

NASD REGULATION, INC.
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E062004019101

TO: Department of Enforcement
NASD Regulation, Inc.

RE: Cullum & Burks Securities, Inc.
Member Firm
CRD No. 46600



Pursuant to Rule 9216 of the National Association of Securities Dealers, Inc. ("NASD") Code of Procedure, Cullum & Burks Securities, Inc., [REDACTED] and [REDACTED] ("Respondents") submit 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 Regulation, Inc. will not bring any future actions against us alleging violations based on the same factual findings.*

We understand 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 Regulation, Inc.'s Department of Enforcement and National Adjudicatory Council ("NAC"), 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 us; and
3. If accepted:
 - a. this AWC will become part of our permanent disciplinary record and may be considered in any future actions brought by the NASD against us;
 - b. this AWC will be made available through NASD Regulation, Inc.'s public disclosure program in response to public inquiries about our disciplinary record;
 - c. NASD Regulation, Inc. 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. We 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 our testimonial obligations or right to take legal positions in litigation in which the NASD is not a party.

We also understand that our 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 history are as follows:

During all periods mentioned herein, Cullum & Burks Securities, Inc. was a registered broker dealer with the Securities and Exchange Commission and a member of NASD. The firm's registration as a member of NASD remains in effect and it has no disciplinary history.

[REDACTED] entered the securities industry in February 1986 as a General Securities Representative of a member of NASD. During all periods mentioned herein, he was registered as, among other things, a General Securities Principal with member firm Cullum & Burks and was the firm's President and Chief Compliance Officer. [REDACTED] registration with Cullum & Burks remains in effect. He has no disciplinary history.

[REDACTED] entered the securities industry in August 1999 as a General Securities Representative of a member of NASD. During the period from December 8, 1999 to December 19, 2003, he was registered with member firm Cullum & Burks as, among other things, a Financial and Operations Principal. [REDACTED] is currently registered with another member firm. He has no disciplinary history.

I.

WAIVER OF PROCEDURAL RIGHTS

We specifically and voluntarily waive the following rights granted under the NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against us;
- 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, we specifically and voluntarily waive 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.

We further specifically and voluntarily waive 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. We hereby accept and consent, 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. On October 31, 2003, November 30, 2003 and December 31, 2003, Cullum & Burks Securities, acting through [REDACTED], engaged in a securities business without having sufficient net capital. During the aforementioned periods, the firm's net capital deficiencies ranged from \$4,153 to \$37,736. Moreover, during this period, the firm acting through [REDACTED] filed an inaccurate FOCUS report with the NASD, and also failed to prepare and maintain accurate financial books records.

Such acts, practices, and conduct constitute separate and distinct violations of SEC Rules 15c3-1, 17a-3, and 17a-5 by Respondent Cullum & Burks Securities, Inc. Respondent [REDACTED] violated NASD Conduct Rule 2110.

2. On January 31, 2004, and February 29, 2004, Cullum & Burks Securities, acting through [REDACTED], engaged in a securities business without having sufficient net capital. During the aforementioned periods, the firm's net capital deficiencies ranged from \$13,923 to \$17,718. Moreover, during this period, the firm acting through [REDACTED] failed to prepare and maintain accurate financial books records.

Such acts, practices, and conduct constitute separate and distinct violations of SEC Rules 15c3-1, and 17a-3 by Respondent Cullum & Burks Securities, Inc. Respondent [REDACTED] violated NASD Conduct Rule 2110.

3. On December 19, 2003, Cullum & Burks Securities, acting through [REDACTED], designated an individual to be the firm's Financial and Operations

Principal and from December 19, 2003 to March 15, 2004, the individual performed FINOP duties on behalf of the firm; however, at no time was the individual registered as a FINOP. Moreover, at no time was the individual qualified to be the firm's FINOP because he had failed all of his attempts to pass the FINOP qualifying examination.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 1021 and 2110 by Respondents Cullum & Burks Securities, Inc. and [REDACTED]

- B. We also consent to the imposition, at a maximum, of the following sanctions:

A censure against all Respondents and a monetary fine of \$15,000 against Respondent Cullum & Burks Securities, Inc. of which \$7,500 is joint and several with Respondent [REDACTED] and \$7,500 is joint and several with Respondent [REDACTED]

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

III.

OTHER MATTERS

- A. We understand that we may attach a Corrective Action Statement to this AWC which is a statement of demonstrable corrective steps taken to prevent future misconduct. We understand that we 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 Regulation, Inc., nor does it reflect the views of NASD Regulation, Inc. or its staff.
- B. We agree to pay any monetary sanctions imposed on us 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 we propose to pay any fine imposed.
- C. We specifically and voluntarily waive any right to claim that we are unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.
- D. We understand that if we are barred or suspended from association with any NASD member, we become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, we may not be associated with any NASD member in any principal capacity during the period of the bar or suspension. (See NASD Rule 8310 and IM-8310-1.)

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[redacted] and [redacted]

We certify that we 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, has been made to induce us to submit it.

Cullum & Burks Securities, Inc.

03/14/06
Date

By: _____
Name: [redacted] President
Cullum & Burks Securities
13355 Noel Rd. Suite 1300
Title: Dallas, TX 75240

03/14/06
Date

03/14/06
Date

Reviewed by:

N/A
Counsel for Respondent

Accepted by NASD:

03/28/2006
Date

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

George C. McGuigan, Jr.
George C. McGuigan, Jr.
Regional Counsel
NASD Department of Enforcement
12801 North Central Expressway
Suite 1050
Dallas, TX 75254
(972) 701 - 8554

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[REDACTED] and [REDACTED]

We certify that we 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, has been made to induce us to submit it.

Cullum & Burks Securities, Inc.

Date

By: _____

Name: _____

Title: _____

Date

3-10-06
Date

Reviewed by:

Counsel for Respondent

Accepted by NASD:

03/28/2006
Date

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



George C. McGuigan, Jr.
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E062004019101/Cullum & Burks Securities, Inc.,
[REDACTED] and [REDACTED]

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