

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
CLG050102

**TO: Department of Market Regulation
NASD**

**RE: Crown Financial Group, Inc., Respondent
Broker-Dealer
CRD No. 540**

Pursuant to Rule 9216 of NASD Code of Procedure, Crown Financial Group, Inc., f/k/a M.H. Meyerson & Co., Inc. ("MHMY" 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 MHMY alleging violations based on the same factual findings.

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

MHMY also understands that its experience in the securities industry and disciplinary history may be factors which will be considered in deciding whether to accept this AWC. That experience and relevant history are as follows:

MHMY has been a member since June 1, 1960 and its registration remains in effect. On December 1, 2003, an AWC became final wherein MHMY was censured and fined \$62,500 for SEC Rule 15c2-11 violations and for violations of the rules and regulations applicable to trade reporting, limit order display, ACT reporting, trade-or-move, firm quotations and supervision. MHMY was required to update its written supervisory procedures. On March 5, 2002, an AWC became final wherein MHMY was censured, fined \$75,000 and required to retain an independent consultant to review and make recommendations concerning the adequacy of the firm's written supervisory and operating procedures. MHMY was found to have violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder as well as NASD Rules 2110, 2120, 2460 and 3010. On June 23, 2000, an AWC became final wherein MHMY was censured and fined \$77,500 for limit order display, supervision, ACT reporting, trade reporting, best execution and SEC Rule 11Ac1-1(c)(5) violations. MHMY was also required to update its written supervisory procedures.

i.

WAIVER OF PROCEDURAL RIGHTS

MHMY 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 MHMY;
- 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, MHMY 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.

MHMY 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

This matter, MRD200237092, arose out of an investigation conducted by the staff of the Market Regulation Department of NASD (the "staff") of MHMY's compliance with the requirements applicable to reporting bond transactions to the Fixed Income Pricing System ("FIPS") during the period March 1, 2002 through June 30, 2002 (the "FIPS review period") and MHMY's compliance with NASD's Trade Reporting and Compliance Engine ("TRACE") rules for the period July 1, 2002 through August 30, 2002 (the "TRACE review period"). The staff also reviewed MHMY's written supervisory procedures applicable to TRACE and FIPS.

- A. MHMY 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. MHMY failed to report 47 transactions in high yield securities to FIPS as required during the FIPS review period. These transactions constituted 100% of all transactions in high yield securities that MHMY was required to report to FIPS during the FIPS review period.
 2. The conduct described in paragraph one constitutes separate and distinct violations of NASD Marketplace Rule 6240(b)(3).
 3. MHMY did not report any transactions in TRACE-eligible securities to TRACE from its inception on July 1, 2002 until August 28, 2002, when it began to report transactions in TRACE-eligible securities. On August 28, 2002 and August 29, 2002, MHMY reported 82 transactions in TRACE-eligible securities which were executed between July 1, 2002 and August

27, 2002. These transactions constituted 100 percent of all transactions in TRACE securities that MHMY was required to report to TRACE between July 1, 2002 and August 27, 2002.

4. The conduct described above in paragraph three constitutes separate and distinct violations of NASD Marketplace Rule 6230(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Conduct Rule 2110.
5. MHMY'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 FIPS trade reporting and TRACE trade reporting. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (1) a statement of the supervisory step(s) to be taken by the person(s) responsible for supervision with respect to the applicable rules; (2) a statement as to how often such person(s) should take such step(s); and (3) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented.
6. The conduct described in paragraph five constitutes a violation of NASD Conduct Rules 2110 and 3010.
7. Between March 1, 2002 and August 30, 2002, MHMY failed to reasonably and properly supervise the activities relating to bond transaction reporting so as to detect and prevent violations of NASD rules applicable to bond transaction reporting.
8. The conduct described in paragraph seven constitutes a violation of NASD Conduct Rules 2110 and 3010.
- B. MHMY also consents to the imposition, at a maximum, of the following sanctions:

A censure, a fine of \$45,000 (composed of a \$20,000 fine for the TRACE and FIPS trade reporting violations, a \$10,000 fine for failure to maintain adequate written supervisory procedures and a \$15,000 fine for the failure to supervise violation) and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph five. 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 five; 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. MHMY understands that it may attach a Corrective Action Statement to this AWC which is a statement of demonstrable corrective steps taken to prevent future misconduct. MHMY 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. MHMY agrees to pay any monetary sanctions imposed on MHMY upon notice that this AWC has been accepted and that such payments are due and payable, and has attached the Election of Payment form showing the method by which MHMY proposes to pay any fine imposed.
- C. MHMY specifically and voluntarily waives any right to claim that MHMY is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

Crown Financial Group, Inc. certifies that it 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 MHMY to submit it.

Crown Financial Group, Inc.

Feb 3 2015
Date:

By: Charles B. Kennedy
Name: Charles B. Kennedy
Title: INTERIM CEO

Reviewed by:

Counsel for Respondent

Accepted by NASD:

7/7/05
Date

Thomas R. Gira
Thomas R. Gira,
Senior Vice President
Department of Market Regulation

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