

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090181037-01**

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

RE: Financial West Investment Group, Inc., Respondent
Broker-Dealer
CRD No. 16668

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Financial West Investment Group, Inc. ("FINW" or the "firm") 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. The firm 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

The firm became a member of FINRA in 1986, and its registration remains in effect. The firm has no relevant disciplinary history.

SUMMARY

This matter is the result of two separate reviews conducted by staff of the Fixed Income Investigations Team of the Department of Market Regulation (the "Fixed Income Staff"). In Matter No. 20090181037, the Fixed Income Staff conducted a review of the municipal bond transactions executed by the firm during the period of October 1, 2008 through December 31, 2008 (the "review period"). In Matter No. 20090181108, the Fixed Income Staff conducted a review of the corporate bond transactions executed by the firm during the same review period.

FACTS AND VIOLATIVE CONDUCT

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1. During the review period, in five transactions, the firm purchased municipal securities for its own account from a customer and at an aggregate price (including any mark-down) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer, or municipal securities dealer is entitled to a profit, and the total dollar amount of the transaction. The transactions are identified on Exhibit A which is attached. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rules G-17 and G-30(a).

20090181108

2. During the review period, in twelve transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions, as reflected on Exhibit B which is attached. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2320.
3. During the review period, in nine transactions, the firm sold corporate bonds to customers and failed to sell such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. The transactions are identified on Exhibit C which is attached. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110, 2440 and IM-2440.

- B. The firm also consents to the imposition of the following sanctions:

A censure, a fine of \$42,500 (consisting of \$15,000 for the violations of MSRB Rules G-17 and G-30(a); \$12,500 for the violations of NASD Rules 2110 and 2320; and \$15,000 for the violations of NASD Rules 2110, 2440 and IM-2440), and restitution by the firm to the customers listed on Exhibits A, B, and C which are attached, in the total amount of \$14,236.84, plus interest at the rate set forth in

Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this AWC is accepted by the National Adjudicatory Council (“NAC”).¹ A registered principal of the firm shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution, to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850 or in an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, no later than 120 days after acceptance of this AWC. If for any reason, Respondent cannot locate any customer after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the customer is known to have last resided.

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It 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(s) imposed in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against the firm;
- 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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

¹ The firm has already paid restitution of \$2,507.86 to the customer involved with Item 1 on Exhibit A.

Further, the firm 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.

The firm 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

The firm 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 the firm; 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 the firm;
 - 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

D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm 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.

Date 7/12/12

By: Alexandra Lafata
Name: Alexandra Lafata
Title: CFO

8/27/12
Date

Th R. Gira
Thomas R. Gira
Executive Vice President
Department of Market Regulation

Review Number: 20090181037

Exhibit A

* Contra parties are identified as follows: B-D (S) indicates another Broker-Dealer selling to the firm; B-D (B) indicates another Broker-Dealer buying from the firm; C (S) indicates a customer selling to the firm; and C (B) indicates a customer buying from the firm.

^{**} The firm has already paid restitution to the customer of \$2,507.86 for this item.

Financial West Investment Group, Inc. ("FINW")
Matter No. 20090181108
Exhibit B

Item No.	Date	Cusip Id	Issue	Quantity	Contra*	Trade Time	Trade Price	Prevailing Market	Restitution
4	10/06/2008	37247DAAA4	Genworth Financial Inc. (GNW.HE)	25	C (B)	13:50:21	89.500	85.90	\$1,125.00
1	10/06/2008	37247DAAA4	Genworth Financial Inc. (GNW.HE)	10	C (B)	12:58:24	91.858	85.90	\$685.80
2	10/06/2008	37247DAAA4	Genworth Financial Inc. (GNW.HE)	10	C (B)	12:58:24	90.000	85.90	\$500.00
3	10/06/2008	37247DAAA4	Genworth Financial Inc. (GNW.HE)	10	C (B)	12:58:24	90.000	85.90	\$500.00
5	10/06/2008	37247DAAA4	Genworth Financial Inc. (GNW.HE)	10	C (B)	13:47:27	89.506	85.90	\$456.60
6	10/06/2008	37247DAAA4	Genworth Financial Inc. (GNW.HE)	2	C (B)	13:05:57	90.000	85.90	\$100.00
7	10/06/2008	37247DAAA4	Genworth Financial Inc. (GNW.HE)	3	C (B)	13:05:27	90.000	85.90	\$155.00
8	10/06/2008	37247DAAA4	Genworth Financial Inc. (GNW.HE)	2	C (B)	13:05:27	91.858	85.90	\$137.16
9	10/06/2008	37247DAAA4	Genworth Financial Inc. (GNW.HE)	3	C (B)	13:05:27	90.000	85.90	\$150.00
10	10/06/2008	37247DAAA4	Genworth Financial Inc. (GNW.HE)	3	C (B)	13:05:27	90.000	85.90	\$150.00
11	10/06/2008	37247DAAA4	Genworth Financial Inc. (GNW.HE)	4	C (B)	13:05:27	90.000	85.90	\$200.00
12	10/06/2008	37247DAAA4	Genworth Financial Inc. (GNW.HE)	3	C (B)	13:05:27	90.000	85.90	\$150.00
Total Restitution									\$4,309.56

*Contra parties are identified as follows: B-D (S) indicates another Broker-Dealer selling to the firm; B-D (B) indicates another Broker-Dealer buying from the firm; C (S) indicates a customer selling to the firm; and C (B) indicates a customer buying

Financial West Investment Group, Inc. ("FINW")
Matter No. 20090181108
Exhibit C

Item No.	Date	Cusip Id	Issue	Quantity	Contra 1*	Trade 1 Time	Trade 1 Price	Firm	Contra 2*	Trade 2 Time	Trade 2 Price	Mark-up	Restitution
14	10/8/2008	149123AZ4	Caterpillar Inc. (CAT.MK)	15	B-D (S)	12:48:42	110.5	FINW	C (B)	17:02:51	116.500	5.43%	\$ 71.25
16	10/14/2008	92857WAP5	Vodafone Group (VOD.GV)	23	B-D (S)	16:00:40	72	FINW	C (B)	17:35:00	77.000	6.94%	\$ 749.80
22	10/31/2008	72925PAB1	Plum Creek Timber (PCL.GA)	75	B-D (S)	11:13:33	68	FINW	C (B)	13:21:13	74.500	9.56%	\$ 620.00
24	10/31/2008	72925PAB1	Plum Creek Timber (PCL.GA)	75	B-D (S)	11:13:33	68	FINW	C (B)	13:20:39	74.500	9.56%	\$ 620.00
25	10/31/2008	72925PAB1	Plum Creek Timber (PCL.GA)	75	B-D (S)	11:13:33	68	FINW	C (B)	16:09:34	74.500	9.56%	\$ 775.00
23	10/31/2008	759609AD4	Reliance Steel (RS.GD)	50	B-D (S)	11:21:20	58.5	FINW	C (B)	13:14:50	65.600	12.14%	\$ 835.00
26	10/31/2008	759609AD4	Reliance Steel (RS.GD)	50	B-D (S)	11:21:20	58.5	FINW	C (B)	10:20:27	65.680	12.27%	\$ 1,276.50
28	11/14/2008	641423BUT	Nevada Power Co. (SRP.HY)	20	B-D (S)	10:53:11	82.2	FINW	C (B)	11:30:45	87.660	6.64%	\$ 270.00
31	12/11/2008	805901AQ8	Scana Corp (SCG.GM)	12	B-D (S)	11:42:54	88	FINW	C (B)	11:58:08	94.000	6.82%	\$ 192.00
Total Restitution													\$ 5,409.55

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