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REGISTRATION & DISCLOSURE

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

NO. E072005008602

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

RE: American Securities Group, Inc., Respondent
CRD No. 43730
Paul Perkins, Respondent
CRD No. 4000099

Pursuant to Rule 9216 of FINRA Code of Procedure, Respondents, American Securities Group, Inc. ("ASG") and Paul Perkins ("Perkins") (collectively, "Respondents") submit 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 Respondents alleging violations based on the same factual findings described herein.

I. ACCEPTANCE AND CONSENT

- A. Respondents 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 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

ASG became a member of FINRA in 1998. Perkins is ASG's President, Chief Executive Officer and Chief Financial Officer. He first became associated with a FINRA member in 1999 and has been registered with ASG since March 2000. Perkins holds Series 3, 4, 7, 24, 27, 63 and 65 licenses.

RELEVANT PRIOR DISCIPLINARY HISTORY

Neither ASG nor Perkins has any relevant disciplinary history with the Securities and Exchange Commission, FINRA, any state regulator or other self-regulatory organization.

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OVERVIEW

During the 2005 routine examination of the firm, FINRA staff found that ASG had engaged in Registration, Supervision, Advertising and Anti-Money Laundering rule violations.

FACTS AND VIOLATIVE CONDUCT BY RESPONDENTS

1. Failure to Adhere to Registration Requirements

From late January 2005 through in or around early November 2005, ASG, acting through Perkins, permitted MC, an unregistered associated person, to act as ASG's Chief Compliance Officer ("CCO"). The duties performed by MC as ASG's CCO required that she be registered as both a General Securities Representative and a General Securities Principal. However, MC was not qualified by examination in those capacities. The aforementioned conduct by ASG and Perkins violated NASD Membership and Registration Rules 1021 and 1031, and NASD Conduct Rule 2110.

2. Supervision Failures

During the period of April 2003 through July 2005, ASG failed to timely update and amend its supervisory procedures in violation of NASD Conduct Rule 3010(b)(4). Specifically, during the time period in question, the firm delegated the task of reviewing correspondence, email, and wire transfer information to registered principals located at the firm's offices of supervisory jurisdiction. However, the firm's supervisory procedures were not amended to reflect these changes. Consequently, ASG violated NASD Conduct Rules 3010(b)(4) and 2110.

3. Misleading Communications

At one or more times between April 2003 and August 2005, ASG published a website that did not meet the requirements of applicable securities laws, rules and regulations, as follows:

- a. With respect to the money markets mentioned therein, ASG's website: i) lacked a conspicuous statement identifying a source from which an investor could obtain a prospectus containing more complete information about the investment company that should be read carefully before investing; and, ii) failed to provide a statement that an investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The foregoing conduct by ASG violated NASD Conduct Rules 2210(e) and 2110 and SEC Rules 482(a)(3)(i) and 482(a)(7)(i).

- b. The website's "Compare for Yourself" chart was unbalanced and incomplete. The chart did not disclose material differences in the services received from each firm for the fees cited, and the other, non-monetary differences in the services provided. This information was necessary to provide a sound basis for evaluating the services offered and the value received from each firm for its fees. The foregoing conduct by ASG violated NASD Conduct Rules 2210(d)(1)(A), 2210(d)(2)(B) and 2110. In addition, the chart was misleading because the figures listed for other firms were often inaccurate in violation of NASD Conduct Rules 2210(d)(1)(B) and 2110.
- c. NASD Conduct Rule 2210(e) provides that any violation by a member of any rule of the Securities Investor Protection Corporation (SIPC) applicable to member communications with the public will be deemed a violation of Rule 2210. SIPC Bylaws require that any discussion of SIPC which exceeds the standard member disclosure also provide SIPC's website address. The discussion of SIPC set forth in ASG's website exceeded the standard member disclosure, yet failed to list SIPC's website address - www.sipc.org. Consequently, ASG violated NASD Conduct Rules 2210(e) and 2110.

4. Failure to Implement Anti-Money Laundering ("AML") Program

In 2003 and 2004, ASG failed to conduct an independent test of its AML program as required by the firm's procedures. In addition, in 2004, ASG failed to provide AML training to all appropriate personnel. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 3011 and 2110, and MSRB Rule G-41 by ASG.

B. Respondents also consent to the imposition of the following sanctions:

Respondent ASG is censured and fined in the amount of \$40,000.00, of which \$15,000.00 is joint and several with Respondent Perkins.

Respondent Perkins is censured and fined jointly and severally with Respondent ASG in the amount of \$15,000.00.

Respondents agree to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. Respondents have submitted Election of Payment forms showing the method by which they propose to pay the fine imposed.

Respondents specifically and voluntarily waive any right to claim that they are unable to pay now, or at any time hereafter, the monetary sanctions imposed in this matter.

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

II. WAIVER OF PROCEDURAL RIGHTS

Respondents specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

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

Respondents 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.

III. OTHER MATTERS

Respondents understand 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 Respondents; and
- C. If accepted:
1. this AWC will become part of Respondents permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondents;
 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondents' 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. Respondents 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 Respondents' testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Respondents may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. They understand that they 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.

Respondents certify that they have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that they have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce them to submit it.

American Securities Group, Inc.

10-25-2007
Date

By: Paul B Perkins
Paul Perkins

10-25-2007
Date

Paul Perkins

Paul Perkins

Reviewed by:
Allan M. Lerner, Esq.
2889 E. Oakland Park Boulevard
Fort Lauderdale, FL 33306

Allan M. Lerner
Counsel for Respondent

Accepted by FINRA:

11/5/07

Date

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



Heather Hawker
Senior Regional Attorney
FINRA Department of Enforcement
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