

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E062003011905

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2006

TO: Department of Enforcement
NASD

RE: Anthony P. Valois, Respondent
General Securities Principal
CRD No. 2868602

Pursuant to Rule 9216 of NASD Code of Procedure, Anthony P. Valois ("Valois 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 him; 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 him;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about Respondent'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. 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 allegation 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.

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Respondent also understands that his 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:

Anthony P. Valois entered the securities industry in September 1995, when he associated with an NASD member firm. He registered with one other member firm before associating with member firm Salomon Grey Financial Corporation ("Salomon Grey" or the "firm") in February 2001. He served as a principal of the firm until his termination in September 2005. Valois is currently registered with NASD member firm Great Eastern Securities, Inc. During his career in the securities industry, Valois obtained Series 7, 24 and 63 securities licenses. He has no prior disciplinary history.

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 him;
- 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:

During the period from March 2001 to at least December 2003, Valois failed to reasonably supervise the activities of two registered representatives and failed to enforce Salomon Grey's written supervisory procedures regarding heightened supervision of the representatives and handling of customer complaints. Specifically:

1. Valois, in his capacity as manager of the branch where the two representatives worked, ignored numerous red flags of possible unauthorized trading in customer accounts by the representatives, who had disciplinary histories for unauthorized trading, and who were the subjects of ongoing enforcement actions by the Securities and Exchange Commission ("SEC") for alleged unauthorized trading. The red flags included customer complaints against the representatives alleging unauthorized trading, and excessive Regulation T extensions and sellouts in customer accounts.¹ When Salomon Grey's Compliance Department implemented heightened supervisory procedures designed to prevent the representatives from conducting unauthorized trading in customer accounts, Valois failed to enforce the procedures, which required him to either verbally confirm customer transactions or to ensure that customer confirmations were tape-recorded. During an examination of Valois' branch office, NASD staff discovered several unreported customer complaints for, among other things, unauthorized trading against the two representatives, and that there were no tape recordings for the complaining customers' transactions; and
2. Valois failed to forward at least sixteen customer complaints concerning the above-described registered representatives to Salomon Grey's main office as required by the firm's written supervisory procedures.

Such acts, practice and conduct constitute violations of NASD Conduct Rules 2110 and 3010 by Anthony P. Valois.

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

A monetary fine in the amount of \$5,000, a bar from association with any NASD member firm in any principal or supervisory capacity, and a *suspension from association with any NASD member firm in any capacity* for a period of 30 calendar days.

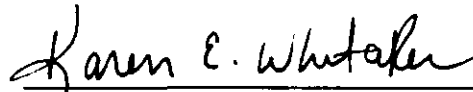
¹ NASD has an ongoing disciplinary action against one of the representatives. The other representative has been barred from the securities industry in connection with the above-referenced SEC disciplinary action.

Letter of Acceptance, Waiver and Consent
E062003011905/Anthony P. Valois

Accepted by NASD:

01-13-2006
Date

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



Karen E. Whitaker, Regional Counsel
NASD Department of Enforcement
12801 N. Central Expressway, Suite 1050
Dallas, TX 75243
Phone 972-716-7610; Fax 972-716-7646

NASD District Director

Virginia F. M. Jans
NASD, District 6
12801 N. Central Expressway, Suite 1050
Dallas, TX 75243
972-701-8554