	C (S)	15:30:00	85.400		4.90%		PROVIDED
8	05/17/06	826311AA0	20	C (S)	15:30:00	84.750	FANC	B-D (B)	15:30:00	89.000		4.78%		PROVIDED
9	5/4/2006	826310AE4	65	B-D (B)	15:31:00	87.5	FANC	C (S)	16:00:00	83.25		4.88%		PROVIDED

* Contra parties are identified as follows: B-D (S) indicates another Broker-Dealer selling to the firm; B-D (B) indicates another Broker-Dealer buying from the firm; C (S) indicates a customer selling to the firm; and C (B) indicates a customer buying from the firm.