

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. CL1050001

TO: Department of Enforcement
NASD

RE: Trident Partners, Ltd.
Member Firm
(BD No. 41258)

Pursuant to Rule 9216 of the NASD Code of Procedure, Trident Partners, Ltd. ("Trident" 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.

Trident 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 records and may be considered in any future actions brought by NASD against the Firm;
 - 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 the Firm's testimonial obligations or right to take legal or factual positions in litigation in which NASD is not a party.

Trident 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 history are as follows:

Trident maintains its principal place of business at 500 North Broadway, Suite 145A, Jericho, New York. Trident has been a member of NASD since December 12, 1996.

Trident does not have any disciplinary history with the Securities and Exchange Commission, any self-regulatory organization or any other state securities regulator.

I.

WAIVER OF PROCEDURAL RIGHTS

Trident 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 it;
- 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, Trident 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.

Trident 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. Trident 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) During the period June 26, 2000 through July 15, 2001, Trident failed to comply with SEC Rule 15c2-4 in that the firm did not set up a bank escrow account in connection with a contingency offering of Meka Associates, LLC ("Meka"), an affiliated issuer. By reason of the foregoing, Trident violated SEC Rule 15c2-4 and NASD Conduct Rule 2110.
- (2) During the period July 1, 2002 through June 30, 2003, Trident permitted excessive commissions to be charged in 125 agency transactions, and permitted excessive markups to be charged in 73 principal transactions. These transactions resulted in a total of \$2,456.94 in excessive commissions and a total of \$1,289.07 in excessive markups being charged to customers of Trident, which Trident has since refunded back to the affected customers. By reason of the foregoing, Trident violated NASD Conduct Rules 2440 and 2110.
- (3) During the time period April 1, 2003 through June 30, 2003, Trident effected transactions in corporate debt securities during a time period when its membership agreement had not been amended to include corporate debt transactions as a business line. By reason of the foregoing, Trident violated NASD Membership and Registration Rule 1017 and NASD Conduct Rule 2110.

- (4) NASD Conduct Rule 3011, which became effective on April 24, 2002, requires NASD members to develop and implement a written anti-money laundering ("AML") program. Among other things, Rule 3011(d) requires that member firms provide prompt notification to NASD regarding any change in the designation of an individual responsible for implementing and monitoring the day-to-day operations and internal controls of the AML program or such individual's contact information. The prompt update is necessary because, among other things, this ensures that the firm is receiving the bi-weekly information requests from the Financial Crimes Enforcement Network ("FinCEN") of the United States Department of the Treasury, as required under PATRIOT Act, Section 314(a).

During the period July 2003 through April 2004, Trident failed to receive required notifications from FinCEN because the Firm had failed to update its primary AML contact with NASD. Trident also failed, pursuant to NASD Conduct Rule 3011(c), to conduct required independent testing of its AML compliance program for the year ending December 31, 2003. By reason of the foregoing, Trident violated NASD Conduct Rules 3011 and 2110.

- B. Trident also consents to the imposition, at a maximum, of the following sanctions:
1. A censure; and
 2. A fine in the amount of \$17,500.

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

III.

OTHER MATTERS

- A. Trident 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. Trident further 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. Trident 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 proposes to pay any fine imposed.

- C. Trident 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

I, acting on behalf of Trident, certify that I 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, have been made to induce Trident to submit the AWC.

Trident Partners, Ltd.

11/24/05
Date

By:

Brian Schantz President

Reviewed by:

Robert J. Galdston
Counsel for Respondent

Accepted by NASD:

2/24/05
Date

Jon S. Batterman
Jon S. Batterman
Regional Counsel
Department of Enforcement

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