

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. E062005012702**

TO: Department of Enforcement  
Financial Industry Regulatory Authority ("FINRA")

RE: NFP Securities, Inc.  
Member Firm  
CRD No. 42046

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REGISTRATION & DISCLOSURE

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, NFP Securities, Inc. ("Respondent") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described herein.

**I.**

**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 FINRA, or to which FINRA 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 FINRA:

**BACKGROUND**

During all periods mentioned herein, NFP Securities, Inc. was a registered broker dealer with the Securities and Exchange Commission and a member of the FINRA (f/k/a NASD), which registration and membership remain in effect. The firm's disciplinary history for the past five years consists of the following:

On March 18, 2004, FINRA accepted an AWC (Case No. CAF040024) whereby the firm was censured and fined \$25,000 for failing to file sales literature with FINRA's Advertising Department, and for distributing misleading sales literature concerning variable annuities, all in violation of NASD Conduct Rules 2110, 2210(c), 2210(d)(1)(A), 2210(d)(1)(B) and IM-2210-2(a).

On July 14, 2006, FINRA accepted an AWC (Case No. E062003010401)

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whereby the firm was censured and fined \$7,500 for failing to evidence its endorsement of securities transactions, failing to make and keep current its blotters for (i) checks received and forwarded; and (ii) purchases and sales of securities, all in violation of NASD Conduct Rules 2110, 3010 and 3110, and SEC Rule 17a-3.

#### OVERVIEW

NFP Securities, Inc. failed to timely file Forms U-5. Additionally, NFP failed to file accurate and timely reports pursuant to NASD Conduct Rule 3070.

#### THE VIOLATIONS

1. During the period from September 2003 to August 2005, NFP Securities, Inc. failed to timely file twenty-one Forms U-5.<sup>1</sup> The filings ranged from one day late to 875 days late. Additionally, during the period from September 2005 to May 2007, NFP Securities, Inc. failed to timely file five Forms U-5 in that the filings ranged from six days late to 50 days late.

Such acts, practices, and conduct constitute separate and distinct violations of FINRA By-Law Article V, Section 3, and NASD Conduct Rule 2110 by Respondent NFP Securities, Inc.

2. During the period from October 2003 to October 2005, NFP filed twelve reports with FINRA pursuant to NASD Conduct Rule 3070. Three of these reports were inaccurate because they contained the wrong complaint date. The remaining nine reports were filed late, and the late filings ranged from five days late to 153 days late. Additionally, during the period from September 2005 to February 2007, NFP filed eight reports with FINRA pursuant to Rule 3070, six of which contained the wrong discovery date or the wrong received date, and three of which were filed late. The late filings ranged from 18 days late to 91 days late.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 3070 and 2110 by Respondent NFP Securities, Inc.

- B. Respondent also consents to the imposition of the following sanctions:  
A censure and monetary fine of \$12,000 against Respondent NFP Securities, Inc.

Respondent specifically and voluntarily waives any right to claim that Respondent is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter. Respondent has submitted an Election of Payment form showing

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<sup>1</sup> The Form U-5 is the Uniform Termination Notice for Securities Industry Registration.

the method by which Respondent proposes to pay the fine imposed.

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

## **II.**

### **WAIVER OF PROCEDURAL RIGHTS**

Respondent specifically and voluntarily waives the following rights granted under FINRA'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 National Adjudicatory Council ("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 NASD Rule 9143 or the separation of functions prohibitions of NASD 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.

## **III.**

### **OTHER MATTERS**

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
  - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondent;
  - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's disciplinary record;
  - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-3; and
  - 4. 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. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Respondent 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 FINRA, nor does it reflect the views of FINRA or its staff.

Letter of Acceptance, Waiver and Consent  
E062005012702/NFP Securities, Inc.

Respondent certifies that Respondent has read and understands all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that Respondent has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce Respondent to submit it.

Aug 30, 2007  
Date

NFP Securities, Inc.

By: Gary Wachs

Name: GARY WACHS

Title: SVP, CCO

Reviewed by:

Robert M. ...  
Attorney Name  
Counsel for Respondent

Firm Name NFP Securities, Inc.  
Address 1250 Capital of TX Highway 5 Bldg. 2, Ste. 125  
City/State/Zip Austin, TX 78746  
Phone Number 512-697-6507

Accepted by FINRA:

10/5/2007  
Date

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

George C. McGuigan, Jr.  
George C. McGuigan, Jr.  
Regional Counsel  
FINRA Department of Enforcement  
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