

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2008011718001**

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

RE: Dinosaur Securities, L.L.C., Respondent
BD No. 104446

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Dinosaur Securities, L.L.C. ("Dinosaur" 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 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

Dinosaur has been a FINRA member since March 1, 2001. The firm is authorized to act as a broker/dealer engaging in: (1) retail corporate equity securities over-the-counter; (2) corporate debt securities; (3) mutual funds; (4) U.S. government securities; (5) municipal securities; (6) variable life insurance or annuities; (7) put and calls or options writing; and (8) tax shelters or limited partnerships in primary distributions. The firm is also authorized to act as: (1) an underwriter or selling group participant (corporate securities other than mutual funds); (2) a solicitor of time deposits in a financial institution; and (3) a non-exchange member arranging for transactions in listed securities by exchange members. The firm is also authorized to trade securities for its own account and engage in private placements of securities. The firm employs approximately 67 registered representatives.

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RELEVANT DISCIPLINARY HISTORY

The firm has no relevant disciplinary history.

OVERVIEW

During the period from November 7, 2006, through August 17, 2008 (the "Relevant Period"), the firm failed to open and maintain a Special Reserve Bank Account for its maintenance of customer funds and failed to maintain its minimum net capital requirement on two separate dates while conducting a securities business. In addition, the firm failed to disclose, include or maintain required information on research reports distributed by the firm or to maintain records of research appearances by research analysts. Moreover, the firm failed to restrict its research analyst from engaging in investment banking activities and to restrict compensation to a research analyst from being based upon specific investment banking transactions. Finally, the firm failed to adopt and implement adequate written supervisory procedures related to research analysts and research reports.

FACTS AND VIOLATIVE CONDUCT

1. During the Relevant Period, the firm held customer funds in a "facilitation account" which did not meet the requirements of a Reserve Bank Account, as required by the Securities Exchange Act of 1934 ("Exchange Act") Rule 15c3-3. By engaging in such conduct, the firm violated Exchange Act Rule 15c3-3 and NASD Conduct Rule 2110.
2. On March 31, 2008 and July 31, 2008, as a result of the firm's holding of customer funds, the firm's minimum net capital requirement was \$250,000. On March 31, 2008, while conducting a securities business, the firm maintained a net capital of (\$53,244.83) and therefore had a deficiency of \$303,244.83. On July 31, 2008, while conducting a securities business, the firm maintained a net capital of \$179,739.26 and therefore had a deficiency of \$70,260.74. By engaging in such conduct, the firm violated Exchange Act Rule 15c3-1 and NASD Conduct Rule 2110.
3. During the Relevant Period, the firm employed a research analyst who created and distributed research reports and engaged in public appearances. The research reports failed to meet the requirements set forth in NASD Conduct Rule 2711(h) as follows:
 - a. The firm failed to disclose for five research reports the percentage of securities rated by the member to which the member would assign a

"buy," "hold/neutral," or "sell" rating, in violation of NASD Conduct Rules 2711(h)(5)(A) and 2110;

- b. The firm failed to disclose for one report the valuation method used to determine the price target and disclose the risks that may impede achievement of the price target, in violation of NASD Conduct Rules 2711(h)(7) and 2110;
 - c. The firm failed to include for five reports, clear and comprehensive disclosures related to the valuation method contained in the report and the existence or lack of the firm's positions in the securities of the companies covered in the reports, and for two reports, failed to include the location of the required disclosures in a prominent, clear and comprehensive manner, in violation of NASD Conduct Rules 2711(h)(10) and 2110; and
4. During the Relevant Period, the firm failed to maintain records of public appearances by the firm's research analyst, in violation of NASD Conduct Rules 2711(h)(12) and 2110.
5. During the Relevant Period, the firm failed to restrict its research analyst from participating in efforts to solicit investment banking business on behalf of the firm, in violation of NASD Conduct Rules 2711(c)(4) and 2110.
6. During the Relevant Period, the firm failed to restrict its research analyst from receiving certain compensation based on specific investment banking services transactions by an individual in the investment banking department, in violation of NASD Conduct Rules 2711(d) and 2110.
7. NASD Conduct Rule 2711(i) requires that each member firm subject to Conduct Rule 2711 adopt and implement written supervisory procedures reasonably designed to ensure that the firm and its employees comply with the provisions of the rule governing research analysts and research reports. NASD Conduct Rule 3010(b) requires that each member firm establish, maintain, and enforce written procedures to supervise the types of business in which it engages. During the Relevant Period, the firm failed to adopt or implement written supervisory procedures reasonably designed to achieve compliance with applicable rules regarding the supervision of research activity and the approval of research reports, in violation of NASD Conduct Rules 2711(i), 3010(b), and 2110.

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

- o A Censure; and
- o A Fine of \$50,000.

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 Respondent proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim that Respondent 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

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 Respondent;
- 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:

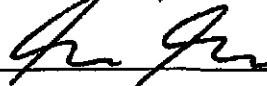
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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 Respondent'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. 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 Respondent 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 Respondent 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 the firm to submit it.

July 5, 2011
Date

Dinosaur Securities, L.L.C

By: 

Print Name and Title: Glenn Grossman President

Reviewed by:

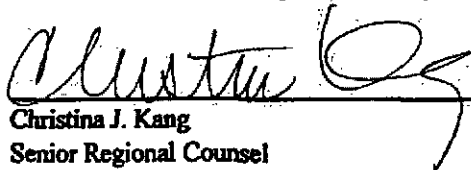


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Accepted by FINRA:

July 29, 2011
Date

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



Christina J. Kang
Senior Regional Counsel
FINRA Department of Enforcement
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