

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009016138801**

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

RE: Dahlman Rose & Company, LLC, Respondent
(BD No. 23510)

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

I.

ACCEPTANCE AND CONSENT

- A. Respondent 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

Dahlman Rose & Company, LLC ("Dahlman" or "the Firm") has been a member of FINRA since April 14, 1989. The Firm is also a member of ARCA and NQX. The Firm is engaged in research, sales and trading, investment banking and brokerage services focusing on institutional customers. The Firm has approximately 116 registered employees.

RELEVANT DISCIPLINARY HISTORY

Dahlman has no relevant disciplinary history with any federal or state agency or any self-regulatory organization.

OVERVIEW

During the relevant period, Dahlman permitted a principal to approve research

000064032 2011

reports prepared by the firm's research analyst and issued by the firm when he was not qualified to do so. In addition, as detailed below, Dahlman committed violations of various provisions of NASD Conduct Rule 2711(h), which establishes disclosure requirements for research analysts and research reports, NASD Conduct Rule 2110 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Membership and Registration

Pursuant to NASD Membership and Registration Rule 1022(a)(5), a person registered solely as a General Securities Principal shall not be qualified to supervise the conduct of a "research analyst" as defined in Rule 1050, or a supervisory analyst qualified pursuant to Rule 344 of the New York Stock Exchange who approves research reports on equity securities as permitted by Rule 2210(b)(1), unless such principal has passed a Qualification Examination as specified by the Board of Governors (a "Qualification Examination"). During the period November 2007 through May 2009, Dahlman permitted a person registered solely as a General Securities Principal who had not passed a Qualification Examination to approve four research reports prepared by a research analyst at the firm who reported to him that were issued by the firm. By reason of the foregoing, Dahlman violated NASD Membership and Registration Rule 1022(a)(5), NASD Conduct Rule 2110 and FINRA Rule 2010.

Disclosure Requirements for Research Reports

In May 2008, Dahlman co-managed an initial public offering of securities for a particular company. On or about September 23, 2008, Dahlman published a research report regarding that company, which did not disclose that Dahlman had co-managed an initial public offering of securities for the company in the past 12 months. By reason of the foregoing, Dahlman violated NASD Conduct Rules 2711(h)(2)(A)(ii)(a) and 2110.

On February 3, 2009, Dahlman began making a market in a particular company's securities. On the same day, Dahlman published a research report concerning the same company that did not disclose that Dahlman was making a market in the subject company's securities. By reason of the foregoing, Dahlman violated NASD Conduct Rule 2711(h)(8) and FINRA Rule 2010.

On June 4, 2008, September 23, 2008, February 3, 2009 and March 19, 2009, Dahlman published research reports containing disclosures required by NASD Conduct Rule 2711(h) that were not presented on or referred to on the front page of such reports. By reason of the foregoing, Dahlman violated NASD Conduct

Rules 2711(h)(10) and 2110 and FINRA Rule 2010.

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

- A censure; and
- A fine in the amount of \$17,500

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

Respondent specifically and voluntarily waives any right to claim that Respondent is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter

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

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against Respondent;
- 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, Respondent specifically and voluntarily waives 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.

Respondent 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.

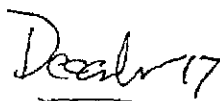
OTHER MATTERS

Respondent 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 Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent 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. Respondent 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. Respondent 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. Respondent 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.

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 Respondent 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.


Date: November 17, 2010

Accepted by FINRA:

January 31, 2011
Date

DAHLMAN ROSE & COMPANY, LLC

By:


Robert Brinberg
Chief Operating Officer

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



Samuel Barkin
Senior Regional Counsel
FINRA Department of Enforcement
One Liberty Plaza
New York, NY 10006
(212) 858-4074