

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20070074005-02**

TO: Department of Enforcement
Financial Industry Regulatory Authority (“FINRA”)

RE: Michael Quattaloro, Respondent
General Securities Representative
(CRD No. 4654243)

Pursuant to FINRA Rule 9216 of FINRA’s Code of Procedure, I submit this Letter of Acceptance, Waiver and Consent (“AWC”) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I 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 FINRA, or to which FINRA 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 FINRA:

BACKGROUND

From February 24, 2006 through June 20, 2007, Michael Quattaloro was associated with FINRA member Westpark Capital, Inc. as a General Securities Representative. From August 10, 2009 through the present, Quattaloro has been associated with another FINRA member as a General Securities Representative. He has no disciplinary history.

OVERVIEW

Between August 2006 and March 2007, Quattaloro churned and engaged in excessively unsuitable trading in two customer accounts. In those same accounts, he also exercised discretion without having obtained prior written authorization. Quattaloro willfully violated Section 10(b) of the Securities Exchange Act of

1934, Rule 10b-5 thereunder, and violated NASD Conduct Rules 2510(b), 2310, 2120, 2110 and IM-2310-2.

FACTS AND VIOLATIVE CONDUCT

Customer M.K.'s Account

In August 2006, Quattaloro persuaded M.K. to open a Westpark account and transfer the securities he held at a discount broker which included equity positions in 14 companies worth about \$435,780.00 and cash of about \$34,484.00.

On August 8, 2006, almost immediately after the transfer, Quattaloro liquidated all fourteen positions and charged commissions and markups of up to \$6,500.00 for each transaction. On the following day, Quattaloro purchased for M.K.'s account, stocks in 11 different companies. On each of those purchases, he charged markups ranging between \$1,600.00 and \$3,125.00. He then sold most of those newly purchased securities within the succeeding three weeks. The August sales involved commissions of \$65.00 to \$762.00 per transaction whereas the purchases involved markups of between \$2,600.00 and \$3,100.00. During August 2006 alone, there were 43 transactions in M.K.'s account. That month, Quattaloro charged M.K. commissions and markups totaling \$74,020.05.

By March 31, 2007, Quattaloro had executed 127 trades in M.K.'s account. The markups and commissions in M.K.'s account totaled \$207,441.73 (consisting of markups of \$192,236.00 and commissions of \$15,205.73). The total charges, including margin interest and handling fees, amounted to \$234,752.30. By March 31, 2007, M.K. had sustained a \$131,449.30 loss.

The transactions in M.K.'s account involved highly liquid exchange traded stocks. Quattaloro charged a markup on all of the higher cost trades, i.e., trades for which he charged up to \$6,500.00 per transaction. Conversely, he executed the lower cost trades, primarily sales, on an agency basis and charged commissions.

Quattaloro controlled M.K.'s account: he chose the securities; determined when they would be purchased and sold; determined whether to charge a markup or a commission; and determined what the charge would be. Moreover, he frequently executed trades without first discussing the transactions with M.K. He failed to contact M.K. on days that 55 of the 127 transactions were executed. On the other hand, M.K. had no experience with riskless principal trading, no prior margin experience, and was unaware what he was being charged for transactions that were executed on a riskless principal basis.

The turnover rate for M.K.'s account, on an annualized basis, was 13.64. The cost-to-equity ratio for M.K.'s account, on an annualized basis, was 82%.

Customer W.V.'s Account

In September 2006, Quattaloro cold-called W.V. and persuaded him to open a Westpark account. At the time, W.V. told Quattaloro that he would need to withdraw the account proceeds by January 15, 2007 in order to pay estimated taxes. They did not discuss fees and costs nor did they ever discuss riskless principal trading. On September 12 and 18, 2006, W.V. funded his Westpark account with two checks totaling \$110,311.90.

Thereafter, in September 2006 alone, Quattaloro executed 21 trades in W.V.'s account. By early January 2007, Quattaloro had executed 42 trades in W.V.'s account: 20 trades were executed on a riskless principal basis and 22 trades were executed on an agency basis.

The markups and commissions in W.V.'s account totaled \$48,989.13 (consisting of markups of \$40,915.00 and commissions of \$3,334.013). The total charges, including margin interest and handling fees amounted to \$48,989.13. By January 31, 2007, W.V. had sustained a \$51,919.62 loss

The transactions in W.V.'s account involved highly liquid exchange traded stocks. Quattaloro charged a markup on all of the higher cost trades, i.e., trades for which he charged between \$800.00 and \$3,900.00 per transaction. Conversely, he executed the lower cost trades, primarily sales, on an agency basis and charged commissions.

Quattaloro controlled W.V.'s account: he chose the securities; determined when they would be purchased and sold; determined whether to charge a markup or a commission; and determined what the charge would be. He also frequently executed trades without first discussing them with W.V. He failed to contact W.V. on days that 15 of the 42 transactions were executed. W.V. was unaware of the charges and the extent of his losses until early January 2007, at which time he closed the account.

The turnover rate for W.V.'s account, on an annualized basis, was 33.45. The cost to equity ratio for W.V.'s account, on an annualized basis, was 167%.

Violations

Between August 2006 and March 2007, while exercising control over M.K.'s account and between September 2006 and January 2007, while exercising control over W.V.'s account, Quattaloro intentionally or recklessly excessively traded their accounts. Consequently, Quattaloro churned their accounts and willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and violated NASD Conduct Rules 2120 and 2110 and IM-2310-2.

Between August 2006 through March 2007, while exercising control over M.K.'s account and between September 2006 and January 2007, while exercising control over W.V.'s account, Quattaloro recommended an excessive number of securities without having reasonable grounds for believing that such transactions were suitable in view of the size and frequency of the transactions, the nature of the accounts, and the customers' financial situation, investment objectives, and needs. By recommending an unsuitably excessive number of transactions, Quattaloro violated NASD Conduct Rules 2310 and 2110 and IM-2310-2.

Quattaloro exercised discretionary authority in customer M.K.'s account between August 2006 and March 2007 and in customer W.V.'s account between September 2006 and January 2007. He did not obtain either customer's prior written authorization nor did he obtain his firm's prior written authorization. By engaging in discretionary trading without prior written authorization, Quattaloro violated NASD Conduct Rules 2110 and 2510(b).

B. I also consent to the imposition of the following sanctions:

A bar from association with any FINRA member in all capacities.

I understand that if I am barred or suspended from associating with any FINRA member, I 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, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

I understand that this settlement includes a finding that I willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and that under Article III, Section 4 of FINRA's By-Laws, this makes me subject to a statutory disqualification with respect to association with a member.

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

Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- B. To be notified of the 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 National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I 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.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA 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.

III.

OTHER MATTERS

I understand that:

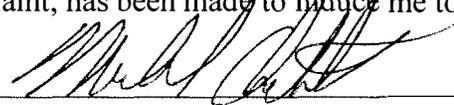
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;

- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;
 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 4. I 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. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that

no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

12/29/09
Date (mm/dd/yyyy)


Michael Quattaloro

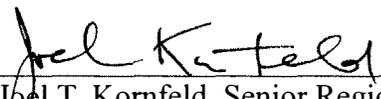
Reviewed by:


Howard E. Greenberg, Esq.
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(631) 982-0080

Accepted by FINRA:

2/4/2010
Date

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


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