

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. C05050019

TO: Department of Enforcement
NASD

RE: Pritchard Capital Partners, LLC, Respondent
[CRD No. 100480]

Pursuant to Rule 9216 of the NASD Code of Procedure, Pritchard Capital Partners, LLC 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 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 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:

Pritchard Capital Partners, LLC has been a member of NASD since March 14, 2000. During all periods mentioned herein, Pritchard Capital Partners, LLC was a registered broker-dealer with the United States Securities and Exchange Commission and a member of NASD. Pritchard Capital has not previously been the subject of a formal disciplinary action by any regulatory body.

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 in 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:

1. In contravention of SEC Rule 15c3-1, Pritchard Capital Partners, LLC, engaged in a securities business when the firm's net capital was below the required minimum, as prescribed by said Rule, for the following periods:

- a. December 31, 2003, through May 6, 2004; and
- b. May 31, 2004, through June 15, 2004.

Such acts, practices, and conduct constitute separate and distinct violations of SEC Rule 15c3-1 and NASD Conduct Rule 2110 by Pritchard Capital Partners, LLC.

2. During the period from on or about December 31, 2003, through June 15, 2004, in contravention of SEC Rule 17a-11, Pritchard Capital Partners, LLC failed and neglected to provide notification that the firm's net capital was below the required minimum pursuant to SEC Rule 15c3-1.

Such acts, practices, and conduct constitute separate and distinct violations of SEC Rule 17a-11 and NASD Conduct Rule 2110 by Pritchard Capital Partners, LLC.

3. On or about January 27, 2004, February 25, 2004, March 23, 2004, April 26, 2004, May 25, 2004 and June 24, 2004, in contravention of SEC Rule 17a-5, Pritchard Capital Partners, LLC failed and neglected to file accurate FOCUS Part IIA Reports for Pritchard Capital Partners, LLC, for the quarter and month periods ending December 31, 2003 through May 31, 2004.

Such acts, practices, and conduct constitute separate and distinct violations of SEC Rule 17a-5 and NASD Conduct Rule 2110 by Pritchard Capital Partners, LLC.

4. In contravention of SEC Rule 17a-3(a)(11), Pritchard Capital Partners prepared inaccurate net capital computations, trial balance, and general ledgers for the period December 31, 2003 through May 31, 2004.

Such acts, practices, and conduct constitute separate and distinct violations of SEC Rule 17a-3(a)(11) and NASD Conduct Rule 2110 by Pritchard Capital Partners, LLC.

5. For the month-end periods of January 31, 2004, February 28, 2004, March 31, 2004 and April 30, 2004, in contravention of SEC Rule 15c3-3(e), Pritchard Capital Partners, LLC failed and neglected to

compute reserve computations.

Such acts, practices, and conduct constitute separate and distinct violations of SEC Rule 15c3-3(e) and NASD Conduct Rule 2110 by Pritchard Capital Partners, LLC.

- B. We also consent to the imposition, at a maximum, of the following sanctions:

A censure and a monetary fine in the amount of \$10,000 against Pritchard Capital Partners, LLC.

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 as noted above 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.

4/22/05
Date

Pritchard Capital Partners, LLC

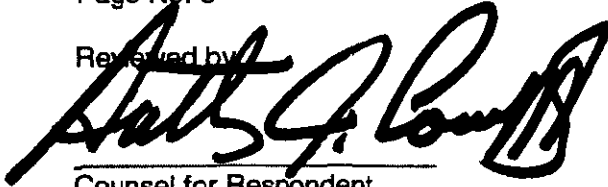
By: Todd Giustiniano

TODD GIUSTINIANO CFO

[Name and Title]

Letter of Acceptance, Waiver,
And Consent
Pritchard Capital Partners, LLC
Case No. C05050019
Page No. 5

Reviewed by

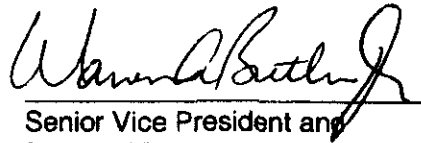


Counsel for Respondent
Pritchard Capital Partners, LLC

Accepted by NASD:

May 10, 2005

Date



Senior Vice President and
Regional Director

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

Attachment: Election of Payment Form



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Member NASD/SIPC

**Statement of Corrective Action
In Response to Examination No. E05040050**

The following demonstrable steps have been taken to correct the deficiencies leading to the violations noted in your Letter of Acceptance, Waiver and Consent dated April 12, 2005:

1. The firm terminated its outsourced accounting services provider and hired Mr. Todd Giustiniano as is full-time Chief Financial Officer.
2. Mr. Giustiniano is a licensed CPA, has completed the series 28 and 7 licensing exams and is serving as the firm's FINOP.
3. The firm has contracted with an outside CPA/attorney with extensive experience in NASD/SEC compliance, to serve as consultant and advisor on financial compliance issues. He reviews the firm's FOCUS filings, which are prepared by Mr. Giustiniano, prior to filing.
4. Mr. Giustiniano prepares a daily net capital calculation to ensure compliance with the firm's minimum requirement.
5. Mr. Giustiniano has implemented procedures to ensure that the firm's financial books and records are current, accurate and maintained in accordance with NASD and SEC requirements.
6. Additional capital was contributed to the firm from existing partners at the time the net capital deficiency came to light.
7. The firm also raised additional capital by bringing new partners into the holding company.
8. The firm has paid off all of its bank debt, part of which contributed to the net capital deficiency.

This Corrective Action Statement is submitted by the Respondent. It does not constitute factual or legal findings by NASD, nor does it reflect the views of NASD, or its staff.