

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E982004007201

TO: Department of Enforcement
NASD

RE: **IFMG Securities, Inc.**
BD No. 14416
100 Manhattanville Road
Suite 7
Purchase, New York 10577

Pursuant to Rule 9216 of NASD Code of Procedure, IFMG Securities, Inc. ("IFMG") 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 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 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 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 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 allegation 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 or other legal proceedings in which NASD is not a party.

We also understand that our 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:

IFMG has been an NASD member since 1983. IFMG employs approximately 800 registered individuals. IFMG has no prior formal NASD 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. We hereby accept and consent, 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:

MSRB Rule G-41, which the SEC approved on July 11, 2003, requires every NASD member broker, dealer and municipal securities dealer to establish and implement an anti-money laundering ("AML") compliance program designed to achieve and monitor ongoing compliance with the requirements of NASD Conduct Rule 3011. On July 16, 2003, the MSRB issued Notice 2003-28 announcing that Rule G-41 had been approved.

NASD Conduct Rule 3011, which became effective on April 24, 2002, requires NASD members to develop and implement a written anti-money laundering ("AML") program reasonably designed to achieve and monitor compliance with the requirements of the Bank Secrecy Act ("BSA"), 31 U.S.C. §5311, et seq. and the regulations promulgated thereunder and conduct independent testing of its AML program for compliance. NASD issued numerous communications to its members regarding the requirement to have an AML program and that the requirement applied to all member firms. Among other things, NASD communicated the requirement in Notice to Members 02-21 in April 2002 to notify NASD members of this requirement and reiterated this requirement in subsequent Notices to Members 02-47 (August 2002), 02-50 (August 2002), 02-78 (November 2002), 02-80 (December 2002), and 03-34 (June 2003).

Notwithstanding the notifications from NASD discussed above, as of in or about November 2005, IFMG had failed to establish, implement and enforce written policies, procedures and internal controls that were reasonably designed to achieve compliance with the various requirements imposed by the BSA and the regulations promulgated thereunder. Specifically, IFMG failed to establish written procedures designed to address the firm's obligation to:

1. provide prompt notification to NASD regarding any change to the AML contact information;
2. respond to information requests from the Financial Crimes Enforcement Network under Section 314(a) of the USA PATRIOT Act;

3. maintain all identifying customer information for five years after an account is closed and, for records used to verify the identity of a customer that such records must be maintained for five years after the record was made; and
4. provide customers with adequate notice that the firm is requesting information to verify their identities.

In addition, IFMG failed to have internal controls to:

1. address the firm's obligation to file Currency Transaction Reports, Currency and Monetary Instrument Transportation Reports and Foreign Bank and Financial Accounts Reports with the Financial Crimes Enforcement Network when warranted;
2. detect efforts by a foreign bank to establish a correspondent account, to detect any private banking account established by a non-U.S. citizen, and to ensure that the firm did not establish or maintain any correspondent account for a foreign shell bank;
3. address the firm's obligation to freeze the accounts and prohibit transactions of suspected terrorists;
4. detect the receipt of cash; and
5. verify the identity of customers in connection with wire transfers and to obtain and retain all necessary information in connection with wire transfers.

As a result of the foregoing, IFMG failed to comply with NASD Rules 3011(a) and 3011(b). Accordingly, IFMG violated MSRB Rule G-41.

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

A censure and a \$10,000 fine.

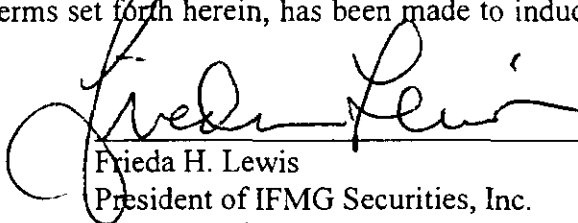
The sanctions imposed herein shall be effective on a date set by NASD staff.

III.
OTHER MATTERS

- A. We understand that they we 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 we 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 we 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.

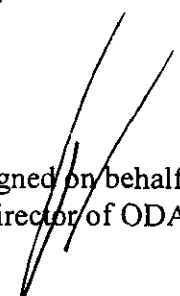
12/1/05
Date


Frieda H. Lewis
President of IFMG Securities, Inc.

Accepted by NASD:

12/15/05
Date

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


David B. Klafter
Regional Counsel
NASD Department of Enforcement
581 Main Street, 7th Floor
Woodbridge, NJ 07095
(732) 596-2029

NASD District Director
Gary K. Liebowitz
NASD, District 9-NJ
581 Main Street, 7th Floor
Woodbridge, NJ 07095
(732) 596-2025

STATEMENT OF CORRECTIVE ACTION

TO: Department of Enforcement
NASD

RE: IFMG Securities, Inc.
BD No. 14416
100 Manhattanville Road
Suite 7
Purchase, New York 10577

This Corrective Action Statement is submitted by the Respondent, IFMG Securities Inc. It does not constitute factual or legal findings by NASD, nor does it reflect the views of NASD, or its staff.

IFMG Securities, Inc has taken the following corrective action in order to establish, implement and enforce written policies, procedures and internal controls that are reasonably designed to achieve compliance with NASD Rules 3011(a) and 3011(b), and MSRB Rule G-41.

Following receipt of the NASD Exit Conference document, IFMGSI retained Pricewaterhouse Coopers, LLP ("PwC") to assist in the development of an action plan for implementation of remedial measures, including ones that addressed deficiencies in the IFMGSI Anti-Money Laundering program. Using recommendations provided by PwC, in-house and outside legal counsel and compliance professionals, and the NASD Small Firm Anti-Money Laundering template, IFMGSI revised its AML program and written procedures.

Specifically, IFMGSI has established written procedures, as part of its AML Program that address its obligation to:

1. provide prompt notification to NASD regarding any change to the AML contact information;
2. respond to information requests from the Financial Crimes Enforcement Network under Section 314(a) of the USA PATRIOT Act;
3. maintain all identifying customer information for five years after an account is closed and, for records used to verify the identity of a customer that such records must be maintained for five years after the record was made; and
4. provide customers with adequate notice that the firm is requesting information to verify their identities. ▽

As part of the revision of the AML Program, IFMGSI also adopted specific written procedures and corresponding internal controls to:

1. address the firm's obligation to file Currency Transaction Reports, Currency and Monetary Instrument Transportation Reports and Foreign Bank and Financial Accounts Reports with the Financial Crimes Enforcement Network when warranted;
2. detect efforts by a foreign bank to establish a correspondent account, to detect any private banking account established by a non-U.S. citizen, and to ensure that the firm did not establish or maintain any correspondent account for a foreign shell bank;
3. address the firm's obligation to freeze the accounts and prohibit transactions of suspected terrorists (by promptly notifying the custodian of the accounts of suspected terrorist identification);
4. detect the receipt of cash; and
5. verify the identity of customers in connection with wire transfers and to obtain and retain all necessary information in connection with wire transfers.

IFMGSI has also devoted significant human resources to address the NASD findings. IFMGSI's corporate parent assigned in-house legal counsel to spearhead the remediation project; significant amounts of time were spent developing and implementing the written AML procedures. IFMGSI has also hired a full time AML Analyst to assist the AML Officer.

We feel that the significant financial, time and human resource commitments we have made to address the findings in the attached Acceptance, Waiver and Consent shall enable IFMGSI to achieve compliance with NASD Rules 3011(a) and 3011(b), and MSRB Rule G-41.

December 1, 2005
Date



Bruce F. Ripepi
General Counsel
IFMG Securities, Inc.