

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

CRUCIBLE CAPITAL GROUP, INC.
(BD No. 133542),

and

CHARLES J. MOORE (CRD No. 4525896)

Respondents.

Disciplinary Proceeding
No. 2010020949901

Hearing Officer - MAD

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: April 30, 2013

INTRODUCTION

Disciplinary Proceeding No. 2010020949901 was filed on March 21, 2013, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). An Amended Complaint was filed by Complainant on March 22, 2013 (Amended Complaint). Respondents Crucible Capital Group, Inc. (BD No. 133452) and Charles J. Moore (CRD No. 4525896) submitted an Offer of Settlement (Offer) to Complainant dated April 18, 2013. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint (as amended by the Offer of Settlement), 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, to the entry of findings and violations consistent with the allegations of the Amended Complaint and the findings and violations set forth in the Offer, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

A. Background of Crucible and Moore

Crucible has been a FINRA member firm since September 7, 2005. The firm maintains its principal place of business in New York, New York and currently employs approximately six registered representatives.

Crucible is subject to FINRA jurisdiction because it is a member firm.

Moore is Crucible's founder, President and owner.

During the period between April 12, 2002 and December 16, 2004, Moore was associated with five FINRA member and former member firms. At each of those firms, Uniform Applications for Securities Registration or Transfer (Form U4) were filed to register Moore in various capacities. However, at each of the firms, Moore was terminated without ever becoming registered through the firms.

Since September 7, 2005, Moore has been registered as a Corporate Securities Representative, General Securities Representative and General Securities Principal through Crucible. Since April 29, 2008, Moore has also been registered as a Limited Representative – Investment Banking through Crucible.

Moore is subject to FINRA jurisdiction because he is registered through a member firm.

B. Relevant Disciplinary History

On August 11, 2008, FINRA approved an AWC submitted by Crucible where the firm consented to the entry of findings that it violated Section 17 of the Securities Exchange Act of 1934, Rules 17a-3 and 17a-5 thereunder, and NASD Conduct Rules 2110 and 3110. During six monthly periods between March 31 and December 31, 2006, the firm failed to adequately ensure that its ledgers and other records accurately reflected all assets, liabilities and expenses of the firm. This conduct caused the firm's records and net capital computations to be inaccurate. As a consequence, the firm filed inaccurate FOCUS reports. The firm was fined \$10,000 and censured.

In December 2010, FINRA approved an Offer of Settlement submitted by Crucible and Moore consenting to the entry of findings that:

- During the monthly periods ending January 31, 2008, February 29, 2008 and March 31, 2008, Crucible, acting through Moore, failed to adequately ensure that its ledgers and other records accurately reflected all assets, liabilities and expenses of the firm. This caused the Firm's records and net capital computations for those periods to be inaccurate. As a result, Crucible willfully violated Section 17 of the Securities Exchange Act of 1934, Rule 17a-3 thereunder, and NASD Conduct Rules 2110 and 3110. By causing the violations, Moore violated NASD Conduct Rules 2110 and 3110.
- As a consequence of the conduct described in the preceding paragraph, Crucible, acting through Moore, filed inaccurate FOCUS Reports for the period ending January 31, 2008, February 29, 2008 and March 31, 2008. As a result, Crucible willfully violated Section 17 of the Securities Exchange Act of 1934, Rule 17a-5 thereunder and NASD Conduct Rule 2110. By causing the violations, Moore violated NASD Conduct Rule 2110.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

FIRST CAUSE OF ACTION
Advertising Violations - Misleading and Exaggerated
Statements on Crucible's Website
(Violations by Crucible and Moore of NASD Conduct Rules 2210(d)(1)(A) and
2210(d)(1)(B) and FINRA Rule 2010)

1. NASD Conduct Rule 2210(d)(1)(A) requires that:

All [FINRA] member communications with the public shall be based on principles of fair dealing and good faith, must be fair and balanced, and must provide a sound basis for evaluating the facts in regard to any particular security or type of security, industry, or service. No member may omit any material fact or qualification if the omission, in the light of the context of the material presented, would cause the communications to be misleading.

2. NASD Conduct Rule 2210(d)(1)(B) provides that:

No member may make any false, exaggerated, unwarranted or misleading statement or claim in any communication with the public. No member may publish, circulate or distribute any public communication that the member knows or has reason to know contains any untrue statement of a material fact or is otherwise false or misleading.

3. During the period from at least January 2009 through September 2012, Crucible's website, www.cruciblecapitalnyc.com, listed the following 17 separate items at various times under a heading labeled "Latest News":

- a. "12-18-09 Crucible facilitates \$4,000,000 Loan Commitment for major growth company."
- b. "12-28-1009 Crucible facilitates \$500,000 Term Sheet for major growth company."
- c. "12-11-09 Crucible achieves substantial new capital sources for 2010 Funding"
- d. "11-17-09 Crucible to facilitate \$100,000,000 SPAC."
- e. "9-15-09 Begins Raising \$100,000,000 Distressed RE Fund."
- f. "5-12-09 Crucible produces Term Sheet for \$50,000,000."
- g. "4-10-09, Crucible chosen for syndication of \$100,000,000 Financing."
- h. "3-18-09, Crucible closes \$15,000,000 fund," and "2008 Funded Private Placement \$40,000,000."
- i. "02-02-09, Crucible retained to advise on major M/A transaction."
- j. "01-10-09, Crucible produces commitment for \$500,000 Bridge Funding."
- k. "11-22-11 Crucible was retained to advise on and facilitate a \$500,000 equity financing. Within 30 days we delivered!"

- l. "11-21-11 Crucible was retained to advise on and facilitate a \$5,000,000 equity financing. Within 60 days we delivered!"
 - m. "11-4-11 Crucible was retained to advise on and facilitate up to a \$25,000,000 equity financing. Crucible Capital delivered!"
 - n. "10-20-11 Crucible was retained to advise on and facilitate a \$5,000,000 equity financing. Within 60 days Crucible Capital delivered."
 - o. "7-8-11 Crucible was retained to advise on and facilitate a \$5,000,000 equity financing. Within 75 days Crucible Capital delivered!"
 - p. "6-6-11 Crucible was retained to advise on and facilitate a \$5,000,000 to \$35,000,000 equity financing and senior convertible notes. Within 90 days Crucible Capital was able to deliver the maximum amount!"
 - q. "3-2-11 Crucible was retained by its client to advise on and facilitate a \$1,000,000 bridge loan. Within 45 days Crucible Capital was able to deliver."
4. Each of the items listed above contained unbalanced, exaggerated and misleading statements about the firm's business activities. Specifically, while Crucible trumpeted its involvement in facilitating and advising on certain capital raising transactions, in each instance except one (item h) the identified transaction did not actually occur and the deals did not close. In the case of item h listed above, the item contained inaccurate and exaggerated statements as to the dollar amounts of the transactions.
 5. Moore caused the unbalanced, exaggerated and misleading statements to be published on Crucible's website.
 6. Crucible, acting through Moore, violated NASD Rules 2210(d)(1)(A), 2210(d)(1)(B), 2210(d)(1)(D) and FINRA Rule 2010.

SECOND CAUSE OF ACTION
Registration Violation – Failure to Operate with Two Principals
(Violations by Crucible and Moore of NASD Membership and Registration Rule 1021
and FINRA Rule 2010)

7. NASD Membership and Registration Rule 1021(e)(1) requires that FINRA member firms

“shall have at least two officers or partners who are registered as principals with respect to each aspect of the member’s investment banking and securities business.”

8. Crucible’s Membership Agreement with FINRA, dated August 24, 2005, did not provide for a waiver of the two-principal requirement.
9. Crucible had two GSPs through April 12, 2010, when the employment of registered representative RK was terminated. RK was registered through the firm as a GSP.
10. During the time period from April 13, 2010 until November 23, 2010 (approximately six months) and from January 24, 2011 through June 21, 2011 (approximately six months), Crucible failed to employ two GSPs in the firm’s securities business.
11. During the time periods of the violation, Moore was Crucible’s only GSP.
12. On or about November 23, 2010, another registered representative at Crucible, SK (who was then registered as a GSR), filed a Form U4 amendment to become registered as a GSP. On the following date, November 24, 2010, SK opened a window to take the Series 24 examination to become qualified as a GSP. On January 7, 2011, SK failed the Series 24 exam. On January 21, 2011, SK’s employment with Crucible terminated.
13. Crucible did not employ a second GSP until June 21, 2011 when an individual named IB became registered through the firm as a GSP, GSR and as an Operations Principal.
14. Moore is responsible for Crucible’s failure to employ two GSP’s.
15. Crucible, acting through Moore, violated NASD Membership and Registration Rule 1021 and FINRA Rule 2010.

THIRD CAUSE OF ACTION
Inaccurate Books and Records Related to Financials
(Violations by Crucible of Section 17a of the Securities Exchange Act of 1934, Rule 17a-3(a)(11) thereunder, NASD Conduct Rule 3110 and FINRA Rule 2010; Violations by Moore of NASD Conduct Rule 3110 and FINRA Rule 2010)

16. During the monthly periods ending December 31, 2009 and January 29, 2010, Crucible, acting through Moore, failed to ensure that its financial books and records accurately reflected all assets, liabilities and expenses of the firm. This caused Crucible's records and net capital computations for those records to be inaccurate.
17. These inaccuracies arose in part from problems related to an Expense Sharing Agreement ("ESA") dated May 10, 2009 between Crucible and AH, an affiliated company that is owned by Moore.
18. Crucible has claimed that pursuant to the ESA, certain liabilities of Crucible do not need to be recorded as liabilities on Crucible's books and records. However, under criteria set forth in FINRA Notice to Members 03-63, the Expense Sharing Agreement was inadequate to allow the firm to avoid recognition of liabilities. For example,
 - a. Crucible could not demonstrate that AH had adequate resources independent of Crucible to pay Crucible's liabilities or expenses for which it had agreed to assume responsibility; and
 - b. Crucible did not have written agreements from its vendors indicating that the broker-dealer was not directly or indirectly liable to the vendor or another party for payments owed to the vendor.

Inaccurate Financial Records for December 31, 2009

19. For the monthly period ending December 31, 2009, Crucible calculated its net capital for December 31, 2009 as \$63,986 with a minimum net capital requirement of \$5,000 and excess net capital of \$58,986. The firm's actual net capital, as computed by FINRA Staff, was

\$25,998, with a minimum net capital requirement of \$5,000 and excess net capital of \$20,998.

20. Crucible's calculations were inaccurate for the following reasons:

- a. Crucible's calculations failed to include \$29,587 in liabilities. These liabilities included \$22,663 owed by Crucible for consulting services; \$4,000 for accounting services, \$1,824 owed for compliance consulting services, \$1,100 for technology services.
- b. Crucible omitted an undue concentration charge of \$8,400 on shares of Wound Management Technologies, Inc., a security held by the firm in a proprietary account.

Inaccurate Financial Records for January 29, 2010

21. For the monthly period ending January 29, 2010, Crucible calculated its net capital as \$44,846 with a minimum net capital requirement of \$5,000 and excess net capital of \$39,846. The firm's actual net capital, as computed by FINRA Staff, was \$15,033, with a minimum net capital requirement of \$5,000 and excess net capital of \$10,033.

22. Crucible's net capital calculations were inaccurate for the following reasons:

- a. Crucible's calculations failed to include \$24,787 in liabilities. These liabilities included \$20,787 owed to a consultant and \$4,000 owed to the firm's accountant.
- b. Crucible failed to include an undue concentration charge of \$5,025 on its WNDM position.

23. Moore failed to ensure that the ESA met the criteria set forth in NTM 03-63 to permit Crucible to avoid recognition of liabilities, failed to ensure that all outstanding invoices were provided to the firm's financial and operations principal ("FINOP") and thus failed to ensure that all liabilities were included in the firm's ledgers and net capital calculations.

24. Crucible violated Section 17a of the Securities Exchange Act of 1934, Rule 17a-3(a)(11) thereunder, and NASD Conduct Rule 3110 and FINRA Rule 2010, and Moore violated NASD Conduct Rule 3110 and FINRA Rule 2010.

**FOURTH CAUSE OF ACTION
Inaccurate FOCUS Reports
(Violations by Crucible of Section 17a of the Securities Exchange Act of 1934, Rule 17a-5 thereunder and FINRA Rule 2010. Violations by Moore of FINRA Rule 2010)**

25. Crucible, acting through Moore, filed inaccurate FOCUS Reports for the periods ending December 31, 2009 and January 29, 2010.
26. The FOCUS Reports were inaccurate in the following respects:
- a. As of December 31, 2009, Crucible calculated its net capital for December 31, 2009 as \$63,986 with a minimum net capital requirement of \$5,000 and excess net capital of \$58,986. The firm's actual net capital, as computed by FINRA Staff, was \$25,998, with a minimum net capital requirement of \$5,000 and excess net capital of \$20,998.
 - b. For the monthly period ending January 29, 2010, Crucible calculated its net capital as \$44,846 with a minimum net capital requirement of \$5,000 and excess net capital of \$39,846. The firm's actual net capital, as computed by FINRA Staff, was \$15,033, with a minimum net capital requirement of \$5,000 and excess net capital of \$10,033.
27. In addition to the inaccurate net capital calculations, the FOCUS reports were also inaccurate because they contained inaccurate statements of intercompany receivables, pre-paid expenses and retained earnings.
28. Crucible's inaccurate FOCUS reports arose largely as a result of its failure to record liabilities as discussed above.

29. Moore failed to ensure that the firm's ISA with All met the criteria set forth in NTM 03-63 to permit Crucible to avoid recognition of liabilities, failed to ensure that all outstanding invoices were provided to the firm's financial and operations principal ("FINOP") and thus failed to ensure that all liabilities were included in the firm's ledgers and net capital calculations.
30. Crucible violated Section 17 of the Securities Exchange Act of 1934, Rule 17a-5 thereunder and FINA Rule 2010. Moore violated FINRA Rule 2010.

The Offer was also submitted to resolve the following additional allegations arising out of the 2012 cycle examination of Crucible.

**Communications with the Public Violation
(Violations by Crucible and Moore of NASD Conduct Rules 2210(d)(1)(A),
2210(d)(1)(B) and 2210(d)(1)(D) and FINRA Rule 2010)**

31. NASD Conduct Rule 2210(d)(1)(D) provides that:

Communications with the public may not predict or project performance, imply that past performance will recur or make any exaggerated or unwarranted claim, opinion or forecast. A hypothetical illustration of mathematical principles is permitted, provided that it does not predict or project the performance of an investment or investment strategy.

32. In August 2011, Crucible signed an agreement with an internet start-up company (the "Start-Up") to, among other things, assist the Start-Up in raising \$5 million in equity financing. In January 2012, Moore personally acquired a 33% ownership interest in the Start-Up and became its Chief Executive Officer. In February 2012, an associated person of Crucible named AS also acquired a 33% ownership interest in the Start-Up and became its President.
33. During the period of January 2012 through September 2012, several registered representatives associated with Crucible sent a total of approximately 40 e-mail messages to potential investors to solicit interest in the Start-Up, most of which copied Moore and reflected his review and input. These communications were exaggerated and misleading for

the following reasons:

- a. None of the e-mails or their attached materials disclosed the fact that Crucible's associated persons had a 66% ownership interest in the Start-Up.
 - b. The majority of the e-mails attached a one-page "tear sheet" that included a "Financial Projection" predicting that the Start-Up (which had earned no revenue) would earn \$64,511,472 by "Year 3." The tear sheet contained no factual basis for the projections and no discussion of risks. The tear sheet also claimed, among other things, that the Start-Up "has no direct competition."
 - c. Many of the e-mails included an "Investor Presentation" that contained the same financial projections as the tear sheet. Additionally, the Investor Presentation stated that AS was a Vice President at another member firm (where he had been previously associated) and did not disclose his association with Crucible.
 - d. Some of the e-mails included a "Press Kit" that also mentioned AS's prior association with another member firm but did not disclose his association with Crucible. The Press Kit also claimed, among other things, that the Start-Up "is what Facebook claims it is or will be."
 - e. Many of the e-mails themselves contained improper projections and exaggerated language. For example: "[the Start-Up] completely revolutionizes the way we use the internet today"; "We fully expect to blow past our user acquisition targets"; "If you fund our company, you will make many, many millions."
34. As of December 2012, no investor solicited by Crucible had invested in the Start-Up.
35. Crucible, acting through Moore, violated NASD Rules 2210(d)(1)(A), 2210(d)(1)(B), 2210(d)(1)(D) and FINRA Rule 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondents be sanctioned as follows:

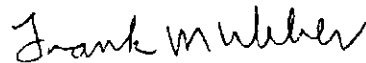
- Crucible to be fined in the amount of \$12,500;
- Moore to be separately fined in the amount of \$10,000;
- Crucible and Moore to be censured; and
- For a period of six months, Crucible shall file with FINRA's Advertising Regulation Department at least 10 business days prior to use all Retail Communications and Institutional Communications, excluding Correspondence, as those terms are defined in FINRA Rule 2210 (the "Filed Communications"). The 10-business-day period shall commence on the date of transmission with respect to Filed Communications that Crucible successfully uploads to FINRA's Advertising Regulation Electronic Filing (AREF) system or on the day following shipment by Crucible of the Filed Communications to FINRA by overnight delivery. After 10 business days, Crucible may use the Filed Communications in the absence of comments from FINRA. However, at any time, upon receipt of comments from FINRA on the Filed Communications, Crucible shall take all reasonable steps to withhold, or cause to be withheld, the material from further use until the changes specified by FINRA have been made, and such material will be revised and re-filed 10 business days prior to any use, unless otherwise agreed to by FINRA staff in its sole discretion.

Pursuant to the General Principles Applicable to all Sanction Determinations contained in the Sanction Guidelines, FINRA imposed a lower fine in this case as to Respondent Crucible after it considered, among other things, the firm's revenues and financial resources. See Notice to Members 06-55.

Respondents agree to pay the monetary sanctions upon notice that this Offer has been accepted and that such payments are due and payable. Respondents have submitted Election of Payment forms showing the method by which they propose to pay the fine imposed.

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

SO ORDERED.



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