

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009015971101**

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

RE: Geoffrey Richards Securities Corp., Respondent
Member
CRD No. 120007

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Geoffrey Richards Securities Corp. 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.

I.

ACCEPTANCE AND CONSENT

- A. Geoffrey Richards 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

Geoffrey Richards is a FINRA member and has been such since June 2002. The firm maintains its principal place of business and sole office in Hypoluxo, Florida. Geoffrey Richards currently employs four registered persons. The firm conducts a general retail securities brokerage business.

RELEVANT DISCIPLINARY HISTORY

Geoffrey Richards does not have a relevant disciplinary history.

OVERVIEW

Between August 17, 2007 and December 31, 2008, Geoffrey Richards committed several electronic communications-related violations. As a result of the foregoing, the firm violated Section 17(a) of the Securities Exchange Act of 1934, Exchange Act Rule 17a-4, NASD Conduct Rules 3010, 3110, and 2110 (from August 15, 2007 through December 14, 2008), and FINRA Rule 2010 (from

December 15, 2008 through December 31, 2008).

FACTS AND VIOLATIVE CONDUCT

Geoffrey Richards failed to preserve all of its business-related electronic communications generated between October 1, 2008 and December 31, 2008. During that time period, the firm attempted to preserve such communications by burning them to a non-rewriteable, non-erasable disc on a monthly basis. However, this process was deficient because it did not result in all such communications being saved to the disc. Geoffrey Richards did not identify this deficiency in its audit of its electronic communications preservation system.

From at least March 11, 2008 through December 31, 2008, in contravention of its written supervisory procedures, Geoffrey Richards permitted two registered representatives to use outside or non-firm-sponsored e-mail accounts to send and receive securities business-related e-mails. However, e-mails sent to or from those accounts were not captured by the firm's preservation process and thus not retained by the firm and also not reviewed by the firm.

In addition, from at least August 15, 2007 through December 31, 2008, Geoffrey Richards relied exclusively on electronic storage media to preserve its business-related electronic communications. However, the firm did not retain a third party who had access to and the ability to download information from its electronic storage media.

As a result of the foregoing, Geoffrey Richards violated Section 17(a) of the Exchange Act, Exchange Act Rule 17a-4, NASD Conduct Rules 3010, 3110, and 2110 (from August 15, 2007 through December 14, 2008), and FINRA Rule 2010 (from December 15, 2008 through December 31, 2008).

B. Geoffrey Richards also consents to the imposition of the following sanctions:

A censure and \$25,000 fine.

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

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

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against it;
- 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, Geoffrey Richards 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.

Geoffrey Richards 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

Geoffrey Richards 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 it; and
- C. If accepted:

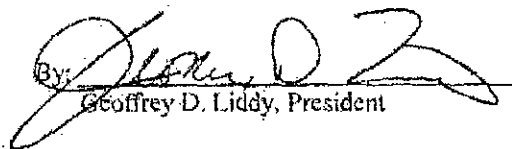
1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against it;
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary 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. Geoffrey Richards may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Geoffrey Richards 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 Geoffrey Richards, 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 Geoffrey Richards 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.

Geoffrey Richards Securities Corp.

3/28/2011
Date (mm/dd/yyyy)

By: 
Geoffrey D. Liddy, President

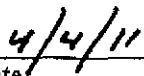
Reviewed by:



Mark G. Vaughan, Esq.
3982 Kingsberry Road
Seaford, NY 11783
Phone: (631) 673-3222

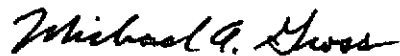
Counsel for Respondent

Accepted by FINRA:



Date

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



Michael A. Gross, Esq.
Senior Regional Counsel
FINRA – Department of Enforcement
2500 N. Military Trail, Suite 302
Boca Raton, FL 33431-6324
Phone: (561) 443-8125; Fax: (561) 443-7998

STATEMENT OF CORRECTIVE ACTION

This Statement of Corrective Action is submitted by Respondent Geoffrey Richards Securities. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.

Since being notified of the alleged inadequacies and alleged violations by FINRA, Geoffrey Richards Securities has taken the following actions:

revised its written supervisory procedures to specifically address and forbid registered representatives from using personal e-mail accounts for any business related purposes, and required all registered representatives to sign a form attesting to their understanding of this procedure and agreement to abide by it under penalty of sanction by the firm; and

revised its written supervisory procedures regarding e-mail communications and retained the services of a third-party vendor (SECCAS, now part of USA.NET) to capture and store all e-mails sent or received by the firm, and to perform all appropriate and required audit, storage, indexing and/or archiving activities concerning such e-mails, as follows:

SECCAS will capture and store all incoming and outgoing e-mail messages to ensure full compliance with SEC Rule 17a-4 and FINRA Rule 3010. The SECCAS Compliance Manager is used to perform the review and supervision; only the Firm Principals, Richard A. Ferazi and Geoffrey D. Liddy, can gain access via unique logins.

The Firm has appointed an E-Mail Reviewer, Richard A. Ferazi, who will review a sampling of e-mail transmissions, a percentage not to be below 60% of the total transmissions.

The sample shall be chosen at random AND based on key words or phrases as identified by the designated Principal that are relevant to the Firm's business. Currently, the Firm has designated the following words or phrases for review: guarantee, off the record, buy now, sell, trust me, commissions, bonus, performance, cash and loan. This sample may be adjusted as business needs change or if it is determined that additional supervision of all or certain registered persons is required.

The sampling shall be reviewed at least weekly. Evidence of this review is recorded in the SECCAS Compliance Manager by having any reviewed e-mail indicated "approved", meaning a Supervisory Principal has reviewed said e-mail. Furthermore, on a monthly basis, a Supervisor Activity Detail Report will be generated, which summarizes the total amount of transmissions during the period and the total amount reviewed by number and percentage.