

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012030379801**

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

RE: Center Street Securities, Inc., Respondent
[CRD No. 26898]

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Center Street Securities, Inc. (hereinafter, "Center Street," "Firm," or "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 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

Center Street has been a FINRA member since February 7, 1991. The Firm is registered with the Municipal Securities Rulemaking Board ("MSRB") and engages in a municipal securities business. Center Street employs approximately 84 registered persons that operate from 74 branch offices and its principal office is in Nashville, Tennessee. Center Street engages in the sale of variable life insurance and annuities, mutual funds, private placements, options, corporate equities, debt securities, U.S. government securities and municipal securities. Center Street has not previously been the subject of any relevant formal disciplinary actions.

FACTS AND VIOLATIVE CONDUCT

During the period from September 20, 2010 through May 13, 2012, Center Street failed to establish, maintain and enforce adequate supervisory systems and written supervisory procedures to appropriately monitor use by its associated persons of external email accounts to conduct firm-related business. Specifically, at least 35

associated persons used external email accounts for business purposes, but the emails were not captured by the Firm's email system for retention and review.

As a result of the foregoing conduct, Respondent Center Street violated Section 17(a) of the Securities Exchange Act of 1934, SEC Rule 17a-4, NASD Conduct Rules 3010(a), 3010(b), 3010(d)(2) and 3010(d)(3) and 3110 (for conduct before Dec. 5, 2011) and FINRA Rules 4511 (for conduct after Dec. 4, 2011) and 2010 and MSRB Rules G-9 and G-27.

B. Center Street also consents to the imposition of the following sanctions:

A censure and a \$30,000 fine (\$15,000 of which pertains to the violations of MSRB Rules G-9 and G-27).

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

Center Street 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

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 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, Center Street 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.

Center Street 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

Center Street 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 Center Street'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 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. 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 Center Street'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. Center Street understands that the Firm 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 Center Street Securities, Inc. 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 the Firm 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 Center Street Securities, Inc. to submit it.

12-4-13
Date (mm/dd/yyyy)

Center Street Securities, Inc., Respondent

By: [Signature]
(Signature)

Name: Jack R Thacker
(Print Name)

Title: President

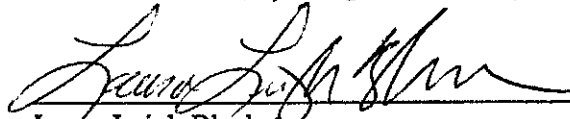
Reviewed by:

[Signature]
Jeffrey A. Ziesman
Counsel for Respondent
Bryan Cave LLP
One Kansas City Place
1200 Main Street, Suite 3500
Kansas City, Missouri 64105-2100
Phone: 816-374-3225
Email: jeff.ziesman@bryancave.com

Accepted by FINRA:

December 16, 2013
Date

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

A handwritten signature in black ink, appearing to read "Laura Leigh Blackston", written over a horizontal line.

Laura Leigh Blackston
Senior Regional Counsel
FINRA Department of Enforcement
1100 Poydras Street
Energy Centre, Suite 850
New Orleans, LA 70163-1108
Phone: 504/522-6527; Fax: 504/522-4077
Email: laura.blackston@finra.org