

Aug-10-2005 11:53 From-

T-803 P.003/006 F-235

08/08/2005 10:45 FAX 732 586 2001

NASD

002/007

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. _____

TO: Department of Enforcement
NASD

E9B2004025501

RE: Jeffrey Matthews Financial Group L.L.C., Respondent
ED No. 41282

Pursuant to Rule 9216 of NASD Code of Procedure, Jeffrey Matthews Financial Group L.L.C. (Jeffrey Matthews) 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

Aug-10-2005 11:53 From-

T-603 P.004/008 P-335

08/09/2005 10:48 FAX 732 596 2001

NASD

003/007

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:

Jeffrey Matthews has been a member of the NASD since on or about November 27, 1996. Jeffrey Matthews employs approximately 51 registered representatives, derives a majority of its revenue as a retailer of debt securities and has no relevant 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 prejudice 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 prohibition 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.

Aug-10-2005 11:53 From:

T-003 P.005/006 F-335

08/08/2005 10:45 FAX 732 596 2001

NASD

004/007

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:

NASD's Central Registration Depository ("Web CRD") permits member firms to perform a pre-registration search on individuals. A member firm, however, must first obtain the written consent of the individual and then affirm the following statement on Web CRD:

By selecting this option, I acknowledge that I am considering this person for registration or assignment to responsibilities subject to federal law or SEC rules governing statutory disqualification and have obtained and will keep on file this person's written consent to review his/her CRD record for that purpose.

From at least 1999 to 2004, Jeffrey Matthews' supervisory system and procedures were not reasonably designed to ensure that the required written consent was obtained before any pre-registration searches on Web CRD and that the firm retained the required documentation. This conduct was in violation of NASD Conduct Rules 3010 and 2110.

As a result of the supervisory deficiencies, Jeffrey Matthews failed to obtain the required written consent in connection with its pre-registration searches of approximately 267 individuals conducted from 1999 through 2004. These individuals were not seeking employment with Jeffrey Matthews. This conduct was in violation of NASD Conduct Rule 2110.

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

- A censure; and
- a fine in the amount of \$75,000.

Aug-10-2005 11:53 From:

T-003 P.006/006 F-335

08/09/2005 10:48 FAX 732 588 2001

NASD

005/007

In addition, we shall comply with the following undertakings within the time periods specified below (unless otherwise extended by NASD staff):

1. Jeffrey Matthews shall undertake to review its written supervisory procedures and establish a supervisory system to address the deficiencies described herein relating to pre-registration Web CRI searches. Within 60 calendar days of the issuance of this AWC, an officer of Jeffrey Matthews will certify to NASD in writing that it has completed its review and that it has established systems and procedures reasonably designed to achieve compliance with those laws, regulations, and rules concerning pre-registration Web CRI searches.
2. The certifications, along with the updated procedures, must be submitted to NASD's Woodbridge District Office staff. Although NASD staff may review the revised procedures, said review shall in no way constitute an approval of the revised procedures. The failure of NASD staff to alert Jeffrey Matthews to any deficiencies in the revised procedures shall not preclude NASD from instituting a subsequent disciplinary action as a result of deficiencies in the revised procedures.

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

III.

OTHER MATTERS

- A. We understand that we may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. We understand that 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.

Aug-10-2008 11:03

From

T-003 P.007/008 F-335

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.

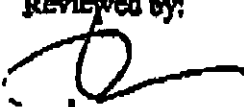
Jeffrey Matthews Financial Group,
LLC.

8/9/05

Date

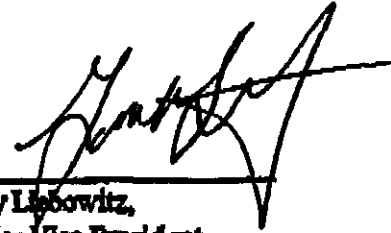
By: 
Jeffrey Halpert,
President

Reviewed by:


Richard Szuch
Dillon, Binar & Luther, L.L.C.
Counsel for Respondent

Accepted by NASD:

8/26/05
Date


Gary Liebowitz,
Senior Vice President,
District Director

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