

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
DEPARTMENT OF MARKET REGULATION

CLG050008

TO: Department of Market Regulation
NASD

RE: Perrin, Holden and Davenport Capital Corp., Respondent
Broker/Dealer
CRD Number 38785

Pursuant to Rule 9216 of NASD Code of Procedure, Perrin, Holden and Davenport Capital Corp. ("PHDC" 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 PHDC alleging violations based on the same factual findings.

PHDC 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 Market Regulation and National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs, 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 PHDC; and
3. If accepted:
 - a. this AWC will become part of PHDC's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against the firm;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about PHDC'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. PHDC 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 PHDC's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

PHDC also understands that its 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 relevant history are as follows:

PHDC has been a member of NASD since April 1996 and its registration remains in effect. The firm's relevant disciplinary history is as follows:

- On December 23, 2003, an AWC became final in which PHDC was censured and fined \$10,000 for violations of NASD Rules 2110, 4632, 3010 and 3110 and SEC Rule 17a-3.

I.

WAIVER OF PROCEDURAL RIGHTS

PHDC 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 PHDC;
- 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, PHDC 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.

PHDC 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

MRD200444215 is the result of the 2004 Trading and Market Making Examination of Perrin, Holden & Davenport Capital Corp. ("PHDC") conducted by the staff of the Department of Market Regulation. In connection with MRD200444215, the staff reviewed the following for trade dates December 15-23, 2003:

- 43 customer sale transactions for compliance with NASD Rules 3110 and 3370, and SEC Rule 10a-1;
- 149 sales in Nasdaq National Market ("NMM") securities for compliance with NASD Rule 6130;
- Seven limit and market orders executed in a principal or riskless principal capacity for compliance with capacity reporting under NASD Trade Reporting and the Automated Confirmation Transaction Service ("ACT") rules;
- 473 order/trade records for compliance with NASD Rule 3110 and SEC Rules 17a-3 and 17a-4;
- Ten customer transactions in OTCBB and/or OTC Equity securities for compliance with NASD Rules 3110(b) and 2320;
- 209 trades reported to ACT for compliance with NASD Trade Reporting and ACT rules;
- 71 customer trade confirmations for compliance with SEC Rule 10b-10;
- Data published on PHDC's quarterly order routing report for compliance with SEC Rule 11Ac1-6;
- PHDC's establishment and implementation of "regular & rigorous" reviews of the execution quality of orders sent to other market centers for execution for compliance with NASD Rules 2320 and 3010;
- The registration status of the persons engaged in the firm's trading and market making activities; and
- PHDC's written supervisory procedures for trade reporting, market making and trading practices.

MRD200447456 is the result of the staff's review of PHDC's compliance with SEC Rule 11Ac1-6 during the period July 1, 2003 through March 31, 2004.

A. PHDC 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. PHDC failed to show the correct time of execution on the memorandum of two brokerage orders.
2. PHDC failed to show the time of entry on the memorandum of one brokerage order.
3. PHDC failed to show the terms and conditions on the memorandum of 105 brokerage orders.
4. The conduct described in paragraphs one through three constitutes separate and distinct violations of SEC Rule 17a-3 and NASD Conduct Rule 3110.
5. PHDC failed to make publicly available for the third and fourth calendar quarters of 2003 and the first calendar quarter of 2004 a report on its routing of non-directed orders in covered securities during the respective quarters.
6. The conduct described in paragraph five constitutes separate and distinct violations of SEC Rule 11Ac1-6(b).
7. PHDC's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of NASD, concerning Limit Order Display and Quote Rules; Short Sale Rules; and SEC Rule 11Ac1-6. Specifically, PHDC's supervisory system did not include written supervisory procedures providing for: (1) identification of the person(s) responsible for supervision with respect to the applicable rules; (2) a statement of the supervisory step(s) to be taken by the identified person(s); (3) a statement as to how often such person(s) should take such step(s); and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented.
8. The conduct described in paragraph seven constitutes a violation of NASD Conduct Rules 2110 and 3010.

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

A censure, a fine of \$22,500 (comprised of a \$10,000 fine for the recordkeeping violations, a \$5,000 fine for the SEC Rule 11Ac1-6 violations, and a \$7,500 fine for the supervision violations), and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph seven. Within 30 business days of acceptance of this AWC by the NAC, a registered principal of the Respondent shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraph seven; and, (3) the date the revised procedures were implemented.

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

III.

OTHER MATTERS

- A. PHDC understands that it may attach a Corrective Action Statement to this AWC, which is a statement by the Respondent of demonstrable corrective steps taken to prevent future misconduct. Respondent 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. PHDC 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 have attached the election of payment form showing the method by which it proposes to pay any fine imposed.
- C. PHDC specifically and voluntarily waives any right to claim that PHDC is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

Perrin, Holden and Davenport Capital Corp. certifies that a duly authorized officer has read and understood 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 PHDC to submit it.

Perrin, Holden and Davenport Capital Corp.

Date: 12/17/2004

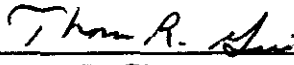
By: 
Name: Nelson Brett
Title: Exec. V.P.

Reviewed by:

Counsel for Respondent

Accepted by NASD:

1/30/05
Date


Thomas R. Gira
Senior Vice President
Market Regulation

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

Attachments:
Standard Election of Payment Form

Perrin, Holden & Davenport
Capital Corp.

STEVEN D. TRIGILI
Chief Compliance Officer

December 27, 2004

NASD
Attn: Timothy Nagy
9509 Key West Avenue
Rockville, MD 20850



RE: Letter of Acceptance, Waiver and Consent
MRD200444215 (incl. MRD200447456)

Revised Statement of Corrective Action

Dear Mr. Nagy,

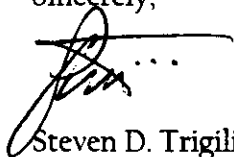
Perrin, Holden & Davenport Capital Corp ("The Firm") is in receipt of the AWC referenced above and hereby accepts and consents to the alleged rule violations outlined in Part II.

With respect to Section A, paragraph numbers 5 and 6 as they specifically relate to the violation of SEC Rule 11Ac1-6(b), the Firm would like advise the Staff that immediately upon discovering the Firm's deficiency in compliance with the Rule, the Firm retained the services of the Transaction Auditing Group (TAG) and is now in full compliance with the Rule. The Firm, via its internet home page (www.phdc.com) posts its order routing data pursuant to the Rule on a quarterly basis. The Firm has created a Best Execution Committee comprised of the Head Trader, the Trading Supervisor, and a principal of the Firm. The Committee utilizes the TAG-produced Best Execution and Execution Quality Audits as part of its regular and rigorous review of its trade flow.

The Firm has instituted substantially improved supervisory procedures which have been reasonably designed to achieve compliance to applicable securities laws and regulations regarding Limit Order Display and Quote Rules; Short Sale Rules; and SEC Rule 11Ac1-6. Furthermore, the Firm's Written Supervisory Procedures have been revised to provide for the (1) the identification of the person(s) responsible to supervision with the applicable rules; (2) steps to be taken by the identified persons; (3) the frequency of such steps; and (4) the documentation of the completion of such steps.

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.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Trigili', with a horizontal line extending to the right.

Steven D. Trigili

Attachments incl. w/ original Statement