

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009016267801**

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

RE: First Dallas Securities Incorporated, Respondent
Member
CRD No. 24549

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent First Dallas Securities Incorporated 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 it 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

First Dallas Securities Incorporated ("First Dallas") has been a member of FINRA since July 1989. The firm conducts a general securities business. The firm has 14 registered representatives conducting business in one office located in Dallas, Texas.

RELEVANT DISCIPLINARY HISTORY

On November 11, 2008, the firm was censured and fined \$50,000 for violating NASD Rules 1120, 2110, 2711, and 3010. Specifically, the firm failed to properly supervise research analysts, to provide adequate disclosures in research reports, and to implement necessary written supervisory procedures.

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OVERVIEW

From January 1, 2006 until March 5, 2010, the firm failed to file with FINRA for approval of a material change in ownership or control at least 30 days prior to a 25% or greater indirect change in ownership or control. Such acts, practices, and conduct violated NASD Rules 1017(a)(4) and 2110 and FINRA Rule 2010 by First Dallas.

FACTS AND VIOLATIVE CONDUCT

On January 1, 2006, First Dallas implemented a succession plan that resulted in the transfer of ownership from the firm's chairman and majority shareholder to his three children who were at that time minority shareholders. The transfer represented 27.91% of the voting shares in the firm's holding company. First Dallas failed to file for approval by FINRA of a material change in ownership or control related to the transfer until March 5, 2010, over four years after the transfer had taken place. The firm therefore failed to file for approval of a material change in ownership or control at least 30 days prior to a 25% or greater indirect change in ownership or control. Such acts, practices, and conduct violated NASD Rules 1017(a)(4) and 2110 and FINRA Rule 2010 by First Dallas. The conduct occurring between January 1, 2006 and December 14, 2008 violated NASD Rule 2110, and the conduct occurring between December 15, 2008 and March 5, 2010 violated FINRA Rule 2010.

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

A censure and monetary fine in the amount of \$10,000.

Respondent agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payment is due and payable.

Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent 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

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.

The undersigned, on behalf of the firm, certifies that Respondent 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 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 it to submit it.

02/17/2011
Date (mm/dd/yyyy)

[Signature]
Respondent First Dallas Securities Incorporated

By: ROBERT KERCH

Accepted by FINRA:

03/17/2011
Date

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

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