

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010021106701**

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

RE: CBG Financial Group, Inc., Respondent
Member
CRD No. 6578

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, CBG Financial Group, Inc. 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. CBG 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

CBG is a FINRA member and has been such since September 1975. The firm maintains its principal place of business in Boca Raton, Florida and another office in Melville, New York. CBG currently employs approximately 47 registered persons and 29 non-registered persons. The firm conducts a general retail securities business.

RELEVANT DISCIPLINARY HISTORY

CBG does not have a relevant disciplinary history.

OVERVIEW

From September 18, 2009 through mid-April 2010, CBG allowed a statutorily disqualified person to associate with it, in violation of Article III, Section 3(b) of FINRA's By-Laws and FINRA Rule 2010.

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In addition, from approximately January 28, 2010 through March 8, 2010, CBG initiated numerous telephone solicitations to persons whose numbers were in the national do-not-call registry of the Federal Trade Commission ("DNC Registry") at the time of the calls. As a result of the foregoing, CBG violated NASD Conduct Rule 2212(a)(3) and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Allowing a Statutorily Disqualified Person to Associate with the Firm

In June 2004, a state securities regulator issued an order, wherein it revoked KB's registration from the state for his failure to amend his Form U4 to disclose a customer complaint. As a result of the order, KB is statutorily disqualified. On September 18, 2009, CBG filed an initial Form U4 for KB. On October 1, 2009, CBG filed a Membership Continuance Application for KB, wherein the firm requested that KB be permitted to associate with it as a General Securities Representative. In February 2011, the National Adjudicatory Council denied the application.

However, from September 18, 2009 through mid-April 2010, KB acted in an associated capacity for CBG, with its knowledge and consent, by: (1) keeping regular business hours at the firm; (2) maintaining a desk at the firm's office, a telephone extension at the firm, and a firm-sponsored e-mail account; (3) regularly communicating with customers in an effort to maintain their accounts at the firm and to preserve his relationships with them; and (4) handling administrative matters for the firm. As a result of the foregoing, CBG violated Article III, Section 3(b) of FINRA's By-Laws and FINRA Rule 2010.

Telemarketing Violations

To achieve compliance with telemarketing rules and regulations, CBG used, and still uses, a system that blocks outbound phone calls to phone numbers in the DNC Registry. In order to call a phone number that is in the DNC Registry from a CBG phone line, the firm must manually place the number on a list in the system ("Allow List"). Calls to phone numbers on the Allow List bypass the screening system, irrespective of whether the number is in the DNC Registry.

In January 2010, a principal at CBG added 6,494 phone numbers to the Allow List. The numbers came from leads that the firm had purchased. CBG maintains that it thought that the leads consisted solely of business phone numbers that are not subject to certain do-not-call restrictions. Between January 28, 2010 and March 8, 2010, CBG placed 2,576 calls to 1,550 of the 6,494 phone numbers that it had added to the Allow List. A substantial percentage of the 1,550 phone numbers were personal phone numbers that were in the DNC Registry when CBG initiated telephone solicitations to them. As a result of the foregoing, CBG violated NASD Conduct Rule 2212(a)(3) and FINRA Rule 2010.

- B. CBG also consents to the imposition of the following sanctions:

A censure and a \$50,000 fine.

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

CBG specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

CBG specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against it;
- 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, CBG 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.

CBG 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

CBG 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 it; and
- C. If accepted:
 - 1. this AWC will become part of CBG's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against it;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about CBG'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. CBG 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. CBG 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 CBG's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. CBG may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. CBG 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 CBG, 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 CBG 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 firm to submit it.

CBG Financial Group, Inc.

07/22/2011
Date (mm/dd/yyyy)

By: Carleton M. Boothe
Carleton M. Boothe, President and CEO

Reviewed by:

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Counsel for Respondent

Accepted by FINRA:

8/1/11
Date

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

Michael A. Gross
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