

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E9A2004003301

TO: Department of Enforcement
NASD

RE: Capital Analysts, Incorporated
Member
CRD No. 5478

Pursuant to Rule 9216 of the NASD Code of Procedure, Capital Analysts, Incorporated ("CAI") 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 it alleging violations based on the same factual findings.

CAI 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, 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 it; and
3. If accepted:
 - a. this AWC will become part of its permanent disciplinary record and may be considered in any future actions brought by the 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 its 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. CAI 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 its testimonial obligations or right to take legal or factual positions in litigation in which the NASD is not a party.

CAI also understands that its 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:

CAI has been an NASD member since 1968. Its main office is located in Radnor, Pennsylvania and it maintains about 70 branch offices located nationwide. The firm conducts a general securities business on a fully disclosed basis. CAI was the subject of an SEC administrative proceeding in March 2005 in which it was ordered, among other things, to cease and desist from any future violations of Section 17(a)(2) of the Securities Act of 1933 and Rule 10b-10 under the Securities and Exchange Act of 1934 with respect to a program it operated in connection with sales of mutual funds to its customers. It has no disciplinary history involving violations of the nature alleged herein.

I.

WAIVER OF PROCEDURAL RIGHTS

CAI 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.

CAI 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. CAI 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. During the period June 8, 2004 through August 13, 2004, CAI failed to report two municipal securities transactions required to be reported under Municipal Securities Rulemaking Board ("MSRB") Rule G-14 and erroneously reported seven municipal securities transactions. Based on the foregoing, CAI violated MSRB Rule G-14.
 2. During the period June 4, 2004 through August 20, 2004, CAI failed to accurately report two transactions in TRACE eligible securities as required under NASD Rule 6230. CAI also erroneously reported to TRACE seven other transactions. Based on the foregoing, CAI violated NASD Systems and Programs Rule 6230 and Conduct Rule 2110.
 3. From at least June 1, 2005 through August 31, 2005, CAI failed to establish, maintain and enforce written supervisory procedures that were reasonably designed to achieve compliance with its trade reporting obligations under NASD Rule 6230 and MSRB Rule G-14. Based on the foregoing, CAI violated NASD Conduct Rules 3010 and 2110 and MSRB Rule G-27.
- B. CAI also consents to the imposition, at a maximum, of the sanction of a censure and a \$10,000 fine.

III.

OTHER MATTERS

- A. CAI understands that it may attach a Corrective Action Statement to this AWC which is a *statement of demonstrable corrective steps taken to prevent future misconduct*. The firm further 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. CAI 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. CAI 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.

CAI 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 it to submit it.

Capital Analysts, Inc.

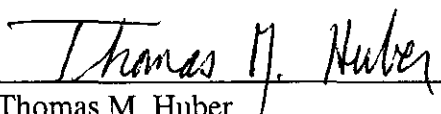
9/21/05
Date

By: 
Robert S. Cogan, President

Accepted by NASD:

September 29, 2005
Date

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


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