

**NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
DISTRICT FL
NO. EFL20050021**

TO: Department of Enforcement
NASD

RE: **Costa Financial Securities, Inc.,** Respondent
Broker-Dealer
[CRD No. 45039]

██████████ Respondent
General Securities Principal
[CRD No. ██████████]

Pursuant to Rule 9216 of the NASD Code of Procedure, Respondents 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 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 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 or other legal proceedings in which the 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:

Costa Financial Securities, Inc. has been a member of NASD since December 16, 1998 and is located in Boca Raton, Florida. At all times relevant hereto, the firm was a member of NASD and registered as a broker-dealer with the United States Securities and Exchange Commission. The majority shareholder of the firm is Costa Financial Group, Inc. The firm engages in a general securities business and employs approximately 13 registered representatives in two branch offices. During 2004-2005, the firm operated pursuant to SEC Rule 15c3-1(a)(2)(vi) as a \$5,000 broker-dealer. The firm has no disciplinary history.

██████████ entered the securities industry in February 1989 as a general securities representative with Thomson McKinnon Securities Inc., where he was employed through September 1989. Thereafter, Respondent ██████████ was employed in the securities industry as follows:

Prudential-Bache Securities, Inc.	9/89-5/90
Oppenheimer & Co., Inc.	5/90-5/91
Investacorp, Inc.	5/91-1/92
Vanguard Capital	1/92-8/92
Securities America, Inc.	8/92-3/94
Securities Service Network, Inc.	3/94-3/99
Wall Street Financial Group, Inc.	3/99-3/02
Costa Financial Group, Inc.	8/91-Present
Costa Financial Securities, Inc.	12/02-Present

Respondent ██████████ is the President of Costa Financial, and owns less than five percent of the firm. Respondent ██████████ first became registered as a general securities principal on September 16, 1994. Respondent ██████████ is currently registered with NASD and has no disciplinary history.

I.

WAIVER OF PROCEDURAL RIGHTS

We specifically and voluntarily waive the following rights granted under the 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 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 2004, Respondent Costa Financial Securities, Inc. ("Respondent Costa Financial" or "the firm") failed to conduct independent testing of its anti-money laundering ("AML") program. In addition, during 2004, the firm's AML procedures provided for the firm's new employees to

receive AML training; however, during 2004 the firm failed to ensure that six of its eight new employees completed such training .

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 3011(c) and (e) and 2110, and MSRB Rule G-41 by Respondent Costa Financial.

2. During the period 2004-2005, four written customer complaints were filed against Respondent [REDACTED] alleging, among other things, unsuitable trading and failure to follow liquidation instructions. In addition, during the same period, Respondents Costa Financial and [REDACTED] were named in four arbitration claims, each of which were settled or adjudicated in an amount exceeding \$25,000 against the firm, and/or \$15,000 against the individual. Respondents Costa Financial and [REDACTED] failed to include the customer complaints and the arbitration claims in the quarterly reports filed with NASD, as required by NASD Conduct Rule 3070.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 3070 and 2110 by Respondents Costa Financial and [REDACTED]

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

A censure and a monetary fine of \$15,000 against Respondent Costa Financial, \$5,000 of which is joint and several with Respondent [REDACTED]

A monetary fine of \$5,000, to be imposed jointly and severally with Respondent Costa Financial, against Respondent [REDACTED]

The sanctions imposed herein shall be effective on a date set by the NASD staff. Pursuant to IM-8310-2(f), a bar or expulsion shall become effective upon approval or acceptance of this AWC by the NAC.

III.

OTHER MATTERS

A. 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 understand that if we are barred or suspended from association with any NASD member, we become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, we may not be associated with any NASD member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. (See NASD Rule 8310 and IM-8310-1).

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.

Jun 24 2006
Date

Agued Costa Fina
Costa Financial Securities, Inc.

By: Agued

Jun 21 2006
Date



Reviewed by:

MGL Consulting
Counsel for Respondents

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NASD District Director
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