

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

NO. 20100209394-01

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

RE: Global United Securities Ltd., Respondent
Member Firm
BD No. 16556

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Global United Securities Ltd. ("Global United" 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Global United 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

Global United has been a FINRA member firm since October 15, 1985. The firm employs two registered persons.

RELEVANT DISCIPLINARY HISTORY

The firm has no relevant formal disciplinary history with the Securities and Exchange Commission, any state securities agency or any self-regulatory organization.

OVERVIEW

From January 1, 2006 through October 28, 2010, Global United failed to:

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- preserve email in a non-rewriteable, non-erasable format;
- comply with certain provisions of the Bank Secrecy Act with respect to its anti-money laundering (AML) program; and
- maintain certain supervisory control procedures.

From January 1, 2006 through December 31, 2009, Global United failed to prepare the annual report required by NASD Rule 3012 and the annual CEO certification required by NASD Rule 3013.

From October 1, 2008 through September 30, 2010, Global United failed to maintain a checks and securities received and forwarded blotter.

FACTS AND VIOLATIVE CONDUCT

1. From January 1, 2006 through October 28, 2010, the firm preserved email in a manner that permitted deletion and alteration.

By reason of the foregoing, Global United violated Section 17 of the Securities Exchange Act of 1934 and Rule 17a-4 promulgated thereunder, and NASD Conduct Rules 3110 and 2110 and FINRA Conduct Rule 2010.

2. From January 1, 2006 through October 28, 2010, the firm failed to establish adequate policies and procedures designed to detect and report suspicious activity.

By reason of the foregoing, Global United violated NASD Rules 3011(a) and 2110 and FINRA Rules 3310(a) and 2010.

3. From January 1, 2006 through October 28, 2010, the firm failed to:
 - a. review and monitor the list maintained by the Financial Crimes Enforcement Network (FinCEN) of individuals under investigation for money laundering and terrorist activities and determine whether any individuals on the list had accounts at Global United; and
 - b. obtain either documentary or non-documentary identity verification for at least one account owner of seven separate accounts out of 21 accounts sampled (33%).

By reason of the foregoing, Global United violated NASD Rules 3011(b) and 2110 and FINRA Rules 3310(b) and 2010.

4. NASD Rule 3011(c) and IM-3011-1 required and FINRA Rule 3310(c) requires that firms provide for annual (on a calendar-year basis) independent testing of their AML programs. For the calendar years 2006, 2007, 2008, and 2009, Global United failed to provide for and evidence the independent testing of its anti-money laundering program.

By reason of the foregoing, Global United violated NASD Rules 3011(c) and 2110 and IM-3011-1 and FINRA Rules 3310(c) and 2010.

5. From January 1, 2006 through December 31, 2009, the firm failed to prepare an annual report to senior management regarding its supervisory control procedures. It also failed to designate and specifically identify to FINRA one or more principals who shall establish, maintain and enforce a system of supervisory control policies and procedures.

By reason of the foregoing, the firm violated NASD Rules 3012(a)(1) and 2110 and FINRA Rule 2010.

6. From January 1, 2006 through October 28, 2010, the firm failed to maintain supervisory control policies and procedures required by NASD Rule 3012(a) including procedures for:
 - a. Designating one or more principals who is in charge of establishing, maintaining and enforcing the firm's system of written supervisory control procedures;
 - b. Testing and verifying that the firm's written supervisory procedures are reasonably designed to achieve compliance with applicable securities laws and regulations and NASD/FINRA rules;
 - c. Drafting and approving new written procedures when the need is identified by testing and verification;
 - d. Documenting and electronically notifying NASD/FINRA of the firm's use of the limited size and resources exception;
 - e. Reviewing and monitoring the transmittal of funds and securities from customer accounts;
 - f. Reviewing and monitoring customer changes of address;

- g. *Reviewing and monitoring customer changes of investment objectives;*
- h. A means or method of customer confirmation, notification or follow-up that can be documented; and
- i. Preparing an annual report to senior management on the firm's supervisory controls and procedures.

By reason of the foregoing, the firm violated NASD Rules 3012(a)(1) and (2) and 2110 and FINRA Rule 2010.

- 7. From January 1, 2006 through December 31, 2009, the firm's Chief Executive Officer failed to certify that the firm has in place processes to establish, maintain, review, test and modify written compliance policies and written supervisory policies designed to achieve compliance with applicable NASD/FINRA rules, MSRB rules and federal securities laws and regulations and that the chief executive officer has conducted one or more meetings with the chief compliance officer in the preceding 12 months to discuss such processes.

By reason of the foregoing, the firm violated NASD Rules 2110, 3013(b) and FINRA Rules 2010 and 3130.

- 8. From October 1, 2008 through September 30, 2010, the firm failed to maintain a blotter of checks and securities that it received and forwarded to its clearing firm.

By reason of the foregoing, Global United violated Section 17 of the Securities Exchange Act of 1934 and Rule 17a-3(a)(1) promulgated thereunder, and NASD Conduct Rules 3110 and 2110 and FINRA Conduct Rule 2010.

B. Global United also consents to the imposition of the following sanctions:

- a fine in the amount of \$10,000¹;
- a censure; and

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 revenues and financial resources. See Notice to Members 06-55.

- a requirement that Global United shall:
 - provide for the independent testing of its AML program within 30 days of the date of the Notice of Acceptance of this AWC. Such testing must comply with FINRA Rule 3310(c). See also NASD Notice to Members 02-21; and
 - provide to FINRA Staff both a copy of the independent testing findings and evidence that any recommendations/corrective measures set forth therein have been implemented within 60 days of the date of the Notice of Acceptance of this AWC.

Global United agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Global United has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Global United 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

Global United 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, Global United 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.

Global United 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

Global United 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 Global United's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Global United;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Global United'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. Global United 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. Global United 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 Global United's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

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

7/5/2011
Date (mm/dd/yyyy)

Respondent, Global United Securities Ltd.

By: Arthur Chow
Arthur Chow
President and Chief Compliance Officer

Accepted by FINRA:

August 3, 2011
Date

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

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