

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090176538-01**

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

RE: [REDACTED] Respondent
Member Firm
CRD No. [REDACTED]

and

Michael W. Beardsley
General Securities Principal
General Securities Representative
Investment Banking Representative
CRD No. 2546470

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent [REDACTED] and Respondent Michael W. Beardsley 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 Respondents alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondents 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

[REDACTED] has been a FINRA member since July 2000. The firm conducts a general securities business. It operates from one main office and employs approximately 13 registered representatives.

Beardsley entered the securities industry in September 1994 by filing a Form U4 to become associated with a FINRA member. He first became registered as a General Securities Representative in January 1995. In January 1999, Beardsley became the president and chief executive officer of [REDACTED] where he

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has been registered since July 2000 as a General Securities Representative and General Securities Principal. In April 2010, he also became registered as an Investment Banking Representative.

RELEVANT DISCIPLINARY HISTORY

Respondents have no disciplinary history.

OVERVIEW

██████████ acting through Beardsley, conducted a securities business on four dates in March 2009 while failing to maintain its required minimum net capital.

FACTS AND VIOLATIVE CONDUCT

At all times relevant to this AWC, ██████████ was required to maintain minimum net capital of \$5,000.

On March 5, 2009, the State of California issued a Notice of Levy against ██████████ in the amount of \$16,097.90. The Notice was sent to Beardsley as president of ██████████ but he failed to notify any other firm personnel, including the firm's offsite Financial and Operations Principal ("FinOP"), about the levy until March 19, 2009. Because the FinOP did not have ready access to ██████████ books and records, he was unable to calculate the firm's net capital before leaving the country the next day on a week-long trip.

The levy caused ██████████ to fall below its required minimum net capital. On March 10, 2009, the firm's net capital was (\$18,390.15), constituting a deficiency of \$23,390.15. On March 17, 2009, the firm's net capital was (\$17,358.14), constituting a deficiency of \$22,358.14. On March 19, 2009, the firm's net capital was (\$18,100.98), constituting a deficiency of \$23,100.98. On March 24, 2009, the firm's net capital was (\$13,269.39), constituting a deficiency of \$18,269.39. On each of the foregoing dates, ██████████ conducted a securities business, consisting of purchases or sales of equities.

By conducting a securities business while failing to maintain minimum required net capital, ██████████ violated Exchange Act Rule 15c3-1 and FINRA Rule 2010.

By allowing ██████████ to conduct a securities business while failing to maintain required minimum net capital, Beardsley violated FINRA Rule 2010.

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

1. As to Beardsley only: a suspension from association with all FINRA members in all principal capacities for a period of 15 business days; and

2. As to both [REDACTED] and Beardsley: a \$5,000 joint and several fine.

Respondents agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondents have submitted Election of Payment forms showing the method by which they propose to pay the fine imposed.

Respondents specifically and voluntarily waive any right to claim that they are 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

Respondents specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against Respondents;
- 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, Respondents 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.

Respondents 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

Respondents 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 Respondents;
- C. If accepted:
 - 1. this AWC will become part of Respondents' permanent disciplinary records and may be considered in any future actions brought by FINRA or any other regulator against Respondents;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondents' disciplinary records;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. Respondents 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. Respondents 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 Respondents' right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party; and
- D. Respondents may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that they 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.

Beardsley, on behalf of himself and [REDACTED] certifies that he has read and understands all of the provisions of this AWC; that Respondents have been given a full opportunity to ask questions about it; that Respondents 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 Respondents to submit it.

6/2/10
Date

6/2/10
Date

Michael W. Beardsley
Respondent Michael W. Beardsley

Respondent

By: Michael W. Beardsley
Michael W. Beardsley, President & CEO

Accepted by FINRA:

06/15/2010
Date

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

John S. Han
John S. Han
Senior Regional Counsel
FINRA Department of Enforcement
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