

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20080148703-01**

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

RE: Israel A. Englander & Co., LLC, Respondent
Broker-Dealer
CRD No. 33725

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Israel A. Englander & Co., LLC ("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 December 3, 2003, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On August 18, 2008, an AWC became final in which the firm was censured and fined \$7,500 for 521 violations of the rules applicable to the Order Audit Trail System ("OATS") over 16 business days during the period June 1 through July 31, 2006.

SUMMARY

This matter arose out of a review by the OATS staff of the Department of Market Regulation ("the staff") of the firm's compliance with FINRA rules applicable to OATS

reporting during the periods January 1 through April 30, 2008; September 1, 2008 through April 30, 2010; and May 1 through August 31, 2009.

FACTS AND VIOLATIVE CONDUCT

20080148703

During the review period January 1 through April 30, 2008, the firm:

1. failed to timely report to OATS seven Reportable Order Events ("ROEs"). The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).
2. transmitted to OATS 30 Execution or Combined Order/Execution Reports that contained inaccurate, incomplete, or improperly formatted data, causing the OATS system to be unable to link the execution reports to the related trade reports in an NASD trade reporting system. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).
3. transmitted to OATS 38 Route or Combined Order/Route Reports that the OATS system was unable to link to the corresponding new order transmitted by the destination member firm due to inaccurate, incomplete or improperly formatted data. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).
4. was named as the "Sent to" firm on 12 Route or Combined Order/Route Reports that the OATS system was unable to link to a related New Order Report submitted by IAEC. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).
5. failed to enforce its written supervisory procedures which specified that the firm must view and download unmatched Route and Execution Reports on a daily basis and repair Execution Reports as necessary and for Route Reports, determine that routed order identification numbers are consistent with those received from the sending member. The conduct described in this paragraph constitutes a violation of NASD Rules 2110 and 3010.

20090167141

6. During the period September 1, 2008 through April 30, 2010, the firm failed to transmit 2,347 ROEs to OATS on 259 business days. These 2,347 ROEs represented 15.75 percent of all ROEs (14,899) that 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) (for activity that occurred September 1 through

December 14, 2008) and FINRA Rule 7450 (for activity that occurred on or after December 15, 2008).

20100213126

During the period May 1 through August 31, 2009, the firm:

7. transmitted to OATS 80 Execution or Combined Order/Execution Reports that contained inaccurate, incomplete, or improperly formatted data. Because of the inaccurate, missing, or improperly formatted data, the OATS system was unable to link the execution reports to the related trade reports in a FINRA trade reporting system. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.
8. transmitted to OATS six Execution or Combined Order/Execution Reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the firm failed to append the Reporting Exception Code of "M" on the reports. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.
9. transmitted to OATS four Route or Combined Order/Route Reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the reports contained an incorrect Destination Code of "XQ" (NASDAQ) for orders routed to a member firm. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.
10. transmitted to OATS 25 Route or Combined Order/Route Reports that the OATS system was unable to link to the corresponding new order transmitted by the destination member firm due to inaccurate, incomplete or improperly formatted data. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.

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

A censure and a fine of \$40,000 (comprised of \$7,500 for the OATS reporting violations and \$7,500 for the OATS supervision violations in matter 20080148703; \$12,500 for the OATS reporting violations in matter 20090167141; and \$12,500 for the OATS reporting violations in matter 20100213126).

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 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;

20080148703 (includes 20090167141, 20100213126) (SR)

- 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.

NOV. 8, 2011
Date

Respondent
Israel A. Englander & Co., ~~Inc.~~ LLC.

By: [Signature]

Name: Stephen R. Tobias

Title: President

Reviewed by:

[Signature]

Attorney Name Julian Reiners
Counsel for Respondent Braewell & Giulian LLP
~~Firm Name~~
~~Address~~
~~City/State/Zip~~
~~Phone Number~~

Accepted by FINRA:

12/16/11
Date

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

[Signature]
Thomas R. Gira
Executive Vice President
Department of Market Regulation