

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20080136304-01**

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

RE: StockCross Financial Services, Inc., Respondent
Broker-Dealer
CRD No. 6670

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, StockCross Financial Services, Inc. (the "firm") 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 became a member of FINRA on May 5, 1972, and its registration remains in effect. The firm has no relevant disciplinary history.

SUMMARY

In Matter No. 20080136304, the Department of Market Regulation reviewed the firm's compliance with fair pricing requirements of the Municipal Securities Rule Making Board ("MSRB") for the period from December 28, 2007 to March 31, 2008.

In Matter No. 20090176610, the Department of Market Regulation reviewed the firm's compliance with FINRA rules pertaining to the execution of held market orders for the period from April 1, 2008 to June 30, 2008.

In Matter No. 20090181655, the Department of Market Regulation reviewed the firm's compliance with FINRA rules pertaining to the execution of held market orders for the period from January 1, 2009 to March 31, 2009.

FACTS AND VIOLATIVE CONDUCT

Matter No. 20080136304

1. During the review period, in seven transactions, the firm purchased municipal securities for its own account from a customer and/or sold municipal securities for its own account to a customer at an aggregate price (including any mark-down or mark-up) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer, or municipal securities dealer is entitled to a profit, and the total dollar amount of the transaction. The transactions are identified on Exhibit A which is attached. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rules G-17 and G-30(a).

Matter No. 20090176610

2. In 47 instances, the firm failed to execute orders fully and promptly. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2111(a).
3. In nine 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, as reflected on Exhibit B which is attached. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2320.

Matter No. 20090181655

4. In 48 instances, the firm failed to execute orders fully and promptly. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2010 and NASD Rule 2111(a).

5. In 12 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, as reflected on Exhibit C which is attached. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 2010 and NASD Rule 2320.

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

- a) Censure;
- b) A fine of \$65,000, consisting of \$50,000 for violations of MSRB Rules G-17 and G-30(a) and \$15,000 for market order timeliness and related best execution violations; and
- c) Restitution by Respondent to the customers listed on Exhibits A-C, which are attached, in the total amount of \$ 19,134.34, plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this AWC is accepted by the National Adjudicatory Council ("NAC"). 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 the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850 or in an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, no later than 120 days after acceptance of this AWC. If for any reason, Respondent cannot locate any customer after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the customer is known to have last resided.

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 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 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;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm’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. The firm 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. The firm 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 the firm’s right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm 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 the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's 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 the firm to submit it.

December 16, 2011
Date

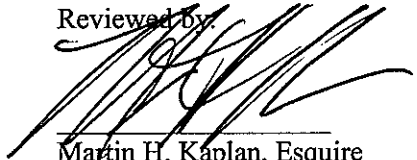
Respondent
StockCross Financial Services, Inc.

By: Elaine M. Kavan

Name: Elaine M. Kavan

Title: SVP, CCO

Reviewed by:



Martin H. Kaplan, Esquire
Gusrae, Kaplan, Bruno & Nusbaum PLLC
120 Wall Street
New York, NY 10005
Counsel for Respondent

Accepted by FINRA:

2/3/12
Date

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

Thomas R. Gira
Thomas R. Gira
Executive Vice President
Department of Market Regulation

EXHIBITS

EXHIBIT A (Matter No. 20080136304)								
Item	Trade Date	Firm	Contra	CUSIP	Buy /Sell	Qty	STOX Trade Price	Restitution
1	3/5/2008	STOX	CUST	472682MC4	S	25,000	97	\$1,320
2	3/3/2008	STOX	CUST	13033FYB0	S	95,000	101.125	\$4,623
3	2/27/2008	STOX	CUST	13033FYB0	S	90,000	101	\$1,395
4	1/3/2008	STOX	CUST	54241AAY9	S	50,000	100	\$1,925
5	12/28/2007	STOX	CUST	54241AAY9	S	50,000	100	\$1,925
6	12/28/2007	STOX	CUST	54241AAY9	S	30,000	100	\$1,155
7	1/3/2008	STOX	CUST	54241AAY9	S	130,000	100	\$5,005
							Total	\$17,348

EXHIBIT B Order Information (Matter No. 20080176610)								
Item No.	MPID	Order Receipt Date	Order Receipt Time	Buy/Sell	Quantity	Issue	Order Execution Time	Restitution Amount*
1	STXG	05/02/2008	09:43:02	B	1000	LVL	09:44:05	\$10.00
2	STXG	05/02/2008	09:56:37	B	1000	NHWK	09:57:38	\$13.00
3	STXG	05/05/2008	15:26:41	B	5000	DWSN	15:28:31	\$1,175.14
4	STXG	05/13/2008	15:23:59	SL	1000	BEAV	15:24:48	\$11.00
5	STXG	05/13/2008	15:56:59	SL	1000	RGEN	15:57:37	\$9.90
6	STXG	05/14/2008	14:04:27	SL	1000	GIGM	14:10:34	\$199.98
7	STXG	05/16/2008	10:11:57	SL	380	AAPL	10:12:36	\$7.20
8	STXG	05/30/2008	15:19:59	SL	1000	BEXP	15:20:52	\$19.43
9	STXG	06/05/2008	15:14:41	SL	4000	IMMR	15:17:18	\$18.00
							Total	\$1,463.65

EXHIBIT C
Order Information (Matter No. 20090181655)

Item No.	MPID	Order Receipt Date	Order Receipt Time	Buy/Sell	Quantity	Issue	Order Execution Time	Restitution Amount*
1	STXG	1/13/2009	10:19:30	SL	500	CSKI	10:20:21	\$19.95
2	STXG	1/15/2009	13:35:56	SL	200	AMZN	13:36:38	\$2.00
3	STXG	1/20/2009	12:36:03	SL	500	ESEA	12:36:37	\$5.00
4	STXG	1/30/2009	13:41:47	SL	1000	FSLR	13:42:28	\$43.00
5	STXG	2/02/2009	8:35:35	B	29	GERN	9:31:14	\$2.03
6	STXG	2/10/2009	14:32:47	B	1000	EXXI	14:34:09	\$1.19
7	STXG	2/18/2009	8:34:02	B	50	LLTC	9:30:51	\$2.50
8	STXG	2/25/2009	11:28:45	SL	202	MKTAY	11:31:15	\$2.02
9	STXG	3/17/2009	9:30:10	B	500	SINA	9:30:51	\$20.00
10	STXG	3/20/2009	9:40:15	B	500	ZION	9:42:18	\$15.00
11	STXG	3/27/2009	8:35:03	B	1000	SBUX	9:31:38	\$90.00
12	STXG	3/30/2009	14:24:23	SL	1711	MKTAY	14:26:09	\$120.00
Total								\$322.69