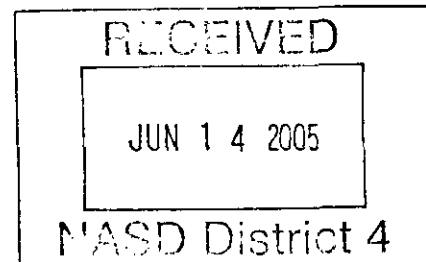


NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. C04050028

**To: Department of Enforcement
NASD**

**Re: Sandeep D. Kitson
Financial and Operations Principal and
General Securities Principal
(CRD No. 2508526)**



Pursuant to Rule 9216 of the NASD Code of Procedure, Sandeep D. Kitson (Kitson), submits 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 Kitson alleging violations based on the same factual findings.

Kitson understands 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 the National Adjudicatory Council (NAC) Review Subcommittee or the Office of Disciplinary Affairs (ODA), pursuant to NASD Procedural Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Kitson; and
3. If accepted:
 - a. this AWC will become part of Kitson's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against him;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about Kitson's 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. Kitson 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 Kitson's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

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Kitson also understands that his 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:

Kitson entered the securities industry in June 1994 when he associated with a member firm of NASD. From February 13, 1998 through September 28, 2001, he was associated with NASD member firm Prime Charter, Ltd. (Prime Charter) as a sales representative and registered with NASD as a financial and operations principal and general securities representative. From May 27, 2003 through March 1, 2004, he was associated with NASD member firm Raike Financial Group, Inc. (Raike) as a sales representative and registered with NASD as a financial and operations principal and general securities principal. From April 1, 2004 through May 11, 2004, he was associated with NASD member firm First Montauk Securities Corp. (First Montauk) and registered with NASD as a financial and operations principal and general securities principal. From June 25, 2004 through July 12, 2004, he was associated with NASD member firm Granite Securities, LLC (Granite) as a sales representative and registered with NASD as a financial and operations principal and general securities principal.

Kitson is not currently associated with any NASD member or registered with NASD in any capacity. However, NASD retains jurisdiction over Kitson pursuant to Article V, Section 4 of the NASD By-Laws. Kitson has not been the subject of prior formal disciplinary action by NASD.

I. WAIVER OF PROCEDURAL RIGHTS

Kitson specifically and voluntarily waives the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against him;
- 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.

Furthermore, Kitson 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.

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In addition, Kitson specifically and voluntarily waives any right to claim that a person violated the *ex parte* prohibitions of NASD Procedural Rule 9143 or the separation of functions prohibitions of NASD Procedural 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. Kitson hereby accepts and consents, 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:

Suitability – Excessive Trading
NASD Conduct Rules 2110 and 2310

1. From at least December 1999 to at least February 2001, Kitson made unsuitable securities recommendations, and executed unsuitable transactions, for the accounts of customers M.H., Tr. Ltd., S.N. and G.H.
2. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 2110 and 2310, on the part of Kitson.

Willful Failure to Disclose on Form U-4 and
Willful Failure to Update Form U-4
NASD Conduct Rule 2110 and IM-1000-1

3. On November 12, 2003, NASD sent Kitson a Wells notice (the Wells notice) informing him that the NASD staff intended to take formal disciplinary action against him relating to the conduct described in paragraphs 1 and 2 above.
4. The Wells notice expressly stated "Please treat this letter as written notification that Mr. Kitson is the subject of an investigation for purposes of triggering an obligation on the part of Mr. Kitson to update his Form U-4 (Uniform Application for Securities Industry Registration or Transfer)."
5. At the time the Wells notice was issued, Kitson was associated with Raike. Pursuant to his association with Raike, Kitson completed a Form U-4 on or about May 27, 2003. Question 14G of the Raike Form U-4 asked: "Have you been notified, in writing, that you are now the subject of any:

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- (1) regulatory complaint or proceeding that could result in a "yes" answer to any part of 14C, D or E? (If yes, complete the *Regulatory Action Disclosure Reporting Page*.)
 - (2) investigation that could result in a "yes" answer to any part of 14A, B, C, D or E? (If yes, complete the *Investigation Disclosure Reporting Page*.)"
 6. Section 15A, paragraph 9 of the Form U-4 stated, in pertinent part: "I agree to update this form by causing an amendment to be filed on a timely basis whenever changes occur to answers previously reported. Further, I represent that, to the extent any information previously submitted is not amended, the information provided in this form is currently accurate and complete."
 7. After receiving the Wells notice, Kitson continued to be associated with Raikc until March 1, 2004. He willfully failed to update his Form U-4 with Raikc to disclose the Wells notice.
 8. On or about March 24, 2004, Kitson submitted or caused to be submitted a Form U-4 to First Montauk for filing with NASD.
 9. Question 14G of the First Montauk Form U-4 asked: "Have you been notified, in writing, that you are now the subject of any:
 - (1) regulatory complaint or *proceeding* that could result in a "yes" answer to any part of 14C, D or E? (If "yes", complete the *Regulatory Action Disclosure Reporting Page*.)
 - (2) *investigation* that could result in a "yes" answer to any part of 14A, B, C, D or E? (If "yes", complete the *Investigation Disclosure Reporting Page*.)"
 10. Kitson did not check the "yes" boxes to either of the foregoing questions. In doing so, Kitson willfully failed to disclose the November 12, 2003, Wells notice.
 11. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 and IM-1000-1 on the part of Kitson.
- B. Kitson also consents to the imposition, at a maximum, of the following sanctions:
1. a two-year suspension from association with any member firm of NASD;
 2. a fine of \$5,000. This fine shall be due and payable either immediately upon reassociation with an NASD member following the two-year suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier; and

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3. an order to pay, as partial restitution, disgorgement of unjust profits or ill-gotten gains to the customers listed on Exhibit A hereto in the total amount of \$246,166.65, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from December 1, 1999, until the date of payment. Restitution amounts ordered, pursuant to this disciplinary action, are due and payable immediately upon reassociation with a member firm following the suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier. The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies. If for any reason Respondent Kitson cannot locate any customer identified on Exhibit A after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent Kitson shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property, or abandoned property fund for the state in which the customer is last known to have resided.

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

III. OTHER MATTERS

- A. I understand that I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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. I agree to pay any monetary sanctions imposed on me upon reentry as noted above.
- C. I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.
- D. I understand that if I am barred or suspended from association with any NASD member, I become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, I may not be associated with any NASD member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. (See NASD Procedural Rule 8310 and IM-8310-1.)
- E. I understand that this settlement includes a finding that on or about March 24, 2004, I willfully failed to disclose a material fact on the Form U4 I submitted to First Montauk, and that under Section 15(b)(4)(A) of the Securities Exchange Act of 1934 and Article III, Section 4(f) of the NASD By-Laws, this nondisclosure makes me subject to a statutory disqualification with respect to association with a member. I also understand that this settlement includes a finding I willfully failed to update my May 27, 2003, Form U4 with Raikes, and that under Section 15(b)(4)(A) of

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the Securities Exchange Act of 1934 and Article III, Section 4(f) of the NASD By-Laws, this nondisclosure makes me subject to a statutory disqualification with respect to association with a member.

I certify that I 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 me to submit it.

6/10/5
Date

Sandeep D. Kitson
Sandeep D. Kitson

Reviewed by:

Stuart A. Jackson
Counsel for Respondent Kitson
STUART A. JACKSON

Accepted by NASD:

June 21, 2005
Date

Thomas D. Clough
Thomas D. Clough, Associate Vice President and
District Director, signed on behalf of the Director
ODA, by delegated authority

EXHIBIT A**Sandeep D. Kitson's Restitution Amounts**

Customer	Partial Restitution Amount
M.H.	\$70,007.40
Tr.Ltd.	\$81,413.10
S.N.	\$29,672.10
G.H.	\$65,074.05
TOTAL	\$246,166.65