

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009020941102**

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

RE: European American Equities, Inc. (BD No. 45097), Respondent
Member Firm

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, European American Equities, Inc. ("EAE" or "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 Respondent 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

EAE has been a member of FINRA since September 25, 1998. At the time of the events in this case, the firm was known by the name TN Capital Equities Ltd. The firm's main area of business is acting as a placement agent in private placements. The firm currently has 23 registered representatives operating out of 3 branch offices.

RELEVANT DISCIPLINARY HISTORY

EAE has no relevant disciplinary history with the SEC, any self regulatory organization or any state securities regulator.

OVERVIEW

This case involves violations arising from a best efforts minimum/maximum contingency offering where EAE served as placement agent. In connection with the offering, the stated minimum contingency was not met prior to the expiration of the contingency deadline. However, EAE did not return funds to investors. Rather, several weeks after the expiration date, the terms of the offering were changed and the offering closed at a later date.

In addition, EAE's written supervisory procedures were inadequate where the firm did not have any procedures addressing compliance with SEC Rules 10b-9 and 15c2-4.

FACTS AND VIOLATIVE CONDUCT

1. During the period from January 2007 to June 2007, EAE served as placement agent for a "minimum-maximum" contingency private placement offering of securities issued by "USC" as set forth in a private placement memorandum ("PPM") dated January 15, 2007 (the "USC PPM") and supplements thereto.

Pursuant to the USC PPM, the offering was for USC units at a price of \$10.50 per unit, each unit consisting of five shares of Series A Convertible Preferred Stock and one warrant to purchase one share of stock at an exercise price of \$3.00 per share. The USC PPM set forth the terms of a contingent offering where the stated minimum contingency was 666,667 units or a total price of \$7,000,000 and a maximum of 1,428,572 units or a total price of \$15,000,000. The stated contingency deadline was February 28, 2007.

In connection with the USC offering, EAE entered into an Escrow Agreement with respect to the establishment of an escrow account at a trust company.

As of February 28, 2007, no investors had subscribed to the offering. Thereafter, pursuant to "Supplement No. 1" to the USC PPM, dated March 30, 2007, the contingency deadline was extended until April 30, 2007 and certain terms of the offering changed, including changing the offering price to \$9 per unit and, consequently, reducing the number of units required to meet the \$7,000,000 contingency.

As of the April 30, 2007 amended contingency deadline, 10 investors subscribed to the offering, depositing a total of \$1,456,585 in the escrow account – an amount that was less than the stated minimum contingency. However, when the April 30, 2007 contingency deadline passed, EAE did not return the funds to the investors.

Rather, EAE belatedly issued "Supplement No. 2" dated May 25, 2007 whereby the contingency deadline was belatedly extended from April 30, 2007 to June 15, 2007, and the offering terms changed, including further reducing the offering price to \$7.50 per unit, increasing the minimum contingency to 2 million units or \$15 million, plus additional changes. On June 5, 2007, after the conditions of the minimum contingency as reflected in Supplement No. 2 were met, EAE conducted a closing of the offering and caused funds to be disbursed from the escrow account.

EAE violated Rule 10b-9 because the firm failed (i) to obtain the consent of the investors who subscribed to the offering prior to April 30, 2007 deadline before extending the offering deadline and (ii) to return investor funds when the April 30, 2007 contingency deadline expired and when EAE made belated changes to the offering. In so doing, EAE caused the USC PPM and Supplement No. 1 to be rendered false and misleading.

By reason of the foregoing, EAE willfully violated SEC Rule 10b-9 promulgated under the Securities Exchange Act of 1934 and NASD Conduct Rule 2110.

2. As stated above, EAE entered into an Escrow Agreement and caused an Escrow Account to be established in connection with the USC offering. That Escrow Agreement was amended consistent with Supplement No. 1 discussed above. When the April 30, 2007 amended contingency deadline passed, EAE failed to promptly return investor funds when the contingency deadline expired as provided for in the Escrow Agreement.

By reason of the foregoing, EAE violated SEC Rule 15c2-4 and NASD Conduct Rule 2110.

3. During the period from at least January 2007 until approximately June 2010, EAE failed to establish, maintain and enforce adequate written supervisory procedures to supervise the business in which it was engaged. Specifically, the firm, whose primary securities business involves acting as a placement agent in private placement transactions, did not have any written procedures addressing compliance with SEC Rules 10b-9 and 15c2-4.

By reason of the foregoing, EAE violated NASD Conduct Rules 3010 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 \$20,000.

Respondent agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments 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 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.

The firm understands that this settlement includes a finding that it willfully violated section Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-9 thereunder, and that under Article III, Section 4 of FINRA's By-Laws, this makes the firm subject to a statutory disqualification with respect to membership.

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 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

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 me; 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'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. 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. Respondent 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.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and have 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 Respondent to submit it.

EUROPEAN AMERICAN EQUITIES INC.

Jan. 26, 2012
Date

By:

John F. Steinmetz
Print Name:

Title: CHAIRMAN

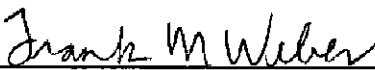
Reviewed by:

Stanley Goldstein
Stanley Goldstein, Esq.
Counsel for Respondent

Accepted by FINRA:

February 28, 2012
Date

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


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