

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2007008490201**

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

RE: Mitsubishi UFJ Securities (USA), Inc., BD No. 19685  
Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent, Mitsubishi UFJ Securities (USA) Inc., 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**

Respondent has been a member of FINRA since July 25, 1987. Respondent does not engage in retail business, but has exclusively institutional clients. The firm is a wholly-owned subsidiary of a Japanese public company and is affiliated with a number of other domestic and foreign broker dealers, as well as with two Japanese banks.

**RELEVANT DISCIPLINARY HISTORY**

Respondent does not have any relevant disciplinary history with FINRA or any other self-regulatory organization, the U.S. Securities and Exchange Commission, or any state securities regulator.

**OVERVIEW**

Beginning in September 2005 and continuing until March 2007, Respondent permitted an employee, YE, to perform certain functions

requiring principal registration while he was not registered with FINRA in that capacity. Through this conduct Respondent violated NASD Membership and Registration Rule 1021 and NASD Conduct Rule 2110.

### **FACTS AND VIOLATIVE CONDUCT**

Respondent's President and CEO planned to step down in September 2005. Respondent intended that YE, an employee from an affiliate in Japan, assume that role. Because YE did not have the appropriate FINRA registrations, Respondent designated an employee with the appropriate registrations to perform certain principal functions on an interim basis, until YE was appropriately registered.

As planned, Respondent's President and CEO stepped down, YE moved from Japan and began to work at the firm, and an employee with principal registration assumed certain principal functions on an interim basis. While some of the principal responsibilities of the CEO and President were assumed by the interim designee, beginning in September 2005 Respondent permitted YE to engage in certain activities that required principal registration. This conduct continued until he voluntarily resigned from the firm in March 2007.

Through this conduct Respondent violated NASD Membership and Registration Rule 1021 and NASD Conduct Rule 2110.

### **OTHER FACTORS**

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

- A censure; and
- A fine of \$15,000.

The sanctions imposed herein shall be effective on a date set by FINRA staff. 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

## **II.**

### **WAIVER OF PROCEDURAL RIGHTS**

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against it;
- 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, 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 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**

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 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 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 Respondent;
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my 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. 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.

- 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.

The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understood all of the provisions of this AWC and Respondent has been given a full opportunity to ask questions about it; that Respondent agrees 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.

February 19, 2009  
Date

Mitsubishi UFJ Securities (USA), Inc.

By: Patrick J. Donegan

Print Name: PATRICK J. DONEGAN

Title: Managing Director & Compliance  
Officer

Accepted by FINRA:

March 3, 2009

Date

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

Julie K. Glynn, Esq.

Senior Regional Counsel

FINRA Department of Enforcement

One Liberty Plaza

New York, New York 10006

212-858-4776

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*This Corrective Action Statement is submitted by the Respondent.  
It does not constitute factual or legal findings by FINRA,  
nor does it reflect the views of FINRA, or its staff.*

**Mitsubishi UFJ Securities (USA), Inc.**  
**Corrective Action Statement in Connection with Examination No. 20070084902**

**February 19, 2009**

This Corrective Action Statement relates to the Letter of Acceptance, Waiver and Consent being submitted by Mitsubishi UFJ Securities (USA), Inc. (the "Firm") in connection with the above-captioned examination relating to the registration of a former employee.<sup>1/</sup>

The Firm took the following corrective and remedial actions in connection with the matter:

- The Firm self-detected the matter on its own initiative. The Firm then promptly self-reported to the staff of FINRA (then-NASD) and cooperated fully with the staff in its inquiry.
- The Firm permitted the employee to resign in connection with the matter. This step was taken early in the process and was an effort to act responsibly by ensuring that the person whose registration status was at issue was no longer with the Firm.
- The Firm has implemented a number of procedures to ensure compliance with registration requirements. For example, compliance personnel periodically provide senior management with an analysis relating to registration items (including all licensing tests scheduled, postponements thereof, and the results of tests taken).
- The Firm has held manager and staff meetings to reinforce the importance of compliance with registration requirements.

The Firm takes registration of its personnel very seriously and believes that it has done what is necessary to ensure compliance with applicable registration requirements.

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<sup>1/</sup> The Firm is submitting this Corrective Action Statement consistent with its regulatory responsibilities. Nothing in this document should be construed as a waiver of any privilege or protection (including the attorney-client privilege or attorney work product protection), and the Firm reserves all rights with respect to any such privileges and protections.

**CONFIDENTIAL**