

BrokerCheck Report

W.A. CAPITAL MARKETS

CRD# 6292

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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



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.](http://www.finra.org)

W.A. CAPITAL MARKETS

CRD# 6292

SEC# 8-16871

Main Office Location

120 BROADWAY
17TH FLOOR
NEW YORK, NY 10271

Mailing Address

120 BROADWAY-17TH FL
NEW YORK, NY 10271

Business Telephone Number

(212) 618-0900

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 partnership.

This firm was formed in New York on 11/19/1974.

Its fiscal year ends in December.

Firm History

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

Firm Operations

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

**Disclosure Events**

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

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

The following types of disclosures have been reported:

Type	Count
Regulatory Event	29
Arbitration	2

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.



**This firm terminated or
withdrew registration on:** 02/17/2015

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



Firm Profile

This firm is classified as a partnership.

This firm was formed in New York on 11/19/1974.

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.

W.A. CAPITAL MARKETS

Doing business as W.A. CAPITAL MARKETS

CRD# 6292

SEC# 8-16871

Main Office Location

120 BROADWAY
17TH FLOOR
NEW YORK, NY 10271

Mailing Address

120 BROADWAY-17TH FL
NEW YORK, NY 10271

Business Telephone Number

(212) 618-0900



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):	MURPHY, RICHARD JAMES 1016183
Is this a domestic or foreign entity or an individual?	Individual
Position	REGISTERED OPTIONS PRINCIPAL (SROP)
Position Start Date	05/2004
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):	MURPHY, RICHARD JAMES 1016183
Is this a domestic or foreign entity or an individual?	Individual
Position	GENERAL PARTNER
Position Start Date	11/1974
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):	GEM NEW YORK, LLC
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	GENERAL PARTNER
Position Start Date	03/2001

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): MILLAR, DOUGLAS MACARTHUR
1631198

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

Position CHIEF COMPLIANCE OFFICER

Position Start Date 07/2012

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): MURPHY, GLORIA E
3150528

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

Position LIMITED PARTNER

Position Start Date 02/1986

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): PETRI, RICHARD THOMAS

Firm Profile



Direct Owners and Executive Officers (continued)

3039438

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

Position FINANCIAL & OPERATIONS PRINCIPAL

Position Start Date 07/1998

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No

Firm Profile

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



Indirect Owners

No information reported.

Firm History

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

No information reported.



Firm Operations



Registrations

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

This firm is no longer registered.

The firm's registration was from 08/09/1972 to 07/14/2015.



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 13 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 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

Put and call broker or dealer or option writer

Trading securities for own account

Private placements of securities

Other - INTER DEALER BROKER IN CREDIT DERIVATIVE ON A NAME-GIVEUP BASIS.

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: APEX CLEARING CORPORATION

CRD #: 13071

Business Address: 1700 PACIFIC AVE.
DALLAS, TX 75201

Effective Date: 06/05/2012

Description: APPLICANT HAS ENTERED INTO ARRANGEMENTS WITH APEX CLEARING CORP. UNDER WHICH ACCOUNTS AND RECORDS OF APPLICANT ARE MAINTAINED BY SUCH FIRMS, WHICH FIRMS HOLD OR MAINTAIN FUNDS & SECURITIES APPLICANT AND ITS CUSTOMERS. THIS IS A FULLY DISCLOSED CLEARING ARRANGEMENT.

Firm Operations

Industry Arrangements



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

Name: APEX CLEARING CORPORATION
CRD #: 13071
Business Address: 1700 PACIFIC AVE.
DALLAS, TX 75201
Effective Date: 06/05/2012
Description: APPLICANT HAS ENTERED INTO ARRANGEMENTS WITH APEX CLEARING CORP. UNDER WHICH ACCOUNTS AND RECORDS OF APPLICANT ARE MAINTAINED BY SUCH FIRMS, WHICH FIRMS HOLD OR MAINTAIN FUNDS AND SECURITIES OF APPLICANT AND ITS CUSTOMERS.

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

Name: APEX CLEARING CORPORATION
CRD #: 13071
Business Address: 1700 PACIFIC AVE.
DALLAS, TX 75201
Effective Date: 06/05/2012
Description: APPLICANT HAS ENTERED INTO ARRANGEMENTS WITH APEX CLEARING CORP. UNDER WHICH ACCOUNTS AND RECORDS OF APPLICANT ARE MAINTAINED BY SUCH FIRMS, WHICH FIRMS HOLD OR MAINTAIN FUNDS AND SECURITIES OF APPLICANT AND ITS CUSTOMERS.

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

Name: PERSHING LLC
CRD #: 7560
Business Address: 1 PERSHING PLAZA
JERSEY CITY, NJ 07399
Effective Date: 07/05/2012
Description: APPLICANT HAS ENTERED INTO ARRANGEMENTS WITH PERSHING LLC UNDER WHICH ACCOUNTS AND RECORDS OF APPLICANT ARE MAINTAINED BY SUCH FIRMS, WHICH FIRMS HOLD OR MAINTAIN FUNDS AND SECURITIES OF APPLICANT AND ITS CUSTOMERS.

Firm Operations



Industry Arrangements (continued)

Name: APEX CLEARING CORPORATION
CRD #: 13071
Business Address: 1700 PACIFIC AVE.
DALLAS, TX 75201
Effective Date: 06/05/2012
Description: APPLICANT HAS ENTERED INTO ARRANGEMENTS WITH APEX CLEARING CORP. UNDER WHICH ACCOUNTS AND RECORDS OF APPLICANT ARE MAINTAINED BY SUCH FIRMS, WHICH FIRMS HOLD OR MAINTAIN FUNDS AND SECURITIES OF APPLICANT AND ITS CUSTOMERS

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.

JMX OF WESTERN NEW YORK, INC. is under common control with the firm.

Business Address:	120 BROADWAY NEW YORK, NY 10271
Effective Date:	02/01/1991
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	No
Description:	RICHARD J. MURPHY (CRD#1016183) IS SOLE SHAREHOLD OF JMX, INC. A HOLDING COMPANY, WHICH IS ITSELF A LIMITED PARTNER OF CITATION FINANCIAL GROUP, LP, A BROKER DEALER (BD28305)

CITATION FINANCIAL GROUP, L.P. is under common control with the firm.

CRD #:	28305
Business Address:	120 BROADWAY NEW YORK, NY 10271
Effective Date:	02/21/1991
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	RICHARD J. MURPHY (CRD#1016183) IS SOLE SHAREHOLDER OF CITATION MANAGEMENT GROUP INC., A HOLDING COMPANY WHICH IS ITSELF A GENERAL PARTNER OF CITATION FINANCIAL GROU LP A BROKER DEALER



Organization Affiliates (continued)

(BD28305)

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	29	0
Arbitration	N/A	2	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 29

Reporting Source: Regulator
Current Status: Final



Allegations: RESPONDENT W.A. CAPITAL MARKETS FAILED TO PAY FINES AND/OR COSTS OF \$13,217.20 IN FINRA CASE #2011028360701.

Initiated By: FINRA

Date Initiated: 08/26/2015

Docket/Case Number: [2011028360701](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Expulsion

Other Sanction(s)/Relief Sought:

Resolution: Other

Resolution Date: 08/26/2015

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: Revocation/Expulsion/Denial

Other Sanctions Ordered:

Sanction Details: PURSUANT TO FINRA RULE 8320, RESPONDENT W.A. CAPITAL MARKETS IS EXPELLED FROM FINRA MEMBERSHIP AS OF THE CLOSE OF BUSINESS ON AUGUST 26, 2015 FOR FAILURE TO PAY FINES AND/OR COSTS.

Disclosure 2 of 29

Reporting Source: Regulator

Current Status: Final

Allegations: RESPONDENT W.A. CAPITAL MARKETS FAILED TO PAY FINES AND/OR COSTS OF \$3,585.60 IN FINRA CASE #2011026156202.

Initiated By: FINRA

Date Initiated: 08/10/2015

Docket/Case Number: [2011026156202](#)



Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Expulsion
Other Sanction(s)/Relief Sought:
Resolution: Other
Resolution Date: 08/10/2015
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: Revocation/Expulsion/Denial
Other Sanctions Ordered:
Sanction Details: PURSUANT TO FINRA RULE 8320, RESPONDENT W.A. CAPITAL MARKETS IS EXPELLED FROM FINRA MEMBERSHIP AS OF THE CLOSE OF BUSINESS ON AUGUST 10, 2015 FOR FAILURE TO PAY FINES AND/OR COSTS.

Disclosure 3 of 29

Reporting Source: Regulator
Current Status: Final
Allegations: RESPONDENT W.A. CAPITAL MARKETS FAILED TO PAY FINES AND/OR COSTS OF \$46,234.26 IN FINRA CASE #2009020565001.
Initiated By: FINRA
Date Initiated: 07/21/2015
Docket/Case Number: [2009020565001](#)
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Expulsion
Other Sanction(s)/Relief Sought:



Resolution: Other
Resolution Date: 07/21/2015
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: Revocation/Expulsion/Denial
Other Sanctions Ordered:
Sanction Details: PURSUANT TO FINRA RULE 8320, RESPONDENT W.A. CAPITAL MARKETS IS EXPELLED FROM FINRA MEMBERSHIP AS OF THE CLOSE OF BUSINESS ON JULY 21, 2015 FOR FAILURE TO PAY FINES AND/OR COSTS.

Disclosure 4 of 29

Reporting Source: Regulator
Current Status: Final
Allegations: RESPONDENT W.A. CAPITAL MARKETS FAILED TO PAY FINES AND/OR COSTS OF \$46,234.26 IN FINRA CASE #2011028035101.
Initiated By: FINRA
Date Initiated: 07/14/2015
Docket/Case Number: [2011028035101](#)
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Expulsion
Other Sanction(s)/Relief Sought:
Resolution: Other
Resolution Date: 07/14/2015



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:	Revocation/Expulsion/Denial
Other Sanctions Ordered:	
Sanction Details:	PURSUANT TO FINRA RULE 8320, RESPONDENT W.A. CAPITAL MARKETS IS EXPELLED FROM FINRA MEMBERSHIP AS OF THE CLOSE OF BUSINESS ON JULY 14, 2015 FOR FAILURE TO PAY FINES AND/OR COSTS.

Disclosure 5 of 29

Reporting Source:	Regulator
Current Status:	Final
Allegations:	RESPONDENT MURPHY & DURIEU FAILED TO PAY FEES OF \$98,992.72 DUE TO FINRA.
Initiated By:	FINRA
Date Initiated:	02/27/2015
Docket/Case Number:	N/A
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	CANCELLATION
Resolution:	Other
Resolution Date:	03/20/2015
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:	



Other Sanctions Ordered: CANCELLATION

Sanction Details: PURSUANT TO FINRA RULE 9553, MURPHY & DURIEU'S MEMBERSHIP WITH FINRA IS CANCELED AS OF MARCH 20, 2015 FOR FAILURE TO PAY OUTSTANDING FEES.

Disclosure 6 of 29

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 EXECUTE, OR FAILED TO CONTEMPORANEOUSLY OR PARTIALLY EXECUTE LIMIT ORDERS IN OVER-THE-COUNTER (OTC) SECURITIES AFTER IT TRADED EACH SUBJECT SECURITY FOR ITS OWN MARKET MAKING ACCOUNT AT A PRICE THAT WOULD HAVE SATISFIED EACH CUSTOMER'S LIMIT ORDER, FAILED TO EXECUTE MARKET ORDERS FULLY AND PROMPTLY, AND FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST MARKET FOR THE SUBJECT SECURITY AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO THE CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS. THE FINDINGS STATED THAT THE FIRM SUBMITTED A QUOTATION FOR PUBLICATION ON A QUOTATION MEDIUM, OTC LINK, WITHOUT HAVING IN ITS RECORDS THE DOCUMENTS AND INFORMATION REQUIRED BY SEC 15C2-11(A) AND (B), HAVING A REASONABLE BASIS UNDER THE CIRCUMSTANCES FOR BELIEVING THE INFORMATION REQUIRED BY SEC 15C2-11(A) WAS ACCURATE IN ALL MATERIAL RESPECTS AND THAT THE SOURCES OF SUCH INFORMATION WERE RELIABLE OR AVAILING ITSELF OF AN APPLICABLE EXCEPTION OF SEC RULE 15C2-11. FOR EACH QUOTATION, THE FIRM FAILED TO FILE A FORM 211 WITH FINRA AT LEAST THREE BUSINESS DAYS BEFORE THE QUOTATION WAS PUBLISHED OR DISPLAYED IN A QUOTATION MEDIUM AND FAILED TO PROVIDE EVIDENCE THAT ORDERS REPRESENTED UNSOLICITED ORDERS OR INDICATIONS OF INTEREST. THE FINDINGS ALSO STATED THAT THE FIRM IMPROPERLY REPORTED INFORMATION TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) THAT IT SHOULD NOT HAVE. SPECIFICALLY, THE FIRM IMPROPERLY REPORTED PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE RTRS, WHEN THE INTER-DEALER DELIVERIES WERE "STEP OUTS" AND THUS, WERE NOT INTER-DEALER TRANSACTIONS REPORTABLE TO THE RTRS. 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 MUNICIPAL



SECURITIES RULEMAKING BOARD (MSRB) RULES, CONCERNING THE REPORTING OF MUNICIPAL SECURITIES TO THE RTRS.

Initiated By: FINRA

Date Initiated: 08/13/2014

Docket/Case Number: [2011028035101](#)

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: 08/13/2014

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 \$42,500.00
Disgorgement/Restitution

Other Sanctions Ordered: RESTITUTION IN THE AMOUNT OF \$572.10, PLUS INTEREST; UNDERTAKING: REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES

Sanction Details: SEE ABOVE

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING FINDINGS, FIRM CONSENTED TO SANCTIONS AND ENTRY OF FINDINGS THAT IT FAILED TO EXECUTE, OR FAILED TO CONTEMPORANEOUSLY OR PARTIALLY EXECUTE LIMIT ORDERS IN OVER-THE-COUNTER SECURITIES AFTER IT TRADED EACH SUBJECT SECURITY FOR ITS OWN MARKET MAKING ACCOUNT AT A PRICE THAT WOULD HAVE SATISFIED EACH CUSTOMER'S LIMIT ORDER, FAILED TO EXECUTE MARKET ORDERS FULLY AND PROMPTLY AND FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST MARKET FOR THE



SUBJECT SECURITY AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO THE CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS. FINDINGS STATE THAT FIRM SUBMITTED A QUOTATION FOR PUBLICATION ON A QUOTATION MEDIUM, OTC LINK, WITHOUT HAVING IN ITS RECORDS THE DOCUMENTS AND INFORMATION REQUIRED BY SEC 15C2-11(A) AND (B), HAVING A REASONABLE BASIS UNDER THE CIRCUMSTANCES FOR BELIEVING THE INFORMATION REQUIRED WAS ACCURATE IN ALL MATERIAL RESPECTS AND THAT THE SOURCES OF SUCH INFORMATION WERE RELIABLE OR AVAILING ITSELF OF AN APPLICABLE EXCEPTION OF RULE FOR EACH QUOTATION. THE FIRM FAILED TO FILE A FORM 211 WITH FINRA AT LEAST 3 BUSINESS DAYS BEFORE THE QUOTATION WAS PUBLISHED OR DISPLAYED IN A QUOTATION MEDIUM AND FAILED TO PROVIDE EVIDENCE THAT ORDERS REPRESENTED UNSOLICITED ORDERS OR INDICATIONS OF INTEREST. THE FINDINGS ALSO STATED THE FIRM IMPROPERLY REPORTED INFORMATION TO THE REAL TIME REPORTING SYSTEMS (RTRS) THAT IT SHOULD NOT HAVE. SPECIFICALLY, FIRM IMPROPERLY REPORTED PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE RTRS, WHEN THE INTERDEALER DELIVERIES WERE "STEP-OUTS" AND THUS, WERE NOT INTER-DEALER TRANSACTIONS REPORTABLE TO THE RTRS. FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND MUNICIPAL SECURITIES RULEMAKING BOARD, CONCERNING THE REPORTING OF MUNICIPAL SECURITIES TO THE RTRS.

Initiated By: FINRA

Date Initiated: 08/13/2014

Docket/Case Number: [2011028035101](#)

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: RELIEF SOUGHT

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/13/2014

Sanctions Ordered: Censure
Monetary/Fine \$42,500.00
Disgorgement/Restitution



Other Sanctions Ordered: RESTITUTION IN THE AMOUNT OF \$572.10, PLUS INTEREST; UNDERTAKING: REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES.

Sanction Details: SEE ABOVE

Disclosure 7 of 29

Reporting Source: Regulator

Current Status: Final

Allegations: SEC RULES 17A-3, 17A-4, FINRA RULES 2010, 4511(A), 6622(A), 6730(A), 6730(C)(8), 7330(D)(4), NASD RULE 3110 - MURPHY & DURIEU FAILED, WITHIN 30 SECONDS AFTER EXECUTION, TO TRANSMIT TO THE OVER-THE-COUNTER REPORTING FACILITY (OTCRF) LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF FINRA RULE 6622(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF FINRA RULE 2010. THE FIRM FAILED, WITHIN 30 SECONDS AFTER EXECUTION, TO TRANSMIT TO THE OTCRF LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES AND FAILED TO DESIGNATE TO THE OTCRF SUCH LAST SALE REPORTS AS LATE. THE FIRM FAILED TO REPORT TO THE OTCRF THE CORRECT EXECUTION TIME FOR TRANSACTIONS IN REPORTABLE SECURITIES. THE FIRM FAILED TO PRESERVE FOR A PERIOD OF NOT LESS THAN THREE YEARS, THE FIRST TWO IN AN ACCESSIBLE PLACE, BROKERAGE ORDER MEMORANDUM. THE FIRM FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) S1 TRANSACTIONS IN TRACE-ELIGIBLE CORPORATE BONDS AND AND LARGE BLOCK S1 TRANSACTIONS IN TRACE-ELIGIBLE AGENCY DEBT 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 FAILED TO REPORT TO TRACE THE CORRECT EXECUTION TIME FOR SOME TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES. THE FIRM FAILED TO SHOW THE EXECUTION TIME ON BROKERAGE ORDER MEMORANDUM.

Initiated By: FINRA

Date Initiated: 12/12/2013

Docket/Case Number: [2011028360701](#)

Principal Product Type: Equity - OTC

Other Product Type(s): REPORTABLE SECURITIES, TRACE-ELIGIBLE CORPORATE BONDS, TRACE-ELIGIBLE AGENCY DEBT SECURITIES



Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/12/2013

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: Censure
Monetary/Fine \$45,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$45,000.

Reporting Source: Firm

Current Status: Final

Allegations: SEC RULES 17A-3, 17A-4, FINRA RULES 2010, 4511(A), 6622(A), 6730(A), 6730(C)(8), 7330(D)(4), NASD RULE 3110 - FAILED, WITHIN 30 SECONDS AFTER EXECUTION TO TRANSMIT TO THE OVER THE COUNTER REPORTING FACILITY (OTCRF) LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF FINRA RULE 6622(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF FINRA RULE 2010. FIRM FAILED, WITHIN 30 SECONDS AFTER EXECUTION, TO TRANSMIT TO THE OTCRF LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES AND FAILED TO DESIGNATE TO THE OTCRF SUCH LAST SALE REPORTS AS LATE. FIRM FAILED TO REPORT TO OTCRF THE CORRECT EXECUTION TIME FOR TRANSACTIONS IN REPORTABLE SECURITIES. FIRM FAILED TO PRESERVE FOR A PERIOD OF NOT LESS THAN THREE YEARS, THE FIRST TWO IN AN ACCESSIBLE PLACE, BROKERAGE ORDER MEMORANDUM. THE FIRM FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) S1 TRANSACTIONS IN TRACE-ELIGIBLE CORPORATE BONDS AND LARGE BLOCK S1 TRANSACTIONS IN TRACE-ELIGIBLE AGENCY DEBT



SECURITIES WITHIN 15 MINUTES OF THE EXECUTION TIME. CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF FINRA RULE 6730(A) AND PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF FINRA RULE 2010. FIRM FAILED TO REPORT TO TRACE THE CORRECT EXECUTION TIME FOR SOME TRANSACTIONS IN TRACE -ELIGIBLE SECURITIES. FIRM FAILED TO SHOW THE EXECUTION TIME ON BROKERAGE ORDER MEMO.

Initiated By: FINRA

Date Initiated: 12/12/2013

Docket/Case Number: [2011028360701](#)

Principal Product Type: Equity - OTC

Other Product Type(s): REPORTABLE SECURITIES, TRACE-ELIGIBLE CORPORATE BONDS, TRACE-ELIGIBLE AGENCY DEBT SECURITIES.

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/12/2013

Sanctions Ordered: Censure
Monetary/Fine \$45,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$45,000.

Disclosure 8 of 29

Reporting Source: Regulator

Current Status: Final

Allegations: NYSE ARCA EQUITIES RULE 7.16 - MURPHY & DURIEU EXECUTED SHORT SALE ORDERS AND FAILED TO APPEND A SHORT SALE IDENTIFIER TO EACH OF THE ORDERS.

Initiated By: NYSE ARCA, INC.

Date Initiated: 06/25/2013

Docket/Case Number: 20110261562



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

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 06/25/2013

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

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

Other Sanctions Ordered:

Sanction Details: AN OFFER OF SETTLEMENT AND CONSENT WAS SUBMITTED FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS. THE HEARING OFFICER ACCEPTED THE OFFER OF SETTLEMENT AND CONSENT; THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500. THE SANCTIONS SHALL TAKE EFFECT IMMEDIATELY.

Regulator Statement OTHER CASE NUMBER: 13-ARCA-15

Reporting Source: Firm

Current Status: Final

Allegations: NYSE ARCA EQUITIES RULE 7.16 FIRM EXECUTED SHORT SALE ORDERS AND FAILED TO APPEND A SHORT SALE IDENTIFIER TO EACH OF THE ORDERS.

Initiated By: NYSE ARCA

Date Initiated: 06/25/2013

Docket/Case Number: 20110261562

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

**Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Decision & Order of Offer of Settlement**Resolution Date:** 06/25/2013**Sanctions Ordered:** Censure
Monetary/Fine \$7,500.00**Other Sanctions Ordered:****Sanction Details:** AN OFFER OF SETTLEMENT AND CONSENT WAS SUBMITTED FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDINGS WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS. THE HEARING OFFICER ACCEPTED THE OFFER OF SETTLEMENT AND CONSENT; THEREFORE, FIRM IS CENSURED AND FINED \$7500. THE SANCTIONS SHALL TAKE EFFECT IMMEDIATELY**Firm Statement** OTHER CASE NUMBER: 13-ARCA-15.**Disclosure 9 of 29****Reporting Source:** Regulator**Current Status:** Final**Allegations:** SEC RULE 10B-10, SEC RULE 611(A)(1) OF REGULATION NMS, FINRA RULES 2010, 6380A, 6622, 6624, 7230A, 7450, NASD RULE 3010 - MURPHY & DURIEU TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; THE FIRM SUBMITTED REPORTS WITH AN INACCURATE ACCOUNT TYPE CODE, FAILED TO SUBMIT CUSTOMER ORDER RECEIPT AND/OR EXECUTION INFORMATION FOR OATS REPORTABLE ORDERS, FAILED TO SUBMIT AN EXECUTION OR COMBINED ORDER/EXECUTION REPORT FOR A PRINCIPAL TRANSACTION IN ONE INSTANCE, AND FAILED TO SUBMIT AN EXECUTION OR COMBINED ORDER/EXECUTION REPORT FOR PRINCIPAL TRANSACTIONS IN SEVERAL INSTANCES. THE FIRM FAILED TO REPORT TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) THE CORRECT SYMBOL INDICATING THE CAPACITY IN WHICH IT EXECUTED TRANSACTIONS IN REPORTABLE SECURITIES AND INCORRECTLY APPENDED THE "B" NMS TRADE-THROUGH EXCEPTION CODE TO THESE TRANSACTIONS. THE FIRM INCORRECTLY REPORTED THE SECOND LEG OF RISKLESS PRINCIPAL TRANSACTIONS AS PRINCIPAL



TO THE FNTRF OR TO THE OVER-THE-COUNTER REPORTING FACILITY (OTCRF). THE FIRM EXECUTED SHORT SALE TRANSACTIONS AND FAILED TO REPORT EACH OF THESE TRANSACTIONS TO THE OTCRF WITH A SHORT SALE MODIFIER. THE FIRM HAD ONE OR MORE ON CUSTOMER CONFIRMATIONS: INCORRECT CAPACITY, INCORRECT COMPENSATION LABEL, IMPROPER USE OF AVERAGE PRICE LANGUAGE, AND INACCURATE OR INCOMPLETE TRANSACTION PRICE OR AMOUNT. THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN POLICIES AND PROCEDURES THAT WERE REASONABLY DESIGNED TO PREVENT TRADE-THROUGHS OF PROTECTED QUOTATIONS IN NMS STOCKS THAT DO NOT FALL WITHIN ANY APPLICABLE EXCEPTION, AND IF RELYING ON AN EXCEPTION, ARE REASONABLY DESIGNED TO ASSURE COMPLIANCE WITH THE TERMS OF THE EXCEPTION. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO SEC RULE 611(A)(1) OF REGULATION NMS. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH CERTAIN APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR FINRA RULES. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR MINIMAL REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES IN: ORDER HANDLING (DISCLOSURE OF ORDER ROUTING, DISCLOSURE OF EXECUTION DATA); LIMIT AND MARKET ORDER PROTECTION RULES; ANTI-INTIMIDATION/COORDINATION (PROCEDURES TO PREVENT OCCURRENCE, PROCEDURES TO DETECT OCCURRENCES); TRADE REPORTING (REPORT TRADES ACCURATELY AND TIMELY, TRADE MODIFIERS, RISKLESS PRINCIPAL TRADES, ACCEPTING/MATCHING TRADES AND THIRD PARTY REPORTING); SALE TRANSACTIONS (LONG/SHORT ORDER MARKING, AFFIRMATIVE DETERMINATION, SEC RULE 204 AND NAKED SHORT SELLING ANTI-FRAUD RULE); OATS (ACCURATE AND TIMELY DATA); MULTIPLE MARKET PARTICIPANT IDENTIFIERS (MPIDS)(ENSURE MEMBER HAS INCORPORATED ACTIVITY UNDER MPIDS INTO SUPERVISORY SYSTEM AND PROCEDURES); AND OTHER TRADING RULES (BOOKS AND RECORDS REQUIREMENTS).

Initiated By: FINRA

Date Initiated: 06/14/2013

Docket/Case Number: [2011026156202](#)

Principal Product Type: Other

Other Product Type(s): REPORTABLE SECURITIES, NATIONAL MARKET SYSTEM (NMS) STOCKS

Principal Sanction(s)/Relief Sought:



Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/14/2013

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

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

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$35,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING SEC RULE 611(A)(1) OF REGULATION NMS; ORDER HANDLING (DISCLOSURE OF ORDER ROUTING, DISCLOSURE OF EXECUTION DATA); LIMIT AND MARKET ORDER PROTECTION RULES; ANTI-INTIMIDATION/COORDINATION (PROCEDURES TO PREVENT OCCURRENCE, PROCEDURES TO DETECT OCCURRENCES); TRADE REPORTING (REPORT TRADES ACCURATELY AND TIMELY, TRADE MODIFIERS, RISKLESS PRINCIPAL TRADES, ACCEPTING/MATCHING TRADES AND THIRD PARTY REPORTING); SALE TRANSACTIONS (LONG/SHORT ORDER MARKING, AFFIRMATIVE DETERMINATION, SEC RULE 204 AND NAKED SHORT SELLING ANTI-FRAUD RULE); OATS (ACCURATE AND TIMELY DATA); MULTIPLE MARKET PARTICIPANT IDENTIFIERS (MPIDS)(ENSURE MEMBER HAS INCORPORATED ACTIVITY UNDER MPIDS INTO SUPERVISORY SYSTEM AND PROCEDURES); AND OTHER TRADING RULES (BOOKS AND RECORDS REQUIREMENTS) WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Reporting Source: Firm

Current Status: Final

Allegations: SEC RULE 10B-10, SEC RULE 611(A)(1) OF REGULATION NMS, FINRA RULES 2010, 638A, 6622, 6624, 723A, 7450, NASD RULE 3010-FIRM TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; FIRM SUBMITTED REPORTS WITH AN INACCURATE ACCOUNT TYPE CODE,



FAILED TO SUBMIT CUSTOMER ORDER RECEIPT AND/OR EXECUTION INFORMATION FOR OATS REPORTABLE ORDERS, FAILED TO SUBMIT AN EXECUTION OR COMBINED ORDER/EXECUTION REPORT FOR A PRINCIPAL TRANSACTION IN ONE INSTANCE, AND FAILED TO SUBMIT AN EXECUTION OR COMBINED ORDER/EXECUTION REPORT FOR PRINCIPAL TRANSACTIONS IN SEVERAL INSTANCES. FIRM FAILED TO REPORT TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) THE CORRECT SYMBOL INDICATING THE CAPACITY IN WHICH IT EXECUTED TRANSACTIONS IN REPORTABLE SECURITIES AND INCORRECTLY APPENDED THE "B" NMS TRADE-THROUGH EXCEPTION CODE TO THESE TRANSACTIONS. FIRM INCORRECTLY REPORTED THE SECOND LEG OF RISKLESS PRINCIPAL TRANSACTIONS AS PRINCIPAL TO THE FNTRF OR TO THE OVER THE COUNTER REPORTING FACILITY (OTCRF). FIRM EXECUTED SHORT SALE TRANSACTIONS AND FAILED TO REPORT EACH OF THESE TRANSACTIONS ON THE OTCRF WITH A SHORT SALE MODIFIER. FIRM HAD ONE OR MORE ON CUSTOMER CONFIRMATIONS: INCORRECT CAPACITY , INCORRECT COMPENSATION LABEL, IMPROPER USE OF AVERAGE PRICE LANGUAGE, AND INACCURATE OR INCOMPLETE TRANSACTION PRICE OR AMOUNT. FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN POLICIES AND PROCEDURES THAT WERE REASONABLY DESIGNED TO PREVENT TRADE-THROUGHS OF PROTECTED QUOTATIONS IN NMS STOCKS THAT DO NOT FALL WITHIN ANY APPLICABLE EXCEPTION, AND IF RELYING ON AN EXCEPTION, ARE REASONABLY DESIGNED TO ASSURE COMPLIANCE WITH THE TERMS OF THE EXCEPTION. FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO SEC RULE 611(A)(1) OF REGULATION NMS. FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH CERTAIN APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR FINRA RULES. FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR MINIMAL REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES IN: ORDER HANDLING (DISCLOSURE OR ORDER ROUTING, DISCLOSURE OF EXECUTION DATE); LIMIT AND MARKET ORDER PROTECTION RULES; ANTI-INTIMIDATION/COORDINATION (PROCEDURES TO PREVENT OCCURRENCE, PROCEDURES TO DETECT OCCURRENCES); TRADE REPORTING (REPORT TRADES ACCURATELY AND TIMELY, TRADE MODIFIERS, RISKLESS PRINCIPAL TRADES, ACCEPTING/MATCHING TRADES AND THIRD PARTY REPORTING); SALE TRANSACTIONS (LONG/SHORT ORDER MARKING, AFFIRMATIVE DETERMINATION, SEC. RULE 204 AND NAKED SHORT SELLING ANTI-FRAUD RULE); OATS (ACCURATE AND TIMELY DATA); MULTIPLE MARKET PARTICIPANT IDENTIFIER (MPIDS) (ENSURE MEMBER HAS INCORPORATED ACTIVITY UNDER MPIDS INTO SUPERVISORY SYSTEMS AND PROCEDURES); AND OTHER TRADING RULES (BOOKS AND RECORDS REQUIREMENTS).



Initiated By: FINRA
Date Initiated: 06/14/2013
Docket/Case Number: [2011026156202](#)
Principal Product Type: Other
Other Product Type(s): REPORTABLE SECURITIES, NATIONAL MARKET SYSTEM (NMS) STOCKS
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 06/14/2013
Sanctions Ordered: Censure
 Monetary/Fine \$35,000.00
Other Sanctions Ordered: UNDERTAKING
Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED, FINED \$35,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING SEC RULE 611(A)(1) OF REGULATION NMS; ORDER HANDLING (DISCLOSURE OF ORDER ROUTING, DISCLOSURE OF EXECUTION DATA); LIMIT AND MARKET ORDER PROTECTION RULES; ANTI-INTIMIDATION/COORDINATION (PROCEDURES TO PREVENT OCCURRENCE, PROCEDURES TO DETECT OCCURRENCES); TRADE REPORTING (REPORT TRADES ACCURATELY AND TIMELY, TRADE MODIFIERS, RISKLESS PRINCIPAL TRADES, ACCEPTING/MATCHING TRADES AND THIRD PARTY REPORTING); SALE TRANSACTION (LONG/SHORT ORDER MARKING, AFFIRMATIVE DETERMINATION, SEC RULE 204 AND NAKED SHORT SELLING ANTI-FRAUD RULE_; OATS; MULTIPLE MARKET PARTICIPANT IDENTIFIER; AND OTHER TRADING RULES WITHING 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Disclosure 10 of 29

Reporting Source: Regulator
Current Status: Final
Allegations: NASDAQ RULES 3010, 4611(A)(6) - MURPHY & DURIEU ENTERED ORDERS INTO THE NASDAQ MARKET CENTER THAT FAILED TO INDICATE THE



CORRECT CAPACITY. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR NASDAQ RULES. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR MINIMAL REQUIREMENTS FOR ADEQUATE WSPS IN ACCURACY OF EXECUTION CAPACITY ENTERED INTO NASDAQ; AND OTHER TRADING RULES (ACCURACY OF THE SHORT SALE AND LONG SALE INDICATOR ENTERED INTO NASDAQ).

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 06/14/2013

Docket/Case Number: 2011026156201

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: 06/14/2013

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

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

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$12,500 AND REQUIRED TO REVISE ITS WSPS REGARDING ACCURACY OF EXECUTION CAPACITY ENTERED INTO NASDAQ; AND OTHER TRADING RULES (ACCURACY OF THE SHORT SALE AND LONG SALE INDICATOR ENTERED INTO NASDAQ) WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NASDAQ REVIEW COUNCIL.



Reporting Source: Firm

Current Status: Final

Allegations: NASDAQ RULES 3010, 4611(A)(6)-FIRM ENTERED ORDERS INTO THE NASDAQ MARKET CENTER THAT FAILED TO INDICATE THE CORRECT CAPACITY. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATION AND/OR NASDAQ RULES. FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR MINIMAL REQUIREMENTS FOR ADEQUATE WSPS IN ACCURACY OF EXECUTION CAPACITY ENTERED INTO NASDAQ; AND OTHER TRADING RULES (ACCURACY OF THE SHORT SALE AND LONG SALE INDICATOR ENTERED INTO NASDAQ).

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 06/14/2013

Docket/Case Number: 2011026156201

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: 06/14/2013

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

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS;THEREFORE, FIRM IS CENSURED,FINED \$12,500 AND REQUIRED TO REVISE ITS WSPS REGARDING ACCURACY OF EXECUTION CAPACITY ENTERED INTO NASDAQ;AND OTHER TRADING RULES(ACCURACY OF THE SHORT SALE AND LONG SALE INDICATOR ENTERED INTO NASDAQ) WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THE AWC BY THE NASDAQ REVIEW COUNCIL.



Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>SEC RULE 17A-3, FINRA RULES 2010, 6730, 6730(A), 7230A(D)(1), 7230A(D)(6), NASD RULES 3010, 3110, MSRB RULES G-14, G-14(B)(II) - MURPHY & DURIEU FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) THE CORRECT CONTRA-PARTY'S IDENTIFIER FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES AND FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES IT WAS REQUIRED TO REPORT. THE FIRM FAILED TO REPORT TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) THE CORRECT SYMBOL INDICATING WHETHER THE TRANSACTION WAS A BUY, SELL OR CROSS AND/OR THE CORRECT CONTRA SIDE EXECUTING BROKER IN LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES. THE FIRM FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES WITHIN 15 MINUTES OF THE EXECUTION TIME; FAILED TO REPORT TO TRACE THE CORRECT TRADE EXECUTION TIME FOR TRANSACTIONS IN TRACE-ELIGIBLE TRANSACTIONS; AND FAILED TO REPORT TO TRACE THE CORRECT TRADE EXECUTION TIME IN THE CORRECT FORMAT FOR SOME TRANSACTIONS. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF FINRA RULE 6730 AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF FINRA RULE 2010. THE FIRM FAILED TO SHOW THE EXECUTION TIME, OR THE CORRECT EXECUTION TIME, ON BROKERAGE ORDER MEMORANDUM. THE FIRM IMPROPERLY REPORTED INFORMATION TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) THAT IT SHOULD NOT HAVE REPORTED; THE FIRM IMPROPERLY REPORTED PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE RTRS WHEN THE INTER-DEALER DELIVERIES WERE STEP-OUTS AND THUS WERE NOT INTER-DEALER TRANSACTIONS REPORTABLE TO THE RTRS. THE FIRM FAILED TO REPORT TO TRACE THE CORRECT TRADE EXECUTION TIME FOR TRANSACTIONS IN TRACE-ELIGIBLE AGENCY DEBT SECURITIES AND FAILED TO REPORT TO TRACE THESE TRANSACTIONS WITHIN 15 MINUTES OF THE EXECUTION TIME. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF FINRA RULE 6730 AND 6730(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF FINRA RULE 2010. THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES WHICH SPECIFIED THAT THE CHIEF COMPLIANCE OFFICER (CCO) WILL REVIEW THE DETAILS OF EACH TRADE REPORT IDENTIFIED AS A POTENTIAL EXCEPTION IN THE TRACE QUALITY OF MARKETS REPORT CARD AND EVIDENCE SUCH REVIEWS WITH DATES AND INITIALS. THE FIRM FAILED TO REPORT THE CORRECT TRADE TIME TO THE RTRS IN MUNICIPAL SECURITIES TRANSACTION REPORTS. THE FIRM FAILED TO ESTABLISH, MAINTAIN AND</p>



ENFORCE A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE RULES CONCERNING TRACE REPORTING AND THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES RULES, REGULATIONS AND/OR FINRA RULES CONCERNING TRACE REPORTING.

Initiated By: FINRA

Date Initiated: 05/28/2013

Docket/Case Number: [2009020565001](#)

Principal Product Type: Debt - Municipal

Other Product Type(s): TRACE-ELIGIBLE SECURITIES, DESIGNATED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/28/2013

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

Sanctions Ordered: Censure
Monetary/Fine \$130,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$130,000, OF WHICH \$25,000 IS FOR MSRB RULE VIOLATIONS, AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING TRACE REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Reporting Source: Firm

Current Status: Final

Allegations: SEC RULE 17A-3, FINRA RULES 2010,6730,6730(A),7230(D)(1),



7230A(D)(6), NASD RULES 3010, 3110, MSRB RULES G-14, G-14(B)(II). FAILED TO REPORT TO TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) THE CORRECT CONTRA-PARTY'S IDENTIFIER FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES AND FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE IT WAS REQUIRED TO REPORT. FAILED TO REPORT TO FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) THE CORRECT SYMBOL INDICATING WHETHER TRANSACTION WAS A BUY, SELL OR CROSS AND/OR THE CORRECT CONTRA SIDE EXECUTING BROKER IN LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES. FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES WITHIN 15 MINUTES OF THE EXECUTION TIME; FAILED TO REPORT TO TRACE THE CORRECT TRADE EXECUTION TIME FOR TRANSACTIONS IN TRACE-ELIGIBLE TRANSACTIONS; FAILED TO REPORT TO TRACE THE CORRECT TRADE EXECUTION TIME IN THE CORRECT FORMAT FOR SOME TRANSACTIONS. CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF FINRA RULE 6730 AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTION CIRCUMSTANCES IN VIOLATION OF FINRA RULE 2010. FAILED TO SHOW EXECUTION TIME, CORRECT EXECUTION TIME, ON BROKERAGE ORDER MEMORANDUM. IMPROPERLY REPORTED INFORMATION ON THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) THAT IT SHOULD NOT HAVE REPORTED; IMPROPERLY REPORTED PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO RTRS WHEN THE INTER-DEALER DELIVERIES WERE STEP-OUTS AND THUS WERE NOT INTER-DEALER TRANSACTIONS REPORTABLE TO RTRS. FAILED TO REPORT TO TRACE THE CORRECT TRADE EXECUTION TIME FOR TRANSACTIONS IN TRACE-ELIGIBLE AGENCY DEBT SECURITIES AND FAILED TO REPORT TO TRACE THESE TRANSACTIONS WITHIN 15 MINUTES OF EXECUTION TIME. CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF FINRA RULE 6730 AND 6730(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF FINRA RULE 2010. FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES WHICH SPECIFIED THAT CHIEF COMPLIANCE OFFICER WILL REVIEW THE DETAILS OF EACH TRADE REPORT IDENTIFIED AS A POTENTIAL EXCEPTION IN THE TRACE QUALITY OF MARKETS REPORT CARD AND EVIDENCE SUCH REVIEWS WITH DATES AND INITIALS. FAILED TO REPORT CORRECT TRADE TIME TO THE RTRS IN MUNICIPAL SECURITIES TRANSACTION REPORTS. FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE RULES CONCERNING TRACE REPORTING AND SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES RULES, REGULATIONS AND/OR FINRA RULES CONCERNING TRACE REPORTING.

Initiated By:

FINRA



Date Initiated: 05/28/2013

Docket/Case Number: [2009020565001](#)

Principal Product Type: Debt - Municipal

Other Product Type(s): TRACE-ELIGIBLE SECURITIES, DESIGNATED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/28/2013

Sanctions Ordered: Censure
Monetary/Fine \$130,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING FINDINGS, FIRM CONSENTED TO THE DESCRIBED SANTIONS AND TO THE ENTRY OF FINDS; THEREFORE, FIRM IS CENSURED, FINED \$130,000, OF WHICH \$25,000 IS FOR MSRB RULE VIOLATIONS, AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING TRACE REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC

Disclosure 12 of 29

Reporting Source: Regulator

Current Status: Final

Allegations: **9/28/12** STIPULATION OF FACTS AND CONSENT TO PENALTY FILED BY THE LEGAL SECTION OF THE MARKET REGULATION DEPARTMENT AT FINRA AND PENDING. NYSE: 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, MURPHY & DURIEU STIPULATED THAT DURING THE PERIOD MARCH 2007 THROUGH FEBRUARY 2009 AND IN MARCH 2011, IT 1. VIOLATED SECTION 17(A)(1) OF THE SECURITIES EXCHANGE ACT OF 1934, RULE 17A-3(A)(6)(I) THEREUNDER, AND NYSE RULES 123(B), 410(A)(1), AND 440 BY FAILING TO CREATE COMPLETE RECORDS OF THE TERMS, CONDITIONS, AND INSTRUCTIONS FOR ARBITRAGE ORDERS RECEIVED ON THE FLOOR FROM OFF THE FLOOR. 2. VIOLATED NYSE RULE 134(D)(III) AND 440 BY FAILING TO CREATE OR MAINTAIN COMPLETE AND ACCURATE RECORDS REGARDING ERROR ACCOUNT TRANSACTIONS.



3. VIOLATED NYSE RULE 134(D)(V) BY PROCESSING TRANSACTIONS IN ITS FLOOR ERROR ACCOUNT ALTHOUGH THE TRANSACTIONS WERE NOT RELATED TO BONA FIDE ERRORS. 4. VIOLATED NYSE RULE 401(A) BY FAILING TO ADHERE TO THE PRINCIPLES OF GOOD BUSINESS PRACTICE IN THE CONDUCT OF ITS AFFAIRS BY FAILING TO COMPLY WITH FEDERAL AND NYSE RULES GOVERNING THE CREATION OF COMPLETE ORDER RECORDS AND ERROR ACCOUNT TRANSACTIONS.

5. VIOLATED NYSE RULE 132.30 BY SUBMITTING TRADES TO COMPARISON WITH INACCURATE ACCOUNT TYPES. 6. VIOLATED NYSE RULE 123(E)(III)(10) BY REPRESENTING OR EXECUTING AN ORDER ON THE NYSE FLOOR OR PLACING AN AGENCY INTEREST FILE IN THE DISPLAY BOOK SYSTEM WITHOUT DESIGNATING THE ORDER AS "HELD" OR "NOT HELD" IN AN ELECTRONIC SYSTEM ON THE FLOOR.

7. VIOLATED NYSE RULE 128A.10 BY FAILING TO REPORT THE SALE OF A SECURITY IN SUCH MANNER AS TO FACILITATE THE PRINTING OF THE TRADE ON THE TAPE. 8. VIOLATED NYSE RULE 342 BY FAILING TO REASONABLY SUPERVISE AND IMPLEMENT ADEQUATE CONTROLS, INCLUDING A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH EXCHANGE ACT RULES AND NYSE RULES AND POLICIES PERTAINING TO THE FOLLOWING:
 A. DOCUMENTING THE COMPLETE TERMS, CONDITIONS AND INSTRUCTIONS OF ARBITRAGE ORDERS;
 B. PROCESSING AND DOCUMENTING TRANSACTIONS THAT IT CLEARED IN ITS FLOOR ERROR ACCOUNT; AND C. REFRAINING FROM FILLING CUSTOMER ORDERS BY SELLING OR BUYING SECURITIES FOR ITS ERROR ACCOUNT. STIPULATED SANCTION: CENSURE AND FINE IN THE AMOUNT OF \$45,000

Initiated By: NEW YORK STOCK EXCHANGE

Date Initiated: 09/28/2012

Docket/Case Number: 12-NYSE-9

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 11/09/2012



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered:

Censure

Monetary/Fine \$45,000.00

Other Sanctions Ordered:

Sanction Details:

****10/16/12**** DECISION 12-NYSE-9 ISSUED BY NYSE HEARING BOARD NYSE: FROM MARCH 2007 THROUGH FEBRUARY 2009, AND IN MARCH 2011, MURPHY & DURIEU VIOLATED SECTION 17(A)(1) OF THE SECURITIES EXCHANGE ACT OF 1934, RULE 17A-3(A)(6)(I) THEREUNDER, AND NYSE RULES 123(B), 410(A)(1), AND 440 BY FAILING TO CREATE COMPLETE RECORDS OF THE TERMS, CONDITIONS, AND INSTRUCTIONS FOR ARBITRAGE ORDERS RECEIVED ON THE FLOOR FROM OFF THE FLOOR; VIOLATED NYSE RULES 134(D)(III) AND 440 BY FAILING TO CREATE OR MAINTAIN COMPLETE AND ACCURATE RECORDS REGARDING ERROR ACCOUNT TRANSACTIONS; VIOLATED NYSE RULE 134(D)(V) BY PROCESSING TRANSACTIONS IN ITS FLOOR ERROR ACCOUNT THAT WERE NOT RELATED TO BONA FIDE ERRORS; VIOLATED NYSE RULE 401(A) BY FAILING TO ADHERE TO THE PRINCIPLES OF GOOD BUSINESS PRACTICE IN THE CONDUCT OF ITS AFFAIRS BY FAILING TO COMPLY WITH FEDERAL AND NYSE RULES GOVERNING THE CREATION OF COMPLETE ORDER RECORDS AND ERROR ACCOUNT TRANSACTIONS; VIOLATED NYSE RULE 132.30 BY SUBMITTING TRADES TO COMPARISON WITH INACCURATE ACCOUNT TYPES; VIOLATED NYSE RULE 123(E)(III)(10) BY REPRESENTING OR EXECUTING AN ORDER ON THE NYSE FLOOR OR PLACING AN AGENCY INTEREST FILE IN THE DISPLAY BOOK SYSTEM WITHOUT DESIGNATING THE ORDERS AS "HELD" OR "NOT HELD" IN AN ELECTRONIC SYSTEM ON THE FLOOR; VIOLATED NYSE RULE 123A.10 BY FAILING TO REPORT THE SALE OF A SECURITY IN SUCH MANNER AS TO FACILITATE THE PRINTING OF THE TRADE ON THE TAPE; AND VIOLATED NYSE RULE 342 BY FAILING TO REASONABLY SUPERVISE AND IMPLEMENT ADEQUATE CONTROLS, INCLUDING A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH EXCHANGE ACT RULES AND NYSE RULES AND POLICIES PERTAINING TO (A) DOCUMENTING THE COMPLETE TERMS, CONDITIONS AND INSTRUCTIONS OF ARBITRAGE ORDERS, (B) PROCESSING AND DOCUMENTING TRANSACTIONS THAT IT CLEARED IN ITS FLOOR ERROR ACCOUNT, AND (C) REFRAINING FROM FILLING CUSTOMER ORDERS BY SELLING OR BUYING SECURITIES FOR ITS ERROR ACCOUNT. CONSENTED TO A CENSURE AND A \$45,000 FINE.



Regulator Statement

****10/16/12**** UNLESS A REVIEW HAS BEEN REQUESTED BY ANY PERSON OR BODY AUTHORIZED BY NYSE RULE 476(G), THIS DECISION WILL BECOME FINAL 25 CALENDAR DAYS AFTER NOTICE OF THE HEARING BOARD'S DETERMINATION HAS BEEN SERVED UPON THE RESPONDENT. ****11/12/12**** SINCE A REVIEW OF THE DECISION OF THE HEARING BOARD WAS NOT REQUESTED, THAT DECISION BECAME FINAL AS OF THE CLOSE OF BUSINESS ON NOVEMBER 9, 2012.

Reporting Source:

Firm

Current Status:

Final

Allegations:

WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, MURPHY & DURIEU STIPULATED THAT DURING THE PERIOD MARCH 2007 THROUGH FEB. 2009 AND IN MAR. 2011, (1) VIOLATED SECTION 17(A)(1) OF SEC ACT 1934, RYLE 17A-3(A)(6)(I) AND NYSE RULES 123(B), 410(A)(1), AND 440 BY FAILING TO CREATE COMPLETE RECORDS OF THE TERMS, CONDITIONS, AND INSTRUCTIONS FOR ARBITRAGE ORDERS RECEIVED ON THE FLOOR FROM OFF THE FLOOR. 2. VIOLATED NYSE RULE 134(D)(III) AND 440 BY FAILING TO CREATE OR MAINTAIN COMPLETE AND ACCURATE RECORDS REGARDING ERROR ACCOUNT TRANSACTIONS. (3) VIOLATED NYSE RULE 134(D)(V) BY PROCESSING TRANSACTIONS IN ITS FLOOR ERROR ACCOUNT ALTHOUGH THE TRANSACTIONS WERE NOT RELATED TO BONA FIDE ERRORS. (4) VIOLATED NYSE RULE 401(A) BY FAILING TO ADHERE TO THE PRINCIPLES OF GOOD BUSINESS PRACTICE IN THE CONDUCT OF ITS AFFAIRS BY FAILING TO COMPLY WITH FEDERAL AND NYSE RULES GOVERNING THE CREATION OF COMPLETE ORDER RECORDS AND ERROR ACCOUNT TRANSACTIONS. (5) VIOLATED NYSE RULE 132.30 BY SUBMITTING TRADES TO COMPARISON WITH INACCURATE ACCOUNT TYPES. (6) VIOLATED NYSE RULES 123(E)(III)(10) BY REPRESENTING OR EXECUTING AN ORDER ON THE NYSE FLOOR OR PLACING AN AGENCY INTEREST FILE IN THE DISPLAY BOOK SYSTEM WITHOUT DESIGNATING THE ORDER AS "HELD" OR "NOT HELD" IN AN ELECTRONIC SYSTEM ON THE FLOOR. (7) VIOLATED NYSE RULE 128A.10 BY FAILING TO REPORT THE SALE OF A SECURITY IN SUCH MANNER AS TO FACILITATE THE PRINTING OF THE TRADE ON THE TAPE. (8) VIOLATED RULE 342 BY FAILING TO REASONABLY SUPERVISE AND IMPLEMENT ADEQUATE CONTROLS, INCLUDING A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH EXCHANGE ACT RULES AND NYSE RULES AND POLICIES PERTAINING TO THE FOLLOWING: A. DOCUMENTING THE COMPLETE TERMS, CONDITIONS AND INSTRUCTIONS OF ARBITRAGE ORDERS; B. PROCESSING AND DOCUMENTING TRANSACTIONS THAT IT CLEARED IN ITS FLOOR ERROR ACCOUNT; AND C. REFRAINING FROM FILLING CUSTOMER ORDERS BY SELLING OR BUYING SECURITIES FOR



ITS ERROR ACCOUNT, STIPULATED SANCTION: CENSURE AND FINE IN THE AMOUNT OF 445,000.

Initiated By: NYSE

Date Initiated: 09/28/2012

Docket/Case Number: 12-NYSE-9

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/09/2012

Sanctions Ordered: Censure
Monetary/Fine \$45,000.00

Other Sanctions Ordered: NONE

Sanction Details: 10/16/12-DECISION 12-NYSE-9 ISSUED BY NYSE HEARING BD.NYSE:FROM 3/2007 THRU 2/2009, AND IN 3/2011, MURPHY & DURIEU VIOLATED SECTION 17(A)(1)OF THE SEC ACT 1934 RULW 17A-3(A)(6)(I) THEREUNDER,AND NYSE RULES 123(B) 410(A)(1) AND 440 BY FAILING TO CREATE COMPLETE RECORDS OF THE TERMS,CONDITIONS,AND INSTRUCTIONSFOR ARBITRAGE ORDERS RECEIVED ON THE FLOOR FROM OFF THE FLOOR;VIOLATED NYSE RULES 134(D)(III) AND 440 BY FAILING TO CREATE OR MAINTAIN COMPLETE AND ACCURATE RECORDS REGARDING ERROR ACCOUNT TRANSACTIONS;VIOLATED NYSE RULE 134(D)(V) BY PROCESSING TRANSACTIONS IN ITS FLOOR ERROR ACCOUNT THAT WERE NOT RELATED TO BONA FIDE ERRORS;VIOLATED NYSE RULE 401(A) BY FAILING TO ADHERE TO THE PRINCIPLES OF GOOD BUSINESS PRACTICE IN THE CONDUCT OF ITS AFFAIRS BY FAILING TO COMPLY WITH FEDERAL AND NYSE RULES GOVERNING THE CREATION OF COMPLETE ORDER RECORDS AND ERROR ACCOUNT TRANSACTIONS; VIOLATED NYSE RULE 132.30 BY SUBMITTING TRADES TO COMPARISON WITH INACCURATE ACCOUNT TYPES; VIOLATED NYSE RULE 123(E)(III)(10) BY REPRESENTING OR EXECUTING AN ORDER ON THE NYSE FLOOR OR PLACING AN AGENCY INTEREST FILE IN THE DISPLAY BOOK SYSTEM WITHOUT DESIGNATING THE ORDERS AS "HELD"OR "NOT HELD" IN AN ELECTRONIC SYSTEM ON THE FLOOR;VIOLATED NYSE RULE 123A.10 BY FAILING TO REPORT THE SALE OF A SECURITY IN SUCH MANNER AS TO FACILITATE THE PRINTING



OF THE TRADE ON THE TAPE; AND VIOLATED NYSE RULE 342 BY FAILING TO REASONABLY SUPERVISE AND IMPLEMENT ADEQUATE CONTROLS, INCLUDING A SEPARATE SYSTEM OF FOLLOW UP AND REVIEW, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH EXCHANGE ACT RULES AND NYSE RULES AND POLICIES PERTAINING TO (A) DOCUMENTING THE COMPLETE TERMS, CONDITIONS AND INSTRUCTIONS OF ARBITRAGE ORDERS, (B) PROCESSING AND DOCUMENTING TRANSACTIONS THAT IT CLEARED IN ITS FLOOR ERROR ACCOUNT, AND (C) REFRAINING FROM FILLING CUSTOMER ORDERS BY SELLING OR BUYING SECURITIES FOR ITS ERROR ACCOUNT. CONSENTED TO A CESNURE AND \$45,000 FINE.

Firm Statement

DECISION BECAME FINAL ON CLOSE OF BUSINESS ON NOV. 9, 2012.

Disclosure 13 of 29

Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULE 7450(A): DURING A ONE-MONTH REVIEW, THE FIRM FAILED TO TRANSMIT REPORTABLE ORDER EVENTS (ROES) ON SEVERAL BUSINESS DAYS. DURING A REVIEW PERIOD, THE FIRM FAILED TO TIMELY REPORT TO OATS NUMEROUS ROES; TRANSMITTED TO OATS SEVERAL EXECUTION OR COMBINED ORDER/EXECUTION REPORTS THAT THE OATS SYSTEM WAS UNABLE TO LINK TO THE RELATED REPORTS DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; TRANSMITTED TO OATS SEVERAL ROUTE OR COMBINED ORDER/ROUTE REPORTS THAT THE OATS SYSTEM WAS UNABLE TO LINK TO THE CORRESPONDING NEW ORDER REPORT. ADDITIONALLY, OATS WAS UNABLE TO LINK SEVERAL OF THE FIRM'S NEW ORDER REPORTS TO THE OATS SYSTEM WITH REPORTS BY ANOTHER FIRM FOR WHICH THE FIRM WAS NAMED AS THE "SENT TO FIRM."

Initiated By: FINRA

Date Initiated: 10/07/2011

Docket/Case Number: [2009018616801](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)



Resolution Date: 10/07/2011

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

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

Other Sanctions Ordered:

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

Reporting Source: Firm

Current Status: Final

Allegations: FINRA RULE 7450(A) FIRM FAILED TO TRANSMIT REPORTABLE ORDER EVENTS (ROES) ON SEVERAL BUSINESS DAYS. FIRM FAILED TO TIMELY REPORT TO ATS NUMEROUS ROES; TRANSMITTED TO OATS SEVERAL EXECUTION OR COMBINED ORDER/EXECUTION REPORTS THAT THE OATS SYSTEM WAS UNABLE TO LINK TO THE RELATED REPORTS DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATE; TRANSMITTED TO OATS SEVERAL ROUTE OR COMBINED ORDER/ROUTE REPORTS THAT THE OATS SYSTEM WAS UNABLE TO LINK TO THE CORRESPONDING NEW ORDER REPORT. ALSO OATS WAS UNABLE TO LINK SEVERAL OF THE FIRM'S NEW ORDER REPORTS TO THE OATS SYSTEM WITH REPORTS BY ANOTHER FIRM FOR WHICH THE FIRM WAS NAMED AS THE 'SENT TO FIRM'.

Initiated By: FINRA

Date Initiated: 10/07/2011

Docket/Case Number: [2009018616801](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

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



Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/07/2011

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

Other Sanctions Ordered:

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

Disclosure 14 of 29

Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULE 7450, NASD RULE 6955(A) - MURPHY & DURIEU FAILED TO TIMELY REPORT REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS); TRANSMITTED ROUTE OR COMBINED ORDER/ROUTE REPORTS TO OATS THAT THE OATS SYSTEM WAS UNABLE TO LINK TO THE CORRESPONDING NEW ORDER TRANSMITTED BY THE DESTINATION MEMBER FIRM DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; AND FAILED TO TRANSMIT NEW ORDER REPORTS TO OATS THAT THE OATS SYSTEM COULD LINK TO THE RELATED ROUTE REPORT SUBMITTED TO OATS WHERE THE FIRM WAS IDENTIFIED AS THE "SENT TO FIRM." THE FIRM TRANSMITTED REPORTS TO OATS CONCERNING SOME ORDERS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; THE REPORTS OMITTED THE SPECIAL HANDLING CODE DESIGNATING THE ORDERS AS NOT HELD.

Initiated By: FINRA

Date Initiated: 04/15/2011

Docket/Case Number: [2008012769001](#)

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: 04/15/2011

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

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

Other Sanctions Ordered:

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

Reporting Source: Firm

Current Status: Final

Allegations: FINRA RULE 7450,NASD RULE 6955(A)-FIRM FAILED TO TIMELY REPORT REPORTABLE ORDER EVENTS 9ROES0 TO THE ORDER AUDIT TRAIL SYSTEM (OATS); TRANSMITTED ROUTE OR COMBINED ORDER/ROUTE REPORTS TO OATS THAT THE OATS SYSTEM WAS UNABLE TO LINK TO THE CORRESPONDING NEW ORDER TRANSMITTED BY THE DESTINATION MEMBER FIRM DUE TO INACCURATE,INCOMPLETE OR IMPROPERLY FORMATTED DATA; AND FAILED TO TRANSMIT NEW ORDER REPORTS TO OATS THAT THE OATS SYSTEM COULD LINK TO THE RELATED ROUTE REPORT SUBMITTED TO OATS WHERE THE FIRM WAS IDENTIFIED AS THE SENT TO FIRM."THE FIRM TRANSMITTED REPORTS TO OATS CONCERNING SOME ORDERS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; THE REPORTS OMITTED THE SPECIAL HANDLING CODE DESIGNATING THE ORDERS AS NOT HELD.

Initiated By: FINRA

Date Initiated: 04/15/2011

Docket/Case Number: [2008012769001](#)

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: 04/15/2011

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

Other Sanctions Ordered:

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

Disclosure 15 of 29

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110, 6620, 6620(A), MSRB RULE G-14 - MURPHY & DURIEU FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT TO THE OTC REPORTING FACILITY (OTCRF) LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES AND FAILED TO DESIGNATE SOME OF THEM AS LATE. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF NASD RULE 6620(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF NASD RULE 2110. THE FIRM FAILED TO REPORT THE CORRECT TIME OF EXECUTION TO THE OTCRF FOR SOME OF THE LATE, LAST SALE REPORTS. THE FIRM 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 RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL; THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TIME OF TRADE TO AN RTRS PORTAL. THE FIRM IMPROPERLY REPORTED INFORMATION TO THE RTRS THAT IT SHOULD NOT HAVE; TRANSACTIONS WERE "STEP OUTS" AND WERE NOT INTER-DEALER TRANSACTIONS REPORTABLE TO THE RTRS.

Initiated By: FINRA

Date Initiated: 07/15/2010

Docket/Case Number: [2008015256601](#)

Principal Product Type: Equity - OTC



Other Product Type(s): MUNICIPAL SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/15/2010

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 \$13,500.00

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 \$13,500.

Reporting Source: Firm

Current Status: Final

Allegations: NASD RULES 2110, 6620, 6620A, MSRB RULES G-14 - FAILURE, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT TO THE OTC REPORTING FACILITY (OTCRF) LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES & FAILED TO DESIGNATE SOME OF THEM AS LATE. VIOLATES NASD RULES 6620(A) AND A PATTERN OF PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF NASD RULE 2110. FAILED TO REPORT CORRECT TIME OF EXECUTION TO THE OTCRF FOR SOME OF THE LATE, LAST SALE REPORTS. FIRM 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 RULE G-14RTRS PROCEDURES AND THE RTRS USERS MANUAL; FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TIME OF TRADE TO AN RTRS PORTAL. FIRM IMPROPERLY REPORTED INFORMATION TO THE RTRS THAT IT SHOULD NOT HAVE; TRANSACTIONS WERE "STEP OUTS" AND WERE NOT INTER-DEALER TRANSACTION REPORTABLE TO THE RTRS.



Initiated By: FINRA
Date Initiated: 07/15/2010
Docket/Case Number: [2008015256601](#)
Principal Product Type: Equity - OTC
Other Product Type(s): MUNICIPAL SECURITIES
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 07/15/2010
Sanctions Ordered: Censure
 Monetary/Fine \$13,500.00
Other Sanctions Ordered:
Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. THE FIRM IS CENSURED AND FINED \$13,500.

Disclosure 16 of 29

Reporting Source: Regulator
Current Status: Final
Allegations: SEC SECTION 5 OF THE SECURITIES ACT OF 1933, NASD RULES 2110, 3010(A), 3010(B), 3011(A), MSRB RULE G-41: THE FIRM SOLD SHARES OF STOCK OF ISSUERS THAT WERE NOT REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION FOR WHICH NO EXEMPTION FROM REGISTRATION APPLIED, WHICH GENERATED, THROUGH THE TRANSACTIONS, PROCEEDS OF APPROXIMATELY \$790,000 FOR CUSTOMERS, AND FAILED TO CONDUCT A "SEARCHING INQUIRY" TO ENSURE THAT THE SALES DID NOT VIOLATE SECTION 5 OF THE SECURITIES ACT. THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES, REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH APPLICABLE RULES AND REGULATIONS REGARDING THE DISTRIBUTION OF UNREGISTERED AND NON-EXEMPT SECURITIES, AND IN PARTICULAR ITS ACCEPTANCE OF THE DELIVERY OF SHARES OF STOCK IN CERTIFICATE FORM AND ITS SUBSEQUENT SALES OF THE SAME. THE



FIRM FAILED TO IMPLEMENT OR ENFORCE ITS ANTI-MONEY LAUNDERING (AML) PROGRAM BY FAILING TO IDENTIFY SUSPICIOUS ACTIVITY, PROPERLY INVESTIGATE IT, AND FILE A FORM SAR-SF ON SUCH ACTIVITY, AS APPROPRIATE. THE FIRM'S WRITTEN PROCEDURES REQUIRED IT TO IDENTIFY RED FLAGS, INVESTIGATE THEM, AND REPORT SUSPICIOUS ACTIVITY.

Initiated By: FINRA

Date Initiated: 07/13/2010

Docket/Case Number: [2008013233001](#)

Principal Product Type: Other

Other Product Type(s): UNREGISTERED SECURITIES

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/13/2010

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 \$75,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$75,000.

Reporting Source: Firm

Current Status: Final

Allegations: SEC SECTION 5 OF THE SEC ACT OF 1933, NASD RULES 2110, 3010(A), 3010(B), 3011(A), MSRB RULE G-41: THE FIRM SOLD SHARES OF STOCK OF ISSUERS THAT WERE NOT REGISTERED WITH THE SEC FOR WHICH NO EXEMPTION FROM REGISTRATION APPLIED, WHICH GENERATED,



THROUGH THE TRANSACTIONS, PROCEEDS OF APPROXIMATELY \$790,000 FOR CUSTOMERS, AND FAILED TO CONDUCT A "SEARCHING INQUIRY" TO ENSURE THAT THE SALES DID NOT VIOLATE SECTION 5 OF THE SECURITIES ACT. THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES, REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH APPLICABLE RULES AND REGULATIONS REGARDING THE DISTRIBUTION OF UNREGISTERED AND NON-EXEMPT SECURITIES, AND IN PARTICULAR ITS ACCEPTANCE OF THE DELIVERY OF SHARES OF STOCK IN CERTIFICATE FORM AND ITS SUBSEQUENT SALES OF THE SAME. THE FIRM FAILED TO IMPLEMENT OR ENFORCE ITS ANTI-MONEY LAUNDERING PROGRAM BY FAILING TO IDENTIFY SUSPICIOUS ACTIVITY, PROPERLY INVESTIGATE IT, AND FILE A FORM SAR-SF ON SUCH ACTIVITY. THE FIRM'S WRITTEN PROCEDURES REQUIRED IT TO IDENTIFY RED FLAGS, INVESTIGATE THEM, AND REPORT SUSPICIOUS ACTIVITY.

Initiated By: FINRA

Date Initiated: 07/13/2010

Docket/Case Number: [2008013233001](#)

Principal Product Type: Other

Other Product Type(s): UNREGISTERED SECURITIES

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/13/2010

Sanctions Ordered: Censure
Monetary/Fine \$75,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS. THE FIRM IS CENSURED AND FINED \$75000.00

Disclosure 17 of 29

Reporting Source: Regulator

Current Status: Final


Allegations:

SEC RULES 10B-10, 17A-3, 17A-4, SEC RULE 604 OF REGULATION NMS, NASD RULES 2110, 3010, 3110, 6130(D), 6230(A), 6230(B), 6230(C)(6), 6230(C)(8), 6420(A)(8), 6955(A) - MURPHY & DURIEU FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES IT WAS REQUIRED TO REPORT; FAILED TO REPORT TO TRACE THE CORRECT CONTRA-PARTY'S IDENTIFIER FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES. THE FIRM EXECUTED SHORT SALES TRANSACTIONS AND FAILED TO REPORT THEM TO THE OTC REPORTING FACILITY (OTCRF) WITH THE CORRECT SYMBOL INDICATING WHETHER THE TRANSACTIONS WERE BUY, SELL, SELL SHORT, SELL SHORT EXEMPT OR CROSS FOR OTC EQUITY SECURITIES TRANSACTIONS; EXECUTED LONG SALES TRANSACTIONS AND FAILED TO REPORT THEM TO THE NASD/NASDAQ TRADE REPORTING FACILITY (NNTRF) WITH THE CORRECT SYMBOL INDICATING WHETHER THE TRANSACTIONS WERE BUY, SELL, SELL SHORT, SELL SHORT EXEMPT OR CROSS FOR TRANSACTIONS IN DESIGNATED SECURITIES; FAILED TO REPORT TO THE OTCRF THE CORRECT SYMBOL INDICATING THE CAPACITY IN WHICH IT EXECUTED TRANSACTIONS IN OTC EQUITY SECURITIES; ACCEPTED TRANSACTIONS IN OTC EQUITY SECURITIES IN THE OTCRF THAT FAILED TO REFLECT THE CORRECT CAPACITY IN WHICH IT ACTED IN CONNECTION WITH THE TRANSACTIONS; FAILED TO REPORT TO THE OTCRF THE CANCELLATION OF TRADES PREVIOUSLY SUBMITTED TO THE OTCRF; INCORRECTLY REPORTED THE SECOND LEG OF "RISKLESS" PRINCIPAL TRANSACTIONS AS "PRINCIPAL" TO THE OTCRF; FAILED TO SUBMIT TO THE OTCRF, FOR THE OFFSETTING, "RISKLESS" PORTION OF "RISKLESS" PRINCIPAL TRANSACTIONS IN OTC EQUITY SECURITIES, EITHER A CLEARING-ONLY REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL" OR A NON-TAPE, NON-CLEARING REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL." THE FIRM FAILED TO SUBMIT TO THE NNTRF, FOR THE OFFSETTING, "RISKLESS" PORTION OF "RISKLESS" PRINCIPAL TRANSACTIONS IN DESIGNATED SECURITIES, EITHER A CLEARING-ONLY REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL," OR A NON-TAPE, NON-CLEARING REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL." THE FIRM FAILED TO REPORT TO THE NNTRF LAST SALES REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES; SUBMITTED TO THE NNTRF DUPLICATE CLEARING-ONLY OR NON-TAPE, NON-CLEARING REPORTS WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL" FOR THE OFFSETTING "RISKLESS" PORTION OF "RISKLESS" PRINCIPAL TRANSACTIONS IN DESIGNATED SECURITIES; SUBMITTED CLEARING-ONLY OR NON-TAPE, NON-CLEARING REPORTS TO THE OTCRF THAT INCORRECTLY IDENTIFIED THE EXECUTING AND CONTRA PARTIES AND PROVIDED THE INCORRECT CAPACITIES IN WHICH THE PARTIES ACTED FOR THE FIRM'S OFFSETTING "RISKLESS" PORTION OF TRANSACTIONS IN OTC EQUITY SECURITIES. THE FIRM SUBMITTED



CLEARING-ONLY OR NON-TAPE, NON-CLEARING REPORTS TO THE NNTRF THAT INCORRECTLY DESIGNATED AS ".PRP" THE FIRM'S OFFSETTING, "RISKLESS" PORTION OF TRANSACTIONS IN ELIGIBLE SECURITIES. THE FIRM TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA AND FAILED TO SUBMIT REPORTS TO OATS CONCERNING SOME ORDERS. THE FIRM FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN LISTED SECURITIES IN ITS PUBLIC QUOTATION, WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED ITS BID OR OFFER IN EACH SUCH SECURITY; OR WHEN THE ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; 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 FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THAT TRANSACTIONS WERE EXECUTED AT AN AVERAGE PRICE. THE FIRM FAILED TO REPORT TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES TO TRACE WITHIN 15 MINUTES OF THE TIME OF EXECUTION. [CONTINUED IN COMMENTS]

Initiated By: FINRA

Date Initiated: 04/20/2010

Docket/Case Number: [2006007009801](#)

Principal Product Type: Equity - OTC

Other Product Type(s): TRACE-ELIGIBLE SECURITIES, DESIGNATED SECURITIES, ELIGIBLE SECURITIES, LISTED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/20/2010

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 \$72,500.00

Other Sanctions Ordered:

UNDERTAKING

Sanction Details:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$72,500 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING MINIMUM REQUIREMENTS IN TRACE REPORTING; BOOKS AND RECORDS PRESERVATION; SUPERVISORY SYSTEM REVIEWS; SUPERVISORY DESIGNATION FOR TRADING; RULE 605 ORDER EXECUTION REPORTS; RULE 606 ORDER ROUTING REPORTS; LIMIT ORDER DISPLAY AND PROTECTION; MARKET ORDER PROTECTION; THE ONE PERCENT RULE; BEST EXECUTION; THE THREE QUOTE RULE; ANTI-INTIMIDATION/COORDINATION; TRADE REPORTING; SALES TRANSACTIONS; TRADING HALTS; UNIFORM QUOTES IN MULTIPLE REAL-TIME QUOTATION SYSTEMS; FIRM QUOTES/BACKING AWAY; SOFT DOLLAR REQUIREMENTS; BOOKS AND RECORDS; OATS; MULTIPLE MARKET PARTICIPANT IDENTIFIER (MPIDS) REQUIREMENTS; INFORMATION BARRIERS; PERSONNEL REGISTRATION AND SUPERVISORY QUALIFICATIONS; PREVENTION OF UNAUTHORIZED USE OF FINRA SYSTEMS WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Regulator Statement

THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF NASD RULE 6230(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF NASD RULE 2110. THE FIRM FAILED TO REPORT TO TRACE THE CORRECT TIME OF TRADE EXECUTION FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES; THE FIRM FAILED TO SHOW THE CORRECT TIME OF EXECUTION ON MEMORANDA FOR TRANSACTIONS FOR THE ACCOUNT OF THE FIRM WITH ANOTHER BROKER OR DEALER. THE FIRM FAILED TO PRESERVE FOR A PERIOD OF NOT LESS THAN THREE YEARS, THE FIRST TWO IN AN ACCESSIBLE PLACE, CUSTOMER CONFIRMATION OF SECURITIES TRANSACTIONS, MONTHLY ACCOUNT STATEMENTS, AND THE MEMORANDA OF BROKERAGE TRANSACTIONS ASSOCIATED WITH CUSTOMER CONFIRMATION, MEMORANDA OF TRANSACTIONS FOR THE ACCOUNT OF THE FIRM WITH ANOTHER BROKER OR DEALER, AND THE MEMORANDA OF TRANSACTIONS FOR THE ACCOUNT OF THE FIRM WITH A CUSTOMER OTHER THAN A BROKER OR DEALER. THE FIRM FAILED TO SHOW THE CORRECT EXECUTION TIME ON MEMORANDA OF TRANSACTIONS FOR THE ACCOUNT OF THE FIRM WITH A CUSTOMER OTHER THAN A BROKER-DEALER; FAILED TO DOCUMENT ACCURATE ORDER ENTRY TIMES, ORDER EXECUTION TIMES, ORDER TYPE, TERMS AND CONDITIONS AND/OR ACCOUNT INFORMATION FOR TRANSACTIONS FOR THE ACCOUNT OF THE FIRM WITH A BROKER-DEALER OR CUSTOMER OTHER THAN A BROKER-DEALER. THE FIRM'S SUPERVISORY SYSTEM DID



NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR NASD RULES ADDRESSING QUALITY OF MARKET TOPICS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO ADEQUATELY ADDRESS MINIMUM REQUIREMENTS IN TRACE REPORTING; BOOKS AND RECORDS PRESERVATION; SUPERVISORY SYSTEM REVIEWS; SUPERVISORY DESIGNATION FOR TRADING; RULE 605 ORDER EXECUTION REPORTS; RULE 606 ORDER ROUTING REPORTS; LIMIT ORDER DISPLAY AND PROTECTION; MARKET ORDER PROTECTION; THE ONE PERCENT RULE; BEST EXECUTION; THE THREE QUOTE RULE; ANTI-INTIMIDATION/COORDINATION; TRADE REPORTING; SALES TRANSACTIONS; TRADING HALTS; UNIFORM QUOTES IN MULTIPLE REAL-TIME QUOTATION SYSTEMS; FIRM QUOTES/BACKING AWAY; SOFT DOLLAR REQUIREMENTS; BOOKS AND RECORDS; OATS; MULTIPLE MARKET PARTICIPANT IDENTIFIER (MPIDS) REQUIREMENTS; INFORMATION BARRIERS; PREVENTION OF UNAUTHORIZED USE OF FINRA SYSTEMS. THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WRITTEN SUPERVISORY PROCEDURES CONCERNING PERSONNEL REGISTRATION AND SUPERVISORY QUALIFICATIONS; RULES 605 AND 606; LIMIT ORDER DISPLAY; MARKET AND LIMIT ORDER PROTECTION; THE ONE PERCENT RULE; BEST EXECUTION; THE THREE QUOTE RULE; ANTI-INTIMIDATION/COORDINATION; TRADE REPORTING; SALES TRANSACTIONS; TRADING HALTS; UNIFORM QUOTES IN MULTIPLE REAL-TIME QUOTATION SYSTEMS; FIRM QUOTES/BACKING AWAY; SOFT DOLLARS; BOOKS AND RECORDS; OATS; MULTIPLE MPID REQUIREMENTS; INFORMATION BARRIERS; AND PREVENTION OF UNAUTHORIZED USE OF FINRA SYSTEMS.

Reporting Source:	Firm
Current Status:	Final
Allegations:	SEC RULES 10B-10, 17A-3, 17A-4, SEC RULE 604 OF REGULATION NMS, NASD RULES 2110, 3010,3110, 6130(D), 6230(B), 6230(C)(8),6420(A)(8), 6955(A)-FIRM FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES; CORRECT CONTRA-PARTY IDENTIFIER. FIRM EXECUTED SHORT SALES TRANSACTIONS AND FAILED TO REPORT THEM TO THE OTC REPORTING FACILITY WITH CORRECT SYMBOL INDICATING WHETHER THE TRANSACTIONS WERE BUY, SELL, SHORT, SELL SHORT EXEMPT OR CROSS FOR OTC EQUITY TRANSACTION;EXECUTED LONG SALES TRANSACTIONS & FAILED TO REPORT THEM TO THE NASD/NASDAQ TRADE REPORTING FACILITY WITH CORRECT SYMBOL INDICATING WHETHER THE TRANSACTIONS WERE BUY,SELL,SELL SHORT, SELL SHORT EXEMPT OR CROSS FOR TRANSACTIONS IN DESIGNATED SECURITIES;



FAILED TO REPORT TO THE OTCRF THE CORRECT SYMBOL INDICATING THE CAPACITY IN WHICH IT EXECUTED TRANSACTIONS IN OTC EQUITY SECURITIES;ACCEPTED TRANSACTION IN OTC EQUITY SECURITIES IN THE OTCRF THAT FAILED TO REFLECT THE CORRECT CAPACITY IN WHICH IT ACTED IN CONNECTION WITH THE TRANSACTIONS; FAILED TO REPORT TO THE OTCRF THE CANCELLATION OF TRADES PREVIOUSLY SUBMITTED TO THE OTCRF;INCORRECTLY REPORTED THE SECOND LEG OF "RISKLESS" PRINCIPAL TRANSACTIONS AS "PRINCIPAL" TO THE OTCRF;FAILED TO SUBMIT TO THE OTCRF, FOR THE OFFSETTING, "RISKLESS" PORTION OF "RISKLESS" PRINCIPAL TRANSACTIONS IN OTC EQUITY SECURITIES, EITHER A CLEARING-ONLY REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL", OR A NON-TAPE, NON-CLEARING REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL." FAILED TO SUBMIT TO THE NNTRF, FOR THE OFFSETTING "RISKLESS" PORTION OF "RISKLESS" PRINCIPAL TRANSACTIONS IN DESIGNATED SECURITIES, EITHER A CLEARING-ONLY REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL", OR A NON-TAPE , NON-CLEARING REPORT WITH A CAPACITY INDICATOR OF RISKLESS PRINCIPAL. FAILED TO REPORT TO NNTRF LAST SALES REPORTS OF TRANSACTION IN DESIGNATED SECURITIES; SUBMITTED TO NNTRF DUPLICATE CLEARING-ONLY OR NON-TAPE, NON-CLEARING REPORTS WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL" FOR THE OFFSETTING "RISKLESS" PORTION OF "RISKLESS" PRINCIPAL TRANSACTION IN DESIGNATED SECURITIES; SUBMITTED CLEARING-ONLY OR NON-TAPE, NON-CLEARING REPORTS TO THE OTCRF THAT INCORRECTLY IDENTIFIED THE EXECUTING AND CONTRA PARTIES AND PROVIDED THE INCORRECT CAPACITIES IN WHICH THE PARTIES ACTED FOR THE FIRM'S OFFSETTING "RISKLESS" PORTION OF TRANSACTIONS IN OTC EQUITY SECURITIES. FIRM SUBMITTED CLEARING-ONLY OR NON-TAPE, NON-CLEARING REPORTS TO NNTRF THAT INCORRECTLY DESIGNED AS "PRP" THE FIRM'S OFFSETTING, "RISKLESS" PORTION OF TRANSACTIONS IN ELIGIBLE SECURITIES. FIRM TRANSMITTED REPORTS TO OATS THAT CONTAINED INACCURATE,INCOMPLETE OR IMPROPERLY FORMATTED DATA AND FAILED TO SUBMIT REPORTS TO OATS CONCERNING SOME ORDERS. FIRM FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN LISTED SECURITIES IN ITS PUBLIC QUOTATION, WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED ITS BID OR OFFER; OR WHEN ORDER WAS PRICED EQUAL TO FIRM'S BID OR OFFER IN EACH SECURITY; AND THE NATIONAL BEST BID OR OFFER FOR EACH SECURITY, AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRMS BID OR OFFER IN EACH SECURITY. FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THAT TRANSACTIONS WERE EXECUTED AT AN AVERAGE PRICE. FIRM FAILED TO REPORT TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES TO TRACE WITHIN 15 MINUTES OF THE TIME



OF EXECUTION.

Initiated By:	FINRA
Date Initiated:	04/20/2010
Docket/Case Number:	2006007009801
Principal Product Type:	Equity - OTC
Other Product Type(s):	TRACE-ELIGIBLE SECURITIES, DESIGNATED SECURITIES, ELIGIBLE SECURITIES, LISTED SECURITIES.
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	04/20/2010
Sanctions Ordered:	Censure Monetary/Fine \$72,500.00
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	WITHOUT ADMITTING OR DENYING THE FINDS, FIRM CONSENTED TO THE DESCRIBED SANCTIONS & TO THE ENTRY OF FINDS; THEREFORE, THE FIRM IS CENSURED, FINED \$72,500 AND REQUIRED TO REVISE ITS SUPERVISORY PROCEDURES REGARDING MINIMUM REQUIREMENTS IN TRACE REPORTING; BOOKS AND RECORDS PRESERVATION; SUPERVISORY SYSTEM REVIEWS; SUPERVISORY DESIGNATION FOR TRADING; RULE 605 ORDER EXECUTION REPORTS; RULE 606 ORDER ROUTING REPORTS; LIMIT ORDER DISPLAY AND PROTECTION; MARKET ORDER PROTECTION; THE ONE PERCENT RULE; BEST EXECUTION; THE THREE QUOTE RULE; ANTI-INTIMIDATION/COORDINATION; TRADE REPORTING; SALES TRANSACTIONS; TRADING HALTS; UNIFORM QUOTES IN MULTIPLE REAL-TIME QUOTATION SYSTEMS; FIRM QUOTES/BACKING AWAY; SOFT DOLLAR REQUIREMENTS; BOOKS&RECORDS; OATS; MULTIPLE MARKET PARTICIPANT IDENTIFIER REQUIREMENTS; INFORMATION BARRIERS; PERSONNEL REGISTRATION & SUPERVISORY QUALIFICATION; PREVENTION OF UNAUTHORIZED USE OF FINRA SYSTEMS WITHIN 30 DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.
Firm Statement	VIOLATION OF SEC RULES 10B-10, 17A-3, 17A-4, 604, NASD RULES 2110, 3010, 3110, 6130(D), 6230(B), 6230(C)(6), 6230(C)(8), 6420(A)(8), 6955(A).



Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110, 3010, 6955(A) - MEMBER FIRM FAILED TO SUBMIT REQUIRED INFORMATION TO THE ORDER AUDIT TRAIL SYSTEM (OATS) ON SIX BUSINESS DAYS. THE FINDINGS STATED THAT THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES WHICH SPECIFIED THAT THE RESPONSIBLE SUPERVISOR OR HIS DESIGNEE WOULD ACCESS THE OATS WEBSITE AND REVIEW THE INFORMATION SENT ON THE FIRM'S BEHALF FOR THE PREVIOUS DAY.

Initiated By: NASD

Date Initiated: 06/26/2007

Docket/Case Number: 20060051689-01

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/26/2007

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 \$8,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, MURPHY & DURIEU CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$8,000.

Reporting Source: Firm

Current Status: Final



Allegations: FIRM FAILED TO SUBMIT REQUIRED INFORMATION TO ORDER AUDIT TRAIL SYSTEM 6 SIX BUSINESS DAYS. FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES WHICH SPECIFIED THAT THE RESPONSIBLE SUPERVISOR WOULD ACCESS THE OATS WEBSITE AND REVIEW INFORMATION.

Initiated By: NASD

Date Initiated: 06/26/2007

Docket/Case Number: 20060051689-01

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/26/2007

Sanctions Ordered: Censure
Monetary/Fine \$8,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. FIRM CENSURED AND FINED \$8000.

Disclosure 19 of 29

Reporting Source: Regulator

Current Status: Final

Allegations: **3/29/06** STIPULATION AND CONSENT TO PENALTY FILED BY THE NYSE DIVISION OF ENFORCEMENT AND PENDING CONSENTED TO FINDINGS: WITHOUT ADMITTING OR DENYING GUILT, THE FIRM CONSENTS TO FINDINGS THAT IT VIOLATED: 1.EXCHANGE ACT RULE 15C3-1 AND NYSE RULE 325 IN THAT, FOR SOME OR ALL OF THE PERIOD MARCH 13, 2003 TO MARCH 18, 2003, IT FAILED TO MAINTAIN THE MINIMUM NET CAPITAL REQUIRED BY SUCH RULES;
2.EXCHANGE ACT RULE 17A-11(B)(1) AND NYSE RULE 401 IN THAT, ON OR ABOUT MARCH 17, 2003, IT FAILED TO GIVE TIMELY NOTICE TO THE SEC AND/OR TO THE NYSE THAT ITS NET CAPITAL HAD DECLINED BELOW THE



MINIMUM AMOUNT REQUIRED PURSUANT TO EXCHANGE ACT RULE 15C3-1; 3.EXCHANGE ACT RULES 17A-3 AND 17A-4 AND/OR NYSE RULE 410 AND/OR NYSE RULE 440 IN THAT, FOR SOME OR ALL OF THE PERIOD MARCH 3, 2003 TO MARCH 18, 2003, IT FAILED TO CREATE AND/OR COMPLETE AND/OR MAINTAIN ORDER TICKETS REQUIRED TO BE CREATED, COMPLETED AND MAINTAINED PURSUANT TO SAID RULES; 4.NYSE RULE 345(A) IN THAT, IN OR ABOUT MARCH 2003, IT PERMITTED NATURAL PERSONS TO PERFORM REGULARLY THE DUTIES CUSTOMARILY PERFORMED BY A DIRECT SUPERVISOR OF A REGISTERED REPRESENTATIVE AND/OR A SECURITIES TRADER, ALTHOUGH SUCH PERSON(S) HAD NOT BEEN REGISTERED WITH, QUALIFIED BY AND FOUND ACCEPTABLE TO THE NYSE; 5.EXCHANGE ACT RULES 15C3-3, 17A-3 AND 17A-4 AND NYSE RULE 440 BY, ON ONE OR MORE OCCASIONS, FAILING TO PREPARE AND MAINTAIN REQUIRED WEEKLY CUSTOMER RESERVE FORMULA COMPUTATIONS; 6. EXCHANGE ACT RULE 15C3-1(C)(2) AS INTERPRETED BY NYSE INTERPRETATION HANDBOOK, EXCHANGE ACT RULE 15C3-1(C)2/013 BY, ON ONE OR MORE OCCASIONS, REFLECTING FLOOR COMMISSIONS GENERATED BY THE FIRM'S FLOOR BROKERS ON A CASH BASIS INSTEAD OF AN ACCRUAL BASIS; 7.NYSE RULE 401 BY FAILING TO ADHERE TO THE PRINCIPLES OF GOOD BUSINESS PRACTICE BY FAILING TO COMPLY WITH REQUIREMENTS REGARDING DOCUMENTATION FOR PRIME BROKERAGE ARRANGEMENTS SET FORTH IN NYSE INFORMATION MEMORANDUM NO. 94-6; **CONTINUED ON #13C**

Initiated By: NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT

Date Initiated: 03/29/2006

Docket/Case Number: HBD# 06-78

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 07/25/2006

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

Other Sanctions Ordered:

Sanction Details: **6/27/06**DECISION NO. 06-78 ISSUED BY NYSE HEARING BOARD



DECISION: THE FIRM VIOLATED: 1) SECTION 15(C) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AND RULE 15C3-1 THEREUNDER AND NYSE RULE 325 IN THAT, FOR SOME OR ALL OF THE PERIOD MARCH 13, 2003 TO MARCH 18, 2003, IT FAILED TO MAINTAIN REQUIRED MINIMUM NET CAPITAL; (2) EXCHANGE ACT RULE 17A-11(B)(1) AND NYSE RULE 401 IN THAT, ON OR ABOUT MARCH 17, 2003, IT FAILED TO GIVE TIMELY NOTICE TO THE SEC AND/OR TO THE NYSE THAT ITS NET CAPITAL HAD DECLINED BELOW THE MINIMUM AMOUNT REQUIRED PURSUANT TO EXCHANGE ACT RULE 15C3-1; (3) EXCHANGE ACT RULES 17A-3 AND 17A-4 AND/OR NYSE RULE 410 AND/OR NYSE RULE 440 IN THAT, FOR SOME OR ALL OF THE PERIOD MARCH 3, 2003 TO MARCH 18, 2003, IT FAILED TO CREATE AND/OR COMPLETE AND/OR MAINTAIN ORDER TICKETS AS REQUIRED; (4) NYSE RULE 345(A) IN THAT, IN OR ABOUT MARCH 2003, IT PERMITTED NATURAL PERSONS TO PERFORM REGULARLY THE DUTIES CUSTOMARILY PERFORMED BY A DIRECT SUPERVISOR OF A REGISTERED REPRESENTATIVE AND/OR A SECURITIES TRADER, ALTHOUGH SUCH PERSON(S) HAD NOT BEEN REGISTERED WITH, QUALIFIED BY AND FOUND ACCEPTABLE TO THE NYSE; (5) EXCHANGE ACT RULES 15C3-3, 17A-3 AND 17A-4 AND NYSE RULE 440 BY FAILING TO PREPARE AND MAINTAIN REQUIRED WEEKLY CUSTOMER RESERVE FORMULA COMPUTATIONS; (6) EXCHANGE ACT RULE 15C3-1(C)(2) AS INTERPRETED BY NYSE INTERPRETATION HANDBOOK, EXCHANGE ACT RULE 15C3-1(C)2/013 BY REFLECTING FLOOR COMMISSIONS GENERATED BY THE FIRM'S FLOOR BROKERS ON A CASH BASIS INSTEAD OF AN ACCRUAL BASIS; (7) NYSE RULE 401 BY FAILING TO ADHERE TO THE PRINCIPLES OF GOOD BUSINESS PRACTICE BY FAILING TO COMPLY WITH REQUIREMENTS REGARDING DOCUMENTATION FOR PRIME BROKERAGE ARRANGEMENTS SET FORTH IN NYSE INFORMATION MEMORANDUM NO. 94-6; (8) NYSE RULE 35 BY ADMITTING TO THE FLOOR AN EMPLOYEE FOR WHOM THE FIRM HAD NOT COMPLIED WITH THE REGISTRATION REQUIREMENTS OF THE NYSE; AND **CONITNUED ON #14**

Regulator Statement

CONTINUED FROM #13C (9) NYSE RULE 342 BY FAILING TO PROVIDE FOR, ESTABLISH AND MAINTAIN ADEQUATE PROCEDURES OF SUPERVISION AND CONTROL, INCLUDING A SYSTEM OF FOLLOW-UP AND REVIEW WITH RESPECT TO: THE ACCOUNTING OF ITS FLOOR COMMISSIONS; REQUIREMENTS FOR DOCUMENTATION REGARDING ITS PRIME BROKERAGE BUSINESS, WIRE TRANSFER ACTIVITY OF ITS RETAIL CUSTOMER ACCOUNTS, AND ITS BROKERAGE AND TRADING ACTIVITIES. SANCTION: CENSURE AND A \$150,000 FINE. UNLESS A REVIEW HAS BEEN REQUESTED BY ANY PERSON OR BODY AUTHORIZED BY NYSE RULE 476(G), THIS DECISION WILL BECOME FINAL 25 CALENDAR DAYS AFTER NOTICE OF THE HEARING BOARD'S DETERMINATION HAS BEEN SERVED UPON THE RESPONDENT. **7/25/06** THE DECISION IS NOW FINAL AND IS EFFECTIVE IMMEDIATELY. CONTACT: PEGGY GERMINO 212-656-8450.



Reporting Source: Firm

Current Status: Final

Allegations: VIOLATED RULE 15C3-1 & NYSE RULE 325; FROM 3/13/03 TO 3/18/03 FAILED TO MAINTAIN REQUIRED MINIMUM NET CAPITOL; VIOLATED SEC RULE 17A-11(B)(1)& NYSE RULE 401 ON 3/17/03 FAILED TO GIVE TIMELY NOTICE TO SEC&NYSE THAT FIRM'S NET CAPITAL HAD DECLINED BELOW MINIMUM AMOUNT; VIOLATED EXCHANGE ACT RULES 17A-4 & 17A-4 AND/OR NYSE RULE 410 & RULE 440 FOR PERIOD 3/3 TO 3/1803, FAILED TO CREATE, COMPLETE OR MAINTAIN ORDER TICKETS; VIOLATED NYSE RULE 345(A) IN 3/06 PERMITTED NATURAL PERSONS TO PERFORM REGULARLY DUTIES CUSTOMARILY PERFORMED BY DIRECT SUPERVISOR, ALTHOUGH SUCH PERSON HAD NOT BEEN REGISTERED WITH, QUALIFIED BY & FOUND ACCEPTABLE TO NYSE; VIOLATED SEC RULES 15C3-3, 17A-3 & 17A-4 FAILED TO PREPARE& MAINTAIN REQUIRED WEEKLY CUSTOMER RESERVE FORMULAR COMPUTATIONS; VIOLATED SEC RULE 15C3-1(C)(2)REFLECTING FLOOR BROKERS COMMISSIONS ON CASH BASIS INSTEAD OF ACCRUAL BASIS; VIOLATED NYSE RULE 401 FAILURE TO COMPLY WITH DOCUMENTATION OF PRIME BROKERAGE ARRANGEMENTS; VIOLATED NYSE RULE 35 ADMITTED FLOOR EMPLOYEE WITH REGISTRATION REQUIREMENTS; VIOLATED NYSE RULE 342 FAILURE TO ESTABLISH,MAINTAIN ADEQUATE PROCEDURES OF SUPERVISION & CONTROL,WITH RESPECT TO ACCOUNTING OF FLOOR COMMISSIONS, REQUIREMENTS OF DOCUMENTATION REGARDING PRIME BROKER BUSINESS,WIRETRANSFER ACTIVITY OF RETAIL CUSTOMER ACCTS.

Initiated By: NEW YORK STOCK EXCHANGE

Date Initiated: 03/26/2006

Docket/Case Number: NYSE 06-78

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Stipulation and Consent

Resolution Date: 06/27/2006

Sanctions Ordered: Censure



Monetary/Fine \$150,000.00

Other Sanctions Ordered:

Sanction Details:

IN ACCEPTING THE STIPULATION OF FACTS AND CONSENT TO PENALTY -- IMPOSED PENALTY CONSENTED TO BY RESPONDENT OF A CENSURE AND FINE OF \$150,000

Disclosure 20 of 29

Reporting Source:

Regulator

Current Status:

Final

Allegations:

NASD RULES 2110, 6620(A) - RESPONDENT MEMBER FAILED, AFTER 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH NASDAQ MARKET CENTER LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES, AND FAILED TO DESIGNATE THROUGH NASDAQ MARKET CENTER SUCH LAST SALE REPORTS AS LATE.

Initiated By:

NASD

Date Initiated:

07/19/2005

Docket/Case Number:

[CLG050107](#)

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:

07/19/2005

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered:

Censure
Monetary/Fine \$17,000.00

Other Sanctions Ordered:

Sanction Details:

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, MURF CONSENTED



TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS,
THEREFORE THE FIRM IS CENSURED AND FINED \$17,000.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATION OF NASD RULE 9216 IN THAT THE FIRM FAILED, AFTER 90 SECONDS AFTER EXECUTION TO TRANSMIT THROUGH NASDAQ MARKET CENTER LAST SALE REPORTS OF TRANSACTIONS TO OTC EQUITY SECURITIES, AND FAILED TO DESIGNATE THROUGH NASDAQ MARKET CENTER SUCH LAST SALE REPORTS AS LATE.

Initiated By: NASD REGULATION INC.

Date Initiated: 07/19/2005

Docket/Case Number: CLG050107AWC

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: \$17,000 FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/19/2005

Sanctions Ordered: Censure
Monetary/Fine \$17,000.00

Other Sanctions Ordered:

Sanction Details: FIRM WAS FINED AND CENSURED.

Firm Statement NO ADDITIONAL DETAILS

Disclosure 21 of 29

Reporting Source: Regulator

Current Status: Final

Allegations: NASD MARKETPLACE RULE 6620(A) AND NASD CONDUCT RULES 2110 AND 3010 - MURPHY & DURIEU FAILED WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH AUTOMATED CONFIRMATION TRANSACTION



SERVICE ("ACT") 129 LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES. THESE TRANSACTIONS CONSTITUTE 26% OF THE TRANSACTIONS REVIEWED THAT THE FIRM WAS REQUIRED TO REPORT TO ACT DURING THE REVIEW PERIOD. MURPHY & DURIEU FAILED, WITH IN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH ACT 54 LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES AND FAILED TO DESIGNATE THROUGH ACT SUCH LAST SALE AS LATE. FURTHERMORE, 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 THE RULES OF NASD CONCERNING ACT TRADE REPORTING. SPECIFICALLY, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE WRITTEN SUPERVISORY PROCEDURES PROVIDING FOR; (1) 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 THE STEP(S) INCLUDED IN THE WRITTEN SUPERVISORY PROCEDURES SHOULD BE DOCUMENTED.

Initiated By: NASD

Date Initiated: 08/20/2004

Docket/Case Number: CMS040130

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: 08/20/2004

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 \$17,500.00



Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, MURPHY & DURIEU CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED IN THE AMOUNT OF \$17,500 (CONSISTING OF A \$12,500 FINE FOR LATE REPORTING AND A \$5,000 FINE FOR THE SUPERVISION VIOLATION) AND AN UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATION OF NASD CONDUCT RULE 2110 AND NSD MARKETPLACE RULE 6620(A) WITH REGARD TO ACT REPORTING.

Initiated By: NASD MARKET REGULATION

Date Initiated: 07/07/2004

Docket/Case Number: CMS040130

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Undertaking

Other Sanction(s)/Relief Sought: FINE AND CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/20/2004

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

Other Sanctions Ordered: UNDERTAKING

Sanction Details: SANCTION OF \$17,500.00 AND UNDERTAKING TO UPDATE SUPERVISORY PROCEDURES.

Disclosure 22 of 29

Reporting Source: Regulator

Current Status: Final



Allegations: NASD CONDUCT RULES 2110 AND 3010 - RESPONDENT MEMBER ("FIRM") FAILED TO REPORT TO TRADE REPORTING AND COMPLIANCE ENGINE ("TRACE") TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES WITHIN 75 MINUTES AFTER EXECUTION. IN ADDITION, 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 TRACE.

Initiated By: NASD

Date Initiated: 12/18/2003

Docket/Case Number: CMS030288

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: 12/18/2003

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

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED, FINED \$17,500, AND REQUIRED TO UNDERTAKE TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING TRACE WITHIN 30 BUSINESS DAYS.

Reporting Source: Firm

Current Status: Final



Allegations: ALLEGED VIOLATIONS OF NASD CONDUCT RULES 2110 AND 3010 AS THEY RELATE TO TRACE REPORTING.

Initiated By: NASD MARKET REGULATION

Date Initiated: 10/31/2003

Docket/Case Number: CMS030288 AWC

Principal Product Type: Debt - Corporate

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE OF \$17500.00 (\$10,000. FOR TRACE VIOLATION AND \$7,500.00 FOR SUPERVISION VIOLATION)AND UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/18/2003

Sanctions Ordered: Monetary/Fine \$17,500.00

Other Sanctions Ordered: UNDERTAKING TO REVISE PROCEDURES RELATED TO TRACE

Sanction Details: FINE OF \$17500.00 (\$10000. FOR TRACE VIOLATIONS AND \$7500.00 FOR SUPERVISION VIOLATIONS), CENSURE AND UNDERTAKING TO REVISE PROCEDURES.

Disclosure 23 of 29

Reporting Source: Regulator

Current Status: Final

Allegations: NASD MARKETPLACE RULES 6240(A)(3) AND 6240(B)(3) - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER CONSENTED TO THE FINDINGS THAT IT INCORRECTLY REPORTED TO FIXED INCOME PRICING SYSTEM ("FIPS") TRANSACTIONS IN FIPS SECURITIES, AND HIGH YIELD SECURITIES THAT THE FIRM SHOULD NOT HAVE REPORTED TO FIPS UNDER THE FIPS RULES.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 11/25/2002

Docket/Case Number: CMS020221

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: 11/25/2002

Sanctions Ordered: Censure
Monetary/Fine \$9,000.00

Other Sanctions Ordered:

Sanction Details: A CENSURE AND A \$9000 FINE.

Reporting Source: Firm

Current Status: Final

Allegations: INCORRECTLY REPORTED TRANSACTIONS IN FIPS THAT SHOULD NOT HAVE BEEN REPORTED.

Initiated By: NASD

Date Initiated: 08/15/2001

Docket/Case Number: CMS020221

Principal Product Type: Debt - Corporate

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE OF \$9000.00

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/25/2002

Sanctions Ordered: Censure
Monetary/Fine \$9,000.00

Other Sanctions Ordered: NONE

Sanction Details: CENSURE AND FINE OF \$9,000.00



Disclosure 24 of 29

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULE 2110 - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT CONSENTED TO THE ENTRY OF FINDINGS THAT IT FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH ACT LAST SALE REPORTS OF TRANSACTIONS IN NASDAQ NATIONAL MARKET ("NNM") SECURITIES.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 08/21/2002

Docket/Case Number: CMS020148

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: 08/21/2002

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

Other Sanctions Ordered:

Sanction Details: A CENSURE AND A FINE OF \$10,000.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATION OF NASD RULE 2110 IN THAT THE FIRM FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH ACT, LAST SALE REPORTS OF TRANSACTION IN NNM SECURITIES.

Initiated By: NASD REGULATION, INC.

Date Initiated: 06/18/2002

Docket/Case Number: CMS020148 AWC



Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	\$10,000.00 FINE
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	08/21/2002
Sanctions Ordered:	Censure Monetary/Fine \$10,000.00
Other Sanctions Ordered:	NONE
Sanction Details:	SEE ABOVE
Firm Statement	NO ADDITIONAL DETAILS

Disclosure 25 of 29

Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>**10/22/2001**STIPULATION OF FACTS AND CONSENT TO SANCTION FILED BY NYSE DIVISION OF ENFORCEMENT AND PENDING CONSENTED TO FINDINGS:WITHOUT ADMITTING OR DENYING GUILT, THE FIRM HAS CONSENTED TO FINDINGS BY THE HEARING PANEL THAT IT:1.VIOLATED EXCHANGE RULE 342 BY FAILING TO ESTABLISH AND MAINTAIN PROCEDURES FOR SUPERVISION AND CONTROL, INCLUDING A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW, OF THE FIRM'S RETAIL BRANCH OFFICE IN THAT IT:</p> <p>A.FAILED TO HAVE A PROPERLY QUALIFIED AND APPROVED BRANCH MANAGER.B.FAILED TO HAVE NECESSARY SUPERVISORY FUNCTIONS CARRIED OUT BY A PROPERLY QUALIFIED AND APPROVED BRANCH MANAGER.C.FAILED TO PROPERLY SUPERVISE CUSTOMER ACCOUNTS AND TRANSACTIONS.D.FAILED TO ENSURE COMPLIANCE WITH MARGIN REQUIREMENTS.2. VIOLATED EXCHANGE RULE 431(F)(8)(B) BY PERMITTING CERTAIN ACCOUNTS TO CONTINUE DAY-TRADING DESPITE THE FAILURE OF THE ACCOUNT TO MEET ONE OR MORE DAY-TRADING MARGIN CALLS. 3.VIOLATED SECTION 220.8(B)(4) OF REGULATION T, PROMULGATED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM PURSUANT TO SECTION 7(A) OF THE SECURITIES EXCHANGE ACT OF 1934, BY FAILING TO RESTRICT A CUSTOMER'S ACCOUNT FROM TRADING AFTER THE CUSTOMER HAD FAILED TO TIMELY</p>



PAY FOR A TRANSACTION.4.VIOLATED EXCHANGE RULE 410(A) BY FAILING TO PROPERLY PRE-APPROVE ORDER ERROR CORRECTIONS.5. VIOLATED EXCHANGE RULE 721(A) BY PERMITTING OPTIONS TRADING IN A CUSTOMER'S ACCOUNT PRIOR TO THE ACCOUNT BEING PROPERLY APPROVED FOR OPTIONS TRADING.
MURPHY & DURIEU CONSENTED TO THE IMPOSITION BY THE EXCHANGE OF A SANCTION OF A CENSURE AND A FINE OF \$100,000.

Initiated By: NYSE DIVISION OF ENFORCEMENT

Date Initiated: 10/22/2001

Docket/Case Number: HPD#01-206

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 12/20/2001

Sanctions Ordered: Censure
Monetary/Fine \$100,000.00

Other Sanctions Ordered:

Sanction Details: **11/20/01**VIOLATED EXCHANGE RULE 342 BY FAILING TO ESTABLISH AND MAINTAIN PROCEDURES FOR SUPERVISION AND CONTROL; VIOLATED RULE 431(F)(8)(B) BY PERMITTING CERTAIN ACCOUNTS TO CONTINUE DAY-TRADING DESPITE FAILING TO MEET MARGIN CALLS; VIOLATED SECTION 220.8(B)(4) OF REGULATION T BY FAILING TO RESTRICT A CUSTOMER'S ACCOUNT; VIOLATED RULE 410(A) BY FAILING TO PROPERLY PRE-APPROVE ORDER ERROR CORRECTIONS; AND VIOLATED RULE 721 BY PERMITTING OPTIONS TRADING IN A CUSTOMER'S ACCOUNT PRIOR TO APPROVAL. CONSENT TO CENSURE AND \$100,000 FINE.

Regulator Statement **12/20/2001** THE DECISION IS NOW FINAL AND EFFECTIVE IMMEDIATELY. CONTACT: PEGGY GERMINO 212-656-8450

Reporting Source: Firm

Current Status: Final

Allegations: FIRM VIOLATED EXCHANGE RULE 342, FAILURE TO SUPERVISE; RULE 431



(F) (8) (B) DAY TRADING
 MARGIN VIOLATIONS; SECTION 220.8 (B) (4) OF REG T; RULE 410 (A)
 FAILING TO PRE APPROVE TRADE
 CORRECTIONS AND RULE 721- PERMITTING OPTION TRADING IN A
 CUSTOMER ACCOUNT PRIOR TO APPROVAL.

Initiated By: NEW YORK STOCK EXCHANGE
Date Initiated: 11/20/2001
Docket/Case Number: 01-206
Principal Product Type: Equity Listed (Common & Preferred Stock)
Other Product Type(s): OPTIONS
Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought: CENSURE
Resolution: Stipulation and Consent
Resolution Date: 12/20/2001
Sanctions Ordered: Censure
 Monetary/Fine \$100,000.00
Other Sanctions Ordered: NONE
Sanction Details: NO OTHER SANCTIONS.
Firm Statement CENSURE AND \$100,000.00 FINE.

Disclosure 26 of 29

Reporting Source: Firm
Current Status: Final
Allegations: ALLEGED VIOLATIONS OF NASD MARKETPLACE RULE 4632 AND NASD
 CONDUCT RULES 2110 AND 3010 AS THEY RELATE TO ACT REPORTING.
Initiated By: NASD REGULATION, INC.
Date Initiated: 04/03/2000
Docket/Case Number: CMS000102 AWC
Principal Product Type: Equity - OTC
Other Product Type(s):



Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	MONETARY FINE AND UNDERTAKING TO PROVIDE UPDATED SUPERVISORY PROCEDURES.
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	07/18/2000
Sanctions Ordered:	Censure Monetary/Fine \$15,000.00
Other Sanctions Ordered:	CENSURE AND UNDERTAKING TO UPDATE SUPERVISORY PROCEDURES.
Sanction Details:	FINE OF \$10,000.00 FOR TRADE REPORTING VIOLATIONS AND \$5,000.00 FOR SUPERVISION VIOLATION.
Firm Statement	ALREADY PROVIDED.

Disclosure 27 of 29

Reporting Source:	Regulator
Current Status:	Final
Allegations:	07/27/00GS: NASD RULE 6240 - RESPONDENT INCORRECTLY REPORTED TO THE FIXED INCOME PRICING SYSTEM TRANSACTIONS IN FIPS AND HIGH YIELD SECURITIES.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS
Date Initiated:	06/30/2000
Docket/Case Number:	CMS000138
Principal Product Type:	Other
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	06/30/2000
Sanctions Ordered:	Monetary/Fine \$5,000.00
Other Sanctions Ordered:	



Sanction Details:	NONE
<hr/>	
Reporting Source:	Firm
Current Status:	Final
Allegations:	MARKET REGULATION ALLEGED THAT MURPHY & DURIEU WAS IN VIOLATION OF NASD RULES 6240(B)(3) AND 6240(A)(3)AS THEY RELATE TO FIPS REPORTING.
Initiated By:	NASD REGULATION
Date Initiated:	04/05/2000
Docket/Case Number:	CMS000138 AWC
Principal Product Type:	Debt - Corporate
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:	06/30/2000
Sanctions Ordered:	Monetary/Fine \$5,000.00
Other Sanctions Ordered:	NONE
Sanction Details:	FINE ONLY - \$5000.00
Firm Statement	STATUS WAS SETTLED WITH AWC AND INCLUDED A 5000.00 FINE.

Disclosure 28 of 29

Reporting Source:	Regulator
Current Status:	Final
Allegations:	03/27/00GS: NASD RULES 2110, 3010 AND 6240(B) - REPORTED TRANSACTIONS TO THE FIXED INCOME PRICING SYSTEM ("FIPS") IN VIOLATION OF APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING THE REPORTING OF HIGH YIELD CORPORATE DEBTS SECURITIES; AND, FAILED FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE RULES REGARDING THE



TRANSACTION REPORTING OF HIGH YIELD CORPORATE SECURITIES.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS
Date Initiated: 02/25/2000
Docket/Case Number: CMS000025
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: 02/25/2000
Sanctions Ordered: Censure
 Monetary/Fine \$7,500.00
Other Sanctions Ordered:
Sanction Details: 09-08-00, \$7,500 PAID 3/14/00, INVOICE 00-MS-205

Reporting Source: Firm
Current Status: Final
Allegations: VIOLATION OF NASD RULES 6240(A)AND 6240(B)
Initiated By: NASD REGULATION, INC.
Date Initiated: 06/25/1999
Docket/Case Number: CMS000025 AWC
Principal Product Type: Debt - Corporate
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Censure
Other Sanction(s)/Relief Sought: FINE
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 02/25/2000



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

Other Sanctions Ordered:

Sanction Details: A CENSURE AND A FINE OF \$7500.00 (COMPOSED OF \$2500.00 FINE FOR TRADE REPORTING VIOLATIONS AND \$5000.00 FINE FOR SUPERVISION VIOLATIONS.

Disclosure 29 of 29

Reporting Source: Regulator

Current Status: Final

Allegations: MURPHY & DURIEU, A MEMBER ORGANIZATION OF THE EXCHANGE, VIOLATED EXCHANGE RULE 346(F) BY HAVING ASSOCIATED WITH IT A PERSON WHOM IT KNEW, OR SHOULD HAVE KNOWN, TO BE SUBJECT TO A STATUTORY DISQUALIFICATION; VIOLATED EXCHANGE RULE 351(A)(9) BY FAILING TO REPORT PROMPTLY TO THE EXCHANGE THAT IT WAS ASSOCIATED IN A BUSINESS ACTIVITY WITH A PERSON WHO WAS SUBJECT TO A STATUTORY DISQUALIFICATION; VIOLATED REGULATION 240.17F-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934 BY FAILING TO SUBMIT THE FINGERPRINTS OF NON-EXEMPT EMPLOYEE, OR CAUSING SUCH FINGERPRINTS TO BE SUBMITTED, TO THE ATTORNEY GENERAL OF THE UNITED STATES OF ITS DESIGNEE FOR IDENTIFICATION AND APPROPRIATE PROCESSING; AND ENGAGED IN ACTS DETRIMENTAL TO THE INTEREST OR WELFARE OF THE EXCHANGE IN THAT IT MADE REPRESENTATIONS TO THE EXCHANGE DURING AN ACCEPTABILITY HEARING AS TO INSURANCE COVERAGE WITHOUT A REASONABLE INQUIRY AS TO THE FACTS.

Initiated By: NEW YORK STOCK EXCHANGE

Date Initiated: 11/09/1989

Docket/Case Number: D-NYSE-90-38

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Stipulation and Consent



Resolution Date: 02/28/1990

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

Other Sanctions Ordered: UNDERTAKING

Sanction Details: CONSENT TO A CENSURE, A \$10,000.00 FINE AND A REQUIREMENT THAT THE FIRM ADHERE TO THE UNDERTAKING TO MAINTAIN PROCEDURES TO ENSURE FUTURE COMPLIANCE WITH THE PROVISIONS OF THE SECURITIES AND EXCHANGE ACT AND THE EXCHANGE RULES VIOLATED, AS SET FORTH IN THE STIPULATION AND CONSENT TO PENALTY.

Reporting Source: Firm

Current Status: Final

Allegations: ADMINISTRATIVE PROCEEDING. APPLICANT FAILED TO REPORT HIRING OF A PERSON WITH A STATUTORY DISQUALIFICATION AND FAILED TO SUBMIT THIS PERSON'S FINGERPRINTS. MADE REPRESENTATIONS DURING A HEARING AS TO INSURANCE COVERAGE WITHOUT A REASONABLE INQUIRY INTO THE FACTS.

Initiated By: NEW YORK STOCK EXCHANGE, INC.

Date Initiated: 10/01/1985

Docket/Case Number:

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: 11/09/1989

Sanctions Ordered: Monetary/Fine \$10,000.00

Other Sanctions Ordered: \$10,000 FINE. UNDERTAKING TO MAINTAIN PROCEDURES TO COMPLY WITH SEC REG 240.17F2. NOTICES REQUIRED BY NYSE RULES BE MADE IN A TIMELY FASHION WITH APPROVALS OBTAINED PRIOR TO EMPLOYMENT OF SUCH PERSONS.



Sanction Details:

\$10000 FINE. UNDERTAKING TO MAINTAIN PROCEDURES TO COMPLY WITH SEC REG 240.17F2. NOTICES RQUIRED BY NYSE RULES BE MADE IN A TINELY FASHION WITH APPROVALS OBTAINED PRIOR TO EMPLOYMENT OF SUCH PERSONS.

Firm Statement

APPLICANT ENTERED INTO A STIPULATION OF FACTS AND CONSENT TO PENALTY WITH THE NYSE, WITHOUT ADMITTING OR DENYING GUILT, IN WHICH APPLICANT CONSENTED TO A FINDING THAT IT (1) HIRED A PERSON WHOM IT KNEW OR SHOULD HAVE KNOWN WAS SUBJECT TO A STATUTORY DISQUALIFICATION, (2) FAILED TO REPORT THE HIRING(3)FAILED TO SUBMIT PERSON'S FINGERPRINTS(4) MADE REPRESENTATIONS DURING A HEARING AS TO INSURANCE COVERAGE WITHOUT REASONABLE INQUIRY INTO THE FACTS.

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.

Disclosure 1 of 2

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	09/24/2003
Case Number:	03-06716
Disputed Product Type:	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$380,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	12/30/2004
Sum of All Relief Awarded:	\$30,000.00

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

Disclosure 2 of 2

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-BREACH OF CONTRACT; DO NOT USE-EXECUTIONS-FAILURE TO EXECUTE
Arbitration Forum:	NASD
Case Initiated:	10/11/1999
Case Number:	99-04148



Disputed Product Type: DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested: \$75,463.92
Disposition: AWARD AGAINST PARTY
Disposition Date: 11/27/2000
Sum of All Relief Awarded: \$63,475.54

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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