

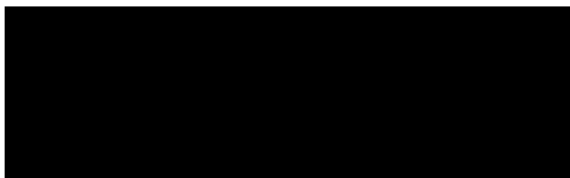
**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20080115698-01**

RECEIVED
JUL 24 2009
FINRA
SAN FRANCISCO DISTRICT OFFICE

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

RE: HP Securities, Inc., Respondent
Member Firm
CRD No. 31538

and



Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondents 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 Respondents alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondents 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

HP Securities, Inc. became a FINRA member on or about July 19, 1993. The firm currently employs two registered representatives, operates from one main office and conducts a general securities business.

_____ entered the securities industry in July 1974 as a General Securities Representative of a FINRA member. On or about July 19, 1993, he became associated with HP Securities, where he is currently registered as a General Securities Principal, Limited Principal – Financial and Operations, and General Securities Representative.

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RELEVANT DISCIPLINARY HISTORY

Respondents have no relevant disciplinary history.

OVERVIEW

Respondents failed to establish and implement an Anti-Money Laundering Compliance Program ("AMLCP") reasonably designed to achieve compliance with the Bank Secrecy Act and the implementing regulations thereunder. In addition, HP Securities failed to maintain adequate written reports of its 2007 branch office inspections.

FACTS AND VIOLATIVE CONDUCT

1. Anti-Money Laundering Compliance Program

At all relevant times, [REDACTED] was the Anti-Money Laundering Compliance Officer ("AMLCO") of HP Securities.

31 CFR Part 103.100(b)(2)(i), an implementing regulation of the Bank Secrecy Act, requires member firms, upon receiving an information request from the Financial Crimes Enforcement Network ("FinCEN"), to expeditiously search their records to determine whether they maintain or have maintained any account for, or have engaged in any transaction with, each individual, entity, or organization named in FinCEN's request.

From on or about October 10, 2006, through November 3, 2006, HP Securities received two separate information requests from FinCEN. From on or about November 11, 2006, through July 3, 2007, HP Securities received 16 separate information requests from FinCEN. From on or about July 17, 2007, through October 13, 2008, HP Securities received 33 separate information requests from FinCEN. During those time periods, and with respect to each information request, HP Securities, acting through [REDACTED] failed to conduct any searches of firm records.

As HP Securities' AMLCO, [REDACTED] was responsible for implementing and monitoring the day-to-day operations and internal controls of the firm's AMLCP. From on or about October 10, 2006, through October 13, 2008, HP Securities' AMLCP failed to include internal controls reasonably designed to achieve compliance with 31 CFR Part 103.100(b)(2)(i).

By failing to establish and implement policies, procedures and internal controls reasonably designed to achieve compliance with the Bank Secrecy Act and the implementing regulations thereunder, each Respondent committed separate and distinct violations of NASD Rules 3011(b) and 2110, and Respondent HP Securities further violated MSRB Rule G-41.

2. Internal Inspections

From January 1, 2007, through October 13, 2008, HP Securities maintained two offices of supervisory jurisdiction. During that time period, the firm failed to make and keep adequate written reports of each office's 2007 annual inspection and review. HP Securities thereby committed separate and distinct violations of NASD Rules 3010(c)(2) and 2110.

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

1. Censure;
2. A \$5,000 joint and several fine; and
3. As to HP Securities only, an additional \$5,000 fine.

Further, HP Securities agrees to comply with the following undertaking:

Every three months, for a period of one year from the date of this AWC's acceptance by FINRA, HP Securities must truthfully certify to FINRA, in writing, that it has complied with its obligations under 31 CFR Part 103.100(b)(2)(i). The certification must be signed by the firm's AMLCO.

Respondents agree to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. Respondents have submitted Election of Payment forms showing the method by which each Respondent proposes to pay the fine imposed.

Respondents specifically and voluntarily waive any right to claim that they are unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

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

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

Respondents further specifically and voluntarily waive 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

Respondents 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 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 Respondents;
- C. If accepted:
 - 1. this AWC will become part of Respondents' permanent disciplinary records and may be considered in any future actions brought by FINRA or any other regulator against Respondents;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondents' disciplinary records;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. Respondents 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. Respondents 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 Respondents' right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party; and

- D. Respondents may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that they 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.

RECEIVED

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

7-28-09 PFB
7-21-03?
Date

HP Securities, Inc.
Respondent

By: Peter F. Bozikovich
Peter F. Bozikovich, CEO

7-28-09 PFB
7-21-03
Date

Accepted by FINRA:

8/13/09
Date

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

John S. Han
John S. Han
Senior Regional Counsel
FINRA Department of Enforcement
One Montgomery Street
Suite 2100
San Francisco, California 94104
(415) 217-1124; Fax: (415) 217-1201