

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E3B2004000801

TO: Department of Enforcement
NASD

RE: Coldstream Securities, Inc., Respondent
Member
CRD No. 46835

Pursuant to Rule 9216 of NASD Code of Procedure, Respondent (or "the firm") 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 the firm alleging violations based on the same factual findings.

The firm 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 the firm; and
3. If accepted:
 - a. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against it;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about the firm'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. the firm 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 that the AWC is without factual basis. Nothing in this provision affects the firm's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

The firm 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:

Coldstream Securities, Inc. ("the firm") became a member of NASD on September 1, 1999. Its principal offices are located in Bellevue, Washington. It operates pursuant to the exemptive provisions of SEC Rule 15c3-3(k)(2)(i). The firm employs approximately eight registered persons.

The firm has no formal disciplinary history.

I.

WAIVER OF PROCEDURAL RIGHTS

The firm 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 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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm 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.

The firm 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. The firm 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:

The Bank Secrecy Act, regulations adopted by the Department of the Treasury and NASD Conduct Rule 3011 require each NASD member firm to adopt and implement an Anti-Money Laundering compliance program reasonably designed to achieve and monitor the member's compliance with the requirements of the Bank Secrecy Act, 31 U.S.C. § 5318(h). As part of that compliance program, a member firm must establish, document, and maintain a written Customer Identification Program that complies with the requirements of the Department of Treasury regulations, 31 C.F.R. § 103.122(b). Under § 103.122(b)(5) of those regulations, the Customer Identification Program must include procedures for providing customers with adequate notice that the member is requesting information to verify their identities.

During the period from on or about October 1, 2004, until on or about October 17, 2004, Coldstream Securities, Inc. opened approximately 10 new customer accounts. The firm had adopted a Customer Identification Program, but it failed to implement that program in connection with the new customer accounts. It failed to properly document customer identification for the accounts or to provide notice to the customers that it was requesting information to verify their identities.

Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 2110 and 3011 by Coldstream Securities, Inc.

- B. The firm also consents to the imposition, at a maximum, of the following sanctions:

Coldstream Securities, Inc. shall be censured and fined \$10,000.

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

III.

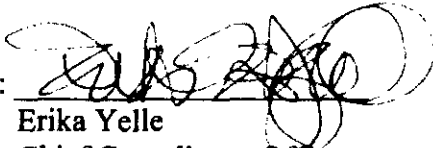
OTHER MATTERS

- A. The firm 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. The firm 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. The firm 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 it proposes to pay any fine imposed.
- C. The firm 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.

The firm 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 the firm to submit it.

December 28, 2005
Date

Coldstream Securities, Inc.
Respondent

By: 
Erika Yelle
Chief Compliance Officer

Reviewed by:

Counsel for Respondent

Accepted by NASD:

January 24, 2006
Date

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

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