

BrokerCheck Report

ANDES CAPITAL GROUP, LLC

CRD# 139212

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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



For additional information about the contents of this report, please refer to the User Guidance or 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.



ANDES CAPITAL GROUP, LLC

CRD# 139212

SEC# 8-67202

Main Office Location

205 WEST WACKER DRIVE
SUITE 610
CHICAGO, IL 60606
Regulated by FINRA Chicago Office

Mailing Address

205 WEST WACKER DRIVE
SUITE 610
CHICAGO, IL 60606

Business Telephone Number

312-376-4500

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 Illinois on 08/03/2004.

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 firm is registered with:

- the SEC
- 1 Self-Regulatory Organization
- 53 U.S. states and territories

Is this brokerage firm currently suspended with any regulator? **No**

This firm conducts 8 types of businesses.

This firm is not affiliated with any financial or investment institutions.

This firm has referral or financial arrangements with other brokers or dealers.

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



Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Illinois on 08/03/2004.

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.

ANDES CAPITAL GROUP, LLC

Doing business as ANDES CAPITAL GROUP, LLC

CRD# 139212

SEC# 8-67202

Main Office Location

205 WEST WACKER DRIVE
SUITE 610
CHICAGO, IL 60606

Regulated by FINRA Chicago Office

Mailing Address

205 WEST WACKER DRIVE
SUITE 610
CHICAGO, IL 60606

Business Telephone Number

312-376-4500



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): POOLE, SEAN WILLIAM

7010269

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

Position MEMBER

Position Start Date 12/2017

Percentage of Ownership 25% but less than 50%

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No

Legal Name & CRD# (if any): MCGAUGH, RAYMOND SCOTT

2649886

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

Position MEMBER

Position Start Date 08/2004

Percentage of Ownership 10% but less than 25%

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No

Legal Name & CRD# (if any): SPEARS, CURTIS LAVELL

4117812

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

Position PRESIDENT, CEO, CHIEF COMPLIANCE OFFICER, AML COMPLIANCE OFFICER



Firm Profile

Direct Owners and Executive Officers (continued)

Position Start Date	01/2014
Percentage of Ownership	10% but less than 25%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any): LENART, BRIAN DOUGLAS
736107

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

Position FINOP, CFO, PFO/POO

Position Start Date 05/2011

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No

Legal Name & CRD# (if any): PEARLMAN, CRAIG ALAN
4456956

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

Position PRINCIPAL

Position Start Date 04/2024

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No

Firm Profile

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

Indirect Owners

No information reported.



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 currently registered with the SEC, 1 SRO and 53 U.S. states and territories.

Federal Regulator	Status	Date Effective
SEC	Approved	06/22/2006

SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

A broker-dealer and government securities broker or dealer: Yes

A government securities broker or dealer only: No

This firm has ceased activity as a government securities broker or dealer: No

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	06/22/2006



Firm Operations

Registrations (continued)

U.S. States & Territories	Status	Date Effective
Alabama	Approved	03/28/2022
Alaska	Approved	01/26/2022
Arizona	Approved	09/04/2018
Arkansas	Approved	10/12/2018
California	Approved	01/04/2007
Colorado	Approved	08/27/2018
Connecticut	Approved	08/23/2018
Delaware	Approved	06/29/2022
District of Columbia	Approved	08/30/2018
Florida	Approved	10/08/2015
Georgia	Approved	02/09/2022
Hawaii	Approved	09/04/2018
Idaho	Approved	01/31/2022
Illinois	Approved	07/23/2014
Indiana	Approved	02/16/2022
Iowa	Approved	01/12/2022
Kansas	Approved	01/26/2022
Kentucky	Approved	01/19/2022
Louisiana	Approved	08/13/2018
Maine	Approved	01/28/2022
Maryland	Approved	09/14/2018
Massachusetts	Approved	10/26/2018
Michigan	Approved	04/20/2017
Minnesota	Approved	03/28/2022
Mississippi	Approved	01/11/2022
Missouri	Approved	04/18/2022
Montana	Approved	01/26/2022
Nebraska	Approved	02/08/2022
Nevada	Approved	08/14/2018
New Hampshire	Approved	09/13/2018
New Jersey	Approved	08/06/2014
New Mexico	Approved	09/28/2018
New York	Approved	09/15/2014

U.S. States & Territories	Status	Date Effective
North Carolina	Approved	08/14/2018
North Dakota	Approved	02/02/2022
Ohio	Approved	01/19/2022
Oklahoma	Approved	01/13/2022
Oregon	Approved	09/12/2018
Pennsylvania	Approved	01/14/2022
Puerto Rico	Approved	01/26/2022
Rhode Island	Approved	01/11/2022
South Carolina	Approved	03/16/2022
South Dakota	Approved	01/14/2022
Tennessee	Approved	02/03/2022
Texas	Approved	05/07/2015
Utah	Approved	09/24/2018
Vermont	Approved	01/31/2022
Virgin Islands	Approved	02/16/2022
Virginia	Approved	08/06/2014
Washington	Approved	08/30/2018
West Virginia	Approved	01/24/2022
Wisconsin	Approved	01/14/2022
Wyoming	Approved	01/31/2022

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 8 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 broker
Municipal securities broker
Non-exchange member arranging for transactions in listed securities by exchange member
Private placements of securities

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:	ALPACA SECURITIES LLC
CRD #:	288202
Business Address:	710 OAKFIELD DRIVE SUITE 210 BRANDON, FL 33511
Effective Date:	05/26/2023
Description:	THE APPLICANT HAS A FULLY DISCLOSED CLEARING AGREEMENT WITH ALPACA SECURITIES LLC.

Firm Operations

Industry Arrangements



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

Name: ALPACA SECURITIES LLC

CRD #: 288202

Business Address: 710 OAKFIELD DRIVE
SUITE 210
BRANDON, FL 33511

Effective Date: 05/26/2023

Description: THE BOOKS AND RECORDS RELATING TO ANDES CAPITAL GROUP TRANSACTIONS WILL BE MAINTAINED BY ALPACA SECURITIES LLC.

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

Name: ALPACA SECURITIES LLC

CRD #: 288202

Business Address: 710 OAKFIELD DRIVE
SUITE 210
BRANDON, FL 33511

Effective Date: 05/26/2023

Description: ALPACA SECURITIES LLC IS RESPONSIBLE FOR THE POSSESSION AND CONTROL OF THE APPLICANT'S FUNDS AND SECURITIES.

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

Name: ALPACA SECURITIES LLC

CRD #: 288202

Business Address: 710 OAKFIELD DRIVE
SUITE 210
BRANDON, FL 33511

Effective Date: 05/26/2023

Description: ALPACA SECURITIES LLC IS RESPONSIBLE FOR THE POSSESSION AND CONTROL OF THE CUSTOMER'S FUNDS AND SECURITIES.

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 not, 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.**

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	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:**
 - 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 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 FAILED TO SUPERVISE AND RECORD ON ITS BOOKS AND RECORDS APPROXIMATELY \$1.5 MILLION IN PRIVATE SECURITIES TRANSACTIONS BY ONE OF ITS REGISTERED REPRESENTATIVES. THE FINDINGS STATED THAT THE FIRM APPROVED AN INVESTMENT WITHOUT REQUESTING ANY DOCUMENTS AFTER ONE OF ITS REGISTERED REPRESENTATIVES DISCLOSED THAT HE WOULD BE FORMING A SPECIAL PURPOSE VEHICLE FOR THE PURPOSE OF MAKING AN INVESTMENT. THE FIRM DID NOT SUPERVISE THE INVESTMENT OR ACTIVITY AND DID NOT UPDATE THE REPRESENTATIVES UNIFORM APPLICATION FOR SECURITIES INDUSTRY REGISTRATION OR TRANSFER (FORM U4). THEREAFTER, THE REGISTERED REPRESENTATIVE FORMED A LIMITED LIABILITY COMPANY AND SOLD INTEREST IN THE COMPANY TO SEVEN INVESTORS, INCLUDING HIMSELF, IN THE AMOUNT OF \$1,495,438. THE FIRM DID NOT INQUIRE FURTHER ABOUT THE REPRESENTATIVE'S SPECIAL PURPOSE VEHICLE, AND ERRONEOUSLY CONCLUDED THAT THE ACTIVITY DID NOT CONSTITUTE A PRIVATE SECURITIES TRANSACTION. AS A RESULT OF THIS ERRONEOUS CONCLUSION, THE FIRM DID NOT SUPERVISE THE PRIVATE SECURITIES TRANSACTIONS OR RECORD THE TRANSACTIONS ON ITS BOOKS AND RECORDS. AS SUCH, THE FIRM FAILED TO REASONABLY ENFORCE ITS OWN WRITTEN SUPERVISORY PROCEDURES.

Initiated By: FINRA

Date Initiated: 08/25/2021

Docket/Case Number: 2019064979901

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: 08/25/2021

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 OCTOBER 13, 2023.

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 FAILED TO SUPERVISE AND RECORD ON ITS BOOKS AND RECORDS APPROXIMATELY \$1.5 MILLION IN PRIVATE SECURITIES TRANSACTIONS BY ONE OF ITS REGISTERED REPRESENTATIVES. THE FINDINGS STATED THAT THE FIRM APPROVED AN INVESTMENT WITHOUT REQUESTING ANY DOCUMENTS AFTER ONE OF ITS REGISTERED REPRESENTATIVES DISCLOSED THAT HE WOULD BE FORMING A SPECIAL PURPOSE VEHICLE FOR THE PURPOSE OF MAKING AN INVESTMENT. THE FIRM DID NOT SUPERVISE THE INVESTMENT OR ACTIVITY AND DID NOT UPDATE THE REPRESENTATIVES UNIFORM APPLICATION FOR SECURITIES INDUSTRY REGISTRATION OR TRANSFER (FORM U4). THEREAFTER, THE REGISTERED REPRESENTATIVE FORMED A LIMITED LIABILITY COMPANY AND SOLD INTEREST IN THE COMPANY TO SEVEN INVESTORS, INCLUDING HIMSELF, IN THE AMOUNT OF \$1,495,438. THE FIRM DID NOT INQUIRE FURTHER ABOUT THE REPRESENTATIVE'S SPECIAL PURPOSE VEHICLE, AND ERRONEOUSLY CONCLUDED THAT THE ACTIVITY DID NOT CONSTITUTE A PRIVATE SECURITIES TRANSACTION. AS A RESULT OF THIS ERRONEOUS CONCLUSION, THE FIRM DID NOT SUPERVISE THE PRIVATE SECURITIES TRANSACTIONS OR RECORD THE TRANSACTIONS ON ITS BOOKS AND RECORDS. AS SUCH, THE FIRM FAILED TO REASONABLY ENFORCE ITS OWN WRITTEN SUPERVISORY PROCEDURES.

Initiated By: FINRA

Date Initiated: 08/25/2021

Docket/Case Number: 2019064979901

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: 08/25/2021

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

Other Sanctions Ordered:

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

Disclosure 2 of 2

Reporting Source: Regulator

Current Status: Final

Allegations: SEC RULES 17A-4(B) AND 17A-3(A)(6), FINRA BY-LAWS ARTICLE V, SECTION 2(C), FINRA RULE 2010, 6730, NASD RULES 1021, 3010, MSRB RULE G-37: PURSUANT TO THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS), ITS PRINCIPAL WAS RESPONSIBLE FOR REVIEWING OUTSIDE BUSINESS ACTIVITY FORMS AND ENSURING THAT AMENDED FORMS U4 WERE TIMELY FILED TO REPORT THE OUTSIDE ACTIVITIES. HOWEVER, THE FIRM, ACTING THROUGH THE PRINCIPAL, FAILED TO AMEND FORMS U4 IN ORDER TO DISCLOSE OUTSIDE BUSINESS ACTIVITIES WITHIN 30 DAYS OF LEARNING OF THE OUTSIDE BUSINESS ACTIVITIES. IN FACT, BETWEEN ONE AND THREE YEARS PASSED BETWEEN WHEN THE FIRM LEARNED OF THE OUTSIDE ACTIVITIES AND WHEN THE FORMS U4 WERE AMENDED. THE FIRM, ACTING THROUGH THE PRINCIPAL, WAS AWARE THAT A REGISTERED REPRESENTATIVE OF THE FIRM WAS NOT REGISTERED AS A PRINCIPAL, AND NEVERTHELESS PERMITTED HIM TO ACT IN A PRINCIPAL CAPACITY. SPECIFICALLY, ALTHOUGH THE REPRESENTATIVE HAS NEVER BEEN REGISTERED THROUGH THE SERIES 24 EXAMINATION AS A PRINCIPAL, HE ACTED AS A PRINCIPAL BY SIGNING CHECKS FOR THE FIRM AND REVIEWING FINANCIAL RECORDS. THE FIRM FAILED TO FILE MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) G-37 FORMS WITHIN ONE MONTH FOLLOWING THE END OF THE QUARTER IN WHICH IT PARTICIPATED IN MUNICIPAL OFFERINGS AS THE LEAD UNDERWRITER. THE FIRM FAILED TO DISCLOSE ON QUARTERLY MSRB G-37 FORMS THAT IT HAD PARTICIPATED IN THE UNDERWRITING OF SCHOOL BONDS OFFERING AND THAT IT HAD PARTICIPATED AS A CO-LEAD UNDERWRITER FOR A SCHOOL BOND OFFERING. THE FIRM FAILED TO ACCURATELY REPORT, TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE), SOME TRACE-ELIGIBLE SECURITIES TRANSACTIONS. THE FIRM FAILED TO PREPARE AND MAINTAIN ACCURATE ORDER TICKETS



IN SOME TRANSACTIONS AND FAILED TO PREPARE AND MAINTAIN ANY ORDER TICKETS FOR SOME TRACE-ELIGIBLE SECURITIES TRANSACTIONS. FURTHERMORE, THE FIRM FAILED TO RECORD THE TIME OF ORDER RECEIPT FOR SOME TRANSACTIONS AND FAILED TO RECORD THE TIME OF ORDER ENTRY FOR SOME OF THOSE TRANSACTIONS. THE FIRM HAD IN PLACE ADEQUATE WRITTEN SUPERVISORY PROCEDURES WHICH, SPECIFIED THAT ALL TRACE-ELIGIBLE SECURITIES TRANSACTIONS WERE TO BE REPORTED WITHIN REQUIRED TIMEFRAMES, TRACE REPORT CARDS WERE TO BE REVIEWED, AND CORRECTIVE ACTION WAS TO BE TAKEN IF NECESSARY. HOWEVER, THE FIRM FAILED TO ENFORCE THESE WRITTEN SUPERVISORY PROCEDURES.

Initiated By:	FINRA
Date Initiated:	09/10/2013
Docket/Case Number:	2013035046401
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	09/10/2013
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:	Monetary/Fine \$10,000.00
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS FINED \$10,000 (\$2,000 OF WHICH PERTAINS TO THE VIOLATIONS OF MSRB RULE G-37). PURSUANT TO THE GENERAL PRINCIPLES APPLICABLE TO ALL SANCTION DETERMINATIONS CONTAINED IN THE SANCTION GUIDELINES, FINRA IMPOSED A LOWER FINE IN THIS CASE AFTER IT CONSIDERED, AMONG OTHER THINGS, THE FIRM'S REVENUES AND FINANCIAL RESOURCES. FINE PAID IN FULL ON JUNE 24,



2014.

Reporting Source:

Firm

Current Status:

Final

Allegations:

SEC RULES 17A-4(B) AND 17A-3(A)(6), FINRA BY-LAWS ARTICLE V, SECTION 2(C), FINRA RULE 2010, 6730, NASD RULES 1021, 3010, MSRB RULE G-37: PURSUANT TO THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS), ITS PRINCIPAL WAS RESPONSIBLE FOR REVIEWING OUTSIDE BUSINESS ACTIVITY FORMS AND ENSURING THAT AMENDED FORMS U4 WERE TIMELY FILED TO REPORT THE OUTSIDE ACTIVITIES. HOWEVER, THE FIRM, ACTING THROUGH THE PRINCIPAL, FAILED TO AMEND FORMS U4 IN ORDER TO DISCLOSE OUTSIDE BUSINESS ACTIVITIES WITHIN 30 DAYS OF LEARNING OF THE OUTSIDE BUSINESS ACTIVITIES. IN FACT, BETWEEN ONE AND THREE YEARS PASSED BETWEEN WHEN THE FIRM LEARNED OF THE OUTSIDE ACTIVITIES AND WHEN THE FORMS U4 WERE AMENDED. THE FIRM, ACTING THROUGH THE PRINCIPAL, WAS AWARE THAT A REGISTERED REPRESENTATIVE OF THE FIRM WAS NOT REGISTERED AS A PRINCIPAL, AND NEVERTHELESS PERMITTED HIM TO ACT IN A PRINCIPAL CAPACITY. SPECIFICALLY, ALTHOUGH THE REPRESENTATIVE HAS NEVER BEEN REGISTERED THROUGH THE SERIES 24 EXAMINATION AS A PRINCIPAL, HE ACTED AS A PRINCIPAL BY SIGNING CHECKS FOR THE FIRM AND REVIEWING FINANCIAL RECORDS. THE FIRM FAILED TO FILE MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) G-37 FORMS WITHIN ONE MONTH FOLLOWING THE END OF THE QUARTER IN WHICH IT PARTICIPATED IN MUNICIPAL OFFERINGS AS THE LEAD UNDERWRITER. THE FIRM FAILED TO DISCLOSE ON QUARTERLY MSRB G-37 FORMS THAT IT HAD PARTICIPATED IN THE UNDERWRITING OF SCHOOL BONDS OFFERING AND THAT IT HAD PARTICIPATED AS A CO-LEAD UNDERWRITER FOR A SCHOOL BOND OFFERING. THE FIRM FAILED TO ACCURATELY REPORT, TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE), SOME TRACE-ELIGIBLE SECURITIES TRANSACTIONS. THE FIRM FAILED TO PREPARE AND MAINTAIN ACCURATE ORDER TICKETS IN SOME TRANSACTIONS AND FAILED TO PREPARE AND MAINTAIN ANY ORDER TICKETS FOR SOME TRACE-ELIGIBLE SECURITIES TRANSACTIONS. FURTHERMORE, THE FIRM FAILED TO RECORD THE TIME OF ORDER RECEIPT FOR SOME TRANSACTIONS AND FAILED TO RECORD THE TIME OF ORDER ENTRY FOR SOME OF THOSE TRANSACTIONS. THE FIRM HAD IN PLACE ADEQUATE WRITTEN SUPERVISORY PROCEDURES WHICH, SPECIFIED THAT ALL TRACE-ELIGIBLE SECURITIES TRANSACTIONS WERE TO BE REPORTED WITHIN REQUIRED TIMEFRAMES, TRACE REPORT CARDS WERE TO BE REVIEWED, AND CORRECTIVE ACTION WAS TO BE TAKEN IF NECESSARY. HOWEVER, THE FIRM FAILED TO ENFORCE THESE WRITTEN SUPERVISORY PROCEDURES.



Initiated By:	FINRA
Date Initiated:	09/10/2013
Docket/Case Number:	2013035046401
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	09/10/2013
Sanctions Ordered:	Monetary/Fine \$10,000.00
Other Sanctions Ordered:	
Sanction Details:	<p>WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS FINED \$10,000 (\$2,000 OF WHICH PERTAINS TO THE VIOLATIONS OF MSRB RULE G-37). PURSUANT TO THE GENERAL PRINCIPLES APPLICABLE TO ALL SANCTION DETERMINATIONS CONTAINED IN THE SANCTION GUIDELINES, FINRA IMPOSED A LOWER FINE IN THIS CASE AFTER IT CONSIDERED, AMONG OTHER THINGS, THE FIRM'S REVENUES AND FINANCIAL RESOURCES.</p>

End of Report



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