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FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20080138854-01

2009 JUN 10 P 7:35

REGISTRATION & DISCLOSURE

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

RE: Alpine Securities Corporation, Respondent
Broker-Dealer
CRD No. 14952

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Alpine Securities Corporation (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 the firm alleging violations based on the same factual findings described herein.

L.

ACCEPTANCE AND CONSENT

- A. The firm 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

The firm became a member of FINRA in 1984, and its registration remains in effect. It has the following relevant disciplinary history.

- In September 2007, FINRA accepted the firm's AWC (20050030784) in which the firm agreed to a censure and a total fine of \$15,000, which included a \$5,000 fine for deficient written supervisory procedures concerning the submission of electronic blue sheet data from January to August 2005.
- In May 2007, FINRA accepted the firm's AWC (20060044708) in which the firm agreed to a censure and a total fine of \$27,500, which included an unspecified fine amount for deficient written supervisory procedures for compliance with Reg SHO from October 1 to December 31, 2005.

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- In September 2005, FINRA accepted the firm's AWC (20050001590) in which the firm agreed to a censure and a total fine of \$22,500, which included an unspecified fine amount for violations of NASD Rules 2110 and 3010 for inadequate written supervisory procedures in the areas of anti-money laundering, books and records, and discretionary trading authority, and a failure to enforce certain written supervisory procedures, from 2002 to 2004.
- In April 2005, FINRA accepted the firm's AWC (CLG050041/20042000206) in which the firm agreed to a censure and a total fine of \$20,000, \$10,000 of which was for violations of NASD Rules 2110 and 3010 for deficient written supervisory procedures relating to compliance with the rules for the Order Audit Trail System ("OATS"), from October 1 to December 31, 2003.

SUMMARY

This matter is the result of the Department of Market Regulation's 2008 Trading and Market Making Surveillance examination of the firm. The on-site portion of the examination took place from July 29 to August 1, 2008. Attached as an exhibit is a list of the items the staff reviewed during the on-site examination for trade dates June 2 - 8, 2008.

FACTS AND VIOLATIVE CONDUCT

1. From June 2 to June 8, 2008, in eight instances, the firm failed to disclose correct information on customer confirmations. Specifically, in four instances, the firm failed to disclose the correct capacity, the reported price, and that a commission was a commission equivalent. In three instances, the firm incorrectly disclosed that the firm was a market maker. In one instance, the firm disclosed an incorrect price. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 10b-10.
2. During the period June to September 2008, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of NASD, concerning order handling, best execution, trade reporting, sales transactions, SEC Reg SHO, and OATS. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (1) a statement of the supervisory steps to be taken by the persons identified in the procedures; and (2) a statement as to how the completion of the steps included in the written supervisory procedures should be documented. The conduct described in this paragraph constitutes violations of NASD Rules 2110 and 3010.

B. The firm also consents to the imposition of the following sanctions:

A censure and a fine of \$18,500 (comprised of a \$6,000 fine for the Rule 10b-10 violations and a \$12,500 fine for the supervision violations), and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph I.A.2 above. Within 30 days of acceptance of this AWC by the National Adjudicatory Council ("NAC"), a registered principal of the Respondent shall submit to the **COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850**, a signed, dated letter, or an e-mail from a work-related account of the registered principal to *MarketRegulationComp@finra.org*, providing the following information:

- (1) a reference to this matter;
- (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraph I.A.2; and
- (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. The firm has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that it is 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

The firm specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the firm;
- 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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudice 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.

The firm 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

The firm 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 the firm; and
- C. If accepted:
 - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm'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. The firm 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. The firm 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 the firm's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it 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 it has agreed to the AWC's 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.

5-6-09
Date

Respondent
Alpine Securities Corporation

By: Clark Johnston
Name: Clark Johnston
Title: PRESIDENT

Reviewed by:

Counsel for Respondent

Accepted by FINRA:

6/8/09
Date

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

Thomas R. Gira
Thomas R. Gira
Executive Vice President
Department of Market Regulation

Alpine Securities Corporation
2008 Trading and Market Making Surveillance Examination
Matter No. 20080138854

The staff reviewed the following samples during the examination:

<u>Sample Size</u>	<u>Review Area</u>	<u>Sample Source</u>
105	Customer and proprietary sell orders, for compliance with SEC Rules 200(g)	from trade dates June 2-8, 2008
226	Trades reported to a TRF or OCTRF, for compliance with NASD Rule 6130	from trade dates June 2-8, 2008
7	Limit orders for NMS securities in which the member acts as an exchange market maker, for compliance with the display requirements of SEC Rules 602 and 604 and Nasdaq Rule 3390	from trade dates June 2-8, 2008
25	Orders for compliance with best execution requirements of NASD Rule 2320	from trade dates June 2-8, 2008
25	Customer confirmations, for compliance with SEC Rule 10b-10	from trade dates June 2-8, 2008
50	Orders in securities required to be submitted to OATS, for compliance with NASD Rules 6954 6955 and Nasdaq Rules 6954 and 6955	from trade dates June 2-8, 2008
1	Quarterly Routing Report, for compliance with SEC Rule 606	June 2008
5	CRD registration records for persons conducting or supervising the firm's trading and market making activities, for compliance with NASD Rule Series 1020, 1030 and 1040 and Nasdaq Rule Series 1020, 1030 and 1040	from staff in place in June 2008
25	Orders entered into Nasdaq Exchange execution systems, for general compliance with NASDAQ Rules 2110 and 4755	from trade dates June 2-8, 2008
143	Records prepared and maintained in connection with the samples herein, for compliance with SEC Rules 17a-3 and 17a-4 and NASD Rule 3110	from trade dates June 2-8, 2008
N/A	Orders underlying data reviewed for NMS securities in which the firm acts as a market center, for compliance with SEC Rule 605	June 2008
All Provided	Member's supervisory and operational policies and procedures and documentation evidencing execution of the policies and procedures, for compliance with SEC Rules 610, 611 and 612	June 2008
N/A	The firm's establishment and implementation of "regular & rigorous" reviews of the execution quality of orders sent to other market centers and internalized, for compliance with NASD Rules 2320 and 3010	based on WSPs in effect during May to September 2008

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N/A	The firm's establishment and implementation of a supervisory system and written supervisory procedures, for compliance with NASD Rule 3010	based on WSPs in effect during May to September 2008
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