

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20070085026-01**

RECEIVED
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REGISTRATION & DISCLOSURE

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

RE: AIS Financial, Inc., Respondent
Member Firm
CRD No. 41462

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, AIS Financial, Inc. ("AIS" or "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. AIS 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

AIS has been a member of FINRA (f/k/a National Association of Securities Dealers or NASD) since October 1996. The firm conducts a general securities business and employs approximately ten associated person. AIS has no relevant disciplinary history.

OVERVIEW

For approximately five months, AIS failed to preserve certain electronic communications sent and received by four of its associated persons. The firm also failed to enforce its own Written Supervisory Procedures ("WSPs"), which prohibited firm employees from using non-AIS sponsored email accounts.

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FACTS AND VIOLATIVE CONDUCT

Books and Records

**Section 17(a) of the Securities Exchange Act of 1934,
Rule 17a-4 promulgated thereunder, and NASD Conduct Rules 3110 and 2110**

From on or about October 1, 2006, through March 1, 2007, AIS failed to preserve all AIS business-related electronic communications. Specifically the firm provided email accounts to its employees and implemented a system for preserving any emails sent and received from those accounts. However, four of the firm's associated persons frequently used personal email accounts to conduct AIS business. Some of those emails were copied or forwarded to one employee with an AIS-sponsored account and were therefore preserved. The remaining emails were not. AIS thereby violated Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-4 promulgated thereunder, and NASD Conduct Rules 3110 and 2110.

Written Procedures

NASD Conduct Rules 3010(b) and 2110

The firm's Written Supervisory Procedures prohibited AIS personnel from sending AIS business-related electronic communications to customers or prospective customers "from a home computer and/or using non-company sponsored electronic communications." From on or about October 1, 2006, through March 1, 2007, AIS failed to enforce these procedures with respect to four of its associated persons, who frequently used personal email accounts. AIS thereby violated NASD Conduct Rules 3010(b) and 2110.

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

A censure; and

A fine in the amount of \$11,000.¹

AIS agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. AIS has submitted an Election of Payment form showing the method by which the firm proposes to pay the fine imposed.

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

AIS 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

AIS 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 AIS;
- 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, AIS specifically and voluntarily waives 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.

AIS 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

AIS 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 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 AIS;
 - 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 NASD Rule 8310 and IM-8310-3; and
 - 4. AIS 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. AIS 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. AIS may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. AIS 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.

AIS 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 AIS 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 AIS to submit it.

4.3.08
Date

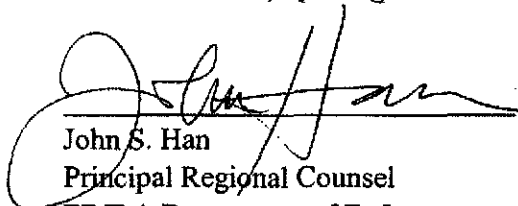
Accepted by FINRA:

4/28/08
Date

AIS Financial, Inc.

By: 
Marc Riviello, President

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


John S. Han
Principal Regional Counsel
FINRA Department of Enforcement
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FINRA Los Angeles

VIA FEDEX

April 3, 2008

JOHN S. HAN
FINRA

300 South Grand Ave., Ste. 1600
Los Angeles, CA 90071

District Office

Re: AIS Financial, Inc. (AIS) No. 20070085026-01

Dear Mr. Han,

Please accept this letter as a formal written Corrective Action Statement to the above referenced matter.

As for [Books and Records] SEC Rule 17a-4 and NASD Conduct Rules 3110 and 2110, AIS Financial, Inc. in May, 2007 hired Smarsh, Inc. to preserve all AIS business-related electronic communications.

As for [Written Procedures] NASD Conduct rules 3010(b) and 2110, AIS required representatives to sign quarterly attestations.

Sincerely,

AIS FINANCIAL, INC.

A handwritten signature in black ink, appearing to read "M. Riviello", is written over the printed name.

Marc Riviello
President