

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010020866001**

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

RE: Access Securities, LLC, Respondent
Member Firm
CRD No. 22455

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Access Securities, LLC 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

Access Securities, LLC (Access or the Firm) is an institutional execution firm that has been a FINRA member since 1988 and its registration remains effective. The Firm's main office is in Stamford, Connecticut. At the time of the examination in 2010, the Firm had 54 registered representatives and three branch offices. The Firm is approved to execute corporate debt and equity transactions, foreign equity securities, government securities, municipal securities, options, convertible arbitrage, futures, institutional execution services and private placements. Additionally, the Firm engages in proprietary trading and acts as an underwriter or selling group participant.

RELEVANT DISCIPLINARY HISTORY

Access does not have a disciplinary history.

OVERVIEW

In March 2010 and April 2010, Access conducted a securities business while failing to maintain its required minimum net capital. Based on the foregoing conduct, Access violated Section 15(c) of the Securities Exchange Act of 1934 ("Exchange Act"), Exchange Act Rule 15c3-1 and FINRA Rule 2010.

Also between January 2010 and August 2010, Access failed to preserve a general ledger and trial balance, failed to make and keep accurate general ledgers, failed to prepare accurate net capital computations, filed inaccurate FOCUS Reports, failed to maintain records of all compensation arrangements or plans with certain associated persons and failed to timely notify the Securities and Exchange Commission and FINRA when the Firm failed to make and keep current certain books and records. Based on the foregoing conduct, Access violated: Exchange Act Section 17(a); Exchange Act Rules 17a-4, 17a-3(a)(2), 17a-3(a)(11), 17a-3(a)(19)(ii), 17a-5, and 17a-11(d); NASD Rule 3110(a); and FINRA Rule 2010.

Further, between January 2010 and August 2010, Access failed to establish and maintain a supervisory system and to establish, maintain and enforce written supervisory procedures reasonably designed to achieve compliance with the requirements of FINRA rules and the federal securities laws regarding the preparation and maintenance of its financial books and records, and its supervision of the Firm's outside accountant. Based on the foregoing conduct, Access violated NASD Rules 3010(a), 3010(b) and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

1. Failed to Preserve Books and Records

Between January 2010 and May 2010, an outside accountant prepared the Firm's general ledger and trial balance on her personal laptop and home computer, and these books and records were not accessible to the Firm in either hard copy or in an electronic format. In June 2010, the Firm's general ledger from January 1, 2010 through May 31, 2010 became corrupt and the Firm's data was lost. However, Access did not maintain either a back-up copy of the electronic data or a complete hard copy of the Firm's general ledger for the relevant time period. As a result of the foregoing conduct, Access failed to preserve a general ledger and trial balance for the period January 1, 2010 through May 31, 2010.

Based on the foregoing, Access violated Exchange Act Section 17(a), Exchange Act Rule 17a-4, NASD Rule 3110(a) and FINRA Rule 2010.

2. Inaccurate Books and Records

The Firm is required to make and keep current, ledgers (or other records) reflecting all assets and liabilities, income and expense and capital accounts. However, the Firm's general ledgers as of February 28, 2010, March 31, 2010 and April 30, 2010, did not accurately reflect certain assets, liabilities and expense accounts. The general ledgers contained material inaccuracies. For example:

- Certain proprietary trading accounts on the February 28, 2010, March 31, 2010 and April 2010 general ledgers produced to the staff on or about June 30, 2010 did not have balances posted and had \$0.00 balances;
- There was no balance posted to the Commissions Receivable account on the February 28, 2010 general ledger produced to the staff on or about June 30, 2010; however, the Firm produced different versions of the March 31, 2010 general ledger to the staff on or about June 30, 2010, July 8, 2010 and August 20, 2010, which showed different balances for this account as approximately \$6,400,000.00, \$47,785.12, and \$427,831.08, respectively;
- The Receivable from Broker account showed wide ranges of varying positive balances on all of the February, March and April general ledgers produced to the staff on or about June 30, 2010, but the general ledgers the Firm produced to the staff on or about August 20, 2010, for the periods as of March 31, 2010 and April 30, 2010, showed negative balances of approximately (\$11,894,382.08) and (\$19,292,405.82), respectively;
- The March 31, 2010 general ledger produced to the staff on or about July 8, 2010 was incomplete since the general ledger was missing pages 59-64, and these pages should have been included to reflect additional liability accounts;
- The February 28, 2010 and March 31, 2010 general ledger produced to the staff on or about June 30, 2010, did not have any entries posted to the Goldman Sachs Clearing & Execution, LLC (GSEC) Profit and Loss accounts. The general ledger as of April 30, 2010 produced to the staff on or about June 30, 2010 showed a balance of approximately \$5,840,253.69, while the general ledger for the same period that was prepared and produced by the Firm to the staff on or about August 20, 2010 showed a balance in this account of approximately (\$664,311.40); and
- The March 31, 2010 general ledger produced to the staff on or about July 8, 2010 was materially inaccurate in that the general ledger was out of balance by approximately \$5,389,837.77 since debits totaled \$206,435,412.73 and credits totaled 201,045,574.96.

Based on the foregoing conduct, Access failed to make and keep current accurate books and records, in that the Firm's general ledger was materially inaccurate for the period February 2010 through April 2010; and, therefore, Access violated Exchange Act Section 17(a), Exchange Act Rule 17a-3(a)(2), NASD Rule 3110(a) and FINRA Rule 2010.

3. Deficient Net Capital

During March 2010 and April 2010, Access was a market maker and therefore subject to a minimum net capital requirement of \$437,500.00. On March 31, 2010 and April 30, 2010, Access used the mails or other means or instrumentalities of interstate commerce to effect transactions in securities while failing to maintain its required minimum net capital.

The net capital calculations by the Firm and the staff as of March 31, 2010 are as follows:

	The Firm's Net Capital Computation (from the August 24, 2010 FOCUS Report Filing)	The Staff's Net Capital Computation
Net Capital	\$ 635,115.00	\$ (3,144,054.12)
Net Capital Requirement	\$ (437,500.00)	\$ (437,500.00)
Excess / Deficient Net Capital as of March 31, 2010	\$ 197,615.00	\$ (3,581,554.12)

The net capital calculations by the Firm and the staff as of April 30, 2010 are as follows:

	The Firm's Net Capital Computation (from the August 24, 2010 FOCUS Report Filing)	The Staff's Net Capital Computation
Net Capital	\$ 645,290.00	\$ (2,711,352.11)
Net Capital Requirement	\$ (437,500.00)	\$ (437,500.00)
Excess / Deficient Net Capital as of April 30, 2010	\$ 207,790.00	\$ (3,148,852.11)

The material differences in the Firm's and the staff's net capital computations for Access as of March 31, 2010 and April 30, 2010 resulted primarily from the Firm overstating its net capital by failing to take a marketplace blockage charge on the Firm's non-marketable shares of Keweenaw Land Association, Limited (KEWL)

and from the Firm adding back to capital, certain discretionary liabilities that had previously been booked as payables.

Additionally, other material items that contributed to the Firm's inaccurate net capital computation as of March 31, 2010 included, but are not limited to, the following: an inaccurate foreign currency charge on the Firm's Hong Kong dollar account balances; the Firm's under-reporting of a liability representing an amount owed to GSEC and other inaccurate haircuts and undue concentration charges.

Based on the foregoing conduct, Access violated Exchange Act Section 15(c), Exchange Act Rule 15c3-1 and FINRA Rule 2010.

4. Inaccurate Net Capital Computations

Access failed to make and keep current accurate books and records, in that the Firm's March 31, 2010 and April 30, 2010 net capital computations and records were materially inaccurate and overstated the Firm's net capital, in part, due to the reasons discussed above in paragraph 3, and the failure of the Firm to have an accurate general ledger.

Based on the foregoing conduct, Access violated Exchange Act Section 17(a), Exchange Act Rule 17a-3(a)(11), NASD Rule 3110(a) and FINRA Rule 2010.

5. Inaccurate FOCUS Reports

Between March 2010 and August 2010, Access filed with FINRA several FOCUS Reports on multiple dates, which included certain material inaccuracies as of March 31, 2010 and April 30, 2010. Specifically, the FOCUS Reports filed with FINRA included inaccurate net capital computations in that each of them materially overstated the Firm's net capital as of March 31, 2010 and April 30, 2010, in part, due to the reasons discussed above in paragraphs 3 and 4.

Based on the foregoing conduct, Access violated Exchange Act Section 17(a), Exchange Act Rule 17a-5 and FINRA Rule 2010.

6. Failed to have Records of Agreements Regarding Compensation

Between January 2010 and December 2010, Access failed to make and keep current all records of agreements pertaining to the relationship between certain associated persons and the Firm, including a summary of each associated person's

compensation arrangement or plan with the Firm. Specifically, Access did not have any written agreements reflecting its compensation arrangement or plan with certain traders.

Based on the foregoing conduct, Access violated Exchange Act Section 17(a), Exchange Act Rule 17a-3(a)(19)(ii), NASD Rule 3110(a) and FINRA Rule 2010.

7. Failed to Comply with Notification Provisions

Access failed to timely notify the Securities and Exchange Commission and FINRA in accordance with Exchange Act Rule 17a-11(d), when the Firm discovered on June 30, 2010 that it failed to make and keep current certain books and records, including ledgers for the period February 2010 through April 2010.

Based on the foregoing conduct, Access violated Exchange Act Section 17(a), Exchange Act Rule 17a-11(d) and FINRA Rule 2010.

8. Supervisory Deficiencies

Between January 2010 and August 2010, Access failed to establish and maintain a supervisory system and to establish, maintain and enforce written supervisory procedures reasonably designed to achieve compliance with the requirements of FINRA rules and the federal securities laws regarding the preparation and maintenance of its financial books and records, and its supervision of the Firm's outside accountant.

For example, the Firm failed to establish a supervisory system to ensure the timely posting to the general ledger, the maintenance of the general ledger, and a system to ensure the accuracy of the Firm's net capital computations and FOCUS Report filings. Additionally, the Firm failed to establish a supervisory system to monitor the outside accountant's preparation, accuracy and maintenance of the Firm's general ledger.

The Firm's written supervisory procedures were also deficient in that the procedures did not reflect the division of responsibility between the FINOP and the outside accountant as it related to the posting of entries and maintenance of the Firm's financial books and records. Additionally, the Firm failed to enforce its written supervisory procedures which required the Firm to maintain its financial books and records on the premises of the broker-dealer.

Based on the foregoing conduct, Access violated NASD Rules 3010(a), 3010(b) and FINRA Rule 2010.

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

Access is censured and fined \$30,000.00.

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 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 sanctions 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 it;
- 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 it; 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 it;
 - 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 Firm, certifies that a person duly authorized to act on its 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 the Firm 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 the Firm to submit it.

11/18/12
Date (mm/dd/yyyy)

[Signature]
~~Access Securities, LLC, Respondent~~
By: Scott B. Frisoli, ~~Manager~~ and President

Reviewed by:

[Signature]
Bob E. Lehman, Esq.
Counsel for Respondent
Lehman & Eilen, LLP
50 Charles Lindbergh Blvd.
Uniondale, New York 11553-3612
Tel.: (516) 222-0888
Email: blehman@lehmaneilen.com

Accepted by FINRA:

11/29/2012
Date

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

[Signature]
Jill L. Jablonow
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FINRA Department of Enforcement
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Los Angeles, California 90071-3126
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jill.jablonow@finra.org

 ACCESS SECURITIES

November 8, 2012

National Adjudicatory Counsel
Department of Enforcement
Office of Disciplinary Affairs
c/o Jill L. Jablonow, Esq.
Senior Regional Counsel
FINRA Department of Enforcement
300 South Grand, Suite 1600
Los Angeles, California 90071-3126

Re: Access Securities, LLC (CRD No. 16444)
Statement of Corrective Actions
Exam No. 2010020866001

Dear Ms. Jablonow:

Access Securities, LLC (the "Firm" or "Respondent") submits the following Statement of Corrective Actions ("Statement") in connection with its submission of November 7, 2012 of a Letter of Acceptance, Waiver, and Consent ("AWC") to settle the alleged rule violations described therein.

The conduct at issue in this matter concerns the Firm's failure, during the relevant periods set forth in the AWC, to: (i) make and keep current certain books and records, specifically its general ledger, auxiliary ledgers, trial balances, balance sheets, net capital computations, FOCUS reports and related records (collectively, the "Financial Books and Records"); (ii) maintain its required minimum net capital; (iii) make accurate net capital computations; (iv) file accurate FOCUS reports; (v) make and keep records of its agreements with its associated persons regarding compensation; (vi) notify the SEC of its failure to make and keep current its Financial Books and Records; and (vii) establish, maintain, and enforce its WSPs ("WSPs") regarding the preparation and maintenance of its Financial Books and Records, and its supervision of the Firm's outside financial and operations consultant.

Upon discovery of these issues during the above referenced examination by the FINRA staff (the "Staff"), the Firm took decisive action by engaging its then independent auditor, Fulvio & Associates, LLP ("Fulvio & Associates"), to recreate its Financial Books and Records, and to perform the Financial and Operations Principal functions formerly handled by its outside Financial and Operations Principal. Fulvio & Associates completed the re-creation of the Firm's general ledger on or about August 20, 2010. Since then, the Firm maintains the Financial Books and Records on its premises, on its own server and has the same backed-up by an independent service provider on a continuous (every 30 minutes) basis off-site. In addition, on or about July

This Statement of Corrective Actions is submitted by the Respondent. It does not constitute factual or legal findings by FINRA Regulation, Inc. ("FINRA Regulation"), nor does it reflect the views of FINRA Regulation or its staff.

Ms. Jill L. Jablonow
Senior Regional Counsel
FINRA Department of Enforcement
November 8, 2012
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5, 2012, the Firm engaged a new Financial and Operations Principal, Richard Feldman, who has more than 20 years of experience in this capacity and is a certified public accountant. Mr. Feldman is a member of the New York State Society of Certified Public Accountants and is an active member of its Stock Brokerage Committee. Mr. Feldman has internet access to the Firm's Financial Books and Records and also maintains an Excel version of the Firm's Financial Books and Records on his own computer. The Firm is confident that it will never be in a similar position again concerning the unavailability of its Financial Books and Records.

The Firm now fully understands and appreciates that the primary cause of its financial issues arose from its proprietary trading activities which at its peak reached approximately \$70 million notional value per day. Inevitably, trading errors and resulting accounting adjustments arose which then needed to be reconciled. Further issues arose from some of the Firm's traders speculating in thinly-traded stocks, particularly when a large position was taken in one particular issuer. To address these issues, the Firm has revised its WSPs and sensitized its traders of the potential net capital implications of taking proprietary positions in thinly traded stocks. More importantly, the Firm's proprietary trading was discontinued by the end of 2010. Since then, the Firm may, on an occasional basis, take a position in a stock for its own account, but this is at a de minimis level. Together, these steps have alleviated substantially all of the problems identified by the Staff.

We also believe that it is important to note that during the Staff's examination, when it became apparent that there was uncertainty related to the Firm's net capital position, the undersigned, as the principal owner of the Firm, upon consultation with our regulatory counsel, Lehman & Eilen LLP, and their communications with Susan DeMando Scott, Assistant Vice President, Financial and Operations Department of FINRA, contributed \$5 million in additional capital to the Firm to ensure that it was in net capital compliance. This was a voluntary infusion by the undersigned who, unfortunately, suffered significant personal financial losses as a result of the past financial transgressions of the Financial and Operations Principal which were not caught by the Firm's then outside auditors.

As the Staff is also aware, the Firm incurred significant expenses in hiring outside independent accountants to conduct a forensic accounting of what occurred. In addition, the Firm replaced its long standing auditor, with Farkouh Furman & Faccio LLP, a well respected brokerage accounting firm.

With respect to its failure to comply with Exchange Act Rule 17a-3(a)(19)(ii), the Firm has since memorialized its compensation arrangements with each of its associated persons as required by such rule and has enhanced its WSPs to ensure such violation does not recur.

Ms. Jill L. Jablonow
Senior Regional Counsel
FINRA Department of Enforcement
November 8, 2012
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As concerns the Exchange Act Rule 17a-11's notification requirements, the Firm has memorialized this requirement in its WSPs.

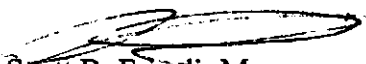
As noted throughout, the Firm has revised its WSPs to address the identified shortcomings, including ensuring that it has clearly delineated the delegation of financial and operations responsibilities between the outside Financial and Operations Principal and other Firm personnel, including the appropriate supervision thereof.

The Firm believes that it has taken appropriate corrective actions to ensure that the conduct at issue will not recur. As we hope has been made clear, we take our responsibilities very seriously. The undersigned has spared no expense in addressing the deficiencies noted by the Staff, including working closely with our counsel, replacing our outside Financial and Operations Principal and independent accountants and updating our WSPs. Indeed, the undersigned, not any customers or others, suffered all of the financial losses arising from these transgressions which, in the aggregate, is far in excess of \$3 million. We strongly believe in compliance and as I believe we have demonstrated, when there was even a doubt as to our financial position, the undersigned contributed, without prompting or any request from FINRA, \$5 million in cash to the Firm in order to ensure its survival and that it had more than sufficient excess net capital to sustain its business.

We appreciate the opportunity to submit this Statement and further appreciate your consideration of the matters discussed herein.

Respectfully yours,

ACCESS SECURITIES, LLC

By: 

Scott B. Frisoli, Manager

cc: Lehman & Eilen LLP