

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2006006836301**

TO: Department of Enforcement  
Financial Industry Regulatory Authority ("FINRA")

RE: Casimir Capital, LP, Respondent  
CRD No. 105061

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Casimir Capital, LP submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Casimir alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. Casimir hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

**BACKGROUND**

Casimir, based in New York, NY, has been a FINRA member since 2001. The firm has one active branch and 16 registered personnel. During the relevant period, Casimir had one branch and between four and nine registered representatives and a general retail securities business. Casimir no longer conducts retail securities business on a solicited basis.

**RELEVANT DISCIPLINARY HISTORY**

Casimir has no relevant disciplinary history.

**OVERVIEW**

Between January 2006 and September 2006 (the "relevant period"), Casimir failed to

adequately supervise potential excessive trading and other potential unsuitable transactions in retail customer accounts. During the relevant period, Casimir did not appropriately respond to red flags generated by exception report systems noting the high level of trading in these accounts. Second, the firm did not have clear guidance as to who was responsible for reviewing such activity in the customer accounts. Finally, Casimir did not have adequate written supervisory procedures to provide guidance to supervisors and compliance personnel for review of transactions for suitability and excessive trading. Accordingly, Casimir violated NASD Rules 3010 and 2110 by failing to establish, maintain and enforce an adequate supervisory system, including written procedures, reasonably designed to achieve compliance with applicable securities laws and regulations, with respect to the suitability of securities transactions.

### **FACTS AND VIOLATIVE CONDUCT**

#### **A. Potential Excessive Trading in Customer Accounts at Casimir**

During the relevant period, Casimir had between four and nine registered representatives and hundreds of active customer accounts. During this period, Casimir had numerous accounts with potentially excessive trading. Exception reports noted this potentially excessive trading. For example, exception reports from July and August 2006 indicate that for the firm's customer accounts that had any trading activity during those two months, 27% or more had an annual high turnover rate greater than six and at least one account as high as 197. Accounts for the first half of 2006 had cost-to-equity ratios reflecting high commissions.

#### **B. Casimir Failed to Adequately Respond to Red Flags**

Casimir's supervisory system of suitability review was inadequate. Customers also were noted on exception reports and no follow up was done, other than sending a generic letter to customers. Other Casimir personnel failed to ensure proper review for customer suitability. For example, during the relevant period the former chief compliance officer signed the exception reports although he did not review the reports.

Thus, while the firm received exception reports that alerted the firm of potential violative excessive trading by Casimir registered representatives, the firm only sent a generic letter to customers that lacked specific information related to the individual customer's account activity and the firm took no other steps to determine if violative activity occurred. The firm failed to call customers or discuss the account activity, including the potential indicia of excessive trading, with the firm's brokers. This occurred even though many customers' accounts were noted on several exception reports over many months.

#### **C. Casimir Failed to Establish, Maintain and Enforce Adequate Written Procedures to Ensure Suitability**

During the relevant period, Casimir's written supervisory procedures on suitability were

generic and failed to provide adequate guidance on review of potential excessive trading. The written procedures assigned supervisory responsibility for suitability to the sales manager and the chief compliance officer. As noted above, during the relevant period neither of these persons conducted any suitability reviews in response to activity reports that indicated potential excessive trading.

During the review period, the firm's written supervisory procedures were inadequate in that they did not provide any process for the review of exception reports and did not accurately reflect who was to perform such a review or evidence such a review. In addition, the procedures failed to provide guidance for a heightened or escalated review when an account repeatedly appeared on exception reports.

#### **D. Violative Conduct**

As described above, Casimir violated NASD Rules 3010 and 2110 by (i) failing to adequately respond to red flags generated by its exception report systems to review trading by its brokers to identify potentially improper trades or potentially inappropriate sales practices, including potential excessive trading or other potentially unsuitable transactions in retail customer accounts; and (ii) failing to establish, maintain and enforce adequate written supervisory procedures to provide guidance to supervisors and compliance personnel for review of transactions for suitability and excessive trading.

B. Casimir also consents to the imposition of the following sanctions:

1. a censure; and,
2. a fine of \$65,000;

Casimir agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Casimir has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Casimir specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

## **II.**

### **WAIVER OF PROCEDURAL RIGHTS**

Casimir specifically and voluntarily waives the following rights granted under FINRA's Code of

Procedure:

- A. To have a Complaint issued specifying the allegations against it;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Casimir specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Casimir further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

### III.

#### OTHER MATTERS

Casimir understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Casimir; and
- C. If accepted:
  - 1. this AWC will become part of Casimir's permanent disciplinary record

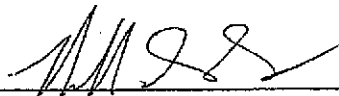
and may be considered in any future actions brought by FINRA or any other regulator against me;

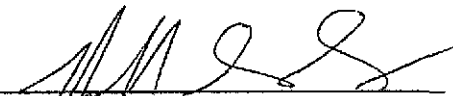
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Casimir's disciplinary record;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
4. Casimir may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Casimir may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Casimir's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. Casimir may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Casimir understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

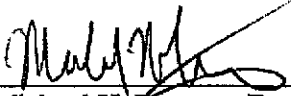
The undersigned, on behalf of Casimir, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that Casimir has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce Casimir to submit it.

December 8, 2009  
Date

  
Casimir Capital LP, Respondent

By:   
Richard Sands, CEO

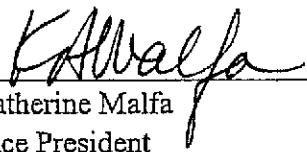
Reviewed by:

  
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Michael H. Ference, Esq.  
Sichenzia Ross Friedman Ference LLP  
61 Broadway, 32nd Floor  
New York, NY 10006  
(212) 930-9700  
Counsel for Respondent

Accepted by FINRA:

1/5/2016  
Date

Signed on behalf of the  
Director of ODA, by delegated authority

  
\_\_\_\_\_  
Katherine Malfa  
Vice President  
FINRA Department of Enforcement  
1801 K Street NW, Suite 800  
Washington DC 20006  
(202) 974-2853