

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20080124442-05**

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

RE: Anthony Edward Guaimano, Respondent
General Securities Principal
CRD No. 1634902

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

I.

ACCEPTANCE AND CONSENT

- A. I 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

Anthony Edward Guaimano first entered the securities industry on February 12, 1987, when he associated with a FINRA member firm. Guaimano passed the Series 7 examination and registered as a General Securities Representative (GS) with that firm on March 21, 1987. On December 11, 1987, Guaimano terminated this association. On June 28, 1994, Guaimano re-entered the securities industry when he associated with another FINRA member firm. Guaimano passed the Series 7 examination and registered as a GS with that firm on August 2, 1994. On about March 7, 1997, Respondent Guaimano became associated with FINRA member firm Stone & Youngberg, LLC as a GS. On March 18, 2003, Guaimano also registered as a General Securities Principal (GP) with Stone & Youngberg. Respondent Guaimano remained registered with Stone & Youngberg in those capacities until he voluntarily left the firm on

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February 12, 2008. Guaimano is currently registered with another FINRA member firm as a GS and GP.

OVERVIEW

Between January 2006 and January 2008, Guaimano, while associated with Stone & Youngberg, executed approximately 69 matched buy-sell trades in collateralized mortgage obligation (CMO) bonds with DG, a registered principal and trader with a former FINRA member firm. DG initiated the matched transactions by contacting Guaimano to coordinate the buy and sell arrangement whereby Guaimano purchased one of approximately 16 different CMO bonds from DG, then sold them back to DG, generally realizing a profit on the sale of approximately 1/32 of a cent per bond. Guaimano participated in the transactions as an accommodation to DG, who told Guaimano that the purpose of the trades was to "refresh" his inventory by selling bonds he had held for the maximum period allowed by his employer, then repurchasing them shortly thereafter. Guaimano's transactions were approved by principals of his employing firm. The transactions, however, were part of a scheme devised by DG, but unknown to Guaimano, for the purpose of deceiving and misleading his employer by concealing inventory positions and creating illusory trading profits.

FACTS AND VIOLATIVE CONDUCT

From January 27, 2006, through January 31, 2008 (relevant period), Guaimano was responsible for the activity in a Stone & Youngberg proprietary trading account (Proprietary Account). Guaimano received a salary for trading the Proprietary Account and was not compensated on the basis of the Proprietary Account's profitability. During the relevant period, Guaimano effected 138 CMO bond trades, consisting of 69 paired purchases and sales, in the Proprietary Account with DG as the counterparty. Each pair of matched transactions was pre-arranged and directed by DG. DG and Guaimano traded the bonds at prices consistent with the current market for the securities. Simultaneously, DG agreed to repurchase the bonds from Guaimano at a specified time (typically, the next business day) at an agreed-upon price that usually provided Stone & Youngberg with a profit of 1/32 of a cent per bond. From time to time, Guaimano participated in pre-arranged transactions in which he did not take a profit. As a result of the riskless principal CMO transactions in the Proprietary Account described above, Guaimano generated trading profits, markups, and interest income for his employer of approximately \$455,144.23.

Guaimano participated in the pre-arranged trading with DG as an accommodation based upon Guaimano's belief that DG was "refreshing" his CMO bond inventory in order to maintain positions he wished to maintain and still be in technical compliance with inventory risk controls at his employer relative to the length of time positions could be held in proprietary accounts.

Guaimano, however, knew or should have known that the pre-arranged nature of the trades, particularly the agreement that DG would repurchase the securities in short order, caused beneficial ownership of the securities to remain with DG's employer. Guaimano, therefore, should have known that DG's effort to create the appearance of compliance with the inventory restrictions by liquidating positions could only succeed if DG concealed from his employer the fact that he had committed to repurchase the bonds from Guaimano at the same or a higher price. Consequently, Guaimano should have known that his participation in the pre-arranged transactions enabled DG to deceive his employer as to its inventory positions and risk.

Each instance, in which Guaimano engaged in pre-arranged trading at DG's direction as described above, constituted conduct inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of NASD Conduct Rule 2110 then in effect.

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

A six week suspension from association with any member of FINRA in any and all capacities and a fine of \$10,000.00.

I agree to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I 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 FINRA Rules 8310 and 8311).

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

II.

WAIVER OF PROCEDURAL RIGHTS

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

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

I 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

I 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 me; and

C. If accepted:

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

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

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

01/18/2011

Date (mm/dd/yyyy)



Anthony Edward Onimano

Reviewed by:



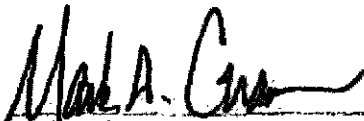
Alvin L. Fishman, Esq.
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San Francisco, CA 94104

Accepted by FINRA:

02/25/2011

Date

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



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