

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20100212516-01**

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

RE: Northeast Securities, Inc.
Broker-Dealer
CRD No. 25996

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Northeast Securities, Inc. (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 the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm 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

The firm became a FINRA member on April 25, 1990. Its registration remains in effect. The firm has no prior relevant disciplinary history.

SUMMARY

In Matter No. 20100212516, FINRA's Department of Market Regulation reviewed the firm's compliance with FINRA rules regarding pricing in corporate bond transactions with customers during the period of July 1, 2009 through September 30, 2009 (the "review period").

FACTS AND VIOLATIVE CONDUCT

1. During the review period, in 59 transactions, the firm sold corporate bonds to customers and failed to sell such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. The transactions are identified on Exhibit A, attached. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2010 and NASD Rules 2440, IM-2440-1, and IM-2440-2.

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

Censure and a fine of \$70,000.¹

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the firm;
- 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 Chief Legal Officer, 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.

The firm 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.

¹ The firm already has made restitution to the customers affected in the transactions identified on Exhibit A.

III.

OTHER MATTERS

The firm 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 the firm; and
- C. If accepted:
 - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm'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. The firm 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. The firm 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 the firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm 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 it has agreed to the AWC's 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.

8/25/14
Date

Respondent
Northeast Securities, Inc.

By: Stephen Perrone

Name: Stephen Perrone

Title: CEO

Reviewed by:

Charles M. O'Neil
Counsel for Respondent

Accepted by FINRA:

September 24, 2014
Date

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

[Signature]
James J. Nixon
Chief Litigation Counsel
Department of Market Regulation

Northeast Securities, Inc. ("NESC")
Matter No. 20100212516
Exhibit A

#	Date	Bond	CUSIP ID	Quantity	Contra 1*	Trade 1 Time	Trade 1 Price	Firm	Contra 2*	Trade 2 Time	Trade 2 Price	Markup
	7/1/2009	STT.GO	85748BAB90	200	B-D (S)	12:47:37	91.00	NESC				
1	07/09/2009	STT.GO	85748BAB90	10				NESC	C (B)	12:43:38	96.5	6.04%
2				15						12:44:20		
3				25						12:45:08		
4				25						12:45:48		
5				25						12:46:50		
6				20						12:47:25		
	7/10/2009	STT.GO	85748BAB90	100	B-D (S)	12:01:53	91.00	NESC				
7	07/10/2009	STT.GO	85748BAB90	20				NESC	C (B)	14:56:50	96.50	6.04%
8				25						14:57:22		
9				20						14:58:20		
10				25						14:59:00		
11	07/16/2009	STT.GO	85748BAB90	10				N/A	C (B)	15:58:17	96.50	6.04%
12				10						15:59:50		
13				10						16:00:24		
14				10						16:01:00		
15				30						16:01:43		
16				20						16:02:22		
	7/17/2009	STT.GO	85748BAB90	100	B-D (S)	16:09:00	90.00	NESC				
17	07/21/2009	STT.GO	85748BAB90	50				NESC	C (B)	15:45:10	96	6.67%
18	07/23/2009	STT.GO	85748BAB90	50				NESC	C (B)	15:12:55	96	6.67%
	7/24/2009	STT.GO	85748BAB90	35	B-D (S)	9:50:33	90.50	NESC				
				200	B-D (S)	14:40:58	91.25					
				500	B-D (S)	14:30:03	92.00					

Northeast Securities, Inc. ("NESC")
Matter No. 20100212516
Exhibit A

#	Date	Bond	CUSIP ID	Quantity	Contra 1*	Trade 1 Time	Trade 1 Price	Firm	Contra 2*	Trade 2 Time	Trade 2 Price	Markup
19	07/27/2009	STT.GO	85748BAB90	35	B-D (S)	14:30:03	92.00	NESC	C (B)	14:52:00	97	5.43%
20	07/28/2009	STT.GO	85748BAB90	15				NESC	C (B)	10:18:50	97.75	6.25%
21				10					C (B)	10:19:13		
22				50					C (B)	10:19:45		
23				25					C (B)	10:20:08		
24				25					C (B)	10:20:25		
25				10					C (B)	10:20:40		
26				15					C (B)	10:20:58		
27				10					C (B)	10:21:50		
28				10					C (B)	10:22:08		
29				10					C (B)	10:22:34		
	07/28/2009	STT.GO	85748BAB90	150	B-D (S)	10:24:20	92.00	NESC				
30	07/28/2009	STT.GO	85748BAB90	10				NESC	C (B)	10:25:13	97.75	6.25%
31				10						10:25:30		
32				10						10:25:50		
33				15						10:26:03		
34				10						10:26:18		
35				20						10:26:36		
36				25						10:27:28		
37				15						10:34:30		
38				20						10:34:50		
39				25						10:35:24		
40				25						10:35:40		
41				25						10:36:02		
42	08/05/2009	STT.GO	85748BAB90	25				NESC	C (B)	16:21:20	97.75	6.25%
43				25						16:22:58		
44	08/05/2009			20						16:24:39		

Northeast Securities, Inc. ("NESC")
Matter No. 20100212516
Exhibit A

#	Date	Bond	CUSIP ID	Quantity	Contra 1*	Trade 1 Time	Trade 1 Price	Firm	Contra 2*	Trade 2 Time	Trade 2 Price	Markup
45	08/05/2009			20						16:25:51		
46	08/05/2009			15						16:27:10		
	09/09/2009	COF.HS	14043CAB90	135	B-D (S)	14:02:00	102.50	NESC				
	09/10/2009	COF.HS	14043CAB90	303	B-D (S)	16:01:34	102.90					
47	09/10/2009	COF.HS	14043CAB90	20				NESC	C (B)	17:29:44	107	3.98%
48	09/10/2009			20						17:30:01		
49	09/10/2009			20						17:30:15		
50	09/10/2009			20						17:30:30		
51	09/10/2009			20						17:31:00		
52	09/10/2009			20						17:31:30		
53	09/10/2009			15						17:32:25		
54	09/10/2009			20						17:32:38		
55	09/10/2009			20						17:32:55		
56	09/10/2009			20						17:33:08		
57	09/02/2009	AMAZ.GD	02406PAE0	500	B-D (B)	10:54:00	66.45	PERS	C (S)	10:54:00	63.7	4.14%
58	08/11/2009	VTO.GJ	92851RAD9	200	B-D (S)	10:45:00	41.90	PERS	C (B)	10:45:00	43.75	3.55%
59	09/15/2009	VTO.GJ	92851RAD9	47	B-D (S)	10:22:00	41.50	PERS	C (B)	10:22:00	43.4	4.58%

* Contra parties are identified as follows: B-D (S) indicates another Broker-Dealer selling to the firm; B-D (B) indicates another Broker-Dealer buying from the firm; C (S) indicates a customer selling to the firm; and C (B) indicates a customer buying from the firm.