

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009015970101**

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

RE: CP Capital Securities, Inc., Respondent
CRD No. 15029

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, we submit 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 us alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. We hereby accept and consent, 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

CP Capital Securities, Inc. ("CP Capital") has been a FINRA member since 2001. The firm employs approximately 13 registered representatives and has one branch located in Miami, Florida. The firm conducts a general securities and underwriting business and also deals in debt securities, OTC equities, mutual funds, options, private placements and variable contracts

RELEVANT DISCIPLINARY HISTORY

On August 25, 2009, CP Capital was censured and fined \$21,500¹ by FINRA for: failure to satisfy the minimum contingency of an offering and failing to timely send written reconfirmation offers to investors upon extending the offering; failing to establish a bank escrow account in connection with a contingency offering and releasing the funds prior to

¹ The fine of \$21,500 was a reduced fine pursuant to Notice to Members 06-55.

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satisfying the contingency; paying transaction-related compensation to non-registered foreign entities; failing to implement the firm's AML procedures; failing to properly maintain email communications; and for conducting a securities business while failing to satisfy its minimum net capital requirements.

OVERVIEW

CP Capital allowed two persons to act in registered capacities without being registered and qualified in such capacities, conducted a securities business while failing to satisfy its minimum net capital requirements and failed to establish and implement supervisory procedures to supervise the types of business in which it engaged, in violation of NASD Membership and Registration Rules 1021 and 1031, IM-1000-3, SEC Rule 15c3-1, NASD Conduct Rules 2110 and 3010 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Allowing Associated Persons to Act in a Registered Capacity Without Being Registered

CP Capital allowed two persons to act in registered capacities without being registered and qualified in such capacities. Specifically, between April 2009 and August 2009, AB, an unlicensed individual, signed off as the registered representative on check and wire funds request forms on 33 separate instances. In eight of the 33 instances, AB was the only CP Capital employee who signed the form. AB also held the title of "Operations Manager" at the firm. Despite performing these functions, AB never held any securities licenses while associated with CP Capital.

During the time period of January 2009 through August 2009, GC, another unlicensed individual, signed checks and contracts on behalf of the firm and signed off as the registered representative on one of the check and wire funds request forms discussed above. Further, CP Capital's written supervisory procedures, dated January 2009, list GC as the secondary Anti Money-Laundering Compliance Officer ("AMLCO") in the event that the AMLCO was not available. GC also held the titles of "Vice President" and "Operations Manager" at the firm. However, GC never held any securities licenses.

As a result of the foregoing conduct, Respondent CP Capital violated NASD Membership and Registration Rules 1021, 1031, FINRA Rule 2010 and IM-1000-3.

Conducting a Securities Business While Below the Firm's Minimum Net Capital Requirement

CP Capital operates pursuant to the (k)(2)(ii) exemption of SEC Rule 15c3-3. As such, the firm maintains a minimum net capital requirement of \$5,000. In 2008, the firm received customers' securities in four instances and held the securities for two days, which increased the firm's minimum net capital requirement to \$250,000 and which resulted in a net capital deficiency on July 18, 2008 and on October 31, 2008 of

(\$227,570.15) and (\$228,658.52), respectively. CP Capital conducted a securities business on both days.

As a result of the foregoing conduct, Respondent CP Capital violated SEC Rule 15c3-1 and NASD Conduct Rule 2110.

Deficient Written Supervisory Procedures

Between January and July 2009, CP Capital maintained approximately 20 investment advisory services and managed accounts that were fee-based. Despite the fact that a significant portion of the firm's revenues during the aforementioned time period were derived from the management fees, the firm did not establish and implement any written supervisory procedures regarding managed accounts.

As a result of the foregoing conduct, Respondent CP Capital violated NASD Conduct Rule 3010(b) and FINRA Rule 2010.

B. We also consent to the imposition of the following sanctions:

A censure and a \$35,000 fine.

We agree to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. We have submitted an Election of Payment form showing the method by which we propose to pay the fine imposed.

We specifically and voluntarily waive any right to claim that we are 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

We specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against us;
- 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, we specifically and voluntarily waive 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.

We further specifically and voluntarily waive 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

We understand that:

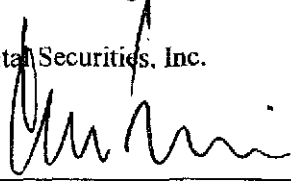
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against us; and
- C. If accepted:
 - 1. this AWC will become part of our permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against us;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about our 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. We 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. I 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 my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. We may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. We understand that we 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 have been given a full opportunity to ask questions about it; that I have 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 the Firm to submit it.

CP Capital Securities, Inc.

By:

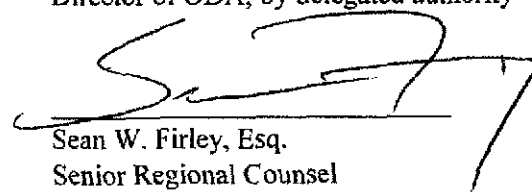

Charles McInnis, C.E.O.

9.7.11
Date

Accepted by FINRA:

9/20/11
Date

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


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September 7, 2011

FINRA
Division District Office

FINRA Department of Enforcement
Attn: Sean W. Firley, Esq.
2500 N. Military Trail, Suite 302
Boca Raton, FL 33431

**Re: CP Capital Securities CRD No. 15029
Corrective Action Statement**

Dear Mr. Firley,

Please find the following corrective action statements related to the FINRA exceptions found in the Letter of Acceptance, Waiver and Consent received by CP Capital Securities (CPCS).

Exception:

CP Capital allowed two persons to act in registered capacities without being registered and qualified in such capacities.

Corrective Action:

Both persons have been removed from capacities that require registration and/or qualification through either termination or job relocation.

Exception:

Conducting Securities Business while below the Firm's Minimum Net Capital Requirement violating SEC Rule 15c3-1 and NASD Conduct Rule 2110.

Corrective Action:

The firm received customer securities in four instances and held customer securities in two instances before forwarding certificates to its clearing firm. Section 9.11 of CP Capital's Written Supervisory Procedures (WSP) Manual deals specifically with received securities (not allowed and returned immediately to customer with deposit instructions directly to clearing firm). Previous operations personnel have been terminated and current personnel have been educated on CPCS procedures. CPCS confirms that it will continue to maintain its \$5000 net capital status.

Exception:

Deficient Written Supervisory Procedures.

Corrective Action:

CPCS has recognized the short comings of its WSP and our ability to continually monitor and update procedures in the current regulatory environment. In June 2011 CPCS contracted with Wolters Kluwer for the purpose of creating, editing, hosting, updating and distributing policy and procedures documents to help CPCS implement and maintain its policies and procedures. This relationship with Wolters Kluwer will allow CPCS to better train maintain and support its procedures. CPCS expects these new procedures to be fully implemented no later than December 2011.



In Summary, CPCS takes compliance matters very seriously and in doing so has made many changes including but not limited to management, personnel and procedures. CPCS has made a commitment to promote a culture of compliance and to operate as a respected firm not only in our client's eyes, but also in the eyes of our regulators.

Sincerely,

A handwritten signature in black ink, appearing to read 'Charles M. McInnis'.

Charles M. McInnis
President/CEO