

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20080134909**

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

RE: Eric Vallejo, Respondent
General Securities Representative
General Securities Principal
Series 55 Equity Trader
CRD No. 1754908

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Eric Vallejo ("Vallejo"), 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 me alleging violations based on the same factual findings described herein.

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

Respondent Vallejo entered the securities industry in November 1987, and was first registered as a general securities representative of an NASD member during November, 1987, and as a general securities principal during April 1998. Vallejo registered as a Series 55 Equity Trader during September 2000. Vallejo has been registered with Newbridge Securities Corp. ("Newbridge") since November 20, 2000. Vallejo was hired to be the firm's Head Trader, and retains that position today.

RELEVANT DISCIPLINARY HISTORY

Vallejo has prior disciplinary history with the NASD and the SEC. On March 14, 2008, pursuant to an AWC, Vallejo was censured and fined \$10,000, joint and several with Newbridge, for violations of NASD Rules 3010 and 2110 (Disc. Proc. No. E072003019507).

On July 25, 2008, the SEC filed an enforcement action against Vallejo for failing to supervise a Newbridge trader. Vallejo settled with the SEC on March 6, 2009, and agreed to a censure, a 9-month suspension from acting in a supervisory capacity with any broker or dealer, disgorgement in the amount of \$12,919, a civil money penalty in the amount of \$20,000, and an undertaking to provide an affidavit that he has complied with the sanction and to cooperate with the SEC.

OVERVIEW

While a registered representative at Newbridge, Vallejo violated NASD Rules 3010 and 2110 in that he failed to supervise two Newbridge registered representatives, who were facilitating the manipulative trading of the stock of Global Triad, Inc. ("GTRD") in the Newbridge accounts of a group of control persons and promoters of GTRD (the "GTRD Trading Group").

FACTS AND VIOLATIVE CONDUCT

Manipulative Trading in GTRD Stock

Between February 2004 and August 2004 (the "GTRD Relevant Period"), Newbridge facilitated, through its registered representatives DK and BH, the manipulative trading of the stock of GTRD, a company created as the result of a reverse merger with SWI. GTRD was a penny stock traded on the Pink Sheets. Accounts at Newbridge were used by the GTRD Trading Group to execute pre-arranged in-house agency cross and wash transactions in GTRD. These transactions were manipulative in nature in that they were intended by the GTRD Trading Group to generate volume in GTRD and to support or increase the price of GTRD stock.

The GTRD Trading Group executed 20 manipulative trades through their Newbridge accounts during the GTRD Relevant Period that were pre-arranged in-house agency cross transactions between and among the GTRD Trading Group, Newbridge trading accounts and other Newbridge customers. Three of these transactions were also wash transactions in that they were made between individuals and the corporate entities that they controlled. On five of the trading days, the cross trades accounted for a significant percentage of the daily trading volume. Twelve of the cross-trades were executed at or above the inside bid price, and five were the last trade of the day, likely having an upward effect on the price of the stock.

During the GTRD Relevant Period, 8,815,262 GTRD shares traded and Newbridge was responsible for 24% of the trading volume. On 27 trading days during this period, Newbridge was responsible for more than 50% of the total daily trading volume. For seven of these days, Newbridge's trading consisted of 100% of the entire trading volume.

Vallejo's Failure to Supervise DK and BH

Vallejo failed to supervise DK and BH in connection with the manipulative trading in GTRD stock by the GTRD Trading Group. During the GTRD Relevant Period, the Firm delegated to Vallejo general supervisory responsibility over the Trading Department, including ensuring that

there was no improper trading in the Trading Department. While specific responsibility for supervision of certain of the activities of DK and BH was delegated to others than Vallejo, Vallejo, as Head Trader, failed to reasonably supervise the activities of DK and BH to detect and prevent the manipulation of GTRD securities.

Vallejo was aware or should have been aware of unusual activities relating to the trading of the GTRD shares by DK and BH. Vallejo, who was responsible for order flow through the Trading Department, was aware or should have been aware of the suspicious repeated cross and wash trades between and among the GTRD Trading Group that were entered by DK and BH. Vallejo also was aware or should have been aware that many of the GTRD trades were executed at or near the inside bid price and were in some cases the last trade of the day. The pricing and timing of the trades should have alerted him to the fact that the GTRD Trading Group was attempting to create volume and price support in the stock. The cross, wash, and prearranged trading in violation of the Firm's policies and procedures should have prompted Vallejo to take steps to stop the trading in GTRD stock. Vallejo, however, did not do anything to stop the improper trading. Finally, Vallejo had a financial interest in allowing the manipulative trading to continue in that it generated commissions for which he received an override. Vallejo's failure to supervise DK and BH violated NASD Rules 3010 and 2110.

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

1. to be suspended from association with any FINRA member firm in a principal capacity for 30 days; and
2. to pay a \$5,000 fine.

I agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is 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 imposed in this matter.

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

and my right to do so.

OTHER MATTERS

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.

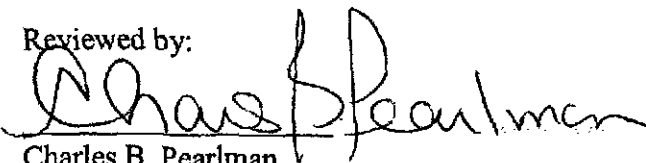
I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

Date

5/12/10

Eric Vallejo, Respondent

Reviewed by:



Charles B. Pearlman

Counsel for Respondent

Charles B. Pearlman, Esq.

Quintairos, Prieto, Wood & Boyer, P.A.

One East Broward Blvd.

Suite 1400

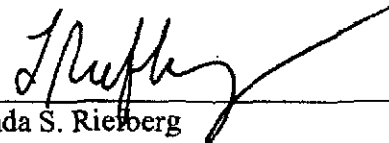
Fort Lauderdale, FL 33301

(954) 523-7008

Accepted by FINRA:

May 27, 2010
Date

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



Linda S. Rieberg

Chief Counsel

FINRA Department of Enforcement

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