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FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20070099246-01

RECEIVED

FINRA
MARKET REGULATION

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

RE: Corporate Investments Group, Inc., Respondent
Broker-Dealer
CRD No. 38690

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Corporate Investments Group, Inc. (the "firm" or "CINV") 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 the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm 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

The firm has been a member of FINRA since January 16, 1996, and its registration remains in effect. The firm has no relevant disciplinary history.

SUMMARY

In this matter, the staff reviewed the firm's compliance with reporting to Order Audit Trail System ("OATS") for the review period July 10, 2006 through November 5, 2007.

FACTS AND VIOLATIVE CONDUCT

1. During the review period, the firm failed to transmit 13,297 Reportable Order Events ("ROEs") to OATS on 322 business days. These 13,297 ROEs represented all the ROEs the firm was required to transmit to OATS during the review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a); and

2. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of NASD, concerning reporting to OATS. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (1) the identification of the person(s) responsible for supervision with respect to the applicable rules; (2) a statement of the supervisory step(s) to be taken by the identified person(s); (3) a statement as to how often such person(s) should take such step(s); and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented. The conduct described in this paragraph constitutes a violation of NASD Rules 2110 and 3010.

B. The firm also consents to the imposition of the following sanctions:

A Censure, fine of \$10,000 (\$7,500 for OATS and \$2,500 for supervision), and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph I.A.2.¹

Within 30 business days of acceptance of this AWC by the NAC, a registered principal of the Respondent shall submit to the **COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850**, a signed, dated letter, or an e-mail from a work-related account of the registered principal to **MarketRegulationComp@finra.org**, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraph I.A.2; and, (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter. The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

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

¹ Pursuant to the General Principles Applicable to all Sanction Determinations contained in the Sanction Guidelines, FINRA imposed a lower fine in this case after it considered, among other things, the firm's revenues and financial resources. See Notice to Members 06-55.

Procedure:

- A. To have a Complaint issued specifying the allegations against the firm;
- 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, the firm 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.

The firm 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

The firm 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 the firm; and
- C. If accepted:
 - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;

Date

8/25/09

Respondent

Corporate Investments Group, Inc.

By: 

Name: ANDY LIM

Title: CEO

Reviewed by:

Attorney Name

Counsel for Respondent

Accepted by FINRA:

Date

9/22/09

Signed on behalf of the

Director of ODA, by delegated authority


Thomas R. Gira

Executive Vice President

Department of Market Regulation

Statement of Corrective Action- STAR No. 20070099246

This Statement of Corrective Action is submitted by the respondent. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA and its staff.

We are respectfully submitting this Statement of Corrective Action pursuant to the findings of FINRA's Department of Market Regulation, regarding the corrective actions we have taken to prevent any recurrence of violations of OATS (Order Audit Trail System) Rules and Regulations.

When informed that we were in violation, we immediately set about learning the cause, which was that trades that we executed "away" from our clearing firm voided our clearing agreement granting us "excluded" status- that is, excluding us from any reporting obligation, as Penson reports on our behalf, but only if all transactions are executed strictly through them and over their systems.

We then immediately ordered all transactions to be executed only through Penson Financial, in order to remain in strict compliance with the terms of our clearing agreement and to assure that we would retain our "excluded" status, and that Penson would continue to report on our behalf.

We immediately revised our Written Supervisory Procedures to require that all transactions be executed by Penson Financial, and that if Penson and NEXA Technology's order entry system Radius be nonfunctional for some reason, then trades must be called to the Penson trading room only.

We have revised our WSPs to require all orders to be executed only by Penson, as outlined above, and that if an associate, in ignorance or otherwise, executes a transaction "away" from Penson, the transaction will be immediately reversed and any losses that occur as result will be borne by the offending associate. Additionally, a fine of \$300 will be levied on the offending associate for the first offense, and a repeat offense will result in Termination With Cause.

The persons responsible for enforcement of OATs Rules and Regulations, and enforcement of the firm's procedures designed to ensure compliance, are Andy Lam, CEO; Yuk Ying (Jade) Lam, COO, and Laura Louzader, CCO. Miss Louzader, as Chief Compliance Officer, must review all orders and executions on the next business day to ensure that no violations have occurred, and evidence her review in writing in the Supervisory Journal maintained for that purpose. The sections of the combined WSPs-Compliance Manual regarding OATS requirements and procedures are on pages 6, 7, 37, and 38, and the CIG WSPs for Year 2009 are attached to the original email of this statement, as a separate attachment.

We have had the "Payment For Order Flow" disclosure removed from our confirmations as it no longer is applicable, as all transactions have been executed only by Penson over Penson's systems since November 5, 2007.