

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010021240401**

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

RE: Tyge Tuccillo, Respondent
Investment Company and Variable Contracts
General Securities Representative
Uniform Securities Agent
Uniform Registered Investment Adviser
CRD No. 3075541

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Tyge Tuccillo, 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I 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

Tyge Tuccillo first entered the securities industry in May 1998, and has been associated with four firms registered with FINRA. He currently holds Series 6, 7, 63 and 65 licenses. From November 1999 through October 2009, Tuccillo was associated with First Security Capital Management, Inc. Thereafter, from November 2009 through February 12, 2010, he was associated with American Portfolios Financial Services, Inc. Tuccillo is not currently associated with a firm registered with FINRA.

RELEVANT DISCIPLINARY HISTORY

Tyge Tuccillo has no relevant disciplinary history.

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000055312 2011

OVERVIEW

On July 19, 2011 and August 2, 2011 Tuccillo failed to provide testimony requested pursuant to FINRA Rule 8210. In this case, Tuccillo had actual notice of the staff's 8210 requests and stated that he would not appear for testimony on the dates scheduled or at any time in the future.

FACTS AND VIOLATIVE CONDUCT

Private Placement Offerings by Medical Capital Holdings, Inc.

Medical Capital Holdings, Inc. (MedCap) was a medical receivables financing company based in Anaheim, California. MedCap's core business was to provide financing to healthcare providers by purchasing their accounts receivable and making secured loans to the providers.

In 2001, MedCap began raising funds for its operations by selling promissory notes through FINRA-registered firms. These notes were securities that were not registered with the SEC but were sold under the registration exemption provided by Rule 506 of Regulation D of the Securities Act of 1933. Pursuant to that exemption, the notes could be sold only to accredited investors.

From 2001 through 2009, MedCap raised approximately \$2.2 billion from over 20,000 investors through nine Regulation D offerings offered through FINRA broker-dealers and other sales avenues. Each investor purchased a minimum of \$25,000 in promissory notes with maturities ranging from one to seven years. The notes promised payments at annual interest rates ranging from 8.25% to 10.50%. During this entire period of time, however, MedCap never obtained any audited financial statements with respect to any of these offerings.

MedCap made all interest and principal payments on these Regulation D offerings until July 2008. At that time, MedCap began experiencing liquidity problems and stopped making payments on two of its earlier offerings. Nevertheless, MedCap proceeded with its last Regulation D offering, called MPFC VI, which it offered through an August 5, 2008 private placement memorandum. In this offering, MedCap sought to sell up to \$400,000,000 of promissory notes with two, three and six-year terms, at annual interest rates ranging from 9% to 9.5%. MPFC VI differed from some of MedCap's earlier offerings in several respects, including: it allowed MedCap to use up to 40% of the proceeds raised to invest in businesses other than medical receivables, and it limited the trustees' power to oversee MedCap's operations.

In July 2009, the SEC filed a civil injunctive action in federal district court in which it sought and was granted a preliminary injunction to stop all MedCap sales. The SEC alleged that MedCap and its executives defrauded investors in MPFC VI by misappropriating approximately \$18.5 million of investor funds. The SEC also alleged that MedCap had misrepresented that it had never defaulted on or been late in making interest or principal payments, when in fact MedCap had defaulted or was late in paying nearly \$1 billion in principal and interest on the notes from its Regulation D offerings. The court appointed a receiver to gather and conduct an inventory of MedCap's remaining assets. The SEC action is pending.

Tuccillo's Sales of MPFC VI

During its examination of First Security Capital Management, Inc., the staff became aware that the firm was selling the private placements offered by Medical Capital Holdings, Inc. The examination found that First Security had sold the MPFC I through MPFC V offerings to thirty-nine customers from December 15, 2004 through May 18, 2008. Tuccillo was the registered representative responsible for the majority of the firm's sales. Accordingly, the staff determined that it needed to request that Tuccillo provide information about those sales pursuant to FINRA Rule 8210.

Tuccillo's Failure to Provide Testimony

On June 21, 2011, the staff sent a letter pursuant to FINRA Rule 8210 requesting Tuccillo's on-the-record testimony for July 19, 2011 in connection with the MedCap offerings sales practice investigation. Tuccillo called the District Office on July 18, 2011 and stated that he would not appear for his scheduled testimony.

On July 19, 2011, the staff sent an additional request to Tuccillo pursuant to FINRA Rule 8210 requesting his on-the-record testimony on August 2, 2011. Tuccillo did not appear for testimony on August 2, 2011. On September 1, 2011, Tuccillo informed the staff that he was no longer associated with a firm registered with FINRA and had no intention of ever doing so in the future. Further, Tuccillo informed the staff that he would not appear for scheduled testimony on any date in the future.

Such acts, practice and course of conduct constitute violations of FINRA Rules 8210 and 2010 by Respondent Tuccillo.

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

A bar from association with any FINRA member in any capacity.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in

Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (*see* FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against me;
- 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, I 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.

I 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

I 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 me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my 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. I 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. I 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.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have 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 me to submit it.

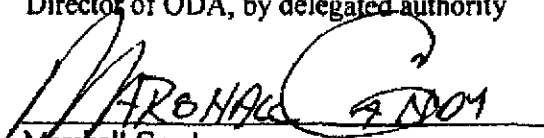
10/21/2011
Date (mm/dd/yyyy)

Tyge Tuccillo
Tyge Tuccillo, Respondent

Accepted by FINRA:

10/31/2011
Date

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


A handwritten signature in black ink, appearing to read 'MARSHALL GANDY', is written over a horizontal line.

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