

**BrokerCheck Report**

**SPARTAN SECURITIES GROUP, LTD.**

CRD# 104478

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## About BrokerCheck®



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

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

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

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

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

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

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

- **How current is this information?**

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

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

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

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

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

**Thank you for using FINRA BrokerCheck.**



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

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



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

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



## SPARTAN SECURITIES GROUP, LTD Report Summary for this Firm

CRD# 104478

SEC# 8-52937

### Main Office Location

15500 ROOSEVELT BLVD, SUITE 303  
CLEARWATER, FL 33760  
Regulated by FINRA Florida Office

### Mailing Address

15500 ROOSEVELT BLVD, SUITE 303  
CLEARWATER, FL 33760

### Business Telephone Number

(727) 502-0508

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>

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

### Firm Profile

This firm is classified as a partnership.

This firm was formed in Florida on 06/25/2000.

Its fiscal year ends in December.

### Firm History

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

### Firm Operations

#### This firm is registered with:

- the SEC
- 3 Self-Regulatory Organizations
- 38 U.S. states and territories

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

This firm conducts 12 types of businesses.

This firm is not affiliated with any financial or investment institutions.

This firm has referral or financial arrangements with other brokers or dealers.

### Disclosure Events

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

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

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

Type	Count
Regulatory Event	10



## Firm Profile

This firm is classified as a partnership.

This firm was formed in Florida on 06/25/2000.

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.

### **SPARTAN SECURITIES GROUP, LTD.**

**Doing business as SPARTAN SECURITIES GROUP, LTD.**

**CRD#** 104478

**SEC#** 8-52937

### **Main Office Location**

15500 ROOSEVELT BLVD, SUITE 303  
CLEARWATER, FL 33760

**Regulated by FINRA Florida Office**

### **Mailing Address**

15500 ROOSEVELT BLVD, SUITE 303  
CLEARWATER, FL 33760

### **Business Telephone Number**

(727) 502-0508



## Firm Profile

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

### Direct Owners and Executive Officers

<b>Legal Name &amp; CRD# (if any):</b>	CONNECT X CAPITAL MARKETS, LLC
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Position</b>	PARTNER
<b>Position Start Date</b>	06/2011
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	ELDRED, MICAH JAMES 1959598
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	CEO, MANAGING PARTNER
<b>Position Start Date</b>	03/2006
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	LOPEZ, DAVID DANIEL 2667397
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	FINOP/DESIGNATED PRINCIPAL/CHIEF COMPLIANCE OFFICER/AML PRINCIPAL
<b>Position Start Date</b>	03/2006

## Firm Profile



### Direct Owners and Executive Officers (continued)

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** SPARTAN ADVISORS, LLC

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

**Position** GENERAL PARTNER

**Position Start Date** 03/2001

**Percentage of Ownership** Less than 5%

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

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



## Firm Profile

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

### Indirect Owners

<b>Legal Name &amp; CRD# (if any):</b>	CONNECT X CAPITAL MARKETS, LLC
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Company through which indirect ownership is established</b>	SPARTAN ADVISORS, LLC
<b>Relationship to Direct Owner</b>	SHAREHOLDER
<b>Relationship Established</b>	06/2011
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	ELDRED, MICAH JAMES 1959598
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Company through which indirect ownership is established</b>	CONNECT X CAPITAL MARKETS, LLC
<b>Relationship to Direct Owner</b>	SHAREHOLDER
<b>Relationship Established</b>	06/2011
<b>Percentage of Ownership</b>	50% but less than 75%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	ELDRED, TONI 5842602
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## Firm Profile

### Indirect Owners (continued)

<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Company through which indirect ownership is established</b>	CONNECT X CAPITAL MARKETS, LLC
<b>Relationship to Direct Owner</b>	SHAREHOLDER
<b>Relationship Established</b>	06/2011
<b>Percentage of Ownership</b>	Other General Partners
<b>Does this owner direct the management or policies of the firm?</b>	No
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	LOPEZ, DAVID DANIEL 2667397
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Company through which indirect ownership is established</b>	CONNECT X CAPITAL MARKETS, LLC
<b>Relationship to Direct Owner</b>	SHAREHOLDER
<b>Relationship Established</b>	06/2011
<b>Percentage of Ownership</b>	Other General Partners
<b>Does this owner direct the management or policies of the firm?</b>	No
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	REYNOLDS, SCOTT RICHARD
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Company through which indirect ownership is</b>	CONNECT X CAPITAL MARKETS, LLC





## Firm Profile

### Indirect Owners (continued)

established

<b>Relationship to Direct Owner</b>	SHAREHOLDER
<b>Relationship Established</b>	06/2011
<b>Percentage of Ownership</b>	Other General Partners
<b>Does this owner direct the management or policies of the firm?</b>	No
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	ZITMAN, CHRISTINE
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Company through which indirect ownership is established</b>	CONNECT X CAPITAL MARKETS, LLC
<b>Relationship to Direct Owner</b>	SHAREHOLDER
<b>Relationship Established</b>	06/2011
<b>Percentage of Ownership</b>	Other General Partners
<b>Does this owner direct the management or policies of the firm?</b>	No
<b>Is this a public reporting company?</b>	No

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## Firm History

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

No information reported.





## Firm Operations

### Registrations

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

**This firm is currently registered with the SEC, 3 SROs and 38 U.S. states and territories.**

Federal Regulator	Status	Date Effective
SEC	Approved	07/25/2001

### SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

A broker-dealer and government securities broker or dealer: Yes

A government securities broker or dealer only: No

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

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	07/25/2001
NYSE Arca, Inc.	Approved	04/04/2005
Nasdaq Stock Market	Approved	07/12/2006



## Firm Operations

### Registrations (continued)

U.S. States & Territories	Status	Date Effective
Arizona	Approved	03/18/2002
California	Approved	01/27/2017
Colorado	Approved	02/07/2002
Connecticut	Approved	01/03/2017
Delaware	Approved	01/01/2017
Florida	Approved	08/07/2001
Georgia	Approved	02/22/2017
Idaho	Approved	01/09/2017
Illinois	Approved	04/04/2002
Indiana	Approved	03/27/2017
Kansas	Approved	04/15/2009
Kentucky	Approved	01/24/2017
Louisiana	Approved	01/09/2017
Maryland	Approved	03/27/2017
Massachusetts	Approved	01/26/2017
Michigan	Approved	01/03/2017
Minnesota	Approved	01/27/2017
Missouri	Approved	02/06/2017
Montana	Approved	01/03/2017
Nevada	Approved	01/12/2017
New Jersey	Approved	10/15/2001
New York	Approved	01/09/2017
North Carolina	Approved	02/01/2017
Ohio	Approved	01/12/2017
Oklahoma	Approved	01/23/2017
Oregon	Approved	01/03/2017
Pennsylvania	Approved	01/13/2017
Puerto Rico	Approved	11/12/2014
Rhode Island	Approved	01/03/2017
South Carolina	Approved	01/03/2017
South Dakota	Approved	01/19/2017
Tennessee	Approved	02/01/2017
Texas	Approved	01/17/2017

U.S. States & Territories	Status	Date Effective
Utah	Approved	02/08/2017
Vermont	Approved	01/05/2017
Virginia	Approved	01/06/2017
Washington	Approved	10/08/2004
Wisconsin	Approved	01/03/2006



## 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 12 types of businesses.**

#### Types of Business

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

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

Broker or dealer selling corporate debt securities

Underwriter or selling group participant (corporate securities other than mutual funds)

Mutual fund retailer

U S. government securities broker

Solicitor of time deposits in a financial institution

Investment advisory services

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

Trading securities for own account

Private placements of securities

Other - APPLICANT INTENDS TO CONDUCT ARBITRAGE STRATEGIES SUCH AS: RISK OR MERGER ARBITRAGE, RELATIVE VALUE ARBITRAGE AND CONVERTIBLE SECURITIES ARBITRAGE; ALSO IN SPECIAL SITUATIONS OR EVENT DRIVEN STRATEGIES; AND INTRINSIC VALUE INVESTING STRATEGIES.

#### Other Types of Business

This firm does not effect transactions in commodities, commodity futures, or commodity options.

This firm does not engage in other non-securities business.

Non-Securities Business Description:

## Firm Operations



### Clearing Arrangements

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

### Introducing Arrangements

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

<b>Name:</b>	COR CLEARING LLC
<b>CRD #:</b>	117176
<b>Business Address:</b>	1200 LANDMARK BUILDING, SUITE 800 OMAHA, NE 68102
<b>Effective Date:</b>	09/13/2013
<b>Description:</b>	SPARTAN SECURITIES GROUP CONDUCTS BUSINESS AS A FULLY DISCLOSED GENERAL SECURITIES BROKER-DEALER WHEREBY IT CLEARS ALL SECURITIES TRANSACTIONS THROUGH A CLEARING ARRANGEMENT WITH COR CLEARING LLC.

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## Firm Operations

### Industry Arrangements



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

**Name:** COR CLEARING LLC

**CRD #:** 117176

**Business Address:** 1200 LANDMARK BUILDING, SUITE 800  
OMAHA, NE 68102

**Effective Date:** 09/13/2013

**Description:** SPARTAN SECURITIES GROUP CONDUCTS BUSINESS AS A FULLY DISCLOSED GENERAL SECURITIES BROKER-DEALER WHEREBY IT CLEARS ALL SECURITIES TRANSACTIONS THROUGH A CLEARING ARRANGEMENT WITH COR CLEARING LLC.

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

**Name:** COR CLEARING LLC

**CRD #:** 117176

**Business Address:** 1200 LANDMARK BUILDING, SUITE 800  
OMAHA, NE 68102

**Effective Date:** 09/13/2013

**Description:** SPARTAN SECURITIES GROUP CONDUCTS BUSINESS AS A FULLY DISCLOSED GENERAL SECURITIES BROKER-DEALER WHEREBY IT CLEARS ALL SECURITIES TRANSACTIONS THROUGH A CLEARING ARRANGEMENT WITH COR CLEARING LLC.

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

**Name:** COR CLEARING LLC

**CRD #:** 117176

**Business Address:** 1200 LANDMARK BUILDING, SUITE 800  
OMAHA, NE 68102

**Effective Date:** 09/13/2013

**Description:** SPARTAN SECURITIES GROUP CONDUCTS BUSINESS AS A FULLY DISCLOSED GENERAL SECURITIES BROKER-DEALER WHEREBY IT CLEARS ALL SECURITIES TRANSACTIONS THROUGH A CLEARING ARRANGEMENT WITH COR CLEARING LLC.

### Control Persons/Financing

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

## Firm Operations



### Industry Arrangements (continued)

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





## Firm Operations

### Organization Affiliates

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

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

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

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

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



## Disclosure Events

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

	<b>Pending</b>	<b>Final</b>	<b>On Appeal</b>
Regulatory Event	0	10	0

## Disclosure Event Details

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

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

### Regulatory - Final

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

### Disclosure 1 of 10

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



**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING REGULATION NMS RULE 611(A). THE FINDINGS STATED THAT THE FIRM PERMITTED 197 TRADE-THROUGHS OF PROTECTED QUOTATIONS IN REGULATION NMS SECURITIES WITHOUT ANY APPLICABLE EXCEPTION, OR IF RELYING ON AN EXCEPTION, FAILED TO ENSURE THAT THE TRANSACTION COMPLIED WITH THE TERMS OF THE EXCEPTION.

**Initiated By:** FINRA

**Date Initiated:** 01/09/2018

**Docket/Case Number:** [2015043667001](#)

**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:** 01/09/2018

**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 \$30,000.00

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$30,000 AND UNDERTAKES TO ADDRESS THE REGULATION NMS RULE 611(A) DEFICIENCIES DESCRIBED TO ENSURE THAT THE FIRM HAS IMPLEMENTED PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED WITHIN THE AWC. FINES PAID IN FULL ON JANUARY 25, 2018.

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING REGULATION NMS RULE 611(A). THE FINDINGS STATED THAT THE FIRM PERMITTED 197 TRADE-THROUGHS OF PROTECTED QUOTATIONS IN REGULATION NMS SECURITIES WITHOUT ANY APPLICABLE EXCEPTION, OR IF RELYING ON AN EXCEPTION, FAILED TO ENSURE THAT THE TRANSACTION COMPLIED WITH THE TERMS OF THE EXCEPTION.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	01/09/2018
<b>Docket/Case Number:</b>	<a href="#">2015043667001</a>
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	UNSPECIFIED SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	THE FIRM WAS CENSURED AND FINED \$30,000
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	01/09/2018
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$30,000.00
<b>Other Sanctions Ordered:</b>	THAT THE FIRM IMPLEMENTS PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED WITHIN THE AWC.
<b>Sanction Details:</b>	CENSURED, FINED \$30,000 AND UNDERTAKES TO ADDRESS THE REGULATION NMS RULE 611(A) DEFICIENCIES DESCRIBED TO ENSURE THAT THE FIRM IMPLEMENTS PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED WITHIN THE AWC.
<b>Firm Statement</b>	FINAL

## Disclosure 2 of 10



**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** THE FIRM WAS NAMED A RESPONDENT IN A FINRA COMPLAINT ALLEGING THAT IT FAILED TO ESTABLISH AND IMPLEMENT AN APPROPRIATE ANTI-MONEY LAUNDERING COMPLIANCE PROCEDURES (AMLCP) RELATED TO ITS BUSINESS OF ACCEPTING LOW-PRICED SECURITIES FOR DEPOSIT AND LIQUIDATION. THE COMPLAINT ALLEGES THAT THE FIRM DID NOT HAVE A SYSTEM TO COLLECTIVELY ANALYZE OVER TIME ACCOUNT OPENING DOCUMENTS, SECURITIES DEPOSITS, ACCOUNT TRANSACTIONS AND PUBLIC INFORMATION IN ORDER TO DETECT POTENTIALLY SUSPICIOUS PATTERNS OF ACTIVITY. THE FIRM UNREASONABLY LOOKED AT CUSTOMERS' ACTIVITY IN SILOS. THE FIRM REVIEWED THE NEW ACCOUNT FORMS AT THE TIME THAT THE ACCOUNTS WERE OPENED AND LATER REVIEWED SECURITIES DEPOSITS. HOWEVER, WHEN THE CUSTOMERS LATER LIQUIDATED THEIR SHARES, THE FIRM'S REVIEWS WERE FOCUSED ON THE LIQUIDATIONS THEMSELVES WITHOUT CONSIDERATION OF THE RELATIONSHIP OF THE LIQUIDATIONS TO THE DEPOSITS AND THE NEW ACCOUNT INFORMATION. ALTHOUGH THE FIRM'S CUSTOMERS AND THEIR ACTIVITIES TRIGGERED A VARIETY OF AML RED FLAGS, THE FIRM FAILED TO APPROPRIATELY IDENTIFY AND FOLLOW UP ON THE RED FLAGS. THE FIRM DID NOT HAVE A SYSTEM TO LOOK ACROSS DIFFERENT TYPES OF ACTIVITY AND SOURCES OF INFORMATION TO DETECT AND INVESTIGATE POTENTIALLY SUSPICIOUS ACTIVITY OR PATTERNS OF ACTIVITY. THEREFORE, WHEN A CUSTOMER OR HIS ACTIVITY TRIGGERED ONE RED FLAG, THE FIRM DID NOT LOOK AT VARIOUS SOURCES TO DETERMINE WHETHER OTHER RED FLAGS WERE ALSO TRIGGERED BY THE CUSTOMER AND/OR HIS ACTIVITY IN ORDER TO DETERMINE WHETHER THE FIRM SHOULD FILE AN SAR. THE FIRM ALSO IGNORED OR FAILED TO IDENTIFY INCONSISTENCIES IN THE DOCUMENTATION COLLECTED, CONFLICTS OF INTERESTS, AND, IN CERTAIN INSTANCES, FAILED TO COLLECT CERTAIN INFORMATION REGARDING THE SOURCE OF THE SHARES (I.E., EVIDENCE OF HOW AND FOR HOW MUCH THE SHARES WERE OBTAINED). IN SUMMARY, THE FIRM FAILED TO ESTABLISH AND IMPLEMENT A SYSTEM TO COLLECTIVELY ANALYZE OVER TIME ACCOUNT OPENING DOCUMENTS, SECURITIES DEPOSITS, ACCOUNT TRANSACTIONS, AND PUBLIC INFORMATION IN ORDER TO DETECT POTENTIALLY SUSPICIOUS PATTERNS OF ACTIVITY RELATED TO THE FIRM'S BUSINESS OF ACCEPTING LOW-PRICED SECURITIES FOR DEPOSIT AND LIQUIDATION. AS A RESULT, THE FIRM FAILED TO APPROPRIATELY DETECT, INVESTIGATE, AND REPORT, WHERE APPROPRIATE, EIGHT INSTANCES OF SUSPICIOUS ACTIVITY. THE COMPLAINT ALSO ALLEGES THAT THE FIRM SOLD UNREGISTERED SHARES FOR ITS CUSTOMERS WHEN DESPITE SEVERAL RED FLAGS, AND THE INDICATION OF SECTION 5 OF THE SECURITIES ACT VIOLATION, IT



FAILED TO DETECT, INVESTIGATE, AND REPORT, WHERE APPROPRIATE, THE CUSTOMERS' SUSPICIOUS ACTIVITY IN THE SECURITIES.

**Initiated By:** FINRA

**Date Initiated:** 09/12/2016

**Docket/Case Number:** [2013036389101](#)

**Principal Product Type:** Other

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

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

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

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

**Resolution Date:** 07/11/2017

**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 \$100,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$100,000. FINES PAID IN FULL ON AUGUST 14, 2017.

**Regulator Statement** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND IMPLEMENT AN APPROPRIATE ANTI-MONEY LAUNDERING (AML) PROGRAM RELATED TO ITS BUSINESS OF ACCEPTING LOW-PRICED SECURITIES FOR DEPOSIT AND LIQUIDATION. THE FINDINGS STATED THAT THE FIRM DID NOT HAVE A SYSTEM TO COLLECTIVELY ANALYZE OVER TIME ACCOUNT OPENING DOCUMENTS, SECURITIES DEPOSITS, ACCOUNT TRANSACTIONS AND PUBLIC INFORMATION IN ORDER TO DETECT POTENTIALLY SUSPICIOUS PATTERNS OF ACTIVITY. CONSEQUENTLY, THE FIRM FAILED TO APPROPRIATELY DETECT, INVESTIGATE, AND REPORT, WHERE APPROPRIATE, EIGHT INSTANCES OF SUSPICIOUS ACTIVITY. ALTHOUGH THE FIRM'S CUSTOMERS AND THEIR ACTIVITIES TRIGGERED A VARIETY OF AML RED FLAGS, THE FIRM FAILED TO APPROPRIATELY IDENTIFY AND FOLLOW UP ON THE RED FLAGS. THE



FIRM DID NOT HAVE A SYSTEM TO LOOK ACROSS DIFFERENT TYPES OF ACTIVITY AND SOURCES OF INFORMATION TO DETECT AND INVESTIGATE POTENTIALLY SUSPICIOUS ACTIVITY OR PATTERNS OF ACTIVITY. THEREFORE, WHEN A CUSTOMER OR HIS ACTIVITY TRIGGERED ONE RED FLAG, THE FIRM DID NOT LOOK AT VARIOUS SOURCES TO DETERMINE WHETHER OTHER RED FLAGS WERE ALSO TRIGGERED BY THE CUSTOMER AND/OR HIS ACTIVITY IN ORDER TO DETERMINE WHETHER THE FIRM SHOULD FILE A SUSPICIOUS ACTIVITY REPORT (SAR).

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**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

THE FIRM WAS NAMED A RESPONDENT IN A FINRA COMPLAINT ALLEGING THAT IT FAILED TO ESTABLISH AND IMPLEMENT AN APPROPRIATE ANTI-MONEY LAUNDERING COMPLIANCE PROCEDURES (AMLCP) RELATED TO ITS BUSINESS OF ACCEPTING LOW-PRICED SECURITIES FOR DEPOSIT AND LIQUIDATION. THE COMPLAINT ALLEGED THAT THE FIRM DID NOT HAVE A SYSTEM TO COLLECTIVELY ANALYZE OVER TIME ACCOUNT OPENING DOCUMENTS, SECURITIES DEPOSITS, ACCOUNT TRANSACTIONS AND PUBLIC INFORMATION IN ORDER TO DETECT POTENTIALLY SUSPICIOUS PATTERNS OF ACTIVITY. THE COMPLAINT ALLEGED THAT THE FIRM UNREASONABLY LOOKED AT CUSTOMERS' ACTIVITY IN SILOS. THE COMPLAINT ALLEGED THAT THE FIRM REVIEWED THE NEW ACCOUNT FORMS AT THE TIME THAT THE ACCOUNTS WERE OPENED AND LATER REVIEWED SECURITIES DEPOSITS. HOWEVER, WHEN THE CUSTOMERS LATER LIQUIDATED THEIR SHARES, THE COMPLAINT ALLEGED THAT THE FIRM'S REVIEWS WERE FOCUSED ON THE LIQUIDATIONS THEMSELVES WITHOUT CONSIDERATION OF THE RELATIONSHIP OF THE LIQUIDATIONS TO THE DEPOSITS AND THE NEW ACCOUNT INFORMATION. THE COMPLAINT ALLEGED THAT ALTHOUGH THE FIRM'S CUSTOMERS AND THEIR ACTIVITIES TRIGGERED A VARIETY OF AML RED FLAGS, THE FIRM FAILED TO APPROPRIATELY IDENTIFY AND FOLLOW UP ON THE RED FLAGS. THE COMPLAINT ALLEGED THAT THE FIRM DID NOT HAVE A SYSTEM TO LOOK ACROSS DIFFERENT TYPES OF ACTIVITY AND SOURCES OF INFORMATION TO DETECT AND INVESTIGATE POTENTIALLY SUSPICIOUS ACTIVITY OR PATTERNS OF ACTIVITY. THE COMPLAINT ALLEGED THAT THE FIRM ALSO IGNORED OR FAILED TO IDENTIFY INCONSISTENCIES IN THE DOCUMENTATION COLLECTED, CONFLICTS OF INTERESTS, AND, IN CERTAIN INSTANCES, FAILED TO COLLECT CERTAIN INFORMATION REGARDING THE SOURCE OF THE SHARES (I.E., EVIDENCE OF HOW AND FOR HOW MUCH THE SHARES WERE OBTAINED). IN SUMMARY, THE COMPLAINT ALLEGED THAT THE FIRM FAILED TO ESTABLISH AND IMPLEMENT A SYSTEM TO COLLECTIVELY ANALYZE OVER TIME ACCOUNT OPENING DOCUMENTS, SECURITIES





DEPOSITS, ACCOUNT TRANSACTIONS, AND PUBLIC INFORMATION IN ORDER TO DETECT POTENTIALLY SUSPICIOUS PATTERNS OF ACTIVITY RELATED TO THE FIRM'S BUSINESS OF ACCEPTING LOW-PRICED SECURITIES FOR DEPOSIT AND LIQUIDATION. AS A RESULT, THE COMPLAINT ALLEGED THAT THE FIRM FAILED TO APPROPRIATELY DETECT, INVESTIGATE, AND REPORT, WHERE APPROPRIATE, EIGHT INSTANCES OF SUSPICIOUS ACTIVITY. THE COMPLAINT ALSO ALLEGED THAT THE FIRM SOLD UNREGISTERED SHARES FOR ITS CUSTOMERS WHEN DESPITE SEVERAL RED FLAGS, AND THE INDICATION OF SECTION 5 OF THE SECURITIES ACT VIOLATION, THOUGH THE SECTION 5 VIOLATION ALLEGATION WAS DROPPED, THE COMPLAINT FURTHER ALLEGED THAT IT FAILED TO DETECT, INVESTIGATE, AND REPORT, WHERE APPROPRIATE, THE CUSTOMERS' SUSPICIOUS ACTIVITY IN THE SECURITIES.

**Initiated By:** FINRA

**Date Initiated:** 09/12/2016

**Docket/Case Number:** [2013036389101](#)

**Principal Product Type:** Other

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

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

**Other Sanction(s)/Relief Sought:** THE FIRM WAS CENSURED AND FINED \$100,000.

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

**Resolution Date:** 07/11/2017

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

**Other Sanctions Ordered:** NO OTHER SANCTIONS OTHER THAN THE CENSURE AND FINE.

**Sanction Details:** NA

**Firm Statement** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT FAILED TO ESTABLISH AND IMPLEMENT AN APPROPRIATE ANTI-MONEY LAUNDERING COMPLIANCE PROCEDURES (AMLCP) RELATED TO ITS BUSINESS OF ACCEPTING LOW-PRICED SECURITIES FOR DEPOSIT AND LIQUIDATION. THE COMPLAINT ALLEGED THAT THE FIRM DID NOT HAVE A SYSTEM TO COLLECTIVELY ANALYZE OVER TIME ACCOUNT OPENING DOCUMENTS, SECURITIES DEPOSITS, ACCOUNT TRANSACTIONS AND PUBLIC INFORMATION IN ORDER TO DETECT POTENTIALLY SUSPICIOUS PATTERNS OF ACTIVITY. THE COMPLAINT ALLEGED THAT THE FIRM



UNREASONABLY LOOKED AT CUSTOMERS' ACTIVITY IN SILOS. THE COMPLAINT ALLEGED THAT THE FIRM REVIEWED THE NEW ACCOUNT FORMS AT THE TIME THAT THE ACCOUNTS WERE OPENED AND LATER REVIEWED SECURITIES DEPOSITS. HOWEVER, WHEN THE CUSTOMERS LATER LIQUIDATED THEIR SHARES, THE COMPLAINT ALLEGED THAT THE FIRM'S REVIEWS WERE FOCUSED ON THE LIQUIDATIONS THEMSELVES WITHOUT CONSIDERATION OF THE RELATIONSHIP OF THE LIQUIDATIONS TO THE DEPOSITS AND THE NEW ACCOUNT INFORMATION. THE COMPLAINT ALLEGED THAT ALTHOUGH THE FIRM'S CUSTOMERS AND THEIR ACTIVITIES TRIGGERED A VARIETY OF AML RED FLAGS, THE FIRM FAILED TO APPROPRIATELY IDENTIFY AND FOLLOW UP ON THE RED FLAGS. THE COMPLAINT ALLEGED THAT THE FIRM DID NOT HAVE A SYSTEM TO LOOK ACROSS DIFFERENT TYPES OF ACTIVITY AND SOURCES OF INFORMATION TO DETECT AND INVESTIGATE POTENTIALLY SUSPICIOUS ACTIVITY OR PATTERNS OF ACTIVITY. THE COMPLAINT ALLEGED THAT THE FIRM ALSO IGNORED OR FAILED TO IDENTIFY INCONSISTENCIES IN THE DOCUMENTATION COLLECTED, CONFLICTS OF INTERESTS, AND, IN CERTAIN INSTANCES, FAILED TO COLLECT CERTAIN INFORMATION REGARDING THE SOURCE OF THE SHARES (I.E., EVIDENCE OF HOW AND FOR HOW MUCH THE SHARES WERE OBTAINED). IN SUMMARY, THE COMPLAINT ALLEGED THAT THE FIRM FAILED TO ESTABLISH AND IMPLEMENT A SYSTEM TO COLLECTIVELY ANALYZE OVER TIME ACCOUNT OPENING DOCUMENTS, SECURITIES DEPOSITS, ACCOUNT TRANSACTIONS, AND PUBLIC INFORMATION IN ORDER TO DETECT POTENTIALLY SUSPICIOUS PATTERNS OF ACTIVITY RELATED TO THE FIRM'S BUSINESS OF ACCEPTING LOW-PRICED SECURITIES FOR DEPOSIT AND LIQUIDATION. AS A RESULT, THE COMPLAINT ALLEGED THAT THE FIRM FAILED TO APPROPRIATELY DETECT, INVESTIGATE, AND REPORT, WHERE APPROPRIATE, EIGHT INSTANCES OF SUSPICIOUS ACTIVITY. THE COMPLAINT ALSO ALLEGED THAT THE FIRM SOLD UNREGISTERED SHARES FOR ITS CUSTOMERS WHEN DESPITE SEVERAL RED FLAGS, AND THE INDICATION OF SECTION 5 OF THE SECURITIES ACT VIOLATION, THOUGH THE SECTION 5 VIOLATION ALLEGATION WAS DROPPED, THE COMPLAINT FURTHER ALLEGED THAT IT FAILED TO DETECT, INVESTIGATE, AND REPORT, WHERE APPROPRIATE, THE CUSTOMERS' SUSPICIOUS ACTIVITY IN THE SECURITIES.

### Disclosure 3 of 10

**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 REVIEW CERTAIN EMPLOYEES' ELECTRONIC COMMUNICATIONS AS PART



OF ITS SUPERVISORY PROCESS AND FAILED TO MAINTAIN EVIDENCE OF SUPERVISORY REVIEWS OF EMPLOYEES' ELECTRONIC COMMUNICATIONS. THE FINDINGS STATED THAT THE FIRM FAILED TO CREATE MEMORANDA FOR BROKERAGE ORDERS.

**Initiated By:** FINRA

**Date Initiated:** 04/29/2015

**Docket/Case Number:** [2010022193001](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 04/29/2015

**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 \$25,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$25,000. FINE PAID IN FULL ON 6/27/2017.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FIRM FAILED TO REVIEW CERTAIN EMPLOYEE'S ELECTRONIC COMMUNICATIONS AS PART OF ITS SUPERVISORY PROCESS AND FAILED TO MAINTAIN EVIDENCE OF SUPERVISORY REVIEWS OF EMPLOYEE'S ELECTRONIC COMMUNICATIONS, WHICH CONSTITUTES VIOLATIONS OF FINRA RULE 2010 AND NASD RULE 3010

**Initiated By:** FINRA



**Date Initiated:** 04/29/2015  
**Docket/Case Number:** 20100221930  
**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 FINE  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 04/29/2015  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$25,000.00  
**Other Sanctions Ordered:** NONE  
**Sanction Details:** FINE OF \$25,000 PAID ON OR ABOUT MAY 15TH 2015

#### Disclosure 4 of 10

**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 CONTEMPORANEOUSLY OR PARTIALLY EXECUTE CUSTOMER LIMIT ORDERS IN SECURITIES AFTER IT TRADED EACH SUBJECT SECURITY FOR ITS OWN MARKET-MAKING ACCOUNT AT A PRICE THAT WOULD HAVE SATISFIED EACH CUSTOMER'S LIMIT ORDER AND FAILED TO PASS ALONG A PRICE IMPROVEMENT TO A CUSTOMER LIMIT ORDER. THE FINDINGS STATED THAT IN TRANSACTIONS FOR OR WITH A CUSTOMER, THE FIRM FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS. THE FINDINGS ALSO STATED THAT THE FIRM INCORRECTLY REPORTED INFORMATION TO THE OTC TRADE REPORTING FACILITY (TRF) AND TO FINRA/NASDAQ TRF. THE FINDINGS ALSO INCLUDED THAT THE FIRM TRANSMITTED TO OATS REPORTS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA AND FAILED TO PROVIDE COMPLETED DOCUMENTATION RELATED TO SOME ORDERS SUBMITTED. FINRA FOUND THAT IN CERTAIN INSTANCES, THE FIRM INCORRECTLY DISCLOSED THE



REPORTED PRICE AND FAILED TO DISCLOSE THE AVERAGE PRICE FOR A TRADE ON THE CUSTOMER CONFIRMATION AND IN ONE INSTANCE, FAILED TO PROVIDE A CUSTOMER CONFIRMATION. THE FIRM ALSO FAILED TO SHOW THE TERMS AND CONDITIONS ON BROKER ORDER MEMORANDUM. FINRA ALSO FOUND THAT THE FIRM FAILED TO DISCLOSE THE REPORTED PRICE AND THE MARKUP/MARKDOWN, THE CORRECT MARKUP/MARKDOWN, FAILED TO DISCLOSE THE REPORTED PRICE, MARKET MARKER STATUS, AND THE CORRECT MARKUP/MARKDOWN ON CUSTOMER CONFIRMATIONS. FINRA ALSO FOUND THAT THE FIRM MADE AVAILABLE A REPORT ON THE COVERED ORDERS IN NATIONAL MARKET SYSTEM SECURITIES THAT IT RECEIVED FOR EXECUTION WHICH INCLUDED INCOMPLETE INFORMATION. IN ADDITION, FINRA DETERMINED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE LAWS AND REGULATIONS CONCERNING SEC REGULATION NMS AND/OR THE RULES OF NASD.

**Initiated By:** FINRA

**Date Initiated:** 06/06/2014

**Docket/Case Number:** [2010021595902](#)

**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:** 06/06/2014

**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 \$95,000.00

**Other Sanctions Ordered:** THE FIRM IS ORDERED TO PAY \$1,172.75, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS, AND IS REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES.



<b>Sanction Details:</b>	SEE ABOVE
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	FINRA RULES 2010, NASD IM-2110-2, NASD RULE 2320, FINRA RULES 6380A, 6622, 7230A, 7330, 7440, 7450, SEC RULE 10B-10, 17A-3, 605, 611 AND FINRA RULES 2010 AND 3010- SPARTAN SECURITIES GROUP, FAILING TO CONTEMPORANEOUSLY EXECUTE CUSTOMER LIMIT ORDERS OR PASS ON PRICE IMPROVEMENT TO A CUSTOMER LIMIT ORDER; FAILED TO USE REASONABLE DILIGENCE IN ASCERTAINING THE BEST INTER-DEALER MARKET; INCORRECTLY REPORTED INFORMATION TO THE OTC-TRF AND NASDAQ-TRF; FIRM TRANSMITTED INCORRECT INFORMATION TO OATS; INCORRECTLY REPORTED AVERAGE PRICE AND DISCLOSURE OF THE PRICE ON THE CONFIRMATION; FAILED TO SHOW TERMS AND CONDITIONS ON THE ORDER MEMORANDUM; FAILED TO MAINTAIN PROCEDURES TO ADEQUATELY ADDRESS ALL ASPECTS OF REG. NMS, ORDER HANDLING, OATS, BEST EXECUTION AND TRADE REPORTING.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	05/30/2014
<b>Docket/Case Number:</b>	20100215959-02
<b>Principal Product Type:</b>	Equity Listed (Common & Preferred Stock)
<b>Other Product Type(s):</b>	REPORTABLE SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penal(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	RESTITUTION
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	05/30/2014
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$95,000.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	RESTITUTION FOR THE AMOUNT OF \$1172.75 AND UNDERTAKING TO REVISE THE WSP'S REGARDING ASPECTS OF SUPERVISORY SYSTEMS AND PROCEDURES, ORDER HANDLING, BEST EXECUTION, ANTI-INTIMIDATION, OATS AND TRADE REPORTING.
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED

TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS;  
 THEREFORE, THE FIRM IS CENSURED AND FINED \$95,000 AND TO PAY  
 RESTITUTION IN THE TOTAL AMOUNT OF \$1,172.75.

#### Disclosure 5 of 10

**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 ENTERED ORDERS THAT CONTAINED AN INCORRECT CAPACITY INTO THE NASDAQ MARKET CENTER AND ENTERED ORDERS INTO THE NASDAQ MARKET CENTER THAT FAILED TO CORRECTLY INDICATE WHETHER THE ORDERS WERE A BUY, SHORT SALE OR LONG SALE. THE FINDINGS STATED THAT THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT DURING OCTOBER 2010, IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WRITTEN SUPERVISORY PROCEDURES (WSPS) CONCERNING: TRADE REPORTING; ENTERING ACCURATE CAPACITY INFORMATION INTO THE NASDAQ SYSTEM; OTHER TRADING RULES; AND NASDAQ QUOTES LOCKING/CROSSING QUOTE, CLEARLY ERRONEOUS TRANSACTIONS ON NASDAQ, ACCURATE AND APPROPRIATE ERRONEOUS TRADE FILINGS, AND DETECTION OF POTENTIAL NASDAQ ORDER ENTRY ERRORS. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR NASDAQ RULES. THE FIRM'S WSPS FAILED TO PROVIDE FOR ONE OR MORE OF THE FOUR MINIMUM REQUIREMENTS FOR ADEQUATE WSPS, IN THE FOLLOWING SUBJECT AREAS: TRADE REPORTING: ENTERING ACCURATE CAPACITY INFORMATION INTO THE NASDAQ SYSTEM; AND OTHER TRADING RULES: ACCURATELY IDENTIFYING BUY, SHORT SALE AND LONG SALE ORDERS WHEN ENTERED INTO NASDAQ SYSTEM. ADDITIONALLY, THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT DURING AUGUST 2011, IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WSPS CONCERNING: OTHER TRADING RULES; AND CLEARLY ERRONEOUS TECHNOLOGICAL CONTROLS, PROCEDURES TO REVIEW AND VERIFY FILING OF CLEARLY ERRONEOUS, AND REVIEW AND DETECTION OF POTENTIAL ORDER ENTRY ERRORS.

**Initiated By:** NASDAQ STOCK MARKET

**Date Initiated:** 05/13/2014

**Docket/Case Number:** 2010021595901



**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 05/13/2014

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

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

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

**Sanction Details:** SEE ABOVE

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASDAQ RULES 4611, 4755 - SPARTAN SECURITIES GROUP, LTD. ENTERED ORDERS THAT CONTAINED AN INCORRECT CAPACITY INTO THE NASDAQ MARKET CENTER. THE FIRM ENTERED ORDERS INTO THE NASDAQ MARKET CENTER THAT FAILED TO CORRECTLY INDICATE WHETHER THE ORDERS WERE A BUY, SHORT SALE OR LONG SALE. ADDITIONALLY NASDAQ CITED LACK OF COMPLETE SUPERVISORY REVIEWS IN VIOLATION OF NASDAQ RULES 2110 AND 3010

**Initiated By:** NASDAQ STOCK MARKET

**Date Initiated:** 05/13/2014

**Docket/Case Number:** 20100215959-01

**Principal Product Type:** Other

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

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





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

<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	05/13/2014
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$25,000.00
<b>Other Sanctions Ordered:</b>	FIRM IS TO AMEND THE WSPS WITH RESPECT TO THE AREAS DESCRIBED IN ITEM 6 OF THE AWC.
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$25,000.

### Disclosure 6 of 10

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	SEC RULES 10B-10, 17A-3, 203(B)(1) OF REGULATION SHO, FINRA RULES 2010, 6182, 6624, 7230A, 7330, 7450, NASD RULE 3110 - SPARTAN SECURITIES GROUP, LTD EXECUTED SHORT SALE TRANSACTIONS IN REPORTABLE SECURITIES AND FAILED TO REPORT EACH OF THE TRANSACTIONS TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) WITH THE CORRECT SYMBOL INDICATING WHETHER THE TRANSACTION WAS A SHORT SALE OR A SHORT SALE EXEMPT TRANSACTION; THE FIRM REPORTED SOME SHORT SALES AS LONG TO THE FNTRF. THE FIRM FAILED TO REPORT TO THE FNTRF THE CORRECT SYMBOL INDICATING THE CAPACITY IN WHICH IT EXECUTED TRANSACTIONS IN REPORTABLE SECURITIES, INCORRECTLY REPORTED TRANSACTIONS TO THE FNTRF AND FAILED TO REPORT ONE TRANSACTION TO THE FNTRF. THE FIRM REPORTED TRANSACTIONS WHICH IT WAS NOT REQUIRED TO REPORT TO FNTRF, INCORRECTLY REPORTED REPORTS TO THE FNTRF, AND FAILED TO SUBMIT A CANCELLATION FOR TWO REPORTS TO THE FNTRF. THE FIRM TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA. THE FIRM, ON NUMEROUS OCCASIONS, ACCEPTED A SHORT SALE ORDER IN AN EQUITY SECURITY FROM ANOTHER PERSON, OR EFFECTED A SHORT SALE IN AN EQUITY SECURITY FOR ITS OWN ACCOUNT, WITHOUT BORROWING THE SECURITY, OR ENTERING INTO A BONA FIDE ARRANGEMENT TO BORROW THE SECURITY; OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO THAT IT COULD BE DELIVERED ON THE DATE DELIVERY IS



DUE; AND DOCUMENTING COMPLIANCE WITH SEC RULE 203(B)(1) OF REGULATION SHO. THE FIRM FAILED TO DISCLOSE THE REPORTED PRICE AND THE MARKUP/MARKDOWN ON CUSTOMER CONFIRMATIONS, IN SOME CASES FAILED TO DISCLOSE THE REPORTED PRICE AND THE CORRECT MARKUP/MARKDOWN ON THE CUSTOMER CONFIRMATION, AND IN TWO INSTANCES FAILED TO DISCLOSE THE REPORTED PRICE, MARKET MAKER STATUS AND THE CORRECT MARKUP/MARKDOWN IN THE CUSTOMER CONFIRMATION. THE FIRM FAILED TO PROVIDE AN ORDER MEMORANDUM OR A PROPRIETARY LEDGER, IN TWO INSTANCES FAILED TO PROVIDE A CUSTOMER ACCOUNT STATEMENT, IN TWO INSTANCES FAILED TO PROVIDE A COMPLETE CUSTOMER ORDER MEMORANDUM, AND IN OTHER INSTANCES FAILED TO DOCUMENT THE CORRECT TIME OF ENTRY, TIME OF EXECUTION, EXECUTION PRICE, AND/OR TERMS AND CONDITIONS ON THE CUSTOMER ORDER MEMORANDUM. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR NASD RULES ADDRESSING QUALITY OF MARKETS TOPICS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR MINIMUM REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES IN SUPERVISORY SYSTEM, PROCEDURES & QUALIFICATIONS: DESIGNATION OF PRINCIPALS; DESIGNATION OF PRINCIPALS FOR MEMBER'S TRADING AREAS; DESIGNATION OF OFFICE OF SUPERVISORY JURISDICTION (OSJ); DESIGNATION OF PRINCIPALS IN EACH OSJ; AND PERSONNEL ARE PROPERLY REGISTERED AND QUALIFIED; ORDER HANDLING: DISCLOSURE OF ORDER ROUTING AND DISCLOSURE OF ORDER EXECUTION; BEST EXECUTION: EXECUTION OF ORDERS AS RISKLESS PRINCIPAL AND 3-QUOTE RULE; ANTI-INTIMIDATION/COORDINATION: PROCEDURES TO PREVENT OCCURRENCE AND EDUCATING PERSONNEL; TRADE REPORTING: TRADE MODIFIERS; REPORTING RISKLESS PRINCIPAL TRADES; ENTERING ORDERS INTO NASDAQ; AND THIRD-PARTY REPORTS ON BEHALF OF MEMBER; SALE TRANSACTIONS: SEC RULE 200(A)& (G); PROMPT DELIVERY; REFRAIN FROM ACCEPTING SHORT SALES AFTER FAILS; NAKED SHORT SELLING ANTI-FRAUD RULE; REPORT SALES TO TRF; OTHER TRADING RULES: "BACKING AWAY"; REFRAIN FROM ENTERING A QUOTE ON NASDAQ THAT WOULD LOCK OR CROSS AN EXISTING QUOTE; MAINTAINING IDENTICAL QUOTES; ENSURE ACCURACY AND INTEGRITY OF ORDERS; REVIEW & VERIFY CLEARLY ERRONEOUS TRADES ARE FILED ACCURATELY; REVIEW & DETECT ORDER ENTRY ERRORS; AND ACCURATELY IDENTIFY BUY, SHORT SALE AND LONG SALE INFORMATION WHEN ENTERED IN NASDAQ SYSTEM; OATS: CLOCK SYNCHRONIZATION AND OATS CONSISTENT WITH TRF; OTHER RULES: BOOKS & RECORDS; SUB-PENNY RULE LESS THAN \$.01; SUB-PENNY RULE LESS THAN \$.0001;{ALLEGATIONS CONTINUED IN COMMENTS.]

**Initiated By:** FINRA



**Date Initiated:** 01/03/2012

**Docket/Case Number:** [2009017008302](#)

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

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

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

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

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

**Resolution Date:** 01/03/2012

**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 \$52,500.00

**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 \$52,500 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING SUPERVISORY SYSTEM, PROCEDURES & QUALIFICATIONS: DESIGNATION OF PRINCIPALS; DESIGNATION OF PRINCIPALS FOR MEMBER'S TRADING AREAS; DESIGNATION OF OFFICE OF SUPERVISORY JURISDICTION (OSJ); DESIGNATION OF PRINCIPALS IN EACH OSJ; AND PERSONNEL ARE PROPERLY REGISTERED AND QUALIFIED; ORDER HANDLING: DISCLOSURE OF ORDER ROUTING AND DISCLOSURE OF ORDER EXECUTION; BEST EXECUTION: EXECUTION OF ORDERS AS RISKLESS PRINCIPAL AND 3-QUOTE RULE; ANTI-INTIMIDATION/COORDINATION: PROCEDURES TO PREVENT OCCURRENCE AND EDUCATING PERSONNEL; TRADE REPORTING: TRADE MODIFIERS; REPORTING RISKLESS PRINCIPAL TRADES; ENTERING ORDERS INTO NASDAQ; AND THIRD-PARTY REPORTS ON BEHALF OF MEMBER; SALE TRANSACTIONS: SEC RULE 200(A)& (G); PROMPT DELIVERY; REFRAIN FROM ACCEPTING SHORT SALES AFTER FAILS; NAKED SHORT SELLING ANTI-FRAUD RULE; REPORT SALES TO TRF; OTHER TRADING RULES: "BACKING AWAY"; REFRAIN FROM ENTERING A QUOTE ON NASDAQ THAT WOULD LOCK OR CROSS AN EXISTING QUOTE;



MAINTAINING IDENTICAL QUOTES; ENSURE ACCURACY AND INTEGRITY OF ORDERS; REVIEW & VERIFY CLEARLY ERRONEOUS TRADES ARE FILED ACCURATELY; REVIEW & DETECT ORDER ENTRY ERRORS; AND ACCURATELY IDENTIFY BUY, SHORT SALE AND LONG SALE INFORMATION WHEN ENTERED IN NASDAQ SYSTEM; OATS: CLOCK SYNCHRONIZATION AND OATS CONSISTENT WITH TRF; OTHER RULES: BOOKS & RECORDS; SUB-PENNY RULE LESS THAN \$.01; SUB-PENNY RULE LESS THAN \$.0001; AND REVIEW FOR COMPLIANCE OF INCOMING, OUTGOING AND INTERNAL ELECTRONIC COMMUNICATIONS WITHIN 60 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC. FINE PAID IN FULL JANUARY 19, 2012.

### Regulator Statement

ALLEGATIONS CONTINUED: AND REVIEW FOR COMPLIANCE OF INCOMING, OUTGOING, AND INTERNAL ELECTRONIC COMMUNICATIONS. THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE DURING ONE MONTH THAT IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WRITTEN SUPERVISORY PROCEDURES CONCERNING: SUPERVISORY SYSTEM, PROCEDURES & QUALIFICATIONS ORDER HANDLING: PERSONNEL ARE PROPERLY REGISTERED AND QUALIFIED; ORDER HANDLING: LIMIT ORDER PROTECTION, MARKET ORDER PROTECTION, AND MONITOR TRADING ACTIVITY FOR 1% QUARTERLY VOLUME; BEST EXECUTION: EXECUTION OF ORDERS AS PRINCIPAL, CUSTOMER BLOCK-SIZED ORDERS, ENSURING BEST EXECUTION OBLIGATIONS ARE MET AND THAT SHARES ARE ALLOCATED IN A FAIR AND NON-DISCRIMINATORY MANNER, AND 3-QUOTE RULE; ANTI-INTIMIDATION/COORDINATION: PROCEDURES TO PREVENT OCCURRENCE AND EDUCATING PERSONNEL; TRADE REPORTING: REPORT TRADES ACCURATELY AND TIMELY, TRADE MODIFIERS, RISKLESS PRINCIPAL TRADES, AND ACCEPTING/MATCHING TRADES; SALE TRANSACTIONS: SEC RULE 200(A) & (G) AND LOCATES; OTHER TRADING RULES: TRADING HALT, "BACKING AWAY", AND MAINTAIN PHYSICAL SECURITY & PREVENT UNAUTHORIZED INFORMATION INTO NASDAQ/FINRA SYSTEMS; OATS: CLOCK SYNCHRONIZATION, TIMELY & ACCURATE, REJECTED OATS, AND ROUTED ORDER IDENTIFICATION NUMBERS; OTHER RULES: REVIEW FOR COMPLIANCE OF INCOMING, OUTGOING, AND INTERNAL ELECTRONIC COMMUNICATIONS.

### Reporting Source:

Firm

### Current Status:

Final

### Allegations:

SEC RULES 10B-10, 17A-3, 203(B)(1) OF REGULATION SHO, FINRA RULES 2010, 6182, 6624, 7230A, 7330, 7450, NASD RULE 3110 - SPARTAN SECURITIES GROUP, LTD EXECUTED SHORT SALE TRANSACTIONS IN REPORTABLE SECURITIES AND FAILED TO REPORT EACH OF THE TRANSACTIONS TO THE FINRA/NASDAQ TRADE REPORTING FACILITY



(FNTRF) WITH THE CORRECT SYMBOL INDICATING WHETHER THE TRANSACTION WAS A SHORT SALE OR A SHORT SALE EXEMPT TRANSACTION; THE FIRM REPORTED SOME SHORT SALES AS LONG TO THE FNTRF. THE FIRM FAILED TO REPORT TO THE FNTRF THE CORRECT SYMBOL INDICATING THE CAPACITY IN WHICH IT EXECUTED TRANSACTIONS IN REPORTABLE SECURITIES, INCORRECTLY REPORTED TRANSACTIONS TO THE FNTRF AND FAILED TO REPORT ONE TRANSACTION TO THE FNTRF. THE FIRM REPORTED TRANSACTIONS WHICH IT WAS NOT REQUIRED TO REPORT TO FNTRF, INCORRECTLY REPORTED REPORTS TO THE FNTRF, AND FAILED TO SUBMIT A CANCELLATION FOR TWO REPORTS TO THE FNTRF. THE FIRM TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA. THE FIRM, ON NUMEROUS OCCASIONS, ACCEPTED A SHORT SALE ORDER IN AN EQUITY SECURITY FROM ANOTHER PERSON, OR EFFECTED A SHORT SALE IN AN EQUITY SECURITY FOR ITS OWN ACCOUNT, WITHOUT BORROWING THE SECURITY, OR ENTERING INTO A BONA FIDE ARRANGEMENT TO BORROW THE SECURITY; OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO THAT IT COULD BE DELIVERED ON THE DATE DELIVERY IS DUE; AND DOCUMENTING COMPLIANCE WITH SEC RULE 203(B)(1) OF REGULATION SHO. THE FIRM FAILED TO DISCLOSE THE REPORTED PRICE AND THE MARKUP/MARKDOWN ON CUSTOMER CONFIRMATIONS, IN SOME CASES FAILED TO DISCLOSE THE REPORTED PRICE AND THE CORRECT MARKUP/MARKDOWN ON THE CUSTOMER CONFIRMATION, AND IN TWO INSTANCES FAILED TO DISCLOSE THE REPORTED PRICE, MARKET MAKER STATUS AND THE CORRECT MARKUP/MARKDOWN IN THE CUSTOMER CONFIRMATION. THE FIRM FAILED TO PROVIDE AN ORDER MEMORANDUM OR A PROPRIETARY LEDGER, IN TWO INSTANCES FAILED TO PROVIDE A CUSTOMER ACCOUNT STATEMENT, IN TWO INSTANCES FAILED TO PROVIDE A COMPLETE CUSTOMER ORDER MEMORANDUM, AND IN OTHER INSTANCES FAILED TO DOCUMENT THE CORRECT TIME OF ENTRY, TIME OF EXECUTION, EXECUTION PRICE, AND/OR TERMS AND CONDITIONS ON THE CUSTOMER ORDER MEMORANDUM. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR NASD RULES ADDRESSING QUALITY OF MARKETS TOPICS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR MINIMUM REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES IN SUPERVISORY SYSTEM, PROCEDURES & QUALIFICATIONS: DESIGNATION OF PRINCIPALS; DESIGNATION OF PRINCIPALS FOR MEMBER'S TRADING AREAS; DESIGNATION OF OFFICE OF SUPERVISORY JURISDICTION (OSJ); DESIGNATION OF PRINCIPALS IN EACH OSJ; AND PERSONNEL ARE PROPERLY REGISTERED AND QUALIFIED; ORDER HANDLING: DISCLOSURE OF ORDER ROUTING AND



DISCLOSURE OF ORDER EXECUTION; BEST EXECUTION: EXECUTION OF ORDERS AS RISKLESS PRINCIPAL AND 3-QUOTE RULE; ANTI-INTIMIDATION/COORDINATION: PROCEDURES TO PREVENT OCCURRENCE AND EDUCATING PERSONNEL; TRADE REPORTING: TRADE MODIFIERS; REPORTING RISKLESS PRINCIPAL TRADES; ENTERING ORDERS INTO NASDAQ; AND THIRD-PARTY REPORTS ON BEHALF OF MEMBER; SALE TRANSACTIONS: SEC RULE 200(A)& (G); PROMPT DELIVERY; REFRAIN FROM ACCEPTING SHORT SALES AFTER FAILS; NAKED SHORT SELLING ANTI-FRAUD RULE; REPORT SALES TO TRF; OTHER TRADING RULES: "BACKING AWAY"; REFRAIN FROM ENTERING A QUOTE ON NASDAQ THAT WOULD LOCK OR CROSS AN EXISTING QUOTE; MAINTAINING IDENTICAL QUOTES; ENSURE ACCURACY AND INTEGRITY OF ORDERS; REVIEW & VERIFY CLEARLY ERRONEOUS TRADES ARE FILED ACCURATELY; REVIEW & DETECT ORDER ENTRY ERRORS; AND ACCURATELY IDENTIFY BUY, SHORT SALE AND LONG SALE INFORMATION WHEN ENTERED IN NASDAQ SYSTEM; OATS: CLOCK SYNCHRONIZATION AND OATS CONSISTENT WITH TRF; OTHER RULES: BOOKS & RECORDS; SUB-PENNY RULE LESS THAN \$.01; SUB-PENNY RULE LESS THAN \$.0001

**Initiated By:** FINRA

**Date Initiated:** 01/03/2012

**Docket/Case Number:** [2009017008302](#)

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

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

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

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

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

**Resolution Date:** 01/03/2012

**Sanctions Ordered:** Censure  
Monetary/Fine \$52,500.00

**Other Sanctions Ordered:** UNDERTAKING TO REVISE THE WSP'S REGARDING ASPECTS OF SUPERVISORY SYSTEMS AND PROCEDURES, ORDER HANDELING, BEST EXECUTION, ANTI-INTIMIDATION, OATS AND TRADE REPORTING.

**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 \$52,500 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING SUPERVISORY SYSTEM, PROCEDURES & QUALIFICATIONS: DESIGNATION



OF PRINCIPALS; DESIGNATION OF PRINCIPALS FOR MEMBER'S TRADING AREAS; DESIGNATION OF OFFICE OF SUPERVISORY JURISDICTION (OSJ); DESIGNATION OF PRINCIPALS IN EACH OSJ; AND PERSONNEL ARE PROPERLY REGISTERED AND QUALIFIED; ORDER HANDLING: DISCLOSURE OF ORDER ROUTING AND DISCLOSURE OF ORDER EXECUTION; BEST EXECUTION: EXECUTION OF ORDERS AS RISKLESS PRINCIPAL AND 3-QUOTE RULE; ANTI-INTIMIDATION/COORDINATION: PROCEDURES TO PREVENT OCCURRENCE AND EDUCATING PERSONNEL; TRADE REPORTING: TRADE MODIFIERS; REPORTING RISKLESS PRINCIPAL TRADES; ENTERING ORDERS INTO NASDAQ; AND THIRD-PARTY REPORTS ON BEHALF OF MEMBER; SALE TRANSACTIONS: SEC RULE 200(A)& (G); PROMPT DELIVERY; REFRAIN FROM ACCEPTING SHORT SALES AFTER FAILS; NAKED SHORT SELLING ANTI-FRAUD RULE; REPORT SALES TO TRF; OTHER TRADING RULES: "BACKING AWAY"; REFRAIN FROM ENTERING A QUOTE ON NASDAQ THAT WOULD LOCK OR CROSS AN EXISTING QUOTE; MAINTAINING IDENTICAL QUOTES; ENSURE ACCURACY AND INTEGRITY OF ORDERS; REVIEW & VERIFY CLEARLY ERRONEOUS TRADES ARE FILED ACCURATELY; REVIEW & DETECT ORDER ENTRY ERRORS; AND ACCURATELY IDENTIFY BUY, SHORT SALE AND LONG SALE INFORMATION WHEN ENTERED IN NASDAQ SYSTEM; OATS: CLOCK SYNCHRONIZATION AND OATS CONSISTENT WITH TRF; OTHER RULES: BOOKS & RECORDS; SUB-PENNY RULE LESS THAN \$.01; SUB-PENNY RULE LESS THAN \$.0001; AND REVIEW FOR COMPLIANCE OF INCOMING, OUTGOING AND INTERNAL ELECTRONIC COMMUNICATIONS WITHIN 60 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC. FINE PAID IN FULL JANUARY 19, 2012

#### Disclosure 7 of 10

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASDAQ RULES 4611, 4755 - SPARTAN SECURITIES GROUP, LTD. ENTERED ORDERS THAT CONTAINED AN INCORRECT CAPACITY INTO THE NASDAQ MARKET CENTER. THE FIRM ENTERED ORDERS INTO THE NASDAQ MARKET CENTER THAT FAILED TO CORRECTLY INDICATE WHETHER THE ORDERS WERE A BUY, SHORT SALE OR LONG SALE.
<b>Initiated By:</b>	NASDAQ STOCK MARKET
<b>Date Initiated:</b>	12/16/2011
<b>Docket/Case Number:</b>	2009017008301
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NASDAQ SECURITIES



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

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

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

**Resolution Date:** 12/16/2011

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

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

**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 \$15,000.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASDAQ RULES 4611, 4755 - SPARTAN SECURITIES GROUP, LTD. ENTERED ORDERS THAT CONTAINED AN INCORRECT CAPACITY INTO THE NASDAQ MARKET CENTER. THE FIRM ENTERED ORDERS INTO THE NASDAQ MARKET CENTER THAT FAILED TO CORRECTLY INDICATE WHETHER THE ORDERS WERE A BUY, SHORT SALE OR LONG SALE.

**Initiated By:** NASDAQ STOCK MARKET

**Date Initiated:** 12/16/2011

**Docket/Case Number:** 2009017008301

**Principal Product Type:** Other

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

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

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





**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 12/16/2011  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$15,000.00  
**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 \$15,000.

#### Disclosure 8 of 10

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** NASDAQ RULE 4755 - SPARTAN SECURITIES GROUP, LTD ENTERED ORDERS INTO THE NASDAQ MARKET CENTER THAT FAILED TO CORRECTLY INDICATE WHETHER ORDERS WERE A BUY, SHORT SALE OR LONG SALE.  
**Initiated By:** NASDAQ STOCK MARKET  
**Date Initiated:** 06/29/2010  
**Docket/Case Number:** 2008014019402  
**Principal Product Type:** Other  
**Other Product Type(s):** UNSPECIFIED SECURITIES  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 06/29/2010  
**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No  
**Sanctions Ordered:** Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

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

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASDAQ RULE 4755 - SPARTAN FAILED TO CORRECTLY INDICATE WHETHER ORDERS WERE A BUY, SHORT SALE OR LONG SALE.

**Initiated By:** NASDAQ STOCK MARKET LLC

**Date Initiated:** 06/29/2010

**Docket/Case Number:** 20080140194-02

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

**Other Product Type(s):**

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

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

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

**Resolution Date:** 06/29/2010

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

**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 FINED \$5,000.

**Disclosure 9 of 10**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC RULE 10B-10, SEC RULE 200(G) OF REGULATION SHO, NASD RULES 2110, 2111(B), 6955(A), INTERPRETATIVE MATERIAL 2110-2 - SPARTAN SECURITIES GROUP, LTD FAILED TO EXECUTE CUSTOMER LIMIT ORDERS AFTER IT TRADED EACH SUBJECT SECURITY FOR ITS OWN MARKET-



MAKING ACCOUNT AT A PRICE THAT WOULD HAVE SATISFIED EACH CUSTOMER'S LIMIT ORDER. THE FIRM 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. THE FIRM EXECUTED SHORT SALE ORDERS AND FAILED TO PROPERLY MARK THE ORDERS AS SHORT. WHEN IT ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT, THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THAT WAS A MARKET MAKER IN THE SECURITY; FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THAT THE TRANSACTION WAS EXECUTED AT AN AVERAGE PRICE AND FAILED TO REFLECT ACCURATE COMPENSATION. THE FIRM TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA.

**Initiated By:** FINRA

**Date Initiated:** 06/29/2010

**Docket/Case Number:** [2008014019401](#)

**Principal Product Type:** Other

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

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

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

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

**Resolution Date:** 06/29/2010

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$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 \$50, PLUS INTEREST, IN RESTITUTION TO AN INVESTOR. A REGISTERED PRINCIPAL OF THE FIRM 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 ON JULY 6, 2012.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 2110, IM-2110-2, 2111(B) AND 6955(A); SEC RULES 200(G) AND 10B-10 - SPARTAN SECURITIES GROUP FAILED TO EXECUTE CUSTOMER LIMIT ORDERS; FAILED TO EXECUTE CUSTOMER MARKET ORDERS AT PRICES THAT IT EXECUTED FOR ITS OWN ACCOUNT; FAILED TO MARK ORDERS AS SHORT SALES; FAILED TO NOTICE CUSTOMERS OF ORDERS IN WHICH SPARTAN WAS ACTING AS MARKET MAKER, DID NOT NOTICE CUSTOMERS WHEN ORDERS WERE FILLED AT AN AVERAGE PRICE AND DID NOT ACCURATELY REFLECT COMPENSATION; SPARTAN TRANSMITTED OATS REPORTS WITH INACCURATE, INCOMPLETE OR IMPROPER DATA, IN WHICH THE INACCURATE DATA INCLUDED FAILURE TO SUBMIT A ROUTE REPORT, INACCURATE MEMBER TYPE CODE, FAILED TO SUBMIT AN EXECUTION REPORT, FAILED TO SUBMIT A CORRECT COMBINED ORDER ROUTE REPORT AND FAILURE TO REPORT AN ORDER ENTRY TIME AND EXECUTION INFORMATION.

**Initiated By:** FINRA

**Date Initiated:** 06/29/2010

**Docket/Case Number:** 20080140194-01

**Principal Product Type:** Equity - OTC

**Other Product Type(s):** DESIGNATED SECURITIES, REPORTABLE SECURITIES, COVERED SECURITIES

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

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

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



**Resolution Date:** 06/29/2010

**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 AND FINED \$20,000., PAYABLE IN INSTALLMENTS; AND REQUIRED TO PAY \$50, PLUS INTEREST, IN RESTITUTION TO AN INVESTOR.

**Disclosure 10 of 10**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC RULES 10B-10, 17A-3, 17A-4, 606 OF REGULATION NMS, NASD RULES 3110, 4632(B), 4632(D), 6130(D), 6620(B), 6620(D), 6955(A) - SPARTAN SECURITIES GROUP, LTD. FAILED TO SUBMIT TO THE NASD/NASDAQ TRADE REPORTING FACILITY (NNTRF), FOR THE OFFSETTING, "RISKLESS" PORTION OF "RISKLESS" PRINCIPAL TRANSACTION(S) IN DESIGNATED SECURITIES, EITHER A CLEARING-ONLY REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL," OR A NON-TAPE, NON-CLEARING REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL." THE FIRM FAILED TO REPORT TO THE NNTRF LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES. THE FIRM FAILED TO REPORT TO THE OTC REPORTING FACILITY (OTCRF) THE CORRECT SYMBOL INDICATING WHETHER THE FIRM EXECUTED ONE TRANSACTION IN REPORTABLE SECURITIES IN A PRINCIPAL OR AGENCY CAPACITY. THE FIRM FAILED TO SUBMIT TO THE OTCRF, FOR THE OFFSETTING "RISKLESS" PORTION OF "RISKLESS" PRINCIPAL TRANSACTIONS(S) IN DESIGNATED SECURITIES, EITHER A CLEARING-ONLY REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL," OR A NON-TAPE, NON-CLEARING REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL." THE FIRM FAILED TO REPORT TO THE OTCRF LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES. THE FIRM INCORRECTLY REPORTED THE SECOND LEG OF "RISKLESS" PRINCIPAL TRANSACTIONS(S) AS "PRINCIPAL" OR "AGENT" TO THE OTCRF. THE FIRM FAILED TO TRANSMIT REQUIRED INFORMATION TO THE ORDER AUDIT TRAIL SYSTEM (OATS) FOR REPORTABLE ORDER EVENTS (ROES). THE FIRM TRANSMITTED TO OATS REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA: THE FIRM SUBMITTED ORDER EXECUTION REPORTS INSTEAD OF ORDER ROUTE REPORTS AND



INCORRECTLY SUBMITTED DESK REPORTS TO OATS. THE FIRM, WHEN IT ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT, FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THAT IT WAS A MARKET MAKER IN EACH SECURITY. [CONTINUED IN COMMENTS]

**Initiated By:** FINRA

**Date Initiated:** 02/11/2009

**Docket/Case Number:** [2007009924901](#)

**Principal Product Type:** Equity - OTC

**Other Product Type(s):** DESIGNATED SECURITIES, REPORTABLE SECURITIES, COVERED SECURITIES

**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 \$31,000.00

**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 \$31,000.

**Regulator Statement** THE FIRM FAILED TO SHOW THE TIME OF EXECUTION, THE TIME OF ORDER RECEIPT, THE CORRECT CAPACITY, THE TERMS AND CONDITIONS ON BROKERAGE ORDER MEMORANDA AND FAILED TO SHOW THE TIME OF CANCELLATION ON ONE BROKERAGE ORDER MEMORANDUM. THE FIRM FAILED TO PRESERVE FOR A PERIOD OF NOT LESS THAN THREE YEARS, THE FIRST TWO IN AN ACCESSIBLE PLACE, BROKERAGE ORDER MEMORANDA. THE FIRM EXECUTED SHORT SALE TRANSACTIONS AND FAILED TO REPORT EACH OF THE TRANSACTIONS TO THE OTCRF WITH THE CORRECT SYMBOL INDICATING WHETHER THE TRANSACTION WAS A BUY, SELL, SELL SHORT, OR CROSS FOR TRANSACTIONS IN REPORTABLE



SECURITIES. THE FIRM FAILED TO MAKE PUBLICLY AVAILABLE FOR A CALENDAR QUARTER A REPORT ON ITS ROUTING OF NON-DIRECTED ORDERS IN COVERED SECURITIES DURING THAT QUARTER.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** SEC RULES 10B-10, 17A-3, 17A-4, 606 OF REGULATION NMS, NASD RULES 3110, 4632(B), 4632(D), 6130(D), 6620(B), 6620(D), 6955(A) - SPARTAN SECURITIES GROUP, LTD. FAILED TO SUBMIT TO THE NASD/NASDAQ TRADE REPORTING FACILITY (NNTRF), FOR THE OFFSETTING, "RISKLESS" PORTION OF "RISKLESS" PRINCIPAL TRANSACTION(S) IN DESIGNATED SECURITIES, EITHER A CLEARING-ONLY REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL," OR A NON-TAPE, NON-CLEARING REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL." THE FIRM FAILED TO REPORT TO THE NNTRF LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES. THE FIRM FAILED TO REPORT TO THE OTC REPORTING FACILITY (OTCRF) THE CORRECT SYMBOL INDICATING WHETHER THE FIRM EXECUTED ONE TRANSACTION IN REPORTABLE SECURITIES IN A PRINCIPAL OR AGENCY CAPACITY. THE FIRM FAILED TO SUBMIT TO THE OTCRF, FOR THE OFFSETTING "RISKLESS" PORTION OF "RISKLESS" PRINCIPAL TRANSACTIONS(S) IN DESIGNATED SECURITIES, EITHER A CLEARING-ONLY REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL," OR A NON-TAPE, NON-CLEARING REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL." THE FIRM FAILED TO REPORT TO THE OTCRF LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES. THE FIRM INCORRECTLY REPORTED THE SECOND LEG OF "RISKLESS" PRINCIPAL TRANSACTIONS(S) AS "PRINCIPAL" OR "AGENT" TO THE OTCRF. THE FIRM FAILED TO TRANSMIT REQUIRED INFORMATION TO THE ORDER AUDIT TRAIL SYSTEM (OATS) FOR REPORTABLE ORDER EVENTS (ROES). THE FIRM TRANSMITTED TO OATS REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA: THE FIRM SUBMITTED ORDER EXECUTION REPORTS INSTEAD OF ORDER ROUTE REPORTS AND INCORRECTLY SUBMITTED DESK REPORTS TO OATS. THE FIRM, WHEN IT ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT, FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THAT IT WAS A MARKET MAKER IN EACH SECURITY.

**Initiated By:** FINRA

**Date Initiated:** 02/11/2009

**Docket/Case Number:** [2007009924901](#)



**Principal Product Type:** Equity - OTC

**Other Product Type(s):** DESIGNATED SECURITIES, REPORTABLE SECURITIES, COVERED SECURITIES

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

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

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

**Resolution Date:** 02/11/2009

**Sanctions Ordered:** Censure  
Monetary/Fine \$31,000.00

**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 \$31,000., PAYABLE IN INSTALLMENTS.



## End of Report



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