FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090188184

To: Department of Enforcement
   Financial Industry Regulatory Authority (FINRA)

Res: Workman Securities Corporation
    CRD No. 31898

Pursuant to FINRA Rule 9216 of FINRA’s Code of Procedure, Workman Securities Corporation (Workman) submits 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 Workman alleging violations based on the same factual findings described herein.

I. ACCEPTANCE AND CONSENT

A. Workman accepts and consents, 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

Workman has been a FINRA registered broker-dealer since July 2, 1993. Workman conducts a securities business from its main office in Eden Prairie, Minnesota. Workman currently has 171 registered representatives, located in 141 branch offices nationwide.

Relevant Disciplinary History

Workman does not have any relevant prior disciplinary actions with FINRA.

Overview

Workman (1) failed to have reasonable grounds to believe that a private placement offered by Medical Capital Holdings, Inc. (MedCap) pursuant to Regulation D was suitable for any customer, after Workman received red flags that MedCap had financial issues and was not timely making interest payments; (2) failed to enforce a supervisory system reasonably designed to achieve compliance with applicable securities laws and regulations and NASD and FINRA Rules in connection with the sale of the private placement offered by MedCap pursuant to Regulation D; and
(3) failed to conduct adequate due diligence of the private placement offered by MediCap pursuant to Regulation D.

Workman also failed to conduct adequate due diligence of private placements offered by Provident Royalties, LLC (Provident) and CPL Leverage Fund Advisors, LLC (CLFA), and failed to enforce a supervisory system reasonably designed to achieve compliance with applicable securities laws and regulations and NASD and FINRA Rules in connection with the sale of the private placements offered by Provident and CLFA pursuant to Regulation D.

Accordingly, Workman violated NASD Conduct Rules 2310, 3010 and 2110 and FINRA Rule 2010.

Additionally, Workman failed to preserve electronic communications in a format that complies with books and records requirements, in violation of NASD Conduct Rules 3110 and 2110, FINRA Rule 2010, Section 240.17a-4(b)(4) of the Securities Exchange Act of 1934 and SEC Rule 17a-4 thereunder.

Facts and Violative Conduct

Private Placement Offerings by MediCap

MediCap was a medical receivables financing company based in Anaheim, California. MediCap’s core business was to provide financing to healthcare providers by purchasing their accounts receivable and making secured loans to the providers.

In 2001, MediCap began raising funds for its operations by selling promissory notes through FINRA-registered firms. These notes were securities that were not registered with the SEC but were sold under the registration exemption provided by Rule 506 of Regulation D of the Securities Act of 1933. Pursuant to that exemption, the notes could be sold only to accredited investors.

From 2001 through 2009, MediCap raised approximately $2.2 billion from over 20,000 investors through nine Regulation D offerings offered through FINRA firms and other sales avenues. Each investor purchased a minimum of $25,000 in promissory notes with maturities ranging from one to seven years. The notes promised payments at annual interest rates
ranging from 8.25% to 10.50%. During this entire period of time, however, MedCap never obtained any audited financial statements with respect to any of these offerings.

MedCap made all interest and principal payments on these Regulation D offerings until July 2008. At that time, MedCap began experiencing liquidity problems and stopped making payments on two of its earlier offerings. Nevertheless, MedCap proceeded with its last Regulation D offering, called Medical Provider Funding Corporation VI (MPFC VI), which it offered through an August 5, 2008 private placement memorandum (PPM). In this offering, MedCap sought to sell up to $400,000,000 of promissory notes with two, three and six-year terms, at annual interest rates ranging from 9% to 9.5%. MPFC VI differed from some of MedCap’s earlier offerings in several respects, including: it allowed MedCap to use up to 40% of the proceeds raised to invest in businesses other than medical receivables, and it limited the trustees’ power to oversee MedCap’s operations.

In July 2009, the SEC filed a civil injunctive action in federal district court in which it sought and was granted a preliminary injunction to stop all MedCap sales. The SEC alleged that MedCap and its executives defrauded investors in MPFC VI by misappropriating approximately $18.5 million of investor funds. The SEC also alleged that MedCap had misrepresented that it had never defaulted on or been late in making interest or principal payments, when in fact MedCap had defaulted or was late in paying nearly $1 billion in principal and interest on the notes from its Regulation D offerings. The court appointed a receiver to gather and conduct an inventory of MedCap’s remaining assets. The SEC action is pending.

**Workman’s Sales of MPFC VI**

Workman executed a Broker-Dealer Agreement with MedCap on August 5, 2008. This Agreement allowed Workman to market and sell the MPFC VI Regulation D offering. Workman’s President, Robert Vollbrecht, executed the Agreement for Workman.

Between August 12, 2008 and June 24, 2009, Workman sold $2,772,000 of the MPFC VI offering to 34 customers, in 38 separate transactions. Workman failed to enforce its supervisory procedures to conduct adequate due diligence as it related to MPFC VI. The firm’s procedures clearly
state that, prior to approving Non-Conventional Instruments or Private Placements, the firm will, at a minimum, analyze the offering documents, analyze the issuer's financial information, and review the background of the issuer and its management. The firm's procedures also required Workman to obtain and evaluate separate available sources of information regarding the issuer to evaluate the product specifically and the issuer generally. In addition, Workman's Designated Principal for Non-Conventional Instruments and Private Placements, Vollbracht, was required to take affirmative steps to ensure that information in the offering documents was accurate.

Workman did not comply with the requirements of its supervisory procedures. Beyond reviewing the PPM and reading a due diligence report, Workman did not perform any due diligence for MPFC VI. Moreover, Workman did not receive the due diligence report, dated September 30, 2008, prepared by Buttonwood Investment Services, LLC, & Associates (Buttonwood Due Diligence Report) until, at the earliest, October 2008, some two months after it had begun selling MPFC VI.

A number of representatives who had become associated with Workman in 2008 had sold significant amounts of prior MedCap offerings at previous broker-dealers. Workman believed that these representatives had close relationships with MedCap, and that the representatives were doing their own due diligence. However, Workman did not take steps to confirm that these representatives were conducting any due diligence, and these representatives did not communicate to Workman any due diligence findings they made.

From October 2008 through June 2009, Workman became aware of multiple red flags regarding MedCap, including liquidity concerns, missed interest payments and defaults that should have put it on notice of possible problems with the offering. Nevertheless, the firm continued to sell the MPFC VI offering to customers through June 2009. More specifically, Workman received the following red flags during that period of time:

- The firm received the Buttonwood Due Diligence Report sometime in October or November 2008. This Report identified numerous potential red flags, including missed interest payments and actual defaults from earlier offerings, along with MedCap's potential lack of liquidity to meet its obligations on the notes.
On December 4, 2008, Workman received notice that a Workman customer who had purchased an earlier MedCap offering through another broker-dealer had not received the return of its principal. Vollbrecht attempted to contact MedCap's representatives, but his calls were not returned. Vollbrecht also emailed a MedCap representative about the missed payment, but MedCap never directly responded to Vollbrecht's inquiries.

On December 19, 2008, Workman received an email from MedCap, which attached a December 19, 2008 letter signed by Joseph Lampariello, the President of MedCap. This letter informed Workman that MedCap would not be making timely interest payments to certain MedCap note holders from prior offerings. MedCap explained that there were cash shortages with some of its clients' accounts receivable collections.

On January 19, 2009, Workman received an email from MedCap, which attached a January 19, 2009 letter signed by Lampariello. This letter informed Workman that there would be a delay in the January 2009 interest payments on certain existing MedCap notes. Lampariello stated that the interest payments that were due on January 10 for these notes would instead be paid on January 31.

On March 26, 2009 Workman received an email from MedCap, which attached a March 25, 2009 letter signed by Lampariello. This letter referenced a notice that Bank of New York Mellon (BNYM), a trustee for a MedCap offering, had sent to MPFC II note holders. Lampariello's letter discussed, at length, financial issues with certain MedCap notes. Lampariello's letter also stated that BNYM had scheduled a March 31, 2009 conference call for the affected note holders.

On April 9, 2009 Workman received, via email, an April 9, 2009 letter from MedCap entitled "Update," which referenced missed interest payments on the MPFC IV notes dating back to December 2008. The letter also referenced a February 12, 2009 letter stating that MedCap's projections about MPFC IV notes had not been met.
On April 20, 2009, Workman received via email a draft letter to MedCap note holders stating that MedCap had not paid the MPFC II note holders amounts due on their notes. The letter further stated that MedCap would not resume interest payments to MPFC II note holders until June 1, 2009. The letter finally stated that, given MedCap's existing financial condition, BNYM, as trustee, had two options: (1) allow MedCap's management to wind down the affairs of MPFC II, or (2) begin managing the affairs of MPFC II itself.

On April 20, 2009, Vollbrecht received an email from a Workman registered representative stating that several of the representative's customers had contacted the representative, asking about missed interest payments on the MPFC VI notes. The Workman representative, who lived in California, advised Vollbrecht that he had driven to MedCap, spoken to a MedCap representative, and had been advised that MedCap did not know when the interest payments would be made to MedCap customers.

On May 5, May 11, May 19, May 27 and June 9, 2009, the firm received emails from MedCap, each of which attached a document entitled "Status Update." These documents purported to reflect the status of each MedCap offering as of those dates, described the financial hardship of some of the assets that were purchased with MedCap investor funds, and each time noted missed interest payments from several MedCap offerings.

Private Placement Offerings by Provident

From at least September 2006 through January 2009, Provident Asset Management, LLC (PAM), marketed and sold preferred stock and limited partnership interests in a series of 23 private placements offered by an affiliated issuer, Provident, which was a non-registered entity. PAM's only business line was acting as the wholesaling broker-dealer for the Provident offerings, which were sold to customers through more than 50 retail broker-dealers nationwide and which raised approximately $485 million from over 7,700 investors. Provident's business plan included the acquisition of a combination of producing and non-producing sub-surface mineral interests, working interests and production payments in real property located within the United States.
The Provident-affiliated offerings each claimed an exemption from the registration of the offerings pursuant to Rule 506 of Regulation D. The Provident offerings, designated as Shale Royalties, Inc., numbered 2 through 20 (Shale offerings), offered two series of non-convertible redeemable cumulative preferred stock. Each share of stock was offered for $5,000 through a PPM. The Shale offerings were virtually identical in their terms, had the same investment purpose, and were offered continuously for 30 consecutive months. The periods of many of the offerings overlapped and each offering was also limited to 500 investors and involved varying dollar amounts. As an offering would approach a limit, Provident would create the next Shale offering. Audited financial statements were not prepared with respect to any of the Shale offerings.

At the outset of the Shale offerings by Provident, dividends on each share of Series A preferred stock were to accrue at the rate of 1.5% per month, and dividends on each share of Series B preferred stock were to accrue at the rate of 1.25% per month. Series A preferred stock was redeemable at the end of either 24 or 36 months, and Series B preferred stock at the end of 24 months. At some point in time, Provident reduced the amount payable for dividends on Series A preferred stock to 1.375% and on Series B preferred stock to 1.167%. At the same time, the PPM for the Shale offerings changed the maturity to 48 months for Class A Preferred Shares and 36 months for Class B Preferred Shares. Dividend payments to the investors were to be paid four months in arrears, and thereafter monthly on the last day of each month.

Although PAM made some direct retail sales of the Provident private placements, it primarily solicited retail broker-dealers to enter into sales agreements for each Shale offering, and those retail broker-dealers sold the stock of the offerings to investors nationwide. The retail broker-dealers received fees and/or commissions for soliciting investors in the Shale offerings, including a specific fee related to due diligence that was purportedly performed in connection with each offering. In an effort to market the Shale offerings, PAM made presentations to retail broker-dealers in its Dallas, Texas offices, during which it represented that: (1) investors' funds would be used by each individual Provident Royalties offering to purchase interests in the oil and gas business for that offering; (2) the subscription proceeds of each offering would be deposited into an account for that offering and become assets for that offering; (3) approximately 85% of the subscription proceeds would be allocated to acquiring interests in the oil and gas business; and (4) dividends paid to
investors would be derived from revenues, primarily from the sale of oil and gas assets.

The owners and principals of Provident deposited investors' funds into the appropriate separate bank account designated for each Shale offering, knowing that the Shale offerings did not have sufficient revenues to pay investors' dividends as they became due. Although a portion of the proceeds of the Shale offerings was used for the acquisition and development of oil and gas exploration and development activities, millions of dollars of investors' funds were transferred from the later Shale offerings' bank accounts to the Provident operating account in the form of undisclosed and undocumented loans, and were used to pay dividends and returns of capital to investors in the earlier Shale offerings.

The owners and principals of Provident and PAM did not tell investors, and the Shale PPMs do not disclose, that the investors' funds would be used to pay earlier investors their dividends and return of principal, rather than being invested in oil and gas assets.

On July 2, 2009, the SEC filed a civil injunctive action in the Northern District of Texas naming Provident, PAM and others, and the Court granted its request for a temporary restraining order and an emergency asset freeze and appointment of a receiver to take control of the entities and marshal and preserve the assets for the benefit of the defrauded investors. The Court set a hearing on the SEC's motion for a preliminary injunction. Subsequently, the order for the hearing was vacated when all the named defendants agreed to the entry of a preliminary injunction, which remains in effect.

Workman's Sales of Provident

Workman executed a Selected Dealer Agreement with a Provident entity on February 13, 2008, which allowed Workman to market and sell the Provident Shale Royalties 7 offering. Vollbrecht executed the Agreement for Workman. Vollbrecht subsequently executed seven additional Agreements, which allowed Workman to sell subsequent Provident offerings. Vollbrecht executed the last Agreement with Provident on December 18, 2008.

Between July 18, 2008 and December 24, 2008, Workman sold $5,548,000 in Provident offerings numbered 15-18, in 108 separate
transactions. Again, the firm failed to enforce its supervisory procedures to conduct adequate due diligence relating to these offerings. Although Workman reviewed the PPMs for these offerings, its review was cursory: it was done merely to ensure that the instant offering did not have any meaningful substantive differences from the past offerings.

Workman also reviewed a Provident Due Diligence Report prepared by an attorney relating to Shale Royalties 18. However, this Report is dated November 14, 2008, months after Workman began selling the Provident offerings. Further, the Report identified a number of red flags with respect to Shale Royalties 18. For instance, the Report noted that certain Provident programs were advancing funds to, or buying assets from, other Provident programs. The Report observed that, because of the lack of transparency in Provident’s financial statements, it was difficult to ascertain the asset and liability positions of the Provident entities at any given moment in time.

This was particularly problematic given the nature of the Provident offerings. The Provident offerings were continuous and overlapping. As one Provident offering approached the investment limit, another was created. Given the common nature of the offerings, the fact that they were successive and sequential in nature, and that each offering had common affiliated companies, it was imperative that Workman investigate the red flags in the attorney’s Due Diligence Report. Workman did not do so.

Workman executives and registered representatives went to Provident’s offices, and met with Provident executives and employees. However, Workman did not verify, through third-party sources (other than the aforementioned attorney’s Due Diligence Report) the representations and information that Workman and its representatives received from Provident. In fact, Workman did not request, nor did it receive, documents and information that would have tested the representations made by Provident representatives.

Workman should also have been particularly careful to scrutinize each of the Provident offerings given the purported high rates of return. However, Workman did not take the necessary steps, through obtaining financial information or otherwise, to ensure that these rates of return were legitimate, and not payable from the proceeds of later offerings, in the manner of a Ponzi scheme.
Workman’s Failure to Conduct Reasonable Due Diligence on CLFA Leveraged Fund Advisor

During the period June 2006 to August 2008, Workman sold private placement units in CLFA which is an entity that sponsors real estate investment trusts. Workman did not conduct reasonable due diligence on CLFA prior to selling the CLFA private placement units. Specifically, while Workman reviewed the CLFA PPM, it did not attempt to obtain a third party due diligence report, meet with or ask questions of management about certain of the disclosures in the PPM, or review unaudited financial statements. In failing to take these steps, Workman also failed to follow its own written supervisory procedures requiring such steps. The CLFA PPM contained material misstatements concerning the projected time frame for return of investors’ principal investment, the yield on the investment, the amount of money that CLFA would raise in selling real estate investment trusts, and the true financial picture of an affiliated entity. Workman’s cursory due diligence failed to identify these misstatements.

Workman’s Failure to Retain Original Electronic Communications

Between late December 2007 and February 2010, Workman used a third-party software product called the “Laserfiche Email Repository System” to store and retain electronic communications. The Laserfiche system does not comply with the requirements of SEC Rule 17a-4(f) because electronic data is not stored in its original, native format and not retained in a non-rewritable, non-erasable, or WORM (write once read many) format; instead, the Laserfiche system strips metadata and separates attachments from email content.

In or about June 2009, FINRA informed Workman that its electronic storage medium was non-compliant. As of January 2010, Workman had not corrected its email retention practices.

Violations

Workman’s Sales Practice Violations Relating To Private Offerings

NASD Conduct Rule 2310 requires that a FINRA firm, when making a recommendation to a customer to purchase or sell a security, have
reasonable grounds to believe that the recommendation is suitable for such customer. To comply with Rule 2310, a FINRA firm must have an understanding of the potential risks and rewards of the security.

NASD Conduct Rule 3010(a) requires member firms to establish, maintain and enforce a supervisory system reasonably designed to achieve compliance with applicable securities laws and regulations and NASD Rules and FINRA Rules. Required components of a "reasonable" supervisory system include, among other things, enforcing written supervisory procedures designed to achieve compliance with applicable securities laws and regulations, and with applicable NASD Rules. Broader than its counterpart under the Securities Exchange Act of 1934 (the SEA), Section 15(b)(4)(E), NASD Conduct Rule 3010 imposes an "affirmative obligation" on NASD broker-dealers to establish, and enforce, supervisory systems.

Under Rules 2310 and 3010, a firm must conduct due diligence on its securities products in order to understand the inherent risks of these products and to determine whether these products are suitable for its customers. This due diligence is especially important for alternative investments such as Regulation D offerings, where there is no registration of the securities with the SEC.

Workman Failed to Have a Reasonable Basis to Recommend MPFC VI to Investors

Workman was on notice of late interest payments by MedCap by at least October or November 2008, when it received the Buttonwood Due Diligence Report. As detailed above, Workman continued to receive notices of problems with MedCap offerings from December 2008 to June 2009. Nevertheless, Workman permitted its representatives to continue to sell MPFC VI through June 2009. Workman was also aware of liquidity problems and delinquencies, which should have alerted the firm that MPFC VI may have also been susceptible to delinquencies or defaults. Consequently, Workman failed to have reasonable grounds for allowing the continued sales of MPFC VI.
Workman Failed to Enforce a Reasonable Supervisory System Regarding MPFC VI, Provident and CLFA

Further, Workman failed to enforce its supervisory system and written procedures relating to MedCap, Provident and CLFA sales. Workman's procedures required it to analyze offering documents and the issuer's financial information, along with reviewing the background of the issuer and its management, prior to any sales of alternative investments. Moreover, the firm failed to analyze third-party sources of information or take affirmative steps to ensure that information in the offering documents was accurate. Workman failed to take these steps with respect to the MPFC VI, Provident and CLFA offerings.

Workman Failed to Conduct Adequate Due Diligence on MPFC VI, Provident and CLFA

Finally, Workman failed to conduct adequate due diligence of the MPFC VI offering before allowing its representatives to sell this security. Without adequate due diligence, Workman could not identify and understand the inherent risks of the offering. As set forth above, the firm did not obtain and review basic information about MedCap and its management. Workman's failure to conduct adequate due diligence was even more problematic given the firm's receipt of the Buttonwood Due Diligence report, which identified missed interest payments and actual defaults from earlier offerings.

Workman similarly failed to conduct adequate due diligence of the Provident 15-18 and CLFA offerings. With respect to Provident, the firm's due diligence consisted of little more than a cursory review of the PPMs and meeting with Provident's representatives. Given the continuous and overlapping nature of the offerings, coupled with the high returns, stronger scrutiny was required. Again, the firm's due diligence failures were more pronounced given the various red flags identified in the Due Diligence Report prepared by an attorney. Similarly, Workman's review of the CLFA PPM, without any further follow-up and questioning certain of the disclosures and projections, was not reasonable due diligence.

Accordingly, Workman violated NASD Conduct Rules 2310, 3010 and 2110 and FINRA Rule 2010.
Workman’s Electronic Communications Violations

NASD Conduct Rule 3110(a) requires members to make and preserve books and records, including electronic communications, in a format or medium that complies with Section 240.17a-4(b)(4) and Rule 17a-4 under the SEA.

SEA Section 240.17a-4(b)(4) and Rule 17a-4(b)(4) require member organizations to preserve originals of all communications received and copies of all communications sent by such members relating to its business, for a period of not less than three years, the first two years in an easily accessible place. SEA Rule 17a-4(f) specifically requires, among other things, that if records are stored electronically, they must be kept in a non-rewritable, non-erasable format, or “WORM” format.

Workman Failed to Preserve Electronic Communications in WORM Format

Even after Workman was alerted to its failure to comply with this requirement, the firm did not take adequate remedial action to retain email properly.

Accordingly, Workman violated NASD Conduct Rules 3110 and 2110, and FINRA Rule 2010.

B. Workman also consents to the imposition of the following sanctions:

1. A censure; and

2. Partial restitution to Provident 15-18 investors and MPFC VI investors as follows:

a. Workman shall pay partial restitution to these investors in the total amount of $700,000, subject to the following terms and conditions:

i. The E&O policy of Workman’s insurer Catlin requires Workman to pay, out-of-pocket, in an amount of $50,000 and $100,000 per claim as defined by the policy and depending upon the security at issue. Catlin might not be contractually obligated to resolve any claims without the insured paying
these retentions, which also may include costs, FINRA Fees, attorney fees, and contributions to settlement.

ii. Workman shall receive credit on a dollar-for-dollar basis for payments made, out-of-pocket, in settlement of claims in actions brought by investors for recovery based on their Regulation D investments through Workman in Provident 15-18 and MPFC VI. These payments shall include:

a. E&O policy retention contribution payments made by Workman through out-of-pocket expenditures including attorneys' fees, costs, and contributions to settlements in connection with claims related to Provident 15-18 and MPFC VI, along with excess-retention payments that Workman has made out-of-pocket, to date, to settle Provident and MPFC VI related claims. Total payments as of December 31, 2010 was $642,801.90; and

b. out-of-pocket payments made by Workman, prior to March 31, 2011, to customers who invested in the Provident 15-18 offerings, and to customers who invested in MPFC VI, as a result of Workman's agreement to mediate all claims with those investors.

b. A registered principal on behalf of Workman shall provide evidence to FINRA of all such payments within 10 days of such payments.

c. Workman shall not receive credit toward the $700,000 partial restitution obligation for any payments made by any insurance carrier pursuant to Workman's E&O policy.

1As of December 31, 2010, the total amount of all settlements related to Provident 15-18 and MPFC VI, including payments made under E&O coverage and Workman's out-of-pocket payments, was $2,316,046.
3. Workman further consents to undertake the following:

within 60 days of the date of the execution of this AWC, it shall (a) certify in writing to FINRA’s Enforcement Department that it has established and implemented a system and procedures reasonably designed to achieve compliance with recordkeeping requirements related to electronic communications and specifically, to comply with WORM standards; and (b) provide a written report to FINRA’s Enforcement Department describing the policies, procedures and controls it has established and implemented related to the integrity of the retention and retrieval process for electronic communications, and the supervisory systems it has implemented to oversee the preservation of electronic communications.

4. The time frames set forth in paragraphs 2a., 2b. and 3. may be extended upon a showing of good cause by Workman.

Workman has specifically and voluntarily waived any right to claim an inability to pay at any time hereafter the monetary sanctions imposed in this matter.

The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

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

II. WAIVER OF PROCEDURAL RIGHTS

Workman specifically and voluntarily waives the following rights granted under FINRA’s Code of Procedure:

A. To have a Complaint issued specifying the allegations against Workman;

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, Workman specifically and voluntarily waives 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.

Workman further specifically and voluntarily waives 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

Workman understands 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 Workman; and

C. If accepted:

1. this AWC will become part of Workman's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Workman;

2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Workman's 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. Workman 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. Workman 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
Workman’s right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

D. Workman may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Workman understands that it 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 FINRA, nor does it reflect the views of FINRA or its staff.

The undersigned, on behalf of Workman, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has 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 Workman to submit it.

WORKMAN SECURITIES CORPORATION

Date: 1-14-11

By: Paul J. Minns, Chief Executive Officer

Reviewed by:

Counsel for Workman
Accepted by FINRA:

Date: 2-1-2011

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

By:

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