

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011025505901**

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

**RE: Janco Partners, Inc., Respondent
FINRA Member Firm, CRD No. 4055**

**Jan E. Helen, Respondent
General Securities Representative and Principal, CRD No. 865530**

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

I.

ACCEPTANCE AND CONSENT

- A. Respondents 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

Janco Partners, Inc., ("Janco" or "the firm") which is based in Greenwood Village, Colorado became a FINRA member in February 1996. The firm currently has one office and eight registered persons. At the time of the conduct at issue in this matter, the firm's business was comprised of institutional sales of over-the-counter equity securities; transactions in listed securities; underwriting and research. FINRA retains jurisdiction over Janco because it is currently registered as a FINRA member firm.

Jan E. Helen ("Helen") first became registered with a FINRA member firm in June 1983. He associated with one other member firm before becoming registered through Janco as a General Securities Representative and Principal in

February 1996. Helen is still registered in those capacities with Janco as well as also being registered as an Operations Professional and Investment Banking Representative. Helen is Janco's Chief Executive Officer. FINRA maintains jurisdiction over Helen as he is currently registered with Janco, a FINRA member.

RELEVANT DISCIPLINARY HISTORY

Neither Janco nor Helen has any relevant disciplinary history

OVERVIEW

As a result of the manner in which Janco conducted a contingency offering, the firm violated several provisions of the Securities and Exchange Act of 1934 ("the Exchange Act") and FINRA Rules. More specifically, the violations stem from the following misconduct: the firm failed to establish an escrow account; the firm deposited two customer checks intended as investments in the offering into the firm's bank account and used the funds in its business; and the firm did not return investor funds even though the minimum sales contingency was not met by the date indicated in the private placement memorandum ("PPM"). The failure to deposit investor funds to an escrow account caused the firm's net capital requirement to increase and as a result the firm failed to maintain the required minimum net capital on four occasions; and the firm inaccurately calculated its net capital on four occasions. Finally, the firm failed to make or retain required documentation pertaining to the offering and the firm's supervisory system and procedures relating to private placements were not reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA Rules.

FACTS AND VIOLATIVE CONDUCT

A. Background

On or about October 6, 2010, QE (d/b/a WXT) commenced an offering of securities in the form of units in a private placement ("the offering"). Janco led the offering on a best efforts basis. The offering had a minimum sales contingency of \$500,000. The PPM stated that the offering would end on October 31, 2010, but could be extended by the issuer until December 31, 2010, without consent of investors. Further, if the minimum contingency was not met by December 31, 2010, the PPM indicated QE would reject all subscriptions and return all funds to investors.

Although the minimum sales contingency required the establishment of a qualifying trust or bank escrow account to which investor funds would be deposited pending satisfaction of the contingency, no escrow account was

established. Between October 6, 2010 and the extended contingency date, December 31, 2010, nine investors invested a total of \$350,000. These funds were sent either directly to QE by the investors or to the firm, which then forwarded them to QE on behalf of investors. Although the contingency had not been satisfied by the offering's closing date, no funds were returned to investors despite representations to the contrary in the PPM. Moreover, Janco did not take steps to extend the offering period in compliance with Rule 10b-9 by obtaining investor consent through reconfirmation. Instead, QE retained previously-invested funds and Janco continued to raise additional funds from several investors in January and March 2011.

In addition to the foregoing, Janco also retained and partially expended a portion of the investor funds prior to the satisfaction of the contingency. Pursuant to Helen's instruction, an employee of the firm deposited two checks from firm customer JG, each in the amount of \$25,000, into the firm's bank account on November 23, 2010 and January 14, 2011. These funds were intended by JG to be invested in the offering, but were never forwarded to QE. Based upon Helen's belief that the firm was owed offering commissions by QE, he decided to retain the funds, to be applied to commissions due upon closing, rather than forwarding the checks to QE and then receiving a commission from the issuer at a later date. The firm spent a portion of the \$50,000 deposited before the offering was fully subscribed.

B. Failure to Establish an Escrow Account and to Return Investor funds when the Minimum Contingency was not Satisfied – Violation of Sections 10(b) and 15(c) of the Exchange Act and Rules 10b-9 and 15c2-4 thereunder and FINRA Rule 2010

As noted above, investor funds in this contingency offering – whether raised before or after the stated contingency date – were not held in a bank escrow account but were sent directly or indirectly to the issuer. The firm paid itself commissions from offering proceeds on November 23, 2011, even though the minimum contingency had not been met by that date. Moreover, when the minimum in the offering was not met by December 31, 2010, the firm did not return the \$350,000 previously raised to the investors.

Based on the foregoing, the firm, acting under the direction and control of Helen, failed to cause investor funds received by the firm in the QE offering to be promptly deposited into a separate bank account, as agent or trustee for the investors, or a separate escrow account at a bank, until the contingency had occurred, as required by Exchange Act Rule 15c2-4. Moreover, prior to the minimum offering amount being raised, the firm utilized funds intended as investments in the offering. The representation in the PPM that investor funds would be returned if the contingency was not met by December 31, 2010, was rendered false when the firm failed to return or cause the return of investor funds when the contingency was not met by that date.

As a result of the foregoing conduct, Janco willfully violated Sections 10(b) and 15(c) of the Exchange Act of 1934, and Rules 10b-9 and 15c2-4 thereunder; Helen willfully violated Section 10(b) of the Exchange Act and Rule 10b-9 thereunder, and Janco and Helen engaged in conduct inconsistent with high standards of commercial honor and just and equitable principles of trade and violated FINRA Rule 2010.

C. Failure to Maintain Required Minimum Net Capital and Inaccurate Net Capital Computations -- Sections 15(c) and 17(a) of the Exchange Act, Rules 15c3-1 and 17a-3(a) thereunder, FINRA Rule 2010 and NASD Conduct Rule 3110

At the time the offering began, the firm's Membership Agreement with FINRA stated that it was approved to operate pursuant to SEC Rule 15c3-1(a)(2)(iii) which required the firm to maintain minimum net capital of \$100,000. The firm was permitted to engage in firm commitment, best efforts and contingency offerings provided that all funds received in conjunction with a contingency offering were deposited into a qualified escrow account.

Upon the forwarding of the first investor check on or about November 4, 2010 to QE, Janco became subject to a \$250,000 minimum net capital requirement pursuant to Exchange Act Rule 15c3-1(a)(2)(i) which states:

"A broker or dealer shall maintain net capital of not less than \$250,000 if it carries customer or broker or dealer accounts and receives or holds funds or securities for those persons. A broker or dealer shall be deemed to receive funds, or to carry customer or broker or dealer accounts and to receive funds from those persons if, in connection with its activities as a broker or dealer, it receives checks, drafts, or other evidences of indebtedness made payable to itself or persons other than the requisite registered broker or dealer carrying the account of a customer, escrow agent, issuer, underwriter, sponsor, or other distributor of securities. (emphasis added)

The firm's net capital on November 30, 2010; December 31, 2010; January 31, 2011; and February 28, 2011, and its net capital deficiencies were at least as follows:

<u>Date</u>	<u>Net Capital</u>	<u>Net Capital Requirement</u>	<u>Deficiency</u>
11/30/2010	\$120,116	\$250,000	(\$129,884)
12/31/2010	\$105,744	\$250,000	(\$144,256)
1/31/2011	\$112,291	\$250,000	(\$137,709)
2/28/2011	\$61,676	\$250,000	(\$188,324)

The firm conducted a securities business on these four dates.

In addition, the firm's financial records contained inaccurate computations of net capital. The computations stated an inaccurate minimum net capital requirement and, consequently, failed to reflect that the firm's net capital was less than the required minimum.

By conducting a securities business while failing to maintain the required minimum net capital and by inaccurately calculating the firm's net capital, Janco willfully violated Sections 15(c) and 17(a) of the Exchange Act and Rules 15c3-1 and 17a-3(a)(11) thereunder and also violated FINRA Rule 2010 and NASD Conduct Rule 3110.

D. Notification of Net Capital Deficiency – Section 17(a) of the Exchange Act and Rule 17a-11 thereunder and FINRA Rule 2010

Every broker or dealer whose net capital declines below the minimum amount required pursuant to Rule 15c3-1 is required to give notice of the deficiency that same day to FINRA and to the Securities and Exchange Commission. As noted, the firm's net capital was below its minimum net capital requirement on November 30, 2010; December 31, 2010; January 31, 2011; and February 28, 2011. The firm did make notification on December 31, 2010 but failed to make notification on November 30, 2010; January 31, 2011 and February 28, 2011. As a result, the firm willfully violated Section 17(a) of the Exchange Act and Rule 17a-11 thereunder and also violated FINRA Rule 2010.

E. Records to be Made and Preserved by Exchange Members, Brokers and Dealers – Section 17(a) of the Exchange Act and Rules 17a-3 and SEC Rule 17a-4 thereunder and FINRA Rule 2010

The firm did not maintain required records relating to the offering. More specifically, the firm did not maintain copies of subscription agreements for any investors in the offering (they were held by the issuer); the firm did not maintain customer account records for five of nine investors in the offering; and new account forms had the following missing information: net worth (one account) and investment objective (two accounts). As a result, the firm willfully violated Section 17(a) of the Exchange Act and Rules 17a-3 and 17a-4 thereunder and also violated FINRA Rule 2010. Further, by causing the firm to fail to make and keep records required by Rule 17a-3, Helen violated FINRA Rule 2010.

F. Written Supervisory Procedures – NASD Rule 3010(b)

The firm's written supervisory procedures from November 2010 through April 2011 were not reasonably designed to supervise its private placement activities. For example, the procedures did not address any obligation to conduct due diligence, the requirement to establish an escrow account in an offering subject to a contingency, the review of offering documents or the general obligation to

supervise the entire offering process. As a result, the firm, acting by and through Helen, violated NASD Rule 3010(b) and FINRA Rule 2010.

B. The Respondents also consent to the imposition of the following sanctions:

Respondent Janco is censured and fined \$22,500.00 jointly and severally with Helen. In addition, Helen is suspended from associating with a FINRA member in any capacity for two weeks.¹

Respondents agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondents have submitted an Election of Payment form showing the method by which they propose to pay the fine imposed.

The Respondents specifically and voluntarily waive any right to claim that they unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

Jan Helen understands that if he is suspended from associating with any FINRA member in all capacities, he becomes 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, he may not be associated with any FINRA member in any capacity during the period of the suspension (see FINRA Rules 8310 and 8311). Furthermore, because he is subject to a statutory disqualification during the suspension, if he remains associated with a member firm in a non-suspended capacity, an application to continue that association may be required.

Jan Helen understands that this settlement includes a finding that he willfully violated Section 10(b) of the Securities Exchange Act of 1934 and that under Article III, Section 4 of FINRA's By-Laws, this makes him subject to a statutory disqualification with respect to association with a member.

The firm understands that this settlement includes a finding that it willfully violated Sections 10(b), 15(c) and 17(a) of the Securities Exchange Act of 1934 and that under Article III, Section 4 of FINRA's By-Laws, this makes the firm subject to a statutory disqualification with respect to membership.

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

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

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against them;
- 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, the Respondents 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.

The Respondents 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

Respondents 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 them; and

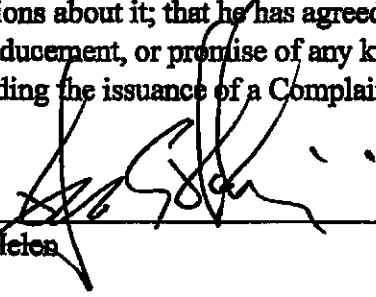
C. If accepted:

1. this AWC will become part of the Respondents' permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against them;
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the Respondents' disciplinary records;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
4. The Respondents 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 Respondents 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.

D. The Respondents may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Respondents understand that they 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, and in his individual capacity certifies that he is duly authorized to act on the firm's 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 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.

10/11/12
Date


Jan-Helen

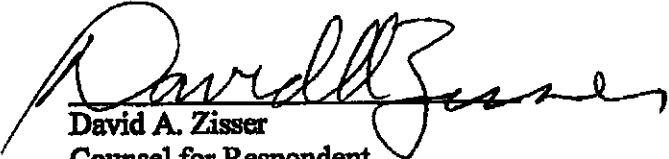
Date 10/11/12

Janco Partners, Inc.

By: _____

Jan Helen

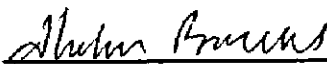
Reviewed by:


David A. Zisser
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Accepted by FINRA:

11/5/2012
Date

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


Helen G. Barnhill
Senior Regional Counsel
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Statement of Corrective Action: Janco Partners ("Firm") has taken a number of corrective actions to address the issues raised in FINRA's most recent audit of the Firm. First, the Firm has hired an experienced CFO/FINOP to review the Firm's financial books and records and insure compliance with all FINRA net capital reporting requirements. Additionally, the Firm has changed its business model and no longer handles any customer accounts, nor does it execute trades. It is a \$5,000 broker-dealer that simply produces research, acts as a selling group member in private, best-efforts offerings, conducts private placements of securities, and assists clients with mergers and acquisitions advisory services per the Firm's new Membership Agreement with FINRA effective July 27, 2011. The Firm has been in net capital compliance since April, 2011 and expects to remain so in lieu of its changes business model. To insure compliance on all investment banking activities, the Firm appointed a Director of Investment Banking to oversee corporate finance and M&A activities, in collaboration with CEO, Jan Helen. The Firm has revised its written policies and procedures, and now insures that every potential banking client is fully vetted, any capital raise is done on a best-efforts, non-contingent basis, and that all FINRA procedures are followed during the banking engagement (including escrow requirements) as well as post-transaction reporting to FINRA/SEC. The Firm intends to strictly limit underwritings with retail individual accredited investors, but rather is focusing on capital raise deals targeted at the venture capital and private equity markets. The Firm's CEO and Director of Investment Banking meet weekly to discuss the status of all investment banking activities. This Statement of Corrective Action is submitted by the Respondent(s). It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.