

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. C3A050031

TO: Department of Enforcement
NASD

RE: CJS Securities, Inc., Member, Respondent
CRD No. 44823

Pursuant to Rule 9216 of NASD Code of Procedure, CJS Securities, Inc. [Respondent or the firm] 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 the firm *alleging violations based on the same factual findings*.

Respondent 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 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 the firm; and
3. If accepted:
 - a. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against it;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about the firm'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. The firm 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 its testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

Respondent also understands that the firm's 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:

Respondent became a member of NASD in July 1998. Its membership is current. The firm has not previously been the subject of disciplinary action.

I.

WAIVER OF PROCEDURAL RIGHTS

Respondent 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 the firm;
- 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, Respondent 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.

Respondent further specifically and voluntarily waives 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. Respondent 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:

1. On 14 occasions between December 15, 2002, and July 31, 2003, analysts of the firm sold securities issued by companies for which the analysts were primarily responsible for research coverage at times when the firm's recommendation was to buy or hold the security. These transactions constituted trading by analysts in a manner inconsistent with the firm's recommendation, which is prohibited by Conduct Rule 2711(g)(3) unless the conditions set forth in Conduct Rule 2711(g)(4) are met. By permitting these transactions to occur without complying with Conduct Rule 2711(g)(4), the firm violated Conduct Rule 2711(g)(3).
2. On 23 occasions between July 1, 2002, and July 31, 2003, analysts of the firm bought or sold securities issued by companies for which the analysts were primarily responsible for research coverage during the period 30 days prior to or five days after the issuance of research reports concerning those companies. These transactions constituted trading by analysts during prohibited periods, which contravenes Conduct Rule 2711(g)(2) unless the conditions set forth in Conduct Rule 2711(g)(2)(A) or (B) or those set forth in Conduct Rule 2711(g)(4) are met. By permitting these transactions to occur without complying with Conduct Rule 2711(g)(2)(A) or (B) or Conduct Rule 2711(g)(4), the firm violated Conduct Rule 2711(g)(2).
3. Between July 1, 2002, and July 31, 2003, the firm issued 28 research reports (initiating coverage and updating research) covering six companies from which the firm had received, or expected to receive, compensation for investment banking services in connection with participation in public offerings of the companies' securities. The reports did not include the disclosure required by Conduct Rule 2711(h)(2)(A)(ii)(b) or (c), as applicable. The omissions of the disclosure constituted violations of Conduct Rule 2711(h)(2)(A)(ii)(b) or (c) by the firm.
4. During the period from July 1, 2002 through July 31, 2003, the firm did not have written supervisory procedures reasonably designed to achieve compliance with Rule 2711. This constituted a violation of Conduct Rule 2711(i) by the firm.

- B. The firm also consents to the imposition, at a maximum, of the following sanctions:

The firm is censured and fined in the amount of \$40,000.00.

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

III.

OTHER MATTERS

- A. Respondent understands that it may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it 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. Respondent agrees to pay any monetary sanctions imposed on it upon notice that this AWC has been accepted and that such payments are due and payable and has attached an Election of Payment form showing the method by which it propose to pay any fine imposed.
- C. Respondent specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

The firm certifies that a person duly authorized thereunto has read and understands all of the provisions of this AWC and has 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 the firm to submit it.

5-23-05
Date

CJS Securities, Inc.

By: Arnold Ursaner
Arnold Ursaner, President

Reviewed by:

[Signature]
Counsel for Respondent

Accepted by NASD:

6/20/05
Date

Joseph M. McCarthy
Joseph M. McCarthy
Associate Vice President and District
Director
Signed on behalf of the Director of ODA,
by delegated authority