

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E8A2004000101

TO: Department of Enforcement
NASD

RE: Access Financial Group, Inc.
(CRD No. 33065)

Pursuant to Rule 9216 of NASD Code of Procedure, Access Financial Group, Inc. (hereinafter collectively referred to as "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,

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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:

Access Financial Group, Inc. ("Member") became a member of NASD on August 24, 1994, and conducts a general securities business on a fully disclosed basis. The Member's membership with NASD and registration with the SEC remain currently in effect. The Member has no history of disciplinary action by NASD.

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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 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, Respondent specifically and voluntarily waives any right to claim bias or prejudice 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. From October 1, 2003 to March 31, 2004, the Member effected a total of 54 riskless principal bond transactions, the majority of which occurred in the Member's Ohio branch office, in Federal Home Loan Mortgage Corporation, Federal National Mortgage Corporation, Federal Home Loan and GNMIA Pass Through Pools to retail customers as shown on Schedule A, attached hereto and incorporated by reference. The Member charged markups of between 1.529% to 4.762% of the total principal amount of each transaction as shown on Schedule A. These markups were excessive and unfair, in that the amount charged was greater than the amount warranted by market conditions, the cost of executing the transactions, the value of services rendered to the customers by the Member, and other pertinent factors. In charging the customers the amounts on Schedule A, the Member violated Section 17(a) of the Securities Act of 1933 and NASD Conduct Rule 2110.
2. From approximately October 1, 2003 until approximately March 31, 2004, the Member violated NASD Rules 2110 and 3010(b) by failing to establish, maintain and enforce adequate written supervisory procedures designed to achieve compliance with applicable securities laws and regulations, in that the Member failed to establish adequate procedures for reviewing markups and markdowns assessed on government securities transactions.
3. During the relevant time period, Municipal Securities Rulemaking Board ("MSRB") Rule G-14 required all brokers, dealers and municipal securities dealers (collectively "dealers") to report trades to MSRB by midnight of the trade date and the MSRB published data about all reported municipal securities transactions, including, but not limited to, time of trade, price and volume information, on the day after the trade date. If municipal trade data is unavailable or incorrect because trades were not reported in a timely manner or included erroneous data, dealers and

investors alike experience harm because they cannot obtain an accurate picture of market activity and prices. Late or inaccurate transaction data may hinder a dealer's ability to price municipal securities accurately for customers, and, in turn, interferes with an investor's decision-making process.

Additionally, accurate and timely municipal trade reporting forms the primary audit trail for regulators to conduct surveillance for potentially manipulative practices, as well as detect sales practice violations and other violations of the federal securities laws and MSRB rules.

4. During the period from on or about November 30, 2003 through February 27, 2004, the Member executed 60 customer transactions in municipal securities, of which nine (15%) were not timely reported, all of which transactions were new issues of municipal securities.

Such acts, practices, and conduct constitute separate and distinct violations of MSRB Rule G-14 by Access Financial Group, Inc.

5. From November 28, 2003 through February 27, 2004, the Member effected 176 corporate bond transactions that were TRACE eligible, issued by private issuers and registered under the Securities Act of 1933 or issued pursuant to Rule 144A of the Securities Act of 1933, which were reportable TRACE transactions, while failing to report the transactions in contravention of NASD Conduct Rule 2110 and Marketplace Rule 6230.
6. From November 28, 2003 through February 27, 2004, the Member failed to establish, maintain and enforce adequate written supervisory procedures that were reasonably designed to achieve compliance with the applicable transaction reporting requirements under NASD Rules related to TRACE Reporting, in violation of NASD Rules 2110 and 3010(b), in that there were no written procedures for TRACE Reporting.

B. Respondents also consent to the imposition, at a maximum, of the following sanctions:

¹ Since 1994, NASD and the MSRB have repeatedly advised dealers of their responsibility to report transactions accurately. See "Enforcement Initiative," *MSRB Reports*, Vol. 14, No. 3 (June 1994) at 35; NASD *Regulatory and Compliance Alert: "Introducing Firm Responsibility When Reporting Municipal Trades Through Service Bureaus and Clearing Firms"* (Winter 2000); NASD *Regulatory and Compliance Alert: "Municipal Securities Transaction Reporting Compliance Information"* (Spring 2001); and NASD *Notice to Members 03-13: "MSRB Rules G-12 and G-14"* jointly issued with the MSRB in March 2003 as *MSRB Notice 2003-7*. The MSRB has also advised dealers of their responsibility to ascertain the market value of municipal securities they trade so their customers receive prices that are reasonably related to the market value of the securities (See *MSRB Notice 2004-3: "Review of Dealer Pricing Responsibilities,"* January 26, 2004).

1. Censure of the Member;
2. An order for the Member to pay disgorgement of unjust profits in partial restitution to the customers listed on Schedule A in the total amount of \$23,353.23, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the trades until December 31, 2005. Satisfactory proof of payment of the restitution or of reasonable and documented efforts undertaken to effect restitution shall be provided to NASD staff no later than 120 days after acceptance of this AWC. If for any reason the Member cannot locate any customer identified in Schedule A after reasonable and documented efforts within such period, or such additional period agreed to by the staff, the Member shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property, or abandoned property fund for the state in which the customer is last known to have resided; and
3. A fine of \$51,000 against the Member.

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 also 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 it 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.

January 21, 2006
Date

February 6, 2006
Date

By Vicente CHIRIAS
Its CEO.


Pamela Shu
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