

BrokerCheck Report

FCF SECURITIES AND DERIVATIVES LLC

CRD# 157067

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

Please contact FINRA with any concerns.

About BrokerCheck®

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

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

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

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

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

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
 - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
 - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

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

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

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

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

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

• **Thank you for using FINRA BrokerCheck.**



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



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit www.finra.org.



FCF SECURITIES AND DERIVATIVES
LLC

CRD# 157067

SEC# 8-68831

Main Office Location

425 S. FINANCIAL PLACE
STE. 1575
CHICAGO, IL 60605
Regulated by FINRA Chicago Office

Mailing Address

425 S. FINANCIAL PLACE
STE. 1575
CHICAGO, IL 60605

Business Telephone Number

312-663-2712

Report Summary for this Firm

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

Firm Profile

This firm is classified as a limited liability company.
This firm was formed in Delaware on 04/01/2019.
Its fiscal year ends in December.

Firm History

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

Firm Operations

This firm is registered with:

- the SEC
- 3 Self-Regulatory Organizations
- 1 U.S. state or territory

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

This firm conducts 3 types of businesses.
This firm is affiliated with financial or investment institutions.
This firm does not have 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	4



Firm Profile

This firm is classified as a limited liability company.
This firm was formed in Delaware on 04/01/2019.
Its fiscal year ends in December.

Firm Names and Locations

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

FCF SECURITIES AND DERIVATIVES LLC
Doing business as FCF SECURITIES AND DERIVATIVES LLC
CRD# 157067
SEC# 8-68831

Main Office Location
425 S. FINANCIAL PLACE
STE. 1575
CHICAGO, IL 60605

Regulated by FINRA Chicago Office

Mailing Address
425 S. FINANCIAL PLACE
STE. 1575
CHICAGO, IL 60605

Business Telephone Number
312-663-2712

Other Names of this Firm

Name	Where is it used
FOG EQUITIES	IL



Firm Profile

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

Direct Owners and Executive Officers

Legal Name & CRD# (if any):	FCF GROUP INTERMEDIATE HOLDINGS LLC
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	100% DIRECT OWNER
Position Start Date	01/2017
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	MCDEVITT, BERNARD EDWARD 2734672
Is this a domestic or foreign entity or an individual?	Individual
Position	CEO
Position Start Date	04/2018
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):	POSTREL, HELENE BERSON 2240945
Is this a domestic or foreign entity or an individual?	Individual
Position	FINOP
Position Start Date	03/2021

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? No

Is this a public reporting company? No

Legal Name & CRD# (if any): POSTREL, HELENE BERSON
2240945

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

Position PRINCIPAL OPERATIONS OFFICER

Position Start Date 08/2021

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): POSTREL, HELENE BERSON
2240945

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

Position PRINCIPAL FINANCIAL OFFICER

Position Start Date 03/2021

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): WONG, WILLIE L

Firm Profile



Direct Owners and Executive Officers (continued)

	4170997
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF COMPLIANCE OFFICER
Position Start Date	01/2019
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No



Firm Profile

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

Indirect Owners

Legal Name & CRD# (if any):	FCF GROUP HOLDINGS LLC
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	FCF GROUP INTERMEDIATE HOLDINGS LLC
Relationship to Direct Owner	100% OWNER
Relationship Established	01/2017
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	VORA, ANISH M 5466748
Is this a domestic or foreign entity or an individual?	Individual
Company through which indirect ownership is established	FCF GROUP HOLDINGS, LLC
Relationship to Direct Owner	MEMBER
Relationship Established	03/2021
Percentage of Ownership	25% but less than 50%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Firm History

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



This firm was previously: FOG EQUITIES, LLC

Date of Succession: 04/01/2019

Predecessor CRD#: 157067

Predecessor SEC#: 8-68831

Description FOG EQUITIES, LLC, A DELAWARE LLC (FOG DE) SUCCEEDED TO THE BUSINESS OF FOG EQUITIES, LLC, A CALIFORNIA LLC (FOG CA) AS THE RESULT OF A CONVERSION OF FOG CA INTO FOG DE, WHERE FOG DE WAS THE SURVIVING LLC. FOG DE THEREBY ACQUIRED ALL OF FOG CA'S RIGHT, TITLE & INTEREST TO ITS BD BUSINESS & ASSUMED ALL OF ITS ASSETS & LIABILITIES. THERE WERE NO CHANGES TO THE OWNERSHIP & CONTROL OF THESE LLCs AS A RESULT OF THE CONVERSION & SUCCESSION.



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 1 U.S state or territory.

Federal Regulator	Status	Date Effective
SEC	Approved	06/28/2011

SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

A broker-dealer and government securities broker or dealer: No

A government securities broker or dealer only: No

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

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	06/11/2013
NYSE Texas, Inc.	Approved	06/28/2011
Nasdaq Stock Market	Approved	02/08/2019

Firm Operations



Registrations (continued)

U.S. States & Territories	Status	Date Effective
Illinois	Approved	01/23/2014

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 3 types of businesses.

Types of Business

Exchange member engaged in exchange commission business other than floor activities

Exchange member engaged in floor activities

Broker or dealer retailing corporate equity securities over-the-counter

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 not refer or introduce customers to other brokers and dealers.

Firm Operations

Industry Arrangements



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

Name: RBC CAPITAL MARKETS, LLC

CRD #: 31194

Business Address: 3 WORLD FINANCIAL CENTER
200 VESEY STREET
NEW YORK, NY 10281

Effective Date: 10/28/2022

Description: RBC CAPITAL MARKETS LLC MAINTAINS FUNDS FOR THE FIRM'S ERROR ACCOUNT AND CERTAIN CLEARING BOOKS AND RECORDS.

Name: SMARSH

Business Address: 851 SW 6TH AVE SUITE 800
PORTLAND, OR 90724

Effective Date: 03/01/2018

Description: FIRM USES SMARSH AS A 3RD PARTY RETENTION AND REVIEW PLATFORM FOR THE FIRM FOR ALL ELECTRONIC COMMUNICATIONS.

Name: BOX.COM

Business Address: 900 JEFFERSON AVE
REDWOOD CITY, CA 94063

Effective Date: 07/01/2017

Description: THE FIRM MAINTAINS REDUNDANT CLOUD BASED STORAGE OF FORM ELECTRONIC BOOKS AND RECORDS AT BOX.COM

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

Name: RBC CAPITAL MARKETS, LLC

CRD #: 31194

Business Address: 3 WORLD FINANCIAL CENTER
200 VESEY STREET
NEW YORK, NY 10281

Effective Date: 10/28/2022

Description: RBC CAPITAL MARKETS LLC MAINTAINS FUNDS FOR THE FIRM'S ERROR ACCOUNT AND CERTAIN CLEARING BOOKS AND RECORDS.

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

Firm Operations



Industry Arrangements (continued)

Control Persons/Financing

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

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



Firm Operations

Organization Affiliates

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

This firm is, directly or indirectly:

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

HAMILTON EXECUTIONS LLC is under common control with the firm.

Business Address:	11 WALL STREET NEW YORK, NY 10005
Effective Date:	05/08/2023
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	HAMILTON EXECUTIONS IS AN AGENCY OPTIONS BROKER/DEALER ON THE NYSE AMEX AND IS AFFILIATED WITH FCF SECURITIES AND DERIVATIVES LLC (DBA FOG EQUITIES LLC) THROUGH INDIVIDUALS THAT HAVE COMMON OWNERSHIP IN FOG EQUITIES LLC'S INDIRECT OWNER FCF GROUP HOLDINGS LLC AND WHO HAVE DIRECT OWNERSHIP IN FCF GROUP INTERMEDIATE HOLDINGS II LLC, WHICH HAS A PARTIAL OWNERSHIP STAKE IN HAMILTON EXECUTIONS LLC.

CASEY SECURITIES LLC is under common control with the firm.

CRD #:	35230
Business Address:	100 DRAKES LANDING ROAD BUILDING 100A - 2ND FLOOR SUITE 210 GREENBRAE, CA 94904
Effective Date:	01/01/2017
Foreign Entity:	No
Country:	
Securities Activities:	Yes

Firm Operations



Organization Affiliates (continued)

Investment Advisory Activities: No

Description: CASEY SECURITIES, LLC IS AN AGENCY OPTIONS EXECUTION BROKER/DEALER ON THE NYSE ARCA AND IS AFFILIATED WITH FCF SECURITIES AND DERIVATIVES LLC (DBA FOG EQUITIES LLC) THROUGH INDIVIDUALS THAT HAVE COMMON OWNERSHIP IN FCF GROUP HOLDINGS LLC, THE INDIRECT OWNER OF FOG EQUITIES LLC.

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

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



Disclosure Events

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

	Pending	Final	On Appeal
Regulatory Event	0	4	0



Disclosure Event Details

What you should know about reported disclosure events:

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

Regulatory - Final

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

Disclosure 1 of 4

Reporting Source: Regulator

Current Status: Final

**Allegations:**

FOG EQUITIES LLC ("FOG EQUITIES" OR THE "FIRM") VIOLATED CHICAGO STOCK EXCHANGE, INC. ("CHX") ARTICLE 17, RULE 3(C) WHEN FROM APRIL 3, 2013 TO APRIL 29, 2014, THE FIRM FAILED TO RECORD THE CORRECTION TRANSACTIONS FOR NINE BONA FIDE ERROR ("BFE") TRANSACTIONS IN THE FIRM'S SEPARATE CHX ERROR ACCOUNT, WHICH PREVENTED CHX STAFF FROM CONDUCTING AUTOMATED ELECTRONIC REVIEW OF THESE CORRECTIVE TRANSACTIONS. FOG EQUITIES VIOLATED CHX ARTICLE 9, RULE 2, AND, FOR THE TRANSACTIONS WHICH OCCURRED AFTER DECEMBER 2, 2013, CHX ARTICLE 20, RULE 9 AND CHX ARTICLE 20, RULE 9A, WHEN FROM APRIL 18, 2013 TO AUGUST 6, 2014, THE FIRM IMPROPERLY TREATED THREE CUSTOMER FACILITATIONS AS BFES. FOG EQUITIES VIOLATED CHX ARTICLE 9, RULE 2, WHEN FROM APRIL 3, 2013 TO AUGUST 6, 2014, THE FIRM FAILED TO PROPERLY HANDLE 24 CORRECTION TRANSACTIONS, WHICH RESULTED IN SUCH TRANSACTIONS NOT BEING PUBLICLY DISSEMINATED TO THE MARKET. FOG EQUITIES VIOLATED CHX ARTICLE 11, RULE 2, AND, FOR THE TRANSACTIONS WHICH OCCURRED AFTER DECEMBER 2, 2013, CHX ARTICLE 20, RULE 9(B) AND CHX ARTICLE 20, RULE 9A(A)(2), WHEN FROM APRIL 3, 2013 TO AUGUST 6, 2014, THE FIRM FAILED TO CREATE AND MAINTAIN DOCUMENTATION FOR TWO ERROR CORRECTION TRANSACTIONS, AND FAILED TO CREATE AND MAINTAIN ADEQUATE DOCUMENTATION FOR FOURTEEN ADDITIONAL ERROR CORRECTION TRANSACTIONS. FOG EQUITIES VIOLATED CHX ARTICLE 6, RULE 5(B), PRIOR TO SEPTEMBER 24, 2013, AND CHX ARTICLE 6, RULE 5(A) AND RULE 5(C) ON AND AFTER SEPTEMBER 24, 2013, WHEN FROM APRIL 2013 TO AUGUST 2014, THE FIRM FAILED TO: ESTABLISH AND MAINTAIN WRITTEN SUPERVISORY PROCEDURES WHICH ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RULES OF THE EXCHANGE; ENSURE THAT ONLY ERROR CORRECTION TRANSACTIONS THAT RESULTED FROM BFES WERE RECORDED IN THE SEPARATE ACCOUNT USED FOR HANDLING ERROR CORRECTION TRANSACTIONS; CREATE AND MAINTAIN ACCURATE AND COMPLETE TRADE ERROR REPORTS, WHICH INCLUDED DOCUMENTATION REGARDING THE BASIS FOR THE ERROR CORRECTION TRANSACTIONS AND THE PRICE THAT THE FIRM ESTABLISHED FOR SUCH ERROR CORRECTION TRANSACTIONS; CREATE AND MAINTAIN A PROPER LOG OF ERROR CORRECTION TRANSACTIONS, WHICH WAS REQUIRED BY THE FIRM'S WRITTEN SUPERVISORY PROCEDURES; AND ENSURE THAT THE ERROR CORRECTION TRANSACTIONS WERE PUBLICLY DISSEMINATED TO THE MARKETS.

Initiated By:

CHICAGO STOCK EXCHANGE

Date Initiated:

07/23/2018

Docket/Case Number:

CXH-D-2018-02

Principal Product Type:

Equity Listed (Common & Preferred Stock)

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

Civil and Administrative Penalt(ies) /Fine(s)

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

Decision & Order of Offer of Settlement

Resolution Date:

07/23/2018

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:

Monetary/Fine \$15,000.00

Other Sanctions Ordered:**Sanction Details:**

THE TOTAL AMOUNT OF THE FINE WAS \$15,000.00, AND ALL OF THE FINE WAS LEVIED AGAINST FOG EQUITIES LLC. THE FINE WAS PAID ON JULY 25, 2018 AND NO PORTION OF THE FINE WAS WAIVED.

Reporting Source:

Firm

Current Status:

Final

Allegations:

FROM APRIL 3, 2013 TO APRIL 29, 2014, FOG FAILED TO REPORT NINE "BONA FIDE ERROR" ("BFE") CORRECTION TRANSACTIONS EMPLOYING THE CHX ERROR ACCOUNT BROKER CODE ESTABLISHED FOR REPORTING TRANSACTIONS INVOLVING ERRORS, IN VIOLATION OF CHX ARTICLE 17, RULE 3(C). ALSO, FROM APRIL 18, 2013 TO AUGUST 6, 2014, FOG TREATED CUSTOMER ACCOMMODATION TRANSACTIONS FOR THREE TRADES IN NMS STOCKS AS BFES WHEN SUCH TRANSACTIONS FAILED TO SATISFY THE BFE DEFINITION, IN VIOLATION OF CHX ARTICLE 9, RULE 2, AND FOR THE TRANSACTIONS THAT OCCURRED AFTER DECEMBER 2, 2013, CHX ARTICLE 20, RULE 9 AND CHX ARTICLE 20, RULE 9A. FROM APRIL 3, 2013 TO AUGUST 6, 2014, FOG FAILED TO RECORD TWENTY-FOUR TRANSACTIONS IN A SEPARATE ACCOUNT, AS REQUIRED, RESULTED IN SUCH TRANSACTIONS NOT BEING PUBLICLY DISSEMINATED PURSUANT TO THE CHX'S "TRANSACTION REPORTING PLAN", IN VIOLATION OF CHX ARTICLE 9, RULE 2. FROM APRIL 3, 2013 TO AUGUST 6, 2014, THE FIRM FAILED TO CREATE AND MAINTAIN ADEQUATE DOCUMENTATION TO DESCRIBE AND SUBSTANTIATE THE FACTS SURROUNDING SIXTEEN



TRANSACTIONS THAT THE FIRM CLAIMED WERE ENTERED IN ERROR, IN VIOLATION OF CHX ARTICLE 11, RULE 2, AND FOR THE TRANSACTIONS THAT OCCURRED AFTER DECEMBER 2, 2013, CHX ARTICLE 20, RULE 9(B) AND CHX ARTICLE 20, RULE 9A(A)(2). FINALLY, FROM APRIL 2013 TO AUGUST 2014, FOG FAILED TO MAINTAIN AND ENFORCE REASONABLE SUPERVISORY PROCEDURES AND REASONABLY SUPERVISE THE FIRM'S ACTIVITIES RELATED TO ERROR CORRECTION TRANSACTIONS, IN VIOLATION OF CHX ARTICLE 6, RULE 5(B) PRIOR TO SEPTEMBER 24, 2013, AND CHX ARTICLE 6, RULE 5(A) AND 5(C) ON AND AFTER SEPTEMBER 24, 2013.

Initiated By: CHICAGO STOCK EXCHANGE, INC.

Date Initiated: 11/30/2015

Docket/Case Number: CHX-D-2018-02

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

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 07/23/2018

Sanctions Ordered: Monetary/Fine \$15,000.00

Other Sanctions Ordered:

Sanction Details: FINE OF \$15,000 WAS LEVIED AGAINST FOG EQUITIES, LLC. THE FINE WAS PAID IN FULL ON JULY 24, 2018.

Disclosure 2 of 4

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 AND TWO OF ITS REGISTERED PRINCIPALS WHO CONSECUTIVELY SERVED AS THE FIRM'S CCO AND ANTI-MONEY LAUNDERING COMPLIANCE OFFICER (AMLCO) AND SHARED SUPERVISORY RESPONSIBILITIES, FAILED TO ESTABLISH, IMPLEMENT AND MAINTAIN AN ADEQUATE SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES THAT WERE



REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SECTION 5 OF THE SECURITIES ACT OF 1933 AND OTHER APPLICABLE SECURITIES LAWS AND REGULATIONS, WITH RESPECT TO THE FIRM'S LOW-PRICED SECURITIES BUSINESS INVOLVING PENNY STOCK TRANSACTIONS. THE FINDINGS STATED THAT THE FIRM AND THE TWO REGISTERED PRINCIPALS ALSO FAILED TO ESTABLISH, MAINTAIN AND IMPLEMENT ANTI-MONEY LAUNDERING (AML) PROCEDURES REASONABLY DESIGNED TO DETECT AND CAUSE THE REPORTING OF SUSPICIOUS TRANSACTIONS RELATED TO LOW-PRICED SECURITIES TRANSACTIONS. THE FIRM ALSO FAILED TO HAVE SYSTEMS AND PROCEDURES IN PLACE TO INVESTIGATE THE IDENTITY OF THE ULTIMATE CUSTOMERS OF THE FIRM'S FOREIGN BROKER-DEALER CUSTOMERS WHO BENEFICIALLY OWNED THE SECURITIES IN CERTAIN DELIVERY VERSUS PAYMENT (DVP) ACCOUNTS, INVESTIGATE HOW THOSE CUSTOMERS' CUSTOMERS ACQUIRED LOW-PRICED SECURITIES, OR REVIEW OR INVESTIGATE THE ACCOUNT ACTIVITY TO DETERMINE WHETHER TO FILE A SUSPICIOUS ACTIVITY REPORT (SAR). AS A RESULT OF THE FIRM'S INADEQUATE AML SYSTEMS AND PROCEDURES, THE FIRM AND ITS REGISTERED PRINCIPALS FAILED TO IDENTIFY, INVESTIGATE, AND/OR REPORT, IF APPROPRIATE, SUSPICIOUS ACTIVITY AND AML RED FLAGS RELATING TO LOW-PRICED SECURITIES TRANSACTIONS AND TO ONE OF ITS FOREIGN BROKER-DEALER CUSTOMERS.

THE FINDINGS ALSO STATED THE FIRM AND ITS REGISTERED PRINCIPALS ACTING IN THEIR CAPACITY AS THE FIRM'S ANTI-MONEY LAUNDERING COMPLIANCE OFFICER (AMLCO) FAILED TO ESTABLISH AND IMPLEMENT A SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE BANK SECRECY ACT. THE FIRM AND ITS REGISTERED PRINCIPALS FAILED TO ESTABLISH AND IMPLEMENT A DUE DILIGENCE PROGRAM FOR FOREIGN FINANCIAL INSTITUTIONS (FFIS) THAT WOULD IDENTIFY AND DETECT UNUSUAL ACTIVITY. THE FIRM AND THE TWO REGISTERED PRINCIPALS ALSO FAILED TO CONDUCT SUFFICIENT DUE DILIGENCE FOR FFI ACCOUNTS AND PERIODIC ACTIVITY REVIEWS FOR FFI ACCOUNTS TO DETERMINE WHETHER THE ACTIVITY WAS CONSISTENT WITH THE INFORMATION PROVIDED BY THE ACCOUNT HOLDERS AT THE ACCOUNTS' INCEPTION.

Initiated By: FINRA

Date Initiated: 05/24/2016

Docket/Case Number: [2015043495101](#)

Principal Product Type: Penny Stock(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:



Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/24/2016

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 \$60,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$60,000.

FINE PAID IN FULL ON JUNE 6, 2016.

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 AND TWO OF ITS REGISTERED PRINCIPALS WHO CONSECUTIVELY SERVED AS THE FIRM'S CCO AND ANTI-MONEY LAUNDERING COMPLIANCE OFFICER (AMLCO) AND SHARED SUPERVISORY RESPONSIBILITIES, FAILED TO ESTABLISH, IMPLEMENT AND MAINTAIN AN ADEQUATE SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES THAT WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SECTION 5 OF THE SECURITIES ACT OF 1933 AND OTHER APPLICABLE SECURITIES LAWS AND REGULATIONS, WITH RESPECT TO THE FIRM'S LOW-PRICED SECURITIES BUSINESS INVOLVING PENNY STOCK TRANSACTIONS. THE FINDINGS STATED THAT THE FIRM AND THE TWO REGISTERED PRINCIPALS ALSO FAILED TO ESTABLISH, MAINTAIN AND IMPLEMENT ANTI-MONEY LAUNDERING (AML) PROCEDURES REASONABLY DESIGNED TO DETECT AND CAUSE THE REPORTING OF SUSPICIOUS TRANSACTIONS RELATED TO LOW-PRICED SECURITIES



TRANSACTIONS. THE FIRM ALSO FAILED TO HAVE SYSTEMS AND PROCEDURES IN PLACE TO INVESTIGATE THE IDENTITY OF THE ULTIMATE CUSTOMERS OF THE FIRM'S FOREIGN BROKER-DEALER CUSTOMERS WHO BENEFICIALLY OWNED THE SECURITIES IN CERTAIN DELIVERY VERSUS PAYMENT (DVP) ACCOUNTS, INVESTIGATE HOW THOSE CUSTOMERS' CUSTOMERS ACQUIRED LOW-PRICED SECURITIES, OR REVIEW OR INVESTIGATE THE ACCOUNT ACTIVITY TO DETERMINE WHETHER TO FILE A SUSPICIOUS ACTIVITY REPORT (SAR). THE FINDINGS ALSO STATED THE FIRM AND ITS REGISTERED PRINCIPALS ACTING IN THEIR CAPACITY AS THE FIRM'S ANTI-MONEY LAUNDERING COMPLIANCE OFFICER (AMLCO) FAILED TO ESTABLISH AND IMPLEMENT A SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE BANK SECRECY ACT. THE FIRM AND ITS REGISTERED PRINCIPALS FAILED TO ESTABLISH AND IMPLEMENT A DUE DILIGENCE PROGRAM FOR FOREIGN FINANCIAL INSTITUTIONS (FFIS) THAT WOULD IDENTIFY AND DETECT UNUSUAL ACTIVITY. THE FIRM AND THE TWO REGISTERED PRINCIPALS ALSO FAILED TO CONDUCT SUFFICIENT DUE DILIGENCE FOR FFI ACCOUNTS AND PERIODIC ACTIVITY REVIEWS FOR FFI ACCOUNTS TO DETERMINE WHETHER THE ACTIVITY WAS CONSISTENT WITH THE INFORMATION PROVIDED BY THE ACCOUNT HOLDERS AT THE ACCOUNTS' INCEPTION.

Initiated By:	FINRA
Date Initiated:	05/24/2016
Docket/Case Number:	2015043495101
Principal Product Type:	Penny Stock(s)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	FINE
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	05/24/2016
Sanctions Ordered:	Censure Monetary/Fine \$60,000.00

**Other Sanctions Ordered:**

Sanction Details: THE FIRM WAS CENSURED AND FINED \$60,000.

Disclosure 3 of 4

Reporting Source: Regulator

Current Status: Final

Allegations: FOG EQUITIES SUBMITTED 2,703 SELL ORDERS, WHICH WERE EFFECTED AS PART OF CROSS TRANSACTIONS, THAT WERE MARKED "SHORT" WHEN THE FIRM'S CUSTOMERS HAD THE SECURITIES IN THEIR ACCOUNTS, OR WERE MARKED "LONG" WHEN THE FIRM'S CUSTOMERS' POSITIONS IN THE SECURITIES WERE SHORT, IN VIOLATION OF RULE 200(G) OF REGULATION SHO, CHX ARTICLE 11, RULE 3(B)(9), CHX ARTICLE 9, RULE 23, CHX ARTICLE 9, RULE 13(B) AND EXCHANGE ACT RULE 17A-3. THE FIRM ALSO FAILED TO SUBMIT A TOTAL OF FOUR CROSS TRANSACTIONS FOR CLEARING WITHIN THREE HOURS OF EXECUTION, IN VIOLATION OF CHX ARTICLE 21, RULE 6(A)(3). IN ADDITION, FOG EQUITIES FAILED TO USE THE PROPER TRANSACTION MODIFIER FOR SEVEN TRANSACTIONS REPLACING CANCELLED QUALIFIED CONTINGENT TRADES, AND CONTINUED TO IMPROPERLY USE THE INAPPROPRIATE MODIFIER EVEN AFTER CHX STAFF INFORMED THE FIRM THAT SUCH USE WAS NOT IN COMPLIANCE WITH CHX RULES, IN VIOLATION OF CHX ARTICLE 20, RULE 9(B) AND CHX ARTICLE 9, RULE 2. FINALLY, THE FIRM FAILED TO TAKE REASONABLE STEPS TO ENSURE THAT IT WAS: OBTAINING AND MARKING ACCURATE INFORMATION REGARDING STOCK POSITIONS ON SELL ORDERS TO COMPLY WITH REGULATION SHO, EVEN AFTER BEING WARNED BY CHX STAFF THAT MARKINGS ON SOME OF ITS SELL ORDERS WERE INACCURATE; AND USING THE CORRECT MODIFIER FOR TRANSACTIONS CORRECTING QCTS, EVEN AFTER BEING INSTRUCTED BY CHX STAFF REGARDING THE PROPER USE OF THE QCT MODIFIER, IN VIOLATION OF CHX ARTICLE 6, RULE 5(B).

Initiated By: CHICAGO STOCK EXCHANGE

Date Initiated: 12/03/2014

Docket/Case Number: CHX-D-2014-03

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

Other Product Type(s):

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


Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 12/03/2014

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: Monetary/Fine \$37,500.00

Other Sanctions Ordered:

Sanction Details: THE TOTAL AMOUNT OF THE FINE WAS \$37,500. THE ENTIRE PORTION WAS ASSESSED AGAINST FOG EQUITIES LLC. THE FINE WAS PAID IN FULL ON DECEMBER 5, 2014.

Reporting Source: Firm

Current Status: Final

Allegations: MARKING OF ORDER TICKETS WITH RESPECT TO PROPER DESIGNATION OF LONG, SHORT, AND QCT DESIGNATION IN ACCORDANCE WITH REGULATION SHO. ADDITIONALLY, THE FIRM MAINTAINED INADEQUATE PROCEDURES RELATED TO THE REQUIREMENTS OF THE RECORD KEEPING REQUIREMENTS OF REG SHO

Initiated By: CHICAGO STOCK EXCHANGE, INC.

Date Initiated: 01/01/2013

Docket/Case Number: CHX-D-2014-03

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

Other Product Type(s):

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

Other Sanction(s)/Relief Sought: MONETARY FINE

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 12/06/2014



Sanctions Ordered:	Monetary/Fine \$37,500.00
Other Sanctions Ordered:	NONE
Sanction Details:	OFFER OF SETTLEMENT, WITHOUT ADMITTING OR DENYING ANY FINDINGS/VIOLATION THE FIRM CONSENTED TO A FINE OF \$37,500
Firm Statement	FINE PAID 12/4/14 - \$37,500

Disclosure 4 of 4

Reporting Source:	Firm
Current Status:	Final
Allegations:	CHX ALLEGES THAT FOR 42 DAYS DURING AUGUST 3, 2011 THROUGH SEPTEMBER 13, 2011 (THE "REVIEW PERIOD") THE FIRM OPERATED WITH AN AGGREGATE INDEBTNESS THAT EXCEEDED 800 PERCENT OF ITS NET CAPITAL AND DID NOT ACCURATELY REFLECT ITS NET CAPITAL COMPUTATIONS IN ITS BOOKS AND RECORDS DURING JULY AND AUGUST 2011. CHX ALSO ASSERTED THAT DURING THE REVIEW PERIOD, THE FIRM DID NOT ENSURE IT WAS OPERATING IN COMPLIANCE WITH NET CAPITAL REQUIREMENTS AND DID NOT HAVE PROPER SUPERVISORY PROCEDURES TO ADDRESS REVIEW OF NET CAPITAL COMPUTATIONS AND FILING OF FOCUS REPORTS.
Initiated By:	CHICAGO STOCK EXCHANGE
Date Initiated:	02/10/2012
Docket/Case Number:	CHX-D-2012-02
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:	Settled
Resolution Date:	06/29/2012
Sanctions Ordered:	Monetary/Fine \$25,000.00
Other Sanctions Ordered:	
Sanction Details:	THE APPLICANT CONSENTED TO A \$25,000 FINE. FINE WAS PAID ON JULY 5, 2012



Firm Statement

FOG EQUITIES LLC (THE "FIRM"), WITHOUT ADMITTING OR DENYING ANY VIOLATION, CONSENTED TO AN OFFER OF SETTLEMENT FOR SECURITIES AND EXCHANGE ACT ("SEA") RULE 15C3-1 AND CHICAGO STOCK EXCHANGE ("CHX") ARTICLE 7, RULE 3(A)(1)(I) (NET CAPITAL), SEA RULE 17A-3(A)(11) AND CHX ARTICLE 11, RULE 2 (BOOKS AND RECORDS), CHX ARTICLE 6, RULE 5(B) (MAINTENANCE AND ENFORCEMENT OF WRITTEN SUPERVISORY PROCEDURES).

End of Report



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