

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009016405901**

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

RE: Tod Bretton, Respondent
Registered Representative
CRD No. 2258323

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

On December 7, 1992 and February 21, 1996, Tod Bretton ("Bretton") became registered with FINRA as a General Securities Representative and a General Securities Principal, respectively, through a member firm. On February 22, 2001, Bretton became registered in those same two capacities through Prestige Financial Center, Inc. (the "Firm"). Those registrations, however, were terminated on May 23, 2001 because Bretton did not submit his fingerprint card. On June 14, 2002, Bretton became registered as an Equity Trader, and, on August 21, 2002 and February 26, 2003, he again became registered as a General Securities Representative and General Securities Principal, respectively, through the Firm. Bretton remained associated with the Firm until November 17, 2009. He is not currently associated with a member firm. Bretton has no FINRA disciplinary history.

OVERVIEW

From at least September 2006 through June 2009 (the "relevant time period"), Bretton engaged in a fraudulent trading scheme through which he concealed

improper mark-ups and denied customers best execution. As part of this scheme, Bretton falsified order tickets and created inaccurate trade confirmations. The hidden profits were captured in a Firm account, from which Bretton received a one-third share. Bretton also failed to appear for an on-the-record interview (“OTR”) requested by FINRA staff. This conduct violated NASD Conduct Rules 2120, 2320, 3110 and 2110, IM-2310-2, FINRA Rules 2020, 8210 and 2010, and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rules 10b-5 and 10b-10 thereunder.

FACTS AND VIOLATIVE CONDUCT

Fraudulent Trading Scheme

During the relevant time period, Bretton, then the Chief Compliance Officer and Head Trader for the Firm, engaged in a fraudulent trading scheme that took advantage of customers placing large orders (generally 1,000 shares or more) to buy or sell equities. Rather than effecting the trades in the customers’ accounts, he placed the order in a Firm proprietary account. Bretton would then increase or decrease the price per share for the securities purchased or sold, respectively, by approximately \$.02 to \$.05 above/below the market price, before ultimately allocating the shares or proceeds to the customers’ accounts. This improper price change was not disclosed to or authorized by the customers. Bretton’s trading scheme generated approximately \$1.3 million in profits for the proprietary accounts during the relevant time period. Based on his 33% interest in these accounts, Bretton earned approximately \$429,000 from this scheme.

In furtherance of the fraudulent trading scheme, Bretton, throughout the relevant time period, entered false information on the corresponding order tickets regarding the share price and the time the customer order ticket was received, entered and executed. Moreover, the corresponding trade confirmations inaccurately reflected the price, mark-up and/or commission charged and the order capacity.

By engaging in the fraudulent trading scheme, trading ahead of customer orders, falsifying order tickets and trade confirmations, and/or failing to arrange for best execution, Bretton willfully violated Section 10(b) of the Exchange Act and Rules 10b-5 and 10b-10 thereunder, violated NASD Conduct Rules 2120 (for conduct before December 15, 2008), 2320, 3110 and 2110 (for conduct before December 15, 2008), IM-2310-2, and FINRA Rules 2020 and 2010 (both FINRA rules apply for conduct after December 14, 2008).

Failure to Testify

On October 22, 2009, FINRA staff sent Bretton a letter requiring him, pursuant to FINRA Rule 8210, to appear and testify at an OTR scheduled for November 2, 2009 in Woodbridge, New Jersey. The OTR was requested in connection with an

investigation into, among other things, the trading scheme described above. Bretton, however, failed to appear for the OTR. By failing to appear for the OTR, Bretton violated FINRA Rules 8210 and 2010.

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 or suspended 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 or suspension (see FINRA Rules 8310 and 8311).

I understand that this settlement includes a finding that I willfully violated Section 10(b) of the Exchange Act and Rules 10b-5 and 10b-10 promulgated thereunder, and that under Article III, Section 4 of FINRA's By-Laws, this makes me subject to a statutory disqualification with respect to association with a member.

The sanction imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion 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.

3/23/10
Date

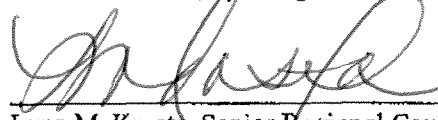


Tod Bretton
Respondent

Accepted by FINRA:

4/29/10
Date

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



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