

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011025603501**

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

RE: Farrell Marsh & Company, Respondent
Member Firm
CRD No. 31971

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

I.

ACCEPTANCE AND CONSENT

- A. Respondent 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

Farrell Marsh & Company ("Farrell Marsh") has been a member of FINRA since July 1993. The firm maintains its main office in Ardmore, Pennsylvania. Farrell Marsh has one registered branch office, employs four registered persons, and its primary business is raising capital for private equity funds, real estate funds, funds and limited partnerships. Farrell Marsh has no FINRA disciplinary history.

FACTS AND VIOLATIVE CONDUCT

Failure to Preserve E-Mails in Proper Format

From at least February 2, 2007 to December 1, 2011 (the "relevant period"), Farrell Marsh failed to preserve its e-mails in a non-erasable or WORM format. In addition, the firm did not have in place an audit system providing for accountability regarding inputting of records required to be maintained and preserved to electronic storage media and did not retain a third party who had access to and the ability to download information from its electronic storage media. By failing to preserve e-mails as required, the firm violated Exchange Act Rule 17a-4, NASD Conduct Rules 2110 (for conduct before December 15, 2008) and 3110 and FINRA Rule 2010 (for conduct after December 14, 2008).

Failure to Develop and Enforce Procedures For the Review of Electronic Correspondence

During the relevant period, Farrell Marsh failed to develop and enforce written procedures reasonably designed to achieve compliance with NASD Conduct Rule 3010(d)(2) regarding the review of electronic correspondence. For example, Farrell Marsh failed to enforce its written procedures requiring a designated principal to conduct a daily review of business-related electronic correspondence and to evidence that review by initialing the correspondence. By failing to develop and enforce reasonably-designed written procedures for the review of electronic correspondence, Farrell Marsh violated NASD Conduct Rules 2110 (for conduct before December 15, 2008) and 3010 and FINRA Rule 2010 (for conduct after December 14, 2008).

B. Respondent also consents to the imposition of the following sanctions:

- a censure and \$10,000 fine.

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

Respondent 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

Respondent 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, Respondent 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.

Respondent 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

Respondent understands that:

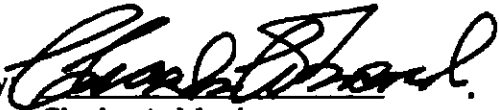
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent;
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against it;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent'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. Respondent 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. Respondent 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party; and
- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent 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 Farrell Marsh, 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 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.

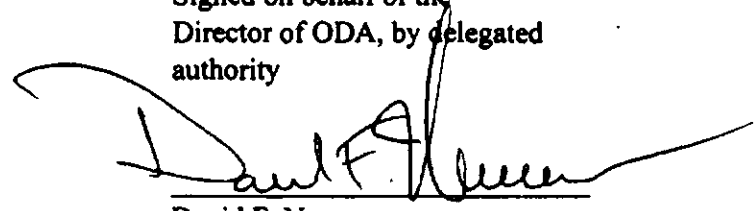
Farrell Marsh & Company

12/13/2012
Date (mm/dd/yyyy)

By 
Charles A. Marsh
President

Accepted by FINRA:

December 20, 2012
Date

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

David F. Newman
Senior Regional Counsel
FINRA Department of Enforcement
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