

## BrokerCheck Report

# GATES CAPITAL CORPORATION

CRD# 29582

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

Please contact FINRA with any concerns.

## About BrokerCheck®

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

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

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

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

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

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

- **How current is this information?**

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

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

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

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

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

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



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



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



**GATES CAPITAL CORPORATION**

CRD# 29582

SEC# 8-44414

**Main Office Location**

100 PARK AVENUE  
22ND FL.  
NEW YORK, NY 10017-5516

**Mailing Address**

100 PARK AVENUE  
22ND FL.  
NEW YORK, NY 10017-5516

**Business Telephone Number**

212-661-8686

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 11/18/1991.

Its fiscal year ends in June.

**Firm History**

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

**Firm Operations**

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

**Disclosure Events**

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

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

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

Type	Count
Regulatory Event	8

## Registration Withdrawal Information

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



**Date firm ceased business:** 02/15/2019

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



## Firm Profile

This firm is classified as a corporation.

This firm was formed in New York on 11/18/1991.

Its fiscal year ends in June.

## 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.

### GATES CAPITAL CORPORATION

Doing business as GATES CAPITAL CORPORATION

**CRD#** 29582

**SEC#** 8-44414

### Main Office Location

100 PARK AVENUE  
22ND FL.  
NEW YORK, NY 10017-5516

### Mailing Address

100 PARK AVENUE  
22ND FL.  
NEW YORK, NY 10017-5516

### Business Telephone Number

212-661-8686



## 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):** SULGER, THOMAS CONNORS

1506624

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

**Position** CHIEF EXECUTIVE OFFICER

**Position Start Date** 04/2007

**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

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**Legal Name & CRD# (if any):** COOK, LANGDON PINGRY

500066

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

**Position** SHARE HOLDER

**Position Start Date** 01/1992

**Percentage of Ownership** 10% but less than 25%

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

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

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**Legal Name & CRD# (if any):** KIM, YOUNGWHI

1394474

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

**Position** TREASURER AND CHIEF COMPLIANCE OFFICER

## Firm Profile



### Direct Owners and Executive Officers (continued)

<b>Position Start Date</b>	01/1992
<b>Percentage of Ownership</b>	10% but less than 25%
<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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**Legal Name & CRD# (if any):** KURTZER, JARED MICHAEL  
2726672

<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	SHARE HOLDER
<b>Position Start Date</b>	10/2018
<b>Percentage of Ownership</b>	10% but less than 25%
<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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**Legal Name & CRD# (if any):** CASEY, JAMES DOUGLAS III  
500062

<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	PARTNER
<b>Position Start Date</b>	10/2018
<b>Percentage of Ownership</b>	5% but less than 10%
<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 Profile

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

## Indirect Owners

No information reported.





## Firm History

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

No information reported.



## Firm Operations



### Registrations

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

**This firm is no longer registered.**

**The firm's registration was from 03/25/1992 to 04/16/2019.**



**Firm Operations**

**Types of Business**

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

**This firm currently conducts 8 types of businesses.**

**Types of Business**

Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Underwriter or selling group participant (corporate securities other than mutual funds)
U S. government securities dealer
U S. government securities broker
Municipal securities dealer
Municipal securities broker
Private placements of securities

Firm Operations



Clearing Arrangements

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

Introducing Arrangements

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

Name:	PERSHING LLC
CRD #:	7560
Business Address:	ONE PERSHING PLAZA JERSEY CITY, NJ 07399
Effective Date:	04/01/1999
Description:	THE COMPANY HAS AN AGREEMENT WITH PERSHING A CLEARING BROKER TO EXECUTE AND CLEAR, ON A FULLY DISCLOSED BASIS, CUSTOMER AND PROPRIETARY ACCOUNTS OF THE COMPANY

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## **Firm Operations**

### **Industry Arrangements**



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

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

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

#### **Control Persons/Financing**

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

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



## Firm Operations

### Organization Affiliates

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

**This firm is not, directly or indirectly:**

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

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

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



Disclosure Events

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

	Pending	Final	On Appeal
Regulatory Event	0	8	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 8

**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 MAKE TIMELY MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) RULE G-17 LETTER DISCLOSURE OF ITS ROLE AS UNDERWRITER IN CONNECTION WITH CERTAIN MUNICIPAL BOND TRANSACTIONS. THE FINDINGS STATED THAT IN ONE SUCH TRANSACTION, A REGISTERED REPRESENTATIVE OF THE FIRM SWITCHED ROLES FROM FINANCIAL ADVISOR TO UNDERWRITER, AND BOTH THE FIRM AND HIS IMMEDIATE SUPERVISOR FAILED TO REASONABLY SUPERVISE HIM. THE FINDINGS ALSO STATED THAT THE REPRESENTATIVE CONDUCTED HIS SECURITIES ACTIVITIES USING AN OUTSIDE EMAIL ACCOUNT THAT WAS NEITHER REVIEWED NOR RETAINED BY THE FIRM, A PRACTICE KNOWN TO BOTH HIS IMMEDIATE SUPERVISOR AND THE FIRM'S PRINCIPAL WHO WAS RESPONSIBLE FOR THE FIRM'S BOOKS AND RECORDS AND FOR REVIEWING THE REPRESENTATIVE'S EMAILS. THE FINDINGS ALSO INCLUDED THAT THE FIRM AND ITS PRINCIPAL DID NOT MAINTAIN AND PRESERVE RECORDS RELATING TO THE REPRESENTATIVE'S BUSINESS EXPENSES INCURRED IN CONNECTION WITH HIS MUNICIPAL SECURITIES ACTIVITIES, INCLUDING EXPENSES RELATED TO ENTERTAINMENT OR OTHER GRATUITIES PROVIDED TO EMPLOYEES OR AGENTS OF MUNICIPAL ISSUERS. FINRA FOUND THAT THE REPRESENTATIVE ALLOWED AN UNREGISTERED FAMILY MEMBER TO WORK ON MUNICIPAL SECURITIES TRANSACTIONS WITHOUT SUPERVISION BY ANY FIRM PRINCIPAL-A SITUATION KNOWN TO HIS IMMEDIATE SUPERVISOR-AND WITHOUT THE FIRM DETERMINING WHETHER THE FAMILY MEMBER WAS AN ASSOCIATED PERSON OF THE FIRM OR NEEDED TO BE REGISTERED WITH THE FIRM. FINRA ALSO FOUND THE FIRM FACILITATED AT LEAST 21 CROSS TRADES THAT SUGGESTED ANOTHER BROKER-DEALER MIGHT BE ENGAGED IN INTERPOSITIONING. THE FIRM'S THEN-CURRENT WRITTEN SUPERVISORY PROCEDURES (WSPS) REQUIRED PRINCIPAL REVIEW FOR SUCH ISSUES BUT DID NOT REASONABLY STATE HOW THE PRINCIPAL SHOULD CONDUCT SUCH REVIEWS AND THE FIRM FAILED TO REASONABLY REVIEW THESE CROSS TRADES. IN ADDITION, THE FIRM'S WSPS WERE DEFICIENT BECAUSE THEY FAILED TO ADEQUATELY SET FORTH THE STEPS TO BE TAKEN BY THE FIRM IN CONDUCTING FAIR PRICING REVIEWS FOR MUNICIPAL SECURITIES.

**Initiated By:**

FINRA

**Date Initiated:**

05/04/2018

**Docket/Case Number:**[2016050811301](#)**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:** 05/04/2018

**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 \$125,000.00

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$125,000 AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF ITS POLICIES, SYSTEMS, AND PROCEDURES RELATED TO THE FINDINGS OF RULE VIOLATIONS. FINES PAID IN FULL ON MAY 18, 2018.

**Regulator Statement** RESPONDENT GATES CAPITAL UNDERSTANDS THAT THIS SETTLEMENT INCLUDES A FINDING THAT IT FAILED TO SUPERVISE AN INDIVIDUAL WHO VIOLATED MSRB RULES G-17 AND G-23 AND THAT UNDER ARTICLE III, SECTION 4 OF FINRA'S BY-LAWS, THIS MAKES THE FIRM SUBJECT TO A STATUTORY DISQUALIFICATION WITH RESPECT TO MEMBERSHIP.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** BETWEEN APRIL 2013 AND MAY 2015, RESPONDENT GATES CAPITAL FAILED TO MAKE TIMELY DISCLOSURE OF ITS ROLE AS UNDERWRITER IN CONNECTION WITH CERTAIN MUNICIPAL BOND TRANSACTIONS. IN ONE SUCH TRANSACTION, RESPONDENT FITZGERALD SWITCHED ROLES FROM FINANCIAL ADVISOR TO UNDERWRITER, AND BOTH THE FIRM AND FITZGERALD'S IMMEDIATE SUPERVISOR, RESPONDENT CASEY, FAILED TO REASONABLY SUPERVISE FITZGERALD. DURING THE SAME PERIOD, FITZGERALD ALSO CONDUCTED HIS SECURITIES ACTIVITIES USING AN OUTSIDE EMAIL ACCOUNT THAT WAS NEITHER REVIEWED NOR RETAINED BY GATES CAPITAL, A PRACTICE KNOWN TO BOTH CASEY AND RESPONDENT KIM, WHO WAS



RESPONSIBLE FOR THE FIRM'S BOOKS AND RECORDS AND FOR REVIEWING FITZGERALD'S EMAILS. GATES CAPITAL AND KIM ALSO DID NOT MAINTAIN AND PRESERVE RECORDS RELATING TO FITZGERALD'S BUSINESS EXPENSES INCURRED IN CONNECTION WITH HIS MUNICIPAL SECURITIES ACTIVITIES, INCLUDING EXPENSES RELATED TO ENTERTAINMENT OR OTHER GRATUITIES PROVIDED TO EMPLOYEES OR AGENTS OF MUNICIPAL ISSUERS. IN ADDITION, FITZGERALD ALLOWED AN UNREGISTERED FAMILY MEMBER TO WORK ON MUNICIPAL SECURITIES TRANSACTIONS WITHOUT SUPERVISION BY ANY FIRM PRINCIPAL-A SITUATION KNOWN TO CASEY-AND WITHOUT THE FIRM DETERMINING WHETHER THE FAMILY MEMBER WAS AN ASSOCIATED PERSON OF THE FIRM OR NEEDED TO BE REGISTERED WITH THE FIRM. FINALLY, BETWEEN DECEMBER 2013 AND JULY 2015, THE FIRM FACILITATED AT LEAST 21 CROSS TRADES THAT SUGGESTED ANOTHER BROKER-DEALER MIGHT BE ENGAGED IN INTERPOSITIONING. THE FIRM'S THEN-CURRENT WSPS REQUIRED PRINCIPAL REVIEW FOR SUCH ISSUES BUT DID NOT REASONABLY STATE HOW THE PRINCIPAL SHOULD CONDUCT SUCH REVIEWS AND THE FIRM FAILED TO REASONABLY REVIEW THESE CROSS TRADES. IN ADDITION, THE FIRM'S WSPS WERE DEFICIENT BECAUSE THEY FAILED TO ADEQUATELY SET FORTH THE STEPS TO BE TAKEN BY THE FIRM IN CONDUCTING FAIR PRICING REVIEWS FOR MUNICIPAL SECURITIES. BASED ON THIS CONDUCT, RESPONDENT GATES CAPITAL VIOLATED MSRB RULES G-8, G-9, G-17, AND G-27; RESPONDENT FITZGERALD WILLFULLY VIOLATED MSRB RULES G-17 AND G-23; RESPONDENT CASEY VIOLATED MSRB RULE G-27; AND RESPONDENT KIM VIOLATED MSRB RULES G-8, G-9, AND G-27.

<b>Initiated By:</b>	FINANCIAL INDUSTRY REGULATORY AUTHORITY
<b>Date Initiated:</b>	05/04/2018
<b>Docket/Case Number:</b>	<a href="#">2016050811301</a>
<b>Principal Product Type:</b>	Debt - Municipal
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	FINE/SUSPENSION
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	05/04/2018
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$125,000.00



Suspension

**Other Sanctions Ordered:** AN UNDERTAKING TO HIRE AN INDEPENDENT CONSULTANT, INDIVIDUAL FINE AND SUSPENSION

**Sanction Details:** FITZGERALD - SUSPENSION IN ALL-CAPACITIES FOR 18-MONTHS AND \$10,000 FINE;  
CASEY - SUSPENSION IN ALL PRINCIPAL CAPACITIES FOR SIX-MONTHS AND \$5,000 FINE;  
KIM - SUSPENSION IN IN ALL PRINCIPAL CAPACITIES WITH THE EXCEPTION OF ANY ACTIVITIES REQUIRING A SERIES 27 LICENSE FOR FOUR-MONTHS AND \$5,000 FINE.

**Firm Statement** RESPONDENTS GATES CAPITAL, CASEY, AND KIM EACH AGREE TO PAY THE MONETARY SANCTIONS UPON NOTICE THAT THIS AWC HAS BEEN ACCEPTED AND THAT SUCH PAYMENTS ARE DUE AND PAYABLE. THEY HAVE EACH SUBMITTED AN ELECTION OF PAYMENT FORM SHOWING THE METHOD BY WHICH THEY PROPOSE TO PAY THE FINE IMPOSED. RESPONDENT FITZGERALD'S FINE SHALL BE DUE AND PAYABLE EITHER IMMEDIATELY UPON HIS REASSOCIATION WITH A MEMBER FIRM, OR PRIOR TO ANY APPLICATION OR REQUEST FOR RELIEF FROM ANY STATUTORY DISQUALIFICATION RESULTING FROM THIS OR ANY OTHER EVENT OR PROCEEDING, WHICHEVER IS EARLIER.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** BETWEEN APRIL 2013 AND MAY 2015, RESPONDENT GATES CAPITAL FAILED TO MAKE TIMELY DISCLOSURE OF ITS ROLE AS UNDERWRITER IN CONNECTION WITH CERTAIN MUNICIPAL BOND TRANSACTIONS. IN ONE SUCH TRANSACTION, RESPONDENT FITZGERALD SWITCHED ROLES FROM FINANCIAL ADVISOR TO UNDERWRITER, AND BOTH THE FIRM AND FITZGERALD'S IMMEDIATE SUPERVISOR, RESPONDENT CASEY, FAILED TO REASONABLY SUPERVISE FITZGERALD. DURING THE SAME PERIOD, FITZGERALD ALSO CONDUCTED HIS SECURITIES ACTIVITIES USING AN OUTSIDE EMAIL ACCOUNT THAT WAS NEITHER REVIEWED NOR RETAINED BY GATES CAPITAL, A PRACTICE KNOWN TO BOTH CASEY AND RESPONDENT KIM, WHO WAS RESPONSIBLE FOR THE FIRM'S BOOKS AND RECORDS AND FOR REVIEWING FITZGERALD'S EMAILS. GATES CAPITAL AND KIM ALSO DID NOT MAINTAIN AND PRESERVE RECORDS RELATING TO FITZGERALD'S BUSINESS EXPENSES INCURRED IN CONNECTION WITH HIS MUNICIPAL SECURITIES ACTIVITIES, INCLUDING EXPENSES RELATED TO ENTERTAINMENT OR OTHER GRATUITIES PROVIDED TO EMPLOYEES OR AGENTS OF MUNICIPAL ISSUERS. IN ADDITION,



FITZGERALD ALLOWED AN UNREGISTERED FAMILY MEMBER TO WORK ON MUNICIPAL SECURITIES TRANSACTIONS WITHOUT SUPERVISION BY ANY FIRM PRINCIPAL-A SITUATION KNOWN TO CASEY-AND WITHOUT THE FIRM DETERMINING WHETHER THE FAMILY MEMBER WAS AN ASSOCIATED PERSON OF THE FIRM OR NEEDED TO BE REGISTERED WITH THE FIRM. FINALLY, BETWEEN DECEMBER 2013 AND JULY 2015, THE FIRM FACILITATED AT LEAST 21 CROSS TRADES THAT SUGGESTED ANOTHER BROKER-DEALER MIGHT BE ENGAGED IN INTERPOSITIONING. THE FIRM'S THEN-CURRENT WSPS REQUIRED PRINCIPAL REVIEW FOR SUCH ISSUES BUT DID NOT REASONABLY STATE HOW THE PRINCIPAL SHOULD CONDUCT SUCH REVIEWS AND THE FIRM FAILED TO REASONABLY REVIEW THESE CROSS TRADES. IN ADDITION, THE FIRM'S WSPS WERE DEFICIENT BECAUSE THEY FAILED TO ADEQUATELY SET FORTH THE STEPS TO BE TAKEN BY THE FIRM IN CONDUCTING FAIR PRICING REVIEWS FOR MUNICIPAL SECURITIES. BASED ON THIS CONDUCT, RESPONDENT GATES CAPITAL VIOLATED MSRB RULES G-8, G-9, G-17, AND G-27; RESPONDENT FITZGERALD WILLFULLY VIOLATED MSRB RULES G-17 AND G-23; RESPONDENT CASEY VIOLATED MSRB RULE G-27; AND RESPONDENT KIM VIOLATED MSRB RULES G-8, G-9, AND G-27.

**Initiated By:** FINANCIAL INDUSTRY REGULATORY AUTHORITY

**Date Initiated:** 05/04/2018

**Docket/Case Number:** [2016050811301](#)

**Principal Product Type:** Debt - Municipal

**Other Product Type(s):**

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

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

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

**Resolution Date:** 05/04/2018

**Sanctions Ordered:** Censure  
Monetary/Fine \$125,000.00  
Suspension

**Other Sanctions Ordered:** AN UNDERTAKING TO HIRE AN INDEPENDENT CONSULTANT, INDIVIDUAL FINE AND SUSPENSION

**Sanction Details:** FITZGERALD - SUSPENSION IN ALL-CAPACITIES FOR 18-MONTHS AND \$10,000 FINE;  
CASEY - SUSPENSION IN ALL PRINCIPAL CAPACITIES FOR SIX-MONTHS



AND \$5,000 FINE;

KIM - SUSPENSION IN ALL PRINCIPAL CAPACITIES WITH THE EXCEPTION OF ANY ACTIVITIES REQUIRING A SERIES 27 LICENSE FOR FOUR-MONTHS AND \$5,000 FINE.

#### Firm Statement

RESPONDENTS GATES CAPITAL, CASEY, AND KIM EACH AGREE TO PAY THE MONETARY SANCTIONS UPON NOTICE THAT THIS AWC HAS BEEN ACCEPTED AND THAT SUCH PAYMENTS ARE DUE AND PAYABLE. THEY HAVE EACH SUBMITTED AN ELECTION OF PAYMENT FORM SHOWING THE METHOD BY WHICH THEY PROPOSE TO PAY THE FINE IMPOSED. RESPONDENT FITZGERALD'S FINE SHALL BE DUE AND PAYABLE EITHER IMMEDIATELY UPON HIS REASSOCIATION WITH A MEMBER FIRM, OR PRIOR TO ANY APPLICATION OR REQUEST FOR RELIEF FROM ANY STATUTORY DISQUALIFICATION RESULTING FROM THIS OR ANY OTHER EVENT OR PROCEEDING, WHICHEVER IS EARLIER.

#### Disclosure 2 of 8

##### 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 INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY THE MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL. THE FINDINGS STATED THAT THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TIME OF TRADE TO AN RTRS PORTAL. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO REPORT THE CORRECT TIME OF TRADE TO THE RTRS IN REPORTS OF TRANSACTIONS IN MUNICIPAL SECURITIES AND FAILED TO SHOW THE CORRECT TIME OF EXECUTION ON THE MEMORANDUM OF BROKERAGE ORDERS. THE FINDINGS ALSO 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 AND MSRB RULES CONCERNING MUNICIPAL SECURITIES REPORTING.

##### Initiated By:

FINRA

##### Date Initiated:

06/20/2016

##### Docket/Case Number:

[2014043127801](#)

##### 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:** 06/20/2016

**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 \$22,500.00

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

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$22,500 AND UNDERTAKES TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES.

FINE PAID IN FULL ON JUNE 29, 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 IT FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM(RTRS) IN THE MANNER PRESCRIBED BY THE MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB)RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL. THE FINDINGS STATED THAT THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TIME OF TRADE TO AN RTRS PORTAL. THE FINDING ALSO STATES THAT THE FIRM FAILED TO REPORT THE CORRECT TIME OF TRADE TO THE RTRS IN REPORTS OF TRANSACTIONS IN MUNICIPAL SECURITIES AND FAILED TO SHOW THE CORRECT THE TIME OF EXECUTION ON THE MEMORANDUM OF BROKERAGE ORDERS. THE FINDING ALSO 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 AND MSRB RULES CONCERNING MUNICIPAL SECURITIES REPORTING.

**Initiated By:** FINANCIAL INDUSTRY REGULATORY AUTHORITY

**Date Initiated:** 06/20/2016

**Docket/Case Number:** [2014043127801](#)

**Principal Product Type:** Debt - Municipal

**Other Product Type(s):**

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

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

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

**Resolution Date:** 06/20/2016

**Sanctions Ordered:** Censure  
Monetary/Fine \$22,500.00

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

**Sanction Details:** THE FIRM'S WRITTEN SUPERVISORY PRECEDURES HAD BEEN UPDATED.

### Disclosure 3 of 8

**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 MADE UNTIMELY SUBMISSIONS TO THE SHORT-TERM OBLIGATION RATE TRANSPARENCY SYSTEM (SHORT). THE FINDINGS STATED THAT FOR ALL OF THE INTEREST RATE RESETS THAT WERE EFFECTED BY THE FIRM, THE FIRM FAILED TO REPORT THE TIME AT WHICH THE FIRM DETERMINED THE INTEREST RATES AND INSTEAD REPORTED THE TIME AT WHICH THE FIRM SUBMITTED THE INTEREST RATE RESETS TO SHORT. THE FIRM ALSO FAILED TO MAINTAIN DOCUMENTATION REFLECTING THE ACTUAL TIMES AT WHICH THE INTEREST RATE RESETS WERE DETERMINED FOR ANY OF THESE INTEREST RATE RESETS. THE FINDINGS ALSO STATED THAT THE FIRM'S PROCEDURES IN EFFECT WERE NOT REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH MUNICIPAL SECURITIES RULEMAKING BOARD





(MSRB) RULES BECAUSE THEY FAILED TO STATE THE TIME BY WHICH INTEREST RATE RESETS MUST BE REPORTED TO SHORT AND ALSO DID NOT SPECIFY THAT THE ACTUAL TIME OF THE INTEREST RATE RESET MUST BE REPORTED TO SHORT.

**Initiated By:** FINRA

**Date Initiated:** 11/17/2014

**Docket/Case Number:** [2013035250001](#)

**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:** 11/17/2014

**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 \$25,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$25,000. FINE PAID IN FULL ON DECEMBER 1, 2014.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** DURING THE PERIOD FROM MAY 2012 THROUGH SEPTEMBER 2013 (THE "RELEVANT PERIOD"), THE FIRM MADE 137 UNTIMELY SUBMISSIONS TO SHORT. OF THOSE 137 UNTIMELY SUBMISSIONS: THE FIRM MADE 128 SUBMISSIONS TO SHORT AFTER 6:30 P.M. ON THE DATE OF THE INTEREST RATE RESET; AND THE FIRM MADE 9 SUBMISSIONS TO SHORT AT TIMES RANGING FROM ONE DAY TO ALMOST TWO MONTHS AFTER THE DATE WHEN THE INTEREST



RATE RESET WAS DETERMINED.  
 BY REASON OF THE FOREGOING, GATES CAPITAL VIOLATED MSRB RULE G-34.  
 FOR ALL OF THE 7,559 INTEREST RATE RESETS THAT WERE EFFECTED BY THE FIRM DURING THE RELEVANT PERIOD, THE FIRM FAILED TO REPORT THE TIME AT WHICH THE FIRM DETERMINED THE INTEREST RATES AND INSTEAD REPORTED THE TIME AT WHICH THE FIRM SUBMITTED THE INTEREST RATE RESETS TO SHORT. IN ADDITION, THE FIRM FAILED TO MAINTAIN DOCUMENTATION REFLECTING THE ACTUAL TIMES AT WHICH THE INTEREST RATE RESETS WERE DETERMINED FOR ANY OF THESE INTEREST RATE RESETS.  
 BY REASON OF THE FOREGOING, GATES CAPITAL VIOLATED MSRB RULES G-8 AND G-34.  
 GATES CAPITAL'S PROCEDURES IN EFFECT DURING THE RELEVANT PERIOD WERE NOT REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH MSRB RULES BECAUSE THEY FAILED TO STATE THE TIME BY WHICH INTEREST RATE RESETS MUST BE REPORTED TO SHORT AND ALSO DID NOT SPECIFY THAT THE ACTUAL TIME OF THE INTEREST RATE RESET MUST BE REPORTED TO SHORT.  
 BY REASON OF THE FOREGOING, THE FIRM VIOLATED MSRB RULE G-27.

<b>Initiated By:</b>	FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
<b>Date Initiated:</b>	10/20/2014
<b>Docket/Case Number:</b>	<a href="#">2013035250001</a>
<b>Principal Product Type:</b>	Debt - Municipal
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	11/17/2014
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$25,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	A CENSURE AND FINE OF \$25,000



<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	MSRB RULE G-34 - GATES CAPITAL CORPORATION FAILED TO SUBMIT INTEREST RATE RESET INFORMATION FOR MOST OF ITS VARIABLE RATE DEMAND OBLIGATIONS (VRDOS) TO THE SHORT-TERM OBLIGATION RATE TRANSPARENCY SYSTEM (SHORT) WITHIN THE TIME REQUIREMENTS PRESCRIBED BY MSRB RULE G-14. THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS BY 6:30 P.M. EASTERN TIME ON THE DATE IN WHICH THE INTEREST RATE RESET OCCURRED WHEN SUCH DATE WAS A REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) BUSINESS DAY. IN THE INSTANCES WHERE THE INTEREST RATE RE-SET OCCURRED ON A NON-RTRS BUSINESS DAY, THE INFORMATION WAS REPORTED AFTER 6:30 P.M. EASTERN TIME ON THE NEXT RTRS BUSINESS DAY.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	02/27/2012
<b>Docket/Case Number:</b>	<a href="#">2010024937301</a>
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	VARIABLE RATE DEMAND OBLIGATIONS
<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>	02/27/2012
<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 \$10,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$10,000 FOR AN MSRB



RULE VIOLATION. FINE PAID IN FULL ON MARCH 5, 2012.

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	DURING THE REVIEW PERIOD(APRIL 1, 2010 THROUGH JUNE 30, 2010),THE FIRM FAILED TO SUBMIT INTEREST RATE INFORMATION FOR 1,532 VARIABLE RATE DEMAND OBLIGATIONS ("VRDO")TO THE SHORT-TERM OBLIGATION RATE TRANSPARENCY SYSTEM ("SHORT")WITHIN THE TIME REQUIREMENTS PRECIBED BY MSRB RULE G-34. SPECIFICALLY, THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS BY 6:30 P.M.EASTERN TIME ON THE DATE ON WHICH THE INTEREST RATE RESET OCCURRED WHEN SUCH DATE WAS A REAL-TIME TRANSACTION REPORTING SYSTEM ("RTRS") BUSINESS DAY. FURTHER IN THE INSTANCES WHERE THE INTEREST RATE RESENT OCCURRED ON A NON-RTRS BUSINESS DAY, THE INFORMATION WAS REPORTED AFTER 6:30 P.M. EASTERN TIME ON THE NEXT RTRS BUSINESS DAY. THESE TRANSACTIONS CONSTITUTED 91 PERCENT OF THE TRANSACTIONS (1,673) THAT THE FIRM REPORTED TO SHORT DURING THE REVIEW PERIOD. THE CONDUCT DESCRIBED IN THIS PARAGRAPH CONTITUTES SEPARATE AND DISTINCT VIOLATIONS OF MSRB RULE G-34.
<b>Initiated By:</b>	FINANCIAL INDUSTRY REGULATORY AUTHORITY(FINRA)
<b>Date Initiated:</b>	01/23/2012
<b>Docket/Case Number:</b>	20100249373-01
<b>Principal Product Type:</b>	Debt - Municipal
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	02/27/2012
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$10,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	A CENSURE AND FINE OF \$10,000 FINE



## Disclosure 5 of 8

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	MSRB RULES G-8, G-14, G-14(B)(II), G-27 - GATES CAPITAL CORPORATION FAILED TO REPORT THE CORRECT TRADE TIME TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN REPORTS OF TRANSACTIONS IN MUNICIPAL SECURITIES. THE FIRM FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO RTRS IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL; THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TRADE TIME TO AN RTRS PORTAL. THE FIRM FAILED TO SHOW THE CORRECT TIME OF EXECUTION ON THE MEMORANDA OF TRANSACTIONS IN MUNICIPAL SECURITIES. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO APPLICABLE SECURITIES LAWS, REGULATIONS AND MSRB RULES CONCERNING MUNICIPAL SECURITIES TRANSACTION REPORTING.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	06/07/2011
<b>Docket/Case Number:</b>	<a href="#">2010021788801</a>
<b>Principal Product Type:</b>	Debt - Municipal
<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>	06/07/2011
<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 \$17,500.00

#### Other Sanctions Ordered:

#### Sanction Details:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$17,500 FOR MSRB RULE VIOLATIONS.

#### Reporting Source:

Firm

#### Current Status:

Final

#### Allegations:

DURING THE REVIEW PERIOD (OCTOBER 1, 2009 THROUGH DECEMBER 31, 2009) THE FIRM FAILED TO REPORT THE CORRECTED TIME OF TRADE TO THE REAL-TIME TRANSACTION REPORTING SYSTEM ("RTRS") IN 64 REPORTS OF TRANSACTIONS IN MUNICIPAL SECURITIES. THESE TRANSACTIONS CONSISTED TWO PERCENT OF THE TRANSACTIONS THE FIRM REPORTED TO THE RTRS DURING THE REVIEW PERIOD. THE CONDUCT DESCRIBED IN THIS PARAGRAPH CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF MSRB RULE G-14(B)(II). DURING THE REVIEW PERIOD, THE FIRM FAILED TO REPORT INFORMATION REGARDING 144 PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO RTRS IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL. SPECIFICALLY, THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TIME OF TRADE TO AN RTRS PORTAL. THESE TRANSACTIONS CONSISTED FIVE PERCENT OF THE TRANSACTIONS THAT FIRM REPORTED TO THE RTRS DURING THE REVIEW PERIOD. THE CONDUCT DESCRIBED IN THIS PARAGRAPH CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF MSRB RULE G-14. THE FIRM FAILED TO SHOW THE CORRECT TIME OF EXECUTION ON THE MEMORANDUM OF 59 TRANSACTIONS IN MUNICIPAL SECURITIES. THE CONDUCT DESCRIBED IN THIS PARAGRAPH CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF MSRB RULE G-8. 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 MSRB RULES, CONCERNING MUNICIPAL SECURITIES TRANSACTION REPORTING. SPECIFICALLY, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE WRITTEN SUPERVISORY PROCEDURES PROVIDING FOR (1) THE IDENTIFICATION OF THE PERSON(S) RESPONSIBLE FOR SUPERVISION WITH RESPECT TO THE APPLICABLE RULES; (2) A STATEMENT OF THE SUPERVISORY STEP(S) TO BE TAKEN BY THE IDENTIFIED PERSON(S); (3) A STATEMENT AS TO HOW OFTEN SUCH PERSON(S) SHOULD TAKE SUCH STEP(S); AND (4) A STATEMENT AS TO HOW THE COMPLETION OF STEP(S) INCLUDED IN THE WRITTEN



SUPERVISORY PROCEDURES SHOULD BE DOCUMENTED. THE CONDUCT DESCRIBED IN THIS PARAGRAPH CONSTITUTES A VIOLATION OF MSRB RULE G-27.

**Initiated By:** FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

**Date Initiated:** 04/29/2011

**Docket/Case Number:** 20100217888-01

**Principal Product Type:** Debt - Municipal

**Other Product Type(s):**

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

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

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

**Resolution Date:** 06/07/2011

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

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM ACCEPTS AND CONSENTS, WITHOUT ADMITTING OR DENYING THE FINDINGS.

#### Disclosure 6 of 8

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 6230, 6230(C)(6) - GATES CAPITAL CORPORATION FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) THE CORRECT CONTRA-PARTY'S IDENTIFIER FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES. THE FIRM FAILED TO REPORT TO TRACE ACCURATE INFORMATION FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES AND REPORTED TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES TO TRACE THAT IT WAS NOT REQUIRED TO REPORT.

**Initiated By:** FINRA

**Date Initiated:** 12/20/2010

**Docket/Case Number:** [2009016816301](#)

**Principal Product Type:** Other



<b>Other Product Type(s):</b>	TRACE-ELIGIBLE SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	12/20/2010
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$10,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$10,000.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	DURING THE PERIOD JANUARY 1, 2008 THROUGH MARCH 31, 2008, THE FIRM FAILED TO REPORT TO TRACE THE CORRECT CONTRA PARTY'S IDENTIFIER FOR 100 TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES. THESE TRANSACTIONS CONSTITUTED 19 PERCENT OF THE INTER-DEALER TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES THAT THE FIRM REPORTED TO TRACE DURING THE REVIEW PERIOD.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	12/20/2010
<b>Docket/Case Number:</b>	20090168163-01
<b>Principal Product Type:</b>	Debt - Corporate
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure




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

**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 12/20/2010  
**Sanctions Ordered:** Monetary/Fine \$10,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** THE FIRM ACCEPTS AND CONSENTS, WITHOUT ADMITTING OR DENYING THE FINDINGS.

**Disclosure 7 of 8**

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** SEC RULES 17A-3(A)(6)(I), 17A-3(A)(1), MSRB RULES G-2 AND G-3, NASD CONDUCT RULES 3110 AND 2110 - GATES CAPITAL CORPORATION ACTING THROUGH OTHERS, PERMITTED AN INDIVIDUAL, WHILE UNQUALIFIED AS A MUNICIPAL SECURITIES REPRESENTATIVE, TO SOLICIT MUNICIPAL UNDERWRITING AND ADVISORY BUSINESS FOR THE FIRM. THE FIRM ACTING THROUGH AN INDIVIDUAL FAILED TO CREATE MEMORANDA FOR 26 EQUITY TRANSACTIONS AND FAILED TO CREATE A BLOTTER, OR OTHER RECORD OF ORIGINAL ENTRY, REFLECTING THESE TRANSACTIONS.  
**Initiated By:** NASD  
**Date Initiated:** 12/06/2004  
**Docket/Case Number:** C10040115  
**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:** 12/06/2004



**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 \$12,500.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, GATES CAPITAL CORPORATION CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$12,500 JOINTLY AND SEVERALLY.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** GCC,ACTING THROUGH KIM AND SULGER, PERMITTED GLIDDEN (CRD #223130),WHILE UNQUALIFIED AS A MUNICIPAL SECURITIES REPRESENTATIVE, TO SOLICIT MUNICIPAL UNDERWRITING AND ADVISORY BUSINESS FOR THE FIRM. GCC,ACTING THROUGH VACHON, FAILED TO CREATE MEMORANDA FOR 26 EQUITY TRANSACTIONS THAT VACHON EFFECTED

**Initiated By:** NASD

**Date Initiated:** 11/17/2004

**Docket/Case Number:** C10040115

**Principal Product Type:** Debt - Municipal

**Other Product Type(s):** EQUITY LISTED

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

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

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

**Resolution Date:** 12/06/2004

**Sanctions Ordered:** Censure  
Monetary/Fine \$12,500.00

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

GCC,KIM,SULGER AND VACHON TO BE CENSURED  
 GCC,KIM AND SULGER TO BE JOINTLY AND SEVERALLY FINED \$7,500.00  
 GCC,KIM AND VACHON TO BE JOINTLY AND SEVERALLY FINED \$5,000.00

**Firm Statement**

A FINE OF \$12,500.00 - JOINTLY AND SEVERALLY FOR RESPONDENTS,  
 GATES CAPITAL CORPORATION, YOUNG KIM, THOMAS SULGER AND  
 JULIEN VACHON

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

GCC,ACTING THROUGH KIM AND SULGER, PERMITTED GLIDDEN (CRD  
 #223130),WHILE UNQUALIFIED AS A MUNICIPAL SECURITIES  
 REPRESENTATIVE, TO SOLICIT MUNICIPAL UNDERWRITING AND ADVISORY  
 BUSINESS FOR THE FIRM. GCC,ACTING THROUGH VACHON, FAILED TO  
 CREATE MEMORANDA FOR 26 EQUITY TRANSACTIONS THAT VACHON  
 EFFECTED

**Initiated By:**

NASD

**Date Initiated:**

11/17/2004

**Docket/Case Number:**

C10040115

**Principal Product Type:**

Debt - Municipal

**Other Product Type(s):**

EQUITY LISTED

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

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

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

Acceptance, Waiver & Consent(AWC)

**Resolution Date:**

12/06/2004

**Sanctions Ordered:**

Censure  
 Monetary/Fine \$12,500.00

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

GCC,KIM,SULGER AND VACHON TO BE CENSURED  
 GCC,KIM AND SULGER TO BE JOINTLY AND SEVERALLY FINED \$7,500.00  
 GCC,KIM AND VACHON TO BE JOINTLY AND SEVERALLY FINED \$5,000.00

**Firm Statement**

A FINE OF \$12,500.00 - JOINTLY AND SEVERALLY FOR RESPONDENTS,



GATES CAPITAL CORPORATION, YOUNG KIM, THOMAS SULGER AND  
JULIEN VACHON

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	GCC,ACTING THROUGH KIM AND SULGER, PERMITTED GLIDDEN (CRD #223130),WHILE UNQUALIFIED AS A MUNICIPAL SECURITIES REPRESENTATIVE, TO SOLICIT MUNICIPAL UNDERWRITING AND ADVISORY BUSINESS FOR THE FIRM. GCC,ACTING THROUGH VACHON, FAILED TO CREATE MEMORANDA FOR 26 EQUITY TRANSACTIONS THAT VACHON EFFECTED
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	11/17/2004
<b>Docket/Case Number:</b>	C10040115
<b>Principal Product Type:</b>	Debt - Municipal
<b>Other Product Type(s):</b>	EQUITY LISTED
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	12/06/2004
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$12,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	GCC,KIM,SULGER AND VACHON TO BE CENSURED GCC,KIM AND SULGER TO BE JOINTLY AND SEVERALLY FINED \$7,500.00 GCC,KIM AND VACHON TO BE JOINTLY AND SEVERALLY FINED \$5,000.00
<b>Firm Statement</b>	A FINE OF \$12,500.00 - JOINTLY AND SEVERALLY FOR RESPONDENTS, GATES CAPITAL CORPORATION, YOUNG KIM, THOMAS SULGER AND JULIEN VACHON

#### Disclosure 8 of 8

**Reporting Source:** Regulator



**Current Status:** Final

**Allegations:**

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

**Date Initiated:** 08/28/1996

**Docket/Case Number:** C1096014

**Principal Product Type:**

**Other Product Type(s):**

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

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

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

**Resolution Date:** 08/28/1996

**Sanctions Ordered:** Monetary/Fine \$1,000.00

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement** ON AUGUST 28, 1996, DISTRICT NO. 10 NOTIFIED GATES CAPITAL CORP. AND YOUNG WHI KIM THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C10960140 WAS ACCEPTED; THEREFORE, THEY ARE CENSURED AND FINED \$1,000, JOINTLY AND SEVERALLY - (MSRB RULE G-37 - RESPONDENT MEMBER, ACTING THROUGH RESPONDENT KIM, FAILED TO COMPLY WITH MSRB RULE G-37 IN THAT IT FAILED TO FILE A FORM G-37).

\*\*\*\$1,000.00 PAID J&S ON 09/12/96\*\*\* INVOICE #96-10-701\*\*\*

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FAIL TO FILE FORM G-37 FOR THE QUARTER ENDED 12/31/1995

**Initiated By:** NASD

**Date Initiated:** 12/31/1995

**Docket/Case Number:** C10960140



Principal Product Type:	Debt - Municipal
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:	05/15/1996
Sanctions Ordered:	Monetary/Fine \$1,000.00
Other Sanctions Ordered:	
Sanction Details:	A FINE OF \$1,000.00 - JOINTLY AND SEVERALLY FOR RESPONDENTS, GATES CAPITAL CORPORATION & YOUNGWHI KIM
Firm Statement	A FINE OF \$1,000.00 - JOINTLY AND SEVERALLY FOR RESPONDENTS, GATES CAPITAL CORPORATION AND YOUNGWHI KIM

**End of Report**



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