

BrokerCheck Report

STOCKCROSS FINANCIAL SERVICES, INC.

CRD# 6670

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

Please contact FINRA with any concerns.

About BrokerCheck®



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

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

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

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

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

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

- **How current is this information?**

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

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

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

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

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

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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)



STOCKCROSS FINANCIAL SERVICES, INC.

CRD# 6670

SEC# 8-17758

Main Office Location

9464 WILSHIRE BOULEVARD
BEVERLY HILLS, CA 90212

Mailing Address

9464 WILSHIRE BOULEVARD
BEVERLY HILLS, CA 90212

Business Telephone Number

800-225-6196

This firm is a brokerage firm and an investment adviser firm. For more information about investment adviser firms, visit the SEC's Investment Adviser Public Disclosure website at: <https://www.adviserinfo.sec.gov>

Report Summary for this Firm

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

Firm Profile

This firm is classified as a corporation.
This firm was formed in Massachusetts on 08/03/1973.
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	20
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.



Date firm ceased business: 12/31/2019

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



Firm Profile

This firm is classified as a corporation.
This firm was formed in Massachusetts on 08/03/1973.
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.

STOCKCROSS FINANCIAL SERVICES, INC.
Doing business as STOCKCROSS FINANCIAL SERVICES, INC.
CRD# 6670
SEC# 8-17758

Main Office Location
9464 WILSHIRE BOULEVARD
BEVERLY HILLS, CA 90212

Mailing Address
9464 WILSHIRE BOULEVARD
BEVERLY HILLS, CA 90212

Business Telephone Number
800-225-6196

Other Names of this Firm

Name	Where is it used
STOCKCROSS TRADING GROUP	CA, NJ, NY



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): GEBBIA, JOHN MICHAEL

1866455

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

Position DIRECTOR, EVP

Position Start Date 01/2007

Percentage of Ownership 10% but less than 25%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): GEBBIA, RICHARD SAL

2348552

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

Position CEO, PRESIDENT, DIRECTOR

Position Start Date 08/2007

Percentage of Ownership 10% but less than 25%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): MURIEL SIEBERT & CO., INC.

5376

Is this a domestic or foreign entity or an individual? Domestic Entity

Position OWNER

Firm Profile



Direct Owners and Executive Officers (continued)

Position Start Date	01/2019
Percentage of Ownership	10% but less than 25%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	Yes

Legal Name & CRD# (if any):	COLOMBINO, MICHAEL JONATHAN 4871852
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Is this a domestic or foreign entity or an individual?	Individual
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Position	CFO; TREASURER
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Position Start Date	10/2015
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Percentage of Ownership	Less than 5%
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Does this owner direct the management or policies of the firm?	Yes
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Is this a public reporting company?	No
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Legal Name & CRD# (if any):	DIPIPPO, ALBERT FRANCIS 726636
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Is this a domestic or foreign entity or an individual?	Individual
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Position	ROSFP
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Position Start Date	05/2013
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Percentage of Ownership	Less than 5%
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Does this owner direct the management or policies of the firm?	No
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Is this a public reporting company?	No
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Firm Profile



Direct Owners and Executive Officers (continued)

Legal Name & CRD# (if any):	LOGUE, DANIEL PATRICK 1501135
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF COMPLIANCE OFFICER; AMLCO
Position Start Date	01/2016
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	SCHEBECE, GREGORY CHARLES 1498632
Is this a domestic or foreign entity or an individual?	Individual
Position	EXECUTIVE VICE PRESIDENT, COO
Position Start Date	02/2008
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	SHANKMAN, CRAIG MICHAEL
Is this a domestic or foreign entity or an individual?	Individual
Position	DIRECTOR OF TECHNOLOGY
Position Start Date	11/2015
Percentage of Ownership	Less than 5%
Does this owner direct the	No

Firm Profile



Direct Owners and Executive Officers (continued)

management or policies of the firm?

Is this a public reporting company? No

Legal Name & CRD# (if any): TASSELL, MATTHEW ERIC

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

Position DIRECTOR OF CORPORATE SERVICES

Position Start Date 11/2015

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): ZABATTA, CHARLES ANTHONY SR

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

Position OWNER

Position Start Date 12/2018

Percentage of Ownership Less than 5%

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

Is this a public reporting company?

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 05/05/1972 to 08/06/2021.





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 10 types of businesses.

Types of Business

Broker or dealer making inter-dealer markets in corporation securities over-the-counter
Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Underwriter or selling group participant (corporate securities other than mutual funds)
Mutual fund retailer
Municipal securities dealer
Municipal securities broker
Put and call broker or dealer or option writer
Investment advisory services
Trading securities for own account

Firm Operations



Clearing Arrangements

This firm does hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

Introducing Arrangements

This firm does not refer or introduce customers to other brokers and dealers.

Firm Operations

Industry Arrangements



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

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

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

Control Persons/Financing

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

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



Firm Operations

Organization Affiliates

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

This firm is, 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.**

ADVISORNXT, INC. is under common control with the firm.

Business Address:	15 EXCHANGE PLACE SUITE 800 JERSEY CITY, NJ 07302
Effective Date:	01/01/2020
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	STOCKCROSS MERGED INTO MURIEL SIEBERT IN JANUARY 2020. MURIEL SIEBERT AND ADVISORNXT ARE BOTH WHOLLY OWNED BY SIEBERT FINANCIAL CORPORATION. HOWEVER, DUE TO DELAYS IN REGULATORY BODIES ISSUING CERTAIN DOCUMENTS AND WAITING FOR UPDATING ITEMS BY FINRA, A BDW HAS NOT YET BEEN FILED.

MURIEL SIEBERT & CO., INC. controls the firm.

Business Address:	15 EXCHANGE PLACE SUITE 800 JERSEY CITY, NJ 07302
Effective Date:	01/02/2020
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	Yes

Firm Operations



Organization Affiliates (continued)

Description: STOCKCROSS MERGED INTO MURIEL SIEBERT IN JANUARY 2020. HOWEVER, DUE TO DELAYS IN REGULATORY BODIES ISSUING CERTAIN DOCUMENTS AND WAITING FOR UPDATING ITEMS BY FINRA, A BDW HAS NOT YET BEEN FILED.

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	20	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:**
 - A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
 - A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - A "pending" event involves allegations that have not been proven or formally adjudicated.
 - An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - A "final" event has been concluded and its resolution is not subject to change.
 - A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

Regulatory - Final

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

Disclosure 1 of 20

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 HAD NO REASONABLE SURVEILLANCE SYSTEM TO REVIEW SOLICITED TRANSACTIONS FOR EXCESSIVE TRADING AND SUITABILITY. THE FINDINGS STATED THAT THIS MATTER ORIGINATED FROM THREE SEPARATE INVESTIGATIONS OF THE FIRM, ONE ORIGINATING FROM A CALL TO FINRA'S SENIOR HELPLINE, ONE FROM FINRA'S CYCLE EXAMINATION, AND ONE FROM FINRA'S CAUSE EXAMINATION. THE FINDINGS ALSO STATED THAT, ALTHOUGH THE FIRM'S SUPERVISORY SYSTEMS AND WRITTEN PROCEDURES DIFFERENTIATED BETWEEN SOLICITED AND UNSOLICITED TRADES, IN PRACTICE THE FIRM DID NOT CONDUCT ANY PRINCIPAL REVIEW OF SOLICITED TRANSACTIONS. THE FIRM HAD NO SURVEILLANCE SYSTEM OR EXCEPTION REPORTS TO REVIEW SOLICITED TRANSACTIONS, AND WHEN IMPLEMENTED, THE AUTOMATED SURVEILLANCE SYSTEM WAS NOT REASONABLY DESIGNED TO DETECT EXCESSIVE TRADING AND OTHER VIOLATIVE ACTIVITY. THE FIRM ALSO DID NOT PROVIDE ITS SUPERVISORS WITH EXCEPTION REPORTS IDENTIFYING EXCESSIVE TRADING, SUITABILITY, WASH TRANSACTIONS, OR OVER-CONCENTRATED SECURITIES POSITIONS, AND IT NEVER IMPLEMENTED AN ACTIVE ACCOUNT REPORT THAT WAS REFERENCED IN ITS WRITTEN SUPERVISORY PROCEDURES (WSPS). IT WAS NOT UNTIL LATER THAT THE FIRM IMPLEMENTED A TRADING EXCEPTION REPORT, BUT IT WAS LIMITED IN SCOPE AND UTILITY. AS A RESULT OF THE FIRM'S DEFICIENT SUPERVISORY SYSTEM, THE FIRM FAILED TO REASONABLY SUPERVISE A BROKER WHO ENGAGED IN UNSUITABLE AND EXCESSIVE EQUITY AND OPTIONS TRADING IN THE ACCOUNTS OF TWO SENIOR CUSTOMERS WHO SUSTAINED A TOTAL OF \$766,388 IN LOSSES. THE FINDINGS ALSO INCLUDED THAT THE FIRM PERMITTED A BROKER TO FUNCTION AS ITS TRADING SUPERVISOR EVEN THOUGH HE DID NOT OBTAIN HIS GENERAL SECURITIES PRINCIPAL REGISTRATION. AS THE FIRM'S TRADING SUPERVISOR, THE BROKER WAS ONE OF TWO EMPLOYEES RESPONSIBLE FOR THE DAILY REVIEW OF ORDER TICKETS AND TRADE BLOTTERS AND WAS DELEGATED TO REVIEW THE DAILY TRANSACTION ACTIVITY REPORT. FINRA FOUND THAT DESPITE THE FIRM'S SIGNIFICANT GROWTH IN ITS STOCK LOAN BUSINESS, IT DID NOT UPDATE ITS SYSTEMS AND PROCEDURES TO ADAPT TO ITS EXPANDED BUSINESS LINE. ITS WSPS ADDRESSED ONLY THE FIRM'S RESPONSIBILITIES AS A BORROWER, BUT NOT AS A LENDER, IN A STOCK LOAN TRANSACTION. THE FIRM'S WSPS ALSO DID NOT ADDRESS EXCHANGE ACT RULE 15C3-3(D)(1)'S REQUIREMENTS TO REMEDY POSSESSION-OR-CONTROL DEFICITS WITHIN FIVE BUSINESS DAYS WHEN THE FIRM ACTS AS A SECURITIES LENDER. CONSEQUENTLY, THE FIRM'S STOCK LENDING CREATED SECURITIES DEFICITS THAT THE FIRM DID NOT EXECUTE A BUY-IN OF OVERDUE SECURITIES WITHIN THE FIVE-DAY PERIOD. IN ADDITION, THE FIRM USED FULLY-OWNED CUSTOMER



SECURITIES TO SATISFY AN OUTSTANDING BORROW POSITION. ALTHOUGH THERE WAS A REPORT TO IDENTIFY EXCESS AVAILABLE SHARES, THE FIRM DID NOT HAVE A PROCESS IN PLACE TO DETERMINE WHETHER THE SHARES WERE FULLY-OWNED CUSTOMER SECURITIES AND THUS UNAVAILABLE FOR LENDING. BY FAILING TO MAINTAIN POSSESSION OR CONTROL OVER ITS CUSTOMER ASSETS, THE FIRM VIOLATED EXCHANGE ACT SECTION 15(C), RULE 15C3-3 THEREUNDER. THE FIRM ALSO TREATED JOINT ACCOUNTS HELD BY A PRINCIPAL OFFICER OF THE FIRM AND HIS SPOUSE AS NON-CUSTOMER ACCOUNTS WHEN PERFORMING THE CUSTOMER RESERVE CALCULATION. AS A RESULT, THE FIRM INCLUDED DEBITS TO WHICH IT WAS NOT ENTITLED, THEREBY UNDERSTATING THE AMOUNT THE FIRM WAS REQUIRED TO MAINTAIN. SEPARATELY, THE FIRM FAILED TO ENSURE THAT IT ACCOUNTED FOR CUSTOMER FUNDS IN TRANSIT FROM BRANCH OFFICES AND NOT PROMPTLY PROCESSED TO THE CUSTOMER'S ACCOUNT WHEN MAKING ITS CUSTOMER RESERVE CALCULATIONS, RESULTING IN HINDSIGHT DEFICIENCIES. AS A RESULT OF THE FOREGOING, THE FIRM VIOLATED EXCHANGE ACT SECTION 15(C), RULE 15C3-3. FINRA ALSO FOUND THAT, DUE TO AN ERROR, THE FIRM FAILED TO ARCHIVE APPROXIMATELY 30,000 OUTGOING EMAIL COMMUNICATIONS SENT TO NON-FIRM EMAIL ADDRESSES, AND THE EMAILS IN QUESTION WERE NOT STORED IN AN EASILY ACCESSIBLE PLACE. AS A RESULT, THE FIRM VIOLATED EXCHANGE ACT SECTION 17A, RULE 17A-4(B)(4).

Initiated By: FINRA

Date Initiated: 07/15/2021

Docket/Case Number: 2018058595601

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/15/2021

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



Sanctions Ordered: Censure
Monetary/Fine \$250,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$250,000, AND ORDERED TO RETAIN AN INDEPENDENT CONSULTANT. FINE PAID IN FULL ON AUGUST 3, 2021.

Reporting Source: Firm

Current Status: Final

Allegations: FAILURE TO SUPERVISE, INADEQUATE SUPERVISORY SYSTEM, OPTIONS SUPERVISION BY A NON-PRINCIPAL, POSSESSION AND CONTROL ISSUES, ELECTRONIC COMMUNICATIONS NOT PROPERLY ARCHIVED.

Initiated By: FINRA

Date Initiated: 07/15/2021

Docket/Case Number: 2018058595601

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;
UNDERTAKING OF INDEPENDENT CONSULTANT.

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/15/2021

Sanctions Ordered: Censure
Monetary/Fine \$250,000.00

Other Sanctions Ordered: UNDERTAKING OF INDEPENDENT AUDITOR.

Sanction Details: FIRM FINED \$250,000. FIRM ORDERED TO UNDERTAKE AN INDEPENDENT OUTSIDE AUDITOR TO REVIEW SUPERVISION.

Firm Statement STOCKCROSS CHOSE TO ACCEPT THE AWC OFFER FROM FINRA BECAUSE THE LEGAL FEES OF DEFENDING ITSELF AND ATTEMPTING TO MITIGATE THE SUBJECT FINE WOULD HAVE BEEN MUCH LESS COST EFFECTIVE.

Disclosure 2 of 20

Reporting Source: Regulator



Current Status:	Final
Allegations:	SHORT-TERM UIT TRADING ACTIVITY; FAILURE TO SUPERVISE.
Initiated By:	CALIFORNIA
Date Initiated:	07/09/2021
Docket/Case Number:	6670
URL for Regulatory Action:	HTTPS://DFPI.CA.GOV/WP-CONTENT/UPLOADS/SITES/337/2021/07/CONSENT-ORDER-STOCKCROSS-FINANCIAL-SERVICES-INC..PDF
Principal Product Type:	Unit Investment Trust(s)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Cease and Desist
Other Sanction(s)/Relief Sought:	ADMINISTRATIVE FEES; OFFER OF RESTITUTION.
Resolution:	Consent
Resolution Date:	07/09/2021
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	Yes
Sanctions Ordered:	Monetary/Fine \$100,000.00 Cease and Desist/Injunction
Other Sanctions Ordered:	OFFER OF RESTITUTION.
Sanction Details:	ADMINISTRATIVE COSTS/FEE OF \$100,000.00 (FULL AMOUNT LEVIED AGAINST SUBJECT); TO BE PAID BY AUGUST 11; NO PORTION WAIVED. AN OFFER OF RESTITUTION TO BE MADE TO THE SIX "NAMED" INVESTORS TOTALING \$315,375.37 (FULL AMOUNT LEVIED AGAINST SUBJECT); OFFER TO REMAIN OPEN FOR A PERIOD OF 90 DAYS; NO PORTION WAIVED.
Regulator Statement	N/A
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Reporting Source:	Firm
Current Status:	Final



Allegations:	SHORT TERM UIT TRADING.
Initiated By:	CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION
Date Initiated:	07/09/2021
Docket/Case Number:	
Principal Product Type:	Unit Investment Trust(s)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Cease and Desist
Other Sanction(s)/Relief Sought:	FINE AND OFFER OF RESTITUTION TO CLIENTS.
Resolution:	Consent
Resolution Date:	07/09/2021
Sanctions Ordered:	Monetary/Fine \$100,000.00 Disgorgement/Restitution Cease and Desist/Injunction
Other Sanctions Ordered:	OFFER OF RESTITUTION TO 5 CLIENTS. THESE OFFERS TOTAL \$315,374.
Sanction Details:	LEVIED AGAINST STOCKCROSS FINANCIAL SERVICED, INC. AND ITS FORMER REPRESENTATIVE, PETER CUNNINGHAM.

Disclosure 3 of 20

Reporting Source:	Regulator
Current Status:	Final
Allegations:	DURING THE PERIOD JANUARY 1, 2018 THROUGH SEPTEMBER 30, 2018 (THE "REVIEW PERIOD"), THE FIRM'S SUPERVISORY SYSTEM WAS NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH NASDAQ QUOTING OBLIGATIONS. SPECIFICALLY, THE FIRM FAILED TO UPDATE ITS WRITTEN SUPERVISORY PROCEDURES ("WSPS") TO REFLECT THE REVIEWS TO BE CONDUCTED AFTER IT TRANSITIONED TO A NEW ORDER MANAGEMENT SYSTEM IN JANUARY 2018. FURTHER, WHEN THE FIRM DID UPDATE ITS WSPS IN AUGUST 2018, THEY WERE NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH NASDAQ QUOTING OBLIGATIONS BECAUSE THEY FAILED TO (1) INCLUDE A DESCRIPTION OF THE SUPERVISORY STEPS AND REVIEWS TO BE TAKEN; AND (2) IDENTIFY, BY NAME OR TITLE, THE INDIVIDUAL(S) RESPONSIBLE FOR THE REVIEW. THE CONDUCT DESCRIBED CONSTITUTES A VIOLATION OF NASDAQ RULES 2010A AND 3010



Initiated By: NASDAQ STOCK MARKET

Date Initiated: 08/13/2018

Docket/Case Number: 2019.05.0046

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

Other Product Type(s):

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

Other Sanction(s)/Relief Sought: \$10,000 FINE AND A CENSURE.

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/08/2019

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

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

Other Sanctions Ordered:

Sanction Details: \$10,000 FINE, NO PORTION WAS WAIVED.

Reporting Source: Firm

Current Status: Final

Allegations: BETWEEN JANUARY 1, 2018 THROUGH SEPTEMBER 30, 2018 THE FIRM'S SUPERVISORY SYSTEM WAS NOT REASONABLE DESIGNED TO ACHIEVE COMPLIANCE WITH NASDAQ QUOTING OBLIGATIONS. SPECIFICALLY, THE FIRM FAILED TO UPDATE ITS WRITTEN SUPERVISORY PROCEDURES ("WSPS") TO REFLECT THE REVIEWS TO BE CONDUCTED AFTER IT TRANSITIONED TO A NEW ORDER MANAGEMENT SYSTEM IN JANUARY 2018. FURTHER, WHEN THE FIRM DID UPDATE ITS WSPS IN AUGUST 2018, THEY WERE NOT REASONABLE DESIGNED TO ACHIEVE COMPLIANCE WITH NASDAQ QUOTING OBLIGATIONS BECAUSE THEY FAILED TO (1) INCLUDE A DESCRIPTION OF THE SUPERVISORY STEPS AND REVIEWS TO BE TAKEN; AND (2) IDENTIFY, BY NAME OR TITLE, THE INDIVIDUAL(S) RESPONSIBLE FOR THE REVIEW. THE CONDUCT DESCRIBED IN THIS PARAGRAPH



CONSTITUTES A VIOLATION OF NASDAQ RULES 2010A AND 3010.

Initiated By: NASDAQ

Date Initiated: 11/08/2019

Docket/Case Number: 2019.05-0046

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: \$10,000 FINE.

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/08/2019

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

Other Sanctions Ordered:

Sanction Details: A.W.C. EXECUTED ON 11/08/2019; ACCEPTING CENSURE AND FINE.

Disclosure 4 of 20

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 ORDERS FULLY AND PROMPTLY. THE FINDINGS STATED THAT THE FIRM FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST MARKET FOR THE SUBJECT SECURITIES 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 ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH EXECUTING MARKETABLE CUSTOMER ORDERS FULLY AND PROMPTLY.

Initiated By: FINRA

Date Initiated: 09/07/2018

Docket/Case Number: 2016048536701



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: 09/07/2018
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No
Sanctions Ordered: Censure
 Monetary/Fine \$35,000.00
Other Sanctions Ordered:
Sanction Details: THE FIRM WAS CENSURED AND FINED \$35,000. FINES PAID IN FULL ON SEPTEMBER 18, 2018.

Reporting Source: Firm
Current Status: Final
Allegations: IN Q3 2015, Q4 2015 AND Q1 2016 STXG DID NOT EXECUTE ALL OF ITS ORDERS "FULLY AND PROMPTLY"; STXG FAILED TO USE REASONABLE DILIGENCE IN ASCERTAINING THE BEST MARKET FOR SECURITIES SO AS TO ACHIEVE THE BEST PRICE IN PREVAILING MARKET CONDITIONS; AND DID NOT HAVE A SUPERVISORY SYSTEM DESIGNED TO ACHIEVE COMPLIANCE WITH MARKETABLE CUSTOMER ORDERS.
Initiated By: FINRA
Date Initiated: 09/11/2018
Docket/Case Number: 20160485367-01
Principal Product Type: Other
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Censure



Other Sanction(s)/Relief Sought: MONETARY FINE.

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/11/2018

Sanctions Ordered: Monetary/Fine \$35,000.00

Other Sanctions Ordered:

Sanction Details: A.W.C. EXECUTED, ACCEPTING CENSURE AND FINE.

Disclosure 5 of 20

Reporting Source: Regulator

Current Status: Final

Allegations: FAILURE TO REASONABLY SUPERVISE ITS AGENT, FAILURE TO OBSERVE HIGH STANDARDS OF COMMERCIAL HONOR

Initiated By: MASSACHUSETTS SECURITIES DIVISION

Date Initiated: 08/14/2018

Docket/Case Number: E-2017-0104

URL for Regulatory Action: [HTTP://WWW.SEC.STATE.MA.US/SCT/CURRENT/SCTSTOCKCROSS/STOCKCROSSIDX.HTM](http://WWW.SEC.STATE.MA.US/SCT/CURRENT/SCTSTOCKCROSS/STOCKCROSSIDX.HTM)

Principal Product Type: Unit Investment Trust(s)

Other Product Type(s):

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

Other Sanction(s)/Relief Sought: CENSURE, INDEPENDENT COMPLIANCE CONSULTANT, ACCOUNTING OF INVESTOR LOSS, RESTITUTION, DISGORGEMENT, AND ADMINISTRATIVE FINE

Resolution: Consent

Resolution Date: 09/03/2019

Sanctions Ordered: Censure
Monetary/Fine \$225,000.00
Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered: STOCKCROSS SHALL RETAIN THE SERVICES OF AN INDEPENDENT COMPLIANCE CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF



STOCKCROSS'S POLICIES, PROCEDURES, TRAINING, AND/OR PROCESSES
AS GUIDED AND INFORMED BY THE ALLEGATIONS IN THE ORDER.

Sanction Details: \$225,000 IN A FINE
RESTITUTION TBD

Reporting Source: Firm

Current Status: Final

Allegations: SHORT TERM UIT TRADING, FAILURE TO SUPERVISE

Initiated By: COMMONWEALTH OF MASSACHUSETTS

Date Initiated: 09/03/2019

Docket/Case Number: E-2017-0104

Principal Product Type: Unit Investment Trust(s)

Other Product Type(s):

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

Other Sanction(s)/Relief Sought: CENSURE, FINE, RESTITUTION OF SEVERAL TRANSACTIONS, CONSULTANT REVIEW OF FIRM'S UIT SALES PROCESS AND CONTINUING ED FOR REP. REP SHALL NOT ENGAGE IN OR RECCOMEND THE PURCHASE OR SALE OF ANY UNIT INVESTMENT TRUST SECURITIES TRANSACTIONS IN THE STATE OF MASSACHUSETTS FOR 15 MONTHS FROM SEPTEMBER 3, 2019.

Resolution: Consent

Resolution Date: 09/03/2019

Sanctions Ordered: Censure
Monetary/Fine \$225,000.00
Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: CONSULTANT REVIEW OF FIRM'S UIT SALES PROCESS AND CONTINUING ED FOR REP. REP SHALL NOT ENGAGE IN OR RECCOMEND THE PURCHASE OR SALE OF ANY UNIT INVESTMENT TRUST SECURITIES TRANSACTIONS IN THE STATE OF MASSACHUSETTS FOR 15 MONTHS FROM SEPTEMBER 3, 2019.

Firm Statement REGISTRANT AND EMPLOYER MADE A BUSINESS DECISION TO SETTLE WITH THE COMMONWEALTH. EXPERT DETERMINED NO CLIENT LOST



MONEY. SETTLEMENT WAS MORE COST EFFECTIVE THAN EXPENSE OF LITIGATION

Disclosure 6 of 20

Reporting Source:	Regulator
Current Status:	Final
Allegations:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IN INSTANCES, IT FAILED TO REPORT OPTION'S POSITIONS THAT TRADED ON THE OPTIONS' EXPIRATION, TO THE LARGE OPTIONS POSITION REPORTING (LOPR) SYSTEM. THE FINDINGS STATED THAT THE FIRM FAILED TO RESUBMIT REJECTED RECORDS TO THE LOPR AND CONSEQUENTLY OVER REPORTED OPTIONS POSITIONS IN INSTANCES TO THE LOPR. THOUGH THE MAJORITY OF THE REPORTING ERRORS WERE CAUSED BY SYSTEM ISSUES WITH THE FIRM'S THIRD PARTY VENDOR, THE FIRM IS RESPONSIBLE FOR ENSURING THE PROPER REPORTING OF POSITIONS TO THE LOPR.
Initiated By:	FINRA
Date Initiated:	05/24/2017
Docket/Case Number:	2014040160101
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	05/24/2017
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine \$12,500.00

**Other Sanctions Ordered:**

Sanction Details: THE FIRM WAS CENSURED AND FINED \$12,500. FINE PAID IN FULL ON JUNE 5, 2017.

Reporting Source: Firm

Current Status: Final

Allegations: BETWEEN JANUARY 7, 2014 AND NOVEMBER 17, 2014, IN APPROXIMATELY 1,365 INSTANCES, THE FIRM FAILED TO REPORT APPROXIMATELY 1,365 OPTIONS POSITIONS THAT TRADED ON THE OPTIONS' EXPIRATION. THE CONDUCT DESCRIBED IN THIS PARAGRAPH CONSTITUTES A VIOLATION OF FINRA RULE 2360(B)(5).

BETWEEN JANUARY 28, 2013 AND MARCH 15, 2013, THE FIRM FAILED TO RESUBMIT REJECTED RECORDS TO THE LOPR AND CONSEQUENTLY OVER REPORTED APPROXIMATELY TWO OPTIONS POSITIONS IN APPROXIMATELY 50 INSTANCES. THE CONDUCT DESCRIBED IN THIS PARAGRAPH CONSTITUTES A VIOLATION OF FINRA RULE 2360(B)(5).

Initiated By: FINRA

Date Initiated: 05/24/2017

Docket/Case Number: 2014040160101

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: \$12,500 FINE.

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/24/2017

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

Other Sanctions Ordered:

Sanction Details: CONDITION SATISFIED.

Firm Statement AWC EXECUTED. THE SUBSEQUENT FINRA 8210 INQUIRY RESULTED IN A NO ACTION LETTER.



Disclosure 7 of 20

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 PUBLISH IMMEDIATELY A BID OR OFFER THAT REFLECTED THE PRICE AND FULL SIZE OF 25 CUSTOMER LIMIT ORDERS FOR OVER-THE-COUNTER (OTC) EQUITY SECURITIES HELD BY THE FIRM THAT WERE AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN SUCH SECURITIES. THE FINDINGS STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING LIMIT ORDER DISPLAY REQUIREMENTS. IN ADDITION, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE SUFFICIENT WRITTEN SUPERVISORY PROCEDURES PROVIDING FOR A STATEMENT OF THE SUPERVISORY STEP(S) TO BE TAKEN BY THE IDENTIFIED PERSON(S) RESPONSIBLE FOR SUPERVISION WITH RESPECT TO FINRA RULE 6460.
Initiated By:	FINRA
Date Initiated:	02/08/2017
Docket/Case Number:	2015044270001
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:	02/08/2017
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure



Monetary/Fine \$50,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$50,000. FINE PAID IN FULL ON 3/2/17.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO PUBLISH IMMEDIATELY A BID OR OFFER THAT REFLECTED THE PRICE AND FULL SIZE OF 25 CUSTOMER LIMIT ORDERS FOR OVER-THE-COUNTER (OTC) EQUITY SECURITIES HELD BY THE FIRM THAT WERE AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN SUCH SECURITIES. THE FINDINGS STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING LIMIT ORDER DISPLAY REQUIREMENTS. IN ADDITION, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE SUFFICIENT WRITTEN SUPERVISORY PROCEDURES PROVIDING FOR A STATEMENT OF THE SUPERVISORY STEP(S) TO BE TAKEN BY THE IDENTIFIED PERSON(S) RESPONSIBLE FOR SUPERVISION WITH RESPECT TO FINRA RULE 6460.

Initiated By: FINRA

Date Initiated: 02/09/2017

Docket/Case Number: 2015044270001

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: MONETARY FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/09/2017

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

**Other Sanctions Ordered:**

Sanction Details: CENSURE AND \$50,000 FINE.

Disclosure 8 of 20

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 HAD IN PLACE A SYSTEM TO MONITOR AND TRACK THE FIRM'S "CLOSE OUT" OBLIGATIONS UNDER SEC RULE 204(A) OF REGULATION SHO WHICH WAS FUNDAMENTALLY FLAWED. THE FINDINGS STATED THAT A DESIGNATED INDIVIDUAL REVIEWED ALL OF THE FIRM'S SHORT POSITIONS AS REFLECTED ON ITS BOOKS AND RECORDS AS OF THE CLOSE OF BUSINESS THE PRIOR DAY IN ORDER TO DETERMINE WHICH POSITION WAS SUBJECT TO BE CLOSED OUT ON THAT DAY. THE REVIEWER IDENTIFIED EACH ACCOUNT WITH A SHORT POSITION THAT HAD AGED TO AT LEAST T+3 AND COMPARED IT TO THE ACTIVITY THAT OCCURRED IN THE ACCOUNT. THE REVIEWER DETERMINED WHETHER A SHORT POSITION WAS SUBJECT TO A T+4 OR T+6 CLOSE-OUT. THE FIRM LOOKED AT ACTIVITY IN THE ACCOUNT WHICH THE FIRM DETERMINED WAS CAUSING THE FAIL AND DID NOT CONSIDER ANY OFFSETTING BUYING OR SELLING ACTIVITY IN ANY OTHER ACCOUNTS (WHETHER PROPRIETARY OR CUSTOMER) WHICH POTENTIALLY COULD AFFECT THE FIRM'S NET FLAT OR NET LONG POSITION AT THE END OF THE DAY. THE FIRM ALSO DID NOT CONSIDER THE ACTUAL FAIL TO DELIVER QUANTITY ON DAYS WHERE A CLOSE-OUT OBLIGATION EXISTED. IN DETERMINING ITS BUY-IN OBLIGATIONS, THE FIRM DID NOT EXECUTE AFFIRMATIVE BUY-IN TRANSACTIONS. THE FIRM LOOKED AT THE BUY ACTIVITY IN THE SPECIFIC ACCOUNT AND ATTRIBUTED THE BUY ACTIVITY TOWARDS THE FIRM'S CLOSE-OUT OBLIGATION. AFTER THE COVER TRANSACTION HAD BEEN EXECUTED, THE FIRM DID NOT PUT ANY LIMIT OR RESTRICTIONS ON THE REST OF THE DAY'S TRADING ACTIVITY IN THAT SECURITY. THE FIRM DID NOT BELIEVE IT WAS REQUIRED TO BE EITHER NET FLAT OR LONG IN THAT SECURITY AT THE END OF THE DAY IF IT HAD PREVIOUSLY CLOSED OUT ANY OPEN FAILS. IF A FAIL POSITION EXISTED DUE TO ADDITIONAL SALE ACTIVITY ON THE DAY OF THE BUY-IN, THE FIRM CONSIDERED THAT FAIL AS A NEW FAIL. THE FIRM ALSO BELIEVED THAT SEC RULE 204 DID NOT APPLY TO ODD LOT TRANSACTIONS. THUS, THE FIRM DID NOT TRACK, AND DID NOT CLOSE OUT, ANY FAILS WHICH WERE ATTRIBUTABLE TO ODD LOT TRANSACTIONS. DURING THE REVIEW PERIOD, FINRA STAFF FOUND THAT THE FIRM'S MONITORING AND TRACKING SYSTEM CAUSED THE FIRM TO HAVE A FAIL POSITION IN A SECURITY FOR SEVEN OR MORE



CONSECUTIVE SETTLEMENT DAYS IN APPROXIMATELY 1,826 INSTANCES. OF THE 1,826 INSTANCES, 886 WERE IN UNIQUE SECURITIES AND 71 INVOLVED A SECURITY ON THE THRESHOLD LIST. THE FINDINGS ALSO STATED THAT GIVEN THE FIRM'S FLAWED RULE 204(A) CLOSE-OUT AND TRACKING PROCESS, FINRA STAFF FOUND THAT THE FIRM DID NOT ADEQUATELY CLOSE-OUT ITS FAILS PURSUANT TO RULE 204(A)(3). THUS, PRIOR TO EFFECTING ANY SHORT SALES FOR ITS MARKET MAKING ACCOUNTS, THE FIRM WAS OBLIGATED TO "PRE-BORROW" THE RELEVANT SECURITY IN ACCORDANCE WITH RULE 204(B). FINRA STAFF SAMPLED 12 SECURITIES DURING THE REVIEW PERIOD AND FOUND THAT THE FIRM HAD A TOTAL OF 4,132 PRE-BORROW VIOLATIONS OF RULE 204(B) IN THOSE 12 SECURITIES. THE FINDINGS ALSO INCLUDED THAT FINRA STAFF FOUND THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, CONCERNING SEC RULE 204 OF REGULATION SHO. FINRA STAFF ALSO FOUND THAT THE FIRM DID NOT HAVE IN PLACE WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO SEC RULE 204 OF REGULATION SHO DURING THE REVIEW PERIOD.

Initiated By:	FINRA
Date Initiated:	08/12/2015
Docket/Case Number:	2010022593201
Principal Product Type:	Other
Other Product Type(s):	UNSPECIFIED SECURITIES
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	08/12/2015
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine \$800,000.00
Other Sanctions Ordered:	UNDERTAKINGS: REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING,



BUT NOT LIMITED TO, ITS WRITTEN SUPERVISORY PROCEDURES, WITH RESPECT TO THE AREAS DESCRIBED ABOVE, AND PROVIDE A REPORT, WRITTEN AND ORAL, TO FINRA SIX MONTHS AFTER THE DATE OF THE NOTICE OF ACCEPTANCE OF THIS AWC, REGARDING THE IMPLEMENTATION AND EFFECTIVENESS OF THE FIRM'S POLICIES AND PROCEDURES REGARDING THE FIRM'S COMPLIANCE WITH REGULATION SHO AND SUPERVISION OF SUCH PROCEDURES.

Sanction Details:

THE FIRM WAS CENSURED, FINED \$800,000 AND UNDERTAKES TO REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING, BUT NOT LIMITED TO, ITS WRITTEN SUPERVISORY PROCEDURES, WITH RESPECT TO THE AREAS DESCRIBED ABOVE, AND PROVIDE A REPORT, WRITTEN AND ORAL, TO FINRA SIX MONTHS AFTER THE DATE OF THE NOTICE OF ACCEPTANCE OF THIS AWC, REGARDING THE IMPLEMENTATION AND EFFECTIVENESS OF THE FIRM'S POLICIES AND PROCEDURES REGARDING THE FIRM'S COMPLIANCE WITH REGULATION SHO AND SUPERVISION OF SUCH PROCEDURES.

FINE PAID IN FULL ON AUGUST 28, 2015.

Reporting Source:	Firm
Current Status:	Final
Allegations:	THE FIRM HAD IN PLACE A SYSTEM TO MONITOR AND TRACK THE FIRM'S CLOSE OUT OBLIGATIONS UNDER SEC RULE 204(A) OF REGSHO WHICH WAS FUNDAMENTALLY FLAWED. THIS ALSO CAUSED THE FIRM TO VIOLATE SEC RULE 204(B) OF REGSHO.
Initiated By:	FINANCIAL INDUSTRY REGULATORY AUTHORITY
Date Initiated:	08/12/2015
Docket/Case Number:	20100225932-01
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	08/12/2015
Sanctions Ordered:	Censure



Monetary/Fine \$800,000.00

Other Sanctions Ordered:

Sanction Details:

THE TOTAL AMOUNT OF THE FINE IS 800,000.00 LEVIED AGAINST THE APPLICANT. THE FINE WILL BE PAID IN INSTALLMENTS.

Firm Statement

THE FIRM HAD IN PLACE A SYSTEM TO MONITOR AND TRACK THE FIRM'S CLOSE OUT OBLIGATIONS UNDER SEC RULE 204(A) OF REGSHO WHICH WAS FUNDAMENTALLY FLAWED. THIS ALSO CAUSED THE FIRM TO VIOLATE SEC RULE 204(B) OF REGSHO.

Disclosure 9 of 20

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 ACCEPTED AND HELD CUSTOMER MARKET ORDERS, TRADED FOR ITS OWN ACCOUNT AT PRICES THAT WOULD HAVE SATISFIED THE CUSTOMER MARKET ORDERS, AND FAILED TO IMMEDIATELY THEREAFTER EXECUTE THE CUSTOMER MARKET ORDERS AT THE SAME PRICE AT WHICH IT TRADED FOR ITS OWN ACCOUNT OR AT A BETTER PRICE.

Initiated By:

FINRA

Date Initiated:

03/17/2015

Docket/Case Number:

2013038450901

Principal Product Type:

Other

Other Product Type(s):

UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution:

Acceptance, Waiver & Consent(AWC)

Resolution Date:

03/17/2015

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

No



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

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED, FINED \$7,500 AND REQUIRED TO PAY \$251.65, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS. 4/6/2015 FINE PAID IN FULL.

Reporting Source: Firm

Current Status: Final

Allegations: THE FIRM ACCEPTED AND HELD SEVEN CUSTOMER MARKET ORDERS, TRADED FOR ITS OWN ACCOUNT AT PRICES THAT WOULD HAVE SATISFIED THE CUSTOMER MARKET ORDERS AND FAILED TO IMMEDIATELY THEREAFTER EXECUTE THE CUSTOMER MARKET ORDER AT THE SAME PRICE AT WHICH IT TRADED FOR ITS OWN ACCOUNT OR AT A BETTER PRICE.

Initiated By: FINRA

Date Initiated: 03/17/2015

Docket/Case Number: 2013038450901

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/17/2015

Sanctions Ordered: Censure
Monetary/Fine \$7,751.65
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: 7500.00 PAYABLE TO FINRA AND 251.65 RESTITUTION TO CUSTOMERS



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 ENSURE THAT ACCURATE ORIGIN CODES WERE RECORDED ON ITS PROPRIETARY OPTION ORDERS WHICH THE FIRM HAD SUBMITTED TO OTHER MEMBER FIRMS FOR EXECUTION, RESULTING IN THE EXECUTION OF APPROXIMATELY 63 PROPRIETARY OPTION ORDERS, TOTALING APPROXIMATELY 6,000 CONTRACTS, AS "CUSTOMER" INSTEAD OF "FIRM." THE FINDINGS STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WRITTEN PROCEDURES, REASONABLY DESIGNED TO ENSURE THAT ACCURATE ORIGIN CODES ON ITS PROPRIETARY OPTION ORDERS WERE SUBMITTED TO OTHER MEMBER FIRMS FOR EXECUTION.

Initiated By: FINRA

Date Initiated: 12/09/2014

Docket/Case Number: 2011028137301

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/09/2014

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

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

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$25,000. FINE PAID IN FULL ON DECEMBER 21, 2014.



Reporting Source: Firm

Current Status: Final

Allegations: FIRM REPORTED OPTION ORDERS FOR A PROPRIETARY ACCOUNT AS CUSTOMER ORDERS INSTEAD OF FIRM ORDERS.

Initiated By: FINRA

Date Initiated: 04/30/2012

Docket/Case Number: 2011028137301

Principal Product Type: Options

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/08/2014

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

Other Sanctions Ordered:

Sanction Details: FINE OF 25,000.00 ISSUED 12/9/2014

Firm Statement FIRM CONSENTED TO AWC.

Disclosure 11 of 20

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 PUBLISH IMMEDIATELY A BID OR OFFER THAT REFLECTED THE PRICE AND THE FULL SIZE OF 24 CUSTOMER LIMIT ORDERS FOR OTC EQUITY SECURITIES HELD BY THE FIRM THAT WERE AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN SUCH SECURITIES.

Initiated By: FINRA



Date Initiated: 07/31/2014

Docket/Case Number: 2012032342601

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/31/2014

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 \$30,000.00

Other Sanctions Ordered:

Sanction Details: SEE ABOVE

Regulator Statement FINE PAID IN FULL ON SEPTEMBER 8, 2014.

Reporting Source: Firm

Current Status: Final

Allegations: IT IS ALLEGED THAT IN 24 INSTANCES THE FIRM FAILED TO IMMEDIATELY DISPLAY A BID OR OFFER THAT REFLECTED THE PRICE AND/OR FULL SIZE OF CUSTOMER LIMIT ORDERS FOR OTC EQUITIES THAT WOULD HAVE IMPROVED THE FIRM'S BID, OFFER, OR SIZE IN THOSE SECURITIES AT THAT TIME.

Initiated By: FINRA

Date Initiated: 07/31/2014

Docket/Case Number: 2012032342601

Principal Product Type: Equity - OTC



Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	07/31/2014
Sanctions Ordered:	Censure Monetary/Fine \$30,000.00
Other Sanctions Ordered:	NONE
Sanction Details:	THE ENTIRE FINE WAS LEVIED AGAINST THE APPLICANT, AND PAID IN FULL 08/14.
Firm Statement	THE FIRM NEITHER ADMITS NOR DENIES THE FINDINGS, BUT CONSENTS TO SANCTIONS TO RESOLVE THE MATTER.

Disclosure 12 of 20

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 REVIEWS OF THE FIRM'S COMPLIANCE WITH SEC RULE 604 OF REGULATION NMS (THE NATIONAL MARKET SYSTEM) WERE CONDUCTED AND, ON OCCASIONS, THE FIRM FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES IN ITS PUBLIC QUOTATION, WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY, OR WHEN THE ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER FOR EACH SUCH SECURITY, AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY. THE CONDUCT DESCRIBED IN THIS PARAGRAPH CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF SEC RULE 604 OF REGULATION NMS.
Initiated By:	NASDAQ STOCK MARKET
Date Initiated:	07/31/2014
Docket/Case Number:	2012032890301



Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/31/2014

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 \$15,000.00

Other Sanctions Ordered:

Sanction Details: SEE ABOVE

Reporting Source: Firm

Current Status: Final

Allegations: IT IS ALLEGED THAT IN CERTAIN INSTANCES THE FIRM FAILED TO IMMEDIATELY DISPLAY CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES WHEN THE ORDER WAS AT A PRICE THAT IMPROVED THE FIRM'S BID, OFFER, AND/OR SIZE IF MORE THAN DEMINIMUS CHANGE RELATIVE TO THE FIRM'S BID OR OFFER.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 07/31/2014

Docket/Case Number: 201203289031

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other


Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/31/2014

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

Other Sanctions Ordered:

Sanction Details: THE ENTIRE FINE WAS LEVIED AGAINST THE APPLICANT, AND PAID IN FULL 08/14.

Firm Statement THE FIRM NEITHER ADMITS NOR DENIES THE FINDINGS, BUT CONSENTS TO SANCTIONS TO RESOLVE THE MATTER.

Disclosure 13 of 20

Reporting Source: Regulator

Current Status: Final

Allegations: SEC RULE 10B-10, SEC RULES 605, 606 OF REGULATION NMS, FINRA RULES 2010, 7450, NASD RULE 3010 - STOCKCROSS FINANCIAL SERVICES, INC. FAILED TO TRANSMIT REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS). THE FIRM FAILED TO TRANSMIT ROUTE REPORTS FOR ORDERS SENT BY ITS RETAIL TRADING DESK (STOX) TO THE FIRM'S MARKET-MAKING DESK (STXG). THE FIRM, WHEN IT ACTED IN A RISKLESS PRINCIPAL CAPACITY FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THE CORRECT COMPENSATION TYPE RECEIVED BY THE FIRM. THE FIRM MADE PUBLICLY AVAILABLE A REPORT ON ITS ROUTING OF NON-DIRECTED ORDERS IN COVERED SECURITIES THAT INCLUDED INCOMPLETE INFORMATION AS TO THE IDENTITY OF THE VENUES TO WHICH THE LARGEST NUMBER OF TOTAL NON-DIRECTED ORDERS WAS ROUTED FOR EXECUTION. FOR A CALENDAR QUARTER, THE FIRM MADE PUBLICLY AVAILABLE A REPORT ON ITS ROUTING OF NON-DIRECTED ORDERS IN COVERED SECURITIES WHICH INCLUDED INCOMPLETE INFORMATION CONCERNING THE PERCENTAGES OF TOTAL NON-DIRECTED ORDERS THAT WERE MARKET ORDERS, LIMIT ORDERS, AND OTHER ORDERS. THE FIRM FAILED TO MAKE PUBLICLY AVAILABLE A REPORT ON CERTAIN COVERED ORDERS IN NATIONAL MARKET SYSTEM SECURITIES THAT IT RECEIVED FOR EXECUTION FROM ANY PERSON. THE FIRM ALSO MADE AVAILABLE A REPORT ON COVERED ORDERS IN NATIONAL MARKET SECURITIES THAT INCLUDED INCORRECT INFORMATION AS TO AVERAGE REALIZED SPREADS, AVERAGE EFFECTIVE SPREADS, NUMBER OF SHARES



EXECUTED WITH PRICE IMPROVEMENT, SHARE-WEIGHTED AVERAGE AMOUNT PER SHARE PRICES WERE IMPROVED, SHARE-WEIGHTED AVERAGE PERIOD OF TIME FROM RECEIPT TO EXECUTION, NUMBER OF SHARES EXECUTED AT THE QUOTE, NUMBER OF SHARES EXECUTED OUTSIDE THE QUOTE, AND THE SHARE-WEIGHTED AVERAGE AMOUNT PER SHARE THAT PRICES WERE OUTSIDE THE QUOTE. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR NASD/FINRA AND SEC RULES ADDRESSING TRADING AND MARKET MAKING. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR MINIMAL REQUIREMENTS FOR ADEQUATE WSPS IN: PROCEDURES TO ENSURE COMPLIANCE WITH THE DISCLOSURE OF ORDER ROUTING INFORMATION RULE (SEC RULE 606); PROCEDURES TO ENSURE COMPLIANCE, AND TO REVIEW FOR COMPLIANCE, WITH THE LIMIT ORDER DISPLAY AND QUOTE DISSEMINATION RULES (SEC RULES 602 AND 604); PROCEDURES TO ENSURE COMPLIANCE WITH THE ONE PERCENT RULE (SEC RULES 600(B)(65) AND (73) AND 602(B)(1) AND (4)); REQUIREMENTS CONCERNING THE DISCLOSURE OF ORDER EXECUTION INFORMATION (SEC RULE 605); PROCEDURES TO ENSURE MEMBER DOES NOT EXECUTE OR DISPLAY SHORT SALE ORDERS AT A PRICE LESS THAN OR EQUAL TO THE NATIONAL BEST BID IF THE PRICE OF THE SECURITY DECREASES BY 10% OR MORE FROM THE PRIOR DAY'S CLOSING PRICE; PROCEDURES TO ENSURE THE ACCURACY AND INTEGRITY OF DATA SUBMITTED TO OATS; AND PROCEDURES RELATED TO BOOKS AND RECORDS. THE FIRM ALSO FAILED TO PROVIDE DOCUMENTARY EVIDENCE OF SUPERVISORY REVIEWS AS SET FORTH IN ITS WSPS WITH RESPECT TO: COMPLIANCE WITH SEC RULES 600(B)(65) AND (73) AND 602(B)(1) AND (4).

Initiated By: FINRA

Date Initiated: 12/02/2013

Docket/Case Number: 2011026164901

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: 12/02/2013



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 \$47,500.00

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 \$47,500 AND REQUIRED TO REVISE ITS WSPS REGARDING THE DISCLOSURE OF ORDER ROUTING INFORMATION RULE (SEC RULE 606); PROCEDURES TO ENSURE COMPLIANCE, AND TO REVIEW FOR COMPLIANCE, WITH THE LIMIT ORDER DISPLAY AND QUOTE DISSEMINATION RULES (SEC RULES 602 AND 604); PROCEDURES TO ENSURE COMPLIANCE WITH THE ONE PERCENT RULE (SEC RULES 600(B)(65) AND (73) AND 602(B)(1) AND (4)); REQUIREMENTS CONCERNING THE DISCLOSURE OF ORDER EXECUTION INFORMATION (SEC RULE 605); PROCEDURES TO ENSURE MEMBER DOES NOT EXECUTE OR DISPLAY SHORT SALE ORDERS AT A PRICE LESS THAN OR EQUAL TO THE NATIONAL BEST BID IF THE PRICE OF THE SECURITY DECREASES BY 10% OR MORE FROM THE PRIOR DAY'S CLOSING PRICE; PROCEDURES TO ENSURE THE ACCURACY AND INTEGRITY OF DATA SUBMITTED TO OATS; AND PROCEDURES RELATED TO BOOKS AND RECORDS WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Reporting Source: Firm

Current Status: Final

Appealed To and Date Appeal Filed: N/A

Allegations: IN THE COURSE OF A TMMS EXAMINATION, IT WAS ALLEGED THAT THE FIRM DID NOT TRANSMIT SOME REPORTABLE ORDER EVENTS TO THE INDUSTRY'S ORDER AUDIT TRAIL SYSTEM (OATS). THE FIRM DID NOT TRANSMIT ROUTE REPORTS FOR ORDERS SENT BY THE RETAIL TRADING DESK (STOX) TO THE MARKET-MAKING DESK (STXG). ALSO, WHEN ACTING IN A RISKLESS PRINCIPAL CAPACITY THE FIRM DID NOT PROVIDE WRITTEN NOTIFICATION TO CUSTOMERS REGARDING THE CORRECT COMPENSATION TYPE RECEIVED BY THE FIRM. A PUBLIC REPORT ON



ROUTING OF NON-DIRECTED ORDERS IN COVERED SECURITIES INCLUDED INCOMPLETE INFORMATION AS TO THE IDENTITY OF THE VENUES TO WHICH SOME ORDERS WERE ROUTED FOR EXECUTION. FOR ONE CALENDAR QUARTER, A PUBLIC REPORT ON ROUTING OF NON-DIRECTED ORDERS WAS INCOMPLETE IN THE PERCENTAGES OF TOTAL NON-DIRECTED ORDERS THAT WERE MARKET ORDERS, LIMIT ORDERS, AND OTHER ORDERS. THE FIRM FAILED TO MAKE PUBLICLY AVAILABLE A REPORT ON CERTAIN COVERED ORDERS THAT IT RECEIVED FOR EXECUTION. A REPORT ON COVERED ORDERS INCLUDED SOME INCORRECT INFORMATION AS TO AVERAGE REALIZED SPREADS, AVERAGE EFFECTIVE SPREADS, NUMBER OF SHARES EXECUTED WITH PRICE IMPROVEMENT, SHARE-WEIGHTED AVERAGE AMOUNT PER SHARE PRICES WERE IMPROVED, SHARE-WEIGHTED AVERAGE PERIOD OF TIME FROM RECEIPT TO EXECUTION, NUMBER OF SHARES EXECUTED AT THE QUOTE, NUMBER OF SHARES EXECUTED OUTSIDE THE QUOTE, AND THE SHARE-WEIGHTED AVERAGE AMOUNT PER SHARE THAT PRICES WERE OUTSIDE THE QUOTE. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR ADEQUATE SUPERVISION DESIGNED TO ACHIEVE COMPLIANCE WITH RELEVANT REGULATIONS AND THE FIRM'S WRITTEN SUPERVISORY PROCEDURES DID NOT PROVIDE ADEQUATE PROCEDURES RE THE DISCLOSURE OF ORDER ROUTING INFORMATION RULE (SEC RULE 606); LIMIT ORDER DISPLAY AND QUOTE DISSEMINATION RULES (SEC RULES 602 AND 604); THE ONE PERCENT RULE (SEC RULES 600(B)(65) AND (73) AND 602(B)(1) AND (4)); DISCLOSURE OF ORDER EXECUTION INFORMATION (SEC RULE 605); PROCEDURES TO ENSURE MEMBER DOES NOT EXECUTE OR DISPLAY SHORT SALE ORDERS AT A PRICE LESS THAN OR EQUAL TO THE NATIONAL BEST BID IF THE PRICE OF THE SECURITY DECREASES BY 10% OR MORE FROM THE PRIOR DAY'S CLOSING PRICE; ENSURE THE ACCURACY AND INTEGRITY OF DATA SUBMITTED TO OATS; AND PROCEDURES RELATED TO BOOKS AND RECORDS. THE FIRM ALSO DID NOT PROVIDE SUFFICIENT DOCUMENTARY EVIDENCE OF SUPERVISORY REVIEWS AS SET FORTH IN ITS PROCEDURES WITH RESPECT TO: COMPLIANCE WITH SEC RULES 600(B)(65) AND (73) AND 602(B)(1) AND (4).

Initiated By:	FINRA
Date Initiated:	12/02/2013
Docket/Case Number:	2011026164901
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief	UNDERTAKING

**Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 12/02/2013**Sanctions Ordered:** Censure
Monetary/Fine \$47,500.00**Other Sanctions Ordered:** UNDERTAKING**Sanction Details:** FINE OF \$47,500 WAS PAID IN FULL. THE UNDERTAKING REQUIRED ENHANCEMENT OF THE FIRM'S WRITTEN SUPERVISORY PROCEDURES, WHICH HAS BEEN COMPLETED.**Firm Statement** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO SANCTIONS AND TO THE ENTRY OF FINDINGS; THE FIRM WAS CENSURED, FINED \$47,500 AND REQUIRED TO REVISE WRITTEN PROCEDURES REGARDING THE DISCLOSURE OF ORDER ROUTING INFORMATION RULE (SEC RULE 606); PROCEDURES TO ENSURE COMPLIANCE, AND TO REVIEW FOR COMPLIANCE, WITH THE LIMIT ORDER DISPLAY AND QUOTE DISSEMINATION RULES (SEC RULES 602 AND 604); PROCEDURES TO ENSURE COMPLIANCE WITH THE ONE PERCENT RULE (SEC RULES 600(B)(65)AND {73) AND 602(B)(1) AND (4)); REQUIREMENTS CONCERNING THE DISCLOSURE OF ORDER EXECUTION INFORMATION (SEC RULE 605); PROCEDURES TO ENSURE MEMBER DOES NOT EXECUTE OR DISPLAY SHORT SALE ORDERS AT A PRICE LESS THAN OR EQUAL TO THE NATIONAL BEST BID IF THE PRICE OF THE SECURITY DECREASES BY 10% OR MORE FROM THE PRIOR DAY'S CLOSING PRICE; PROCEDURES TO ENSURE THE ACCURACY AND INTEGRITY OF DATA SUBMITTED TO OATS; AND PROCEDURES RELATED TO BOOKS AND RECORDS.**Disclosure 14 of 20****Reporting Source:** Regulator**Current Status:** Final**Allegations:** FINRA RULE 2010, NASD RULE 2440, INTERPRETATIVE MATERIAL 2440-1, 2440-2 - STOCKCROSS FINANCIAL SERVICES, INC. SOLD (BOUGHT) CORPORATE BONDS TO (FROM) CUSTOMERS AND FAILED TO SELL (BUY) SUCH BONDS AT A PRICE THAT WAS FAIR, TAKING INTO CONSIDERATION ALL RELEVANT CIRCUMSTANCES, INCLUDING MARKET CONDITIONS WITH RESPECT TO EACH BOND AT THE TIME OF THE TRANSACTION, THE EXPENSE INVOLVED AND THAT THE FIRM WAS ENTITLED TO A PROFIT.**Initiated By:** FINRA**Date Initiated:** 05/28/2013



Docket/Case Number:	2010021203401
Principal Product Type:	Debt - Corporate
Other Product Type(s):	
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 \$20,000.00 Disgorgement/Restitution
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, FINED \$20,000 AND REQUIRED TO PAY \$6,781.40, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS. A REGISTERED FIRM PRINCIPAL SHALL SUBMIT SATISFACTORY PROOF OF PAYMENT OF THE RESTITUTION, OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT RESTITUTION TO FINRA NO LATER THAN 120 DAYS AFTER ACCEPTANCE OF THIS AWC. ANY UNDISTRIBUTED RESTITUTION AND INTEREST SHALL BE FORWARDED TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER LAST RESIDED. FINE PAID ON JUNE 26, 2013.
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Reporting Source:	Firm
Current Status:	Final
Allegations:	RELATIVE TO FINRA RULE 2010, NASD RULES 2440, IM-2440-1 AND IM-2440-2 PERTAINING TO PRICING OF FIXED INCOME TRANSACTIONS DURING THE PERIOD 7/1/09 - 9/30/09. IT IS ALLEGED THAT THE FIRM SOLD/BOUGHT



CORPORATE DEBT TO/FROM CUSTOMERS AND FAILED TO BUY/SELL SUCH BONDS AT A PRICE THAT WAS FAIR AND REASONABLE, TAKING INTO CONSIDERATION ALL RELEVANT FACTORS, INCLUDING THE BEST JUDGMENT OF THE BROKER, OR DEALER, MARKET VALUE OF THE SECURITIES AT THE TIME OF THE TRANSACTION, MARKET CONDITIONS AT THE TIME OF THE TRANSACTION, EXPENSE INCURRED AND THAT THE FIRM IS ENTITLED TO A PROFIT.

Initiated By: FINRA

Date Initiated: 05/28/2013

Docket/Case Number: 20100212034-01

Principal Product Type: Debt - Corporate

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Restitution

Other Sanction(s)/Relief Sought: FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/28/2013

Sanctions Ordered: Monetary/Fine \$20,000.00
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: FINE OF \$20000.00 LEVIED AGAINST APPLICANT AND RESTITUTION IN THE AMOUNT OF \$6781.40 PLUS INTEREST TO BE PAID TO AFFECTED CUSTOMERS OF THE FIRM.

Disclosure 15 of 20

Reporting Source: Regulator

Current Status: Final

Allegations: SECURITIES AND EXCHANGE ACT OF 1934 (EXCHANGE ACT) RULES 15C3-1 AND 17A-5 AND FINRA RULE 2010: THE FIRM FILED A FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE (FOCUS) REPORT WITH THE SECURITIES AND EXCHANGE COMMISSION (SEC) AND FINRA. PART II OF THE FOCUS REPORT CONTAINED THE FIRM'S COMPUTATION OF ITS MONTHLY NET CAPITAL AND STATED THAT THE FIRM HAD NET CAPITAL OF \$16,173,033. AS A MARKET MAKER, THE FIRM WAS SUBJECT TO A \$1 MILLION NET CAPITAL REQUIREMENT. THE FIRM CALCULATED ITS EXCESS



NET CAPITAL TO BE \$15,173,033.

FINRA'S DEPARTMENT OF RISK OVERSIGHT AND OPERATIONAL REGULATION (ROOR) CONDUCTED A FINANCIAL/OPERATIONAL AND SALES PRACTICE EXAMINATION OF THE FIRM. ROOR REVIEWED THE FIRM'S COMPLIANCE WITH THE NET CAPITAL RULE AND RELATED RULES. ROOR ISSUED ITS EXAMINATION REPORT, NOTING THE FIRM'S NONCOMPLIANCE WITH EXCHANGE ACT RULE 15C3-1. THE FIRM HELD APPROXIMATELY \$85 MILLION IN CERTIFICATES OF DEPOSITS (CDS) AT 12 BANKS. THE FIRM FAILED TO TAKE A REQUIRED CONCENTRATION DEDUCTION ON THE AGGREGATE VALUE OF CD POSITIONS IT HELD AT NINE BANKS THAT EXCEEDED 30 PERCENT OF THE FIRM'S TENTATIVE NET CAPITAL OF \$5,811,390. THE FIRM SHOULD HAVE DEDUCTED \$19,872,425 FROM ITS NET CAPITAL, BUT DID NOT. AS A RESULT, THE FIRM HAD A NET CAPITAL DEFICIENCY OF \$4,699,392, RATHER THAN EXCESS NET CAPITAL AS IT HAD REPORTED IN ITS FOCUS REPORT.

THE FIRM ALSO FAILED TO TAKE DEDUCTIONS AGAINST NET CAPITAL FOR ITS CD POSITIONS THAT EXCEEDED 30 PERCENT OF ITS TENTATIVE NET CAPITAL FOR FOUR MONTHS WHICH RESULTED IN NET CAPITAL DEFICIENCIES DURING THESE MONTHS. THE FIRM FILED INACCURATE FOCUS REPORTS FOR THESE MONTHS BECAUSE THE REPORTS DID NOT REFLECT THE NET CAPITAL DEFICIENCIES THAT RESULTED FROM THE FAILURE TO TAKE THE REQUIRED DEDUCTIONS.

ON THE SAME DATE THAT FINRA ISSUED ITS EXAMINATION REPORT, THE FIRM NOTIFIED THE SEC AND FINRA OF THE DEFICIENCY IN ITS NET CAPITAL, AS REQUIRED BY EXCHANGE ACT RULE 17A-11, AND THAT IT HAD OPERATED A SECURITIES BUSINESS DURING THAT PERIOD.

SIMULTANEOUSLY, THE FIRM FILED AN AMENDED FOCUS REPORT, TAKING THE APPROPRIATE CHARGE AGAINST ITS BANK CD POSITIONS AND ALSO FILED ITS FOCUS REPORT WITH THE CORRECTED NET CAPITAL COMPUTATION. IN ITS NOTIFICATION TO THE SEC, THE FIRM STATED THAT IT MAY NOT HAVE BEEN IN CAPITAL COMPLIANCE PRIOR AND SUBSEQUENT TO THE REVIEW FOR FINRA'S EXAMINATION.

Initiated By:	FINRA
Date Initiated:	01/02/2013
Docket/Case Number:	2011027611101
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: 01/02/2013

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 \$100,000.00

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 \$100,000. FINE PAID IN FULL ON 2/15/13.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA DETERMINED THAT THE FIRM WAS NOT COMPLIANT WITH EXCHANGE ACT 15C3-1: THE FIRM DID NOT TAKE A REQUIRED CONCENTRATION DEDUCTION ON THE AGGREGATE VALUE OF CD POSITIONS HELD AT NINE BANKS THAT EXCEEDED 30% OF ITS TENTATIVE NET CAPITAL; AS A RESULT, THE FIRM HAD A NET CAPITAL DEFICIENCY RATHER THAN EXCESS AS REPORTED IN ITS FOCUS REPORT FOR THE PERIOD.THE FIRM ALSO FAILED TO TAKE DEDUCTIONS AGAINST NET CAPITAL FOR ITS CD POSITIONS THAT EXCEEDED 30 PERCENT OF ITS TENTATIVE NET CAPITAL FOR FOUR MONTHS WHICH RESULTED IN NET CAPITAL DEFICIENCIES DURING THESE MONTHS. THE FIRM FILED INACCURATE FOCUS REPORTS FOR THESE MONTHS BECAUSE THE REPORTS DID NOT REFLECT THE NET CAPITAL DEFICIENCIES THAT RESULTED FROM THE FAILURE TO TAKE THE REQUIRED DEDUCTIONS.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

Date Initiated: 01/02/2013

Docket/Case Number: 2011027611101

Principal Product Type: No Product

Other Product Type(s):



Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	MONETARY/FINE
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	01/02/2013
Sanctions Ordered:	Censure Monetary/Fine \$100,000.00
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS.
Firm Statement	THE FIRM NOTIFIED THE SEC & FINRA OF THE DEFICIENCY AS REQUIRED BY RULE 17A-11 THE DAY FINRA ISSUED ITS EXAM REPORT, AND FILED AN AMENDED FOCUS REPORT TAKING THE APPROPRIATE CHARGE. THE FIRM HAS CORRECTED THE CD CONCENTRATION, RESULTING IN SUFFICIENT NET CAPITAL.

Disclosure 16 of 20

Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC RULE 10B-10, FINRA RULES 2010, 7450, NASD RULES 2111(A), 2320 - STOCKCROSS FINANCIAL SERVICES, INC. TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; IN SOME REPORTS THE FIRM FAILED TO SUBMIT A ROUTE OR COMBINED ROUTE/ORDER REPORT TO OATS; IN OTHER INSTANCES THE FIRM INCORRECTLY FILED AN EXECUTION REPORT INSTEAD OF A ROUTE REPORT; AND IN TWO INSTANCES, THE FIRM DOUBLE-REPORTED A REPORTABLE ORDER EVENT (ROE). THE FIRM FAILED WHEN IT ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT, TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THAT IT WAS A MARKET MAKER IN EACH SUCH SECURITY; FAILED, WHEN IT ACTED IN A RISKLESS PRINCIPAL CAPACITY, TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THAT THE COMMISSION CHARGED WAS A COMMISSION EQUIVALENT; FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER ITS CORRECT CAPACITY IN THE TRANSACTION; FAILED WHEN IT ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT, TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THE CORRECT REPORTED TRADE PRICE; AND FAILED ON ONE OCCASION TO PROVIDE WRITTEN NOTIFICATION



DISCLOSING TO ITS CUSTOMER THAT THE TRANSACTION WAS EXECUTED AT AN AVERAGE PRICE. THE FIRM FAILED TO EXECUTE ORDER FULLY AND PROMPTLY; AND IN SOME INSTANCES FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS.

Initiated By: FINRA

Date Initiated: 02/08/2012

Docket/Case Number: 2009020924701

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: 02/08/2012

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 \$22,500.00
Disgorgement/Restitution

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, FINED \$22,500 AND ORDERED TO PAY \$925.38, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS. A REGISTERED FIRM PRINCIPAL SHALL SUBMIT SATISFACTORY PROOF OF PAYMENT OF THE RESTITUTION, OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT RESTITUTION TO FINRA NO LATER THAN 120 DAYS AFTER ACCEPTANCE OF THIS AWC. ANY UNDISTRIBUTED RESTITUTION AND INTEREST SHALL BE FORWARDED TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY OR ABANDONED



PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER LAST RESIDED. FINE PAID IN FULL FEBRUARY 21, 2012.

Reporting Source:	Firm
Current Status:	Final
Allegations:	RELATIVE TO SEC RULE 10B-10, FINRA RULES 2010, 7450, NASD RULES 2111(A), 2320 IT IS ALLEGED THAT THE FIRM SENT SOME REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; IN SOME REPORTS THE FIRM FAILED TO SUBMIT A ROUTE OR COMBINED ROUTE/ORDER REPORT TO OATS; IN OTHER INSTANCES THE FIRM INCORRECTLY FILED AN EXECUTION REPORT INSTEAD OF A ROUTE REPORT; AND IN TWO INSTANCES, THE FIRM DOUBLE-REPORTED A REPORTABLE ORDER EVENT (ROE). THE FIRM DID NOT IN SOME INSTANCES WHEN IT ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THAT IT WAS A MARKET MAKER IN EACH SUCH SECURITY; WHEN IT ACTED IN A RISKLESS PRINCIPAL CAPACITY, IN SOME INSTANCES DID NOT GIVE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THAT THE COMMISSION CHARGED WAS A COMMISSION EQUIVALENT; IN SOME INSTANCES DID NOT PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER ITS CORRECT CAPACITY IN THE TRANSACTION; WHEN IT ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT, FIRM DID NOT GIVE WRITTEN NOTIFICATION DISCLOSING TO CUSTOMER THE CORRECT REPORTED TRADE PRICE; AND FAILED ON ONE OCCASION TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THAT THE TRANSACTION WAS EXECUTED AT AN AVERAGE PRICE. THE FIRM FAILED TO EXECUTE ORDER FULLY AND PROMPTLY; AND IN SOME INSTANCES FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS.
Initiated By:	FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
Date Initiated:	02/08/2012
Docket/Case Number:	2009020924701
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: 02/08/2012

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

Other Sanctions Ordered: NONE.
WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO SANCTIONS OF CENSURE, FINE OF \$22,500 AND RESTITUTION TO CUSTOMERS OF \$925.38 PLUS INTEREST.

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO SANCTIONS OF CENSURE, FINE OF \$22,500 AND RESTITUTION TO CUSTOMERS OF \$925.38 PLUS INTEREST. A REGISTERED FIRM PRINCIPAL SHALL SUBMIT SATISFACTORY PROOF OF PAYMENT OF THE RESTITUTION, OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT RESTITUTION TO FINRA NO LATER THAN 120 DAYS AFTER ACCEPTANCE OF THE AWC. ANY UNDISTRIBUTED RESTITUTION AND INTEREST SHALL BE FORWARDED TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER LAST RESIDED.

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Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULE 2010, NASD RULES 2110, 2111(A), 2320, MSRB RULES G-17, G-30(A) - STOCKCROSS FINANCIAL SERVICES, INC. PURCHASED MUNICIPAL SECURITIES FOR ITS OWN ACCOUNT FROM A CUSTOMER AND/OR SOLD MUNICIPAL SECURITIES FOR ITS OWN ACCOUNT TO A CUSTOMER AT AN AGGREGATE PRICE (INCLUDING ANY MARKDOWN OR MARKUP) THAT WAS NOT FAIR AND REASONABLE, TAKING INTO CONSIDERATION ALL RELEVANT FACTORS, INCLUDING THE BEST JUDGMENT OF THE BROKER, DEALER OR MUNICIPAL SECURITIES DEALER AS TO THE FAIR MARKET VALUE OF THE SECURITIES AT THE TIME OF THE TRANSACTION AND OF ANY SECURITIES EXCHANGED OR TRADED IN CONNECTION WITH THE TRANSACTION, THE EXPENSE INVOLVED IN EFFECTING THE TRANSACTION, THE FACT THAT THE BROKER, DEALER OR MUNICIPAL SECURITIES DEALER IS ENTITLED TO A PROFIT, AND THE TOTAL DOLLAR AMOUNT OF THE TRANSACTION. THE FIRM FAILED TO EXECUTE ORDERS FULLY AND PROMPTLY. THE FIRM FAILED TO USE REASONABLE DILIGENCE



TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS.

Initiated By: FINRA

Date Initiated: 02/03/2012

Docket/Case Number: 2008013630401

Principal Product Type: Debt - Municipal

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/03/2012

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 \$65,000.00
Disgorgement/Restitution

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 \$65,000, OF WHICH \$50,000 IS FOR MSRB RULE VIOLATIONS, AND ORDERED TO PAY \$19,134.34, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS. A REGISTERED FIRM PRINCIPAL SHALL SUBMIT SATISFACTORY PROOF OF PAYMENT OF THE RESTITUTION, OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT RESTITUTION, TO FINRA NO LATER THAN 120 DAYS AFTER ACCEPTANCE OF THIS AWC. ANY UNDISTRIBUTED RESTITUTION AND INTEREST SHALL BE FORWARDED TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER LAST RESIDED. FINE PAID IN FULL FEBRUARY 21, 2012.



Reporting Source: Firm

Current Status: Final

Allegations: RELATIVE TO FINRA RULE 2010, NASD RULES 2110, 2111(A), 2320, MSRB RULES G-17, G-30(A), IT IS ALLEGED THAT THE FIRM PURCHASED MUNICIPAL SECURITIES FOR ITS OWN ACCOUNT FROM A CUSTOMER AND/OR SOLD MUNICIPAL SECURITIES FOR ITS OWN ACCOUNT TO A CUSTOMER AT AN AGGREGATE PRICE (INCLUDING ANY MARKDOWN OR MARKUP) THAT WAS NOT FAIR AND REASONABLE, TAKING INTO CONSIDERATION ALL RELEVANT FACTORS, INCLUDING THE BEST JUDGMENT OF THE BROKER, DEALER OR MUNICIPAL SECURITIES DEALER AS TO THE FAIR MARKET VALUE OF THE SECURITIES AT THE TIME OF THE TRANSACTION AND OF ANY SECURITIES EXCHANGED OR TRADED IN CONNECTION WITH THE TRANSACTION, THE EXPENSE INVOLVED IN EFFECTING THE TRANSACTION, THE FACT THAT THE BROKER, DEALER OR MUNICIPAL SECURITIES DEALER IS ENTITLED TO A PROFIT, AND THE TOTAL DOLLAR AMOUNT OF THE TRANSACTION. IN SOME INSTANCES THE FIRM DID NOT EXECUTE ORDERS FULLY AND PROMPTLY, DID NOT USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

Date Initiated: 02/03/2012

Docket/Case Number: 2008013630401

Principal Product Type: Debt - Municipal

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE, RESTITUTION

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/03/2012

Sanctions Ordered: Censure
Monetary/Fine \$65,000.00
Disgorgement/Restitution

Other Sanctions Ordered: NONE.

**Sanction Details:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO SANCTIONS INCLUDING A FINE OF \$65000.00 AND RESTITUTION TO CUSTOMERS OF \$19134.34 PLUS INTEREST. A REGISTERED FIRM PRINCIPAL SHALL SUBMIT SATISFACTORY PROOF OF PAYMENT OF THE RESTITUTION, OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT RESTITUTION TO FINRA NO LATER THAN 120 DAYS AFTER ACCEPTANCE OF THE AWC. ANY UNDISTRIBUTED RESTITUTION AND INTEREST SHALL BE FORWARDED TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER LAST RESIDED.

Disclosure 18 of 20**Reporting Source:**

Regulator

Current Status:

Final

Allegations:

SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULES 17A-3 AND 17A-4 THEREUNDER, NASD RULES 2110, 3010(B), 3110(A): RESPONDENT STOCKCROSS FINANCIAL SERVICES, INC. FAILED TO: PRESERVE ALL EMPLOYEE ELECTRONIC COMMUNICATIONS; ESTABLISH, MAINTAIN AND ENFORCE WRITTEN PROCEDURES TO SUPERVISE AND REVIEW EMPLOYEE ELECTRONIC COMMUNICATIONS; ADEQUATELY PRESERVE AND ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES TO SUPERVISE AND REVIEW EMPLOYEE COMMUNICATIONS SENT BY FACSIMILE; AND TO MAKE, RETAIN, AND PROVIDE REQUIRED RECORDS RELATED TO CUSTOMER ACCOUNTS. STOCKCROSS HAD A CENTRALIZED EMAIL ADDRESS THAT WAS MANAGED AND MONITORED BY THE CHIEF COMPLIANCE OFFICER, WHO WAS REQUIRED TO PRINT, REVIEW, AND ARCHIVE FOR THREE YEARS ALL INCOMING AND OUTGOING ELECTRONIC COMMUNICATIONS SENT TO THE EMAIL ADDRESS; HOWEVER, STOCKCROSS COULD NOT DEMONSTRATE THAT ALL SUCH COMMUNICATIONS WERE BEING PRESERVED. STOCKCROSS ALSO ALLOWED PERSONNEL TO HAVE ACCESS TO PERSONAL EMAIL AND INSTANT MESSAGING AND COULD NOT DEMONSTRATE THAT THOSE COMMUNICATIONS WERE BEING PRESERVED. STOCKCROSS FAILED TO PROVIDE ANY REASONABLE FOLLOW-UP AND REVIEW TO ENSURE THAT ELECTRONIC COMMUNICATIONS WERE, IN FACT, BEING PRINTED OUT AND REVIEWED, AND COULD NOT SHOW THAT IT WAS REVIEWING AND APPROVING THOSE COMMUNICATIONS. STOCKCROSS WAS UNABLE TO DEMONSTRATE THAT IT WAS PRESERVING OR REVIEWING FACSIMILE COMMUNICATIONS SENT TO OR RECEIVED BY EMPLOYEES OF ITS BRANCH OFFICE. STOCKCROSS ALSO FAILED TO: MAKE ACCOUNT RECORDS FOR EACH CUSTOMER CONTAINING CERTAIN REQUIRED INFORMATION; EXPLAIN ANY TERMS



REGARDING INVESTMENT CHANGES TO ACCOUNT INFORMATION;
 PROVIDE ITS CUSTOMERS WITH AN ACCOUNT RECORD SETTING FORTH
 CERTAIN CHANGES MADE TO ACCOUNT INFORMATION; AND CREATE A
 RECORD FOR EACH OFFICE LISTING EACH PERSON WHO CAN EXPLAIN
 THE TYPES OF RECORDS MAINTAINED AT THAT OFFICE AND THE
 INFORMATION CONTAINED IN THOSE RECORDS.

Initiated By: FINRA

Date Initiated: 02/11/2009

Docket/Case Number: 2007009467901

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: 02/11/2009

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

Sanctions Ordered: Censure
Monetary/Fine \$60,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, STOCKCROSS FINANCIAL SERVICES CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$60,000.

Reporting Source: Firm

Current Status: Final

Allegations: PURSUANT TO NYSE 2004 AND 2005 EXAMINATIONS, FINRA FOUND THAT THE FIRM VIOLATED RULES 3110(A) AND 3010(B), 17A-3 AND 4 OF THE SEC ACT OF 1934, SECTION 248.3 OF REGULATION SP, AND RULE 2110.



Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY
Date Initiated: 02/11/2009
Docket/Case Number: 2007009467901
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Censure
Other Sanction(s)/Relief Sought: FINE
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 02/11/2009
Sanctions Ordered: Censure
 Monetary/Fine \$60,000.00
Other Sanctions Ordered:
Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND PAID THE FINE OF \$60,000.

Disclosure 19 of 20

Reporting Source: Regulator
Current Status: Final
Allegations: **01/30/04**STIPULATION AND CONSENT TO PENALTY FILED BY NYSE DIVISION OF ENFORCEMENT AND PENDING.STIPULATED FINDINGS:CONSENTED TO FINDINGS THAT IT VIOLATED:
 1)EXCHANGE RULE 342(A) AND (B) BY FAILING TO MAINTAIN AND IMPLEMENT APPROPRIATE PROCEDURES FOR SUPERVISION AND CONTROL WITH RESPECT TO: I)FLOOR BROKERAGE ACTIVITIES;
 II) THE HIRING OF NEW EMPLOYEES; AND III) EMPLOYEES COMPLIANCE WITH THE CONTINUING EDUCATION REQUIREMENTS OF EXCHANGE RULE 345A.2)EXCHANGE RULE 440I BY FAILING TO PRESERVE A WRITTEN RECORD OF ITS FLOOR BROKERS NEGOTIATED COMMISSION RATES FOR EXECUTIONS ON THE FLOOR OF THE EXCHANGE.3)EXCHANGE RULE 440 AND RULE 240.17A-4 OF THE SECURITIES AND EXCHANGE ACT OF 1934 BY FAILING TO PRESERVE CERTAIN BOOKS AND RECORDS IN CONNECTION WITH FLOOR COMMISSION BILLINGS.4)EXCHANGE RULE 345A BY PERMITTING REGISTERED PERSONS WITH INACTIVE REGISTRATIONS TO PERFORM DUTIES AND FUNCTIONS REQUIRING



REGISTRATION.STIPULATED SANCTION:THE IMPOSITION BY THE EXCHANGE OF THE PENALTY OF A CENSURE, A FINE OF \$30,000, AND A REQUIREMENT TO COMPLY WITH AN UNDERTAKING THAT, WITHIN THIRTY DAYS FROM THE DATE THAT A DECISION BY A HEARING PANEL IN THIS MATTER BECOMES FINAL, THE FIRM SHALL RETAIN AN OUTSIDE CONSULTANT, NOT UNACCEPTABLE TO THE EXCHANGE, TO CONDUCT A REVIEW OF THE FIRMS POLICIES, PROCEDURES AND SUPERVISORY SYSTEMS RELATING TO THE VIOLATIONS DESCRIBED HEREIN, AND PREPARE A REPORT OF ITS REVIEW, INCLUDING RECOMMENDATIONS FOR ADDITIONAL PROCEDURES AND SYSTEMS, IF NECESSARY, REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH EXCHANGE RULES AND FEDERAL SECURITIES LAWS TO PREVENT A RECURRENCE OF THE VIOLATIONS DESCRIBED HEREIN, AND SUBMIT SUCH REPORT TO THE EXCHANGE WITHIN 120 DAYS THAT A DECISION BY A HEARING PANEL IN THIS MATTER BECOMES FINAL.

Initiated By: NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT

Date Initiated: 01/30/2004

Docket/Case Number: HPD#: 04-31

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 04/07/2004

Sanctions Ordered: Censure
Monetary/Fine \$30,000.00

Other Sanctions Ordered: CONSENT TO CENSURE, \$30,000 FINE, AND AN UNDERTAKING TO RETAIN AN OUTSIDE CONSULTANT TO REVIEW, REPORT AND MAKE RECOMMENDATIONS ON CERTAIN OF THE FIRMS POLICIES, PROCEDURES AND SUPERVISORY SYSTEMS.

Sanction Details: **03/10/04**DECISION 04-31 ISSUED BY NYSE HEARING PANEL
DECISION: VIOLATED EXCHANGE RULE 342(A) AND (B) BY FAILING TO MAINTAIN AND IMPLEMENT APPROPRIATE PROCEDURES FOR SUPERVISION AND CONTROL WITH RESPECT TO: FLOOR BROKERAGE



ACTIVITIES, THE HIRING OF NEW EMPLOYEES, AND EMPLOYEES COMPLIANCE WITH THE CONTINUING EDUCATION REQUIREMENTS OF EXCHANGE RULE 345A; VIOLATED EXCHANGE RULE 440I BY FAILING TO PRESERVE A WRITTEN RECORD OF ITS FLOOR BROKER'S NEGOTIATED COMMISSION RATES FOR EXECUTIONS ON THE FLOOR; VIOLATED EXCHANGE RULE 440 AND RULE 240.17A-4 OF THE SECURITIES AND EXCHANGE ACT OF 1934 BY FAILING TO PRESERVE CERTAIN BOOKS AND RECORDS IN CONNECTION WITH FLOOR COMMISSION BILLINGS; VIOLATED EXCHANGE RULE 345A BY PERMITTING REGISTERED PERSONS WITH INACTIVE REGISTRATIONS TO PERFORM DUTIES AND FUNCTIONS REQUIRING REGISTRATION. - CONSENT TO A CENSURE, A FINE OF \$30,000, AND AN UNDERTAKING TO RETAIN AN OUTSIDE CONSULTANT TO REVIEW, REPORT AND MAKE RECOMMENDATIONS ON CERTAIN OF THE FIRM'S POLICIES, PROCEDURES AND SUPERVISORY SYSTEMS.

Regulator Statement

****4/07/04****THE DECISION IS NOW FINAL AND EFFECTIVE IMMEDIATELY.CONTACT: MICHELE VAN TASSEL 212-656-5340

Reporting Source:

Firm

Current Status:

Final

Allegations:

FIRM VIOLATED:

- 1) NYSE RULE 342 (A) AND (B) BY FAILING TO MAINTAIN AND IMPLEMENT APPROPRIATE PROCEDURES FOR SUPERVISION AND CONTROL WITH RESPECT TO: I)FLOOR BROKERAGE ACTIVITIES; II) THE HIRING OF NEW EMPLOYEES; AND III) EMPLOYEES' COMPLIANCE WITH THE CONTINUING EDUCATION REQUIREMENTS OF EXCHANGE RULE 345A;
- 2) NYSE RULE 440I BY FAILING TO PRESERVE A WRITTEN RECORD OF ITS FLOOR BROKER'S NEGOTIATED COMMISSION RATES FOR EXECUTIONS ON THE FLOOR OF THE EXCHANGE;
- 3) NYSE RULE 440 AND SEC RULE 240.17A-4 BY FAILING TO PRESERVE CERTAIN BOOKS AND RECORDS IN CONNECTION WITH FLOOR COMMISSION BILLINGS;
- 4) EXCHANGE RULE 345A BY PERMITTING REGISTERED PERSONS WITH INACTIVE REGISTRATIONS TO PERFORM DUTIES AND FUNCTIONS REQUIRING REGISTRATION.

Initiated By:

NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT

Date Initiated:

01/30/2004

Docket/Case Number:

HPD#: 04-31

Principal Product Type:

No Product

Other Product Type(s):



Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	CENSURE AND UNDERTAKING
Resolution:	Decision
Resolution Date:	04/07/2004
Sanctions Ordered:	Censure Monetary/Fine \$30,000.00
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	APPLICANT PAID TOTAL FINE ON 04/19/2004. UNDER TERMS OF THE UNDERTAKING, THE FIRM SHALL RETAIN AN OUTSIDE CONSULTANT, NOT UNACCEPTABLE TO THE EXCHANGE, TO CONDUCT A REVIEW OF THE FIRM'S POLICIES, PROCEDURES AND SUPERVISORY SYSTEMS RELATING TO THE VIOLATIONS, AND PREPARE A REPORT OF ITS REVIEW, INCLUDING RECOMMENDATIONS FOR ADDITIONAL PROCEDURES AND SYSTEMS, IF NECESSARY, REASONABLY DESIGNED TO PREVENT A RECURRENCE OF THE VIOLATIONS DESCRIBED HEREIN, AND TO SUBMIT SUCH REPORT TO THE EXCHANGE.
Firm Statement	THE REPORT ON THE REVIEW WAS DATED 04/15/2004, AND SUBMITTED TO THE EXCHANGE ON 04/26/2004. THE REPORT FOUND THAT NO RECOMMENDATIONS OF ADDITIONAL MODIFICATIONS WERE NEEDED, SINCE THE FIRM'S CURRENT PROCEDURES WERE REASONABLY SUFFICIENT TO DETECT AND ADDRESS A RECURRENCE OF THE VIOLATIONS DESCRIBED HEREIN.

Disclosure 20 of 20

Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	01/28/1974
Docket/Case Number:	AWC-16
Principal Product Type:	
Other Product Type(s):	



Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/28/1974

Sanctions Ordered: Censure
Monetary/Fine \$2,000.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement COMPLAINT #AWC-16 (#13) FILED 01/28/74 DECISION 01/28/74: FINAL

UPDATED 6/13/98: ON JANUARY 28 1974, DISTRICT NO. 13 NOTIFIED RESPONDENT JOHN V. HILBERG, d.b.a., STOCKCROSS, INC. THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. AWC-16 WAS ACCEPTED; THEREFORE, THE FIRM IS CENSURED AND FINED \$2,000 - (ARTICLE III, SECTIONS 1 AND 21(a) OF THE RULES OF FAIR PRACTICE - RESPONDENT MEMBER FAILED TO PREPARE TRIAL BALANCES AND NET CAPITAL COMPUTATIONS; FAILED TO TIMELY FILE 17a-11 FORMS; FAILED TO MAINTAIN STOCK POSITION RECORDS ON A CURRENT BASIS OR NOTIFY THE NASD OF SUCH FAILURE BY TELEGRAPH, IN VIOLATION OF SEC RULE 17a-11; FAILED TO KEEP CURRENT PROPER BOOKS AND RECORDS; AND, CONDUCTED A SECURITIES BUSINESS WHILE FAILING TO MAINTAIN ITS MINIMUM REQUIRED NET CAPITAL).

Reporting Source: Firm

Current Status: Final

Allegations: MEMBER FAILED TO MAINTAIN CURRENT PROPER BOOKS AND RECORDS AND FAILED TO PREPARE NET CAPITAL COMPUTATIONS

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC

Date Initiated: 01/28/1974

Docket/Case Number: AWC-16

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: 01/28/1974

Sanctions Ordered: Censure
Monetary/Fine \$2,000.00

Other Sanctions Ordered: FIRM CENSURED AND FINED; NO OTHER SANCTIONS ORDERED

Sanction Details: FIRM CENSURED AND FINED; NO OTHER SANCTIONS ORDERED

Firm Statement AWC-16. DISTRICT #13 NOTIFIED RESPONDENT JOHN V HILBERG DBA STOCKCROSS, INC. THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED AND THEREFORE THE FIRM IS CENSURED AND FINED \$2,000.00 (ARTICLE III, SECTION 1 AND 21(A) OF THE RULES OF FAIR PRACTICE - RESPONDENT MEMBER FAILED TO PREPARE TRIAL BALANCES AND NET CAPITAL COMPUTATIONS, FAILED TO TIMELY FILE 17(A)-11 FORMS; FAILED TO MAINTAIN STOCK POSITION RECORDS ON A CURRENT BASIS OR NOTIFY THE NASD OF SUCH FAILURE BY TELEGRAPH, IN VIOLATION OF SED RULE 17(A)-11; FAILED TO KEEP CURRENT PROPER BOOKS AND RECORDS; AND CONDUCTED A SECURITIES BUSINESS WHILE FAILING TO MAINTAIN ITS MINIMUM REQUIRED NET CAPITAL)



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-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE
Arbitration Forum:	FINRA
Case Initiated:	03/30/2009
Case Number:	09-01512
Disputed Product Type:	CORPORATE BONDS; FANNIE MAE; GINNIE MAES; PREFERRED STOCK
Sum of All Relief Requested:	\$959,392.68
Disposition:	AWARD AGAINST PARTY
Disposition Date:	12/21/2009
Sum of All Relief Awarded:	\$1,627,161.56

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; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	
Case Number:	88-03674
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES



Sum of All Relief Requested: \$1,808.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 07/27/1989

Sum of All Relief Awarded: \$1,808.00

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

End of Report



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