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ENFORCEMENT

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NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. ## E1020040191-01

TO: Department of Enforcement
NASD

RE: HealthPoint Capital Advisors, LLC, Respondent
CRD No. 126546

Pursuant to Rule 9216 of NASD Code of Procedure, HealthPoint Capital Advisors, LLC ("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 allegation in this AWC or create the impression

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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:

Respondent has been an NASD member since in or about October 2003. Respondent has no disciplinary history with NASD or any other self-regulatory organization, the U.S. Securities and Exchange Commission, 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.

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II.**ACCEPTANCE AND CONSENT**

- A. Respondent hereby accepts and consents, without admitting or denying the allegations or 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:

From in or about October 2003, to in or about February 2004, Respondent did not have in place an adequate system for the retention of electronic mail. By reason of the foregoing, Respondent violated SEC Rule 17a-4 and NASD Conduct Rules 3110 and 2110.

- B. Respondent also consents to the imposition, at a maximum, of the following sanctions:
- a \$10,000.00 fine, and
 - a censure.

The sanction 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 has attached an Election of Payment form showing the method by which Respondent proposes to pay any fine imposed.
- C. Respondent specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

Respondent certifies that it has read and understand 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

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promise of any kind, other than the terms set forth herein, has been made to induce it to submit it.

HealthPoint Capital Advisors, LLC

7.25.05
Date

By JLCMIL
John C. McCormick
Managing Director

Kevin A. Fisher, Esq.
Covington & Burling
Counsel for Respondent

Accepted by NASD:

August 2, 2005
Date

Peter Bon Viso
Peter Bon Viso
Senior Regional Attorney
NASD-District 10
Department of Enforcement
Signed on behalf of the Director of ODA, by |
delegated authority

Statement of Corrective Action
HealthPoint Capital Advisors LLC
Examination No. E10040191

The NASD has found that HealthPoint Capital Advisors LLC (the "Firm" or "Respondent") did not have an adequate system for retention of electronic e-mail from October 2003 to on or about February 2004.

Statement of Corrective Action

The Firm submits the following information as corrective action by the Firm.

The Firm has since the Spring of 2004 enhanced its system for retention of e-mail at the Firm. That system provides for retention, as well as a blocking function to prevent e-mail deletion. E-mails are retained for three years as correspondence as required by SEC Rule 17a-4. This e-mail retention system is currently functioning at the Firm. The Firm fully intends to keep this system in place going forward, adapting it as necessary to meet evolving NASD and SEC requirements.

This Statement of Corrective Action is submitted by the Respondent. It does not constitute factual or legal findings by NASD, nor does it reflect the views of NASD or its staff.

John C. McCormick
Managing Director
HealthPoint Capital Advisors LLC