

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E0220050073 -02

TO: Department of Enforcement
NASD

RE: Grant Bettingen, Inc., Respondent
Broker-Dealer
CRD No. 16944

Pursuant to Rule 9216 of NASD Code of Procedure, Grant Bettingen, Inc. ("GBI" or "Respondent") 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 Respondent 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 Respondent; and
3. If accepted:
 - a. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against Respondent;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about Respondent 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. Respondent 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 finding in this AWC or create the impression that the AWC is without factual basis. Nothing in this provision affects Respondent's 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 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:

GBI became a NASD member on or about March 24, 1986. GBI has not been the subject of prior relevant disciplinary action by NASD, other self-regulatory organizations, the Securities and Exchange Commission, or any state regulator.

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 Respondent;
- 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 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. Escrow Violations.

During the period from in or about April 2005 through May 2005, GBI participated in a private placement offering of stock of COLOREP, Inc., pursuant to Regulation D under the Securities Act of 1933. The private placement memorandum provides that the offering was contingent upon receiving subscription agreements for a minimum of \$1,000,000, with a maximum of \$2,000,000. During the offering period, GBI failed to transmit investor funds to an unaffiliated bank to hold in escrow until the offering contingency was met, in violation of Rule 15c2-4 of the Securities Exchange Act of 1934 (SEC Rule 15c2-4). Instead, investor checks were made payable to and held by a law firm as escrow agent.

During the period from in or about February 2005 through January 2006, GBI participated in a private placement offering of stock of Credit First Income Plus, LLC. The private placement memorandum provides that the offering was contingent upon receiving subscription agreements for a minimum of \$300,000, with a maximum of \$10,000,000. During the offering period, GBI failed to transmit investor funds to an unaffiliated bank to hold in escrow for the investors until the contingency was met, in violation of Rule 15c2-4. Instead, investor checks were made payable to GBI and deposited into a bank account entitled "Grant Bettingen, Inc. As Placement Agent for Credit First Income Plus, LLC

Escrow Account.” Neither the issuer nor GBI had a written agreement with the bank to hold all investor funds in escrow for the persons who had the beneficial interests therein.

The foregoing practices, acts and conduct constitute separate and distinct violations of SEC Rule 15c2-4 and NASD Rule 2110 by GBI.

2. Net Capital Violations.

On or about May 31, 2005; June 30, 2005; July 31, 2005; August 30, 2005; September 30, 2005; October 31, 2005; and November 30, 2005, GBI utilized the instrumentalities of interstate commerce to engage in the securities business while failing to maintain required minimum net capital. Because the firm held customer funds on the above-referenced dates, GBI was required to maintain a minimum net capital amount of \$250,000. On these five occasions, GBI’s net capital deficiencies were \$84,235; \$88,589; \$144,338; \$60,680; \$46,736; \$72,403; and \$61,135, respectively.

Such acts, practices and conduct constitute separate and distinct violations of SEC Rule 15c3-1 and NASD Conduct Rule 2110 by GBI.

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

A fine in the amount of \$10,000 and censure.

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

have attached an Election of Payment form showing the method by which Respondent proposes to pay any fine imposed.

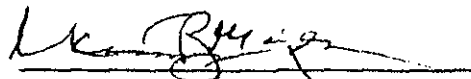
- C. Respondent specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

Respondent 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 Respondent to submit it.

GRANT BETTINGEN, INC.

2/14/07

Date


Murray Grant Bettingen
Its: President

Accepted by:

March 7, 2007

Date

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


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