

**BrokerCheck Report**

**AEGIS CAPITAL CORP.**

CRD# 15007

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## About BrokerCheck®



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

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

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

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

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

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

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

- **How current is this information?**

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

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

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

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

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

**Thank you for using FINRA BrokerCheck.**



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

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



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

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



## AEGIS CAPITAL CORP.

CRD# 15007

SEC# 8-31616

### Main Office Location

810 7TH AVE  
18TH & 22ND FLOOR  
NEW YORK, NY 10019  
Regulated by FINRA New York Office

### Mailing Address

810 7TH AVE  
18TH FLOOR  
NEW YORK, NY 10019

### Business Telephone Number

(212) 813-1010

This firm is a brokerage firm and an investment adviser firm. For more information about investment adviser firms, visit the SEC's Investment Adviser Public Disclosure website at:

<https://www.adviserinfo.sec.gov>

## Report Summary for this Firm

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

### Firm Profile

This firm is classified as a corporation.

This firm was formed in New York on 01/15/1984.

Its fiscal year ends in November.

### 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
- 3 Self-Regulatory Organizations
- 53 U.S. states and territories

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

This firm conducts 17 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	34
Arbitration	1



## Firm Profile

This firm is classified as a corporation.

This firm was formed in New York on 01/15/1984.

Its fiscal year ends in November.

## 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.

### AEGIS CAPITAL CORP.

Doing business as AEGIS CAPITAL CORP.

CRD# 15007

SEC# 8-31616

### Main Office Location

810 7TH AVE  
18TH & 22ND FLOOR  
NEW YORK, NY 10019

Regulated by FINRA New York Office

### Mailing Address

810 7TH AVE  
18TH FLOOR  
NEW YORK, NY 10019

### Business Telephone Number

(212) 813-1010

## Other Names of this Firm

Name	Where is it used
GOTHAM EQUITIES	NY
LIFETECH CAPITAL	FL
NUDAY CAPITAL LLC	NY
STERNAEGIS VENTURES	NY



## Firm Profile

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

### Direct Owners and Executive Officers

<b>Legal Name &amp; CRD# (if any):</b>	AEGIS CAPITAL HOLDING CORP.
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Position</b>	HOLDING COMPANY
<b>Position Start Date</b>	05/1992
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	No
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	DOUBERLY, TERESA WATKINS 2477566
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	REGISTERED OPTIONS PRINCIPAL
<b>Position Start Date</b>	11/2016
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	No
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	EIDE, ROBERT JAY 1015261
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	CEO, SECRETARY, CLO, DIRECTOR
<b>Position Start Date</b>	01/1984



## Firm Profile

### Direct Owners and Executive Officers (continued)

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** GUGLIELMO, ANTHONY  
1391306

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

**Position** MUNICIPAL PRINCIPAL

**Position Start Date** 02/2019

**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):** KOTT, GEORGE GREGORY  
2876578

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

**Position** CHIEF OPERATING OFFICER

**Position Start Date** 08/2009

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** NACCARELLI, ANTONY CARMINE

## Firm Profile



### Direct Owners and Executive Officers (continued)

	1412706
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	AMLCO
<b>Position Start Date</b>	04/2016
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	No
<b>Is this a public reporting company?</b>	No
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<b>Legal Name &amp; CRD# (if any):</b>	NACCARELLI, ANTONY CARMINE 1412706
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	CHIEF COMPLIANCE OFFICER (INTERIM)
<b>Position Start Date</b>	07/2019
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	No
<b>Is this a public reporting company?</b>	No
<hr/>	
<b>Legal Name &amp; CRD# (if any):</b>	NEWMAN, ERIC 2509259
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	CHIEF SUPERVISORY OFFICER
<b>Position Start Date</b>	12/2017
<b>Percentage of Ownership</b>	Less than 5%

## Firm Profile



### Direct Owners and Executive Officers (continued)

<b>Does this owner direct the management or policies of the firm?</b>	No
<b>Is this a public reporting company?</b>	No
<hr/>	
<b>Legal Name &amp; CRD# (if any):</b>	POSS, THOMAS CHAMPNEY 2547521
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	CHIEF FINANCIAL OFFICER
<b>Position Start Date</b>	07/2009
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	No
<b>Is this a public reporting company?</b>	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>	EIDE, ROBERT JAY 1015261
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Company through which indirect ownership is established</b>	AEGIS CAPITAL HOLDING CORP.
<b>Relationship to Direct Owner</b>	SHAREHOLDER
<b>Relationship Established</b>	05/1992
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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## 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, 3 SROs and 53 U.S. states and territories.**

Federal Regulator	Status	Date Effective
SEC	Approved	05/03/1984

### 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	07/20/1984
NYSE Arca, Inc.	Approved	07/28/2004
Nasdaq Stock Market	Approved	07/12/2006



## Firm Operations

### Registrations (continued)

U.S. States & Territories	Status	Date Effective
Alabama	Approved	06/24/1996
Alaska	Approved	03/10/2006
Arizona	Approved	07/03/2002
Arkansas	Approved	03/03/2006
California	Approved	10/20/1992
Colorado	Approved	10/15/1992
Connecticut	Approved	11/19/1992
Delaware	Approved	07/06/1993
District of Columbia	Approved	02/03/2003
Florida	Approved	04/02/1987
Georgia	Approved	05/13/1993
Hawaii	Approved	05/02/2003
Idaho	Approved	02/04/2003
Illinois	Approved	03/08/1993
Indiana	Approved	07/08/1997
Iowa	Approved	03/28/2003
Kansas	Approved	09/30/2004
Kentucky	Approved	02/03/2003
Louisiana	Approved	04/04/2003
Maine	Approved	02/26/2010
Maryland	Approved	10/07/1992
Massachusetts	Approved	08/27/1998
Michigan	Approved	04/15/2003
Minnesota	Approved	01/31/2003
Mississippi	Approved	02/05/2003
Missouri	Approved	03/16/2006
Montana	Approved	03/17/2003
Nebraska	Approved	10/17/2003
Nevada	Approved	06/11/1993
New Hampshire	Approved	11/06/2003
New Jersey	Approved	11/05/1992
New Mexico	Approved	02/25/2003
New York	Approved	05/08/1984

U.S. States & Territories	Status	Date Effective
North Carolina	Approved	07/23/1991
North Dakota	Approved	02/09/2010
Ohio	Approved	04/11/1996
Oklahoma	Approved	01/16/2003
Oregon	Approved	06/17/2003
Pennsylvania	Approved	11/17/1992
Puerto Rico	Approved	03/07/2006
Rhode Island	Approved	07/30/1993
South Carolina	Approved	08/21/1998
South Dakota	Approved	01/30/2003
Tennessee	Approved	05/12/2006
Texas	Approved	06/16/1993
Utah	Approved	01/28/2003
Vermont	Approved	12/14/1993
Virgin Islands	Approved	01/09/2013
Virginia	Approved	02/24/2000
Washington	Approved	05/03/1995
West Virginia	Approved	01/06/2003
Wisconsin	Approved	02/06/2003
Wyoming	Approved	06/14/2004



## 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 17 types of businesses.**

#### Types of Business

Broker or dealer making inter-dealer markets in corporation securities over-the-counter

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

Broker or dealer selling variable life insurance or annuities

Real estate syndicator

Put and call broker or dealer or option writer

Investment advisory services

Broker or dealer selling tax shelters or limited partnerships in primary distributions

Broker or dealer selling tax shelters or limited partnerships in the secondary market

Non-exchange member arranging for transactions in listed securities by exchange member

Trading securities for own account

Private placements of securities

Other - 12Z THE FIRM ALSO EFFECTS TRANSACTIONS IN EXCHANGE-LISTED SECURITIES FOR ITS CUSTOMERS AND PRODUCES AND DISTRIBUTES RESEARCH REPORTS; MERGERS AND ACQUISITIONS, INCLUDING THE ISSUANCE OF FAIRNESS OPINIONS.

#### 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 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:** COR CLEARING LLC  
**CRD #:** 117176  
**Business Address:** 1200 LANDMARK CENTER  
 SUITE 800  
 OMAHA, NE 68102  
**Effective Date:** 02/06/2015  
**Description:** AEGIS CAPITAL CORP HAS A CLEARING AGREEMENT ON A FULLY DISCLOSED BASIS WITH COR CLEARING LLC.

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**Name:** RBC CAPITAL MARKETS, LLC  
**CRD #:** 31194  
**Business Address:** ONE LIBERTY PLAZA  
 165 BROADWAY  
 NEW YORK, NY 10006  
**Effective Date:** 12/05/2012  
**Description:** AEGIS CAPITAL CORP HAS A CLEARING AGREEMENT ON A FULLY DISCLOSED BASIS WITH RBC CAPITAL MARKETS, LLC

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**Name:** APEX CLEARING CORPORATION  
**CRD #:** 13071  
**Business Address:** 1700 PACIFIC AVENUE  
 SUITE 1400  
 DALLAS, TX 75201  
**Effective Date:** 06/06/2012  
**Description:** AEGIS CAPITAL CORP. HAS A CLEARING AGREEMENT ON A FULLY DISCLOSED BASIS WITH APEX CLEARING CORPORATION.

## Firm Operations

### Industry Arrangements



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

**Name:** COR CLEARING LLC  
**CRD #:** 117176  
**Business Address:** 1200 LANDMARK CENTER  
 SUITE 800  
 OMAHA, NE 68102  
**Effective Date:** 02/06/2015  
**Description:** AEGIS CAPITAL CORP INTRODUCES IT'S CUSTOMER ACCOUNTS ON A FULLY DISCLOSED BASIS TO COR CLEARING LLC AND COR CLEARING LLC ALSO MAINTAINS CERTAINS BOOKS AND RECORDS FOR AEGIS CAPITAL CORP.

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**Name:** RBC CAPITAL MARKETS, LLC  
**CRD #:** 31194  
**Business Address:** ONE LIBERTY PLAZA  
 165 BROADWAY  
 NEW YORK, NY 10006  
**Effective Date:** 12/05/2012  
**Description:** AEGIS CAPITAL CORP INTRODUCES IT'S CUSTOMER ACCOUNTS ON A FULLY DISCLOSED BASIS TO RBC CAPITAL MARKETS, LLC AND RBC CAPITAL MARKETS, LLC ALSO MAINTAINS CERTAIN BOOKS AND RECORDS FOR AEGIS CAPITAL CORP.

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**Name:** APEX CLEARING CORPORATION  
**CRD #:** 13071  
**Business Address:** 1700 PACIFIC AVENUE  
 SUITE 1400  
 DALLAS, TX 75201  
**Effective Date:** 06/06/2012  
**Description:** AEGIS CAPITAL CORP. INTRODUCES IT'S CUSTOMER ACCOUNTS ON A FULLY DISCLOSED BASIS TO APEX CLEARING CORPORATION AND APEX CLEARING CORPORATION ALSO MAINTAINS CERTAIN BOOKS AND RECORDS FOR AEGIS CAPITAL CORP.

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

**Name:** COR CLEARING LLC

## Firm Operations



### Industry Arrangements (continued)

**CRD #:** 117176  
**Business Address:** 1200 LANDMARK CENTER  
 SUITE 800  
 OMAHA, NE 68102  
**Effective Date:** 02/06/2015  
**Description:** AEGIS CAPITAL CORP HAS A CLEARING AGREEMENT ON A FULLY DISCLOSED BASIS WITH COR CLEARING LLC.

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**Name:** RBC CAPITAL MARKETS, LLC  
**CRD #:** 31194  
**Business Address:** ONE LIBERTY PLAZA  
 165 BROADWAY  
 NEW YORK, NY 10006  
**Effective Date:** 12/05/2012  
**Description:** AEGIS CAPITAL CORP HAS A CLEARING AGREEMENT ON A FULLY DISCLOSED BASIS WITH RBC CAPITAL MARKETS, LLC

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**Name:** APEX CLEARING CORPORATION  
**CRD #:** 13071  
**Business Address:** 1700 PACIFIC AVENUE  
 SUITE 1400  
 DALLAS, TX 75201  
**Effective Date:** 06/06/2012  
**Description:** AEGIS CAPITAL CORP. HAS A CLEARING AGREEMENT ON A FULLY DISCLOSED BASIS WITH APEX CLEARING CORPORATION.

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

**Name:** COR CLEARING LLC  
**CRD #:** 117176  
**Business Address:** 1200 LANDMARK CENTER  
 SUITE 800  
 OMAHA, NE 68102  
**Effective Date:** 02/06/2015  
**Description:** AEGIS CAPITAL CORP HAS A CLEARING AGREEMENT ON A FULLY DISCLOSED BASIS WITH COR CLEARING LLC

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**Name:** RBC CAPITAL MARKETS, LLC



## Firm Operations



### Industry Arrangements (continued)

**CRD #:** 31194  
**Business Address:** ONE LIBERTY PLAZA  
165 BROADWAY  
NEW YORK, NY 10006  
**Effective Date:** 12/05/2012  
**Description:** AEGIS CAPITAL CORP HAS A CLEARING AGREEMENT ON A FULLY DISCLOSED BASIS WITH RBC CAPITAL MARKETS, LLC

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**Name:** APEX CLEARING CORPORATION  
**CRD #:** 13071  
**Business Address:** 1700 PACIFIC AVENUE  
SUITE 1400  
DALLAS, TX 75201  
**Effective Date:** 06/06/2012  
**Description:** AEGIS CAPITAL CORP. HAS A CLEARING AGREEMENT ON A FULLY DISCLOSED BASIS WITH APEX CLEARING CORPORATION

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### 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.

	<b>Pending</b>	<b>Final</b>	<b>On Appeal</b>
Regulatory Event	0	34	0
Arbitration	N/A	1	N/A



## Disclosure Event Details

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

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

### Regulatory - Final

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

### Disclosure 1 of 34

**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 DURING THE RESTRICTED PERIOD OF THE DISTRIBUTION OF SECURITIES OF A COMPANY'S OFFERING, WHILE THE FIRM ACTED AS A DISTRIBUTION PARTICIPANT FOR THE OFFERING, THE FIRM PURCHASED SHARES OF COMMON STOCK ON A PRINCIPAL BASIS IN A SINGLE TRANSACTION AND ENTERED QUOTES INTO THE MARKETPLACE. THE FINDINGS STATED THAT DURING THE RESTRICTED PERIOD OF THE COMPANY'S OFFERING, THE FIRM ACTED AS A DISTRIBUTION PARTICIPANT AND AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF SECURITIES FOR THE OFFERING. ON AUGUST 3, 2012, THE FIRM ENTERED A STABILIZING BID INTO THE MARKETPLACE IN CONNECTION WITH THE OFFERING OF THE COMPANY'S SECURITIES, WHICH WERE LISTED ON THE NASDAQ STOCK MARKET, AND FAILED TO PROVIDE PRIOR NOTICE OF ITS INTENT TO ENGAGE IN SUCH ACTIVITY. INSTEAD, THE FIRM FILED A NOTICE OF INTENT ON JUNE 10, 2014. THE FIRM, WHILE ACTING AS A DISTRIBUTION PARTICIPANT AND MARKET MAKER PARTICIPATING IN A DISTRIBUTION OF SECURITIES OF A COMPANY THAT PRICED ON SEPTEMBER 11, 2012, PURCHASED 175,000 SHARES OF THE SECURITY BETWEEN SEPTEMBER 12, 2012 AND OCTOBER 26, 2012 IN CONNECTION WITH SYNDICATE COVERING TRANSACTIONS ASSOCIATED WITH THE DISTRIBUTION, AND FAILED TO PROVIDE PRIOR NOTICE OF ITS INTENT TO ENGAGE IN SUCH ACTIVITY. INSTEAD, THE FIRM FILED A NOTICE OF INTENT ON JUNE 10, 2014. THE FIRM, WHILE ACTING AS A MANAGER (OR IN A SIMILAR CAPACITY) IN A DISTRIBUTION OF SECURITIES, WHICH WERE SUBJECT TO RESTRICTED PERIODS UNDER SEC RULE 101 ON BEHALF OF ISSUERS, FAILED TO TIMELY SUBMIT A NASDAQ RULE 4619(E)(1)(A) NOTICE AND/OR FAILED TO SUBMIT A COMPLETE NASDAQ RULE 4619(E)(1)(A) NOTICE LISTING ALL DISTRIBUTION PARTICIPANTS. THE FIRM, WHILE ACTING AS A DISTRIBUTION PARTICIPANT AND MARKET MAKER PARTICIPATING IN A DISTRIBUTION OF SECURITIES OF A COMPANY THAT PRICED ON FEBRUARY 21, 2014, PURCHASED 71,681 SHARES OF THE SECURITY BETWEEN FEBRUARY 21, 2014 AND APRIL 7, 2014 IN CONNECTION WITH SYNDICATE COVERING TRANSACTIONS ASSOCIATED WITH THE DISTRIBUTION, AND FAILED TO PROVIDE PRIOR NOTICE OF ITS INTENT TO ENGAGE IN SUCH ACTIVITY. INSTEAD, THE FIRM FILED A NOTICE OF INTENT ON MAY 21, 2015. THE FIRM, WHILE ACTING AS A DISTRIBUTION PARTICIPANT AND A MANAGER (OR IN A SIMILAR CAPACITY) FOR THE A COMPANY'S COMMON STOCK OFFERING, ENTERED QUOTES INTO THE MARKETPLACE ON JANUARY 2 AND 5, 2015, WHICH WAS DURING THE SECURITY'S RESTRICTED PERIOD (JANUARY 2, 2015 THROUGH JANUARY 8, 2015). THE FIRM, WHILE ACTING AS A MANAGER (OR IN A SIMILAR CAPACITY) IN A DISTRIBUTION OF SECURITIES, WHICH WAS SUBJECT TO A RESTRICTED PERIOD UNDER SEC RULE 101 ON BEHALF OF AN ISSUER, FAILED TO SUBMIT A NASDAQ RULE 4619(E)(1)(A) NOTICE BY DECEMBER



31, 2014, WHICH WAS THE BUSINESS DAY PRIOR TO THE FIRST COMPLETE TRADING SESSION OF THE APPLICABLE RESTRICTED PERIOD (JANUARY 2, 2015 THROUGH JANUARY 8, 2015). INSTEAD, THE FIRM FILED THE NOTICE ON JANUARY 5, 2015, FOUR DAYS LATE. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A REASONABLE SUPERVISORY SYSTEM TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS AND NASDAQ RULES, INCLUDING REASONABLE WRITTEN SUPERVISORY PROCEDURES.

**Initiated By:** NASDAQ STOCK MARKET

**Date Initiated:** 07/10/2019

**Docket/Case Number:** 2013038210401

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

**Other Product Type(s):**

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

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

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

**Resolution Date:** 07/10/2019

**Sanctions Ordered:** Monetary/Fine \$42,125.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$42,125.

#### Disclosure 2 of 34

**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 ON OCCASIONS, IT PARTICIPATED IN PUBLIC OFFERINGS THAT WERE SUBJECT TO FINRA RULE 5110, FILED DOCUMENTS WITH THE SEC SPECIFIED IN FINRA RULE 5110(B)(5) WITH RESPECT TO THE PUBLIC OFFERINGS, AND FAILED TO FILE THOSE SAME DOCUMENTS WITH FINRA. THE FINDINGS STATED THAT TO DATE, THESE DOCUMENTS HAVE NOT BEEN FILED WITH FINRA. IN ADDITION, ON OCCASIONS THE FIRM PARTICIPATED IN PUBLIC OFFERINGS THAT WERE SUBJECT TO RULE 5110 AND FAILED TO TIMELY FILE CERTAIN DOCUMENTS SPECIFIED IN FINRA



RULE 5110(B)(5) WITH FINRA AFTER IT HAD FILED SUCH DOCUMENTS WITH THE SEC. THE DOCUMENTS AT ISSUE WERE NOT TIMELY FILED WITH FINRA BY THE ISSUER, THE MANAGING UNDERWRITER, OR ANOTHER MEMBER HAVING BEEN FILED BETWEEN FOUR DAYS AND OVER TWO YEARS LATE. IN CONNECTION WITH TWO PROSPECTUSES, THE FIRM FAILED TO DISCLOSE A TOTAL OF \$14,000 IN UNDERWRITER'S COUNSEL'S FEES AND COMPENSATION. WITH RESPECT TO ONE OF THE PROSPECTUSES, THE FIRM FAILED TO DISCLOSE A 7.0 PERCENT UNDERWRITING DISCOUNT. THE FINDINGS ALSO STATED THAT DURING THE RESTRICTED PERIOD OF THE DISTRIBUTION OF SECURITIES OF A COMPANY'S OFFERING, WHILE THE FIRM ACTED AS A DISTRIBUTION PARTICIPANT FOR THE OFFERING, THE FIRM PURCHASED SHARES OF COMMON STOCK ON A PRINCIPAL BASIS IN A SINGLE TRANSACTION AND ENTERED QUOTES INTO THE MARKETPLACE. DURING THE RESTRICTED PERIOD OF THE DISTRIBUTION OF SECURITIES OF A COMPANY'S COMMON STOCK OFFERING, WHILE THE FIRM ACTED AS A DISTRIBUTION PARTICIPANT FOR THE OFFERING, THE FIRM ENTERED QUOTES INTO THE MARKETPLACE. THE FINDINGS ALSO INCLUDED THAT WHILE ACTING AS A MANAGER (OR IN A SIMILAR CAPACITY) IN A DISTRIBUTION OF COVERED SECURITIES THAT WERE SUBJECT TO RESTRICTED PERIODS UNDER SEC RULE 101 ON BEHALF OF ISSUERS, THE FIRM FILED RESTRICTED PERIOD NOTIFICATIONS LATE, AND FILED RESTRICTED PERIOD NOTIFICATIONS THAT DID NOT IDENTIFY ALL DISTRIBUTION PARTICIPANTS IN THE NOTICE. SIMILARLY, IN CONNECTION WITH ONE OF THE ISSUERS' OFFERING, THE FIRM FILED A TRADING NOTIFICATION LATE. FINRA FOUND THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A REASONABLE SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS. THE FIRM SUBSEQUENTLY ENHANCED ITS WSPS AND SYSTEMS TO ADDRESS THE SUBJECT RULE SET.

**Initiated By:** FINRA

**Date Initiated:** 07/10/2019

**Docket/Case Number:** 2013038210402

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

**Other Product Type(s):**

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

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

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



**Resolution Date:** 07/10/2019

**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 \$93,125.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$93,125.

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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 ON OCCASIONS, IT PARTICIPATED IN PUBLIC OFFERINGS THAT WERE SUBJECT TO FINRA RULE 5110, FILED DOCUMENTS WITH THE SEC SPECIFIED IN FINRA RULE 5110(B)(5) WITH RESPECT TO THE PUBLIC OFFERINGS, AND FAILED TO FILE THOSE SAME DOCUMENTS WITH FINRA. THE FINDINGS STATED THAT TO DATE, THESE DOCUMENTS HAVE NOT BEEN FILED WITH FINRA. IN ADDITION, ON OCCASIONS THE FIRM PARTICIPATED IN PUBLIC OFFERINGS THAT WERE SUBJECT TO RULE 5110 AND FAILED TO TIMELY FILE CERTAIN DOCUMENTS SPECIFIED IN FINRA RULE 5110(B)(5) WITH FINRA AFTER IT HAD FILED SUCH DOCUMENTS WITH THE SEC. THE DOCUMENTS AT ISSUE WERE NOT TIMELY FILED WITH FINRA BY THE ISSUER, THE MANAGING UNDERWRITER, OR ANOTHER MEMBER HAVING BEEN FILED BETWEEN FOUR DAYS AND OVER TWO YEARS LATE. IN CONNECTION WITH TWO PROSPECTUSES, THE FIRM FAILED TO DISCLOSE A TOTAL OF \$14,000 IN UNDERWRITER'S COUNSEL'S FEES AND COMPENSATION. WITH RESPECT TO ONE OF THE PROSPECTUSES, THE FIRM FAILED TO DISCLOSE A 7.0 PERCENT UNDERWRITING DISCOUNT. THE FINDINGS ALSO STATED THAT DURING THE RESTRICTED PERIOD OF THE DISTRIBUTION OF SECURITIES OF A COMPANY'S OFFERING, WHILE THE FIRM ACTED AS A DISTRIBUTION PARTICIPANT FOR THE OFFERING, THE FIRM PURCHASED SHARES OF COMMON STOCK ON A PRINCIPAL BASIS IN A SINGLE TRANSACTION AND ENTERED QUOTES INTO THE MARKETPLACE. DURING THE RESTRICTED PERIOD OF THE DISTRIBUTION OF SECURITIES OF A COMPANY'S COMMON STOCK OFFERING, WHILE THE FIRM ACTED AS A DISTRIBUTION PARTICIPANT FOR THE OFFERING, THE FIRM ENTERED QUOTES INTO THE





MARKETPLACE. THE FINDINGS ALSO INCLUDED THAT WHILE ACTING AS A MANAGER (OR IN A SIMILAR CAPACITY) IN A DISTRIBUTION OF COVERED SECURITIES THAT WERE SUBJECT TO RESTRICTED PERIODS UNDER SEC RULE 101 ON BEHALF OF ISSUERS, THE FIRM FILED RESTRICTED PERIOD NOTIFICATIONS LATE, AND FILED RESTRICTED PERIOD NOTIFICATIONS THAT DID NOT IDENTIFY ALL DISTRIBUTION PARTICIPANTS IN THE NOTICE. SIMILARLY, IN CONNECTION WITH ONE OF THE ISSUERS' OFFERING, THE FIRM FILED A TRADING NOTIFICATION LATE. FINRA FOUND THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A REASONABLE SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS. THE FIRM SUBSEQUENTLY ENHANCED ITS WSPS AND SYSTEMS TO ADDRESS THE SUBJECT RULE SET.

**Initiated By:** FINRA

**Date Initiated:** 07/10/2019

**Docket/Case Number:** 2013038210402

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

**Other Product Type(s):**

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

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

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

**Resolution Date:** 07/10/2019

**Sanctions Ordered:** Censure  
Monetary/Fine \$93,125.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$93,125. FINE WILL BE PAID IN ACCORDANCE TO TERMS OF THE PAYMENT PLAN ACCEPTED BY FINRA.

#### Disclosure 3 of 34

**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 DURING THE RESTRICTED PERIOD OF THE DISTRIBUTION OF SECURITIES OF A



COMPANY'S OFFERING, WHILE THE FIRM ACTED AS A DISTRIBUTION PARTICIPANT FOR THE OFFERING, THE FIRM PURCHASED SHARES OF COMMON STOCK ON A PRINCIPAL BASIS IN A SINGLE TRANSACTION AND ENTERED QUOTES INTO THE MARKETPLACE. THE FINDINGS STATED THAT DURING THE RESTRICTED PERIOD OF THE COMPANY'S OFFERING, THE FIRM ACTED AS A DISTRIBUTION PARTICIPANT AND AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF SECURITIES FOR THE OFFERING. ON AUGUST 3, 2012, THE FIRM ENTERED A STABILIZING BID INTO THE MARKETPLACE IN CONNECTION WITH THE OFFERING OF THE COMPANY'S SECURITIES, WHICH WERE LISTED ON THE NASDAQ STOCK MARKET, AND FAILED TO PROVIDE PRIOR NOTICE OF ITS INTENT TO ENGAGE IN SUCH ACTIVITY. INSTEAD, THE FIRM FILED A NOTICE OF INTENT ON JUNE 10, 2014. THE FIRM, WHILE ACTING AS A DISTRIBUTION PARTICIPANT AND MARKET MAKER PARTICIPATING IN A DISTRIBUTION OF SECURITIES OF A COMPANY THAT PRICED ON SEPTEMBER 11, 2012, PURCHASED 175,000 SHARES OF THE SECURITY BETWEEN SEPTEMBER 12, 2012 AND OCTOBER 26, 2012 IN CONNECTION WITH SYNDICATE COVERING TRANSACTIONS ASSOCIATED WITH THE DISTRIBUTION, AND FAILED TO PROVIDE PRIOR NOTICE OF ITS INTENT TO ENGAGE IN SUCH ACTIVITY. INSTEAD, THE FIRM FILED A NOTICE OF INTENT ON JUNE 10, 2014. THE FIRM, WHILE ACTING AS A MANAGER (OR IN A SIMILAR CAPACITY) IN A DISTRIBUTION OF SECURITIES, WHICH WERE SUBJECT TO RESTRICTED PERIODS UNDER SEC RULE 101 ON BEHALF OF ISSUERS, FAILED TO TIMELY SUBMIT A NASDAQ RULE 4619(E)(1)(A) NOTICE AND/OR FAILED TO SUBMIT A COMPLETE NASDAQ RULE 4619(E)(1)(A) NOTICE LISTING ALL DISTRIBUTION PARTICIPANTS. THE FIRM, WHILE ACTING AS A DISTRIBUTION PARTICIPANT AND MARKET MAKER PARTICIPATING IN A DISTRIBUTION OF SECURITIES OF A COMPANY THAT PRICED ON FEBRUARY 21, 2014, PURCHASED 71,681 SHARES OF THE SECURITY BETWEEN FEBRUARY 21, 2014 AND APRIL 7, 2014 IN CONNECTION WITH SYNDICATE COVERING TRANSACTIONS ASSOCIATED WITH THE DISTRIBUTION, AND FAILED TO PROVIDE PRIOR NOTICE OF ITS INTENT TO ENGAGE IN SUCH ACTIVITY. INSTEAD, THE FIRM FILED A NOTICE OF INTENT ON MAY 21, 2015. THE FIRM, WHILE ACTING AS A DISTRIBUTION PARTICIPANT AND A MANAGER (OR IN A SIMILAR CAPACITY) FOR THE A COMPANY'S COMMON STOCK OFFERING, ENTERED QUOTES INTO THE MARKETPLACE ON JANUARY 2 AND 5, 2015, WHICH WAS DURING THE SECURITY'S RESTRICTED PERIOD (JANUARY 2, 2015 THROUGH JANUARY 8, 2015). THE FIRM, WHILE ACTING AS A MANAGER (OR IN A SIMILAR CAPACITY) IN A DISTRIBUTION OF SECURITIES, WHICH WAS SUBJECT TO A RESTRICTED PERIOD UNDER SEC RULE 101 ON BEHALF OF AN ISSUER, FAILED TO SUBMIT A NASDAQ RULE 4619(E)(1)(A) NOTICE BY DECEMBER 31, 2014, WHICH WAS THE BUSINESS DAY PRIOR TO THE FIRST COMPLETE TRADING SESSION OF THE APPLICABLE RESTRICTED PERIOD (JANUARY 2, 2015 THROUGH JANUARY 8, 2015). INSTEAD, THE FIRM FILED THE NOTICE



ON JANUARY 5, 2015, FOUR DAYS LATE. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A REASONABLE SUPERVISORY SYSTEM TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS AND NASDAQ RULES, INCLUDING REASONABLE WRITTEN SUPERVISORY PROCEDURES.

**Initiated By:** NASDAQ STOCK MARKET

**Date Initiated:** 07/10/2019

**Docket/Case Number:** 2013038210401

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

**Other Product Type(s):**

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

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

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

**Resolution Date:** 07/10/2019

**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 \$42,125.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$42,125.

#### Disclosure 4 of 34

**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 REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE CORPORATE DEBT SECURITIES AND TRANSACTIONS IN TRACE-ELIGIBLE SECURITIZED PRODUCTS WITHIN THE TIME REQUIRED BY FINRA RULE 6730(A). THE FINDINGS STATED THAT THE



FIRM FAILED TO REPORT TO TRACE THE CORRECT TIME OF TRADE EXECUTION FOR TRANSACTIONS IN TRACE-ELIGIBLE CORPORATE DEBT SECURITIES AND FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIZED PRODUCTS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO SHOW THE CORRECT TIME OF EXECUTION OF THE MEMORANDUM OF BROKERAGE ORDERS.

**Initiated By:** FINRA

**Date Initiated:** 12/14/2018

**Docket/Case Number:** 2015047803301

**Principal Product Type:** Debt - Corporate

**Other Product Type(s):** SECURITIZED PRODUCTS

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

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

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

**Resolution Date:** 12/14/2018

**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 \$64,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$64,000.

**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 REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE CORPORATE DEBT SECURITIES AND TRANSACTIONS IN TRACE-ELIGIBLE SECURITIZED PRODUCTS WITHIN THE TIME REQUIRED BY FINRA RULE 6730(A). THE FINDINGS STATED THAT THE



FIRM FAILED TO REPORT TO TRACE THE CORRECT TIME OF TRADE EXECUTION FOR TRANSACTIONS IN TRACE ELIGIBLE CORPORATE DEBT SECURITIES AND FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIZED PRODUCTS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO SHOW THE CORRECT TIME OF EXECUTION OF THE MEMORANDUM OF BROKERAGE ORDERS.

**Initiated By:** FINRA

**Date Initiated:** 12/14/2018

**Docket/Case Number:** 2015047803301

**Principal Product Type:** Debt - Corporate

**Other Product Type(s):** SECURITIZED PRODUCTS

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

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

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

**Resolution Date:** 12/14/2018

**Sanctions Ordered:** Censure  
Monetary/Fine \$64,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$64,000.

#### Disclosure 5 of 34

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC ADMIN RELEASE 34-82956 / MARCH 28, 2018:  
THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AND SECTION 203(E) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT") AGAINST AEGIS CAPITAL CORPORATION ("AEGIS" OR "RESPONDENT").  
THE COMMISSION FINDS THAT FROM AT LEAST LATE 2012 THROUGH EARLY 2014, AEGIS, A REGISTERED BROKER-DEALER, FAILED TO FILE SUSPICIOUS ACTIVITY REPORTS ("SARS") ON HUNDREDS OF



TRANSACTIONS WHEN IT KNEW, SUSPECTED, OR HAD REASON TO SUSPECT THAT THE TRANSACTIONS INVOLVED THE USE OF THE BROKER-DEALER TO FACILITATE FRAUDULENT ACTIVITY OR HAD NO BUSINESS OR APPARENT LAWFUL PURPOSE. MANY OF THE TRANSACTIONS INVOLVED RED FLAGS OF POTENTIAL MARKET MANIPULATION, INCLUDING HIGH TRADING VOLUME IN COMPANIES WITH LITTLE OR NO BUSINESS ACTIVITY DURING A TIME OF SIMULTANEOUS PROMOTIONAL ACTIVITY. AEGIS DID NOT FILE SARs ON THESE TRANSACTIONS EVEN WHEN IT SPECIFICALLY IDENTIFIED AML RED FLAGS IMPLICATED BY THESE TRANSACTIONS IN ITS WRITTEN SUPERVISORY PROCEDURES.

ALTHOUGH AEGIS HAD WRITTEN SUPERVISORY PROCEDURES CONCERNING AML COMPLIANCE, THE FIRM'S INTERNAL TRADE REVIEW MECHANISMS TO IDENTIFY THE AML RED FLAGS LISTED IN ITS WRITTEN SUPERVISORY PROCEDURES WERE INEFFECTIVE. FOR EXAMPLE, THE TRADING SURVEILLANCE SYSTEM USED BY AEGIS WAS INEFFECTIVE AS IT DID NOT ANALYZE LOW-PRICED SECURITIES TRANSACTIONS IN DELIVERY VERSUS PAYMENT/RECEIVE VERSUS PAYMENT ACCOUNTS ("DVP/RVP"). AEGIS' FAILURE TO FILE SARs WENT BEYOND ITS INADEQUATE SYSTEMS TO SURVEIL FOR SUSPICIOUS ACTIVITY. THROUGHOUT THE RELEVANT PERIOD, SENIOR AEGIS PERSONNEL BECAME AWARE OF TRANSACTIONS THAT EXHIBITED NUMEROUS AML RED FLAGS THROUGH ALERTS FROM ITS CLEARING FIRM (HEREINAFTER DEFINED AS "AML ALERTS"). ALL OF THESE AML ALERTS WERE SENT DIRECTLY TO AEGIS' AML COMPLIANCE OFFICERS ("AML COS") WHO WERE (I) PER AEGIS' WRITTEN SUPERVISORY PROCEDURES, RESPONSIBLE FOR FILING SARs ON THE FIRM'S BEHALF AND (II) THE PRIMARY POINT OF CONTACT FOR THE CLEARING FIRMS AS IT RELATED TO SUSPICIOUS ACTIVITY.

ALTHOUGH THE AML ALERTS RAISED MANY RED FLAGS - INCLUDING MANY RED FLAGS LISTED IN AEGIS' WRITTEN SUPERVISORY PROCEDURES AS EXAMPLES OF SUSPICIOUS ACTIVITIES - AEGIS DID NOT FILE SARs REGARDING THESE TRANSACTIONS. IN FACT, AEGIS DID NOT CREATE WRITTEN ANALYSES OR COMPILE OTHER RECORDS INDICATING THAT IT HAD CONSIDERED FILING SARs. RATHER, AEGIS CLOSED SOME ACCOUNTS DUE AT LEAST IN PART TO SUSPICIOUS ACTIVITY WHILE NEGLECTING TO FILE A SAR FOR THAT ACTIVITY AND DID NOT INVESTIGATE WHY ITS OWN SURVEILLANCE SYSTEMS FAILED TO DETECT THE SUSPICIOUS ACTIVITY.

AS A RESULT, AEGIS WILLFULLY VIOLATED EXCHANGE ACT SECTION 17(A) AND RULE 17A-8 THEREUNDER.

**Initiated By:** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
**Date Initiated:** 03/28/2018  
**Docket/Case Number:** 3-18412  
**Principal Product Type:** Other



<b>Other Product Type(s):</b>	UNSPECIFIED SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	03/28/2018
<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 \$750,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS
<b>Sanction Details:</b>	AEGIS IS CENSURED AND ORDERED TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-8 THEREUNDER. AEGIS SHALL PAY A CIVIL MONETARY PENALTY IN THE AMOUNT OF \$750,000 TO THE SECURITIES AND EXCHANGE COMMISSION. AEGIS IS ALSO ORDERED TO COMPLY WITH CERTAIN UNDERTAKINGS.
<b>Regulator Statement</b>	RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT ("OFFER") THAT THE COMMISSION HAS DETERMINED TO ACCEPT. AEGIS WILLFULLY VIOLATED EXCHANGE ACT SECTION 17(A) AND RULE 17A-8 THEREUNDER. IT IS ORDERED THAT AEGIS IS CENSURED AND SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-8 THEREUNDER. AEGIS SHALL PAY A CIVIL MONETARY PENALTY IN THE AMOUNT OF \$750,000 TO THE SECURITIES AND EXCHANGE COMMISSION. AEGIS IS ALSO ORDERED TO COMPLY WITH CERTAIN UNDERTAKINGS.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	SEC ADMIN RELEASE 34-82956 / MARCH 28, 2018: THE SECURITIES AND



EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AND SECTION 203(E) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT") AGAINST AEGIS CAPITAL CORPORATION ("AEGIS" OR "RESPONDENT"). THE COMMISSION FINDS THAT FROM AT LEAST LATE 2012 THROUGH EARLY 2014, AEGIS, A REGISTERED BROKER-DEALER, FAILED TO FILE SUSPICIOUS ACTIVITY REPORTS ("SARS") ON HUNDREDS OF TRANSACTIONS WHEN IT KNEW, SUSPECTED, OR HAD REASON TO SUSPECT THAT THE TRANSACTIONS INVOLVED THE USE OF THE BROKER-DEALER TO FACILITATE FRAUDULENT ACTIVITY OR HAD NO BUSINESS OR APPARENT LAWFUL PURPOSE. MANY OF THE TRANSACTIONS INVOLVED RED FLAGS OF POTENTIAL MARKET MANIPULATION, INCLUDING HIGH TRADING VOLUME IN COMPANIES WITH LITTLE OR NO BUSINESS ACTIVITY DURING A TIME OF SIMULTANEOUS PROMOTIONAL ACTIVITY. AEGIS DID NOT FILE SARS ON THESE TRANSACTIONS EVEN WHEN IT SPECIFICALLY IDENTIFIED AML RED FLAGS IMPLICATED BY THESE TRANSACTIONS IN ITS WRITTEN SUPERVISORY PROCEDURES. ALTHOUGH AEGIS HAD WRITTEN SUPERVISORY PROCEDURES CONCERNING AML COMPLIANCE, THE FIRM'S INTERNAL TRADE REVIEW MECHANISMS TO IDENTIFY THE AML RED FLAGS LISTED IN ITS WRITTEN SUPERVISORY PROCEDURES WERE INEFFECTIVE. FOR EXAMPLE, THE TRADING SURVEILLANCE SYSTEM USED BY AEGIS WAS INEFFECTIVE AS IT DID NOT ANALYZE LOW-PRICED SECURITIES TRANSACTIONS IN DELIVERY VERSUS PAYMENT/RECEIVE VERSUS PAYMENT ACCOUNTS ("DVP/RVP"). AEGIS' FAILURE TO FILE SARS WENT BEYOND ITS INADEQUATE SYSTEMS TO SURVEIL FOR SUSPICIOUS ACTIVITY. THROUGHOUT THE RELEVANT PERIOD, SENIOR AEGIS PERSONNEL BECAME AWARE OF TRANSACTIONS THAT EXHIBITED NUMEROUS AML RED FLAGS THROUGH ALERTS FROM ITS CLEARING FIRM (HEREINAFTER DEFINED AS "AML ALERTS"). ALL OF THESE AML ALERTS WERE SENT DIRECTLY TO AEGIS' AML COMPLIANCE OFFICERS ("AML COS") WHO WERE (I) PER AEGIS' WRITTEN SUPERVISORY PROCEDURES, RESPONSIBLE FOR FILING SARS ON THE FIRM'S BEHALF AND (II) THE PRIMARY POINT OF CONTACT FOR THE CLEARING FIRMS AS IT RELATED TO SUSPICIOUS ACTIVITY. ALTHOUGH THE AML ALERTS RAISED MANY RED FLAGS - INCLUDING MANY RED FLAGS LISTED IN AEGIS' WRITTEN SUPERVISORY PROCEDURES AS EXAMPLES OF SUSPICIOUS ACTIVITIES - AEGIS DID NOT FILE SARS REGARDING THESE TRANSACTIONS. IN FACT, AEGIS DID NOT CREATE WRITTEN ANALYSES OR COMPILE OTHER RECORDS INDICATING THAT IT HAD CONSIDERED FILING SARS. RATHER, AEGIS CLOSED SOME ACCOUNTS DUE AT LEAST IN PART TO SUSPICIOUS ACTIVITY WHILE NEGLECTING TO FILE A SAR FOR THAT ACTIVITY AND DID NOT INVESTIGATE WHY ITS OWN SURVEILLANCE





SYSTEMS FAILED TO DETECT THE SUSPICIOUS ACTIVITY. AS A RESULT, AEGIS WILLFULLY VIOLATED EXCHANGE ACT SECTION 17(A) AND RULE 17A-8 THEREUNDER.

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

**Date Initiated:** 03/28/2018

**Docket/Case Number:** 3-18412

**Principal Product Type:** Other

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

**Principal Sanction(s)/Relief Sought:** Cease and Desist

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

**Resolution:** Order

**Resolution Date:** 03/28/2018

**Sanctions Ordered:** Censure  
Monetary/Fine \$750,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** AEGIS IS CENSURED AND ORDERED TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-8 THEREUNDER. AEGIS SHALL PAY A CIVIL MONETARY PENALTY IN THE AMOUNT OF \$750,000 TO THE SECURITIES AND EXCHANGE COMMISSION. AEGIS PAID A PORTION OF THE FINE ON 04/04/2018 AND BALANCE WILL BE PAID IN SUBSEQUENT INSTALLMENTS. AEGIS WILL COMPLY WITH UNDERTAKINGS.

**Firm Statement** ON THE ADVICE OF COUNSEL THE FIRM AGREED TO RESOLVE THE MATTER. IT IS IMPORTANT TO NOTE THAT THE MATTER (I) RELATED TO ONLY 7 DVP ACCOUNTS, ALL OF WHICH HAVE BEEN CLOSED FOR YEARS; (II) NO RETAIL CUSTOMERS WERE INVOLVED NOR WERE ANY CUSTOMERS OF THE FIRM HARMED; (III) THE UNDERLYING ACTIVITY TOOK PLACE MORE THAN 4 YEARS EARLIER; (IV) THE FIRM HAS LONG SINCE EXITED THIS LINE OF BUSINESS; AND (V) THE BROKERS INVOLVED ARE NO LONGER WITH THE FIRM.

#### Disclosure 6 of 34

**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 ESTABLISH AND IMPLEMENT AN ANTI-MONEY LAUNDERING ("AML") PROGRAM REASONABLY DESIGNED TO DETECT AND INVESTIGATE CERTAIN "RED FLAGS" INDICATIVE OF POTENTIALLY SUSPICIOUS TRANSACTIONS IN DELIVERY VERSUS PAYMENT/RECEIVE VERSUS PAYMENT ("DVP") ACCOUNTS. THE FINDINGS STATED THAT THE FIRM HAD VARIOUS BROKERAGE CUSTOMERS WHO TRANSACTED IN LOW-PRICED SECURITIES. SEVERAL OF THESE CUSTOMERS DID SO THROUGH DVP ACCOUNTS. IN DVP ACCOUNTS HELD AT THE FIRM, THE CUSTOMER DEPOSITED THEIR SHARES AT ANOTHER FIRM IN A CUSTODIAL ACCOUNT, AND THE SALE TRANSACTIONS WERE EFFECTED THROUGH THE FIRM. SEVERAL OF THESE CUSTOMERS WERE FOREIGN FINANCIAL INSTITUTIONS THAT EFFECTED TRANSACTIONS ON BEHALF OF THEIR UNDERLYING CUSTOMERS, ALL OF WHOM WERE UNKNOWN TO THE FIRM. THE FIRM HAD RELATIONSHIPS WITH THREE CLEARING FIRMS THAT ASSISTED IN EFFECTING LOW-PRICED SECURITIES TRANSACTIONS. ALTHOUGH THE AML WRITTEN SUPERVISORY PROCEDURES (WSPS) OF THE FIRM SET FORTH GENERAL PRINCIPLES AND DESCRIBED RED FLAGS INDICATIVE OF SUSPICIOUS TRANSACTIONS, THEY FAILED TO ADDRESS RISKS SPECIFIC TO TRADING IN DVP ACCOUNTS. THE AML WSPS DID NOT INCLUDE OTHER RED FLAGS RELATED TO ACTIVITY IN DVP ACCOUNTS AND FIRM PERSONNEL DID NOT OTHERWISE MONITOR FOR LOW-PRICED SECURITIES TRANSACTIONS, INCLUDING LIQUIDATIONS, IN DVP ACCOUNTS. THE FIRM'S AML WSPS ALSO DID NOT REQUIRE THE FIRM TO MONITOR FOR AML "RED FLAGS" RELATED TO THE BENEFICIAL OWNER OF DVP ACCOUNTS SUCH AS THE OWNER'S BACKGROUND, MULTIPLE ACCOUNTS HELD BY THE SAME OWNER OR HOW THE CUSTOMER ACQUIRED THE SHARES. THEREFORE, THE AML WSPS WERE NOT TAILORED TO THE RISKS ASSOCIATED WITH THE SALE OF LOW-PRICED SECURITIES THROUGH DVP ACCOUNTS. IN RESPONSE TO THE DEFICIENCIES IDENTIFIED IN AN EXAMINATION BY THE SEC'S OFFICE OF COMPLIANCE INSPECTIONS AND EXAMINATIONS - THE FIRM UPDATED ITS WSPS TO REQUIRE THAT LOW-PRICED SECURITIES TRANSACTIONS IN DVP ACCOUNTS BE SUBJECTED TO THE SAME DUE DILIGENCE AS CASH ACCOUNTS WHEN CUSTOMERS DEPOSITED PHYSICAL SECURITIES. ALTHOUGH THE FIRM ADOPTED THE DVP SPECIFIC WSPS, ITS SUPERVISORY STAFF FAILED TO IMPLEMENT THEM CONSISTENTLY. THE FINDINGS ALSO STATED THAT SIMILARLY, THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A REASONABLE SUPERVISORY SYSTEM, INCLUDING WRITTEN PROCEDURES, RELATED TO THE SALE OF LOW-PRICED SECURITIES IN DVP ACCOUNTS. AS A RESULT, THE FIRM DID NOT ADEQUATELY MONITOR OR INVESTIGATE ANY TRADING IN ITS DVP



ACCOUNTS, INCLUDING LOW-PRICED SECURITIES TRANSACTIONS. IN PARTICULAR, THE FIRM FAILED TO ADEQUATELY MONITOR OR INVESTIGATE THE TRADING IN SEVEN DIFFERENT DVP CUSTOMER ACCOUNTS THAT, DURING THE RELEVANT PERIOD, LIQUIDATED BILLIONS OF SHARES OF LOW-PRICED SECURITIES IN EIGHT ISSUERS. THE CUSTOMERS GENERATED MILLIONS OF DOLLARS IN PROCEEDS IN CONNECTION WITH THESE TRANSACTIONS. THE FIRM THUS FAILED ADEQUATELY TO IMPLEMENT PROCEDURES TO MONITOR FOR SUSPICIOUS ACTIVITY INVOLVING LOW-PRICED SECURITIES TRANSACTIONS IN DVP ACCOUNTS FOR THE ENTIRETY OF THE RELEVANT PERIOD. THE FINDINGS ALSO INCLUDED THAT THE FIRM ALSO FAILED TO HAVE AN ADEQUATE ANNUAL AML TRAINING PROGRAM. WHILE THE FIRM REQUIRED ALL EMPLOYEES TO COMPLETE A COMPUTERIZED TRAINING MODULE THAT INCLUDED TRAINING ON AML ISSUES, NONE OF THESE MODULES INCLUDED ANY DISCUSSION OF THE RED FLAGS ASSOCIATED WITH LOW-PRICED SECURITIES TRANSACTIONS. ACCORDINGLY, THE FIRM'S EMPLOYEES - INCLUDING THOSE EMPLOYEES RESPONSIBLE FOR REVIEWING TRADES - NEVER RECEIVED ANY TRAINING FROM THE FIRM THAT INCLUDED EXAMPLES OF THE RED FLAGS ASSOCIATED WITH LOW-PRICED SECURITIES TRANSACTIONS THAT WERE OUTLINED IN THE FIRM'S WSPS.

**Initiated By:** FINRA

**Date Initiated:** 03/28/2018

**Docket/Case Number:** 2013038750901

**Principal Product Type:** Other

**Other Product Type(s):** LOW-PRICED SECURITIES

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

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

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

**Resolution Date:** 03/28/2018

**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 \$550,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$550,000.

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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 IT FAILED TO ESTABLISH AND IMPLEMENT AN ANTI-MONEY LAUNDERING ("AML") PROGRAM REASONABLY DESIGNED TO DETECT AND INVESTIGATE CERTAIN "RED FLAGS" INDICATIVE OF POTENTIALLY SUSPICIOUS TRANSACTIONS IN DELIVERY VERSUS PAYMENT/RECEIVE VERSUS PAYMENT ("DVP") ACCOUNTS. THE FINDINGS STATED THAT THE FIRM HAD VARIOUS BROKERAGE CUSTOMERS WHO TRANSACTED IN LOW-PRICED SECURITIES. SEVERAL OF THESE CUSTOMERS DID SO THROUGH DVP ACCOUNTS. IN DVP ACCOUNTS HELD AT THE FIRM, THE CUSTOMER DEPOSITED THEIR SHARES AT ANOTHER FIRM IN A CUSTODIAL ACCOUNT, AND THE SALE TRANSACTIONS WERE EFFECTED THROUGH THE FIRM. SEVERAL OF THESE CUSTOMERS WERE FOREIGN FINANCIAL INSTITUTIONS THAT EFFECTED TRANSACTIONS ON BEHALF OF THEIR UNDERLYING CUSTOMERS, ALL OF WHOM WERE UNKNOWN TO THE FIRM. THE FIRM HAD RELATIONSHIPS WITH THREE CLEARING FIRMS THAT ASSISTED IN EFFECTING LOW-PRICED SECURITIES TRANSACTIONS. ALTHOUGH THE AML WRITTEN SUPERVISORY PROCEDURES (WSPS) OF THE FIRM SET FORTH GENERAL PRINCIPLES AND DESCRIBED RED FLAGS INDICATIVE OF SUSPICIOUS TRANSACTIONS, THEY FAILED TO ADDRESS RISKS SPECIFIC TO TRADING IN DVP ACCOUNTS. THE AML WSPS DID NOT INCLUDE OTHER RED FLAGS RELATED TO ACTIVITY IN DVP ACCOUNTS AND FIRM PERSONNEL DID NOT OTHERWISE MONITOR FOR LOW-PRICED SECURITIES TRANSACTIONS, INCLUDING LIQUIDATIONS, IN DVP ACCOUNTS. THE FIRM'S AML WSPS ALSO DID NOT REQUIRE THE FIRM TO MONITOR FOR AML "RED FLAGS" RELATED TO THE BENEFICIAL OWNER OF DVP ACCOUNTS SUCH AS THE OWNER'S BACKGROUND, MULTIPLE ACCOUNTS HELD BY THE SAME OWNER OR HOW THE CUSTOMER ACQUIRED THE SHARES. THEREFORE, THE AML WSPS WERE NOT TAILORED TO THE RISKS ASSOCIATED WITH THE SALE OF LOW-PRICED SECURITIES THROUGH DVP ACCOUNTS. IN RESPONSE TO THE DEFICIENCIES IDENTIFIED IN AN EXAMINATION BY THE SEC'S OFFICE OF COMPLIANCE INSPECTIONS AND EXAMINATIONS - THE FIRM UPDATED ITS WSPS TO REQUIRE THAT LOW-PRICED SECURITIES TRANSACTIONS IN DVP ACCOUNTS BE SUBJECTED TO THE SAME DUE DILIGENCE AS CASH ACCOUNTS WHEN CUSTOMERS



DEPOSITED PHYSICAL SECURITIES. ALTHOUGH THE FIRM ADOPTED THE DVP SPECIFIC WSPS, ITS SUPERVISORY STAFF FAILED TO IMPLEMENT THEM CONSISTENTLY. THE FINDINGS ALSO STATED THAT SIMILARLY, THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A REASONABLE SUPERVISORY SYSTEM, INCLUDING WRITTEN PROCEDURES, RELATED TO THE SALE OF LOW-PRICED SECURITIES IN DVP ACCOUNTS. AS A RESULT, THE FIRM DID NOT ADEQUATELY MONITOR OR INVESTIGATE ANY TRADING IN ITS DVP ACCOUNTS, INCLUDING LOW-PRICED SECURITIES TRANSACTIONS. IN PARTICULAR, THE FIRM FAILED TO ADEQUATELY MONITOR OR INVESTIGATE THE TRADING IN SEVEN DIFFERENT DVP CUSTOMER ACCOUNTS THAT, DURING THE RELEVANT PERIOD, LIQUIDATED BILLIONS OF SHARES OF LOW-PRICED SECURITIES IN EIGHT ISSUERS. THE CUSTOMERS GENERATED MILLIONS OF DOLLARS IN PROCEEDS IN CONNECTION WITH THESE TRANSACTIONS. THE FIRM THUS FAILED ADEQUATELY TO IMPLEMENT PROCEDURES TO MONITOR FOR SUSPICIOUS ACTIVITY INVOLVING LOW-PRICED SECURITIES TRANSACTIONS IN DVP ACCOUNTS FOR THE ENTIRETY OF THE RELEVANT PERIOD. THE FINDINGS ALSO INCLUDED THAT THE FIRM ALSO FAILED TO HAVE AN ADEQUATE ANNUAL AML TRAINING PROGRAM. WHILE THE FIRM REQUIRED ALL EMPLOYEES TO COMPLETE A COMPUTERIZED TRAINING MODULE THAT INCLUDED TRAINING ON AML ISSUES, NONE OF THESE MODULES INCLUDED ANY DISCUSSION OF THE RED FLAGS ASSOCIATED WITH LOW-PRICED SECURITIES TRANSACTIONS. ACCORDINGLY, THE FIRM'S EMPLOYEES - INCLUDING THOSE EMPLOYEES RESPONSIBLE FOR REVIEWING TRADES - NEVER RECEIVED ANY TRAINING FROM THE FIRM THAT INCLUDED EXAMPLES OF THE RED FLAGS ASSOCIATED WITH LOW-PRICED SECURITIES TRANSACTIONS THAT WERE OUTLINED IN THE FIRM'S WSPS.

**Initiated By:** FINRA

**Date Initiated:** 03/28/2018

**Docket/Case Number:** 2013038750901

**Principal Product Type:** Other

**Other Product Type(s):** LOW-PRICED SECURITIES

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

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

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

**Resolution Date:** 03/28/2018

**Sanctions Ordered:** Censure



Monetary/Fine \$550,000.00

**Other Sanctions Ordered:**

**Sanction Details:**

THE FIRM WAS CENSURED AND FINED \$550,000.

**Firm Statement**

ON THE ADVICE OF COUNSEL THE FIRM AGREED TO RESOLVE THE MATTER. IT IS IMPORTANT TO NOTE THAT THE MATTER (I) RELATED TO ONLY 7 DVP ACCOUNTS, ALL OF WHICH HAVE BEEN CLOSED FOR YEARS; (II) NO RETAIL CUSTOMERS WERE INVOLVED NOR WERE ANY CUSTOMERS OF THE FIRM HARMED; (III) THE UNDERLYING ACTIVITY TOOK PLACE MORE THAN 4 YEARS EARLIER; (IV) THE FIRM HAS LONG SINCE EXITED THIS LINE OF BUSINESS; AND (V) THE BROKERS INVOLVED ARE NO LONGER WITH THE FIRM.

**Disclosure 7 of 34**

**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 THE FIRM FAILED TO DISPLAY IMMEDIATELY 37 CUSTOMER LIMIT ORDERS IN LISTED SECURITIES IN ITS PUBLIC QUOTATION, WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY, OR WHEN THE ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER FOR EACH SUCH SECURITY, AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY.

**Initiated By:**

NASDAQ STOCK MARKET

**Date Initiated:**

09/20/2017

**Docket/Case Number:**

2015048082001

**Principal Product Type:**

Equity Listed (Common & Preferred Stock)

**Other Product Type(s):**

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

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

**Resolution:**

Acceptance, Waiver & Consent(AWC)

**Resolution Date:**

09/20/2017



**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.

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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 THE FIRM FAILED TO DISPLAY IMMEDIATELY 37 CUSTOMER LIMIT ORDERS IN LISTED SECURITIES IN ITS PUBLIC QUOTATION, WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY, OR WHEN THE ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER FOR EACH SUCH SECURITY, AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY.

**Initiated By:** NASDAQ STOCK MARKET

**Date Initiated:** 09/20/2017

**Docket/Case Number:** 2015048082001

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

**Other Product Type(s):**

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

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



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

**Resolution Date:** 09/20/2017

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

**Other Sanctions Ordered:**

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

#### Disclosure 8 of 34

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, AEGIS CAPITAL CORP CONSENTED TO THE SANCTION AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO EXECUTE ORDERS FULLY AND PROMPTLY. THE FINDINGS STATED THAT ADDITIONALLY, THE FIRM FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS AND THE RULES OF FINRA. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) ADDRESSING QUALITY OF MARKETS TOPICS FAILED TO SUFFICIENTLY PROVIDE FOR THE SUPERVISORY STEPS AND REVIEWS TO BE TAKEN BY THE APPROPRIATE SUPERVISOR, AND HOW SUCH REVIEWS SHALL BE DOCUMENTED.

**Initiated By:** FINRA

**Date Initiated:** 09/20/2017

**Docket/Case Number:** 2016048939201

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

**Other Product Type(s):**

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

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

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





**Resolution Date:** 09/20/2017

**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 \$27,500.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$27,500, ORDERED TO PAY \$620.30, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS AND REQUIRED TO REVISE ITS WSPS.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, AEGIS CAPITAL CORP CONSENTED TO THE SANCTION AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO EXECUTE ORDERS FULLY AND PROMPTLY. THE FINDINGS STATED THAT ADDITIONALLY, THE FIRM FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS AND THE RULES OF FINRA. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) ADDRESSING QUALITY OF MARKETS TOPICS FAILED TO SUFFICIENTLY PROVIDE FOR THE SUPERVISORY STEPS AND REVIEWS TO BE TAKEN BY THE APPROPRIATE SUPERVISOR, AND HOW SUCH REVIEWS SHALL BE DOCUMENTED.



**Initiated By:** FINRA  
**Date Initiated:** 09/20/2017  
**Docket/Case Number:** 2016048939201  
**Principal Product Type:** Equity Listed (Common & Preferred Stock)  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 09/20/2017  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$27,500.00  
 Disgorgement/Restitution  
**Other Sanctions Ordered:** UNDERTAKING  
**Sanction Details:** THE FIRM WAS CENSURED, FINED \$27,500, ORDERED TO PAY \$620.30, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS AND REQUIRED TO REVISE ITS WSPS.

#### Disclosure 9 of 34

**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 14 INSTANCES, THE FIRM'S ORDER MEMORANDA FAILED TO DOCUMENT THE CORRECT INFORMATION REGARDING 14 ORDERS. THE FINDINGS STATED THAT SPECIFICALLY, THESE 14 TICKETS IMPROPERLY INDICATED THAT THE ORDERS WERE "HELD" ORDERS. THESE INACCURATE ORDER TICKETS ALSO RESULTED IN THE FIRM IMPROPERLY REPORTING THESE ORDERS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) IN 14 INSTANCES AND IMPROPERLY REPORTING THESE TRADES TO THE FINRA TRADE REPORTING FACILITY (TRF) IN 14 INSTANCES. IN 24 INSTANCES, THE FIRM'S ORDER MEMORANDA FAILED TO DOCUMENT THE CORRECT INFORMATION REGARDING 24 ORDERS. SPECIFICALLY, THE 24 TICKETS IMPROPERLY INDICATED THAT THE ORDERS WERE "HELD" ORDERS. THE INACCURATE ORDER TICKETS ALSO RESULTED IN THE FIRM IMPROPERLY



REPORTING THE ORDERS TO OATS IN 24 INSTANCES. THE FINDINGS ALSO STATED THAT IN 50 TRANSACTIONS FOR OR WITH A CUSTOMER, THE FIRM FAILED TO EXECUTE A CUSTOMER ORDER FULLY AND PROMPTLY. IN 17 OF THE 50 INSTANCES, THE FIRM ALSO FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS. THE FIRM SUBMITTED 526 REPORTABLE ORDER EVENTS (ROES) TO OATS AFTER THE 8:00 AM DEADLINE, SUBMITTED 42 NEW ORDER REPORTS AND RELATED SUBSEQUENT REPORTS TO OATS WITH INACCURATE TIMESTAMPS, SUBMITTED 28 ROUTE OR COMBINED ORDER/ROUTE REPORTS TO OATS THAT OATS WAS UNABLE TO LINK TO THE RELATED ORDER IN THE INDICATED MARKET CENTER DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA, SUBMITTED 94 ROUTE OR COMBINED ORDER ROUTE REPORTS TO OATS THAT OATS WAS UNABLE TO MATCH TO THE RECEIVING FIRM'S RELATED NEW ORDER REPORT, AND FAILED TO SUBMIT 10 NEW ORDER REPORTS. SPECIFICALLY, THE FIRM WAS NAMED AS THE "SENT TO FIRM" FOR 10 ROUTE OR COMBINED ORDER ROUTE REPORTS THAT WERE REPORTED TO OATS BUT OATS WAS UNABLE TO MATCH THE ROUTE REPORTS BECAUSE THE FIRM FAILED TO SUBMIT THE RELATED NEW ORDER REPORTS. THE FINDINGS ALSO INCLUDED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING OATS SUPERVISION, BY FAILING TO DEVELOP PROCEDURES FOR A COMPREHENSIVE REVIEW OF THE OATS WEBSITE TO ENSURE THE FIRM'S OATS SUBMISSIONS ARE TIMELY, ACCURATE AND COMPLETE.

**Initiated By:** FINRA

**Date Initiated:** 03/06/2017

**Docket/Case Number:** 2014039874901

**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:** 03/06/2017



<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 \$52,000.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	UNDERTAKING: REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES; INTEREST
<b>Sanction Details:</b>	THE FIRM WAS CENSURED, FINED \$52,000, REQUIRED TO PAY \$615.87, PLUS INTEREST, IN RESTITUTION TO INVESTORS, AND UNDERTAKES TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IN 14 INSTANCES, THE FIRM'S ORDER MEMORANDA FAILED TO DOCUMENT THE CORRECT INFORMATION REGARDING 14 ORDERS. THE FINDINGS STATED THAT SPECIFICALLY, THESE 14 TICKETS IMPROPERLY INDICATED THAT THE ORDERS WERE "HELD" ORDERS. THESE INACCURATE ORDER TICKETS ALSO RESULTED IN THE FIRM IMPROPERLY REPORTING THESE ORDERS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) IN 14 INSTANCES AND IMPROPERLY REPORTING THESE TRADES TO THE FINRA TRADE REPORTING FACILITY (TRF) IN 14 INSTANCES. IN 24 INSTANCES, THE FIRM'S ORDER MEMORANDA FAILED TO DOCUMENT THE CORRECT INFORMATION REGARDING 24 ORDERS. SPECIFICALLY, THE 24 TICKETS IMPROPERLY INDICATED THAT THE ORDERS WERE "HELD" ORDERS. THE INACCURATE ORDER TICKETS ALSO RESULTED IN THE FIRM IMPROPERLY REPORTING THE ORDERS TO OATS IN 24 INSTANCES. THE FINDINGS ALSO STATED THAT IN 50 TRANSACTIONS FOR OR WITH A CUSTOMER, THE FIRM FAILED TO EXECUTE A CUSTOMER ORDER FULLY AND PROMPTLY. IN 17 OF THE 50 INSTANCES, THE FIRM ALSO FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS. THE FIRM SUBMITTED 526 REPORTABLE ORDER EVENTS (ROES) TO OATS AFTER THE 8:00 AM DEADLINE, SUBMITTED 42 NEW ORDER REPORTS AND RELATED SUBSEQUENT REPORTS TO OATS WITH INACCURATE TIMESTAMPS, SUBMITTED 28 ROUTE OR COMBINED



ORDER/ROUTE REPORTS TO OATS THAT OATS WAS UNABLE TO LINK TO THE RELATED ORDER IN THE INDICATED MARKET CENTER DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA, SUBMITTED 94 ROUTE OR COMBINED ORDER ROUTE REPORTS TO OATS THAT OATS WAS UNABLE TO MATCH TO THE RECEIVING FIRM'S RELATED NEW ORDER REPORT, AND FAILED TO SUBMIT 10 NEW ORDER REPORTS. SPECIFICALLY, THE FIRM WAS NAMED AS THE "SENT TO FIRM" FOR 10 ROUTE OR COMBINED ORDER ROUTE REPORTS THAT WERE REPORTED TO OATS BUT OATS WAS UNABLE TO MATCH THE ROUTE REPORTS BECAUSE THE FIRM FAILED TO SUBMIT THE RELATED NEW ORDER REPORTS. THE FINDINGS ALSO INCLUDED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING OATS SUPERVISION, BY FAILING TO DEVELOP PROCEDURES FOR A COMPREHENSIVE REVIEW OF THE OATS WEBSITE TO ENSURE THE FIRM'S OATS SUBMISSIONS ARE TIMELY, ACCURATE AND COMPLETE.

**Initiated By:** FINRA

**Date Initiated:** 03/06/2017

**Docket/Case Number:** 2014039874901

**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:** 03/06/2017

**Sanctions Ordered:** Censure  
Monetary/Fine \$52,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** UNDERTAKING: REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES; INTEREST

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND RESTITUTION TO INVESTORS IN THE AMOUNT OF \$615.87, PLUS INTEREST, PAYABLE WITHIN 90 DAYS, FINE PAID IN THE AMOUNT OF \$52,000; THE FIRM AGREED TO AN UNDERTAKING WHEREBY, WITHIN 60 DAYS AFTER ACCEPTANCE OF THIS AWC, TO REVISE ITS




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 WRITTEN SUPERVISORY PROCEDURES.
 

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**Disclosure 10 of 34**

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>A FINRA HEARING OFFICER CONSIDERED AN OFFER OF SETTLEMENT AND CONSENT ENTERED INTO BETWEEN FINRA ON BEHALF OF NYSE REGULATION, INC. AND THE FIRM.</p> <p>THE FIRM SUBMITTED AN OFFER OF SETTLEMENT AND CONSENT FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING, WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS REFERRED TO IN THE OFFER OF SETTLEMENT.</p> <p>THE HEARING OFFICER ACCEPTS THE OFFER OF SETTLEMENT AND CONSENT AND ISSUES THIS DECISION.</p> <p>THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR THE RULES OF THE EXCHANGE WITH RESPECT TO THE REQUIREMENTS TO CONDUCT SUPERVISORY REVIEWS TO ENSURE THAT ITS AUTHORIZED TRADERS MEET THE APPLICABLE REQUIREMENTS TO ACCESS THE EXCHANGE ON BEHALF OF THE FIRM AND/OR ITS CLIENTS.</p> <p>THE FINDINGS STATED THAT SPECIFICALLY THE FIRM'S PROCEDURES DID NOT INCLUDE: (1) SPECIFIC IDENTIFICATION OF THE INDIVIDUAL(S) RESPONSIBLE FOR SUPERVISION; (2) THE SUPERVISORY STEPS AND REVIEWS TO BE TAKEN BY THE APPROPRIATE SUPERVISOR; (3) THE FREQUENCY OF SUCH REVIEWS; AND (4) HOW SUCH REVIEWS SHALL BE DOCUMENTED. THUS, THE FIRM VIOLATED NYSE ARCA EQUITIES RULE 6.18.</p>
<b>Initiated By:</b>	NYSE ARCA, INC.
<b>Date Initiated:</b>	09/08/2016
<b>Docket/Case Number:</b>	2014039943501
<b>Principal Product Type:</b>	Equity Listed (Common & Preferred Stock)
<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>	09/08/2016
<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 \$15,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING
<b>Sanction Details:</b>	<p>THE FIRM WAS CENSURED AND FINED \$15,000. THE FIRM IS ORDERED TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF ITS POLICIES, SYSTEMS AND PROCEDURES, TO ENSURE COMPLIANCE WITH THE FOLLOWING:</p> <p>THE FIRM'S WRITTEN SUPERVISORY PROCEDURES ARE REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH THE REQUIREMENTS TO CONDUCT SUPERVISORY REVIEWS TO ENSURE THAT ITS AUTHORIZED TRADERS MEET THE APPLICABLE REQUIREMENTS TO ACCESS THE EXCHANGE ON BEHALF OF THE FIRM AND/OR ITS CLIENTS. WITHIN 30 DAYS AFTER THE DATE OF THIS DECISION, THE FIRM SHALL PROVIDE TO FINRA A REPRESENTATION THAT THE FIRM HAS REVISED ITS WRITTEN SUPERVISORY PROCEDURES TO ADDRESS THE SUPERVISORY DEFICIENCIES, IDENTIFIED, AND THE DATE THE REVISED PROCEDURES WERE IMPLEMENTED.</p>
<b>Regulator Statement</b>	<p>THE FIRM VIOLATED NYSE ARCA EQUITIES RULE 6.18 BY FAILING TO HAVE A SUPERVISORY SYSTEM THAT PROVIDED SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR THE RULES OF THE EXCHANGE WITH RESPECT TO THE REQUIREMENTS TO CONDUCT SUPERVISORY REVIEWS TO ENSURE THAT ITS AUTHORIZED TRADERS MEET THE APPLICABLE REQUIREMENTS TO ACCESS THE EXCHANGE ON BEHALF OF THE FIRM AND/OR ITS CLIENTS.</p>
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	A FINRA HEARING OFFICER CONSIDERED AN OFFER OF SETTLEMENT AND CONSENT ENTERED INTO BETWEEN FINRA ON BEHALF OF NYSE REGULATION, INC. AND THE FIRM. THE FIRM SUBMITTED AN OFFER OF SETTLEMENT AND CONSENT FOR THE SOLE PURPOSE OF SETTLING THIS



DISCIPLINARY PROCEEDING, WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS REFERRED TO IN THE OFFER OF SETTLEMENT. THE HEARING OFFICER ACCEPTS THE OFFER OF SETTLEMENT AND CONSENT AND ISSUES THIS DECISION. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR THE RULES OF THE EXCHANGE WITH RESPECT TO THE REQUIREMENTS TO CONDUCT SUPERVISORY REVIEWS TO ENSURE THAT ITS AUTHORIZED TRADERS MEET THE APPLICABLE REQUIREMENTS TO ACCESS THE EXCHANGE ON BEHALF OF THE FIRM AND/OR ITS CLIENTS. THE FINDINGS STATED THAT SPECIFICALLY THE FIRM'S PROCEDURES DID NOT INCLUDE: (1) SPECIFIC IDENTIFICATION OF THE INDIVIDUAL(S) RESPONSIBLE FOR SUPERVISION; (2) THE SUPERVISORY STEPS AND REVIEWS TO BE TAKEN BY THE APPROPRIATE SUPERVISOR; (3) THE FREQUENCY OF SUCH REVIEWS; AND (4) HOW SUCH REVIEWS SHALL BE DOCUMENTED. THUS, THE FIRM VIOLATED NYSE ARCA EQUITIES RULE 6.18.

**Initiated By:** NYSE ARCA, INC.

**Date Initiated:** 09/08/2016

**Docket/Case Number:** 2014039943501

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

**Other Product Type(s):**

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

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

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

**Resolution Date:** 09/08/2016

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

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$15,000. THE FIRM IS ORDERED TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF ITS POLICIES, SYSTEMS AND PROCEDURES, TO ENSURE COMPLIANCE WITH THE FOLLOWING: THE FIRM'S WRITTEN SUPERVISORY PROCEDURES ARE REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH THE REQUIREMENTS TO CONDUCT SUPERVISORY REVIEWS TO ENSURE THAT





ITS AUTHORIZED TRADERS MEET THE APPLICABLE REQUIREMENTS TO ACCESS THE EXCHANGE ON BEHALF OF THE FIRM AND/OR ITS CLIENTS. WITHIN 30 DAYS AFTER THE DATE OF THIS DECISION, THE FIRM SHALL PROVIDE TO FINRA A REPRESENTATION THAT THE FIRM HAS REVISED ITS WRITTEN SUPERVISORY PROCEDURES TO ADDRESS THE SUPERVISORY DEFICIENCIES, IDENTIFIED, AND THE DATE THE REVISED PROCEDURES WERE IMPLEMENTED.

#### Firm Statement

THE FIRM VIOLATED NYSE ARCA EQUITIES RULE 6.18 BY FAILING TO HAVE A SUPERVISORY SYSTEM THAT PROVIDED SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR THE RULES OF THE EXCHANGE WITH RESPECT TO THE REQUIREMENTS TO CONDUCT SUPERVISORY REVIEWS TO ENSURE THAT ITS AUTHORIZED TRADERS MEET THE APPLICABLE REQUIREMENTS TO ACCESS THE EXCHANGE ON BEHALF OF THE FIRM AND/OR ITS CLIENTS.

#### Disclosure 11 of 34

##### 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, DURING SEPARATE PERIODS, FAILED TO IMMEDIATELY DISPLAY CUSTOMER LIMIT ORDERS IN NASDAQ EXCHANGE-LISTED SECURITIES IN ITS PUBLIC QUOTATION, WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; OR WHEN THE ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER FOR EACH SUCH SECURITY, AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY.

THE FINDINGS STATED THAT THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES THAT REQUIRED THE DESIGNATED PRINCIPAL TO REVIEW ORDER RECORDS AND REPORT CARDS ON A DAILY BASIS TO REVIEW FOR COMPLIANCE WITH LIMIT ORDER DISPLAY REQUIREMENTS.

##### Initiated By:

NASDAQ STOCK MARKET

##### Date Initiated:

09/02/2016

##### Docket/Case Number:

2014041623901

##### Principal Product Type:

Other



**Other Product Type(s):** NASDAQ EXCHANGE-LISTED SECURITIES

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

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

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

**Resolution Date:** 09/02/2016

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$25,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$25,000.

**Regulator Statement** ASSOCIATED CASE NUMBER IS 20150449106.

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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 IT, DURING SEPARATE PERIODS, FAILED TO IMMEDIATELY DISPLAY CUSTOMER LIMIT ORDERS IN NASDAQ EXCHANGE-LISTED SECURITIES IN ITS PUBLIC QUOTATION, WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; OR WHEN THE ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER FOR EACH SUCH SECURITY, AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY. THE FINDINGS STATED THAT THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES THAT REQUIRED THE DESIGNATED PRINCIPAL TO REVIEW ORDER RECORDS AND REPORT CARDS ON A DAILY BASIS TO REVIEW FOR COMPLIANCE WITH LIMIT ORDER DISPLAY REQUIREMENTS.

**Initiated By:** NASDAQ STOCK MARKET



**Date Initiated:** 09/02/2016

**Docket/Case Number:** 2014041623901

**Principal Product Type:** Other

**Other Product Type(s):** NASDAQ EXCHANGE LIST SECURITIES

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

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

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

**Resolution Date:** 09/02/2016

**Sanctions Ordered:** Censure  
Monetary/Fine \$25,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS FINED AND CENSURED \$25,000.

**Firm Statement** ASSOCIATED CASE NUMBER IS 20150449106.

#### Disclosure 12 of 34

**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 ITS SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR THE RULES OF NASDAQ. THE FINDINGS STATED THAT AT A MINIMUM, ADEQUATE WSPS ADDRESSING QUALITY OF MARKETS TOPICS SHOULD DESCRIBE THE FOLLOWING: (A) SPECIFIC IDENTIFICATION OF THE INDIVIDUAL(S) RESPONSIBLE FOR SUPERVISION; (B) THE SUPERVISORY STEPS AND REVIEWS TO BE TAKEN BY THE APPROPRIATE SUPERVISOR; (C) THE FREQUENCY OF SUCH REVIEWS; AND, (D) HOW SUCH REVIEWS SHALL BE DOCUMENTED. THE FINDINGS ALSO STATED THAT THE FIRM'S WSPS FAILED TO PROVIDE FOR THE ABOVE-CITED MINIMUM REQUIREMENTS FOR ADEQUATE SUPERVISORY PROCEDURES IN THE FOLLOWING SUBJECT AREAS: 1) TRADE REPORTING: ENTERING THE CORRECT CAPACITY INTO THE NASDAQ EXCHANGE; AND 2) OTHER TRADING RULES: LOCKED AND CROSSED MARKETS, CLEARLY



ERRONEOUS TRANSACTIONS SUBMITTED TO NASDAQ, ACCURACY, AND INTEGRITY OF ORDERS, POTENTIAL ORDER ENTRY ERRORS.

**Initiated By:** NASDAQ STOCK MARKET

**Date Initiated:** 07/22/2016

**Docket/Case Number:** 2014039943501

**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:** 07/22/2016

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$5,000.

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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 ITS SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR THE RULES OF NASDAQ. THE FINDINGS STATED THAT AT A MINIMUM, ADEQUATE WSPS ADDRESSING QUALITY OF MARKETS TOPICS SHOULD DESCRIBE THE FOLLOWING: (A) SPECIFIC IDENTIFICATION OF THE INDIVIDUAL(S) RESPONSIBLE FOR SUPERVISION; (B) THE SUPERVISORY STEPS AND REVIEWS TO BE TAKEN BY THE APPROPRIATE SUPERVISOR;



(C) THE FREQUENCY OF SUCH REVIEWS; AND, (D) HOW SUCH REVIEWS SHALL BE DOCUMENTED. THE FINDINGS ALSO STATED THAT THE FIRM'S WSPS FAILED TO PROVIDE FOR THE ABOVE-CITED MINIMUM REQUIREMENTS FOR ADEQUATE SUPERVISORY PROCEDURES IN THE FOLLOWING SUBJECT AREAS: 1) TRADE REPORTING: ENTERING THE CORRECT CAPACITY INTO THE NASDAQ EXCHANGE; AND 2) OTHER TRADING RULES: LOCKED AND CROSSED MARKETS, CLEARLY ERRONEOUS TRANSACTIONS SUBMITTED TO NASDAQ, ACCURACY, AND INTEGRITY OF ORDERS, POTENTIAL ORDER ENTRY ERRORS.

**Initiated By:** NASDAQ STOCK MARKET

**Date Initiated:** 07/22/2016

**Docket/Case Number:** 2014039943501

**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:** 07/22/2016

**Sanctions Ordered:** Censure  
Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$5,000. PAYMENT WAS INITIATED ON 08/10/2016.

#### Disclosure 13 of 34

**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 TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTABLE ORDER EVENTS (ROES) THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA. THE FINDINGS STATED THAT SPECIFICALLY, THE FIRM SUBMITTED INCORRECT ORDER RECEIPT TIMES, AND FAILED TO SUBMIT DESK REPORTS TO OATS. THE FINDINGS ALSO



STATED THAT THE FIRM FAILED TO PROVIDE THE TRADING AHEAD OPT-IN/OPT-OUT DISCLOSURE PRIOR TO ACCEPTING HELD ORDERS FROM INSTITUTIONAL CUSTOMERS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO PROVIDE AN EXTENDED HOURS RISK DISCLOSURE TO A CUSTOMER PRIOR TO ACCEPTING AND EXECUTING AN ORDER OUTSIDE OF NORMAL MARKET HOURS. FINRA FOUND THAT THE FIRM FAILED TO DISCLOSE INFORMATION ON THE MEMORANDUM OF CUSTOMER ORDERS. SPECIFICALLY, THE FIRM FAILED TO DISCLOSE THAT IT WAS A REGISTERED MARKET MAKER IN A SECURITY, FAILED TO DISCLOSE THAT THE PRICE RECEIVED WAS AN AVERAGE PRICE TRANSACTION AND INCORRECTLY DISCLOSED THE EXECUTION CAPACITY AS AGENCY OR 1 ON THE CONFIRMATION, AND INCORRECTLY DISCLOSED THE EXECUTION CAPACITY AS AGENCY ON THE CONFIRMATION. FINRA ALSO FOUND THAT THE FIRM'S MANUAL ORDER TICKETS FAILED TO DOCUMENT THE CORRECT TIME OF ORDER RECEIPT. IN ADDITION, FINRA FOUND THAT THE FIRM, ON SEVERAL OCCASIONS, 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, AND DOCUMENTING COMPLIANCE WITH SEC RULE 203(B)(1) OF REGULATION SHO. MOREOVER, FINRA FOUND THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR THE RULES OF FINRA, INCLUDING SEC RULES 611(A) AND 611(C) OF REGULATION NMS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR THE MINIMUM REQUIREMENTS FOR ADEQUATE SUPERVISORY PROCEDURES IN THE FOLLOWING SUBJECT AREAS: SUPERVISORY SYSTEM, PROCEDURES & QUALIFICATIONS: QUALIFICATIONS OF SUPERVISORY PERSONNEL; AND SALES TRANSACTIONS: ORDER MARKING, LOCATE REQUIREMENTS, SEC RULE 204 CLOSE-OUT AND PRE-BORROW REQUIREMENTS, BONA FIDE MARKET MAKING, NAKED SHORT SELLING ANTIFRAUD RULE, TRADE REPORTING FACILITY REPORTING REQUIREMENTS, AND SEC RULE 201 COMPLIANCE. FURTHERMORE, FINRA FOUND THAT THE FIRM DID NOT HAVE WSPS IN PLACE TO ENSURE COMPLIANCE WITH SEC RULE 611(A) AND SEC RULE 611(C).

**Initiated By:** FINRA  
**Date Initiated:** 07/22/2016  
**Docket/Case Number:** 2014039943502



**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:** 07/22/2016

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$97,500.00

**Other Sanctions Ordered:** REQUIRED TO REVISE ITS WSPS.

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$97,500 AND REQUIRED TO REVISE ITS WSPS. FINES PAID IN FULL ON AUGUST 12, 2019.

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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 IT TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTABLE ORDER EVENTS (ROES) THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA. THE FINDINGS STATED THAT SPECIFICALLY, THE FIRM SUBMITTED INCORRECT ORDER RECEIPT TIMES, AND FAILED TO SUBMIT DESK REPORTS TO OATS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO PROVIDE THE TRADING AHEAD OPT-IN/OPT-OUT DISCLOSURE PRIOR TO ACCEPTING HELD ORDERS FROM INSTITUTIONAL CUSTOMERS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO PROVIDE AN EXTENDED HOURS RISK DISCLOSURE TO A CUSTOMER PRIOR TO ACCEPTING AND EXECUTING AN ORDER OUTSIDE OF NORMAL MARKET HOURS. FINRA FOUND THAT THE FIRM FAILED TO DISCLOSE INFORMATION ON THE MEMORANDUM OF CUSTOMER ORDERS. SPECIFICALLY, THE FIRM FAILED TO DISCLOSE THAT IT WAS A REGISTERED MARKET MAKER IN A SECURITY, FAILED TO DISCLOSE THAT



THE PRICE RECEIVED WAS AN AVERAGE PRICE TRANSACTION AND INCORRECTLY DISCLOSED THE EXECUTION CAPACITY AS AGENCY OR 1 ON THE CONFIRMATION, AND INCORRECTLY DISCLOSED THE EXECUTION CAPACITY AS AGENCY ON THE CONFIRMATION. FINRA ALSO FOUND THAT THE FIRM'S MANUAL ORDER TICKETS FAILED TO DOCUMENT THE CORRECT TIME OF ORDER RECEIPT. IN ADDITION, FINRA FOUND THAT THE FIRM, ON SEVERAL OCCASIONS, 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, AND DOCUMENTING COMPLIANCE WITH SEC RULE 203(B)(1) OF REGULATION SHO. MOREOVER, FINRA FOUND THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR THE RULES OF FINRA, INCLUDING SEC RULES 611(A) AND 611(C) OF REGULATION NMS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR THE MINIMUM REQUIREMENTS FOR ADEQUATE SUPERVISORY PROCEDURES IN THE FOLLOWING SUBJECT AREAS: SUPERVISORY SYSTEM, PROCEDURES & QUALIFICATIONS: QUALIFICATIONS OF SUPERVISORY PERSONNEL; AND SALES TRANSACTIONS: ORDER MARKING, LOCATE REQUIREMENTS, SEC RULE 204 CLOSE-OUT AND PRE-BORROW REQUIREMENTS, BONA FIDE MARKET MAKING, NAKED SHORT SELLING ANTIFRAUD RULE, TRADE REPORTING FACILITY REPORTING REQUIREMENTS, AND SEC RULE 201 COMPLIANCE. FURTHERMORE, FINRA FOUND THAT THE FIRM DID NOT HAVE WSPS IN PLACE TO ENSURE COMPLIANCE WITH SEC RULE 611(A) AND SEC RULE 611(C).

**Initiated By:** FINRA

**Date Initiated:** 07/22/2016

**Docket/Case Number:** 2014039943502

**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:** 07/22/2016

**Sanctions Ordered:** Censure  
Monetary/Fine \$97,500.00

**Other Sanctions Ordered:** REVISE WRITTEN SUPERVISORY PROCEDURES

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$97,500 AND REQUIRED TO REVISE ITS WSPS. PAYMENT WAS INITIATED ON 08/10/2016.

#### Disclosure 14 of 34

**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 INACCURATELY REPORTED ITS CAPACITY IN TRADES TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF). THE FINDINGS STATED THAT THE FIRM FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) S1 TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES WITHIN 15 MINUTES OF THE TIME OF EXECUTION, FAILED TO REPORT S1 TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES REPRESENTING 15 PERCENT OF THE S1 TRANSACTIONS THAT THE FIRM WAS REQUIRED TO REPORT TO TRACE, AND FAILED TO ACCEPT OR DECLINE TRANSACTIONS THAT WERE REPORTED TO THE OVER-THE-COUNTER TRADE REPORTING FACILITY WITHIN 20 MINUTES AFTER EXECUTION. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES WHICH SPECIFIED THAT THE TRADE REPORTING SUPERVISOR REVIEWS TRADES REPORTED TO THE FNTRF ON A DAILY BASIS AND THE FINRA TRADE REPORTING REPORT CARDS ON A MONTHLY BASIS. THE FIRM ALSO FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES WHICH SPECIFIED THAT THE TRACE REPORTING SUPERVISOR REVIEWS TRANSACTIONS REPORTED TO TRACE ON A DAILY BASIS AND THE TRACE REPORT CARDS ON A MONTHLY BASIS.

**Initiated By:** FINRA

**Date Initiated:** 03/29/2016

**Docket/Case Number:** 2013036669201

**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:** 03/29/2016

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$145,000.00

**Other Sanctions Ordered:** RETAIN WITHIN 90 DAYS OF THE DATE OF THE NOTICE OF ACCEPTANCE OF THIS AWC, AN INDEPENDENT CONSULTANT, NOT UNACCEPTABLE TO FINRA, TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATING TO TRADE REPORTING AND TRACE REPORTING

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$145,000 AND REQUIRED TO RETAIN WITHIN 90 DAYS OF THE DATE OF THE NOTICE OF ACCEPTANCE OF THIS AWC, AN INDEPENDENT CONSULTANT, NOT UNACCEPTABLE TO FINRA, TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATING TO TRADE REPORTING AND TRACE REPORTING. FINES PAID IN FULL ON APRIL 9, 2019.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING FINRA'S FINDINGS, FOR THE PURPOSE OF RESOLUTION, THE FIRM CONSENTED TO THE FOLLOWING FINDINGS: A) THE FIRM INACCURATELY REPORTED ITS CAPACITY IN TRADES TO THE FINRA/NASDAQ TRADE REPORTING FACILITY AND ALSO FAILED TO ENFORCE ITS TRADE REPORTING WRITTEN SUPERVISORY PROCEDURES; B) THE FIRM FAILED TO REPORT OR TIMELY REPORT CERTAIN S1 TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES OR TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES FOR TRACE REPORTING; AND C) THE FIRM FAILED TO ACCEPT OR DECLINE CERTAIN TRANSACTIONS THAT



WERE REPORTED TO THE OVER-THE-COUNTER TRADE REPORTING FACILITY WITHIN TWENTY MINUTES AFTER EXECUTION.

**Initiated By:** FINRA

**Date Initiated:** 03/29/2016

**Docket/Case Number:** 20130366692-01

**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:** 03/29/2016

**Sanctions Ordered:** Censure  
Monetary/Fine \$145,000.00

**Other Sanctions Ordered:** THE FIRM AGREED TO RETAIN AN INDEPENDENT CONSULTANT

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, FOR THE PURPOSE OF RESOLUTION, THE FIRM CONSENTED TO A SANCTION IN THE AMOUNT OF \$145,000, TO BE PAID UNDER AN INSTALLMENT PAYMENT PLAN COMMENCING ON 04/12/2016.

**Firm Statement** THE FIRM AGREED TO AN UNDERTAKING WHEREBY, WITHIN 90 DAYS AFTER ACCEPTANCE OF THIS AWC, THE FIRM WILL RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATING TO TRADE SUPERVISING AND TRACE REPORTING.

#### Disclosure 15 of 34

**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 SUBMITTED NEW ORDER REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA. THE FINDINGS STATED THAT OATS WAS UNABLE TO MATCH THE NEW ORDER REPORTS THE FIRM SUBMITTED TO THE CORRESPONDING



ROUTE OR COMBINED ORDER/ROUTE REPORTS SUBMITTED TO OATS BY ANOTHER FINRA MEMBER FOR THESE ORDERS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO EXECUTE CUSTOMER ORDERS FULLY AND PROMPTLY. THE FIRM FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET PRICE, AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER THE PREVAILING MARKET CONDITIONS.

**Initiated By:** FINRA

**Date Initiated:** 12/30/2015

**Docket/Case Number:** 2014040774901

**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:** 12/30/2015

**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 \$17,500.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** INTEREST

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$17,500, AND ORDERED TO PAY \$1,194.89, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS. FINE PAID IN FULL JANUARY 26, 2016.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING FINRA'S FINDINGS, FOR THE PURPOSE



OF SETTLEMENT, THE FIRM CONSENTED TO THE FOLLOWING FINDINGS:  
 A) THE FIRM SUBMITTED CERTAIN NEW ORDER REPORTS TO OATS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA; AND B) THE FIRM FAILED TO EXECUTE CERTAIN CUSTOMER ORDERS FULLY AND PROMPTLY, AND, IN SOME OF THOSE INSTANCES, FAILED TO ASCERTAIN THE BEST INTER-DEALER MARKET PRICE.

**Initiated By:** FINRA

**Date Initiated:** 12/30/2015

**Docket/Case Number:** 2014040774901

**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:** 12/30/2015

**Sanctions Ordered:** Censure  
 Monetary/Fine \$17,500.00  
 Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND RESTITUTION. ON JANUARY 21, 2016, THE FIRM DELIVERED THE FINE AMOUNT TO FINRA. THE FIRM IS ALSO TO MAKE RESTITUTION IN THE AMOUNT OF \$1,194.89 PLUS INTEREST WITHIN 120 DAYS AFTER ACCEPTANCE OF THIS AWC.

#### Disclosure 16 of 34

**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 THE FIRM FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN OVER-THE-COUNTER (OTC) EQUITY SECURITIES IN ITS PUBLIC QUOTATION, WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; WHEN THE ORDER



WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER FOR EACH SUCH SECURITY; AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY. THE FINDINGS STATED THAT THE FIRM FAILED TO CONTEMPORANEOUSLY EXECUTE CUSTOMER ORDERS IN OTC EQUITY SECURITIES AFTER IT TRADED EACH OF THE SUBJECT SECURITIES FOR ITS OWN MARKET-MAKING ACCOUNT AT A PRICE THAT WOULD HAVE SATISFIED THE CUSTOMERS' ORDERS. IN ONE INSTANCE, THE FIRM FAILED TO EXECUTE A CUSTOMER'S ORDER AT THE SAME PRICE OR A BETTER PRICE THAN THE FIRM RECEIVED WHEN IT EXECUTED THE PROPRIETARY TRANSACTION FOR ITS OWN ACCOUNT. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO EXECUTE CUSTOMER ORDERS FULLY AND PROMPTLY. THE FIRM FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET PRICE AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER THE PREVAILING MARKET CONDITIONS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ACCURATELY REFLECT THAT ORDERS WERE SOLICITED ON ORDER TICKETS, CUSTOMER ORDER TICKETS, AND CUSTOMER MONTHLY ACCOUNT STATEMENTS FOR TRANSACTIONS. FINRA FOUND THAT THE FIRM EXERCISED DISCRETIONARY AUTHORITY IN EXECUTING ORDERS AND FAILED TO INCLUDE ON THE ORDER TICKETS THAT THE TRANSACTIONS WERE EXECUTED PURSUANT TO DISCRETIONARY AUTHORITY. FINRA ALSO FOUND THAT THE FIRM EXERCISED DISCRETIONARY AUTHORITY IN CUSTOMER ACCOUNTS WITHOUT HAVING THE APPROPRIATE AUTHORITY GRANTING THE REGISTERED REPRESENTATIVE DISCRETIONARY AUTHORITY OVER THE CUSTOMERS' ACCOUNTS. IN ADDITION, FINRA DETERMINED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING MARKET ORDER TIMELINESS, BOOKS AND RECORDS, AND EXERCISING DISCRETIONARY AUTHORITY IN CUSTOMER ACCOUNTS.

**Initiated By:** FINRA  
**Date Initiated:** 06/05/2015  
**Docket/Case Number:** 2012033478801  
**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:** 06/05/2015

**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 \$85,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** UNDERTAKING AND INTEREST

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$85,000, ORDERED TO PAY \$2,537.22, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS, AND UNDERTAKES TO REVISE ITS WSPS WITH RESPECT TO THE AREAS DESCRIBED IN THE AWC. FINE PAID IN FULL ON JUNE 24, 2015.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING FINRA'S FINDINGS, FOR THE PURPOSE OF SETTLEMENT, THE FIRM CONSENTED TO THE FOLLOWING FINDINGS: A) THE FIRM FAILED TO IMMEDIATELY DISPLAY CERTAIN CUSTOMER LIMIT ORDERS IN OVER-THE-COUNTER EQUITY SECURITIES; B) THE FIRM FAILED TO CONTEMPORANEOUSLY EXECUTE CERTAIN CUSTOMER ORDERS IN OVER-THE-COUNTER EQUITY SECURITIES AFTER IT TRADED THOSE SECURITIES FOR ITS OWN MARKET-MAKING OR PROPRIETARY ACCOUNT AT A PRICE THAT COULD HAVE SATISFIED THE CUSTOMERS' ORDERS; C) THE FIRM FAILED TO EXECUTE CERTAIN CUSTOMER ORDERS FULLY AND PROMPTLY, FAILED TO ASCERTAIN THE BEST INTER-DEALER MARKET PRICE, AND FAILED TO UPDATE ITS WRITTEN SUPERVISORY PROCEDURES CONCERNING MARKET ORDER TIMELINESS, RENDERING THOSE SECTIONS DEFICIENT; AND D) THE FIRM FAILED TO ACCURATELY REFLECT THAT CERTAIN ORDERS WERE SOLICITED AND/OR EXECUTED USING DISCRETIONARY AUTHORITY, EXERCISED DISCRETION IN CERTAIN CUSTOMER ACCOUNTS WITHOUT FIRST OBTAINING PROPER AUTHORITY, AND FAILED TO UPDATE ITS WRITTEN SUPERVISORY PROCEDURES FOR CERTAIN BOOKS AND RECORDS AND THE EXERCISE DISCRETIONARY AUTHORITY, RENDERING THOSE SECTIONS DEFICIENT.



**Initiated By:** FINRA  
**Date Initiated:** 06/05/2015  
**Docket/Case Number:** 2012033478801  
**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:** 06/05/2015  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$85,000.00  
 Disgorgement/Restitution  
**Other Sanctions Ordered:** THE FIRM AGREED TO AN UNDERTAKING TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES FOR MARKET ORDER TIMELINESS, CERTAIN BOOKS AND RECORDS, AND THE EXERCISE OF DISCRETIONARY AUTHORITY.  
**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND RESTITUTION. ON JUNE 23,2015, THE FIRM DELIVERED THE FINE AMOUNT TO FINRA. ON JUNE 23,2015, THE FIRM IMPLEMENTED THE AGREED-UPON UNDERTAKING. THE FIRM IS ALSO TO MAKE RESTITUTION IN THE AMOUNT OF \$2,537.22 WITHIN 120 DAYS AFTER ACCEPTANCE OF THIS AWC.

#### Disclosure 17 of 34

**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 DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES IN ITS PUBLIC QUOTATION, WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; OR WHEN THE ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER FOR EACH SUCH SECURITY, AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE





MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY. THE CONDUCT VIOLATED SEC RULE 604 OF REGULATION NMS. THE FINDINGS STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING LIMIT ORDER DISPLAY. THE CONDUCT VIOLATED NASDAQ RULES 2010A AND 3010.

**Initiated By:** NASDAQ STOCK MARKET

**Date Initiated:** 10/15/2014

**Docket/Case Number:** 2012033485501

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

**Other Product Type(s):**

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

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

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

**Resolution Date:** 10/15/2014

**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 \$39,500.00

**Other Sanctions Ordered:** UNDERTAKING: REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$39,500 AND UNDERTAKES TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FOR CERTAIN TRANSACTIONS DURING THE REVIEW PERIOD, THE FIRM FAILED TO IMMEDIATELY DISPLAY CERTAIN CUSTOMER LIMIT ORDERS IN



NASDAQ SECURITIES WHEN THOSE ORDERS WERE AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY, OR WHEN THE ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER FOR EACH SUCH SECURITY. FURTHER, THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FOR LIMIT ORDER DISPLAY TRANSACTIONS WERE DEFICIENT.

**Initiated By:** NASDAQ STOCK MARKET

**Date Initiated:** 10/15/2014

**Docket/Case Number:** 2012033485501

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

**Other Product Type(s):**

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

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

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

**Resolution Date:** 10/15/2014

**Sanctions Ordered:** Censure  
Monetary/Fine \$39,500.00

**Other Sanctions Ordered:** THE FIRM AGREED TO AN UNDERTAKING TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES FOR LIMIT ORDER DISPLAY TRANSACTIONS.

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS. ON NOVEMBER 12, 2014, THE FIRM DELIVERED THE FINE AMOUNT TO NASDAQ. ON NOVEMBER 13, 2014, THE FIRM IMPLEMENTED THE AGREED-UPON UNDERTAKING.

#### Disclosure 18 of 34

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** THE FIRM WAS NAMED A RESPONDENT IN A FINRA COMPLAINT ALLEGING THAT IT LIQUIDATED NEARLY 3.9 BILLION SHARES OF MICROCAP STOCKS THAT CUSTOMERS DEPOSITED INTO THEIR ACCOUNTS AT THE FIRM. THE COMPLAINT ALLEGES THAT THE SHARES WERE NOT REGISTERED WITH THE SEC, NOR WERE THE TRANSACTIONS EXEMPT FROM REGISTRATION. FROM THE ILLICIT SALES, THE CUSTOMERS GENERATED OVER \$24.5 MILLION IN PROCEEDS AND THE FIRM COLLECTED OVER \$1.1 MILLION IN



COMMISSIONS. THE SALES OF THE MICROCAP STOCKS BY THE CUSTOMERS, WHICH AMOUNTED TO A SIGNIFICANT PERCENTAGE OF THE OUTSTANDING SHARES OF EACH STOCK, WERE A PART OF PLANS OR SCHEMES TO EVADE THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT OF 1933. THE FIRM FAILED TO CONDUCT A REASONABLE SEARCHING INQUIRY TO DETERMINE IF THE FOREGOING SALES OF THE SHARES OF THE STOCKS WERE EXEMPT FROM REGISTRATION UNDER SECTION 5. THE COMPLAINT ALSO ALLEGES THAT THE FIRM, AS WELL AS TWO INDIVIDUALS DURING THEIR RESPECTIVE TENURES AS THE FIRM'S CHIEF COMPLIANCE OFFICER (CCO), FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SECTION 5 FOR SALES OF UNREGISTERED, MICROCAP STOCKS AND FAILED TO CONDUCT REASONABLE AND MEANINGFUL INQUIRIES OF THE CIRCUMSTANCES SURROUNDING THE AFOREMENTIONED SALES OF THE UNREGISTERED, MICROCAP STOCKS BY FIRM CUSTOMERS. THE FIRM AND THE TWO INDIVIDUALS PERFORMED INADEQUATE INQUIRIES ON THE SUPPOSED REGISTRATION EXEMPTIONS FOR SALES OF THE MICROCAP STOCKS, DESPITE THE PRESENCE OF "RED FLAGS" INDICATING THAT THE SALES WERE OR COULD BE ILLICIT DISTRIBUTIONS OF UNREGISTERED STOCKS. ALTHOUGH THE FIRM AND THE TWO INDIVIDUALS COLLECTED SOME DOCUMENTS AND INFORMATION ABOUT THE TRANSACTIONS, THEY FAILED TO ADEQUATELY AND MEANINGFULLY ANALYZE THE COLLECTED DOCUMENTS AND INFORMATION AND TO INDEPENDENTLY VERIFY THE PROVIDED INFORMATION. IN REALITY, THEIR COLLECTION EFFORTS MERELY SERVED TO "PAPER THE FILE" FOR THE FIRM'S DUBIOUS MICROCAP STOCK LIQUIDATION BUSINESS. THE FIRM AND THE TWO INDIVIDUALS DID NOT REQUIRE COMPLETE DOCUMENTATION IN SUPPORT OF THE PROPOSED DEPOSIT OF UNREGISTERED SECURITIES TO FULLY TRACE THE SHARES DIRECTLY BACK TO THE ISSUER AS LONG AS THE DOCUMENTS MADE REFERENCE TO THE ORIGIN OF THE SHARES. THE FIRM AND THE TWO INDIVIDUALS SIMPLY TOOK CUSTOMERS' REPRESENTATIONS ABOUT THE ORIGIN OF THEIR SHARES OF UNREGISTERED, MICROCAP STOCKS AT FACE VALUE, WITH LITTLE OR NO INDEPENDENT VERIFICATION. THE COMPLAINT FURTHER ALLEGES THAT THE FIRM, AS WELL AS THE TWO INDIVIDUALS DURING THEIR RESPECTIVE TENURES AS THE FIRM'S ANTI-MONEY LAUNDERING COMPLIANCE OFFICER (AMLCO), ALSO FAILED TO ADEQUATELY IMPLEMENT THE FIRM'S ANTI-MONEY LAUNDERING (AML) PROGRAM AND AML POLICIES AND PROCEDURES REASONABLY EXPECTED TO DETECT AND CAUSE THE REPORTING OF SUSPICIOUS TRANSACTIONS UNDER THE BANK SECRECY ACT AND ITS IMPLEMENTING REGULATION. THE FOREGOING ACTIVITY IN THE MICROCAP STOCKS BY THE FIRM'S CUSTOMERS SHOULD HAVE RAISED "RED FLAGS" INDICATIVE OF POTENTIAL SUSPICIOUS ACTIVITY



RELATED TO UNREGISTERED DISTRIBUTIONS AND MARKET MANIPULATION. BECAUSE OF THESE FAILURES, THE FIRM AND THE TWO INDIVIDUALS DID NOT MAKE A REASONED DETERMINATION WHETHER OR NOT TO REPORT THE SUSPICIOUS TRANSACTIONS TO THE FINANCIAL CRIMES ENFORCEMENT NETWORK (FINCEN) BY FILING A SUSPICIOUS ACTIVITY REPORT (SAR), AS APPROPRIATE.

**Initiated By:** FINRA

**Date Initiated:** 08/12/2014

**Docket/Case Number:** 2011026386001

**Principal Product Type:** Other

**Other Product Type(s):** MICROCAP STOCKS

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

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

**Resolution:** Decision & Order of Offer of Settlement

**Resolution Date:** 08/03/2015

**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 \$950,000.00

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$950,000 AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT IN ACCORDANCE WITH THE TERMS OF THE OFFER OF SETTLEMENT.

**Regulator Statement** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT LIQUIDATED NEARLY 3.9 BILLION SHARES OF MICROCAP STOCKS THAT CUSTOMERS DEPOSITED INTO THEIR ACCOUNTS AT THE FIRM, AND THE SHARES WERE NOT REGISTERED WITH THE SEC, NOR WERE THE TRANSACTIONS EXEMPT FROM REGISTRATION. FROM THE ILLICIT SALES, THE CUSTOMERS GENERATED OVER \$24.5 MILLION IN PROCEEDS AND THE FIRM COLLECTED OVER \$1.1 MILLION IN COMMISSIONS. THE SALES OF THE MICROCAP STOCKS BY THE CUSTOMERS, WHICH AMOUNTED TO A



SIGNIFICANT PERCENTAGE OF THE OUTSTANDING SHARES OF EACH STOCK, WERE A PART OF PLANS OR SCHEMES TO EVADE THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT OF 1933. THE FIRM FAILED TO CONDUCT A REASONABLE SEARCHING INQUIRY TO DETERMINE IF THE SALES OF THE SHARES OF THE STOCKS WERE EXEMPT FROM REGISTRATION UNDER SECTION 5.

THE FINDINGS STATED THAT THE FIRM, AS WELL AS TWO PRINCIPALS OF THE FIRM, DURING THEIR RESPECTIVE TENURES AS THE FIRM'S CHIEF COMPLIANCE OFFICER (CCO), FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SECTION 5 FOR SALES OF UNREGISTERED, MICROCAP STOCKS; AND FAILED TO CONDUCT REASONABLE AND MEANINGFUL INQUIRIES OF THE CIRCUMSTANCES SURROUNDING THE SALES OF THE UNREGISTERED, MICROCAP STOCKS BY FIRM CUSTOMERS. THE FIRM AND THESE PRINCIPALS PERFORMED INADEQUATE INQUIRIES ON THE SUPPOSED REGISTRATION EXEMPTIONS FOR SALES OF THE MICROCAP STOCKS, DESPITE THE PRESENCE OF RED FLAGS INDICATING THAT THE SALES WERE OR COULD BE ILLICIT DISTRIBUTIONS OF UNREGISTERED STOCKS. ALTHOUGH THE FIRM AND THESE PRINCIPALS COLLECTED SOME DOCUMENTS AND INFORMATION ABOUT THE TRANSACTIONS, THEY FAILED TO ADEQUATELY AND MEANINGFULLY ANALYZE THE COLLECTED DOCUMENTS AND INFORMATION, AND TO INDEPENDENTLY VERIFY THE PROVIDED INFORMATION. IN REALITY, THEIR COLLECTION EFFORTS MERELY SERVED TO "PAPER THE FILE" FOR THE FIRM'S DUBIOUS MICROCAP STOCK LIQUIDATION BUSINESS. THE FIRM AND THESE PRINCIPALS DID NOT REQUIRE COMPLETE DOCUMENTATION IN SUPPORT OF THE PROPOSED DEPOSIT OF UNREGISTERED SECURITIES TO FULLY TRACE THE SHARES DIRECTLY BACK TO THE ISSUER AS LONG AS THE DOCUMENTS MADE REFERENCE TO THE ORIGIN OF THE SHARES. THE FIRM AND THESE PRINCIPALS SIMPLY TOOK CUSTOMERS' REPRESENTATIONS ABOUT THE ORIGIN OF THEIR SHARES OF UNREGISTERED, MICROCAP STOCKS AT FACE VALUE, WITH LITTLE OR NO INDEPENDENT VERIFICATION.

THE FINDINGS ALSO STATED THAT THE FIRM, AS WELL AS THE PRINCIPALS DURING THEIR RESPECTIVE TENURES AS THE FIRM'S AML COMPLIANCE OFFICER (AMLCO), ALSO FAILED TO ADEQUATELY IMPLEMENT THE FIRM'S AML PROGRAM AND AML POLICIES AND PROCEDURES REASONABLY EXPECTED TO DETECT AND CAUSE THE REPORTING OF SUSPICIOUS TRANSACTIONS UNDER THE BANK SECRECY ACT AND ITS IMPLEMENTING REGULATION. THE ACTIVITY IN THE MICROCAP STOCKS BY THE FIRM'S CUSTOMERS SHOULD HAVE RAISED RED FLAGS INDICATIVE OF POTENTIAL SUSPICIOUS ACTIVITY RELATED TO UNREGISTERED DISTRIBUTIONS AND MARKET MANIPULATION. BECAUSE OF THESE



FAILURES, THE FIRM AND THE PRINCIPALS DID NOT MAKE A REASONED DETERMINATION WHETHER OR NOT TO REPORT THE SUSPICIOUS TRANSACTIONS TO THE FINANCIAL CRIMES ENFORCEMENT NETWORK (FINCEN) BY FILING A SUSPICIOUS ACTIVITY REPORT (SAR), AS APPROPRIATE.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE FIRM WAS NAMED A RESPONDENT IN A FINRA COMPLAINT ALLEGING THAT IT LIQUIDATED NEARLY 3.9 BILLION SHARES OF MICROCAP STOCKS THAT CUSTOMERS DEPOSITED INTO THEIR ACCOUNTS AT THE FIRM. THE COMPLAINT ALLEGES THAT THE SHARES WERE NOT REGISTERED WITH THE SEC, NOR WERE THE TRANSACTIONS EXEMPT FROM REGISTRATION. FROM THE ILLICIT SALES, THE CUSTOMERS GENERATED OVER \$24.5 MILLION IN PROCEEDS AND THE FIRM COLLECTED OVER \$1.1 MILLION IN COMMISSIONS. THE SALES OF THE MICROCAP STOCKS BY THE CUSTOMERS, WHICH AMOUNTED TO A SIGNIFICANT PERCENTAGE OF THE OUTSTANDING SHARES OF EACH STOCK, WERE A PART OF PLANS OR SCHEMES TO EVADE THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT OF 1933. THE FIRM FAILED TO CONDUCT A REASONABLE SEARCHING INQUIRY TO DETERMINE IF THE FOREGOING SALES OF THE SHARES OF THE STOCKS WERE EXEMPT FROM REGISTRATION UNDER SECTION 5. THE COMPLAINT ALSO ALLEGES THAT THE FIRM, AS WELL AS TWO INDIVIDUALS DURING THEIR RESPECTIVE TENURES AS THE FIRM'S CHIEF COMPLIANCE OFFICER (CCO), FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SECTION 5 FOR SALES OF UNREGISTERED, MICROCAP STOCKS AND FAILED TO CONDUCT REASONABLE AND MEANINGFUL INQUIRIES OF THE CIRCUMSTANCES SURROUNDING THE AFOREMENTIONED SALES OF THE UNREGISTERED, MICROCAP STOCKS BY FIRM CUSTOMERS. THE FIRM AND THE TWO INDIVIDUALS PERFORMED INADEQUATE INQUIRIES ON THE SUPPOSED REGISTRATION EXEMPTIONS FOR SALES OF THE MICROCAP STOCKS, DESPITE THE PRESENCE OF "RED FLAGS" INDICATING THAT THE SALES WERE OR COULD BE ILLICIT DISTRIBUTIONS OF UNREGISTERED STOCKS. ALTHOUGH THE FIRM AND THE TWO INDIVIDUALS COLLECTED SOME DOCUMENTS AND INFORMATION ABOUT THE TRANSACTIONS, THEY FAILED TO ADEQUATELY AND MEANINGFULLY ANALYZE THE COLLECTED DOCUMENTS AND INFORMATION AND TO INDEPENDENTLY VERIFY THE PROVIDED INFORMATION. IN REALITY, THEIR COLLECTION EFFORTS MERELY SERVED TO "PAPER THE FILE" FOR THE FIRM'S DUBIOUS MICROCAP STOCK LIQUIDATION BUSINESS. THE FIRM AND THE TWO



INDIVIDUALS DID NOT REQUIRE COMPLETE DOCUMENTATION IN SUPPORT OF THE PROPOSED DEPOSIT OF UNREGISTERED SECURITIES TO FULLY TRACE THE SHARES DIRECTLY BACK TO THE ISSUER AS LONG AS THE DOCUMENTS MADE REFERENCE TO THE ORIGIN OF THE SHARES. THE FIRM AND THE TWO INDIVIDUALS SIMPLY TOOK CUSTOMERS' REPRESENTATIONS ABOUT THE ORIGIN OF THEIR SHARES OF UNREGISTERED, MICROCAP STOCKS AT FACE VALUE, WITH LITTLE OR NO INDEPENDENT VERIFICATION. THE COMPLAINT FURTHER ALLEGES THAT THE FIRM, AS WELL AS THE TWO INDIVIDUALS DURING THEIR RESPECTIVE TENURES AS THE FIRM'S ANTI-MONEY LAUNDERING COMPLIANCE OFFICER (AMLCO), ALSO FAILED TO ADEQUATELY IMPLEMENT THE FIRM'S ANTI-MONEY LAUNDERING (AML) PROGRAM AND AML POLICIES AND PROCEDURES REASONABLY EXPECTED TO DETECT AND CAUSE THE REPORTING OF SUSPICIOUS TRANSACTIONS UNDER THE BANK SECRECY ACT AND ITS IMPLEMENTING REGULATION. THE FOREGOING ACTIVITY IN THE MICROCAP STOCKS BY THE FIRM'S CUSTOMERS SHOULD HAVE RAISED "RED FLAGS" INDICATIVE OF POTENTIAL SUSPICIOUS ACTIVITY RELATED TO UNREGISTERED DISTRIBUTIONS AND MARKET MANIPULATION. BECAUSE OF THESE FAILURES, THE FIRM AND THE TWO INDIVIDUALS DID NOT MAKE A REASONED DETERMINATION WHETHER OR NOT TO REPORT THE SUSPICIOUS TRANSACTIONS TO THE FINANCIAL CRIMES ENFORCEMENT NETWORK (FINCEN) BY FILING A SUSPICIOUS ACTIVITY REPORT (SAR), AS APPROPRIATE.

**Initiated By:** FINRA

**Date Initiated:** 08/12/2014

**Docket/Case Number:** 2011026386001

**Principal Product Type:** Other

**Other Product Type(s):** MICROCAP STOCKS

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

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

**Resolution:** Consent

**Resolution Date:** 08/03/2015

**Sanctions Ordered:** Censure  
Monetary/Fine \$950,000.00

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM AGREED TO A





FINE IN THE AMOUNT OF \$950,000.00 WHICH WILL BE PAID UPON THE ACCEPTANCE OF PROPOSED PAYMENT PLAN.

**Firm Statement**

WITHOUT ADMITTING OR DENYING, THE FIRM AGREED TO RESOLVE THE MATTER WITH FINRA BY PAYING A FINE AND AGREEING TO RETAIN AN INDEPENDENT CONSULTANT TO REVIEW CERTAIN OF ITS PROCEDURES.

**Disclosure 19 of 34**

**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 REPORT S1 INTER-DEALER AND S1 CUSTOMER TRANSACTIONS IN TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)-ELIGIBLE SECURITIES TO TRACE THAT IT WAS REQUIRED TO REPORT AND FAILED TO REPORT S1 TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES TO TRACE WITHIN 15 MINUTES OF THE TIME OF EXECUTION. THE FINDINGS STATED THAT THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WRITTEN SUPERVISORY PROCEDURES CONCERNING ITS MONTHLY REVIEW OF TRACE REPORT CARDS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO REPORT REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) OVER THE COURSE OF 306 BUSINESS DAYS FOR ITS SPONSORED ACCESS CLIENT. THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WRITTEN SUPERVISORY PROCEDURES CONCERNING ITS DAILY REVIEW OF OATS REPORT CARDS. THE FIRM FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET, AND IN SOME OF THOSE INSTANCES, FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER THE PREVAILING MARKET CONDITIONS. THE FIRM SUBMITTED EVIDENCE THAT IT MADE RESTITUTION TO THE AFFECTED CUSTOMERS. THE FIRM PLACED \$2,356 IN ESCROW FOR A CUSTOMER TO BE PAID AT THE COMPLETION OF LITIGATION IN A SEPARATE MATTER.

**Initiated By:**

FINRA

**Date Initiated:**

06/23/2014

**Docket/Case Number:**

2011030077101

**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:** 06/23/2014

**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 \$50,000.00

**Other Sanctions Ordered:**

**Sanction Details:** SEE ABOVE

**Regulator Statement** FINE PAID IN FULL ON JULY 10, 2014.

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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 IT FAILED TO REPORT OR TIMELY REPORT CERTAIN TRACE-ELIGIBLE SECURITIES OR TO PROVIDE EVIDENCE OF SUPERVISORY REVIEW OF CERTAIN TRACE REPORTING CARDS; THAT IT FAILED TO REPORT CERTAIN REPORTABLE ORDER EVENTS TO OATS OR TO PROVIDE EVIDENCE OF SUPERVISORY REVIEW OF CERTAIN OATS REPORT CARDS; AND THAT IT FAILED TO ASCERTAIN THE BEST INTER-DEALER MARKET FOR CERTAIN TRANSACTIONS

**Initiated By:** FINRA

**Date Initiated:** 02/04/2014

**Docket/Case Number:** 20110300771-01

**Principal Product Type:** No Product

**Other Product Type(s):**



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

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

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

**Resolution Date:** 06/23/2014

**Sanctions Ordered:** Censure  
Monetary/Fine \$50,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM AGREED TO PAY THE MONETARY SANCTION IN THE AMOUNT OF \$50,000.00, PAID ON 07/10/2014.

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#### Disclosure 20 of 34

**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 PROVIDE TIMELY INFORMATION TO FINRA IN SEPARATE REQUESTS.

**Initiated By:** FINRA

**Date Initiated:** 05/14/2014

**Docket/Case Number:** 2013037139601

**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:** 05/14/2014



**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 \$50,000.00

**Other Sanctions Ordered:** UNDERTAKING: SUBMIT TO FINRA A WRITTEN CERTIFICATION SIGNED BY THE CHIEF EXECUTIVE OFFICER SETTING OUT ALL REMEDIAL ACTIONS TAKEN BY THE FIRM TO ENHANCE THE FIRM'S POLICIES AND PROCEDURES, STAFFING AND SYSTEMS OF CONTROL AND REVIEW, DESIGNED TO ENSURE TIMELY RESPONSES TO REQUESTS FOR INFORMATION FROM FINRA.

**Sanction Details:** SEE ABOVE

**Regulator Statement** FINRA CONSIDERED ALL OF THE FACTS AND CIRCUMSTANCES RELATED TO THE FIRM'S CONDUCT DURING THE REVIEW PERIOD, INCLUDING, BUT NOT LIMITED TO, THE SUBSTANTIVE REMEDIAL STEPS TAKEN BY THE FIRM TO ENSURE THAT THE FIRM'S RESPONSES TO ALL REGULATORY INQUIRIES AND REQUESTS ARE PROVIDED ON OR BEFORE THE DUE DATE, INCLUSIVE OF ANY EXTENSIONS. FINE PAID IN FULL MAY 29, 2014.

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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 IT FAILED TO PROVIDE TIMELY INFORMATION TO FINRA IN SEPARATE REQUESTS.

**Initiated By:** FINRA

**Date Initiated:** 05/14/2014

**Docket/Case Number:** 2013037139601

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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



<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	05/14/2014
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$50,000.00
<b>Other Sanctions Ordered:</b>	THE FIRM WILL PROVIDE TO FINRA, A WRITTEN CERTIFICATION SIGNED BY THE CHIEF EXECUTIVE OFFICER SETTING OUT ALL REMEDIAL ACTIONS TAKEN BY THE FIRM TO ENHANCE THE FIRM'S POLICIES AND PROCEDURES, STAFFING AND SYSTEMS OF CONTROL AND REVIEW, DESIGNED TO ENSURE TIMELY RESPONSES TO REQUESTS FOR INFORMATION FROM FINRA.
<b>Sanction Details:</b>	FINE PAID IN THE AMOUNT OF \$50,000.00 ON 5/29/2014.
<b>Firm Statement</b>	FINRA CONSIDERED ALL OF THE FACTS AND CIRCUMSTANCES RELATED TO THE FIRM'S CONDUCT DURING THE REVIEW PERIOD, INCLUDING, BUT NOT LIMITED TO, THE SUBSTANTIVE REMEDIAL STEPS TAKEN BY THE FIRM TO ENSURE THAT THE FIRM'S RESPONSES TO ALL REGULATORY INQUIRIES AND REQUESTS ARE PROVIDED ON OR BEFORE THE DUE DATE, INCLUSIVE OF ANY EXTENSIONS.

#### Disclosure 21 of 34

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	FINRA RULES 2010, 6730, 6730(A) - AEGIS CAPITAL CORP. FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) S1 TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES WITHIN 15 MINUTES OF THE EXECUTION TIME. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF FINRA RULE 6730(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF FINRA RULE 2010. THE FIRM REPORTED TO TRACE S1 TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES IT WAS NOT REQUIRED TO REPORT AND FAILED TO REPORT THE CORRECT EXECUTION TIME FOR SOME S1 TRANSACTIONS.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	10/29/2013
<b>Docket/Case Number:</b>	2011029967801
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	TRACE-ELIGIBLE SECURITIES



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

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

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

**Resolution Date:** 10/29/2013

**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 \$5,000.00

**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 \$5,000. FINE PAID IN FULL ON NOVEMBER 13, 2013.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FOR CERTAIN TRANSACTIONS DURING THE REVIEW PERIOD, THE FIRM DID NOT TIMELY REPORT, REPORTED INCORRECTLY, OR REPORTED TRANSACTIONS NOT REQUIRED TO BE REPORTED TO TRACE.

**Initiated By:** FINRA

**Date Initiated:** 10/29/2013

**Docket/Case Number:** 2011029967801

**Principal Product Type:** Other

**Other Product Type(s):** TRACE-ELIGIBLE SECURITIES

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

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

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



**Resolution Date:** 10/29/2013

**Sanctions Ordered:** Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO A FINE OF \$5000.

#### Disclosure 22 of 34

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** RESPONDENT FAILED TO ADEQUATELY FOLLOW ITS OWN WRITTEN PROCEDURES RELATING TO ADVERTISING IN THAT IT ALLOWED A BRANCH TO RUN AN ADVERTISEMENT FOR A GOLD-LINKED CD, WHICH INCLUDED A REFERENCE IN ITS FINE PRINT TO A "GUARANTEED MINIMUM RETURN" WHILE ITS PROCEDURES PROHIBITED LANGUAGE THAT INFERRED GUARANTEES, IN VIOLATION OF NASD CONDUCT RULE 3010, AND THEREBY RULE 69W-600.013(1)(H), FLORIDA ADMINISTRATIVE CODE, AND SECTION 517.161(1)(H), FLORIDA STATUTES. RESPONDENT HAD INADEQUATE SUPERVISORY PROCEDURES RELATING TO OUTSIDE BUSINESS ACTIVITIES IN THAT, IT ALLOWED AN ASSOCIATED PERSON TO PAY FOR THE GOLD-LINKED CD ADVERTISEMENT THROUGH HIS D/B/A NAME, MGM WEALTH STRATEGIES (MOM), WITHOUT THE ASSOCIATED PERSON'S D/B/A BEING PREVIOUSLY DISCLOSED TO RESPONDENT BEFOREHAND. RESPONDENT DID NOT REQUIRE A PRINCIPAL TO REVIEW MOM'S ACTIVITIES AND IT DID NOT HAVE PROCEDURES RELATED TO SHARING OF BRANCH EXPENSES AMONG ITS ASSOCIATED PERSONS AND/OR THEIR D/B/A ENTITIES, IN VIOLATION OF NASD CONDUCT RULE 3010, AND THEREBY RULE 69W-600.013(1)(H), FLORIDA ADMINISTRATIVE CODE, AND SECTION 517.161(1)(H), FLORIDA STATUTES.

**Initiated By:** FLORIDA OFFICE OF FINANCIAL REGULATION ("OFR")

**Date Initiated:** 09/23/2013

**Docket/Case Number:** 0617-S-7/12

**URL for Regulatory Action:**

**Principal Product Type:** Other

**Other Product Type(s):**



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

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

**Resolution:** Order

**Resolution Date:** 09/23/2013

**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 \$15,000.00

**Other Sanctions Ordered:**

**Sanction Details:** ON 9/23/2013, THE OFFICE OF FINANCIAL REGULATION ("OFFICE") ENTERED A FINAL ORDER ADOPTING THE STIPULATION AND CONSENT AGREEMENT IN THE MATTER OF AEGIS CAPITAL CORP ("RESPONDENT"). RESPONDENT IS ORDERED TO PAY AN ADMINISTRATIVE FINE IN THE AMOUNT OF \$15,000.00 AND TO CEASE AND DESIST FROM ANY AND ALL FUTURE VIOLATIONS OF CHAPTER 517, FLORIDA STATUTES.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** DIVISION ALLEGED THE FIRM DID NOT FOLLOW WSP'S RELATING TO THE CONTENT OF AN ADVERTISEMENT OF A CERTIFICATE OF DEPOSIT AND THE PAYMENT OF SAME BY A D/B/A OWNED BY AN ASSOCIATE PERSON

**Initiated By:** FLORIDA OFFICE OF FINANCIAL REGULATION ("OFR")

**Date Initiated:** 09/23/2013

**Docket/Case Number:** 0617-S-7/12

**Principal Product Type:** Other

**Other Product Type(s):**

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

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



<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	09/23/2013
<b>Sanctions Ordered:</b>	Monetary/Fine \$15,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	FINE PAID IN THE AMOUNT OF \$15,000.00 ON 09/23/2013
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AND ON THE ADVICE OF COUNSEL, THE FIRM AGREED TO RESOLVE THE MATTER WITH THE DIVISION BY PAYING A MONETARY FINE

#### Disclosure 23 of 34

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	ON JULY 11, 2013, THE VIRGINIA STATE CORPORATION COMMISSION (COMMISSION), PER REQUEST BY THE DIVISION, FILED A RULE TO SHOW CAUSE AGAINST AEGIS CAPITAL CORPORATION ("AEGIS"). AEGIS IS A REGISTERED BROKER-DEALER AND A FEDERAL COVERED ADVISOR THAT FAILED TO RESPOND TO TWO REQUESTS FOR INFORMATION FROM THE DIVISION CONCERNING AEGIS' CONDUCT OF ITS SECURITIES BUSINESS IN THE COMMONWEALTH OF VIRGINIA. BY FAILING TO PROVIDE THE REQUESTED INFORMATION, AEGIS IS SUBJECT TO SANCTIONS PURSUANT TO SECTION 13.1-506(5) OF THE VIRGINIA SECURITIES ACT. ("ACT")
<b>Initiated By:</b>	VIRGINIA - DIVISION OF SECURITIES
<b>Date Initiated:</b>	07/11/2013
<b>Docket/Case Number:</b>	SEC-2013-00022
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Revocation
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	09/12/2013





**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 \$4,000.00

**Other Sanctions Ordered:** \$500.00 COST OF INVESTIGATION

**Sanction Details:** SEE ABOVE.

**Regulator Statement** AEGIS CAPITAL CORPORATION ("DEFENDANT") ENTERED INTO A SETTLEMENT ORDER ("ORDER") WITH THE COMMISSION WHERE THE DEFENDANT AGREED AND WAS ORDERED, TO ABIDE BY THE TERMS OF THE ORDER. THE DEFENDANT WAS UNDER INVESTIGATION FOR ALLEGEDLY FAILING TO RESPOND TO TWO REQUESTS FOR INFORMATION FROM THE DIVISION CONCERNING AEGIS' CONDUCT OF ITS SECURITIES BUSINESS IN THE COMMONWEALTH OF VIRGINIA. THE DEFENDANT NEITHER ADMITTED NOR DENIED THE ALLEGED VIOLATIONS AND AGREED TO THE FOLLOWING: (1) THE DEFENDANT WILL PAY TO THE TREASURER OF THE COMMONWEALTH OF VIRGINIA, CONTEMPORANEOUSLY WITH THE ENTRY OF THIS ORDER, THE AMOUNT OF \$4,000 IN MONETARY PENALTIES, (2) THE DEFENDANT WILL PAY TO THE TREASURER OF THE COMMONWEALTH OF VIRGINIA, CONTEMPORANEOUSLY WITH THE ENTRY OF THIS ORDER, THE AMOUNT OF \$500 TO DEFRAY THE COST OF INVESTIGATION, AND (3) THE DEFENDANT WILL NOT VIOLATE THE ACT IN THE FUTURE. FOR QUESTIONS, PLEASE CONTACT TERRY PARKER OR HAZEL STEWART AT (804) 371-9051.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE DIVISION ALLEGES AEGIS VIOLATED SECTION 13.1-506(5) OF THE VIRGINIA SECURITIES.

**Initiated By:** COMMONWEALTH OF VIRGINIA, STATE CORPORATION COMMISSION

**Date Initiated:** 07/11/2013

**Docket/Case Number:** SEC-2013-00022

**Principal Product Type:** No Product

**Other Product Type(s):**



<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	09/12/2013
<b>Sanctions Ordered:</b>	Monetary/Fine \$4,000.00
<b>Other Sanctions Ordered:</b>	\$500.00 COST OF INVESTIGATION
<b>Sanction Details:</b>	FINE PAID ON 09/02/2013 IN THE AMOUNT OF \$4,500.00.
<b>Firm Statement</b>	AEGIS WAS A SELECTED DEALER IN CONNECTION WITH A BEST EFFORTS COMMON STOCK OFFERING BY AN ISSUER, IRON EAGLE GROUP, INC. THE DIVISION REQUESTED THAT AEGIS PROVIDE IT WITH DOCUMENTS RELATING TO ALL VIRGINIA INVESTORS IN THE OFFERING. IT IS IMPORTANT TO NOTE THAT AEGIS DID NOT MAKE ANY SALES TO ANY VIRGINIA RESIDENTS AND THEREFORE THERE WERE NO RESPONSIVE DOCUMENTS TO SO PROVIDE. THE DIVISION ALLEGED THAT AEGIS DID NOT TIMELY NOTIFY IT THAT THERE WAS NO SALES ACTIVITY IN VIRGINIA. ON THE ADVICE OF COUNSEL, AEGIS, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AGREED TO RESOLVE THE MATTER WITH THE DIVISION BY PAYING A MONETARY FINE.

#### Disclosure 24 of 34

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	CONSENT ORDER ENTERED 4/27/2012 ALLEGING THAT THE FIRM FAILED TO COMPLY WITH RECORDKEEPING REQUIREMENTS BY NOT INCLUDING ON A PRELIMINARY TRADE NOTIFICATION THE AMOUNT OF THE MARKUP CHARGED ON PRINCIPAL TRANSACTIONS.
<b>Initiated By:</b>	CONNECTICUT
<b>Date Initiated:</b>	04/27/2012
<b>Docket/Case Number:</b>	CO-12-7993-S
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	



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

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

**Resolution:** Consent

**Resolution Date:** 04/27/2012

**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:** Monetary/Fine \$15,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE CONSENT ORDER FINED THE FIRM \$15,000 AND DIRECTED THAT IT CEASE AND DESIST FROM ENGAGING IN VIOLATIVE CONDUCT.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** CONSENT ORDER ENTERED 4/27/2012 ALLEGING THAT THE FIRM FAILED TO COMPLY WITH RECORDKEEPING REQUIREMENTS BY NOT INCLUDING ON A PRELIMINARY TRADE NOTIFICATION THE AMOUNT OF THE MARKUP CHARGED ON PRINCIPAL TRANSACTIONS.

**Initiated By:** CONNECTICUT

**Date Initiated:** 04/27/2012

**Docket/Case Number:** CO-12-7993-S

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Consent

**Resolution Date:** 04/27/2012



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

**Other Sanctions Ordered:**

**Sanction Details:** THE CONSENT ORDER FINED THE FIRM \$15,000 AND DIRECTED THAT IT CEASE AND DESIST FROM ENGAGING IN VIOLATIVE CONDUCT.

#### Disclosure 25 of 34

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** MSRB RULE G-14 - DURING THE PERIOD OF FEBRUARY 1, 2005 THROUGH APRIL 30, 2005, AEGIS CAPITAL CORP. ENGAGED IN 73 MUNICIPAL SECURITIES TRANSACTIONS. A REVIEW OF 33 OF THESE TRANSACTIONS REVEALED THAT THE FIRM FAILED TO TIMELY REPORT 10 OF THE TRANSACTIONS TO THE MUNICIPAL SECURITIES RULEMAKING BOARD.

**Initiated By:** NASD

**Date Initiated:** 04/03/2007

**Docket/Case Number:** E102005000901

**Principal Product Type:** Debt - Municipal

**Other Product Type(s):**

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

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

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

**Resolution Date:** 04/03/2007

**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, AEGIS CAPITAL CORP.



CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS CENSURED AND FINED \$7,500.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** MSRB RULE G-14 - DURING THE PERIOD OF FEBRUARY 1, 2005 THROUGH APRIL 30, 2005, AEGIS CAPITAL CORP. ENGAGED IN 73 MUNICIPAL SECURITIES TRANSACTIONS. A REVIEW OF 33 OF THESE TRANSACTIONS REVEALED THAT THE FIRM FAILED TO TIMELY REPORT 10 OF THE TRANSACTIONS TO THE MUNICIPAL SECURITIES RULEMAKING BOARD.

**Initiated By:** NASD

**Date Initiated:** 04/03/2007

**Docket/Case Number:** E102005000901

**Principal Product Type:** Debt - Municipal

**Other Product Type(s):**

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

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

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

**Resolution Date:** 04/03/2007

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

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, AEGIS CAPITAL CORP. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS CENSURED AND FINED \$7,500.

#### Disclosure 26 of 34

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC RULES 10B-10, 11AC1-4, 11AC1-5(B), 11AC1-6(B), 17A-3, NASD RULES 2110, 3010, 3110, 6130(D), 6620(B), 6620(C), 6620(D), 6955(A) - AEGIS CAPITAL CORP. FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN



NASDAQ SECURITIES IN ITS PUBLIC QUOTATION WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; OR WHEN THE ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER FOR EACH SUCH SECURITY AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; FAILED TO REPORT TO THE AUTOMATED CONFIRMATION TRANSACTION SERVICE (ACT) OR THE NASDAQ MARKET CENTER THE CORRECT SYMBOL INDICATING WHETHER THE FIRM EXECUTED TRANSACTIONS IN ELIGIBLE SECURITIES IN A PRINCIPAL OR AGENCY CAPACITY; FAILED TO REPORT THROUGH ACT OR THE NASDAQ MARKET CENTER THE CORRECT SYMBOL INDICATING WHETHER THE TRANSACTION WAS A BUY, SELL OR CROSS IN LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES; FAILED TO REPORT THE CORRECT NUMBER OF SHARES THROUGH ACT OR THE NASDAQ MARKET CENTER LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES; INCORRECTLY REPORTED TO ACT AND THE NASDAQ MARKET CENTER THE SECOND LEG OF A "RISKLESS" PRINCIPAL TRANSACTION IN OTC EQUITY SECURITIES BECAUSE THE FIRM INCORRECTLY DESIGNATED THE CAPACITY OF THE TRANSACTION AS PRINCIPAL OR AGENT; FAILED TO SUBMIT REQUIRED INFORMATION TO OATS IN CONNECTION WITH ORDERS OR SUBMITTED A REPORT WITH INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THAT TRANSACTIONS WERE EXECUTED AT AN AVERAGE PRICE; THE FIRM MADE PUBLICLY AVAILABLE REPORTS ON ITS ROUTING OF NON-DIRECTED ORDERS IN COVERED SECURITIES THAT INCLUDED INCORRECT INFORMATION; FAILED TO SHOW TERMS AND CONDITIONS, TIME OF ENTRY, TIME OF EXECUTION, CORRECT TIME OF EXECUTION OF BROKERAGE ORDER MEMORANDA; [CONTINUED IN COMMENTS]

**Initiated By:** NASD

**Date Initiated:** 07/11/2006

**Docket/Case Number:** 2004200017001

**Principal Product Type:** Equity - OTC

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

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

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

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



<b>Resolution Date:</b>	07/11/2006
<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 \$50,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING
<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, FINED \$50,000 AND REQUIRED TO REVISE THE FIRM'S SUPERVISORY PROCEDURES CONCERNING REGISTRATION AND QUALIFICATIONS, LIMIT ORDER DISPLAY, LIMIT ORDER PROTECTION, BEST EXECUTION, SEC RULES 11AC1-5 AND 11AC1-6, ANTI-INTIMIDATION/COORDINATION, TRADE REPORTING, SALE TRANSACTIONS, OTHER TRADING RULES, AFFIRMATIVE DETERMINATION, BID TEST COMPLIANCE, FIRM QUOTE COMPLIANCE, OATS, RULES RELATING TO CHINESE WALLS, AND BOOKS AND RECORDS WITHIN 60 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.
<b>Regulator Statement</b>	FAILED TO MAKE AND KEEP A COPY OF THE CONFIRMATION OF THE SALE OF SECURITIES FOR THE ACCOUNT OF A CUSTOMER; FAILED TO SHOW THE CONTRA SIDE EXECUTING BROKER ON THE MEMORANDA OF BROKERAGE ORDERS; THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS, NASD RULES CONCERNING REGISTRATION AND QUALIFICATIONS, LIMIT ORDER DISPLAY, LIMIT ORDER PROTECTION, BEST EXECUTION, SEC RULES 11AC1-5 AND 11AC1-6, ANTI-INTIMIDATION/COORDINATION, TRADE REPORTING, SALE TRANSACTIONS, OTHER TRADING RULES, AFFIRMATIVE DETERMINATION, BID TEST COMPLIANCE, FIRM QUOTE COMPLIANCE, OATS, RULES RELATING TO CHINESE WALLS, AND BOOKS AND RECORDS.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	SEC RULES 10B-10, 11AC1-4, 11AC1-5(B), 11AC1-6(B), 17A-3, NASD RULES 2110, 3010, 3110, 6130(D), 6620(B), 6620(C), 6620(D), 6955(A) - AEGIS CAPITAL CORP. FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES IN ITS PUBLIC QUOTATION WHEN EACH SUCH



ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; OR WHEN THE ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER FOR EACH SUCH SECURITY AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; FAILED TO REPORT TO THE AUTOMATED CONFIRMATION TRANSACTION SERVICE (ACT) OR THE NASDAQ MARKET CENTER THE CORRECT SYMBOL INDICATING WHETHER THE FIRM EXECUTED TRANSACTIONS IN ELIGIBLE SECURITIES IN A PRINCIPAL OR AGENCY CAPACITY; FAILED TO REPORT THROUGH ACT OR THE NASDAQ MARKET CENTER THE CORRECT SYMBOL INDICATING WHETHER THE TRANSACTION WAS A BUY, SELL OR CROSS IN LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES; FAILED TO REPORT THE CORRECT NUMBER OF SHARES THROUGH ACT OR THE NASDAQ MARKET CENTER LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES; INCORRECTLY REPORTED TO ACT AND THE NASDAQ MARKET CENTER THE SECOND LEG OF A "RISKLESS" PRINCIPAL TRANSACTION IN OTC EQUITY SECURITIES BECAUSE THE FIRM INCORRECTLY DESIGNATED THE CAPACITY OF THE TRANSACTION AS PRINCIPAL OR AGENT; FAILED TO SUBMIT REQUIRED INFORMATION TO OATS IN CONNECTION WITH ORDERS OR SUBMITTED A REPORT WITH INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THAT TRANSACTIONS WERE EXECUTED AT AN AVERAGE PRICE; THE FIRM MADE PUBLICLY AVAILABLE REPORTS ON ITS ROUTING OF NON-DIRECTED ORDERS IN COVERED SECURITIES THAT INCLUDED INCORRECT INFORMATION; FAILED TO SHOW TERMS AND CONDITIONS, TIME OF ENTRY, TIME OF EXECUTION, CORRECT TIME OF EXECUTION OF BROKERAGE ORDER MEMORANDA; (CONTINUED IN COMMENTS SECTION)

**Initiated By:** NASD

**Date Initiated:** 07/11/2006

**Docket/Case Number:** 20042000170-01

**Principal Product Type:** Equity - OTC

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

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

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

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

**Resolution Date:** 07/11/2006





<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$50,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING
<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, FINED \$50,000 AND REQUIRED TO REVISE THE FIRM'S SUPERVISORY PROCEDURES CONCERNING REGISTRATION AND QUALIFICATIONS, LIMIT ORDER DISPLAY, LIMIT ORDER PROTECTION, BEST EXECUTION, SEC RULES 11AC1-5 AND 11AC1-6, ANTI-INTIMIDATION/COORDINATION, TRADE REPORTING, SALE TRANSACTIONS, OTHER TRADING RULES, AFFIRMATIVE DETERMINATION, BID TEST COMPLIANCE, FIRM QUOTE COMPLIANCE, OATS, RULES RELATING TO CHINESE WALLS, AND BOOKS AND RECORDS WITHIN 60 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.
<b>Firm Statement</b>	FAILED TO MAKE AND KEEP A COPY OF THE CONFIRMATION OF THE SALE OF SECURITIES FOR THE ACCOUNT OF A CUSTOMER; FAILED TO SHOW THE CONTRA SIDE EXECUTING BROKER ON THE MEMORANDA OF BROKERAGE ORDERS; THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS, NASD RULES CONCERNING REGISTRATION AND QUALIFICATIONS, LIMIT ORDER DISPLAY, LIMIT ORDER PROTECTION, BEST EXECUTION, SEC RULES 11AC1-5 AND 11AC1-6, ANTI-INTIMIDATION/COORDINATION, TRADE REPORTING, SALE TRANSACTIONS, OTHER TRADING RULES, AFFIRMATIVE DETERMINATION, BID TEST COMPLIANCE, FIRM QUOTE COMPLIANCE, OATS, RULES RELATING TO CHINESE WALLS, AND BOOKS AND RECORDS.

#### Disclosure 27 of 34

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	ON OR ABOUT NOVEMBER 27, 2002, AEGIS CAPITAL CORP.'S DESIGNATED OFFICER CEASED TO BE THE DESIGNATED OFFICER. FROM ON OR ABOUT NOVEMBER 27, 2002 TO ON OR ABOUT FEBRUARY 25, 2005, AEGIS CAPITAL CORP. DID NOT HAVE A QUALIFIED DESIGNATED OFFICER REGISTERED WITH THE SECURITIES COMMISSIONER. FROM ON OR ABOUT NOVEMBER 27, 2002 TO THE PRESENT, AEGIS CAPITAL CORP. HAS NOT SUBMITTED TO THE SECURITIES COMMISSIONER THE INFORMATION CONCERNING THIS CHANGE IN ITS DESIGNATED OFFICER AS REFLECTED ON ITS CERTIFICATE OF REGISTRATION, WITH THE FEE.
<b>Initiated By:</b>	TEXAS



**Date Initiated:** 06/02/2005  
**Docket/Case Number:** IC05-CAF-17  
**URL for Regulatory Action:**  
**Principal Product Type:** Other  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Reprimand  
**Other Sanction(s)/Relief Sought:** ADMINISTRATIVE FINE  
**Resolution:** Order  
**Resolution Date:** 06/02/2005  
**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:** Monetary/Fine \$3,500.00  
**Other Sanctions Ordered:** REPRIMAND  
**Sanction Details:** PURSUANT TO SECTION 23-1 OF THE TEXAS SECURITIES ACT, AEGIS CAPITAL CORPORATION IS ASSESSED AN ADMINISTRATIVE FINE IN THE AMOUNT OF \$3,500.

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** FROM NOVEMBER 27, 2002 THROUGH FEBRUARY 25, 2005, THE FIRM FAIL TO DESIGNATE A CONTROL PERSON FOR THE STATE OF TEXAS  
**Initiated By:** TEXAS  
**Date Initiated:** 06/02/2005  
**Docket/Case Number:** IC05-CAF-17  
**Principal Product Type:** No Product  
**Other Product Type(s):**



<b>Principal Sanction(s)/Relief Sought:</b>	Reprimand
<b>Other Sanction(s)/Relief Sought:</b>	ADMINISTRATIVE FINE
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	06/02/2005
<b>Sanctions Ordered:</b>	Monetary/Fine \$3,500.00
<b>Other Sanctions Ordered:</b>	REPRIMAND
<b>Sanction Details:</b>	PURSUANT TO SECTION 23-1 OF THE TEXAS SECURITIES ACT, AEGIS CAPITAL CORPORATION WAS ASSESSED AN ADMINISTRATIVE FINE IN THE AMOUNT OF \$3,500.

#### Disclosure 28 of 34

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD CONDUCTS RULE 2110 AND 3010, NASD MARKETPLACE RULES 6130(B), 6620(A), 6620(A)(3) AND 6740, AND SEC RULE 15C2-11 - RESPONDENT MEMBER PUBLISHED QUOTATIONS FOR AN OTC EQUITY SECURITY, OR DIRECTLY OR INDIRECTLY SUBMITTED SUCH QUOTATIONS FOR PUBLICATION, IN A QUOTATION MEDIUM AND DID NOT HAVE IN ITS RECORDS THE DOCUMENTATION REQUIRED BY SEC RULE 15C2-11(A), DID NOT HAVE REASONABLE BASIS UNDER THE CIRCUMSTANCES FOR BELIEVING THAT THE INFORMATION WAS ACCURATE IN ALL MATERIAL RESPECTS, OR DID NOT HAVE A REASONABLE BASIS UNDER THE CIRCUMSTANCES FOR BELIEVING THAT THE SOURCES OF THE INFORMATION WERE RELIABLE AND DID NOT REPRESENT A CUSTOMER'S INDICATION OF UNSOLICITED INTEREST; FAILED TO FILE A FORM 211 WITH NASD AT LEAST 3 BUSINESS DAYS BEFORE THE FIRM'S QUOTATIONS WERE PUBLISHED OR DISPLAYED IN A QUOTATION MEDIUM; IT'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING SECT RULE 15C2-11 AND NASD MARKETPLACE RULE 6740; FAILED TO ACCEPT OR DECLINE IN THE AUTOMATED CONFIRMATION TRANSACTION SERVICE (ACT) TRANSACTIONS IN NASDAQ SECURITIES WITHIN 20 MINUTES AFTER EXECUTION; FAILED WITH 90 SECONDS AFTER EXECUTION, TO TRANSMIT TO ACT LAST SALE REPORTS OF TRANSACTIONS IN OTC SECURITIES AND FAILED TO DESIGNATE THROUGH ACT SUCH LAST SALE REPORTS AS LATE; AND, INCORRECTLY



DESIGNATED AS .T THROUGH ACT TRANSACTIONS IN OTC EQUITY SECURITIES THAT WERE EXECUTED DURING NORMAL MARKET HOURS.

**Initiated By:** NASD

**Date Initiated:** 12/31/2004

**Docket/Case Number:** CMS040218

**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:** 12/31/2004

**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 \$20,000.00

**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, THE FIRM IS CENSURED AND FINED \$20,000.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FROM FEB. 6 THROUGH FEB. 14, 2002 THE FIRM PUBLISHED 14 QUOTES FOR TLOX AND DID NOT HAVE IN ITS RECORDS DOCUMENTS REQUIRED BY SEC 15C2-11(A). THIS ALSO CONSTITUTED A VIOLATION OF NASD RULE 2110. OF 488 TRANSACTIONS REVIEWED, THE FIRM FAILED TO REPORT WITHIN 90 SECONDS THROUGH ACT 299 WHICH CONSTITUTED A VIOLATION OF NASD MARKET PLACE RULE 6620(A). OF THE 488 TRANSACTIONS REVIEWED THE FIRM INCORRECTELY DESIGNATED 17



TRANSACTIONS WITH A ".T" MODIFIER WHICH CONSTITUTED A VIOLATION OF NASD MARKET PLACE RULE 6620(A)(3).

**Initiated By:** NASD

**Date Initiated:** 08/15/2003

**Docket/Case Number:** CMS040218

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

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

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

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

**Resolution Date:** 12/31/2004

**Sanctions Ordered:** Censure  
Monetary/Fine \$20,000.00

**Other Sanctions Ordered:** NONE

**Sanction Details:** 20000 FINE

**Firm Statement** \$5000 FINE FOR VIOLATION OF SEC 15C2-11 AND NASD MARKET PLACE RULE 6740; \$5000 FOR SUPERVISORY VIOLATIONS; \$5000 FOR ACCEPT/DECLINE VIOLATIONS; \$5000 FOR LATE TRADE REPORTING

#### Disclosure 29 of 34

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC RULE 15C3-1, NASD RULE 2110, MSRB RULE G-14 - RESPONDENT MEMBER CONDUCTED A SECURITIES BUSINESS WITH A NET CAPITAL DEFICIENCY; EFFECTED MUNICIPAL SECURITIES TRANSACTIONS THAT WERE REPORTED LATE, WERE INCORRECTLY REPORTED AS TO THE CAPACITY BY WHICH THE FIRM WAS ACTING (AS EITHER BUYER OR SELLER), AND REPORTED TRANSACTIONS WITH INCORRECT MARKET PARTICIPANT IDENTIFICATION (MPID) INDICATORS; AND FAILED TO ENSURE ACCURATE OR COMPLETE TIMES OF TRADE INFORMATION, THEREBY CAUSING INACCURATE OR IMCOMPLETE REPORTING OF MUNICIPAL SECURITIES TRANSACTIONS TO THE MSRB.

**Initiated By:** NASD



**Date Initiated:** 04/02/2004  
**Docket/Case Number:** C10040026  
**Principal Product Type:** Debt - Municipal  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 04/02/2004  
**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 \$4,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AEGIS CAPITAL CORPORATION CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS FINED \$4,000.

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** PURSUANT TO SEC RULE 15C3-1, ON FRIDAY, FEBRUARY 28, 2003, AEGIS' MINIMUM NET CAPITAL REQUIREMENT WAS \$575,000. HOWEVER, WHILE CONDUCTING A SECURITIES BUSINESS ON FEBRUARY 28, 2003, AEGIS HAD NET CAPITAL IN THE AMOUNT OF \$559,409, WITH A NET CAPITAL DEFICIENCY OF \$15,591. AEGIS WAS FOUND TO BE IN VIOLATION OF MSRB RULE G-14 BY NOT ENSURING THAT THEIR CLEARING AGENT ACCURATELY REPORTED MUNICIPAL TRANSACTIONS.  
**Initiated By:** NASD  
**Date Initiated:** 04/02/2004  
**Docket/Case Number:** C10040026



**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 04/02/2004  
**Sanctions Ordered:** Monetary/Fine \$4,000.00  
**Other Sanctions Ordered:** FINE OF 4000.00  
**Sanction Details:** FINE PAID \$4,000.00  
**Firm Statement** AWC WAS ACCEPTED AND CHECK WAS PAID ON APRIL 15, 2004

#### Disclosure 30 of 34

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** SEC RULE 11AC1-4 - THE RESPONDENT MEMBER ("FIRM") FAILED TO DISPLAY IMMEDIATELY THE CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES IN ITS PUBLIC QUOTATION, WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; OR WHEN THE ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER IN SUCH SECURITY, AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH ITS BID OR OFFER IN EACH SUCH SECURITY.  
**Initiated By:** NASD  
**Date Initiated:** 09/19/2003  
**Docket/Case Number:** CMS030216  
**Principal Product Type:** Other  
**Other Product Type(s):** UNKNOWN TYPE OF SECURITIES  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**



**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 09/19/2003  
**Sanctions Ordered:** Monetary/Fine \$5,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT FIRM CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS FINED \$5,000.

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** ON 74 OCCASIONS BETWEEN OCT 1, 2001 THROUGH DECEMBER 31, 2001 AEGIS FAILED TO IMMEDIATELY DISPLAY CUSTOMER LIMIT ORDERS IN ITS PUBLIC QUOTATION  
**Initiated By:** NASD  
**Date Initiated:** 09/19/2003  
**Docket/Case Number:** CMS030216  
**Principal Product Type:** Equity - OTC  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 09/19/2003  
**Sanctions Ordered:** Monetary/Fine \$5,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** TOTAL FINE IS \$5,000.00

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#### Disclosure 31 of 34

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





**Allegations:** NASD CONDUCT RULE 3320, NASD MARKETPLACE RULE 4613(B), AND SEC RULE 11AC1-1 - RESPONDENT MEMBER FIRM ("FIRM") WAS A MARKET MAKER IN SECURITIES, AND AN ORDER WAS PRESENTED TO THE FIRM AT THE FIRM'S PUBLISHED BID OR PUBLISHED OFFER IN AN AMOUNT UP TO ITS PUBLISHED QUOTATION SIZE. THE FIRM FAILED TO EXECUTE THE ORDERS UPON PRESENTMENT AND THEREBY FAILED TO HONOR ITS PUBLISHED QUOTATION.

**Initiated By:** NASD

**Date Initiated:** 07/22/2003

**Docket/Case Number:** CMS030170

**Principal Product Type:** Other

**Other Product Type(s):** UNKNOWN TYPE OF SECURITIES

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

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

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

**Resolution Date:** 07/22/2003

**Sanctions Ordered:** Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS FINED \$5,000.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** BACKING AWAY FROM PUBLISHED QUOTES

**Initiated By:** NASD

**Date Initiated:** 10/30/2002

**Docket/Case Number:** CMS030170

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**



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

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

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

**Resolution Date:** 07/22/2003

**Sanctions Ordered:** Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

**Sanction Details:** FIRM AGREED TO PAY FINE OF 5000.00

#### Disclosure 32 of 34

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 4613(E)(2) AND 4613(E)(1)(C) - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT MEMBER CONSENTED TO THE ENTRY OF FINDINGS THAT THE RESPONDENT MEMBER, A MARKET MAKER IN SECURITIES, WITHOUT MAKING REASONABLE EFFORTS TO AVOID A LOCKED OR CROSSED MARKET BY EXECUTING TRANSACTIONS WITH ALL MARKET PARTICIPANTS WHOSE QUOTATIONS WOULD BE LOCKED OR CROSSED, ENTERED A BID OR ASK QUOTATION IN THE NASDAQ STOCK MARKET, INC. WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION TO OCCUR IN EACH INSTANCE. THE RESPONDENT MEMBER WAS A PARTY TO A LOCKED OR CROSSED MARKET CONDITION PRIOR TO THE MARKET OPENING AND RECEIVED A TRADE-OR-MOVE MESSAGE IN EACH INSTANCE THROUGH SELECTNET AND WITHIN 30 SECONDS OF RECEIVING SUCH MESSAGES, FAILED TO FILL THE INCOMING TRADE-OR-MOVE MESSAGE FOR THE FULL SIZE OF THE MESSAGE OR MOVE ITS BID DOWN (OFFER UP) BY A QUOTATION INCREMENT THAT WOULD HAVE UNLOCKED/UNCROSSED THE MARKET.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

**Date Initiated:** 05/03/2002

**Docket/Case Number:** CMS020085

**Principal Product Type:** Other

**Other Product Type(s):** UNKNOWN TYPE OF SECURITIES.

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



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

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

**Resolution Date:** 05/03/2002

**Sanctions Ordered:** Censure  
Monetary/Fine \$35,000.00

**Other Sanctions Ordered:**

**Sanction Details:** A CENSURE AND A \$35,000 FINE (COMPOSED OF A \$30,000 FINE FOR THE VIOLATIONS OF THE NASD'S TRADE-OR-MOVE RULE AND A \$5,000 FINE FOR THE VIOLATIONS OF THE NASD'S LOCKED AND/OR CROSSED MARKET RULE).

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** AEGIS ENTERED BID OR ASK QUOTATIONS WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION ON 14 OCCASIONS BETWEEN 4/1/01 AND 6/30/01. AEGIS WAS A PARTY TO 191 LOCKED OR CROSSED MARKET CONDITIONS BETWEEN 9:20 A.M. AND 9:29:59 A.M. FROM 4/1/01 TO 6/30/01 AND FAILED TO COMPLY WITH A TRADE-OR-MOVE MESSAGE.

**Initiated By:** NASD REGULATION, INC.

**Date Initiated:** 05/09/2002

**Docket/Case Number:** CMS020085

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** \$35,000 FINE

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

**Resolution Date:** 05/09/2002

**Sanctions Ordered:** Censure  
Monetary/Fine \$35,000.00

**Other Sanctions Ordered:**



**Sanction Details:** FIRM WAS CENSURED AND FINED \$35,000

### Disclosure 33 of 34

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 2110, 3010, 4642 AND SEC RULE 10B-10 - FAILED TO REPORT THROUGH ACT LAST SALE REPORTS OF TRANSACTIONS IN SECURITIES; FAILED WITHIN 90 SECONDS AFTER EXECUTION TO TRANSMIT THROUGH ACT LAST SALE REPORTS OF TRANSACTIONS AND FAILED TO DESIGNATE THROUGH ACT SUCH LAST SALE REPORTS AS LATE; FAILED TO PROVIDE WRITTEN NOTIFICATION TO ITS CUSTOMERS DISCLOSING ITS CORRECT CAPACITY IN THE TRANSACTION; FAILED WHEN IT ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT, TO PROVIDE WRITTEN NOTIFICATION TO ITS CUSTOMER DISCLOSING WHETHER IT WAS A MARKET MARKER IN A SECURITY AND TO PROVIDE WRITTEN NOTIFICATION TO ITS CUSTOMER DISCLOSING THE REPORTED TRADE PRICE AND THE DIFFERENCE, IF ANY, BETWEEN THE REPORTED TRADE PRICE AND THE PRICE TO THE CUSTOMER; FAILED TO COMPLY WITH APPLICABLE REPORTING TRANSACTIONS RULES WHICH ALLOWS CUSTOMER TO INDEPENDENTLY DETERMINE THAT THE FIRM COMPLIED WITH THE DUTY OF BEST EXECUTION; AND, FAILED TO PROVIDE SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATION CONCERNING BEST EXECUTION, TRANSACTION REPORTING AND CUSTOMER CONFIRMATION DISCLOSURES.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS

**Date Initiated:** 08/15/2001

**Docket/Case Number:** CMS010125

**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:** 08/15/2001

**Sanctions Ordered:** Censure



Monetary/Fine \$40,000.00

**Other Sanctions Ordered:** REVISE ITS WRITTEN SUPERVISORY PROCEDURES WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC.

**Sanction Details:** NONE

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** INFRACTIONS OF NASD RULES 2110,3010,4642 AND SEC RULE 10B-10

**Initiated By:** NASD

**Date Initiated:** 08/15/2001

**Docket/Case Number:** CMS010125

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** MONETARY FINE \$40,000

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

**Resolution Date:** 08/15/2001

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

**Other Sanctions Ordered:** REVISE ITS WRITTEN SUPERVISORY PROCEDURES WITHIN THIRTY BUSINESS DAYS OF ACCEPTANCE OF THIS AWC

**Sanction Details:** FIRM IS PAYING THE FINE OF \$40,000.00 IN MONTHLY INSTALLMENTS THE FIRST BEING ON 9/1/2001.

**Firm Statement** THIS ACTION HAS BEEN CLOSED. THE FIRM IS PAYING THE FINE IN MONTHLY INSTALLMENTS AND HAS UPDATED ITS WRITTEN SUPERVISORY PROCEDURES AS REQUIRED BY NASD

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#### Disclosure 34 of 34

**Reporting Source:** Regulator

**Current Status:** Final



**Allegations:** NASD RULES 2110 AND 4613(E) - RESPONDENT MEMBER, A MARKET MAKER IN SECURITIES, WITHOUT MAKING REASONABLE EFFORTS TO AVOID A LOCKED OR CROSSED MARKET BY EXECUTING TRANSACTIONS WITH ALL MARKET MAKERS WHOSE QUOTATIONS WOULD BE LOCKED OR CROSSED, ENTERED BID OR ASKED QUOTATIONS IN THE NASDAQ STOCK MARKET, INC. WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION TO OCCUR IN EACH INSTANCE; AND, WITHOUT MAKING REASONABLE EFFORTS TO AVOID A LOCKED OR CROSSED MARKET BY EXECUTING TRANSACTIONS WITH ALL MARKET MAKERS WHOSE QUOTATIONS WOULD BE LOCKED OR CROSSED, ENTERED (OR MAINTAINED) A BID OR ASKED QUOTATION IN THE NASDAQ STOCK MARKET, INC. DURING THE PERIOD OF TIME THAT SECONDARY TRADING COMMENCED IMMEDIATELY FOLLOWING THE COMPLETION OF AN INTIAL PUBLIC OFFERING OF THE SUBJECT SECURITY, WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION TO OCCUR IN EACH INSTANCE.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS

**Date Initiated:** 07/06/2001

**Docket/Case Number:** CMS010098

**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:** 07/06/2001

**Sanctions Ordered:** Monetary/Fine \$29,000.00  
Suspension

**Other Sanctions Ordered:**

**Sanction Details:** SUSPENDED FOR 10 BUSINESS DAYS FROM ACTING AS A MARKET MAKER IN ANY SECURITY DURING THE PERIOD OF TIME THAT SECONDARY TRADING IN SUCH SECURITY COMMENCES AFTER THE COMPLETION OF ITS INITIAL PUBLIC OFFERING (THE FIRM SHALL BE SUSPENDED FROM ACTING AS A MARKET MAKER IN THE SECURITY FROM THE COMMENCEMENT OF SECONDARY TRADING IN SUCH SECURITY THROUGH THE END OF NORMAL BUSINESS HOURS ON THE NEXT TRADING DAY).\*\*\* THE SUSPENSION IS EFFECTIVE AUGUST 6, , 2001 TO AUGUST 17, 2001.



**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE NASD ALLEGED THAT IN A NUMBER OF INSTANCES IN THE PERIOD FEBRUARY 1999 TO JUNE 1999, THE APPLICANT, WITHOUT MAKING REASONABLE EFFORTS TO AVIOD A LOCKED OR CROSSED MARKET, ENTERED BID OR ASKED QUOTATIONS WHICH CAUSED A LOCKED OR CROSSED CONDITION TO OCCUR, IN VIOLATION OF NASD MARKET PLACE RULE 4613(E) AND NASD CONDUCT RULE 2110.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS

**Date Initiated:** 07/26/1999

**Docket/Case Number:** CMS010098

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** FROM AUGUST 6,2001 TO AUGUST 17, 2001 THE FIRM MAY NOT ACT AS A MARKET MAKER IN ANY SECURITIES FROM THE COMMENCEMENT OF SECONDARY TRADING THROUGH THE END OF THE FIRST FULL TRADING DAY FOLLOWING AN IPO

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

**Resolution Date:** 07/02/2001

**Sanctions Ordered:** Monetary/Fine \$29,000.00  
Suspension

**Other Sanctions Ordered:** FROM AUGUST 6,2001 TO AUGUST 17, 2001 THE FIRM MAY NOT ACT AS A MARKET MAKER IN ANY SECURITIES FROM THE COMMENCEMENT OF SECONDARY TRADING THROUGH THE END OF THE FIRST FULL TRADING DAY FOLLOWING AN IPO

**Sanction Details:** FROM AUGUST 6,2001 TO AUGUST 17, 2001 THE FIRM MAY NOT ACT AS A MARKET MAKER IN ANY SECURITIES FROM THE COMMENCEMENT OF SECONDARY TRADING THROUGH THE END OF THE FIRST FULL TRADING DAY FOLLOWING AN IPO

**Firm Statement** THE NASD ACCEPTED THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT, IDENTIFIED AS MATTER CMS010098, ON JULY 2, 2001. THE PERIOD OF SUSPENSION IS AUGUST6,2001 TO AUGUST 17,2001.

## Arbitration Award - Award / Judgment

Brokerage firms are not required to report arbitration claims filed against them by customers; however, BrokerCheck provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and registered securities firms in this section of the report.

The full text of arbitration awards issued by FINRA is available at [www.finra.org/awardsonline](http://www.finra.org/awardsonline).

### Disclosure 1 of 1

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT; DO NOT USE-NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	12/11/1995
<b>Case Number:</b>	95-05201
<b>Disputed Product Type:</b>	DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
<b>Sum of All Relief Requested:</b>	\$350.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	04/23/1996
<b>Sum of All Relief Awarded:</b>	\$130.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.



## End of Report



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