

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011025785401**

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

RE: Steven L. Falk, Respondent
General Securities Representative
General Securities Principal
Direct Participation Programs Representative
Direct Participation Programs Principal
Limited Representative - Investment Banking
CRD No. 1207626

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Steven L. Falk ("Respondent" or "Falk"), 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 Respondent 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

Falk first became associated with a FINRA member firm in March 1984 through his association with Steven L. Falk & Associates (the "Firm") where he was registered as a Direct Participation Programs Representative ("DR") and a Direct Participation Programs Principal ("DP"). Subsequently, he became registered as a General Securities Representative ("GSR") as well as a General Securities Principal ("GSP") and a Limited Representative - Investment Banking ("IB") through the Firm. Falk was associated with the Firm until his voluntary termination on May 18, 2011. Falk was the Firm's owner, and among other things, the Chief Compliance Officer. The Firm's FINRA membership was

cancelled on or about July 18, 2011 for failure to pay outstanding fees.

From October 1995 to November 1997, Falk was also associated with a FINRA member firm where he was registered as a GSR, a GSP, and a DP. From January 2004 to December 2008, Falk worked for an investment adviser and was registered as an adviser in the State of Nevada. Falk has not been associated with another member firm since leaving the Firm.

RELEVANT DISCIPLINARY HISTORY

In or about February 2011, the State of Nevada initiated an action (No. C111-051-DLC) against Falk alleging that Falk, as a principal of a broker-dealer, failed to provide documents requested pursuant to Nevada Revised Statutes 90.410. As a result, in or about September 2011, by an order, Falk was barred for five years with the condition that he could "re-apply for licensing as a sales representative if he can demonstrate that he will be adequately supervised by a licensed broker-dealer firm, which is not controlled by Steven Falk."

OVERVIEW

Falk violated FINRA Rules 8210 and 2010 by failing to provide a complete response to FINRA staff's requests for information and documents and for failing to appear for his testimony.

FACTS AND VIOLATIVE CONDUCT

FINRA staff commenced an investigation concerning, among other things, a possible net capital violation by the Firm. In the course of the investigation, the staff also learned that Falk and the Firm may have been withholding commission payments from several registered representatives who had left the Firm but who had earned those commissions while associated with the Firm. In this connection, the staff requested information and documents from Falk and the Firm as detailed below. In addition, the staff also requested Falk's testimony, for which he failed to appear, also detailed below.

1. The April 1, 2011 Letter

On April 1, 2011, the staff issued its first request for information to Falk and the Firm, pursuant to FINRA Rule 8210. The letter was sent by first class and certified mail to Falk's CRD residential address as well as the Firm's address. The letter requested, among other things, that Falk and the Firm provide a variety of information and documents concerning, among other things, the Firm's net capital calculations and funds received by the Firm. The response was due by April 15, 2011. Neither Falk nor the Firm responded to the April 1 letter.

2. The April 21, 2011 Letter

On April 21, 2011, the staff issued a subsequent request for information to Falk and the Firm, pursuant to FINRA Rule 8210. The letter was sent by first class and certified mail to Falk's CRD address as well as the Firm's address. The letter requested that Falk and the Firm provide information addressing the inquiries in the April 1, 2011 letter. The response was due by May 5, 2011.

On or about May 6, 2011, Falk provided a partial response to the April 1 and the April 21 requests by producing documents that consisted primarily of bank statements for the Firm, the Firm's written supervisory procedures, an email disc (without the password), and commission information for some of the registered representatives. However, the majority of the requests were not answered and Falk did not provide a cover letter or any other narrative explaining which of the documents were responsive to which of the staff's requests.

3. The May 10, 2011 Letter

Because the documents provided by Falk and the Firm were incomplete, on May 10, 2011, the staff issued another request for information to Falk and the Firm, pursuant to FINRA Rule 8210. The letter was sent by first class and certified mail to Falk's CRD address as well as the Firm's address. The letter identified the prior requests for which Falk and the Firm failed to either provide any information or provided incomplete information. The letter also contained a more detailed request for information pertaining to commissions and fees earned by the Firm from various issuers. The response was due by May 24, 2011.

Neither Falk nor the Firm responded to the May 10 letter.

4. The June 17, 2011 Letter

On June 17, 2011, the staff issued another request for information to Falk and the Firm, pursuant to FINRA Rule 8210. The letter was sent by first class and certified mail to Falk's CRD address as well as the Firm's address. The letter requested that Falk and the Firm provide information addressing the inquiries in the May 10, 2011 letter. The response was due immediately.

Neither Falk nor the Firm responded to the June 17 letter.

5. The September 16, 2011 Letter

On September 16, 2011, the staff requested that Falk appear for his on-the-record testimony ("OTR") on September 29, 2011 at 9:00 a.m. at FINRA's District 2 office located in Los Angeles, California. By the same letter, the staff also requested, pursuant to FINRA Rule 8210, information and documents that were previously requested in the May 10 and the June 17 letters for which Falk was required to respond by September 23, 2011. The letter was sent by first class and certified mail to Falk's CRD address. On or about September 28, 2011, Falk left a voicemail message for the staff indicating, among other things, that he would not appear for his OTR. Falk did not appear for his OTR on September 29, nor did he provide any further response to the requests for information and documents.

By failing to provide a complete response to the staff's requests for information and documents, and by failing to appear for his testimony, Falk violated FINRA Rules 8210 and 2010.

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

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

Respondent understands that if he is barred or suspended from associating with any FINRA member, 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, 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

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 Respondent;
- 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 Respondent;
 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.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent 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 Respondent to submit it.

11/2/11
Date (mm/dd/yyyy)

Steven L. Falk
Steven L. Falk

Accepted by FINRA:

11/21/11
Date

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


Soo H. Im
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