

## BrokerCheck Report

### AVANZA CAPITAL MARKETS INC.

CRD# 103941

<b><u>Section Title</u></b>	<b><u>Page(s)</u></b>
Report Summary	1
Registration and Withdrawal	2
Firm Profile	3 - 6
Firm History	7
Firm Operations	8 - 15
Disclosure Events	16



Please be aware that fraudsters may link to BrokerCheck from phishing and similar scam websites, trying to steal your personal information or your money. Make sure you know who you're dealing with when investing, and contact FINRA with any concerns.

For more information read our [investor alert](#) on imposters.

## About BrokerCheck®



BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:

- o information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
- o information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

**Thank you for using FINRA BrokerCheck.**



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

[brokercheck.finra.org](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://www.finra.org/brokercheck). It provides a glossary of terms and a list of frequently asked questions, as well as additional resources.

[For more information about FINRA, visit www.finra.org.](http://www.finra.org)

**AVANZA CAPITAL MARKETS INC.**

CRD# 103941

SEC# 8-52415

**Main Office Location**

135 EAST 57TH STREET  
18TH FLOOR  
NEW YORK, NY 10022

**Mailing Address**

135 EAST 57TH STREET  
14TH FLOOR  
NEW YORK, NY 10022

**Business Telephone Number**

212-542-4444

**Report Summary for this Firm**

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

**Firm Profile**

This firm is classified as a corporation.

This firm was formed in Delaware on 10/01/1999.

Its fiscal year ends in December.

**Firm History**

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

**Firm Operations**

This brokerage firm is no longer registered with FINRA or a national securities exchange.

**Disclosure Events**

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

Are there events disclosed about this firm? **Yes**

**The following types of disclosures have been reported:**

Type	Count
Regulatory Event	2

## Registration Withdrawal Information

This section provides information relating to the date the brokerage firm ceased doing business and the firm's financial obligations to customers or other brokerage firms.



**This firm terminated or  
withdrew registration on:** 08/31/2021

**Does this brokerage firm owe  
any money or securities to  
any customer or brokerage  
firm?** No



## Firm Profile

This firm is classified as a corporation.

This firm was formed in Delaware on 10/01/1999.

Its fiscal year ends in December.

## Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

### **AVANZA CAPITAL MARKETS INC.**

**Doing business as AVANZA CAPITAL MARKETS INC.**

**CRD#** 103941

**SEC#** 8-52415

### **Main Office Location**

135 EAST 57TH STREET  
18TH FLOOR  
NEW YORK, NY 10022

### **Mailing Address**

135 EAST 57TH STREET  
14TH FLOOR  
NEW YORK, NY 10022

### **Business Telephone Number**

212-542-4444



## Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

### Direct Owners and Executive Officers

<b>Legal Name &amp; CRD# (if any):</b>	AVILA CAPITAL MARKETS GROUP, LLC
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Position</b>	OWNER
<b>Position Start Date</b>	05/2010
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

---

<b>Legal Name &amp; CRD# (if any):</b>	DUMAS, DENNIS ROMAN 5667706
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	PRESIDENT AND CCO
<b>Position Start Date</b>	05/2010
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

---

<b>Legal Name &amp; CRD# (if any):</b>	GILL, VICTOR SIMON 5244912
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	HEAD OF TRADING AND PRINCIPAL
<b>Position Start Date</b>	11/2014



## Firm Profile

### Direct Owners and Executive Officers (continued)

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** MCCABE, EDWARD ANTHONY  
1252538

**Is this a domestic or foreign entity or an individual?** Individual

**Position** FINANCIAL AND OPERATIONS PRINCIPAL

**Position Start Date** 09/2020

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No



## Firm Profile

This section provides information relating to any indirect owners of the brokerage firm.

### Indirect Owners

<b>Legal Name &amp; CRD# (if any):</b>	GILL, VICTOR SIMON 5244912
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Company through which indirect ownership is established</b>	AVILA CAPITAL MARKETS GROUP, LLC
<b>Relationship to Direct Owner</b>	MEMBER
<b>Relationship Established</b>	12/2011
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

---



## Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.

No information reported.



## Firm Operations

### Registrations

This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

**This firm is no longer registered.**

**The firm's registration was from 08/04/2000 to 11/01/2021.**





## Firm Operations

### Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

**This firm currently conducts 10 types of businesses.**

#### Types of Business

Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Underwriter or selling group participant (corporate securities other than mutual funds)
Mutual fund retailer
U S. government securities dealer
Broker or dealer selling variable life insurance or annuities
Put and call broker or dealer or option writer
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Private placements of securities
Broker or dealer selling interests in mortgages or other receivables



## Firm Operations

### Clearing Arrangements

This firm does not hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

### Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

**Name:** APEX CLEARING CORPORATION

**CRD #:** 13071

**Business Address:** 350 NORTH ST. PAUL STREET  
SUITE 1300  
DALLAS, TX 75201

**Effective Date:** 11/17/2016

**Description:** THE FIRM ENTERED INTO A NEW FULLY DISCLOSED CLEARING AGREEMENT WITH APEX CLEARING CORPORATION ON 11/17/2016, WHICH WILL REPLACE THE CLEARING AGREEMENT WITH NFS. UNDER THE AGREEMENT APEX WILL MAINTAIN BOOKS AND RECORDS OF THE FIRM, MAINTAIN ACCOUNTS FUNDS AND SECURITIES OF THE FIRM AND ITS CUSTOMERS, AND EXECUTE AND CLEAR TRANSACTIONS FOR THE FIRM AND ITS CUSTOMERS. THE FIRM CONVERTED FROM NFS TO APEX PLATFORM FEBRUARY 1, 2017.

---

**Name:** APEX CLEARING CORPORATION

**CRD #:** 13071

**Business Address:** 1700 PACIFIC AVENUE  
SUITE 1400  
DALLAS, TX 75201

**Effective Date:** 01/21/2009

**Description:** THE FIRM MAINTAINS A CLEARING AGREEMENT WITH APEX CLEARING CORPORATION FOR THE SOLE PURPOSE OF AN ACCOUNT CURRENTLY IN CUSTODY AT APEX CLEARING CORPORATION AWAITING TO BE ESCHEATED OR CLAIMED. THE FIRM WILL NOT INTRODUCE ANY FURTHER BUSINESS THROUGH APEX CLEARING CORPORATION.

---

## Firm Operations

### Industry Arrangements



**This firm does have books or records maintained by a third party.**

**Name:** APEX CLEARING CORPORATION

**CRD #:** 13071

**Business Address:** 350 NORTH ST. PAUL STREET  
SUITE 1300  
DALLAS, TX 75201

**Effective Date:** 11/17/2016

**Description:** THE FIRM ENTERED INTO A NEW FULLY DISCLOSED CLEARING AGREEMENT WITH APEX CLEARING CORPORATION ON 11/17/2016, WHICH WILL REPLACE THE CLEARING AGREEMENT WITH NFS. UNDER THE AGREEMENT APEX WILL MAINTAIN BOOKS AND RECORDS OF THE FIRM, MAINTAIN ACCOUNTS FUNDS AND SECURITIES OF THE FIRM AND ITS CUSTOMERS, AND EXECUTE AND CLEAR TRANSACTIONS FOR THE FIRM AND ITS CUSTOMERS. THE FIRM CONVERTED FROM NFS TO APEX PLATFORM FEBRUARY 1, 2017.

**This firm does have accounts, funds, or securities maintained by a third party.**

**Name:** APEX CLEARING CORPORATION

**CRD #:** 13071

**Business Address:** 350 NORTH ST. PAUL STREET  
SUITE 1300  
DALLAS, TX 75201

**Effective Date:** 11/17/2016

**Description:** THE FIRM ENTERED INTO A NEW FULLY DISCLOSED CLEARING AGREEMENT WITH APEX CLEARING CORPORATION ON 11/17/2016, WHICH WILL REPLACE THE CLEARING AGREEMENT WITH NFS. UNDER THE AGREEMENT APEX WILL MAINTAIN BOOKS AND RECORDS OF THE FIRM, MAINTAIN ACCOUNTS FUNDS AND SECURITIES OF THE FIRM AND ITS CUSTOMERS, AND EXECUTE AND CLEAR TRANSACTIONS FOR THE FIRM AND ITS CUSTOMERS. THE FIRM CONVERTED FROM NFS TO APEX PLATFORM FEBRUARY 1, 2017.

**Name:** APEX CLEARING CORPORATION

**CRD #:** 13071

**Business Address:** 1700 PACIFIC AVENUE  
SUITE 1400

## Firm Operations



### Industry Arrangements (continued)

DALLAS, TX 75201

**Effective Date:** 01/21/2009

**Description:** THE FIRM MAINTAINS A CLEARING AGREEMENT WITH APEX CLEARING CORPORATION FOR THE SOLE PURPOSE OF AN ACCOUNT CURRENTLY IN CUSTODY AT APEX CLEARING CORPORATION AWAITING TO BE ESCHEATED OR CLAIMED. THE FIRM WILL NOT INTRODUCE ANY FURTHER BUSINESS THROUGH APEX CLEARING CORPORATION.

**This firm does have customer accounts, funds, or securities maintained by a third party.**

**Name:** APEX CLEARING CORPORATION

**CRD #:** 13071

**Business Address:** 350 NORTH ST. PAUL STREET  
SUITE 1300  
DALLAS, TX 75201

**Effective Date:** 11/17/2016

**Description:** THE FIRM ENTERED INTO A NEW FULLY DISCLOSED CLEARING AGREEMENT WITH APEX CLEARING CORPORATION ON 11/17/2016, WHICH WILL REPLACE THE CLEARING AGREEMENT WITH NFS. UNDER THE AGREEMENT APEX WILL MAINTAIN BOOKS AND RECORDS OF THE FIRM, MAINTAIN ACCOUNTS FUNDS AND SECURITIES OF THE FIRM AND ITS CUSTOMERS, AND EXECUTE AND CLEAR TRANSACTIONS FOR THE FIRM AND ITS CUSTOMERS. THE FIRM CONVERTED FROM NFS TO APEX PLATFORM FEBRUARY 1, 2017.

**Name:** APEX CLEARING CORPORATION

**CRD #:** 13071

**Business Address:** 1700 PACIFIC AVENUE  
SUITE 1400  
DALLAS, TX 75201

**Effective Date:** 01/21/2009

**Description:** THE FIRM MAINTAINS A CLEARING AGREEMENT WITH APEX CLEARING CORPORATION FOR THE SOLE PURPOSE OF AN ACCOUNT CURRENTLY IN CUSTODY AT APEX CLEARING CORPORATION AWAITING TO BE ESCHEATED OR CLAIMED. THE FIRM WILL NOT INTRODUCE ANY FURTHER BUSINESS THROUGH APEX CLEARING CORPORATION.

### Control Persons/Financing

**This firm does not have individuals who control its management or policies through agreement.**

**This firm does not have individuals who wholly or partly finance the firm's business.**





## Firm Operations

### Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

**This firm is, directly or indirectly:**

- in control of
  - controlled by
  - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

**ADOS INC is under common control with the firm.**

<b>Business Address:</b>	135 E 57TH STREET, 6TH FLOOR NEW YORK, NY 10022
<b>Effective Date:</b>	03/15/2018
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	VICTOR S. GILL IS THE 100% ULTIMATE BENEFICIAL OWNER OF ADOS INC AND THE 100% ULTIMATE BENEFICIAL OWNER OF THE FIRM, AND SERVES AS CEO OF BOTH ENTITIES

**ACM BERMUDA LTD is under common control with the firm.**

<b>Business Address:</b>	3 MILL CREEK ROAD SUITE 6 PEMBROKE, HM05, BERMUDA
<b>Effective Date:</b>	01/13/2014
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	BERMUDA
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	AVILA CAPITAL MARKETS GROUP LLC, OWNER OF 100% OF APPLICANT, OWNS 90.9% OF VOTING RIGHTS AND 10% EQUITY OWNERSHIP OF ACM BERMUDA LTD.



## Firm Operations



### Organization Affiliates (continued)

**This firm is not directly or indirectly, controlled by the following:**

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank



## Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	<b>Pending</b>	<b>Final</b>	<b>On Appeal</b>
Regulatory Event	0	2	0

## Disclosure Event Details

### What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
  - o A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
  - o Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
  - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
    - § A "pending" event involves allegations that have not been proven or formally adjudicated.
    - § An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
    - § A "final" event has been concluded and its resolution is not subject to change.
  - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
    - § An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
    - § A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
    - § A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

### Regulatory - Final

This type of disclosure event involves (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the U.S. Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of the authority of a brokerage firm or its control affiliate to act as an attorney, accountant or federal contractor.

#### Disclosure 1 of 2

**Reporting Source:** Regulator  
**Current Status:** Final



**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT, FOR RISKLESS PRINCIPAL TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES, INCLUDING CORPORATE DEBT SECURITIES AND U.S. TREASURY SECURITIES, IT ONLY REPORTED THE INTERDEALER TRADES, ONE LEG OF THE TRANSACTIONS, TO TRACE AND FAILED TO REPORT 1,762 CUSTOMER LEG TRADES TO TRACE.

**Initiated By:** FINRA

**Date Initiated:** 07/01/2020

**Docket/Case Number:** [2019060650601](#)

**Principal Product Type:** Debt - Corporate

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 07/01/2020

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$7,500.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$7,500. FINE PAID IN FULL ON MARCH 26, 2021.

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT, FOR RISKLESS PRINCIPAL TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES, INCLUDING CORPORATE DEBT SECURITIES AND U.S. TREASURY



SECURITIES, IT ONLY REPORTED THE INTERDEALER TRADES, ONE LEG OF THE TRANSACTIONS, TO TRACE AND FAILED TO REPORT 1,762 CUSTOMER LEG TRADES TO TRACE.

**Initiated By:** FINRA

**Date Initiated:** 07/01/2020

**Docket/Case Number:** [2019060650601](#)

**Principal Product Type:** Debt - Corporate

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** MONETARY/FINE \$7,500

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 07/01/2020

**Sanctions Ordered:** Censure  
Monetary/Fine \$7,500.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$7,500.

## Disclosure 2 of 2

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FACILITATED THE SALE OF OVER \$2.5 BILLION IN VENEZUELAN BONDS FOR CUSTOMERS WITHOUT HAVING IN PLACE ADEQUATE ANTI-MONEY LAUNDERING (AML) PROCEDURES TO ASSURE THAT SUCH TRANSACTIONS WERE REASONABLY SCRUTINIZED. THE FINDINGS STATED THAT THE FIRM FAILED TO ESTABLISH AND IMPLEMENT AN ADEQUATE AML PROGRAM AND PROCEDURES TAILORED TO ITS VENEZUELAN BOND BUSINESS OR ITS FOREIGN CUSTOMER BASE. THE FIRM ALSO FAILED TO ADEQUATELY IMPLEMENT ITS AML PROCEDURES AND REASONABLY MONITOR FOR, DETECT, AND INVESTIGATE RED FLAGS IN CONNECTION WITH CERTAIN BOND TRANSACTIONS AND WIRE ACTIVITY, INDICATIVE OF POTENTIALLY SUSPICIOUS ACTIVITIES, AND FAILED TO DETERMINE WHETHER OR NOT TO FILE A SUSPICIOUS



ACTIVITY REPORT (SAR). THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO CONDUCT ADEQUATE DUE DILIGENCE ON FOREIGN FINANCIAL INSTITUTIONS (FFI) ACCOUNTS. THE FIRM DID NOT ADEQUATELY ASSESS, AT ACCOUNT OPENING OR THEREAFTER, THE MONEY LAUNDERING RISKS POSED BY THE FFI ACCOUNTS, AS REQUIRED BY THE BANK SECRECY ACT, AND FAILED TO PERFORM PERIODIC REVIEWS OF ACCOUNT ACTIVITY SUFFICIENT TO DETERMINE CONSISTENCY WITH INFORMATION PREVIOUSLY OBTAINED ABOUT THE TYPE, PURPOSE, AND ANTICIPATED ACTIVITY OF THE ACCOUNTS, AS REQUIRED BY THE BANK SECRECY ACT. THE FIRM ALSO FAILED TO CONDUCT ENHANCED DUE DILIGENCE ON THREE FOREIGN BANK CUSTOMERS LOCATED IN COUNTRIES DESIGNATED AS HIGH-RISK JURISDICTIONS FOR MONEY LAUNDERING ACTIVITY, AS REQUIRED BY THE BANK SECRECY ACT.

**Initiated By:** FINRA

**Date Initiated:** 09/27/2016

**Docket/Case Number:** [2013036336001](#)

**Principal Product Type:** Debt - Government

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 09/27/2016

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$350,000.00

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$350,000 AND REQUIRED TO RETAIN, WITHIN 60 DAYS OF THE DATE OF THE NOTICE OF ACCEPTANCE OF THE AWC, AN INDEPENDENT CONSULTANT, NOT UNACCEPTABLE TO FINRA, TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS, AND PROCEDURES (WRITTEN AND OTHERWISE) AND



TRAINING RELATING TO COMPLIANCE WITH FINRA RULE 3310 AND THE REQUIREMENTS OF THE BANK SECRECY ACT, AND THE REGULATIONS PROMULGATED THEREUNDER. THE FIRM SHALL ADOPT AND IMPLEMENT THE RECOMMENDATIONS OF THE INDEPENDENT CONSULTANT OR, IF IT DETERMINES THAT A RECOMMENDATION IS UNDULY BURDENSOME OR IMPRACTICAL, PROPOSE AN ALTERNATIVE PROCEDURE TO THE INDEPENDENT CONSULTANT DESIGNED TO ACHIEVE THE SAME OBJECTIVE. FINES PAID IN FULL ON AUGUST 18, 2017.

---

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>WITHOUT ADMITTING OR DENYING THE FINDINGS, FOR THE SOLE PURPOSE OF AVOIDING THE EXPENSE AND DISTRACTION OF LITIGATION, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT DURING THE PERIOD JANUARY 1, 2011 THROUGH OCTOBER 31, 2014 IT SOLD VENEZUELAN BONDS FOR CUSTOMERS WITHOUT HAVING IN PLACE ADEQUATE ANTI-MONEY LAUNDERING (AML) PROCEDURES TO ASSURE THAT SUCH TRANSACTIONS WERE REASONABLY SCRUTINIZED. THE FINDINGS STATED THAT THE FIRM FAILED TO ESTABLISH AND IMPLEMENT AN ADEQUATE AML PROGRAM AND PROCEDURES TAILORED TO ITS VENEZUELAN BOND BUSINESS OR ITS FOREIGN CUSTOMER BASE. THE FINDINGS STATED THAT THE FIRM ALSO FAILED TO ADEQUATELY IMPLEMENT ITS AML PROCEDURES AND REASONABLY MONITOR FOR, DETECT, AND INVESTIGATE RED FLAGS IN CONNECTION WITH CERTAIN BOND TRANSACTIONS AND WIRE ACTIVITY, INDICATIVE OF POTENTIALLY SUSPICIOUS ACTIVITIES, AND FAILED TO DETERMINE WHETHER OR NOT TO FILE A SUSPICIOUS ACTIVITY REPORT (SAR). THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO CONDUCT ADEQUATE DUE DILIGENCE ON FOREIGN FINANCIAL INSTITUTION (FFI) ACCOUNTS. THE FINDINGS STATED THAT THE FIRM ALSO DID NOT ADEQUATELY ASSESS, AT ACCOUNT OPENING OR THEREAFTER, THE MONEY LAUNDERING RISKS POSED BY THE FFI ACCOUNTS, AS REQUIRED BY THE BANK SECRECY ACT, AND FAILED TO PERFORM PERIODIC REVIEWS OF ACCOUNT ACTIVITY SUFFICIENT TO DETERMINE CONSISTENCY WITH INFORMATION PREVIOUSLY OBTAINED ABOUT THE TYPE, PURPOSE, AND ANTICIPATED ACTIVITY OF THE ACCOUNTS, AS REQUIRED BY THE BANK SECRECY ACT. THE FINDINGS STATED THAT THE FIRM ALSO FAILED TO CONDUCT ENHANCED DUE DILIGENCE ON THREE FOREIGN BANK CUSTOMERS LOCATED IN COUNTRIES DESIGNATED AS HIGH-RISK JURISDICTIONS FOR MONEY LAUNDERING ACTIVITY, AS REQUIRED BY THE BANK SECRECY ACT.</p>
<b>Initiated By:</b>	FINANCIAL INSTITUTION REGULATORY AUTHORITY



**Date Initiated:** 09/27/2016  
**Docket/Case Number:** [2013036336001](#)  
**Principal Product Type:** Debt - Government  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Censure  
**Other Sanction(s)/Relief Sought:** FINE \$350,000.00  
 UNDERTAKING  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 09/27/2016  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$350,000.00  
**Other Sanctions Ordered:** THE FIRM WAS REQUIRED TO RETAIN, WITHIN 60 DAYS OF THE DATE OF THE NOTICE OF ACCEPTANCE OF THE AWC, AN INDEPENDENT CONSULTANT, NOT UNACCEPTABLE TO FINRA, TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS, AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATING TO COMPLIANCE WITH FINRA RULE 3310 AND THE REQUIREMENTS OF THE BANK SECRECY ACT, AND THE REGULATIONS PROMULGATED THEREUNDER. THE FIRM SHALL ADOPT AND IMPLEMENT THE RECOMMENDATIONS OF THE INDEPENDENT CONSULTANT OR, IF IT DETERMINES THAT A RECOMMENDATION IS UNDULY BURDENSOME OR IMPRACTICAL, PROPOSE AN ALTERNATIVE PROCEDURE TO THE INDEPENDENT CONSULTANT DESIGNED TO ACHIEVE THE SAME OBJECTIVE.  
**Sanction Details:** \$350,000.00 FINE AGAINST APPLICANT PAID \$87,500.00 (25%) SEPTEMBER-OCTOBER 2016, BALANCE OF \$262,500.00 (75%)DUE IN EQUAL INSTALLMENTS OF \$6,250.00 BEGINNING NOVEMBER 6, 2016 INCLUDING INTEREST AT 6.5%.



## End of Report



**This page is intentionally left blank.**