

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. SAF2004 044701

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REGISTRATION & DISCLOSURE

TO: Department of Enforcement
NASD

RE: First American Capital and Trading Corporation, (f/k/a STC Securities, Inc.)
Respondent Broker-Dealer
[CRD No. 118812]

Pursuant to Rule 9216 of the NASD Code of Procedure, Respondent 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 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

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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:

First American Capital and Trading Corporation ("First American Capital and Trading" or "the Firm") is a broker-dealer located in Fort Lauderdale, Florida and has been a member of NASD since March 18, 2002. On or about June 2, 2005, the firm changed its name from STC Securities, Inc. to First American Capital and Trading Corporation. 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, with approximately 20 registered representatives in two branch offices. The firm has no relevant 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 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 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:

During the period from June 2003 through December 2005 ("the relevant period"), First American Capital and Trading failed to implement an adequate anti-money laundering (AML) compliance program.

Specifically, the Firm failed to provide adequate AML training for either the firm's designated AML officers or the firm's employees. During the relevant period Respondent First American Capital and Trading failed to adequately train its AML compliance officers. The Firm's AML officer during the time period of June 2003 through December 2004 was not familiar with AML "red flags" such as prearranged or other competitive trading, wash trades, fictitious trades and/or market manipulation.

In addition, the Firm was not able to produce evidence that its personnel were provided with specific training necessary to implement the Firm's AML program for the period June 2003 through December 2004. For example, employees who were involved in high risk transactions were not trained in AML to identify AML "red flags" or potentially suspicious activity for those transactions, nor were they trained to be aware of their individual AML responsibilities. Further, the Firm was unable to document or otherwise evidence that it conducted adequate AML training during 2003 and 2004 other than instructing employees to review and acknowledge receipt of the Firm's written supervisory procedures.

NASD Conduct Rule 3011(c) requires member firms to conduct an independent test of their AML compliance program. Despite the institution of NASD Conduct Rule 3011 in 2002 and various Notices to Members regarding AML, during the period of 2003 and 2004, while First American Capital and Trading conducted internal testing of its AML Compliance Program, such testing was not independent.

First American Capital and Trading failed to establish and implement an adequate customer identification program during the relevant period. A CIP must include risk-based procedures for verifying the identity of each customer. The procedures

must be based on the broker-dealer's assessment of the relevant risks, including those presented by the various types of accounts maintained by the broker-dealer. The Firm had correspondent relationships with numerous foreign entities, including both retail and institutional customers. Specifically, during 2004, approximately 59 percent of the accounts held at the Firm were foreign account holders. During 2005, approximately 41 percent of the accounts held at the Firm were foreign account holders. Despite the foregoing business model, the Firm did not establish or implement adequate policies or procedures to conduct additional due diligence for their higher risk accounts, including the aforementioned foreign account-holders. Despite the large number of foreign accounts, the Firm conducted the same customer identification, verification and due diligence for higher risk foreign accounts as it did for all other accounts.

Lastly, the Firm failed to establish and implement adequate suspicious activity reporting ("SAR") procedures in that it failed to monitor for, identify and analyze unusual activity for possible SAR filing as required by its procedures. The Firm's procedures identified various AML "red flags" including large wire transfers and the deposit of large amounts of low-priced securities, but the Firm failed to identify and analyze these transactions to determine if they were in fact suspicious and were required to be reported on a SAR-SF. Notably, during the relevant period, the Firm processed approximately 900 wire transactions, 101 of which were between the amounts of \$100,000 and \$1,000,000. Twenty of the 101 wires between \$100,000 and \$1,000,000 were effected by a single customer and some of the subject wires originated from the aforementioned higher risk countries. In addition, during the relevant period, on 15 occasions, ten different Firm customers deposited equity certificates in low-priced securities into their accounts ranging in size from 100,000 to 10,000,000 shares.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 3011(a), (b), and (e), 2110 and MSRB Rule G-41 by Respondent First American Capital and Trading Corporation.

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

A censure, and a monetary fine of \$30,000 against Respondent First American Capital and Trading Corporation.

An undertaking by Respondent First American Trading to have all its registered persons register for, within 60 days of the date of issuance of this AWC, three (3) hours of training concerning anti-money laundering, in a program that is acceptable to NASD. The Firm shall provide NASD with evidence of the registrations within ten (10) days of registration. In addition, the Firm's registered persons shall attend and complete such training within six months of the issuance of this AWC, and shall provide NASD with evidence that they completed such training within ten (10) days of completion of the training program. For good cause shown, and upon receipt of a

timely application from Respondent First American Capital and Trading, NASD may extend the time in which the Firm may complete the foregoing requirements.

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 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 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.

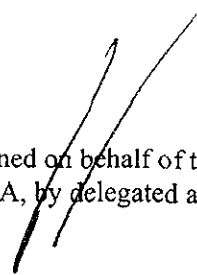
5-16-07
Date

Antonio Vanele
First American Capital and Trading Corporation
By: Antonio Vanele
President

Accepted by NASD:

6/12/07
Date

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



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