

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

NO. 2008014350801

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REGISTRATION & DISCLOSURE

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

RE: Stephen M. Maher, Respondent
General Securities Representative
CRD No. 807523

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I 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.

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

In May 1976, Stephen M. Maher ("Maher") first became registered with FINRA as a General Securities Representative. From June 2003 to July 25, 2008, he was registered in that capacity and as a Registered Options Principal through 1ST Discount Brokerage, Inc. ("Firm"). Maher has not been associated with any FINRA member firm since July 25, 2008.

RELEVANT DISCIPLINARY HISTORY

Maher has no disciplinary history with FINRA. On October 7, 2008, the Pennsylvania Securities Commission issued an Order under which it permanently barred Maher from, among other things, being registered as a broker-dealer, agent, investment advisor or investment advisor representative in Pennsylvania.

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OVERVIEW

Maher improperly borrowed money from two customers and willfully failed to amend his Form U4 ("U4"), or cause it to be amended, to disclose material facts. This conduct violated NASD Conduct Rule 2370 ("Rule 2370"), NASD Conduct Rule 2110 ("Rule 2110") and NASD IM-1000-1 ("IM-1000-1").

FACTS AND VIOLATIVE CONDUCT

1. In January 2004, Maher borrowed \$10,000 from a customer of his at the Firm. From June 2004 to June 2006, Maher borrowed a total of \$60,000 from a different customer of his at the Firm. When he borrowed the funds from the two customers, the Firm's written policies prohibited representatives from borrowing money from a customer. Moreover, Maher did not at any time notify the Firm about the borrowings.

By borrowing funds from customers in contravention of the Firm's written policies and without disclosure to the Firm, Maher violated Rule 2370 and Rule 2110.

2. On about September 12, 2007, a customer from whom Maher had borrowed money filed a civil lawsuit against him seeking to recover the unpaid loan balance. On October 15, 2007, a default judgment was entered against Maher for about \$6,600. The judgment remained unsatisfied through July 25, 2008 when Maher's association with the Firm ended. The unsatisfied judgment constituted a material fact for purposes of Maher's U4, requiring disclosure under Question 14M. From October 16, 2007 through July 25, 2008, Maher willfully failed to amend his U4, or cause it to be amended, to disclose the unsatisfied judgment.

On about January 2, 2008, the Internal Revenue Service ("IRS") obtained a tax lien against Maher and his wife in the approximate amount of \$43,660. The federal tax debt remained unsatisfied and the IRS lien remained in effect through July 25, 2008 when Maher's association with the Firm ended. The IRS lien constituted a material fact for purposes of Maher's U4, requiring disclosure under Question 14M. From January 3, 2008 through July 25, 2008, Maher willfully failed to amend his U4, or cause it to be amended, to disclose the IRS lien.

By failing to amend his U4 or cause it to be amended to disclose material facts, Maher violated Rule 2110 and IM-1000-1.

- B. I also consent to the imposition of the following sanction:

- a bar from association with any FINRA member in any capacity.

I understand that if I am barred from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar (see FINRA Rules 8310 and 8311).

I understand that this settlement includes a finding that I willfully failed to disclose material facts on a Form U4, and that under Section 15(b)(4)(A) of the Securities Exchange Act of 1934 and Article III, Section 4 of the FINRA By-Laws, this nondisclosure makes me subject to a statutory disqualification with respect to association with a member.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar shall become effective upon approval or acceptance of this AWC.

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.

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.

6-24-09

Date

Stephen M. Maher

Stephen M. Maher
Respondent

Accepted by FINRA:

July 13, 2009

Date

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

Thomas M. Huber

Thomas M. Huber
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FINRA Department of Enforcement
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