

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
No. 2009017326901**

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

RE: G.research, Inc. (formerly Gabelli & Company, Inc.)
CRD No. 7353

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, G.research, Inc. (formerly Gabelli & Company, Inc.) (the "Broker/Dealer") 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 Broker/Dealer alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The Broker/Dealer 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 without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

The Broker/Dealer is a wholly owned subsidiary of Gabelli Securities, Inc. with 2012 revenues of \$12.4 million and a book value of \$6.6 million as of December 31, 2012. The Broker/Dealer, a registered broker-dealer, has been a member of FINRA since February 1977. The Broker/Dealer is headquartered in Rye, New York and has five active branches and approximately 170 registered employees (as of December 31, 2012). The Broker/Dealer's primary business is providing institutional research services to professional investment managers and hedge fund managers. The Broker/Dealer has no relevant disciplinary history.

OVERVIEW

This matter concerns inadequate supervision of the formation, operation, marketing and sale by registered representatives of the Broker/Dealer of private investment partnerships (collectively, the "Private Partnerships") between at least 2001 through November 2008 ("Relevant Period"). These registered representatives gave the Broker/Dealer notice describing the proposed Private Partnerships and their role therein, which the Broker/Dealer approved. As a result, the Broker-Dealer incurred an obligation to supervise the registered representatives' participation in the Private Partnerships, and to adopt and implement a supervisory system and written supervisory procedures governing them. However, the Broker/Dealer's written supervisory procedures ("WSPs") governing this activity were not reasonably designed for this purpose and the

Broker/Dealer failed, as detailed below, to reasonably supervise and enforce its own established policies and procedures with respect to advertising, approval of private investment partnership sales materials, and sales of investment partnerships in which registered representatives served as general partners of investment partnerships.

Further, the Broker/Dealer's WSPs were not reasonably designed for the proper supervision of due diligence regarding investments by the Private Partnerships in funds of hedge funds. In addition, the WSPs were not reasonably designed for the proper supervision of the registered representatives of the Broker/Dealer who offered the purchase of Private Partnerships to at least 34 customers without adequately evaluating the relative fees charged by the Private Partnerships and an investment adviser affiliate of the Broker/Dealer.

The registered representatives of the Broker/Dealer also disseminated advertising materials for two Private Partnerships during the Relevant Period that failed to comply with NASD rules governing advertising, due to WSPs that were not reasonably designed for the proper supervision of the private partnerships by the Broker-Dealer.

FACTS AND VIOLATIVE CONDUCT

The Private Partnerships

The Broker/Dealer's investment adviser affiliate (the "Affiliated Adviser") typically required a one million dollar investment threshold for its participating customers. Beginning in the early 1980s, registered representatives of the Broker/Dealer formed Private Partnerships in which they acted as General Partners in order to provide access to the Affiliated Adviser, which had various investment styles. These Private Partnerships were formed as vehicles to provide investors with access to both the Affiliated Adviser and/or to the range of investment styles offered by the Affiliated Adviser, but with a lower minimum investment threshold, thereby providing diversification among various styles offered by the Affiliated Adviser.

These Private Partnerships were structured similarly to funds of hedge funds, and thus were legally permitted to invest in various investment vehicles. In practice, however, they invested with the Affiliated Adviser. Two Private Partnerships ("PP1" and "PP2") also invested in a non-affiliated investment vehicle.

The Affiliated Adviser typically charged investors, including the Private Partnerships, an annual published fee of 1%.¹ These advisory fees (along with any commissions earned by the Broker/Dealer for transactions on behalf of the Affiliated Adviser) were the only fees received by the Affiliated Adviser and the Broker/Dealer from an investment in a Private Partnership. The Private Partnerships, however, were contractually permitted to charge fees and expenses (redemption fees, legal and accounting fees, etc.) which varied depending on the circumstances, in addition to the 1.0% the Affiliated Adviser charged the Private Partnerships. In fact, the Private Partnerships generally charged yearly fees (including the Affiliated Adviser's fee) of approximately 2.5%. All fees were disclosed to the investors in the Private Partnerships.

¹ In limited circumstances, the Affiliated Adviser could charge clients a performance fee in addition to the 1% advisory fee.

PP1's and PP2's sole investment in a non-affiliated entity between 2001 and 2008 was through two funds of hedge funds with the same investment manager (the "Fund of Funds")², which in turn invested solely with a single hedge fund manager (the "Fund Manager"). PP1 and PP2 also offered investment in the non-affiliated entity through a "direct" partnership investment in which an investor could invest a specific amount entirely in the Fund of Funds for the sole purpose of investing in the Fund Manager without having any of the investment allocated to the Affiliated Adviser. However, no structure was established by the Partnerships to effectuate these "direct" investments. PP1 and PP2 had discretion to invest in vehicles other than the Fund of Funds, and thus PP1 and PP2 were not legally obligated to invest only in the Fund of Funds. Accordingly, investors requesting a "direct" investment in the Fund of Funds, and ultimately the Fund Manager, were not provided with a legal mechanism to guarantee that their funds would be invested in the Fund Manager. Despite the lack of legal structure the funds were in fact invested as directed by the investors with the Fund Manager.

Between 2001 and 2008, PP1 and PP2 raised approximately \$36 million (including \$6 million invested by the Broker-Dealer employees) from approximately 106 investors, without adequately evaluating the relative fees charged to at least 34 of them. Of the 106, 27 were existing investors with the Affiliated Adviser, that could have invested in the Affiliated Adviser, and 30 were introduced to PP1 and PP2 by unaffiliated third parties. The remaining 49 investors first invested prior to 2001, and invested additional funds after 2001. Of this amount, approximately \$15.5 million was invested in the Fund Manager through the Fund of Funds.

The Broker/Dealer's Supervisory Deficiencies

NASD Rule 3010 provides that "[e]ach member shall establish, maintain, and enforce written procedures to supervise the types of business in which it engages and to supervise the activities of the registered representatives, registered principals, and other associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with the applicable rules of NASD."

Notice to Members 03-07 reminded members of their obligations to perform substantial due diligence on hedge funds and funds of hedge funds they recommend to customers.

NASD Rule 2110 provides that "[a] member in the conduct of his business shall observe high standards of commercial honor and just and equitable principles of trade." Violations of NASD Rules are viewed as violations of Rule 2110 because members of the securities industry are expected and required to abide by applicable rules and regulations.

From December 2004 to the end of the Relevant Period, the Broker/Dealer's Rule 3012 Report stated that the establishment and maintenance of a system of supervisory control policies and procedures governing the Private Partnerships was assigned to two separate individuals, one of whom was the Broker/Dealer's Chief Compliance Officer. The other was not a registered principal and not an employee of the Broker/Dealer. The delegation of responsibility for the supervisory control system in this form was potentially ambiguous.

² The manager's first fund was acquired by a large insurance company.

Failure to Supervise

During the Relevant Period, the Broker/Dealer's WSPs were not reasonably designed to achieve compliance with applicable securities laws and regulations, and NASD and FINRA rules, with respect to the Private Partnerships, and the Broker/Dealer did not adequately supervise the Private Partnerships. Although the Private Partnerships frequently offered hedge funds and funds of hedge funds, directly or indirectly, to customers, the Broker/Dealer did not maintain WSPs reasonably designed to provide adequate supervision regarding due diligence related to these of hedge funds and funds of hedge funds. Moreover, the Broker/Dealer's WSPs did not provide specific guidance regarding the relative fees to be charged by the Private Partnerships.

Supervision of Investment Partnerships

The Private Partnerships raised several supervisory issues including (1) the relative fees charged by the Private Partnership and the Affiliated Adviser; (2) the Broker/Dealer's relationship with the Affiliated Adviser in which the Private Partnerships invested; (3) the investments by the Fund of Funds in the Fund Manager; and (4) the potential ability of Private Partnership investors to seek and obtain minimum investment accommodations similar to those afforded to certain other investors. Accordingly, an investment in the Private Partnerships was frequently influenced, not only by traditional factors delineated in the Broker/Dealer's WSPs, such as whether it was consistent with the investor's risk profile, and the existing concentration of alternative investments in the customer's portfolio, but also by the fees charged by the Private Partnerships. Private Partnership investors were contractually obligated to pay additional fees to invest with the Affiliated Adviser through a Private Partnership, yet the Broker/Dealer's WSPs did not provide guidance regarding offering similar investments that carry different fees, or how to balance the relative fees, benefits, and detriments of closely-related investment vehicles, or the circumstances in which waivers of the Affiliated Adviser's investment minimum might be sought or granted. As a result, the Broker/Dealer's WSPs did not adequately consider the fees such customers were charged, or the ability of Private Partnership investors to seek and obtain accommodations from the Affiliated Adviser to invest below the stated minimum.

Supervision of Due Diligence of Hedge Funds and Funds of Hedge Funds

Notice to Members 3-07 also imposes obligations when members are selling hedge funds and funds of hedge funds including (1) providing balanced disclosure in promotional efforts; (2) performing a reasonable suitability determination; (3) performing a customer specific suitability determination; (4) supervising associated persons selling hedge funds and funds of hedge funds; and (5) training associated persons regarding the features, risks, and suitability of hedge funds. Because the Private Partnerships were subject to supervision by the Broker/Dealer, the obligations referenced in Notice to Members 03-07 applied to the Broker/Dealer and it was required to have WSPs implementing them. The WSPs in place at the Broker/Dealer were not reasonably designed to address these obligations.

A further interpretive advice to members concerning the sale of hedge funds dated October 2, 2003 states that when a member's due diligence on a fund of hedge funds establishes a sufficient basis to evaluate the merits and risks of the investment, then generally for regulatory purposes no further due diligence in the underlying funds would be required. However in this matter, the

Broker/Dealer did not adequately evaluate a provision in the Fund of Funds' subscription agreements that disavowed the Fund of Funds' obligation to perform due diligence on the Fund Manager. While the investment adviser to the Fund of Funds was well known to the Broker/Dealer, the Broker/Dealer should have, but did not have, the written supervisory procedures required by Notice to Members 03-07. As a result, the Broker/Dealer's WSPs were defective.

Enforcement of WSPs

During the Relevant Period, the Broker/Dealer failed reasonably to supervise the Private Partnerships by failing to enforce its own WSPs governing various aspects of the formation, operation, marketing, and sale of the Private Partnerships, including supervisory review of sales materials. The Broker/Dealer's failures to reasonably enforce its WSPs resulted in sales materials for at least PP1 and PP2 not being approved by the Broker/Dealer prior to being used, and statements of securities held by the Private Partnerships not being provided to mandated departments of the Broker/Dealer.

As a further result of the Broker/Dealer's failure to reasonably enforce its WSPs, the Broker/Dealer did not adequately review the subscription documents for the "direct" investment in the Fund Manager through the Fund of Funds. The Broker/Dealer also failed to discover that its customers were being offered an investment in the Fund Manager even though the subscription documents did not legally obligate the Private Partnerships to invest solely in the Fund of Funds, and that the Private Partnerships provided investors with no legal recourse in the event the investments were not made in the Fund Manager as the customers instructed.

Sales Literature and Advertising

The Broker/Dealer maintained a WSP governing sales literature and advertising. Such communications and proposed changes to existing materials were required to be approved by a supervisory officer of the appropriate entity, or his designee, and reviewed by the Legal/Compliance Department prior to use – "unless a pre-approved template is used." The WSPs also required communications to be "approved and initialed by a registered principal prior to use" and copies were required to be retained in a separate file that included the name(s) of the person(s) who prepared them.

Although PP1 and PP2 did limited advertising, those communications were not approved and initialed by a registered principal prior to their use, nor were copies of them retained in a separate file that included the name(s) of the persons who prepared them. The Broker/Dealer also failed to take appropriate steps to ensure the mandated review of the sales materials occurred prior to their dissemination on behalf of Private Partnerships. As a result of the Broker/Dealer's failure reasonably to enforce these WSPs, PP1 and PP2 prepared advertising and sales materials that failed to comply with applicable NASD rules.

As a result of the foregoing failures to implement and enforce WSPs reasonably designed for the formation, operation, marketing, and sale of the Private Partnerships, the Broker/Dealer violated NASD Rules 3010 and 2110.

Violation of Advertising Rules

NASD Rule 2210(d)(1) requires that, among other things, member communications with the public be fair and balanced, not omit material facts that would cause the communication to be misleading, or make any misleading statement or claim. Communications with the public also may not predict or project performance, or make exaggerated or unwarranted forecasts of performance.

Rule 2210(d) generally prohibits the use of related performance because of concerns that such performance is created with hindsight and reflects only favorable results, and creates like expectations for the fund presenting the related performance.

NASD Rule 2210(b)(1) requires that communications be approved by a Broker/Dealer principal before being used.

Notice to Members 03-07 reminded members that sales materials used to promote hedge funds and funds of hedge funds must be balanced by a fair presentation of the risks and potential disadvantages of the product. These risks include the fact that hedge funds and funds of hedge funds:

- Often engage in leveraging and other speculative investment practices that may increase the risk of investment loss;
- Can be highly illiquid;
- Are not required to provide periodic pricing or valuation information to investors;
- May involve complex tax structures and delays in distributing important tax information;
- Are not subject to the same regulatory requirements as mutual funds; and
- Often charge high fees

During the Relevant Period, PP1 and PP2 used six items of advertising that did not comply with applicable advertising rules. Each of the noncompliant communications involved the Private Partnerships' investment in the Fund Manager, which the Private Partnerships offered as "PP1 B Shares," and "PP2 Direct."

Marketing Document 1 (PP2)

A document ("Marketing Document 1") describing PP2 stated that "The General Partners are pleased to announce that we have hired a market-neutral manager." Though not named, the "market-neutral manager" being described is the Fund Manager. The document stated further in connection with PP2 Direct that, "For any partner who would like to invest with this manager directly, we have limited slots open for a minimum initial contribution of \$100,000." It also commented about potential performance, stating that, "Our expectations are for 10%+ returns,

although not guaranteed. Based on the manager's past performance we are confident he can provide our partnership with a return that will not be correlated to the stock market."

Marketing Document 1 violated NASD Rule 2210(d)(1)(A) because it lacked sufficient disclosure regarding the risks of investing in PP2 and PP2 Direct, including potential loss of principal, concentration of investment, leverage, management fees, lack of liquidity, and conflicts of interest between the investors and the managers. Omission of these risk disclosures made Marketing Document 1 impermissibly incomplete and unbalanced with respect to risks versus rewards.

The statements in Marketing Document 1 that "The General Partners are pleased to announce that we have hired a market-neutral manager" and that "For any partner who would like to invest with this manager directly, we have limited slots open for a minimum initial contribution of \$100,000" were misleading in violation of NASD Rule 2210(d)(1)(B). Neither PP2 nor PP2 Direct retained the Fund Manager, nor did they invest in the Fund Manager directly. PP2 and PP2 Direct invested in the Fund Manager through the Fund of Funds.

The statements in Marketing Document 1 that, "Our expectations are for 10%+ returns, though not guaranteed," and "Based on the manager's past performance we are confident that he can provide our partnership with a return that will not be correlated to the stock market," violated NASD Rule 2210(d)(1)(D) in that they projected or predicted future performance and made an exaggerated or unwarranted claim or forecast. While the material included the phrase, "not guaranteed," the overall statement predicted a specific outcome that was promissory and unwarranted.

Marketing Document 2 (PP2)

A document ("Marketing Document 2") pertaining to PP2 and PP2 Direct stated that PP2Direct "will invest solely with one of [PP2's] investment managers." The presentation also stated that "Additionally, this manager is currently closed to new investors." It contained a bar chart and performance table labeled with PP2's name purporting to show performance from January 1, 1997, even though the inception date of PP2 was in fact January 1, 2005.

Marketing Document 2 violated NASD Rule 2210(d)(1)(A) because it lacked sufficient disclosure regarding the risks of investing in PP2 and PP2 Direct, including potential loss of principal, concentration of investment, leverage, management fees, lack of liquidity, and conflicts of interest between the investors and the managers. Omission of these risk disclosures made Marketing Document 2 impermissibly incomplete and unbalanced with respect to risks versus rewards.

Marketing Document 2 also violated NASD Rule 2210(d)(1)(B). The statement that PP2 Direct "will invest solely with one of [PP2's] investment managers" was misleading, as neither PP2 nor PP2 Direct invested directly with the Fund Manager, but instead invested in the Fund of Funds. The statement that "Additionally, this manager is currently closed to new investors" was misleading, because PP2 invested in the Fund of Funds, not the Fund Manager. Furthermore, the Fund of Funds was not closed to additional investment or new investors. The bar chart and performance table were misleading in that they were unclear about the entity or

manager whose performance was reflected and created the impression the performance was that of PP2 when it was not.

Marketing Document 3 (PP2)

A document describing PP2 Direct ("Marketing Document 3") stated that PP2 Direct "will invest solely with one of [PP2's] investment managers." The document further stated that "Additionally, the manager is currently closed to new investors and only available through this partnership." It contained a chart that stated: "The following chart shows the growth of a hypothetical \$250,000 invested with our market-neutral manager since 1994."

Marketing Document 3 violated NASD Rule 2210(d)(1)(A) because it lacked sufficient disclosure regarding the risks of investing in PP2 and PP2 Direct, including potential loss of principal, concentration of investment, leverage, management fees, lack of liquidity, and conflicts of interest between the investors and the managers. Omission of these risk disclosures made Marketing Document 3 impermissibly incomplete and unbalanced with respect to risks versus rewards.

Marketing Document 3 also violated NASD Rule 2210(d)(1)(B). The statement that "Additionally, this manager is currently closed to new investors" was misleading because the Fund of Funds, in which PP2 and PP2 Direct actually invested, was not closed to additional investment or new investors. Moreover, the statement's implication that the only way to invest in the Fund Manager was through an investment in PP2 or PP2 Direct was misleading. The performance chart in Marketing Documents 3 was misleading in that (a) it lacked sufficient information to provide a clear understanding of what performance was being depicted; and (b) it was unclear if the investment returns depicted were gross or net of fees.

Marketing Document 4 (PP2)

A document describing PP2 Direct ("Marketing Document 4") stated that PP2 Direct "will invest solely with one of [PP2's] investment managers." The document stated that "Additionally, the manager is currently closed to new investors." The document contained a text box captioned "Number of Down Years," which depicts PP2 as having had no down years since 1994. The document also contained a "Hypothetical Performance" chart purporting to show the performance of PP2 Direct since 1994.

Marketing Document 4 violated NASD Rule 2210(d)(1)(A) because it lacked sufficient disclosure regarding the risks of investing in PP2 and PP2 Direct, including potential loss of principal, concentration of investment, leverage, management fees, lack of liquidity, and conflicts of interest between the investors and the managers. Omission of these risk disclosures made Marketing Document 4 impermissibly incomplete and unbalanced with respect to risks versus rewards.

Marketing Document 4 also violated NASD Rule 2210(d)(1)(B). The statement that "[PP2 Direct] will invest solely with one of PP2's investment managers" was misleading because PP2 Direct invested in the Fund of Funds, not the Fund Manager. The statement that "Additionally, this manager is currently closed to new investors" was misleading because the Fund of Funds

was not closed to additional investment or new investors. The performance chart in Marketing Document 4 was also misleading, in that (a) it lacked sufficient information to provide a clear understanding of what performance was being depicted; and (b) it was unclear if the investment returns depicted were gross or net of fees.

Marketing Document 5 (PP2)

A document describing PP2 ("Marketing Document 5"), outlining its investment approach including its investments in the Affiliated Adviser, and providing a chart of the fund's performance since 2005, violated NASD Rule 2210(d)(1)(A) because it lacked sufficient disclosure regarding the risks of investing in PP2, including potential loss of principal, concentration of investment, leverage, management fees, lack of liquidity, and conflicts of interest between the investors and the managers. Omission of these risk disclosures made Marketing Document 5 impermissibly incomplete and unbalanced with respect to risks versus rewards.

Marketing Document 6 (PP1)

A presentation regarding PP1's B Shares ("Marketing Document 6"), titled as a "Brief Summary of the Offering Memorandum," described a "Fund Manager investment strategy." The document stated further that the "Class B" investors in PP1 will be invested with one of PP1's investment managers, and that "The Class B shares are invested with a market neutral manager whose 10 year annual compounded rate of return is over 15%. Furthermore, the manager has never had a down quarter or down year." (Emphasis in original). The document further stated that "Successful investing requires professional expertise." The presentation also included a table purporting to depict the performance of the "Class B manager."

Marketing Document 6 violated NASD Rule 2210(d)(1)(A) because it lacked sufficient disclosure regarding the risks of investing in PP1 and PP1 B Shares, including potential loss of principal, concentration of investment, leverage, management fees, lack of liquidity, and conflicts of interest between the investors and the managers. Omission of these risk disclosures made Marketing Document 6 impermissibly incomplete and unbalanced with respect to risks versus rewards.

Marketing Document 6 also violated NASD Rule 2210(d)(1)(B). The document was titled "Brief Summary of the Offering Memorandum," despite the fact that PP1's B Shares were not offered by a separate offering memorandum. Furthermore, the offering memorandum for PP1 made no reference to "Class B" shares or a Fund Manager investment strategy. The statement that "[PP1's] Class B investors will be invested with one of PP1's investment managers" was misleading in that PP1 did not invest Class B investor funds in the Fund Manager, but instead invested in the Fund of Funds. The statement "[T]he manager has never had a down quarter or down year," was improperly promissory and unwarranted and misleadingly implied that investor funds were invested directly with the Fund Manager.

The "Performance of [PP1's] Class B manager" table contained in Marketing Document

6 was misleading in that (a) it lacked sufficient information to provide a clear understanding of the performance being depicted; and (b) it was unclear if the investment returns depicted were gross or net of fees and expenses.

As a result of the foregoing, the Broker/Dealer violated NASD Rules 2210(b) and (d), and 2110.

- B. The Broker/Dealer also consents to the imposition of the following sanctions:
 - a. A censure.
 - b. A fine in the amount of \$1,000,000.

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

The Broker/Dealer 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 Broker/Dealer 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 Broker/Dealer;
- 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 Broker/Dealer specifically and voluntarily waives any right to claim bias or prejudice 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 Broker/Dealer 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 Broker/Dealer 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 Broker/Dealer; and
- C. If accepted:
 - 1. this AWC will become part of the Broker/Dealer's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the Broker/Dealer;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the Broker/Dealer'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 Broker/Dealer 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 Broker/Dealer may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, against the Broker/Dealer that is inconsistent with any part of this AWC. Nothing in this provision affects the Broker/Dealer's (i) testimonial obligations; or, (ii) its right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. The Broker/Dealer may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Broker/Dealer 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 Broker/Dealer certifies that the Broker/Dealer has read and understood all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that the Broker/Dealer 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 the Broker/Dealer to submit it.

6/4/2013
Date

BY: G.research, Inc.
David Allen / General Counsel

Reviewed by:
Frank C. Razzano
Frank C. Razzano
Counsel for G.research,
Inc.
Pepper Hamilton LLP
Hamilton Square
600 Fourteenth Street, N.W.
Washington, DC 20005-2004

Accepted by FINRA:

June 5, 2013
Date

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

Susan Light
Susan Light
Senior Vice President &
Chief Counsel
FINRA Department of Enforcement
1 World Financial Center
11th Floor
New York, NY 10281