

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. C02050026

TO: Department of Enforcement
NASD

RE: First Global Securities, Inc., Member Firm
CRD No. 28612

Noble Bradford Trenham, General Securities Principal
CRD No. 449157

[REDACTED]

[REDACTED]

Pursuant to Rule 9216 of NASD Code of Procedure, we submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described in Part II below. This AWC is submitted on the condition that, if accepted, NASD will not bring any future actions against us alleging violations based on the same factual findings.

We understand that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Department of Enforcement and National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against us; and
3. If accepted:
 - a. this AWC will become part of our permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against us;

- b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about our disciplinary record;
- c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-2; and
- d. We 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 allegation in this AWC or create the impression that the AWC is without factual basis. Nothing in this provision affects our testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

We also understand that our experience in the securities industry and disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and history are as follows:

1. First Global Securities, Inc., ("FGS" or "firm") has been a member of NASD since in or about November 1993. During all relevant times, FGS conducted a general securities business on a fully disclosed basis and agreed to operate pursuant to the exemptive provisions of SEC Rule 15c3-3(k)(2)(ii). FGS was the subject of the following disciplinary action by NASD:

FGS and Noble Bradford Trenham ("Trenham") submitted a Letter of Acceptance, Waiver and Consent, which was accepted by NASD in October 1999, for violations of SEC Rule 15c3-1 and NASD Conduct Rules 1022(c) and 2110 because the firm, acting through Trenham, failed to maintain sufficient net capital and failed to have and designate a qualified financial and operations principal. FGS and Trenham were fined \$5,000 jointly and severally, and Trenham was suspended as a principal for ten business days (C02990054).

2. Trenham has been associated with FGS from in or about June 1986 through the present as a General Securities Principal and the firm's Compliance Officer. Trenham's disciplinary history is described above.
3. [REDACTED] was FGS' financial and operations principal from in or about mid April 2002 through September 2002. [REDACTED] is currently associated with FGS as a General Securities Representative. [REDACTED] has not been the subject of any disciplinary action by NASD, the Securities and Exchange Commission, or any state regulator.

4. [REDACTED] has been associated with FGS as a financial and operations principal from in or about October 2002 through the present. [REDACTED] has not been the subject of any disciplinary action by NASD, the Securities and Exchange Commission, or any state regulator.

I.

WAIVER OF PROCEDURAL RIGHTS

We specifically and voluntarily waive the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against us;
- B. To be notified of the Formal 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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, we 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.

We further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of 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.

II.

ACCEPTANCE AND CONSENT

- A. We hereby accept and consent, without admitting or denying the allegations or findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD 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 NASD:

Failure to Implement an Anti-Money Laundering Program

1. NASD Conduct Rule 3011, which became effective on April 24, 2002, requires NASD members to develop and implement a written anti-money laundering ("AML") program reasonably designed to achieve and monitor compliance with the requirements of the Bank Secrecy Act, 31 U.S.C. §5311, et seq., and the regulations promulgated thereunder. NASD issued numerous communications to its members regarding the requirement to have an AML program and that the requirement applied to all member firms. Among other things, NASD communicated the requirement in Notice to Members 02-21 in April 2002 to notify NASD members of this requirement and reiterated this requirement in subsequent Notices to Members 02-47 (August 2002), 02-50 (August 2002), 02-78 (November 2002), 02-80 (December 2002), and 03-34 (June 2003).
2. From in or about April 24, 2002 through at least August 15, 2003, FGS failed to develop and implement a written AML program reasonably designed to achieve and monitor compliance with the requirements of the Bank Secrecy Act, 31 U.S.C. §5311, et seq., and the regulations promulgated thereunder. During this time, the firm's AML program consisted of terse written procedures that instructed registered representatives to notify Trenham if they opened any foreign accounts, and to provide information regarding any transfers of \$100,000 or more into any such foreign accounts, as well as multiple transfers in any given month. The firm's AML program was deficient because it did not have adequate procedures or internal controls to, among other things, address the following areas:
 - a. Identifying and verifying the identity of customers;
 - b. Detecting and causing the reporting of suspicious transactions;
 - c. Detecting and closing correspondent accounts of unregulated foreign shell banks, obtaining certifications from any foreign bank account holders, identifying the owners of foreign banks with U.S. correspondent accounts and the name and address of the U.S. agent for service of legal process for those banks, and providing information to and handling requests from federal law enforcement about correspondent accounts;
 - d. Financial Crimes Enforcement Network ("FinCEN") Section 314(a) requests for information on money laundering or terrorist activity;
 - e. Recordkeeping (currently a five-year requirement);

- f. Filing reports of International Transportation of Currency or Monetary Instruments;
 - g. Independent testing of the firm's AML compliance program by member personnel or by a qualified outside party; and
 - h. Ongoing training for appropriate personnel.
3. By reason of the foregoing, FGS violated NASD Conduct Rules 2110 and 3011.

Failure to Maintain Minimum Net Capital Requirement

4. During 2002, FGS, acting variously through Trenham, [REDACTED] and/or [REDACTED] effected transactions in securities, and/or induced or attempted to induce the purchase or sale of securities, when FGS failed to have and maintain sufficient net capital in contravention of SEC Rule 15c3-1. FGS, which was operating as a "\$5,000 broker dealer," subsequently commenced operating as a "dealer" (as defined in SEC Rule 15c3-1(a)(2)(iii)) by virtue of the frequency of the trading activity in its proprietary account thereby triggering a \$100,000 minimum net capital requirement. Unaware of its new net capital requirement, the firm failed to meet the higher requirement at the end of each month during the year 2002, except August. The amount of the net capital deficiencies ranged from approximately \$30,000 to \$93,000.
5. On the one hand, the aforementioned acts, practices and conduct constitute separate and distinct violations of SEC Rule 15c3-1 and Conduct Rule 2110 by FGS. On the other hand, the aforementioned acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 by Trenham. By reason of the net capital deficiencies that occurred from May 2002 through July 2002, [REDACTED] violated NASD Conduct Rule 2110. By reason of the net capital deficiencies that occurred in November and December, 2002, [REDACTED] violated NASD Conduct Rule 2110.

Failure to Comply With Continuing Education Requirement (Regulatory Element)

6. From in or about May 2001 through January 2003, FGS, acting through Trenham, variously permitted three registered persons to act in capacities requiring registration while their NASD registrations were inactive due to a failure to complete in a timely manner the Regulatory Element of the Continuing Education requirement. The periods of inactive registration ranged from 240 to 335 days.
7. By reason of the foregoing, FGS and Trenham violated NASD Membership and Registration Rule 1120(a) and NASD Conduct Rule 2110.

Failure to Comply With Continuing Education Requirement (Firm Element)

8. In contravention of Membership and Registration Rule 1120(b), FGS, acting through Trenham, failed to develop and maintain a continuing and current education program for its covered registered persons for the years 1999 through 2002. Specifically, FGS failed to: 1) develop a written training plan outlining the Firm Element program for each respective year; 2) perform a needs analysis survey on an annual basis to evaluate its training needs; and 3) maintain records documenting the content and completion of the Firm Element by the firm's covered registered persons. Previously, FGS received a letter of caution from NASD for failure to comply with the Firm Element of the Continuing Education Requirement.
9. By reason of the foregoing, FGS and Trenham violated Membership and Registration Rule 1120(b) and Conduct Rule 2110.

Failure to Comply With Regulation S-P

10. SEC Regulation S-P, "Privacy of Consumer Financial Information," which went into effect on July 1, 2001, requires among other things that all NASD member firms develop and provide annual privacy notices and opt-out notices to its customers. In contravention of Regulation S-P, FGS, acting through Trenham, failed to develop or provide such notices to its customers during the period from in or about July 2001 through August 2003.
 11. By reason of the foregoing, FGS and Trenham violated NASD Conduct Rule 2110.
- B. We also consent to the imposition, at a maximum, of the following sanctions:
1. FGS is censured, and FGS and Trenham are fined jointly and severally in the amount of \$28,500.
 2. Trenham is suspended from associating with any NASD member in any principal capacity for a period of thirty (30) business days.
 3. FGS, Trenham and [REDACTED] are fined jointly and severally in the amount \$5,000.
 4. [REDACTED] FGS and Trenham are fined jointly and severally in the amount \$2,500.

All fined amounts described above are due and payable within 60 calendar days of the issuance of this AWC, at which time respondents may elect the installment payment plan.

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

III.

OTHER MATTERS

- A. We understand that we may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. We understand that we 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 NASD, nor does it reflect the views of NASD or its staff.
- B. We agree to pay any monetary sanctions imposed on us upon notice that this AWC has been accepted and that such payments are due and payable and have attached an Election of Payment form showing the method by which we propose to pay any fine imposed.
- C. We specifically and voluntarily waive any right to claim that we are unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

We certify that we have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce us to submit it.

FIRST GLOBAL SECURITIES, INC.

3-8-2005
Date

Noble Bradford Trenham
By: Noble Bradford Trenham, CEO

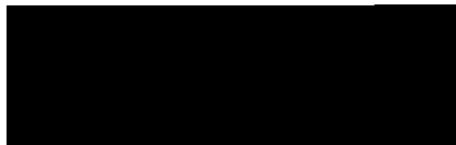
3-8-2005
Date

Noble Bradford Trenham
Noble Bradford Trenham

3/8/05
Date



3/16/05
Date



Accepted by NASD:

4/5/06
Date


for Lani M. Sen Woltmann, District Director
Signed on behalf of the Director of ODA,
by delegated authority