

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010020872301**

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

RE: John Derek Lane, Respondent
General Securities Principal
CRD No. 301717

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

I.

ACCEPTANCE AND CONSENT

- A. I 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

John Derek Lane ("Lane") first became registered with FINRA as a Registered Representative in 1969. From February 26, 2002 to December 9, 2011, Lane was registered as a General Securities Representative and General Securities Principal through FINRA member firm Lane Capital Markets, LLC ("LCM" or the "firm"). Lane was the President and Chief Executive Officer of the firm throughout this period. He is not currently associated with a FINRA member firm. He has no FINRA disciplinary history.

OVERVIEW

Lane failed to effectively delegate supervisory responsibility, failed to ensure that the firm established, maintained and enforced supervisory control procedures, failed to create a report detailing the results of a test of the firm's supervisory

controls system and failed to certify to the firm's supervisory controls. This conduct violated NASD Conduct Rules 3010, 3012, 3013 and 2110 and FINRA Rules 3130 and 2010.

FACTS AND VIOLATIVE CONDUCT

Ineffective Delegation of Supervisory Responsibility

From at least May 2009 through March 2010, Lane delegated to MS, LCM's Chief Compliance Officer ("CCO"), all compliance related duties, including the drafting and amending of the firm's WSPs and responsibility for ensuring that its Greenwich, CT branch office was appropriately supervised.¹ During his tenure with LCM, MS was a part-time CCO, who was simultaneously working as a compliance officer and/or Financial and Operations Principal ("FINOP") at several other FINRA member firms. Further, from the time the Greenwich branch opened in May 2009 through March 2010, when MS left LCM, MS only visited the branch approximately ten times, primarily during the period the office was being established. After this time, MS's visits to the Greenwich branch dropped dramatically, including during the summer of 2009, when the Greenwich branch was engaged in its first private placement offering at LCM.

Lane was aware of MS's part-time status at LCM and the fact that he was providing consulting services to several other firms simultaneously. Lane was also aware that MS had expressed reservations about being able to adequately supervise SBS and MSS as a part-time CCO. Further, Lane was on notice of the WSP deficiencies and MS's infrequent visits to the Greenwich branch. Despite these facts, Lane failed to take reasonable steps to follow up and ensure that his delegation of supervisory responsibility to MS was effective and to otherwise ensure that the Greenwich branch was appropriately supervised.

By failing to ensure that the delegation of supervisory responsibilities was effective, Lane violated NASD Conduct Rules 2110 (for conduct before December 15, 2008) and 3010 and FINRA Rule 2010 (for conduct after December 14, 2008).

SUPERVISORY CONTROL VIOLATIONS

From March 2008 through March 2010, Lane failed to ensure that the firm established, maintained and enforced a system of supervisory control policies and procedures that (a) tested and verified that its supervisory procedures were reasonably designed with respect to the activities of the Firm and its registered representatives and associated persons to achieve compliance with applicable

¹ The firm opened the Greenwich branch in May 2009. The two primary registered representatives in the Greenwich office, SBS and MSS, had significant disciplinary histories and were the subject of Stipulated Agreements between the firm and the State of Connecticut's Department of Banking conditioning their registrations as broker-dealer agents in Connecticut.

securities laws and regulations and (b) created additional or amended supervisory procedures where the need was identified by such testing and verification.

During this time period, Lane failed to prepare an annual certification that LCM had in place processes to establish, maintain, review, test and modify written compliance policies and written supervisory procedures reasonably designed to achieve compliance with applicable FINRA rules and federal securities laws and regulations, and that he had conducted one or more meetings with the Firm's CCO in the preceding twelve months to discuss such processes.

By failing to ensure that the firm established, maintained and enforced a reasonably-designed system of supervisory control policies and procedures and failing to prepare proper annual CEO certifications, Lane violated NASD Conduct Rules 2110, 3012 and 3013, IM-3013 (NASD Conduct Rules 2110 and 3013 and IM-3013 are charged for conduct before December 15, 2008), and FINRA Rules 3130 and 2010 (both FINRA rules are charged for conduct after December 14, 2008).

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

- a fine of \$20,000; and
- a 30 calendar-day suspension from association with any member firm in any principal capacity.

The fine shall be due and payable either immediately upon reassociation with a member firm or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

I understand that if I am suspended from associating with any FINRA member in a principal capacity, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in a principal capacity, during the period of the suspension (see FINRA Rules 8310 and 8311). Furthermore, because I am subject to a statutory disqualification during the suspension, if I remain associated with a member firm in a non-suspended capacity, an application to continue that association may be required.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

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

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

I 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

I 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 me;

C. If accepted:

1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313;
4. I 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; and

- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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.

I certify that I have read and understand 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 me to submit it.

12/23/2011 Date
(mm/dd/yyyy)

John D. Lane
John D. Lane

Accepted by FINRA:

1/27/12
Date

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

Paul D. Taberner

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