

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. C11050018

TO: Department of Enforcement
NASD

RE: Coburn & Meredith, Inc., Member
BD No. 164

Barry M. Coburn, Registered Principal
CRD No. 49264



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:

Coburn & Meredith, Inc. ("C&M") has been a member since the inception of the NASD. The firm's principal office is located in Hartford, CT and operates three (3) registered branch office. C&M conducts a general securities business on a fully disclosed basis and currently employs approximately forty (40) registered individuals.

Barry M. Coburn ("Coburn") has been associated with C&M since 1958. He first became registered with the NASD as a general securities representative and principal of C&M in 1965. He is currently C&M's president and is a majority stockholder of the firm.

██████████ first became registered with NASD as a general securities representative in 1989. Upon becoming associated with C&M in 1992, she became registered with NASD as both a general securities principal and financial and operational principal of the firm. ██████████ remains currently effectively registered with C&M and is the firm's financial and operational principal and chief compliance officer. She has no prior 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:

1. Customer Protection Rule

- C&M operates its business as an Introducing Firm and claimed an exemption under Section 15(c) of the Securities and Exchange Act of 1934 ("Exchange Act"), Rule 15c3-3(k)(2)(ii) thereunder, which prohibits the receipt of customer funds and/or securities.
- C&M acting through [REDACTED] failed to comply with their claimed exemption under Section 15(c) of the Exchange Act, Rule 15c3-3(k)(2)(ii) in that during the period from about December 9, 2003 to about January 30, 2004, C&M received approximately twenty (20) checks made payable to the firm rather than to their clearing firm.

- C&M's conduct as set forth above was in violation of Section 15(c) of the Exchange Act, Rule 15c3-3(k)(2)(ii) thereunder and NASD Conduct Rule 2110. [REDACTED] conduct as set forth above was in violation of NASD Conduct Rule 2110.

2. Net Capital Rule

- On December 31, 2003 and January 30, 2004, C&M, acting through [REDACTED] failed to comply with Section 15(c) of the Exchange Act and Rule 15c3-1 thereunder, in that it used the instrumentalities of interstate commerce to conduct a securities business while failing to maintain minimum required net capital, as more fully set forth on Schedule "A" attached hereto and incorporated herein by this reference.
- C&M's conduct as set forth above was in violation of Section 15(c) of the Exchange Act, Rule 15c3-1 thereunder and NASD Conduct Rule 2110. [REDACTED] conduct as set forth above was in violation of NASD Conduct Rule 2110.

3. Deficient Written Supervisory Procedures

- C&M acting through Coburn failed to establish, maintain and enforce written procedures reasonably designed to achieve compliance with applicable securities laws and regulations, and with the applicable Rules of this Association, regarding the receipt of customer checks.
- C&M and Coburn's conduct as set forth above was in violation of NASD Conduct Rules 2110 and 3010.

4. Municipal Transaction Reports

- During the period from about November 1, 2003 to about January 21, 2004, C&M failed to accurately file municipal securities transaction reports to the MSRB in that out of forty-four (44) transaction reports filed during that period, nine (9) were reported late.
- By reason of the foregoing, C&M violated MSRB Rule G-14.

5. Municipal Confirmations – Improper Disclosure

- During the period from about May 2003 to about January 2004, on at least twenty-eight (28) occasions, C&M acting through Coburn sent confirmations to customers involving municipal transactions wherein they improperly disclosed to the customer the capacity in which the firm was effecting the transaction. More specifically, C&M disclosed they were acting in a principal capacity when in fact the transactions involved cross trades between the customer and another person.
- By reason of the foregoing, C&M and Coburn violated MSRB Rules G-15 and G-17.

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

- C&M and Coburn are censured;
- C&M and Coburn are fined \$10,000 joint and several;
- C&M and [REDACTED] are fined \$5,000 joint and several;
- C&M is fined an additional \$2,500 (resulting in a total fine of \$17,500 against C&M).

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 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.**

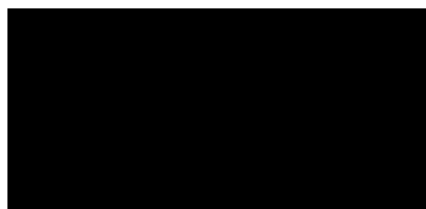
We certify that we have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce us to submit it.

May 4 2005
Date

Coburn & Meredith, Inc.

By: Barry M. Coburn
Barry M. Coburn
President and
Registered Principal

Barry M. Coburn
Barry M. Coburn
Registered Principal



Accepted by NASD:

6/10/05

Frederick F. McDonald, Jr.
Frederick F. McDonald, Jr.
District Director

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

SCHEDULE A

Coburn & Meredith, Inc.
Net Capital Deficiency as of December 31, 2003 and January 30, 2004

<u>Date</u>	<u>Reported Net Capital</u>	<u>Required Net Capital</u>	<u>Deficiency</u>
12/31/03	79,043	250,000	-170,957
01/30/04	122,385	250,000	-127,615

COBURN & MEREDITH, INC.

May 9, 2005

Investment Securities

Frank Sanclemente
N.A.S.D.
99 High Street – suite 900
Boston, MA 02110

GOODWIN SQUARE
225 ASYLUM St., 15th Fl.
HARTFORD, CT 06103
(860) 522-7171 (800) 821-6665
FAX (860) 522-4209

Re: E11040040

Dear Mr. Sanclemente,

We appreciate the opportunity to explain the corrective actions we have taken regarding the allegations, which are currently under consideration. I will answer them in the order presented:

1. Customer Protection Rules - Under rule 15c3-3(k)(2)(ii) we understand that we are not allowed to accept customer checks made payable to "Coburn & Meredith". Our back office accepted checks made payable to "Coburn & Meredith" on an "occasional" instance, but we now understand that 20 checks in a one year period qualifies as more than occasional". We instituted that ALL Checks must be made payable to our clearing agency on March 2004. This was immediately after the NASD examiners noted the problem during their exam.
2. Net Capital Rule - The previously mentioned check-writing situation caused our net capital to be in violation. Net capital is and will always be computed as accurately as can be.
3. Deficient Written Supervisory Procedures – Our Written Supervisory Procedures have been completely redone. Based on the examiners finding, Coburn & Meredith immediately hired an outside service (CCH Wall street) to help create and maintain new procedures. These new procedures are updated at least every two months to reflect any changes in policies or rules.
4. We understand that we violated MSRB rule G-14 regarding late trade reporting. We are a small firm and our back office may have been overloaded with work at that time. In March 2004, we moved a sales assistant to a back office position. She has been fully trained and is helping with the workload.
5. Municipal Confirmations – Improper Disclosures – Rule G-15 and Rule G-17. The situation that created the improper disclosures was ceased upon discovery. Also there are currently two seasoned employees studying for the Municipal Principle.

This corrective action statement is submitted by Coburn & Meredith, Inc. It does not constitute factual or legal findings by NASD, nor does it reflect the views of the NASD, or its staff.

Thank you for your consideration.

Sincerely,



Barry M. Coburn
Barry M. Coburn
President