

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010020811601**

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

RE: Century Pacific Securities, Inc., Respondent
Member
CRD No. 113698

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, 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

Century Pacific Securities, Inc. ("Century Pacific") has been a member of FINRA since December 2001. It currently has two registered representatives and operates one branch office in Bellevue, Washington. Century Pacific engages in a general securities business and operates pursuant to the (k)(2)(ii) exemption of SEC Rule 15c3-3.

RELEVANT DISCIPLINARY HISTORY

Century Pacific submitted an Offer of Settlement which was accepted by FINRA on July 8, 2011. In the Offer of Settlement, Century Pacific consented to the entry of findings that: (1) it failed to notify FINRA prior to employing electronic storage media, as required by SEC Rule 17a-4(f)(2)(i); (2) it did not preserve electronic mail correspondence in a

non-rewriteable, non-erasable format, as required by SEC Rule 17a-4(2)(ii)(A); (3) it failed to store separate from the original a duplicate copy of its electronic records, as required by SEC Rule 17a-4(f)(3)(iii); (4) it did not have in place an audit system providing for accountability regarding inputting of records to its electronic storage media, as required by SEC Rule 17a-4(f)(3)(v); (5) it did not retain the services of a third party with access to its electronic storage media to take steps to provide access to those media or to file with FINRA an undertaking to provide such access, as required by SEC Rule 17a-4(f)(3)(vii); and (6) it did not have available, for examination by the staffs of the SEC or FINRA, facilities for immediate, easily readable projection or production of micrographic media or electronic storage media images and for producing easily readable images, as required by SEC Rule 17a-4(f)(3)(i). For those and other violations, Century Pacific was censured and fined \$16,000.

OVERVIEW

During the period from August 2008 until January 2010, Century Pacific failed to comply with SEC Rules regarding the retention of business-related electronic communications and failed to establish, maintain and enforce a supervisory system and/or written supervisory procedures that were reasonably designed to ensure that it retained all electronic communications relating to its business and that its electronic communications with the public were reviewed by a principal.

FACTS AND VIOLATIVE CONDUCT

During the period from on or about August 12, 2008, until on or about September 24, 2009, Century Pacific maintained certain records in electronic formats. It did not notify its examining authority, FINRA, prior to employing electronic storage media, as required by SEC Rule 17a-4(f)(2)(i).

During the period from on or about August 12, 2008, until on or about January 10, 2010, Century Pacific did not preserve electronic mail correspondence in a non-rewriteable, non-erasable format, as required by SEC Rule 17a-4(f)(2)(ii)(A).

During the period from on or about August 12, 2008, until on or about January 10, 2010, Century Pacific did not store separately from the original a duplicate copy of its electronic records, as required by SEC Rule 17a-4(f)(3)(iii).

Century Pacific failed to implement its written supervisory procedures regarding the retention and review of electronic correspondence. During the period from on or about August 12, 2008, until on or about November 30, 2009, Century Pacific's written supervisory procedures required that incoming business-related

electronic mail be printed and placed in an incoming correspondence file, and that outgoing business-related electronic mail be printed and directed to Century Pacific's President for review. During that period, Century Pacific failed to print copies of all ingoing and outgoing electronic correspondence and some outgoing correspondence was not forwarded to its President for review.

On or about November 30, 2009, Century Pacific revised its written supervisory procedures. During the period from on or about November 30, 2009, until on or about January 10, 2010, Century Pacific had two registered representatives, who were both registered principals. Century Pacific's revised written supervisory procedures required that each of the principals review the other principal's electronic mail weekly via disk, and further required that each such review be documented. The revised procedures also required that the principals conduct periodic tests to determine that all electronic mail had been submitted via disk, and further required that each such review be documented. During that period, rather than preserve its electronic mail on disks for review, Century Pacific printed most of its electronic mail, but not all business-related electronic mail and attachments were printed. Century Pacific did not maintain evidence of each principal's review of the other's electronic mail or of tests conducted to determine that all electronic mail had been submitted for review.

Century Pacific thereby failed to establish, maintain and enforce a supervisory system and/or written supervisory procedures that were reasonably designed to ensure that it retained all electronic communications relating to its business and that its electronic communications with the public were reviewed by a principal.

Such acts, practice and conduct constitute separate and distinct violations of SEC Rule 17a-4 and NASD Conduct Rules 3010(a), 3010(d)(3) and 3110. During the period before December 15, 2008, such conduct is inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of NASD Conduct Rule 2110 by Respondent Century Pacific. During the period on and after December 15, 2008, such conduct is inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of FINRA Rule 2010 by Respondent Century Pacific.

B. Respondent also consents to the imposition of the following sanctions:

Respondent Century Pacific Securities, Inc. shall be censured and fined \$10,000.¹

¹ Pursuant to the General Principles Applicable to all Sanction Determinations contained in the Sanction Guidelines, FINRA imposed a lower fine in this case after it considered, among other things, the firm's limited size, revenues and financial resources. See Notice to Members 06-55.

Respondent agrees to pay the monetary sanction 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 sanction imposed in this matter.

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

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 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

Respondent understands that:

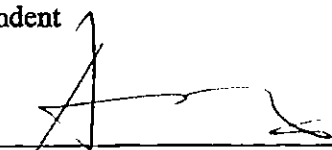
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (“ODA”), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; 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 Respondent’s 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 the Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has 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.

April 6, 2012
Date (mm/dd/yyyy)

Century Pacific Securities, Inc.

Respondent

By: 
Shuming Chang
Its President

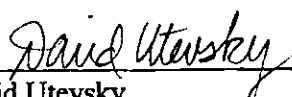
Reviewed by:

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Accepted by FINRA:

May 1, 2012
Date

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



David Utevsy
Senior Regional Counsel
FINRA Department of Enforcement
601 Union St., Ste. 1616