

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E102002027301

TO: Department of Enforcement
NASD

RE: Gilford Securities, Inc., Respondent
BD No. 8076

Pursuant to Rule 9216 of NASD Code of Procedure, Gilford Securities, Inc. ("Gilford" 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 Respondent; 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 Respondent;
 - 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 finding 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.

Respondent also understands that its 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:

Gilford has been a member of NASD since January 3, 1980. The firm conducts various types of business, including a general securities business.

On January 3, 2002, an AWC submitted by Gilford was accepted by NASD, whereby Gilford consented to findings that it failed to make timely and accurate reports to the Automated Transaction Service ("ACT") and failed to timely display 13 customer limit orders. Gilford was censured and fined \$9,500.

On June 10, 1997, an AWC submitted by Gilford was accepted by NASD, whereby the firm consented to findings that it violated NASD Rules 4362 and 6620 by committing numerous trade reporting violations. Gilford was censured and fined \$10,000.

Gilford has no other relevant disciplinary history within the last ten years with the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

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 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 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 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. As part of the 2002 routine cycle examination, the staff of NASD's District No. 10 office (the "Staff") reviewed a sample of 83 order tickets for transactions effected by Gilford from March 8, 2002, through March 19, 2002. At least 34 of the 83 order tickets were time stamped inaccurately, in that the order tickets bore a stamped time of execution which was later than the actual execution time reported. By reason of the foregoing Gilford violated SEC Rule 17a-3 and NASD Conduct Rules 3110 and 2110.

2. From April 1, 2001, through November 12, 2002, Gilford:

a. failed to update the Uniform Termination for Securities Industry Registration ("Form U-5") of three former Gilford representatives to disclose arbitration settlements; and

b. failed to timely update the Forms U-5 of five former Gilford representatives to disclose arbitration awards or settlements within 30 days of learning of such awards or settlements.

By reason of the foregoing Gilford contravened Article V, Section 3 of NASD By-Laws and violated NASD Conduct Rule 2110.

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

- Respondent to be fined \$12,500; and
- Respondent to be censured.

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

III.

OTHER MATTERS

- A. Respondent understands that it 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 NASD, nor does it reflect the views of NASD or its staff.
- B. Respondent agrees to pay any monetary sanctions imposed on it 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 Respondent proposes to pay any fine imposed.

Respondent certifies that it has read and understands all of the provisions of this AWC and has 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 Respondent to submit it.

Gilford Securities, Inc., Respondent
BD No. 8076

4/26/06
Date

By: Richard W. Granahan
Name: RICHARD W. GRANAHAN
Title: COMPLIANCE DIRECTOR

Accepted by NASD:

May 12, 2006
Date

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

Paul Hare
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