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REGISTRATION DISCLOSURE
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. ELI2005005401

To: Department of Enforcement
NASD

Re: Pension Fund Evaluations, Inc. (BD# 10985)
Gregory G. Philipps (CRD# 1544670)

Pursuant to NASD Procedural Rule 9216, Pension Fund Evaluations, Inc. ("PFE") and Gregory G. Philipps (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 the National Adjudicatory Council (NAC) Review Subcommittee or the Office of Disciplinary Affairs (ODA), pursuant to NASD Procedural 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' respective permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against Respondents;
 - b. This AWC will be made available through NASD's public disclosure program in response to public inquiries about Respondents' disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Procedural 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 rights to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

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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:

PFE has been an NASD member since May 10, 1983. PFE's business is providing the trustees of pension, welfare, annuity and similar funds with information and services, primarily monitoring and evaluating investment performance and commission recapture services. Gregory G. Philipps is the President and owner of PFE. Philipps first became registered with NASD as a General Securities Representative on or about June 23, 1988 through an association with PFE. On or about April 22, 1994, he became registered as a General Securities Principal through an association with PFE. During the period 2001 to the present, Philipps has been the Chief Compliance Officer of PFE. During the period January 2004 to the present, Philipps has also been PFE's Anti-Money Laundering Compliance Officer.

On December 28, 2004, NASD approved a Letter of Acceptance, Waiver and Consent signed by PFE containing findings that PFE failed to maintain minimum net capital as required by SEC rule 15c3-1 and in violation of NASD Conduct Rule 2110. PFE was censured and fined \$5,000. On December 14, 1998, NASD approved a Letter of Acceptance, Waiver and Consent signed by PFE containing findings that PFE failed to complete a training needs analysis and to develop and implement written training plans concerning the firm element of the continuing education program; and failed to maintain books and records to demonstrate compliance with the firm element, the materials used in training and a list of dates of training sessions. PFE was censured and fined \$2,500. PFE does not have any other relevant disciplinary history with the Securities and Exchange Commission, any state securities regulator, or self-regulatory organization.

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

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 Respondents;
- 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

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- 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.

Furthermore, 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.

In addition, Respondents specifically and voluntarily waive any right to claim that a person violated the *ex parte* prohibitions of NASD Procedural Rule 9143 or the separation of functions prohibitions of NASD Procedural 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) From April 24, 2002, to January 31, 2005, PFE failed to develop an anti-money laundering ("AML") program reasonably designed to achieve and monitor its compliance with the requirements of the Bank Secrecy Act (31 U.S.C. 5311, et seq.), and the implementing regulations promulgated thereunder by the Department of the Treasury. Specifically, PFE (a) failed to maintain procedures to keep the AML Compliance Officer ("AMLCO") contact information current; (b) did not maintain written procedures to provide for prompt notification to NASD regarding any change in the designation and identification to NASD of an individual or individuals responsible for implementing and monitoring the day-to-day operations and internal controls of the program; (c) failed to maintain evidence of suspicious activity reviews concerning PFE friends and family accounts; (d) failed to provide for annual AML independent testing; and (e) did not provide for ongoing training for appropriate personnel. By reason of the foregoing, PFE violated NASD Conduct Rules 3011 and 2110.

(2) For the period from October 21, 2005 to December 29, 2005, PFE, acting through Philipps, permitted Philipps, a registered person, to continue to perform duties requiring registration while his registration was inactive due to his failure to satisfy the regulatory element of his continuing education requirements. By reason of the foregoing, PFE and Philipps violated NASD Membership and Registration Rule 1120 and Conduct Rule 2110.

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(3) From on or about April 6, 2004 through on or about February 4, 2005, PFE, acting through Philipps, permitted SM to park his registration with PFE. Specifically, PFE allowed SM to maintain his registration as a General Securities Representative through his purported association with PFE, when in fact he was not actively involved in PFE's business or otherwise functioning as a representative of the firm during this period. By reason of the foregoing, PFE and Philipps violated NASD Membership and Registration Rule 1031 and Conduct Rule 2110.

(4) From February 2002 through January 2005, PFE failed to establish, maintain and enforce an adequate supervisory system or written procedures that were reasonably designed to achieve compliance with applicable securities laws and regulations and applicable rules of NASD, including, but not limited to, applicable laws, regulations and NASD rules concerning annual compliance meetings; customer complaint reporting; designation of titles, registration status and locations of supervisory personnel; private securities transactions; outside business activities; and review of correspondence. By reason of the foregoing, PFE violated NASD Membership and Conduct Rules 3010(a), 3010(b)(1), 3010(d) and 2110.

(5) From February 2001 through January 2005, PFE did not have a system to retain electronic communications relating to its business sent or received by Philipps using his personal e-mail account and failed to preserve copies of such electronic communications. By reason of the foregoing, PFE violated Section 17(a) of the Securities Exchange Act of 1934, SEC Rule 17a-4 thereunder, and NASD Conduct Rules 3110 and 2110.

(6) On October 30, 2005, November 30, 2005, December 30, 2005 and January 31, 2006, PFE failed to maintain excess net capital in the amount of \$5,000 and actually had net capital of negative \$14,466 on October 30, 2005, negative \$40,622 on November 30, 2005, negative \$73,756 on December 30, 2005 and negative \$81,877 on January 31, 2006. These deficiencies were caused by the failure of PFE, acting through Philipps, to accrue expenses for legal fees and accounting fees and for a settlement agreement entered into with a PFE customer. By reason of the foregoing, PFE violated SEC Rule 15c3-1 and NASD Conduct Rule 2110 and Philipps violated NASD Conduct Rule 2110.

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

1. Respondents are censured.
2. PFE and Philipps are fined \$7,500 jointly and severally.
3. Philipps is fined an additional \$2,500.

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4. PFE is fined an additional \$18,500.¹

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 Statement of Corrective Action to this AWC, which is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents 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. Respondents have attached Election of Payment forms showing the method by which Respondents 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 this AWC has been read and that all provisions of this AWC are understood, and that Respondents 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 it.

PENSION FUND EVALUATIONS, INC.

4/1/07
Date

By:

[Signature]

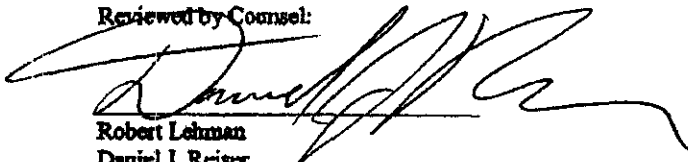
4/1/07
Date

[Signature]
Gregory G. Philipps

¹ Pursuant to the General Principles Applicable to all Sanction Determinations contained in the Sanction Guidelines, NASD imposed a lower fine against PFE in this case after it considered, among other things, the firm's revenues and financial resources. See Notice to Members 06-55.

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Reviewed by Counsel:



Robert Lehman
Daniel J. Reiser
Counsel for Respondents Pension Fund Evaluations, Inc.
and Gregory G. Philipps

Accepted by NASD:

May 4, 2007
Date

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



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