

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20070711023/01**

200701152802

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

**RE: Malory Investments, LLC, Respondent
Member
CRD No. 110936**

**Ronald Stein, Respondent
General Securities Representative
General Securities Principal
Limited Principal – Investment Company and Variable Contracts Products
Limited Principal – Financial and Operations
CRD No. 434761**

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REGISTRATION & DISCLOSURE**

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, Malory Investments, LLC ("Malory" or "the firm") and Ronald Stein submit 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 us alleging violations based on the same factual findings described herein.

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ACCEPTANCE AND CONSENT

- A. We hereby accept and consent, 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

Malory has been a member of FINRA (f/k/a National Association of Securities Dealers or NASD) since on or about August 22, 2001 and has no relevant disciplinary history.

Stein entered the securities industry in December 1973 as a General Securities Principal of a FINRA member. In August 1981, Stein first became registered as a General Securities Representative, Limited Representative – Investment Company and Variable Contracts Products, and Limited Principal – Investment Company

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and Variable Contracts Products. In May 1984, Stein first became registered as a Limited Principal – Financial and Operations. From on or about January 12, 2001, through December 3, 2007, Stein was an associated person of Malory, where he was registered as a *General Securities Representative, General Securities Principal, Limited Principal – Investment Company and Variable Contracts Products* and a Limited Principal – Financial and Operations. Stein is not currently registered with a FINRA member and has no relevant disciplinary history.

OVERVIEW

Malory and Stein failed to respond to FINRA requests for information, in violation of NASD Procedural Rule 8210 and NASD Conduct Rule 2110.

FACTS AND VIOLATIVE CONDUCT

By letters dated December 4, 2007, December 11, 2007, and December 24, 2007, and pursuant to NASD Rule 8210, FINRA staff requested that Malory and Stein each provide information and documents in connection with an investigation into Malory's potential involvement as an illegitimate counterparty to a foreign exchange dealer's currency transactions. Despite receiving each of the staff's request letters, Malory and Stein each failed to provide the requested information and documents.

By letter dated December 27, 2007, and pursuant to NASD Rule 8210, FINRA staff requested that Stein appear for an On-the-Record (OTR) interview on January 14, 2008 at FINRA's district office in Los Angeles, California. On January 11, 2008, Stein, through counsel, informed FINRA staff that he would not attend the OTR.

The aforementioned acts, practices and conduct constitute separate and distinct violations of NASD Rules 8210 and 2110 by Malory and Stein.

B. We also consent to the imposition of the following sanctions:

1. As to Malory: Expulsion from FINRA membership; and
2. As to Stein: A bar from associating with any FINRA member in any capacity.

Stein understands that if he is barred or suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, he may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see NASD Rule 8310 and IM-8310-1).

Pursuant to NASD IM-8310-3(e), the bar and the expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

We specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against us;
- 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, we specifically and voluntarily waive 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.

We further specifically and voluntarily waive 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

We understand 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 us; and

C. If accepted:

1. **this AWC will become part of our permanent disciplinary records and may be considered in any future actions brought by FINRA or any other regulator against us;**
2. **this AWC will be made available through FINRA's public disclosure program in response to public inquiries about our disciplinary records;**
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. **We 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. We 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 our right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.**

We certify that we have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that we have 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 us to submit it.

09/25/08
Date

Malory Investments, LLC
Respondent

By: 
Ronald Stein, President

09/25/08
Date


Ronald Stein, Respondent

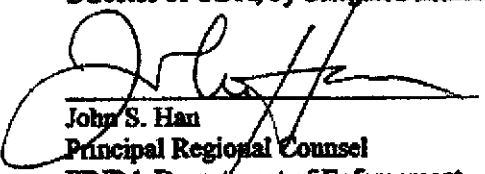
Reviewed by:


Sylvia M. Scott, Esq.
Freeman, Freeman & Smiley, LLP
3415 South Sepulveda Blvd., Suite 1200
Los Angeles, CA 90034
(310) 255-6161

Accepted by FINRA:

11/19/08
Date

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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Los Angeles, CA 90071
Tel: (213) 613-2617; Fax: (213) 617-1570