

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E072004005002

TO: Department of Enforcement
NASD

RE: **Arnold I. Roseman**
General Securities Principal
[CRD No. 500276]

Pursuant to Rule 9216 of NASD Code of Procedure, I [or Respondent] 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 will not bring any future actions against me alleging violations based on the same factual findings.

I 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'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 me; and
3. If accepted:
 - a. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against me;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about my 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. I 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 my testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

I also understand that my 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:

I first became registered as a general securities representative of a member of NASD in 1976. I was registered continuously with NASD members from 1976 to December 1983, July 1984 to October 1998, March 1999 to December 2001 and July 2002 to November 2005 in various representative and principal capacities. During the period relevant to this matter, I was a general principal and Chief Compliance Officer of Cardinal Capital Management, Inc. (Cardinal). On March 21, 2007, I became associated with an NASD member as a Financial and Operations Principal. I have not previously been the subject of disciplinary action by NASD, the SEC, a state securities regulatory body or a self-regulatory organization.

I.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Formal Complaint issued specifying the allegations against me;
- 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, I 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.

I 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. I 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. Respondent Roseman was responsible for establishing and maintaining Cardinal's supervisory system and written supervisory procedures during the period August 1, 2003 through June 30, 2004 (relevant period).

2. During the relevant period, Respondent Roseman did not establish and maintain a supervisory system and written supervisory procedures reasonably designed to achieve compliance with the firm's obligation to preserve electronic communications related to its business as such, in violation of Conduct Rules 3010(a), 3010(b) and 2110.

3. During the relevant period, Respondent Roseman did not establish and maintain written supervisory procedures reasonably designed to achieve compliance with the firm's obligation to conduct an annual inspection of each Office of Supervisory Jurisdiction, in violation of Conduct Rules 3010(b) and 2110.

4. During the relevant period, Respondent Roseman did not establish and maintain written supervisory procedures reasonably designed to achieve compliance with the firm's obligation to supervise the activities of each registered representative, in that the firm's procedures did not address the circumstances that would warrant heightened supervision of a representative after the representative was hired, in violation of Conduct Rules 3010(b) and 2110.

5. During the relevant period, Respondent Roseman did not establish and maintain written supervisory procedures reasonably designed to achieve compliance with the firm's obligation to amend the Forms U-4 of its registered persons if the information previously provided became inaccurate, in violation of Conduct Rules 3010(b) and 2110.

6. From January 1, 2003 until December 31, 2003, Respondent Roseman was responsible for evaluating and prioritizing the training needs of Cardinal's registered representatives and developing a written training plan for firm element continuing education, as required by Membership and Registration Rule 1120(b). Respondent Roseman did not evaluate and prioritize the firm's training needs or develop a training plan for the year 2003, in violation of Membership and Registration Rule 1120(b) and Conduct Rule 2110.

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

Censure and a fine in the amount of \$15,000.00. The fine shall be payable in installments as set forth below:

1. Respondent shall make an initial payment of \$2,500.00.
2. Respondent shall pay \$250.00 per month for a period of six months beginning in the month following the initial payment.
3. Respondent shall pay \$500.00 per month for a period of twelve months, beginning in the month following the last \$250.00 monthly payment described above.
4. Respondent shall pay \$750.00 per month until the fine, together with interest, is paid in full, beginning in the month following the last \$500.00 monthly payment described above.
5. Respondent shall execute a promissory note in such form as NASD shall prescribe and shall pay interest on the unpaid balance of the fine pursuant to the terms and conditions applicable to fines paid pursuant to the standard NASD Installment Plan.

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

III.

OTHER MATTERS

- A. I understand that I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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. I agree to pay any monetary sanctions imposed on me in installments pursuant to the terms set forth in Part II, Section B above.

- C. I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

I 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, has been made to induce me to submit it.

4/4/07
Date

Arnold I. Roseman
Arnold I. Roseman, Respondent

4/12/07
Date

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

David Klafter
Deputy Regional Chief Counsel
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