

## BrokerCheck Report

### FM PARTNERS HOLDINGS LLC

CRD# 134736

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When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

Please contact FINRA with any concerns.

## 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:
  - 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
  - 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).



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 limited liability company.  
This firm was formed in Delaware on 01/31/2005.  
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	15

FM PARTNERS HOLDINGS LLC

CRD# 134736

SEC# 8-66861

Main Office Location

30 ROCKEFELLER PLAZA  
NEW YORK, NY 10020-5900

Mailing Address

30 ROCKEFELLER PLAZA  
NEW YORK, NY 10020-5900

Business Telephone Number

212 632-6050

## 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.



**Date firm ceased business:** 04/05/2016

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



## Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Delaware on 01/31/2005.

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.

### FM PARTNERS HOLDINGS LLC

**Doing business as FM PARTNERS HOLDINGS LLC**

**CRD#** 134736

**SEC#** 8-66861

### Main Office Location

30 ROCKEFELLER PLAZA  
NEW YORK, NY 10020-5900

### Mailing Address

30 ROCKEFELLER PLAZA  
NEW YORK, NY 10020-5900

### Business Telephone Number

212 632-6050



## Firm Profile

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

### Direct Owners and Executive Officers

**Legal Name & CRD# (if any):** LMDC HOLDINGS LLC

**Is this a domestic or foreign entity or an individual?** Domestic Entity

**Position** MANAGING MEMBER

**Position Start Date** 01/2005

**Percentage of Ownership** 75% or more

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

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

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**Legal Name & CRD# (if any):** ROSENBERG, WILLIAM BRUCE  
1722850

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

**Position** CEO, CFO, COO, CCO

**Position Start Date** 10/2013

**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

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## 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>	HAACK, THOMAS ROBERT 232634
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Company through which indirect ownership is established</b>	LMDC HOLDINGS LLC
<b>Relationship to Direct Owner</b>	MEMBER OF BOARD OF DIRECTORS
<b>Relationship Established</b>	07/2012
<b>Percentage of Ownership</b>	Other General Partners
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	HANSFORD, JAMES VICTOR 4468015
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Company through which indirect ownership is established</b>	LMDC HOLDINGS LLC
<b>Relationship to Direct Owner</b>	MEMBER OF BOARD OF DIRECTORS
<b>Relationship Established</b>	06/2009
<b>Percentage of Ownership</b>	Other General Partners
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	RIDINGS, BARRY WILLIAM
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Firm Profile



Indirect Owners (continued)

1026971

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

Company through which indirect ownership is established LMDC HOLDINGS LLC

Relationship to Direct Owner MEMBER OF BOARD OF DIRECTORS

Relationship Established 11/2006

Percentage of Ownership Other General Partners

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

Is this a public reporting company? 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 04/15/2005 to 06/06/2016.**



## 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 1 type of business.**

#### Types of Business

Other - FM PARTNERS HOLDINGS PROVIDES CLEARING SERVICES FOR LAZARD CAPITAL MARKETS INTERNATIONAL LIMITED, A SUBSIDIARY. EFFECTIVE 1/31/2015, THIS NO LONGER APPLIES

#### Other Types of Business

This firm does not effect transactions in commodities, commodity futures, or commodity options.  
This firm does not engage in other non-securities business.

Non-Securities Business Description:

## **Firm Operations**



### **Clearing Arrangements**

**This firm does hold or maintain funds or securities or provide clearing services for other broker-dealer(s).**

### **Introducing Arrangements**

**This firm does not refer or introduce customers to other brokers and dealers.**

## **Firm Operations**

### **Industry Arrangements**



**This firm does not have books or records maintained by a third party.**

**This firm does not have accounts, funds, or securities maintained by a third party.**

**This firm does not have customer accounts, funds, or securities maintained by a third party.**

#### **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.**

**LAI REAL ESTATE INVESTORS LLC is under common control with the firm.**

<b>Business Address:</b>	30 ROCKEFELLER PLAZA NEW YORK, NY 10020
<b>Effective Date:</b>	05/10/2005
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	LAI PARTNERS LLC IS A MANAGING MEMBER OF LAI REAL ESTATE INVESTORS LLC. LAI PARTNERS LLC IS INDIRECTLY OWNED BY LMDC HOLDINGS LLC, THE PARENT COMPANY OF APPLICANT.

**LAZARD MIDDLE MARKET LLC is under common control with the firm.**

<b>CRD #:</b>	146092
<b>Business Address:</b>	225 SOUTH SIX STREET MINNEAPOLIS, MN 55402
<b>Effective Date:</b>	11/01/2007
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	BARRY RIDINGS (CRD NO. 1026971), DIRECTOR AND CHAIRMAN OF OF LMDC HOLDINGS (PARENT OF LAZARD CAPITAL MARKETS LLC) IS ALSO A DIRECTOR AND CHAIRMAN OF LAZARD MIDDLE MARKETS LLC.

## Firm Operations



### Organization Affiliates (continued)

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**LCM HOLDINGS 2008 LIMITED is controlled by the firm.**

<b>Business Address:</b>	50 STRATTON STREET LONDON, UNITED KINGDOM W1J 8LL
<b>Effective Date:</b>	10/01/2008
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	UNITED KINGDOM
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	LCM HOLDINGS 2008 LIMITED IS DIRECTLY OWNED BY FM PARTNERS HOLDINGS LLC.

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**LAZARD ALTERNATIVE INVESTMENTS LLC is under common control with the firm.**

<b>CRD #:</b>	160944
<b>Business Address:</b>	30 ROCKEFELLER PLAZA NEW YORK, NY 10020
<b>Effective Date:</b>	05/10/2005
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	LAI PARTNERS LLC IS INDIRECTLY OWNED BY LMDC HOLDINGS LLC, THE PARENT COMPANY OF APPLICANT.

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**LTP PARTNERS LLC is under common control with the firm.**

<b>CRD #:</b>	138674
<b>Business Address:</b>	30 ROCKEFELLER PLAZA NEW YORK, NY 10020
<b>Effective Date:</b>	05/10/2005
<b>Foreign Entity:</b>	No
<b>Country:</b>	

## Firm Operations



### Organization Affiliates (continued)

**Securities Activities:** No

**Investment Advisory Activities:** Yes

**Description:** LMDC HOLDINGS LLC, THE PARENT COMPANY OF APPLICANT, IS AN INDIRECT OWNER OF LTP PARTNERS LLC.

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**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.

	Pending	Final	On Appeal
Regulatory Event	0	15	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:**
  - 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:**
  - 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:**
  - 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.
  - 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 15

**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 MISAPPLIED THE DOMESTIC ARBITRAGE EXEMPTION UNDER RULE 201(D)(3) OF REGULATION SHO WHEN IT NEGOTIATED A PRE-DETERMINED 0.25% FEE, WHICH RESULTED IN THE SOLE DIFFERENCE BETWEEN THE PRICE AT WHICH THE FIRM SOLD COMMON STOCK AND THE PRICE AT WHICH IT PURCHASED CONVERTIBLE BONDS. THE FINDINGS STATED THAT THE FIRM EXECUTED ONE NON-EXEMPT SHORT SALE ORDER AND FAILED TO PROPERLY MARK THE ORDER AS A NON-EXEMPT SHORT SALE. THE FIRM ALSO EXECUTED 1,496 NON-EXEMPT SHORT SALE TRANSACTIONS IN NATIONAL MARKET SYSTEM SECURITIES AND REPORTED EACH OF THESE TRANSACTIONS TO FINRA WITH A SHORT SALE EXEMPT MODIFIER IN RELIANCE UPON THE PROVISIONS SET FORTH IN RULE 201(D) OF REGULATION SHO, WHEN SUCH PROVISIONS WERE NOT APPLICABLE. ON ONE OCCASION, THE FIRM ACCEPTED A SHORT SALE ORDER IN AN EQUITY SECURITY FROM ANOTHER PERSON, OR EFFECTED A SHORT SALE IN AN EQUITY SECURITY FOR ITS OWN ACCOUNT, WITHOUT BORROWING THE SECURITY, OR ENTERING INTO A BONA-FIDE ARRANGEMENT TO BORROW THE SECURITY; OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO THAT IT COULD BE DELIVERED ON THE DATE DELIVERY IS DUE; AND DOCUMENTING COMPLIANCE WITH RULE 203(B)(1) OF REGULATION SHO.

**Initiated By:** FINRA

**Date Initiated:** 01/08/2015

**Docket/Case Number:** 2011028486501

**Principal Product Type:** Equity Listed (Common & Preferred Stock)

**Other Product Type(s):** CONVERTIBLE BONDS

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

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

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

**Resolution Date:** 01/08/2015

**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 \$15,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$15,000.  
FINE PAID IN FULL ON FEBRUARY 9, 2015.

**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 IT MISAPPLIED THE DOMESTIC ARBITRAGE EXEMPTION UNDER RULE 201(D)(3) OF REGULATION SHO WHEN IT NEGOTIATED A PRE-DETERMINED 0.25% FEE, WHICH RESULTED IN THE SOLE DIFFERENCE BETWEEN THE PRICE AT WHICH THE FIRM SOLD COMMON STOCK AND THE PRICE AT WHICH IT PURCHASED CONVERTIBLE BONDS. THE FINDINGS STATED THAT THE FIRM EXECUTED ONE NON-EXEMPT SHORT SALE ORDER AND FAILED TO PROPERLY MARK THE ORDER AS A NON-EXEMPT SHORT SALE. THE FIRM ALSO EXECUTED 1,496 NON-EXEMPT SHORT SALE TRANSACTIONS IN NATIONAL MARKET SYSTEM SECURITIES AND REPORTED EACH OF THESE TRANSACTIONS TO FINRA WITH A SHORT SALE EXEMPT MODIFIER IN RELIANCE UPON THE PROVISIONS SET FORTH IN RULE 201(D) OF REGULATION SHO, WHEN SUCH PROVISIONS WERE NOT APPLICABLE. ON ONE OCCASION, THE FIRM ACCEPTED A SHORT SALE ORDER IN AN EQUITY SECURITY FROM ANOTHER PERSON, OR EFFECTED A SHORT SALE IN AN EQUITY SECURITY FOR ITS OWN ACCOUNT, WITHOUT BORROWING THE SECURITY, OR ENTERING INTO A BONA-FIDE ARRANGEMENT TO BORROW THE SECURITY; OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO THAT IT COULD BE DELIVERED ON THE DATE DELIVERY IS DUE; AND DOCUMENTING COMPLIANCE WITH RULE 203(B)(1) OF REGULATION SHO.

**Initiated By:** FINRA

**Date Initiated:** 01/08/2015

**Docket/Case Number:** 2011028486501

**Principal Product Type:** Equity Listed (Common & Preferred Stock)

**Other Product Type(s):** CONVERTIBLE BONDS

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


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

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

**Resolution Date:** 01/08/2015

**Sanctions Ordered:** Censure  
Monetary/Fine \$15,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$15,000.

**Disclosure 2 of 15**

**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 IN A SERIES OF SIX TRANSACTIONS, THE FIRM, A PARTICIPANT IN A DISTRIBUTION OF SECURITIES ON BEHALF OF AN ISSUER, PURCHASED 20,500 SHARES OF A COVERED SECURITY ON A PRINCIPAL BASIS DURING A RESTRICTED PERIOD ASSOCIATED WITH THE DISTRIBUTION.

**Initiated By:** FINRA

**Date Initiated:** 06/02/2014

**Docket/Case Number:** 2012032000301

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

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

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

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

**Resolution Date:** 06/02/2014



**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 \$10,000.00

**Other Sanctions Ordered:**

**Sanction Details:** SEE ABOVE

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**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 IN A SERIES OF SIX TRANSACTIONS, THE FIRM, A PARTICIPANT IN A DISTRIBUTION OF SECURITIES ON BEHALF OF AN ISSUER, PURCHASED 20,500 SHARES OF A COVERED SECURITY ON A PRINCIPAL BASIS DURING A RESTRICTED PERIOD ASSOCIATED WITH THE DISTRIBUTION.

**Initiated By:** FINRA

**Date Initiated:** 06/02/2014

**Docket/Case Number:** 2012032000301

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

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

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

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

**Resolution Date:** 06/02/2014

**Sanctions Ordered:** Censure  
Monetary/Fine \$10,000.00

**Other Sanctions Ordered:**

**Sanction Details:** SEE ABOVE

**Disclosure 3 of 15****Reporting Source:** Regulator**Current Status:** Final**Allegations:** MSRB RULES G-14 AND G-27

THE FIRM ACTED AS A CLEARING BROKER FOR THE REGISTERED INVESTMENT ADVISER (RIA) WITH RESPECT TO CERTAIN TRANSACTIONS, INCLUDING MUNICIPAL SECURITIES TRANSACTIONS. THE TRANSACTIONS WERE EXECUTED AND REPORTED TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) ON BEHALF OF THE RIA BY A THIRD-PARTY EXECUTING BROKER, AND THE FIRM WAS PROVIDED WITH ELECTRONIC DATA CONCERNING THE TRANSACTIONS FOR PURPOSES OF CLEARANCE AND SETTLEMENT. UNBEKNOWNST TO THE FIRM, A CODING CHANGE TO THE ELECTRONIC DATA CAUSED THE FIRM TO BEGIN AUTOMATICALLY REPORTING TRADES TO RTRS THAT HAD ALREADY BEEN REPORTED BY THE EXECUTING BROKER. THE FIRM CONTINUED TO ERRONEOUSLY REPORT THE RIA'S MUNICIPAL SECURITIES TRADES FOR MORE THAN A YEAR. IN TOTAL, THE FIRM REPORTED 197 MUNICIPAL SECURITIES TRANSACTIONS TO RTRS THAT SHOULD NOT HAVE BEEN REPORTED (WHICH AMOUNTED TO 71.64% OF THE MUNICIPAL SECURITIES TRANSACTIONS THE FIRM REPORTED). THUS, THE FIRM'S TRADE REPORTING WAS INACCURATE.

THE FIRM HAD WRITTEN SUPERVISORY PROCEDURES (WSPS) GOVERNING THE REVIEW OF MUNICIPAL SECURITIES TRADE REPORTS. THESE PROCEDURES PROVIDED FOR A REVIEW OF THE MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) DEALER FEEDBACK SYSTEM ON AN AS-NEEDED BASIS WHEN THE FIRM TRANSACTED IN MUNICIPAL SECURITIES, BUT DID NOT INCLUDE A SYSTEMATIC LOOK-BACK REVIEW THAT LIKELY WOULD HAVE LED TO THE DISCOVERY OF THE 197 DUPLICATIVE RTRS REPORTS. THE FIRM'S SUPERVISORY PROCEDURES THEREFORE WERE NOT REASONABLY DESIGNED TO DETECT ERRONEOUSLY REPORTED TRADES.

**Initiated By:** FINRA**Date Initiated:** 12/03/2013**Docket/Case Number:** 2013035681701**Principal Product Type:** Debt - Municipal**Other Product Type(s):**



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

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

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

**Resolution Date:** 12/03/2013

**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 \$15,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE IT IS CENSURED AND FINED \$15,000 (\$15,000 WHICH PERTAINS TO THE VIOLATIONS OF MSRB RULES G-14 AND G-27).

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** MSRB RULES G-14 AND G-27. THE FIRM ACTED AS A CLEARING BROKER FOR THE REGISTERED INVESTMENT ADVISER (RIA) WITH RESPECT TO CERTAIN TRANSACTIONS, INCLUDING MUNICIPAL SECURITIES TRANSACTIONS. THE TRANSACTIONS WERE EXECUTED AND REPORTED TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) ON BEHALF OF THE RIA BY A THIRD-PARTY EXECUTING BROKER, AND THE FIRM WAS PROVIDED WITH ELECTRONIC DATA CONCERNING THE TRANSACTIONS FOR PURPOSES OF CLEARANCE AND SETTLEMENT. UNBEKNOWNST TO THE FIRM, A CODING CHANGE TO THE ELECTRONIC DATA CAUSED THE FIRM TO BEGIN AUTOMATICALLY REPORTING TRADES TO RTRS THAT HAD ALREADY BEEN REPORTED BY THE EXECUTING BROKER. THE FIRM CONTINUED TO ERRONEOUSLY REPORT THE RIA'S MUNICIPAL SECURITIES TRADES FOR MORE THAN A YEAR. IN TOTAL, THE FIRM REPORTED 197 MUNICIPAL SECURITIES TRANSACTIONS TO RTRS THAT SHOULD NOT HAVE BEEN REPORTED (WHICH AMOUNTED TO 71.64% OF THE MUNICIPAL SECURITIES TRANSACTIONS THE FIRM REPORTED). THUS, THE FIRM'S TRADE REPORTING WAS INACCURATE. THE FIRM HAD





WRITTEN SUPERVISORY PROCEDURES (WSPS) GOVERNING THE REVIEW OF MUNICIPAL SECURITIES TRADE REPORTS. THESE PROCEDURES PROVIDED FOR A REVIEW OF THE MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) DEALER FEEDBACK SYSTEM ON AN AS-NEEDED BASIS WHEN THE FIRM TRANSACTED IN MUNICIPAL SECURITIES, BUT DID NOT INCLUDE A SYSTEMATIC LOOK-BACK REVIEW THAT LIKELY WOULD HAVE LED TO THE DISCOVERY OF THE 197 DUPLICATIVE RTRS REPORTS. THE FIRM'S SUPERVISORY PROCEDURES THEREFORE WERE NOT REASONABLY DESIGNED TO DETECT ERRONEOUSLY REPORTED TRADES.

**Initiated By:** FINRA

**Date Initiated:** 12/03/2013

**Docket/Case Number:** 2013035681701

**Principal Product Type:** Debt - Municipal

**Other Product Type(s):**

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

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

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

**Resolution Date:** 12/03/2013

**Sanctions Ordered:** Censure  
Monetary/Fine \$15,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE IT IS CENSURED AND FINED \$15,000 (\$15,000 WHICH PERTAINS TO THE VIOLATIONS OF MSRB RULES G-14 AND G-27).

#### Disclosure 4 of 15

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** FINRA RULE 2010, NASD RULES 2110, 2711(H), 2711(I): THE FIRM FAILED TO INCLUDE IN OVER 4,100 EQUITY RESEARCH REPORTS DISCLOSURES REQUIRED BY TWO PROVISIONS OF NASD RULE 2711(H): 2711(H)(2)(A)(II) AND 2711(H)(8). THE FIRM FAILED TO DISCLOSE IN ITS RESEARCH REPORTS THAT IT MADE A MARKET IN THE SECURITIES OF COVERED



COMPANIES, THAT IT ACTED AS A MANAGER OR CO-MANAGER IN PUBLIC OFFERINGS OR THAT IT RECEIVED COMPENSATION FOR INVESTMENT BANKING SERVICES (AS THAT TERM IS DEFINED IN NASD RULE 2711 (A)(2)) FOR COVERED COMPANIES. THE FIRM FAILED TO DISCLOSE IN APPROXIMATELY 433 RESEARCH REPORTS THAT IT ACTED AS A MANAGER OR CO-MANAGER IN PUBLIC OFFERINGS FOR THE SUBJECT COMPANY IN THE PAST 12 MONTHS, OR THAT IT RECEIVED COMPENSATION FOR INVESTMENT BANKING SERVICES (AS THAT TERM IS DEFINED IN NASD RULE 2711 (A)(2)) FROM THE SUBJECT COMPANY IN THE PAST 12 MONTHS. THE FIRM FAILED TO DISCLOSE IN OVER 3,700 RESEARCH REPORTS THAT IT MADE A MARKET IN THE SECURITIES OF COVERED COMPANIES AT THE TIME THE RESEARCH REPORT WAS PUBLISHED. THIS DEFICIENCY OCCURRED BECAUSE THE FIRM BEGAN TO REGISTER AS A MARKET MAKER IN NYSE LISTED SECURITIES BUT THE FIRM INADVERTENTLY DID NOT INCLUDE THESE SECURITIES IN THE DATABASE USED TO GENERATE THIS DISCLOSURE. THE FIRM'S RESEARCH DISCLOSURE DEFICIENCIES PARTICULARLY AFFECTED REPORTS ISSUED DURING A TWO-YEAR PERIOD, WHEN THE FIRM FAILED TO INCLUDE REQUIRED DISCLOSURES IN APPROXIMATELY 47 PERCENT OF ALL RESEARCH REPORTS PUBLISHED BY THE FIRM. THE FIRM DID NOT ADOPT AND IMPLEMENT PROCEDURES REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH THE DISCLOSURE PROVISIONS OF NASD RULE 2711. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES IN EFFECT DESCRIBED A PROCESS FOR COMPLYING WITH RULE 2711(H) THAT THE FIRM NEVER IMPLEMENTED. THESE PROCEDURES APPLIED ONLY TO A PRIOR SYSTEM USED TO UPDATE RESEARCH DISCLOSURES, AND WHEN THE FIRM CHANGED SYSTEMS, IT DID NOT UPDATE ITS PROCEDURES. IN FACT, NO ONE AT THE FIRM REVIEWED OR AUDITED THE PROCESS BY WHICH FIRM EMPLOYEES COLLECTED AND INPUT RELEVANT INFORMATION INTO THE FIRM'S RESEARCH DISCLOSURE DATABASES. HAD THE FIRM CONDUCTED SUCH AUDITS OR REVIEWS, IT COULD HAVE DISCOVERED THE NASD RULE 2711(H) VIOLATIONS DESCRIBED ABOVE. INSTEAD, THE FIRM'S RESEARCH DISCLOSURE VIOLATIONS CONTINUED FOR OVER FOUR YEARS. THE FIRM ADDRESSED THE VIOLATIONS WHEN FINRA ALERTED THE FIRM TO CERTAIN NASD RULE 2711(H) VIOLATIONS DURING AN EXAMINATION.

**Initiated By:** FINRA

**Date Initiated:** 10/01/2013

**Docket/Case Number:** 2010023872501

**Principal Product Type:** No Product

**Other Product Type(s):**

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



## Other Sanction(s)/Relief Sought:

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

**Resolution Date:** 10/01/2013

**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 \$300,000.00

## Other Sanctions Ordered:

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE IT IS CENSURED AND FINED \$300,000. FINE PAID IN FULL 10/15/13.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FINRA RULE 2010, NASD RULES 2110, 2711(H), 2711(I): THE FIRM FAILED TO INCLUDE IN OVER 4,100 EQUITY RESEARCH REPORTS DISCLOSURES REQUIRED BY TWO PROVISIONS OF NASD RULE 2711(H): 2711(H)(2)(A)(II) AND 2711(H)(8). THE FIRM FAILED TO DISCLOSE IN ITS RESEARCH REPORTS THAT IT MADE A MARKET IN THE SECURITIES OF COVERED COMPANIES, THAT IT ACTED AS A MANAGER OR CO-MANAGER IN PUBLIC OFFERINGS OR THAT IT RECEIVED COMPENSATION FOR INVESTMENT BANKING SERVICES (AS THAT TERM IS DEFINED IN NASD RULE 2711 (A)(2)) FOR COVERED COMPANIES. THE FIRM FAILED TO DISCLOSE IN APPROXIMATELY 433 RESEARCH REPORTS THAT IT ACTED AS A MANAGER OR CO-MANAGER IN PUBLIC OFFERINGS FOR THE SUBJECT COMPANY IN THE PAST 12 MONTHS, OR THAT IT RECEIVED COMPENSATION FOR INVESTMENT BANKING SERVICES (AS THAT TERM IS DEFINED IN NASD RULE 2711 (A)(2)) FROM THE SUBJECT COMPANY IN THE PAST 12 MONTHS. THE FIRM FAILED TO DISCLOSE IN OVER 3,700 RESEARCH REPORTS THAT IT MADE A MARKET IN THE SECURITIES OF COVERED COMPANIES AT THE TIME THE RESEARCH REPORT WAS PUBLISHED. THIS DEFICIENCY OCCURRED BECAUSE THE FIRM BEGAN TO REGISTER AS A MARKET MAKER IN NYSE LISTED SECURITIES BUT THE FIRM INADVERTENTLY DID NOT INCLUDE THESE SECURITIES IN THE DATABASE USED TO GENERATE



THIS DISCLOSURE. THE FIRM'S RESEARCH DISCLOSURE DEFICIENCIES PARTICULARLY AFFECTED REPORTS ISSUED DURING A TWO-YEAR PERIOD, WHEN THE FIRM FAILED TO INCLUDE REQUIRED DISCLOSURES IN APPROXIMATELY 47 PERCENT OF ALL RESEARCH REPORTS PUBLISHED BY THE FIRM. THE FIRM DID NOT ADOPT AND IMPLEMENT PROCEDURES REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH THE DISCLOSURE PROVISIONS OF NASD RULE 2711. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES IN EFFECT DESCRIBED A PROCESS FOR COMPLYING WITH RULE 2711(H) THAT THE FIRM NEVER IMPLEMENTED. THESE PROCEDURES APPLIED ONLY TO A PRIOR SYSTEM USED TO UPDATE RESEARCH DISCLOSURES, AND WHEN THE FIRM CHANGED SYSTEMS, IT DID NOT UPDATE ITS PROCEDURES. IN FACT, NO ONE AT THE FIRM REVIEWED OR AUDITED THE PROCESS BY WHICH FIRM EMPLOYEES COLLECTED AND INPUT RELEVANT INFORMATION INTO THE FIRM'S RESEARCH DISCLOSURE DATABASES. HAD THE FIRM CONDUCTED SUCH AUDITS OR REVIEWS, IT COULD HAVE DISCOVERED THE NASD RULE 2711(H) VIOLATIONS DESCRIBED ABOVE. INSTEAD, THE FIRM'S RESEARCH DISCLOSURE VIOLATIONS CONTINUED FOR OVER FOUR YEARS. THE FIRM ADDRESSED THE VIOLATIONS WHEN FINRA ALERTED THE FIRM TO CERTAIN NASD RULE 2711(H) VIOLATIONS DURING AN EXAMINATION.

**Initiated By:** FINRA

**Date Initiated:** 10/01/2013

**Docket/Case Number:** 2010023872501

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 10/01/2013

**Sanctions Ordered:** Censure  
Monetary/Fine \$300,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE IT IS CENSURED AND FINED \$300,000.



## Disclosure 5 of 15

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>FINRA RULES 2010, 7450, NASD RULE 3010 - LAZARD CAPITAL MARKETS LLC TRANSMITTED COMBINED ORDER/ROUTE REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT OATS WAS UNABLE TO LINK TO THE RELATED ORDER ROUTED TO THE NEW YORK STOCK EXCHANGE DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED CONDUCT. THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES (WSPS) WHICH SPECIFIED THAT OATS WEBSITE SCREEN SHOTS EVIDENCING DAILY OATS SUPERVISORY REVIEWS WOULD BE PRINTED AND INITIALED BY THE REVIEWER FOR DOCUMENTATION. THE FIRM TRANSMITTED NUMEROUS REPORTABLE ORDER EVENTS (ROES) TO OATS THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE BUT THE FIRM FAILED TO REPAIR 50.05% OF THE REJECTED ROES SO THAT THE FIRM FAILED TO TRANSMIT THEM TO OATS DURING THE REVIEW PERIOD. THE FIRM ALSO FAILED TO REPAIR SOME OF THE REJECTED ROES WITHIN THE REQUIRED FIVE BUSINESS DAYS AND FAILED TO POPULATE THE CORRECT REJECTED ROE RECONCILIATION ID FOR SOME OF THE REJECTIONS. THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WSPS CONCERNING OATS. THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT IT CONDUCTED DAILY OATS SUPERVISORY REVIEWS AS SET FORTH IN ITS WSPS.</p>
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	09/20/2013
<b>Docket/Case Number:</b>	2012033855801
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	09/20/2013



**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 \$40,000.00

**Other Sanctions Ordered:**

**Sanction Details:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$40,000. FINE PAID IN FULL 10/10/13.

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

FINRA RULES 2010, 7450, NASD RULE 3010 - LAZARD CAPITAL MARKETS LLC TRANSMITTED COMBINED ORDER/ROUTE REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT OATS WAS UNABLE TO LINK TO THE RELATED ORDER ROUTED TO THE NEW YORK STOCK EXCHANGE DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED CONDUCT. THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES (WSPS) WHICH SPECIFIED THAT OATS WEBSITE SCREEN SHOTS EVIDENCING DAILY OATS SUPERVISORY REVIEWS WOULD BE PRINTED AND INITIALED BY THE REVIEWER FOR DOCUMENTATION. THE FIRM TRANSMITTED NUMEROUS REPORTABLE ORDER EVENTS (ROES) TO OATS THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE BUT THE FIRM FAILED TO REPAIR 50.05% OF THE REJECTED ROES SO THAT THE FIRM FAILED TO TRANSMIT THEM TO OATS DURING THE REVIEW PERIOD. THE FIRM ALSO FAILED TO REPAIR SOME OF THE REJECTED ROES WITHIN THE REQUIRED FIVE BUSINESS DAYS AND FAILED TO POPULATE THE CORRECT REJECTED ROE RECONCILIATION ID FOR SOME OF THE REJECTIONS. THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WSPS CONCERNING OATS. THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT IT CONDUCTED DAILY OATS SUPERVISORY REVIEWS AS SET FORTH IN ITS WSPS.

**Initiated By:**

FINRA

**Date Initiated:**

09/20/2013



**Docket/Case Number:** 2012033855801

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 09/20/2013

**Sanctions Ordered:** Censure  
Monetary/Fine \$40,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$40,000.

#### Disclosure 6 of 15

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** FINRA RULE 7450(A) - LAZARD CAPITAL MARKETS LLC FAILED TO TRANSMIT ALMOST ALL OF ITS REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT IT WAS REQUIRED TO TRANSMIT TO OATS FOR A PARTICULAR MARKET PARTICIPANT IDENTIFIER.

**Initiated By:** FINRA

**Date Initiated:** 06/18/2013

**Docket/Case Number:** 2012033097301

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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



**Resolution Date:** 06/18/2013

**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 \$10,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$10,000.

FINE PAID IN FULL ON JULY 11, 2013.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FINRA RULE 7450(A) - LAZARD CAPITAL MARKETS LLC FAILED TO TRANSMIT ALMOST ALL OF ITS REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT IT WAS REQUIRED TO TRANSMIT TO OATS FOR A PARTICULAR MARKET PARTICIPANT IDENTIFIER.

**Initiated By:** FINRA

**Date Initiated:** 06/18/2013

**Docket/Case Number:** 2012033097301

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 06/18/2013

**Sanctions Ordered:** Censure  
Monetary/Fine \$10,000.00



**Other Sanctions Ordered:****Sanction Details:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$10,000.

**Disclosure 7 of 15****Reporting Source:**

Regulator

**Current Status:**

Final

**Allegations:**

SEC RULES 10B-10, 17A-3, FINRA RULES 2010, 7450, NASD RULES 2110, 3010, 3110, 4632(A), 4632(C)(5) - LAZARD CAPITAL MARKETS LLC FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF NASD RULE 4632(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF NASD RULE 2110. THE FIRM FAILED TO REPORT THE CORRECT EXECUTION TIME TO THE FNTRF IN SOME LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES. THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THAT THE TRANSACTION WAS EXECUTED AT AN AVERAGE PRICE, AND ALSO FAILED ON SOME OCCASIONS TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THE CORRECT TYPE OF COMPENSATION THE FIRM CHARGED FOR THE TRANSACTION. THE FIRM FAILED TO PROPERLY MARK SELL ORDERS AS SHORT SALES ON ITS BROKERAGE ORDER MEMORANDUM. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR FINRA RULES ADDRESSING QUALITY OF MARKET TOPICS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR MINIMUM REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES IN BEST EXECUTION; ANTI-INTIMIDATION/COORDINATION; OTHER TRADING RULES, INCLUDING RULES TO REVIEW CLEARLY ERRONEOUS TRANSACTIONS; AND SEC RULE 612 OF REGULATION NMS. THE FIRM FAILED TO SUBMIT NEW ORDER INFORMATION TO THE ORDER AUDIT TRAIL SYSTEM (OATS) FOR REPORTABLE ORDERS; SUBMITTED INACCURATE ROUTED MARKET PARTICIPANT IDENTIFIER (MPID) INFORMATION TO OATS FOR REPORTABLE ORDERS; AND SUBMITTED AN ERRONEOUS CANCEL REPORT TO OATS FOR ONE REPORTABLE ORDER.

**Initiated By:**

FINRA

**Date Initiated:**

09/20/2012



**Docket/Case Number:** 2008014261502

**Principal Product Type:** Other

**Other Product Type(s):** DESIGNATED SECURITIES

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

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

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

**Resolution Date:** 09/20/2012

**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 \$40,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$40,000. FINE PAID IN FULL ON 10/04/2012

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** SEC RULES 10B-10, 17A-3, FINRA RULES 2010, 7450, NASD RULES 2110, 3010, 3110, 4632(A), 4632(C)(5) - LAZARD CAPITAL MARKETS LLC FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF NASD RULE 4632(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF NASD RULE 2110. THE FIRM FAILED TO REPORT THE CORRECT EXECUTION TIME TO THE FNTRF IN SOME LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES. THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THAT THE TRANSACTION



WAS EXECUTED AT AN AVERAGE PRICE, AND ALSO FAILED ON SOME OCCASIONS TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THE CORRECT TYPE OF COMPENSATION THE FIRM CHARGED FOR THE TRANSACTION. THE FIRM FAILED TO PROPERLY MARK SELL ORDERS AS SHORT SALES ON ITS BROKERAGE ORDER MEMORANDUM. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR FINRA RULES ADDRESSING QUALITY OF MARKET TOPICS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR MINIMUM REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES IN BEST EXECUTION; ANTI-INTIMIDATION/COORDINATION; OTHER TRADING RULES, INCLUDING RULES TO REVIEW CLEARLY ERRONEOUS TRANSACTIONS; AND SEC RULE 612 OF REGULATION NMS. THE FIRM FAILED TO SUBMIT NEW ORDER INFORMATION TO THE ORDER AUDIT TRAIL SYSTEM (OATS) FOR REPORTABLE ORDERS; SUBMITTED INACCURATE ROUTED MARKET PARTICIPANT IDENTIFIER (MPID) INFORMATION TO OATS FOR REPORTABLE ORDERS; AND SUBMITTED AN ERRONEOUS CANCEL REPORT TO OATS FOR ONE REPORTABLE ORDER.

**Initiated By:** FINRA

**Date Initiated:** 09/20/2012

**Docket/Case Number:** 2008014261502

**Principal Product Type:** Other

**Other Product Type(s):** DESIGNATED SECURITIES

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

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

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

**Resolution Date:** 09/20/2012

**Sanctions Ordered:** Censure  
Monetary/Fine \$40,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$40,000.



## Disclosure 8 of 15

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASDAQ RULE 4755 - LAZARD CAPITAL MARKETS LLC ENTERED ORDERS INTO THE NASDAQ MARKET CENTER THAT FAILED TO CORRECTLY INDICATE WHETHER THE ORDERS WERE A BUY, SHORT SALE OR LONG SALE.

**Initiated By:** NASDAQ STOCK MARKET

**Date Initiated:** 08/29/2012

**Docket/Case Number:** 2008014261501

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED SECURITIES

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

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

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

**Resolution Date:** 08/29/2012

**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 \$15,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$15,000.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASDAQ RULE 4755 - LAZARD CAPITAL MARKETS LLC ENTERED ORDERS



INTO THE NASDAQ MARKET CENTER THAT FAILED TO CORRECTLY INDICATE WHETHER THE ORDERS WERE A BUY, SHORT SALE OR LONG SALE.

**Initiated By:** FINRA

**Date Initiated:** 08/29/2012

**Docket/Case Number:** 2008014261501

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED SECURITIES

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

**Other Sanction(s)/Relief Sought:** \$15,000.00 FINE.

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

**Resolution Date:** 08/29/2012

**Sanctions Ordered:** Censure  
Monetary/Fine \$15,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$15,000.

#### Disclosure 9 of 15

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** FINRA RULE 7450 - LAZARD CAPITAL MARKETS LLC TRANSMITTED NUMEROUS REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE BUT THE FIRM FAILED TO REPAIR MANY OF THEM SO THAT THE FIRM FAILED TO TRANSMIT THEM TO OATS DURING THE REVIEW PERIOD. THE FIRM FAILED TO POPULATE THE REJECTED ROE RECONCILIATION ID FOR SOME OF THE REJECTED RESUBMISSIONS AND FAILED TO POPULATE THE ROE RESUBMIT FLAG FOR SOME OF THE REJECTED RESUBMISSIONS.

**Initiated By:** FINRA

**Date Initiated:** 12/09/2011



**Docket/Case Number:** 2010022370201

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 12/09/2011

**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:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500. FINE PAID IN FULL DECEMBER 20, 2011.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FINRA RULE 7450 - LAZARD CAPITAL MARKETS LLC TRANSMITTED NUMEROUS REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDI TRAIL SYSTEM (OATS) THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE BUT THE FIRM FAILED TO REPAIR MANY OF THEM SO THAT THE FIRM FAILED TO TRANSMIT THEM TO OATS DURING THE REVIEW PERIOD. THE FIRM FAILED TO POPULATE THE REJECTED ROE RECONCILIATION ID FOR SOME OF THE REJECTED RESUBMISSIONS AND FAILED TO POPULATE THE ROE RESUBMIT FLAG FOR SOME OF THE REJECTED RESUBMISSIONS.

**Initiated By:** FINRA

**Date Initiated:** 12/09/2011



**Docket/Case Number:** 2010022370201

**Principal Product Type:** No Product

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** \$7500.00 FINE.

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

**Resolution Date:** 12/09/2011

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

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS.

#### Disclosure 10 of 15

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SECTION 17(A) OF THE SECURITIES EXCHANGE ACT, SEC RULES 17A-3 AND 17A-4 THEREUNDER, NASD RULES 2110, 3010, 3110: LAZARD CAPITAL MARKETS (LCM) IMPROPERLY ENGAGED IN A COURSE OF PRACTICE OF USING THE FIRM'S ERROR ACCOUNT TO EFFECT PRICE ADJUSTMENTS FOR AGENCY TRADES DONE PRIMARILY ON THE FLOOR OF THE NYSE FOR ITS LARGEST INSTITUTIONAL CLIENT. LCM EXECUTED EQUITY ORDERS FOR THE CLIENT, THE VAST MAJORITY OF WHICH WERE "NOT HELD" ORDERS. LCM EXECUTED THESE "NOT HELD" ORDERS IN AN AGENCY CAPACITY, GENERALLY ON THE FLOOR OF THE NYSE. FOR A SIGNIFICANT PORTION OF THESE TRADES, LCM ADJUSTED THE PRICE IN FAVOR OF THE CLIENT, THAT IS, IT PROVIDED THE CLIENT WITH A PRICE THAT WAS BETTER THAN THE FIRM'S ACTUAL AVERAGE EXECUTION PRICE ON THE FLOOR OF THE NYSE. LCM ADJUSTED THE PRICES ON APPROXIMATELY 23% OF THE CLIENT'S ORDERS AND MADE THESE ADJUSTMENTS THROUGH THE FIRM'S ERROR ACCOUNT EVEN THOUGH NO BONA FIDE TRADING ERROR HAD OCCURRED. WHILE EXECUTING THESE ORDERS, ON CERTAIN TRADES, LCM PROVIDED INACCURATE COMMUNICATIONS TO THE CLIENT CONCERNING THE PRICES IT OBTAINED THROUGHOUT THE DAY. THE FIRM KNEW OR SHOULD HAVE KNOWN ITS TRADERS WERE MISUSING THE EQUITY ERROR ACCOUNT BUT FAILED TO STOP THE



PRACTICE AND FAILED TO SUPERVISE TRADING AND THE USE OF THE FIRM'S ERROR ACCOUNT. THE FIRM ALSO FAILED TO MAINTAIN ADEQUATE POLICIES AND PROCEDURES WITH RESPECT TO TRADING AND THE USE OF ITS EQUITY ERROR ACCOUNT. IN ADDITION, THE FIRM HAD NO SYSTEM TO ENSURE THAT PRICE ADJUSTMENTS THAT DID NOT CONSTITUTE ERRORS WERE NOT ENTERED INTO THE EQUITY ERROR ACCOUNT. IT FAILED TO ESTABLISH AND MAINTAIN ADEQUATE SUPERVISORY SYSTEMS AND WRITTEN PROCEDURES, CREATED INACCURATE BOOKS AND RECORDS AND FAILED TO MAINTAIN REQUIRED RECORDS.

<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	06/02/2010
<b>Docket/Case Number:</b>	2006005179801
<b>Principal Product Type:</b>	Equity Listed (Common & Preferred Stock)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	N/A
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	06/02/2010
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$550,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, LAZARD CAPITAL MARKETS CONSENTS TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE IT IS CENSURED AND FINED \$550,000.

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IT WAS ALLEGED THAT THE FIRM VIOLATED SECTION 17(A) OF THE





SECURITIES EXCHANGE ACT, SEC RULES 17A-3 AND 17A-4 THEREUNDER, AND NASD RULES 2110, 3010, 3110 IN THAT THE FIRM WAS ACCUSED OF IMPROPERLY UTILIZING ITS ERROR ACCOUNT TO EFFECT PRICE ADJUSTMENTS FOR "NOT HELD" AGENCY TRADES EFFECTED ON THE FLOOR OF THE NYSE. THE FIRM WAS ALSO ACCUSED OF PROVIDING INACCURATE COMMUNICATIONS TO ITS CLIENT CONCERNING THE PRICES IT OBTAINED, FAILING TO SUPERVISE TRADING TO PREVENT THE MISUSE OF ERROR ACCOUNT, AND FAILING TO MAINTAIN ADEQUATE POLICIES AND PROCEDURES WITH RESPECT TO TRADING AND THE USE OF THE ERROR ACCOUNT. IT WAS ALSO ALLEGED THAT THE FIRM HAD NO SYSTEM TO ENSURE THAT PRICE ADJUSTMENTS THAT DID NOT CONSTITUTE ERRORS WERE NOT ENTERED INTO THE ERROR ACCOUNT. LASTLY, THE FIRM WAS ACCUSED OF FAILING TO ESTABLISH AND MAINTAIN ADEQUATE SUPERVISORY SYSTEMS AND WRITTEN PROCEDURES, FAILING TO MAINTAIN REQUIRED RECORDS, AND CREATING INACCURATE BOOKS AND RECORDS.

<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	06/02/2010
<b>Docket/Case Number:</b>	2006005179801
<b>Principal Product Type:</b>	Equity Listed (Common & Preferred Stock)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	CENSURE
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	06/02/2010
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$550,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	FINE OF \$550,000 WAS PAID ON 6/11/2010.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTS TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS.

#### Disclosure 11 of 15

**Reporting Source:** Regulator



<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD RULES 2110, 4632(A) - LAZARD CAPITAL MARKETS LLC FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT TO THE NASD/NASDAQ TRADE REPORTING FACILITY LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES. THE FIRM'S CONDUCT CONSTITUTES A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	04/06/2009
<b>Docket/Case Number:</b>	2007010660401
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	DESIGNATED SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	04/06/2009
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$7,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IT WAS ALLEGED THAT THE FIRM VIOLATED NASD RULES 4632(A) AND 2110 IN THAT THE FIRM FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO



TRANSMIT TO THE NASD/NASDAQ TRADE REPORTING FACILITY 128 LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES.

**Initiated By:** FINRA

**Date Initiated:** 04/03/2009

**Docket/Case Number:** 20070106604-01

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 04/03/2009

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

**Other Sanctions Ordered:**

**Sanction Details:** \$7,500 FINE AGAINST FIRM WAS PAID IN FULL ON 02/23/2009.

**Firm Statement** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE SANCTIONS AND ENTRY OF FINDINGS.

#### Disclosure 12 of 15

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC ADMIN RELEASE 34-58880, OCTOBER 30, 2008: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST LAZARD CAPITAL MARKETS LLC ("LAZARD CAPITAL MARKETS" OR "RESPONDENT")- FAILED REASONABLY TO SUPERVISE INDIVIDUALS, WITH A VIEW TO PREVENTING THEIR AIDING AND ABETTING AND CAUSING OF INVESTMENT ADVISER TRADERS' VIOLATIONS OF SECTION 17(E)(1) OF THE INVESTMENT COMPANY ACT, WITHIN THE MEANING OF SECTION 15(B)(4)(E) OF THE EXCHANGE ACT - LAZARD CAPITAL MARKETS FAILED REASONABLY TO IMPLEMENT ITS POLICIES WITH RESPECT TO SUPERVISORY REVIEW OF ITS EMPLOYEES' PROVISION OF TRAVEL,



ENTERTAINMENT AND GIFTS. MOREOVER, LAZARD CAPITAL MARKETS DID NOT HAVE REASONABLE PROCEDURES FOR MONITORING THE NATURE AND EXTENT OF INDIVIDUALS' PROVISION OF TRAVEL, ENTERTAINMENT AND GIFTS TO INVESTMENT ADVISER EQUITY TRADERS. EXPENSE REPORTS GENERALLY WERE REVIEWED ONLY TO ENSURE PROPER DOCUMENTATION OF THE EXPENSES. HOWEVER, LAZARD CAPITAL MARKETS SUPERVISORS GENERALLY DID NOT REVIEW THE INDIVIDUALS' PROVISION OF TRAVEL, ENTERTAINMENT AND GIFTS TO TRADERS FOR COMPLIANCE WITH APPLICABLE POLICIES, RULES, AND REGULATIONS.

**Initiated By:** UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Date Initiated:** 10/30/2008

**Docket/Case Number:** SEC FILE 3-13281

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Order

**Resolution Date:** 10/30/2008

**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 \$600,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:** RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER") WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND ADMITTING THE COMMISSION'S JURISDICTION OVER IT AND THE SUBJECT MATTER OF THESE PROCEEDINGS, RESPONDENT CONSENTS TO THE ENTRY OF THIS ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS PURSUANT TO SECTION



15(B) OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS ("ORDER"). PURSUANT TO SECTION 15(B) OF THE EXCHANGE ACT, IT IS HEREBY ORDERED THAT: RESPONDENT LAZARD CAPITAL MARKETS IS HEREBY CENSURED; AND IT IS FURTHER ORDERED THAT RESPONDENT LAZARD CAPITAL MARKETS SHALL, WITHIN 10 DAYS OF THE ENTRY OF THIS ORDER, PAY DISGORGEMENT OF \$1,817,629 AND PREJUDGMENT INTEREST OF \$429,379.04, AND A CIVIL MONETARY PENALTY OF \$600,000, TO THE UNITED STATES TREASURY. IF TIMELY PAYMENT IS NOT MADE, ADDITIONAL INTEREST SHALL ACCRUE PURSUANT TO SEC RULE OF PRACTICE 600.

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	LAZARD CAPITAL MARKETS LLC FAILED REASONABLY TO SUPERVISE CERTAIN OF ITS REGISTERED REPRESENTATIVES, WITH A VIEW TO PREVENTING THEIR AIDING AND ABETTING AND CAUSING OF CERTAIN CLIENT REPRESENTATIVES' VIOLATIONS OF SECTION 17(E)(1) OF THE INVESTMENT COMPANY ACT, WITHIN THE MEANING OF SECTION 15(B)(4)(E) OF THE EXCHANGE ACT.
<b>Initiated By:</b>	SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	10/30/2008
<b>Docket/Case Number:</b>	FILE NO. 3-13281
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	MONETARY PENALTY OF \$600,000, DISGORGEMENT OF \$1,817,629 AND PREJUDGMENT INTEREST OF \$429,379.
<b>Resolution:</b>	Decision & Order of Offer of Settlement
<b>Resolution Date:</b>	10/30/2008
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$600,000.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	CENSURE, MONETARY PENALTY OF \$600,000, DISGORGEMENT OF \$1,817,629 AND PREJUDGMENT INTEREST OF \$429,379. ALL AMOUNTS PAID



IN FULL ON 11/07/08.

#### Firm Statement

ON 10/30/08, THE SECURITIES AND EXCHANGE COMMISSION ENTERED AN ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS, PURSUANT TO SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AS TO LAZARD CAPITAL MARKETS LLC. THE ORDER PROVIDED THAT LAZARD CAPITAL MARKETS LLC BE CENSURED AND THAT IT PAY: A MONETARY PENALTY OF \$600,000, DISGORGEMENT OF \$1,817,629 AND PREJUDGMENT INTEREST OF \$429,379.04.

#### Disclosure 13 of 15

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC RULE 605 OF REGULATION NMS, SEC RULE 203(B)(1) OF REGULATION SHO, NASD RULES 2110, 3010, 6955(A) - LAZARD CAPITAL MARKETS LLC MADE AVAILABLE REPORTS ON THE COVERED ORDERS IN NATIONAL MARKET SYSTEM SECURITIES IT RECEIVED FOR EXECUTION FROM ANY PERSON THAT INCLUDED INCORRECT INFORMATION AS TO NOT HELD ORDERS. THE FIRM SUBMITTED INCORRECT REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS); ACCEPTED SHORT SALE ORDERS IN AN EQUITY SECURITY FROM ANOTHER PERSON, OR EFFECTED A SHORT SALE IN AN EQUITY SECURITY FOR ITS OWN ACCOUNT, WITHOUT DOCUMENTING COMPLIANCE WITH SEC RULE 203(B)(1) OF REGULATION SHO. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD AND SEC RULES CONCERNING LIMIT ORDER PROTECTION, LIMIT ORDER DISPLAY AND QUOTE DISSEMINATION AND SHORT SALE REPORTING. THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT DURING ONE MONTH IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WRITTEN SUPERVISORY PROCEDURES CONCERNING DISCLOSURE OF ORDER ROUTING INFORMATION, DISCLOSURE OF ORDER EXECUTION INFORMATION AND OATS REPORTING.

**Initiated By:** FINRA

**Date Initiated:** 04/04/2008

**Docket/Case Number:** 2006004092501

**Principal Product Type:** Other

**Other Product Type(s):** NATIONAL MARKET SYSTEM SECURITIES, EQUITY SECURITY



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

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

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

**Resolution Date:** 04/04/2008

**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 \$30,000.00

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM WAS CENSURED, FINED \$30,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES CONCERNING LIMIT ORDER PROTECTION, LIMIT ORDER DISPLAY AND QUOTE DISSEMINATION, SHORT SALE REPORTING, DISCLOSURE OF ORDER ROUTING INFORMATION, DISCLOSURE OF ORDER EXECUTION INFORMATION AND OATS REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IT WAS ALLEGED THAT THE FIRM VIOLATED SEC RULE 605 OF REGULATION NMS, SEC RULE 203(B)(1) OF REGULATION SHO, AND NASD RULES 2110, 3010, 6955(A), IN THAT THE FIRM PUBLISHED INACCURATE EXECUTION DATA AS IT RELATED TO HELD ORDERS, SUBMITTED INACCURATE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTS, DID NOT DOCUMENT LOCATE INFORMATION CONCERNING SHORT SALE TRANSACTIONS, DID NOT ESTABLISH A SUPERVISORY SYSTEM TO ACHIEVE COMPLIANCE WITH RULES AND REGULATIONS CONCERNING LIMIT ORDER PROTECTION, LIMIT ORDER DISPLAY AND QUOTE DISSEMINATION AND SHORT SALE REPORTING, AND DID NOT PROVIDE DOCUMENTARY EVIDENCE OF SUPERVISORY REVIEWS AS OUTLINED WITHIN THE ITS WRITTEN SUPERVISORY PROCEDURES WITH RESPECT



TO DISCLOSURE OF ORDER ROUTING AND EXECUTION INFORMATION AND  
OATS REPORTING.

**Initiated By:** FINRA

**Date Initiated:** 04/04/2008

**Docket/Case Number:** 20060040925-01

**Principal Product Type:** Other

**Other Product Type(s):** NMS SECURITIES, EQUITY SECURITIES

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

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

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

**Resolution Date:** 04/04/2008

**Sanctions Ordered:** Censure  
Monetary/Fine \$30,000.00

**Other Sanctions Ordered:** UNDERTAKING: REVISION OF FIRM'S WSPS TO ADDRESS DEFICIENCIES IDENTIFIED BY EXAMINERS.

**Sanction Details:** \$30,000 FINE PAID ON 4/17/08.

**Firm Statement** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM  
CONSENTED TO THE ENTRY OF FINDINGS AND SANCTIONS IMPOSED.

#### Disclosure 14 of 15

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD SYSTEMS AND PROGRAMS RULE 6230 AND NASD CONDUCT RULES 3010 AND 2110; NASD ALLEGES THAT CORPORATE BOND TRANSACTIONS EXECUTED BY THE FIRM WHICH WERE ELIGIBLE TO BE REPORTED TO TRACE HAD A DISCREPANCY BETWEEN THE TIME STAMP ON THE TRADE TICKET AND THE TRADE TIME REPORTED TO TRACE; RESPONDENT FAILED TO ESTABLISH AN ADEQUATE SUPERVISORY SYSTEM TO ENSURE THE ACCURATE REPORTING OF TRANSACTIONS TO TRACE.

**Initiated By:** NASD

**Date Initiated:** 10/25/2005

**Docket/Case Number:** E1020040241-01





**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 10/25/2005

**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 \$35,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED AND FINED \$35,000.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IT WAS ALLEGED THAT THE FIRM VIOLATED NASD RULES 6230, 3010 AND 2110 IN THAT THE FIRM SUBMITTED INACCURATE TIME INFORMATION TO TRACE AND FAILED TO ESTABLISH AN ADEQUATE SUPERVISORY SYSTEM TO ENSURE THE ACCURATE REPORTING OF TRANSACTIONS TO TRACE.

**Initiated By:** NASD

**Date Initiated:** 10/25/2005

**Docket/Case Number:** E1020040241-01

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)



<b>Other Sanction(s)/Relief Sought:</b>	CENSURE
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	10/25/2005
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$35,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	\$35,000 FINE AGAINST FIRM WAS PAID IN FULL ON 11/17/2005.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE SANCTIONS AND ENTRY OF FINDINGS.

#### Disclosure 15 of 15

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p><b>**9/28/05**STIPULATION AND CONSENT TO PENALTY FILED BY NYSE DIVISION OF ENFORCEMENT AND PENDING CONSENTED TO FINDINGS:</b></p> <p>1.VIOLATED EXCHANGE RULE 410A BY FAILING TO SUBMIT ACCURATE TRADING INFORMATION THROUGH THE SUBMISSION OF ELECTRONIC BLUE SHEETS IN RESPONSE TO ONE OR MORE REQUESTS FOR SUCH INFORMATION BY THE EXCHANGE;2.VIOLATED EXCHANGE RULE 401 BY FAILING TO ADHERE TO THE PRINCIPLES OF GOOD BUSINESS PRACTICE IN THE CONDUCT OF THEIR BUSINESS AFFAIRS IN THAT IT SUBMITTED INACCURATE TRADING INFORMATION ON ELECTRONIC BLUE SHEETS IN RESPONSE TO ONE OR MORE REQUESTS FOR SUCH INFORMATION BY THE EXCHANGE; AND 3.VIOLATED EXCHANGE RULES 342 BY FAILING TO ESTABLISH AND MAINTAIN APPROPRIATE SYSTEMS AND PROCEDURES FOR THE SUPERVISION AND CONTROL OF AREAS RESPONSIBLE FOR COMPLYING WITH ELECTRONIC BLUE SHEET REPORTING REQUIREMENTS, AND FAILED TO ESTABLISH A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW TO REASONABLY ENSURE COMPLIANCE WITH EXCHANGE RULES RELATING TO THE PREPARATION AND SUBMISSION OF ELECTRONIC BLUE SHEETS.</p> <p>STIPULATED SANCTION:THE IMPOSITION BY THE EXCHANGE OF A CENSURE, A \$150,000 FINE AND A REQUIREMENT THAT RESPONDENT WILL CONDUCT A VALIDATION OF ALL REQUIRED BLUE SHEET DATA ELEMENTS IN ACCORDANCE WITH ISG REGULATORY MEMORANDUM, ISG 2005-01.</p>
<b>Initiated By:</b>	NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT
<b>Date Initiated:</b>	09/28/2005



**Docket/Case Number:** HPD# 05-147

**Principal Product Type:** Other

**Other Product Type(s):**

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

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

**Resolution:** Decision

**Resolution Date:** 02/17/2006

**Sanctions Ordered:** Censure  
Monetary/Fine \$150,000.00

**Other Sanctions Ordered:**

**Sanction Details:** \*\*1/5/06\*\* DECISION 05-147 ISSUED BY NYSE HEARING PANEL  
DECISION: VIOLATED NYSE RULE 410A BY FAILING TO SUBMIT ACCURATE TRADING INFORMATION THROUGH THE SUBMISSION OF ELECTRONIC BLUE SHEETS; VIOLATED NYSE RULE 401 BY SUBMITTING INACCURATE TRADING INFORMATION ON ELECTRONIC BLUE SHEETS; VIOLATED NYSE RULE 342 BY FAILING TO ESTABLISH AND MAINTAIN APPROPRIATE SYSTEMS AND PROCEDURES FOR THE SUPERVISION AND CONTROL OF AREAS RESPONSIBLE FOR COMPLYING WITH ELECTRONIC BLUE SHEET REPORTING REQUIREMENTS AND FAILING TO ESTABLISH A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW TO REASONABLY ENSURE COMPLIANCE WITH NYSE RULES RELATING TO THE PREPARATION AND SUBMISSION OF ELECTRONIC BLUE SHEETS. -CONSENT TO CENSURE, FINE OF \$150,000, AND A REQUIREMENT TO CONDUCT VALIDATION OF ALL REQUIRED BLUE SHEET DATA ELEMENTS, AND UNDERTAKING TO INFORM NYSE IN WRITING THAT VALIDATION HAS BEEN COMPLETED.

**Regulator Statement** \*\*2/17/06\*\* DECISION IS NOW FINAL AND EFFECTIVE  
IMMEDIATELY.CONTACT:PEGGY GERMINO AT 212-656-8450

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IT WAS ALLEGED THAT THE FIRM VIOLATED NYSE RULES 410(A) AND 401 BY FAILING TO SUBMIT ACCURATE INFORMATION THROUGH THE SUBMISSION OF ELECTRONIC BLUE SHEETS ("EBS") IN RESPONSE TO ONE OR MORE NYSE REQUESTS; AND VIOLATED NYSE RULE 342 BY FAILING TO ESTABLISH AND MAINTAIN APPROPRIATE SYSTEMS AND PROCEDURES



FOR SUPERVISION AND CONTROL OF AREAS RESPONSIBLE FOR COMPLYING WITH EBS REPORTING REQUIREMENTS, AND FAILED TO ESTABLISH A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW TO REASONABLY ENSURE COMPLIANCE WITH NYSE RULES RELATING TO THE PREPARATION AND SUBMISSION OF EBS.

<b>Initiated By:</b>	NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT
<b>Date Initiated:</b>	09/28/2005
<b>Docket/Case Number:</b>	HPD# 05-147
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	CENSURE
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	02/17/2006
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$150,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	\$150,000 FINE AGAINST FIRM WAS PAID IN FULL ON 02/28/2006.
<b>Firm Statement</b>	IN SETTLING THIS MATTER, THE FIRM CONDUCTED AND COMPLETED A VALIDATION OF ALL REQUIRED BLUE SHEET DATA ELEMENTS, AND INFORMED NYSE IN WRITING THAT THE VALIDATION HAS BEEN COMPLETED.

**End of Report**



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