

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E102004050901**

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REGISTRATION & DISCLOSURE

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

RE: Investprivate, Inc., Respondent
(BD No. 103737)

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, Investprivate, Inc. ("Investprivate" or "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

Investprivate was registered with NASD on June 8, 2000. The firm currently employs approximately 10 registered persons and primarily operates as a retail brokerage firm.

RELEVANT PRIOR DISCIPLINARY HISTORY

In May 2005, Investprivate, and three of the firm's officers were named as respondents in a NASD complaint. That complaint concerned conduct that occurred between 2001 and 2003. On May 24, 2007, an Offer of Settlement was approved, whereby the firm consented to findings that it violated numerous sections of the Securities Act, the Exchange Act, FINRA By-Laws and FINRA Rules in connection with misrepresentations made during a private placement offering and for failing to report customer complaints. Included in the Offer of Settlement were findings that Investprivate failed to establish, maintain and

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enforce an adequate supervisory system reasonably designed to achieve compliance with the federal securities laws and FINRA rules in connection with private placement activity. Investprivate was censured and fined \$205,000 (of which \$122,500 was joint and several with the firm's principals) and was required to hire an independent consultant to conduct a review of the firm's policies and procedures with regard to the sale of unregistered securities through private placements.

Investprivate has no other formal disciplinary history with FINRA or any other self-regulatory organization, the Securities & Exchange Commission, or any state securities regulator.

FACTS AND VIOLATIVE CONDUCT

1. On August 15, 2000, an approved membership agreement was executed by Investprivate. On April 9, 2002, a superseding approved membership agreement was also executed by Investprivate. Investprivate did not request permission to engage in options transactions in either membership agreement, and engaging in options transactions was not an approved business activity. Both approved membership agreements were silent as to whether Investprivate could engage in options transactions.

From April 1, 2001 through June 30, 2003, a registered representative at InvestPrivate engaged in numerous options transactions that earned approximately \$160,596 in commissions.

This options business was a material change in InvestPrivate's business operations and required that the firm seek (through a Continuing Membership Application) and receive advance approval from NASD prior to engaging in such business.

By reason of the foregoing, InvestPrivate violated NASD Membership and Registration Rule 1017, and NASD Conduct Rule 2110.

2. From April 1, 2001 through June 30, 2003, Investprivate had no written procedures addressing the supervision of options transactions.

By reason of the foregoing, InvestPrivate violated NASD Conduct Rules 3010 and 2110.

- B. Respondent also consents to the imposition of the following sanctions:

- A censure; and

- a \$15,000 fine.

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

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment(s) are due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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 it;
- 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

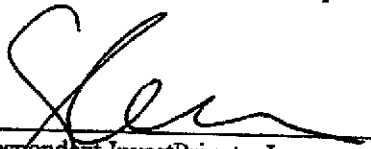
Respondent understands that:

- 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 me;
 - 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

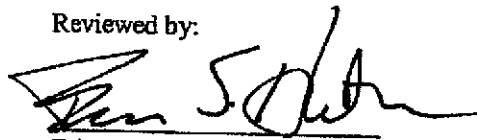
constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

Respondent certifies that it has read and understand 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.

Date: 11-16-07


Respondent InvestPrivate, Inc.
(BD No. 103737)
By Scott Mathis
Chairman and CEO

Reviewed by:



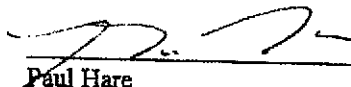
Eric S. Hutner, Esq.
Hutner Klarish LLP
Counsel for Respondent
1359 Broadway
New York, NY 10018

Accepted by FINRA:

November 28, 2007

Date

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


Paul Hare
Senior Regional Attorney
FINRA Department of Enforcement
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New York, New York 10006
(212) 858-4773; fax (212) 858-4770