

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E9A2004056101

TO: Department of Enforcement
NASD

RE: [REDACTED]

John H. Groth
CRD No. 231092

Pursuant to Rule 9216 of the NASD Code of Procedure, [REDACTED] and John H. Groth ("Groth") 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 us alleging violations based on the same factual findings.

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

We understand that our 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:

██████ became an NASD member in November 1994. The firm does not have a relevant disciplinary history.

Groth entered the securities industry in November 1970 as a representative of a member firm. Groth has been registered with ██████ since its inception and is the president of the firm. Groth does not have a disciplinary history.

I.

WAIVER OF PROCEDURAL RIGHTS

We 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 us;
- 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, we 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.

We 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. [REDACTED] and Groth 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. During the period from in or about March 2004 to in or about May 2005, [REDACTED], acting through Groth, used the means or instrumentalities of interstate commerce or the mails to effect transactions in non-exempt securities while failing to maintain a minimum required net capital of \$5,000 in contravention of Section 15(c) of the Securities Exchange Act of 1934 ("Exchange Act") and SEC Rule 15c3-1 thereunder. As a result, [REDACTED] violated Section 15(c) of the Exchange Act, Rule 15c3-1 thereunder and NASD Conduct Rule 2110, and Groth violated NASD Conduct Rule 2110.
2. During the period from in or about April 2004 to in or about April 2005, [REDACTED], acting through Groth, filed FOCUS Reports for the periods ending March 31, 2005, September 30, 2004, June 30, 2004 and March 31, 2004. The FOCUS Reports were materially inaccurate in that they failed to include in [REDACTED] liabilities amounts relating to an outstanding loan balance with Provident Bank. As a result, [REDACTED] violated Section 17(a) of the Exchange Act, SEC Rule 17a-5 thereunder and NASD Conduct Rule 2110, and Groth violated NASD Conduct Rule 2110.

B. [REDACTED] and Groth also consent to the imposition, at a maximum, of the following sanctions: a \$5,000 joint and several fine; a suspension from associating with any NASD member as a Financial and Operations Principal for thirty (30) calendar days against Groth.

The sanctions imposed herein against [REDACTED] and Groth shall be effective on a date set by NASD staff.

III.

OTHER MATTERS

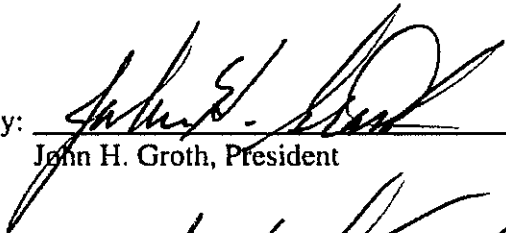
- A. We understand that they may attach a Corrective Action Statement to this AWC, which is a statement of demonstrable corrective steps taken to prevent future misconduct. We further understand that they may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by NASD, nor does it reflect the views of NASD or its staff.
- B. We agree to pay any monetary sanctions imposed on us 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 we propose to pay any fine imposed.*
- C. We specifically and voluntarily waive any right to claim that we are unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

We 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

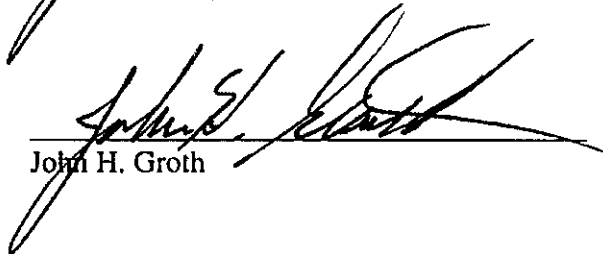
promise of any kind, other than the terms set forth herein, has been made to induce us to submit it.

2-22-06
Date

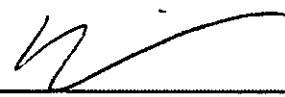
By:


John H. Groth, President

2-22-06
Date


John H. Groth

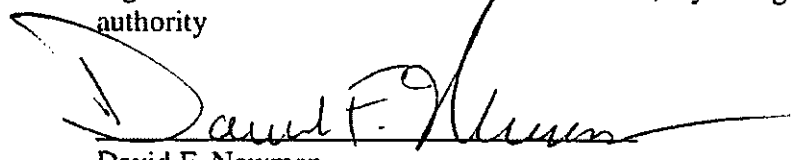
Reviewed by:


Counsel for Respondent

Accepted by NASD:

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

March 31, 2006
Date


David F. Newman
Regional Counsel
NASD Department of Enforcement
1835 Market Street, Suite 1900
Philadelphia, PA 19103
(215) 665-1180

NASD District Director

John P. Nocella
NASD District 9A
1835 Market Street, Suite 1900
Philadelphia, PA 19103