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REGISTRATION & DISCLOSURE

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20070099249-01**

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

RE: Spartan Securities Group, LTD, Respondent
Broker-Dealer
CRD No. 104478

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Spartan Securities Group, LTD (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 July 25, 2001 and its registration remains in effect. The firm has no relevant prior disciplinary history.

SUMMARY

In connection with the 2007 Trading and Market Making Surveillance ("TMMS") examination, 20070099249 the staff reviewed the items set forth on Exhibit A, which is attached and incorporated by reference, primarily for trade dates July 16 - 27, 2008 (the "review period").

20070099249 (n/a)

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FACTS AND VIOLATIVE CONDUCT

1. The firm failed to submit to the NASD/Nasdaq Trade Reporting Facility, for the offsetting, "riskless" portion of three "riskless" principal transaction(s) in designated securities, either a clearing-only report with a capacity indicator of "riskless principal," or a non-tape, non-clearing report with a capacity indicator of "riskless principal." The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 4632(d).
2. The firm failed to report to the NASD/Nasdaq Trade Reporting Facility two last sale reports of transactions in designated securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 4632(b).
3. The firm failed to report to the OTC Reporting Facility the correct symbol indicating whether the firm executed one transaction in Reportable Securities in a principal or agency capacity. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6130(d).
4. The firm failed to submit to the OTC Reporting Facility, for the offsetting, "riskless" portion of 34 "riskless" principal transaction(s) in designated securities, either a clearing-only report with a capacity indicator of "riskless principal," or a non-tape, non-clearing report with a capacity indicator of "riskless principal." The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6620(d).
5. The firm failed to report to the OTC Reporting Facility nine last sale reports of transactions in OTC Equity securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6620(b).
6. The firm incorrectly reported the second leg of two "riskless" principal transaction(s) as "principal" to the OTC Reporting Facility. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6620(d).
7. The firm incorrectly reported the second leg of two "riskless" principal transaction(s) as "agent" to the OTC Reporting Facility. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6620(d).
8. During the review period, the firm failed to transmit required information to OATS for 15 Reportable Order Events ("ROES"). The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).
9. During the review period, the firm transmitted to OATS 10 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the firm submitted two Order Execution reports instead of Order Route reports and incorrectly submitted eight Desk Reports to OATS. These inaccurate and/or incomplete reports represented 40 percent of the sample of reports that the firm transmitted to OATS on the trade date(s) reviewed in the TMMS examination. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).

10. The firm, on 13 occasions when it acted as principal for its own account, failed to provide written notification disclosing to its customer that it was a market maker in each such security. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 10b-10.
11. The firm failed to show the time of execution on the memorandum of 13 brokerage orders, failed to show the time of order receipt on the memorandum of 17 brokerage orders, failed to indicate the correct capacity on the memorandum of 11 brokerage orders, failed to show the terms and conditions on the memorandum of six brokerage orders and failed to show the time of cancellation on the memorandum of one brokerage order. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and NASD Conduct Rule 3110.
12. The firm failed to preserve for a period of not less than three years, the first two in an accessible place, the memorandum of four brokerage orders. The conduct described in this paragraph constitutes a violation of SEC Rule 17a-4 and NASD Conduct Rule 3110.
13. During the review period, the firm executed short sale transactions and failed to report each of these transactions to the OTC Reporting Facility with the correct symbol indicating whether the transaction was a buy, sell, sell short, or cross for 15 transactions in Reportable Securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6130(d).
14. The firm failed to make publicly available for the second calendar quarter of 2007 a report on its routing of non-directed orders in covered securities during that quarter. The conduct described in this paragraph constitutes a violation of SEC Rule 606 of Regulation NMS.

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

A censure and fine of \$31,000 (comprised of a \$7,500 fine for trade reporting violations, a \$5,000 fine for OATS violations; a \$1,000 fine for SEC Rule 10b-10 violations; a \$2,500 fine for books and records violations; a \$5,000 fine for Rule 6130(d) violations; and a \$10,000 fine for SEC Rule 606 violations.)

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.

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 Complaint issued specifying the allegations against the firm;
- 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, 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.

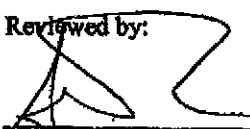
1/14/09
Date

Spartan Securities Group, LTD

By: 

Name: MICAN J. ELDRÉD

Title: CEO

Reviewed by: 

Attorney Name

Counsel for Respondent

Firm Name LOCKE LORD BISSELL + LIDELL

Address 1170 Peachtree St, NE

City/State/Zip Suite 1900

Phone Number Atlanta, GA 30309
404-878-4665

Accepted by FINRA:

2/16/09
Date

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



Thomas R. Gira
Executive Vice President
Department of Market Regulation

Exhibit A

**2007 MRE Exam Samples
Spartan Securities, LTD ("MICA")
Exam No.: 20070099249**

<u>Sample Size:</u>	<u>Sample Description:</u>	<u>Sample Source/Period:</u>
187	Customer and proprietary sales, reviewed for compliance with SEC Rule 200(g) long/short/exempt sale recording requirements.	From trade dates July 16-27, 2007.
17	Customer and proprietary short sales, reviewed for compliance with SEC Rule 203(b) security location requirements.	From trade dates July 16-27, 2007.
182	Customer and proprietary sales reported to a TRF or OTCRF, for compliance with NASD Rules 6130, 4632 and 6620 sale indicator reporting requirements.	From trade dates July 16-27, 2007.
0	Customer and proprietary sales reported to the ADF/TRACS, for compliance with NASD Rule 4632A sale indicator reporting requirements.	From trade dates July 16-27, 2007.
0	Short sales in Nasdaq Global Market securities executed otherwise than on an exchange, for compliance with NASD Rule 5100 bid test requirements.	From trade dates July 16-27, 2007.
0	Short sales in exchange-listed securities executed otherwise than on an exchange, for compliance with SEC Rule 10a-1 tick test requirements.	From trade dates July 16-27, 2007.
4	Customer and proprietary sales entered into the Nasdaq Exchange execution systems, for compliance with Nasdaq Rule 4755 long/short/exempt sale indicator entry requirements.	From trade dates July 16-27, 2007.
18	Cancellations of trades reported to a TRF or OTCRF, for compliance with NASD Rules 4632(g), 6420(f), 6620(f) and 6130(f) trade report cancellation requirements.	From trade dates July 16-27, 2007.
0	Cancellations of trades reported to ADF/TRACS, for compliance with NASD Rule 4632A(l) trade report cancellation requirements.	From trade dates July 16-27, 2007.
55	Limit and market orders executed as principal, for compliance with the order protection and best execution requirements of NASD Rules 2110, IM-2110-2, 2111, 6541 and 2320, and Nasdaq Rules 2110, IM-2110-2, 2111 and 2320	From trade dates July 16-27, 2007.
10	Limit orders for NMS stocks in which the member acts as an exchange or OTC market maker, for compliance with the display requirements of SEC Rule 604, 604 and Nasdaq Rule 3390.	From trade dates July 16-27, 2007.
0	Market orders with "not held" terms or from institutional customers, for compliance with NASD Rule 2320 and Nasdaq Rule 2320 best execution requirements.	From trade dates July 16-27, 2007.

Exhibit A

**2007 MRE Exam Samples
Spartan Securities, LTD ("MICA")
Exam No.: 20070099249**

<u>Sample Size:</u>	<u>Sample Description:</u>	<u>Sample Source/Period:</u>
5	Market orders executed as principal, for compliance with NASD Rule 2320 and Nasdaq Rule 2320 best execution requirements.	From trade dates July 16-27, 2007.
0	Order memoranda for net trades effected by non-institutional and institutional customers, for compliance with NASD Rule 2441 documentation requirements.	From trade dates July 16-27, 2007.
0	Net trading agreements with institutional customers, for compliance with NASD Rule 2441 documentation requirements.	From trade dates July 16-27, 2007.
29	Principal and riskless principal trade executions effected otherwise than on an exchange for 55 limit or market orders, for compliance with NASD Rules 4632, 6420, 6620 and 6130 requirements for TRF and OTCRF reporting.	From trade dates July 16-27, 2007.
0	Principal and riskless principal trade executions effected otherwise than on an exchange for 50 limit or market orders, for compliance with NASD Rule 4632A requirements for ADF/TRACS reporting.	From trade dates July 16-27, 2007.
0	NASD Market Surveillance breaks for principal and riskless principal trades, for compliance with NASD Rules 4632, 6420, 6620, 6130 and 4632A requirements for TRF, OTCRF and ADF/TRACS reporting.	From trade dates July 16-27, 2007.
0	Trade executions effected otherwise than on an exchange for 0 orders in Nasdaq-listed or exchange listed securities, received from customers with accounts subject to a soft dollar agreement, for compliance with the SEC '34 Act section 28(e) safe harbor which limits the accrual of soft dollar credits for riskless principal transactions to those reporting in compliance with NASD Rules 4632 and 6420.	From trade dates July 16-27, 2007.
0	Open limit orders to buy and/or open stop orders to sell securities that traded ex-dividend, for compliance with NASD Rule 3220 and Nasdaq Rule 4761.	For ex-dividend date March 7, 2007.
0	Trades reported to a TRF or OTCRF with a .PRP modifier, for compliance with NASD Rules 4632, 6420, 6620 and 2320.	From trade dates July 16-27, 2007.
0	Trades reported to ADF/TRACS with a .PRP modifier, for compliance with NASD Rule 4632A.	From trade dates July 16-27, 2007.
12	Orders for NMS stocks in which the firm acts as a market center, for compliance with SEC Rule 605 order classification requirements.	Orders underlying the datasets reviewed for July 16-27, 2007.

Exhibit A

**2007 MRE Exam Samples
Spartan Securities, LTD ("MICA")
Exam No.: 20070099249**

<u>Sample Size:</u>	<u>Sample Description:</u>	<u>Sample Source/Period:</u>
0	Datasets published for on the monthly order execution report, for compliance with SEC Rule 605 requirement to publish accurate data. (A "dataset" is all required statistical data for a single order category, with each category representing a single unique combination of a security, order type and order size, as described in Rule 605.)	Report published for 2007.
1	Quarterly order routing report, for compliance with SEC Rule 606 requirements.	Report published for the April-June 2007.
25	Customer orders in OTC equity securities, for compliance with NASD Rules 2320(g) and 3110(b) requirements to ascertain and document the best interdealer market for transactions in such securities.	From trade dates July 16-27, 2007.
25	Orders in securities required to be submitted to OATS, for compliance with NASD Rules 6954 and 6955, and Nasdaq Rules 6954 and 6955 requirement to submit OATS information.	From trade dates July 16-27, 2007.
0	ADF orders and/or quotes which were accessed by others, for compliance with NASD Rule 4300A requirements to submit Order and Order Response reports.	From trade dates July 16-27, 2007.
127	Order/Trade records prepared and maintained in connection with the above samples, for general compliance with requirements of NASD Rule 3110 and SEC Rules 17a-3 and 17a-4.	From trade dates July 16-27, 2007.
285	Trades reported to a TRF, OTCRF or ADF/TRACS in connection with the above samples, for general compliance with requirements of NASD Trade Reporting and ADF rules.	From trade dates July 16-27, 2007.
21	Customer confirmations prepared and maintained in connection with the above samples, for compliance with SEC Rule 10b-10 disclosure requirements.	From trade dates July 16-27, 2007.
25	CRD registration records for persons conducting and/or supervising the member's trading and market making activities, for compliance with NASD Rule Series 1020, 1030 and 1040, and Nasdaq Rule Series 1020, 1030 and 1040.	List of trading personnel for July 16-27, 2007, and supervisory personnel for July 2007.

Exhibit A

**2007 MRE Exam Samples
Spartan Securities, LTD ("MICA")
Exam No.: 20070099249**

**Sample
Size:**

All, as
provide
d by the
member

All, as
provide
d by the
member

Sample Description:

The member's supervisory system, written supervisory procedures ("WSPs") and documents evidencing the implementation of the WSPs, for compliance with NASD Rule 3010 requirements to establish an implement a system that is reasonably designed to prevent and detect violations of applicable securities rules.

The member's "Regular & Rigorous" review procedures (for assessing the execution quality of orders sent to other trading centers and/or internalized, for compliance with NASD Rules 2320 and 3010.

0 Trades reported by the ATS/ECN to a TRF, OTCRF or ADF/TRACS in connection with the above samples, for compliance with requirements of NASD Rules 6130(c)(5) and/or 6130A(b)(5).

0 Trading halts declared during the on-site portion of the examination, for which NASD staff observed the operation of the ATS.

Sample Source/Period:

WSPs provided by the member as those in effect during July 2007, and documentation of supervisory reviews conducted for July 2007.

Procedures provided by the member as those in effect during July 2007.

Halts in AAAA on Month DD, 2007; in BBBB on Month DD, 2007.