

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. ELI20040026 - 01

TO: Department of Enforcement
NASD

RE: Bullaro Securities Corp.
Member Firm
(BD No. 28042)

Sal Stephen Bullaro
(CRD No. 2022687)

Pursuant to Rule 9216 of the NASD Code of Procedure, Bullaro Securities Corp. ("Bullaro Securities") and Sal Stephen Bullaro ("Sal Bullaro") (collectively, "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 Respondents alleging violations based on the same factual findings.

Respondents 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 Respondents; and
3. If accepted:
 - a. this AWC will become part of Respondents' permanent disciplinary records and may be considered in any future actions brought by NASD against Respondents;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about Respondents' disciplinary records;

- 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. Respondents 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 Respondents' testimonial obligations or right to take legal or factual positions in litigation in which NASD is not a party.

Respondents also understand that their 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:

Bullaro Securities has been a member of NASD since May 22, 1991. Bullaro Securities' office is located at 25-19 Steinway Street, Astoria, New York, 11103. The firm's primary business involves options trading on the floor of the American Stock Exchange.

Bullaro Securities does not have any relevant disciplinary history with the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

Sal Bullaro first became registered with NASD as a General Securities Representative on January 23, 1990 through a member firm. From May 22, 1991, Sal Bullaro has been registered with NASD as a General Securities Representative, Financial and Operations Principal, General Securities Principal, Municipal Securities Principal and Registered Options Principal through Bullaro Securities. From March 1, 2005, Mr. Bullaro has also been registered as a General Securities Representative, Financial and Operations Principal, General Securities Principal, Municipal Securities Principal and Registered Options Principal through another member firm.

Sal Bullaro does not have any disciplinary history with the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

I.

WAIVER OF PROCEDURAL RIGHTS

Respondents 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 them;
- 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, Respondents 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.

Respondents 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. Respondents 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 May 22, 2004 through December 1, 2004, Bullaro Securities, acting through Sal Bullaro, permitted Sal Bullaro, the firm's President and sole executive officer, Chief Compliance Officer, and Financial and Operations Principal, to conduct a securities business while his securities registration was inactive due to his failure to timely satisfy the Continuing Education/Regulatory Element ("CE Inactive"). Specifically, during the period that Sal Bullaro was CE Inactive, he generated \$5,473.56 in commissions

and acted as the firm's only General Securities Principal and Financial and Operations Principal. By reason of the foregoing, Bullaro Securities and Sal Bullaro violated NASD Membership and Registration Rule 1120(a) and NASD Conduct Rule 2110.

- (2) During the period July 1, 2002 through December 31, 2004, Bullaro Securities, acting through Sal Bullaro, failed to include in its trial balances any of the firm's proprietary positions, and related haircut charges, associated with its substantial American Stock Exchange floor trading business. Accordingly, its net capital computations were inaccurate, often by significant amounts, although the firm in fact had excess net capital. For example, for the period ending September 30, 2004, the firm computed its net capital position as \$440,069, with a minimum net capital requirement of \$100,000. For the same period, the staff calculated the firm's net capital as \$1,143,904.90, with a minimum net capital of \$100,000. By reason of the foregoing, Bullaro Securities violated SEC Rules 17a-3(a)(11) and 17a-4 and NASD Conduct Rules 3110 and 2110 and Sal Bullaro violated NASD Conduct Rules 2110 and 3110.

- B. Respondents also consent to the imposition, at a maximum, of the following sanctions:
1. A censure against Bullaro Securities;
 2. A joint and several fine in the amount of \$10,000 against Bullaro Securities and Sal Bullaro; and
 3. A thirty-day suspension against Sal Bullaro from associating with any member firm in any Financial and Operations Principal capacity.

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

III.

OTHER MATTERS

- A. Respondents understand that they may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents 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. Respondents agree to pay any monetary sanctions imposed on them 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 they propose to pay any fine imposed.
- C. Respondents specifically and voluntarily waive any right to claim that they are unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

Respondents 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 Respondents to submit the AWC.

Bullaro Securities Corp.

4/13/06
Date

By: Sal Bullaro
Sal Stephen Bullaro, President

4/13/06
Date

Sal Bullaro
Sal Stephen Bullaro

Accepted by NASD:

April 20, 2006
Date

Hugh C. Patton
Hugh C. Patton
Senior Regional Attorney
Department of Enforcement

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

NASD District Director
Hans Reich
Senior Vice President
NASD
District 10
1 Liberty Plaza
New York, New York 10006