

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010020875201**

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

RE: Puritan Securities, Inc., later known as First Union Securities, Inc., Respondent
Member Firm
BD No. 129502

██████████ Respondent
Financial and Operations Principal, General Securities Principal,
Municipal Securities Principal, Registered Options Principal and
General Securities Representative
CRD No. ██████████

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, we 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 us alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. We 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

From April 22, 2004 through September 6, 2011, Puritan Securities, Inc. ("Puritan") (later known as First Union Securities, Inc.) was a member of FINRA. The firm's principal office was located in Shelton, CT. Puritan employed approximately 16 registered individuals working from the principal office and two registered branch offices. The firm conducted a limited securities business on a fully disclosed basis. It was primarily engaged in selling private placements.

██████████ was first registered with FINRA as a General Securities Representative on December 26, 1986. He also became registered as a General Securities Principal on March 24, 1987 and as a Financial and Operations Principal ("FINOP") on June 17, 1987. From April 22, 2004 to September 6, 2011, ██████████ was registered in those capacities through Puritan. On October 20, 2006, ██████████ also became an Options Principal and, on October 30, 2006, he became a Municipal Securities Principal. He is not currently associated with a FINRA member firm.

RELEVANT DISCIPLINARY HISTORY

In March 2011, FINRA issued an AWC against Puritan in which the firm agreed, without admitting or denying the findings, to a censure and a \$10,000 fine for: failing to enforce its heightened supervisory procedures with respect to one representative; permitting one of its registered representatives to use a website that failed to comply with the content standards applicable to communications with the public; and making material misrepresentations to customers by permitting the firm's registered representatives to sell an offering through a private placement memorandum that contained a material misstatement.

In January 2011, FINRA issued an AWC against Puritan in which the firm agreed, without admitting or denying the findings, to a censure and a \$10,000 fine for failing to retain electronic correspondence and failing to establish a supervisory system to ensure that such correspondence was reviewed and that private placement transactions were suitable for customers.

██████████ has no FINRA disciplinary history.

OVERVIEW

Puritan failed to establish and implement a reasonably designed written anti-money laundering compliance program ("AMLCP") and conducted a securities business while failing to maintain required net capital. Puritan, acting through ██████████ also failed to conduct an annual compliance meeting and failed to conduct inspections of its office of supervisory jurisdiction and branch offices. Puritan's conduct violated Section 15(c) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 15c3-1 promulgated thereunder, NASD Conduct Rules 3010 and 3011, and FINRA Rules 2010 and 3310. ██████████ conduct violated NASD Conduct Rules 3010 and 2110 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

A. ANTI-MONEY LAUNDERING COMPLIANCE PROGRAM

FINRA Rule 3310, like its predecessor NASD Conduct Rule 3011, requires members to develop and implement an AMLCP reasonably designed to achieve and monitor compliance with the requirements of the Bank Secrecy Act, 31 U.S.C. § 5311, *et seq.*, and the regulations promulgated thereunder (the “Bank Secrecy Act”). Section (b) of Rule 3310 requires firms to establish and implement procedures reasonably designed to achieve compliance with the Bank Secrecy Act. Section (c) requires firms to provide for annual independent testing for compliance to be conducted by member personnel or by a qualified outside party. The independent test should review and assess the adequacy and level of compliance with the firm’s AMLCP. Section (e) of the Rule requires firms to provide ongoing training for appropriate personnel.

From at least August 2008 through April 2010, Puritan failed to implement a reasonably compliant AMLCP. Puritan’s AMLCP was deficient in three respects. First, the firm failed to ensure that its registered representatives received AML training. Second, Puritan failed to ensure that new account files contained evidence that the firm had verified the identity of the clients. Third, the firm failed to conduct an independent test of its AMLCP.

By failing to develop, implement and properly test a reasonably designed AMLCP, Puritan violated NASD Conduct Rules 3011(b), (c) and (e) (for conduct before January 1, 2010) and 2110 (for conduct before December 15, 2008), and FINRA Rules 3310(b), (c) and (e) (for conduct after December 31, 2009) and 2010 (for conduct after December 14, 2008).

B. NET CAPITAL VIOLATION

At various times from December 31, 2009 through April 30, 2010, Puritan failed to comply with Section 15(c) of the Exchange Act, and Rule 15c3-1 promulgated thereunder, in that it used the instrumentalities of interstate commerce to conduct a securities business while failing to maintain its minimum required net capital of at least \$5,000. For example, the firm’s net capital was deficient on five month-end dates as follows:

Date	Required Net Capital	Firm's Net Capital	Deficiency
12/31/2009	\$5,000	(\$4,614)	\$9,614
1/31/2010	\$5,000	(\$5,380)	\$10,380
2/28/2010	\$5,000	(\$4,802)	\$9,802
3/31/2010	\$5,000	(\$4,519)	\$9,519
4/30/2010	\$5,000	(\$5,544)	\$10,544

Puritan incorrectly included its CRD deposit of \$11,635 and an account with a clearing broker dealer containing \$2,000 as allowable assets.

By failing to maintain the firm's required minimum net capital while conducting a securities business, Puritan violated Section 15(c) of Exchange Act, Rule 15c3-1 promulgated thereunder, and FINRA Rule 2010.

C. SUPERVISORY DEFICIENCIES

NASD Conduct Rule 3010(a)(7) requires member firms to ensure the participation of each of its registered representatives and registered principals at an annual meeting to discuss compliance matters. In addition, NASD Conduct Rule 3010(b) requires members to "establish, maintain, and enforce written procedures to supervise the types of business in which it engages and to supervise the activities of registered representatives . . . that are reasonably designed to achieve compliance" with relevant securities laws and regulations and NASD and FINRA rules. NASD Conduct Rule 3010(c) requires an annual inspection of every office of supervisory jurisdiction. Puritan's procedures required its designated principal, [REDACTED] to conduct inspections of the firm's office of supervisory jurisdiction each year and of its branch locations every two years. The procedures also required annual compliance meetings with registered persons.

From at least August 2008 through April 2010, [REDACTED] did not ensure that Puritan held an annual compliance meeting. Moreover, [REDACTED] did not perform any inspections of the firm's office of supervisory jurisdiction or branch offices during that time period. By failing to conduct these inspections and failing to hold annual compliance meetings, Puritan and [REDACTED] violated NASD Conduct Rules 2110 (for conduct before December 15, 2008) and 3010 and FINRA Rule 2010 (for conduct after December 14, 2008).

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

- a censure and \$15,000 fine against Puritan; and

- a \$5,000 fine against [REDACTED]

Puritan agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. Puritan has submitted an Election of Payment form showing the method by which it proposes to pay the fines imposed.

[REDACTED] fine shall be due and payable either immediately upon reassociation with a member firm or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

We specifically and voluntarily waive any right to claim that we are 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

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

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

We 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

We 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 us;
- C. If accepted:
 - 1. this AWC will become part of our permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against us;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about our 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. We 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. We 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 our right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party; and
- D. We may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. We understand that we may not deny the charges or make any statement that is inconsistent with

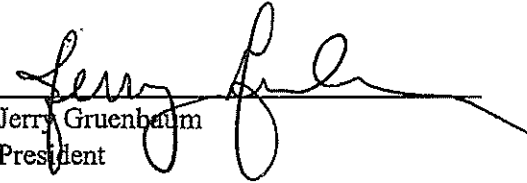
the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

██████████ on behalf of Puritan, 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.

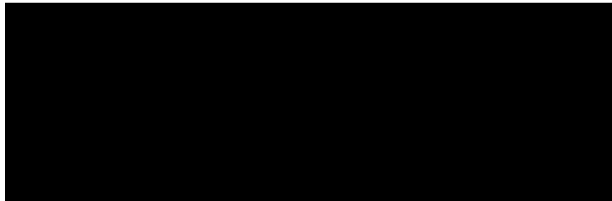
██████████ in his individual capacity, certifies that he has read and understands all of the provisions of this AWC; that he has been given a full opportunity to ask questions about it; that he has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce him to submit it.

First Union Securities, Inc.

11/15/2011
Date (mm/dd/yyyy)

By: 
Jerry Gruenbaum
President

11/15/2011
Date (mm/dd/yyyy)



Accepted by FINRA:

11/30/2011
Date

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

Bonnie S. McGuire

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