

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)	
)	
JOSEPHTHAL & COMPANY, INC.)	ADMINISTRATIVE ORDER
RON ADELSTEIN)	NO. CO-2002-0008
DONI ADELSTEIN)	
)	
<u>RESPONDENTS</u>)	

CONSENT ORDER AS TO RON ADELSTEIN ONLY

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act, upon due consideration of the subject matter hereof, has determined as follows.

RESPONDENTS

1. JOSEPHTHAL & COMPANY, INC. ("JOSEPHTHAL"), at all times relevant to the issuance of this Order was registered Broker Dealer in the state of Alabama, with a business address of 200 Park Ave, 25th Floor, New York, NY 10166.
2. RON ADELSTEIN, at all times relevant to the issuance of this Order was a registered Securities Agent in the state of Alabama with JOSEPHTHAL, with a residential address of 1910 Parsons Blvd., Whitestone, NY 11357.
3. DON ADELSTEIN, at all times relevant to the issuance of this Order was a registered Securities Agent in the state of Alabama with JOSEPHTHAL, with a residential address of 1910 Parsons Blvd., Whitestone, NY 11357.

STATEMENT OF THE FACTS

4. Between April 1999, and January 2001, RON ADELSTEIN and DONI ADELSTEIN effected transactions in customers' accounts in Alabama, Pennsylvania, Virginia, and South Dakota which were excessive in size and frequency in light of the nature of the account, the financial resources, investment needs and objectives of the customer.

5. JOSEPHTHAL failed to provide an adequate level of supervision of its registered representatives that was necessary to prevent the excessive transactions, which occurred in the jurisdictions listed in item four (4).

6. On June 12, 2001, The National Association of Securities Dealers, Inc., (NASD) imposed a fine and censure on JOSEPHTHAL for failure to adequately supervise their employees.

7. By letter dated September 18, 2001, to Paul Henry Fitzgerald, CEO, Chairman and President of JOSEPHTHAL, the Commission directed JOSEPHTHAL to provide certain documents relating to an account of an Alabama resident. Among the documents requested was an accounting of total monthly commissions paid from the account.

8. JOSEPHTHAL failed to provide all of the requested documents.

9. By letter dated November 19, 2001, to Paul Henry Fitzgerald, CEO, Chairman and President of JOSEPHTHAL, the Commission directed JOSEPHTHAL to provide the entire complain file for the branch office located at Three Grace Avenue, Great Neck, NY.

10. JOSEPHTHAL failed to provide all of the requested documents.

11. By letter dated January 30, 2002 to Kevin B. Hurley, Director of Compliance, the Commission directed JOSEPHTHAL to provide the name, address, and telephone number, for every customer of their former registered agents RON ADELSTEIN and DONI ADELSTEIN.

12. JOSEPHTHAL failed to provide a complete list as requested.

13. On April 18, 2001, NASD, a self-regulatory organization, fined and censured JOSEPHTHAL for failing to respond to a NASD request to produce a document.

14. On April 1, 2002, the Commission issued Administrative Order SC-2002-0008 directing that the RESPONDENTS show cause why their Broker Dealer and/or Broker Dealer Agent registration in the State of Alabama should not be suspended or revoked.

15. On May 13, 2002, RON ADELSTEIN and DONI ADELSTEIN provided correspondence to the Commission stating that the Alabama resident was "not only aware of the trades in the account but actively assisted in managing the account." RON ADELSTEIN and DONI ADELSTEIN further provided evidence that the Alabama resident withdrew the arbitration complaint as it related to the ADELSTEINS.

16. On December 13, 2005, RON ADELSTEIN and DONI ADELSTEIN voluntarily requested that their registration in Alabama be terminated.

CONCLUSIONS OF LAW

17. Churning is a course of business, which operates as a fraud or deceit on the unsuspecting public and is a violation of the Alabama Securities Act. The transactions reflected in items 4, 6, 8, and 10 were acts of churning, as defined by Commission Rule 830-X-3-.18.

18. Commission Rule 830-X-3-13 requires that every dealer, its officers, directors, and partners thereof, exercise diligent supervision over all the securities activities of its associated persons and that a frequent examination of all customer accounts be conducted to detect and prevent irregularities or abuses.

19. Commission Rule 830-X-3-14 requires that every dealer maintain records relating to securities accounts including, but not limited to, the name of the customer and all cash or other debits or credits into or from the account. The records are to be made available for inspection upon request by the commission at a time and a place designated by it.

20. The Commission may by order deny, suspend, or revoke registration or censor and/or bar any applicant or registrant if the Commission finds that the registrant or person has violated or failed to comply with any provision of the Act or a Commission Rule, engaged in dishonest or unethical practices, has failed to reasonably supervise its associated representatives, or is the subject of an order of a self regulatory agency that would be grounds for an order under the Alabama Securities Act.

WHEREAS, RESPONDENT RON ADELSTEIN has voluntarily agreed to waive all rights to a hearing upon entry of this Order and has consented to the entry of this Order, and

WHEREAS, RESPONDENT RON ADELSTEIN cooperated with the investigation and the arbitration proceedings, and

WHEREAS, the Commission agrees to allow RESPONDENT RON ADELSTEIN to voluntarily withdraw his registration in the state of Alabama, with the understanding that any future registration in the state of Alabama would require heightened supervision.

WHEREAS, the Commission finds this Order necessary and appropriate in the public interest for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act, and

WHEREAS, the Commission and **RESPONDENT RON ADELSTEIN** are desirous of settling this matter as hereafter set forth and agree to the entry of this Order,

ACCORDINGLY, IT IS HEREBY ORDERED:

1. That should **REPENDENT RON ADELSTEIN** seek registration in Alabama, in the future, he will ensure that he follows the proper procedures in order to preclude any future non-compliance with the Act.

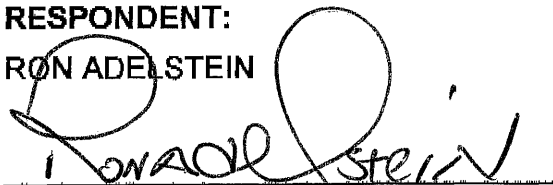
2. That in accordance with Section 8-6-19(j)(1), Code of Alabama 1975, **RESPONDENT RON ADELSTEIN** shall pay to the **State of Alabama** an administrative assessment of One Thousand Dollars (\$1,000), said funds to be tendered in certified funds contemporaneously with the entry of this order.

3. That in accordance with Section 8-6-19(k)(1), Code of Alabama 1975, **RESPONDENT RON ADELSTEIN** shall pay to the **Alabama Securities Commission**, as partial reimbursement for the Commission's cost for investigating this matter, the sum of Five Hundred Dollars (\$500), said funds to be tendered in certified funds contemporaneously with the entry of this order.

4. That the entry of this Order resolves the Show Cause Order, Administrative Order No. SC-2002-0008, issued April 1, 2002 **only as it pertains to RON ADELSTEIN**.

AGREED AND CONSENTED to on date indicated:

RESPONDENT:
RON ADELSTEIN

A handwritten signature in black ink, appearing to read "Ron Adelstein", is written over a horizontal line. The signature is stylized with a large loop at the end.

DATE: 5/30/2008

APPROVED AND AGREED this

gth

day of

June

2008



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By:

J. Randall McNeill

J. RANDALL MCNEILL
Deputy Director