

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E8A2004017001

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REGISTRATION & DISCLOSURE

TO: Department of Enforcement
NASD

RE: Howe Barnes Investments, Inc.
(CRD No. 2240)

Pursuant to Rule 9216 of NASD Code of Procedure, Howe Barnes Investments, Inc. ("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 permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against us;
 - b. This AWC will be made available through NASD's public disclosure program in response to public inquiries about our 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. It 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

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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:

The Respondent became a member of NASD on October 16, 1936. The Respondent engages in corporate debt and municipal debt trading, equities, options, mutual funds, variable products, underwritings, mergers and acquisitions and market making. The Respondent's membership with the NASD is currently in effect, and the Member has not been subject to any formal disciplinary proceedings during the last five years.

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 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 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 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:

1. In December 2003, the Respondent failed to make a bona fide public offering of 20,000 shares of VSAH at the announced public offering price of \$15. In January and February 2004, Respondent sold the shares and realized a profit of \$48,077. Such conduct was in violation of IM 2110-1 and NASD Conduct Rule 2110.
2. Between July 2003 and November 2003, the Respondent, although disclosing that it acted as co-manager of certain public offerings of securities, failed to disclose in four separate research reports that it had received compensation for investment banking services from two subject companies in the past 12 months, in violation of NASD Conduct Rules 2711(h)(2)(A)(ii)(b) and 2110.

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

Censure and

Fine of \$58,077, which includes the disgorgement of financial benefits received of \$48,077.

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

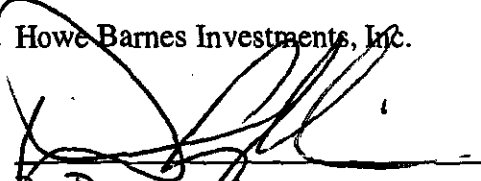
findings by NASD, nor does it reflect the views of NASD or its staff.

- 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 have attached Election of Payment forms showing the method by which we propose 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.

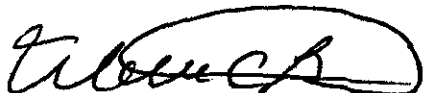
Respondent, through its designated representative, certifies that it has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce the Respondent to submit it.

October 31, 2005
Date

Howe Barnes Investments, Inc.


By Daniel E. Goughlin
Its President and CEO

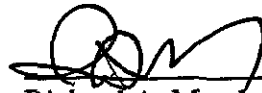
Reviewed by:


Counsel for Respondent

Accepted by NASD:

Nov. 14, 2005
Date

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



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