

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. C07050005

TO: Department of Enforcement
NASD

RE: Clark Street Capital, Inc., Respondent
Former Member
CRD No. 38304

Marco Alfonsi
General Securities Principal
CRD No. 2770342

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 my 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:

Clark Street Capital, Inc. became an NASD member in December 1995. The firm conducted a general securities business. NASD canceled Clark Street Capital's NASD membership in November 2004. The firm has no relevant disciplinary history.

Marco Alfonsi entered the securities industry in July 1996 and became registered as a general securities representative of an NASD member in August 1996. He was first registered as a general securities principal in March 2002. From August 2001 through October 2004, Alfonsi was registered with Clark Street Capital, Inc. Alfonsi became Clark Street Capital's president in October 2002. Alfonsi has no disciplinary history.

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 prejudice 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:

From October 2002 through January 2003, representatives of Clark Street Capital, Inc. sold shares of stock of Sequiam Corp., which was a penny stock as defined by 17 C.F.R. 240.3a51-1. During this period Clark Street Capital did not qualify for any exemptions from the penny stock rules. The firm failed to obtain signed and dated receipts from customers evidencing the customers' receipt of penny stock risk disclosure documents for at least 112 purchase transactions in violation of Section 15 of the Securities Exchange Act and Rule 15g-2 thereunder, and NASD Conduct Rule 2110.

In connection with these transactions, Clark Street Capital, Inc. failed to document a review of Sequiam Corp.'s financial statements and other material business information to ensure that Clark Street Capital's representatives had a reasonable basis to recommend the stock to clients, in violation of NASD Conduct Rules 2315 and 2110.

Respondent Marco Alfonsi served as the firm's president during this time period. As president, Respondent Alfonsi was responsible for, among other things, the firm's supervisory system. From October 2002 through January 2003, Clark Street Capital, acting through Respondent Alfonsi, failed to establish, maintain and enforce an adequate supervisory system that was reasonably designed to achieve compliance with the penny stock

rules, including Section 15 of the Securities Exchange Act and Rule 15g-2 thereunder, as well as NASD Conduct Rule 2315, in violation of NASD Conduct Rules 3010 and 2110.

Respondent Alfonsi also served as the branch manager of one of Clark Street Capital's offices. During this time period he failed to supervise reasonably the representatives in his branch office to ensure compliance with the penny stock rules, in violation of NASD Conduct Rules 3010 and 2110.

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

Clark Street Capital, Inc. is censured and fined \$15,000, jointly and severally with Respondent Alfonsi.

Marco Alfonsi is fined \$15,000, jointly and severally with Clark Street Capital, Inc. (as noted above), and is suspended from association with any NASD member in all principal capacities for six months.

The sanctions imposed herein shall be effective on a date set by NASD staff. The fine may be paid through NASD's installment payment plan if so selected on the attached Election of Payment form.

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.

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- D. We understand that if we are barred or suspended from association with any NASD member, we 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 Rule 8310 and IM-8310-1.)

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.

1/7/2005
Date

[Signature]
Marco Alfonsi, individually, and as
President of Clark Street Capital, Inc.

Reviewed by:

Counsel for Respondent

Accepted by NASD:

Date

[Signature]
Daniel J. Stefek, District Director
Atlanta District Office