

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011028992201**

RECEIVED
DEC. 07 2012
FINRA District 4

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

**Re: Ausdal Financial Partners, Inc.
CRD No. 7995**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Ausdal Financial Partners, Inc. (Ausdal) 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 Ausdal alleging violations based on the same factual findings described herein.

I. ACCEPTANCE AND CONSENT

- A. Ausdal 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

Ausdal has been a FINRA broker-dealer since January 7, 1980. Ausdal operates from its main office in Davenport, Iowa. During all periods mentioned herein, Ausdal was a registered broker-dealer with the United States Securities and Exchange Commission and FINRA.

Relevant Disciplinary History

Ausdal has not been the subject of any prior formal disciplinary action by FINRA.

Overview

Ausdal failed to retain some email correspondence related to its business as a broker-dealer from October 2008 through June 2011, in violation of NASD Rules 3110 and 2110, FINRA Rule 2010, Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-4 promulgated thereunder.

Facts and Violative Conduct

Ausdal began using a new third-party email provider to retain its emails in October 2008. When the provider implemented Ausdal's email retention system, it established email addresses for Ausdal personnel on its server. After the initial set-up by the provider, Ausdal was responsible for establishing new email addresses on the server.

Due to user error, from October 2008 through June 2011, Ausdal failed to establish new email addresses on the server for 26 newly-registered representatives and associated personnel of Ausdal and therefore failed to retain the emails of these 26 representatives and associated personnel. Ausdal was able to retrieve emails for some of these representatives and associated personnel after it discovered that the email addresses had not been established on the server.

Ausdal allowed its registered representatives to use their personal email addresses, as long as they forwarded securities-related emails to one of the three email review boxes established by the firm. From November 2010 through June 2011, the emails sent to one of these email review boxes were not retained. These emails were deleted on a weekly basis because the review box would become full and would not accept any additional emails.

Through this conduct, Ausdal failed to retain some email correspondence related to its business as a broker-dealer from October 2008 through June 2011, in violation of NASD Rules 3110 and 2110, FINRA Rule 2010, Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-4 promulgated thereunder.

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

1. A censure; and
2. A fine of \$25,000.

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

Ausdal 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

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

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

Ausdal 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

Ausdal 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 Ausdal; and
- C. If accepted:
 - 1. this AWC will become part of Ausdal's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Ausdal;
 - 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. Ausdal 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. Ausdal 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 Ausdal's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Ausdal may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Ausdal understand 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.

Letter of Acceptance, Waiver and Consent No. 2011028992201

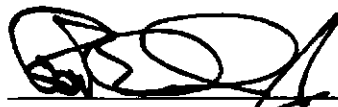
Ausdal Financial Partners, Inc.

Page 5

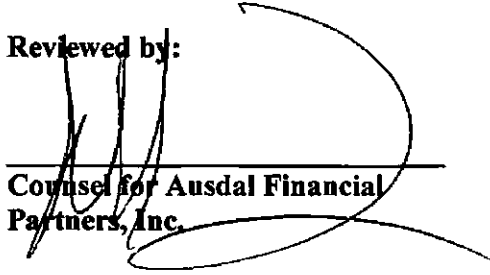
The undersigned, on behalf of Ausdal, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that he has agreed to its provisions voluntarily; and that no offer, threat, inducement, 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 Ausdal to submit it.

AUSDAL FINANCIAL PARTNERS, INC.

Dec 5, 2012
Date

By: 
Robert B. Ausdal, Jr., President

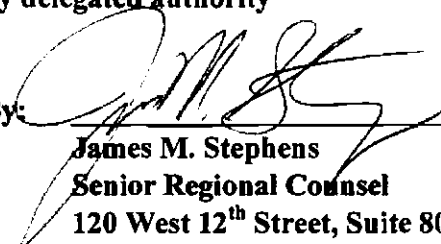
Reviewed by:


Counsel for Ausdal Financial
Partners, Inc.

Accepted by FINRA:

12.20-12
Date

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

By: 
James M. Stephens
Senior Regional Counsel
120 West 12th Street, Suite 800
Kansas City, MO 64105
Telephone: (816) 802-4710
Facsimile: (816) 421-4519
Email: james.stephens@finra.org

STATEMENT OF CORRECTIVE ACTION SUBMITTED BY AUSDAL
FINANCIAL PARTNERS, INC. IN CONNECTION WITH
FINANCIAL INDUSTRY REGULATORY AUTHORITY LETTER
OF ACCEPTANCE, WAIVER AND CONSENT
NO. 201102899201

This Corrective Action Statement is submitted by Ausdal Financial Partners, Inc. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its Staff.

On June 27, 2011, Ausdal Financial Partners, Inc. (Ausdal) discovered that certain e-mail addresses were not being retained by Ausdal's then third-party e-mail vendor. Ausdal promptly contacted the e-mail vendor to inquire why e-mails were not being retained. Ausdal learned that the e-mail addresses at issue had not been set up properly.

Ausdal promptly conducted a firm-wide undertaking to ensure that all of its representative's and associated person's e-mails would be captured by its existing e-mail vendor's systems, on a going-forward basis. Ausdal was also able to re-capture a number of the e-mails for certain of the Ausdal representatives and/or associated personnel that had not been captured and retained; this was made possible because their .pst files were located on their personal hard drives. Ausdal self-reported this issue to FINRA, in writing, on July 15, 2011.

Ausdal signed a contract with a new e-mail vendor on August 29, 2011, and converted the home office to the new e-mail vendor's platform as of October 28, 2011. All Ausdal representatives and associated persons were required to use the new e-mail vendor's platform as of January 1, 2012. Ausdal representatives were advised of this requirement at the Ausdal Annual Compliance Meetings held on October 20, 2011 and November 10, 2011. Ausdal representatives work directly with Ausdal's new e-mail vendor to ensure that the representative's Ausdal e-mail address is set up properly, and the e-mails are being captured and retained by the new e-mail vendor's system. Ausdal, upon receiving notice from the e-mail vendor that the Ausdal representative's e-mail address has been set up properly and e-mails are being captured and retained, then conducts its own testing to verify that all representative e-mails are, in fact, being captured and retained.