

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E9A2003016102

TO: Department of Enforcement
NASD

RE: Philadelphia Brokerage Corporation
Member
CRD No. 25534

Robert A. Fisk
General Securities Principal
CRD No. 1302491

Brinton W. Frith
Financial and Operations Principal
CRD No. 2308800

Pursuant to Rule 9216 of the NASD Code of Procedure, Philadelphia Brokerage Corporation ("PBC"), Robert A. Fisk ("Fisk") and Brinton W. Frith ("Frith") submit 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 them alleging violations based on the same factual findings.

PBC, Fisk and Frith understand 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, National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs 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 them; and
3. If accepted:
 - a. this AWC will become part of their respective permanent disciplinary records and may be considered in any future actions brought by the NASD or any other regulator against them;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about their 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. they 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. Nothing in this provision affects their testimonial obligations or right to take legal or factual positions in litigation in which the NASD is not a party.

PBC, Fisk and Frith also understand that their experience in the securities industry and disciplinary history may be factors which will be considered in deciding whether to accept this AWC. That experience and history are as follows:

PBC has been an NASD member since April 1990. It maintains a single office in Wayne, Pennsylvania and conducts a general securities business on a fully disclosed basis. PBC has no disciplinary history.

Fisk entered the securities industry in 1984 as a General Securities Representative. He has been associated with PBC since 1996, has been a part owner of the firm since October 2000 and has been registered with PBC as a General Securities Principal since February 2001. Fisk has no disciplinary history.

Frith entered the securities industry in 1993 as a General Securities Representative with PBC. He has been registered with PBC as a Financial and Operations Principal since December 1997 and at the times relevant herein was the firm's designated financial principal. Frith has no disciplinary history

I.

WAIVER OF PROCEDURAL RIGHTS

PBC, Fisk and Frith specifically and voluntarily waive the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against them;
- 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, PBC, Fisk and Frith specifically and voluntarily waive 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.

PBC, Fisk and Frith further specifically and voluntarily waive 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. PBC, Fisk and Frith hereby accept and consent, 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. On the last business day of the month from December 2002 through October 2003, PBC, acting through Frith, utilized the instrumentalities of interstate commerce, or the mails, to effect transactions in non-exempt securities when it failed to maintain a minimum required net capital in contravention of Section 15(c) of the Securities Exchange Act of 1934 ("Exchange Act") and SEC Rule 15c3-1 thereunder. Based on the foregoing, PBC violated Section 15(c) of the Exchange Act, Rule 15c3-1 thereunder and NASD Conduct Rule 2110 and Frith violated NASD Conduct Rule 2110.
 2. From December 2002 through October 2003, PBC, acting through Frith, prepared inaccurate month-end net capital computations, and filed inaccurate quarterly FOCUS reports with NASD, for the quarters ending December 31, 2002, March 31, 2003, June 30, 2003 and September 30, 2003 in that the reports did not accurately reflect the firm's net capital. Based on the foregoing, PBC violated Section 17(a) of the Exchange Act, SEC Rules 17a-3 and 17a-5 thereunder and NASD Conduct Rules 3110 and 2110 and Frith violated NASD Conduct Rules 3110 and 2110.
 3. From about, March 14, 2003 through about October 30, 2003, PBC acted as placement agent for four distributions of securities (one distribution by each of four issuers), one of which was a best efforts offering and three of which were contingent offerings. In connection with the offerings, PBC, acting through Fisk, failed to comply with SEC Rule 15c2-4, and with the exemption PBC claimed under SEC Rule 15c3-3(k)(2)(ii), in that it deposited the funds it received from purchasers of the securities into a separate bank account it owned and controlled rather than handling the funds as required under the provisions of SEC Rule 15c2-4 applicable to the respective offerings. Moreover, in one

contingent offering, it released funds to the issuer before the amount required to satisfy the offering minimum had been received. Based on the foregoing, PBC violated Section 15(c) of the Exchange Act, Rules 15c2-4 and 15c3-3 thereunder and NASD Conduct Rule 2110 and Fisk violated NASD Conduct Rule 2110.

4. From March 2003 through about September 2003, PBC, acting through Fisk, failed to establish and enforce written supervisory procedures that were reasonably designed to achieve compliance with applicable rules and regulatory requirements pertaining to the firm's participation in best efforts and contingent offerings of securities. Based on the foregoing, PBC and Fisk violated NASD Conduct Rules 3010 and 2110.

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

A censure against PBC, Fisk and Frith; and

A fine of \$25,000 payable as follows: a joint and several fine of \$15,000 imposed against PBC and Fisk; and a joint and several fine of \$10,000 imposed against PBC and Frith.

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

III.

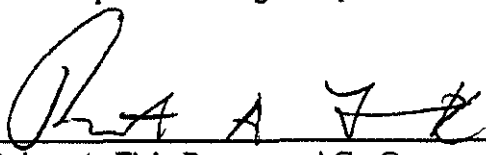
OTHER MATTERS

- A. PBC, Fisk and Frith understand that they may jointly or separately attach a Corrective Action Statement to this AWC, which is a statement of demonstrable corrective steps taken to prevent future misconduct. PBC, Fisk and Frith further understand that they 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. PBC, Fisk and Frith agree to pay any monetary sanctions imposed on them upon notice that this AWC has been accepted and that such payments are due and payable and have attached an Election of Payment form showing the method by which they propose to pay any fine imposed.
- C. PBC, Fisk and Frith specifically and voluntarily waive any right to claim that they are unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

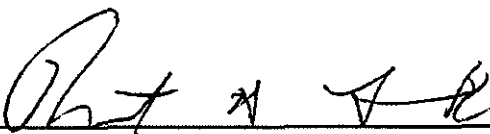
PBC, Fisk and Frith certify that they have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce them to submit it.

Philadelphia Brokerage Corporation

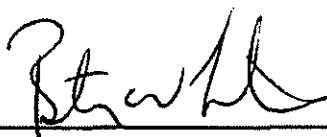
2-14-06
Date

By: 
Robert A. Fisk, Partner and Co-Owner

2-14-06
Date


Robert A. Fisk

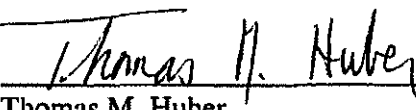
2-14-06
Date


Brinton W. Frith

Accepted by NASD:

April 17, 2006
Date

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


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