

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010021256001**

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

RE: Equity Station, Inc., Respondent
Member
CRD No. 103620

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Equity Station, 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

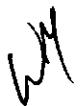
- A. Equity Station hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Equity Station is a FINRA member and has been such since April 2000. The firm maintains its principal place of business in Boca Raton, Florida and also operates out of two other branch offices. Equity Station currently employs approximately 11 registered persons and five non-registered persons. The firm's principal business is to provide online trading to institutional customers.

RELEVANT DISCIPLINARY HISTORY

In January 2010, pursuant to an AWC with FINRA, Equity Station was censured and fined \$25,000 for selling certain securities that were not registered with the SEC or exempt from registration, in contravention of Section 5 of the Securities Act of 1933 and in violation of NASD Conduct Rule 2110.



OVERVIEW

Equity Station conducted a securities business while net capital deficient, failed to file the requisite net capital and early warning notifications, filed inaccurate FOCUS Reports, and maintained inaccurate books and records. As a result of the foregoing, the firm violated Sections 15(c) and 17(a) of the Securities Exchange Act of 1934, SEC Rules 15c3-1, 17a-3, 17a-5, and 17a-11, NASD Conduct Rule 3110(a), and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

On February 26, 2010 and July 30, 2010, Equity Station conducted a securities business while it failed to maintain its required minimum net capital. The firm's excess net capital on those dates was (\$16,143) and (\$37,621), respectively. The net capital deficiencies stemmed from its improper entries of debt forgiveness between affiliated companies. At the close of each quarter, Equity Station wrote off a payable to or a receivable from an affiliate against its additional paid-in capital account for intercompany debt forgiveness. As a result of this practice, when a payable to an affiliate was forgiven, Equity Station recorded an increase in its capital position. However, the payable was not actually forgiven by the affiliate, as evidenced by the lack of corporate minutes concerning the transaction and subsequent payments to the forgiving affiliate. In sum, Equity Station booked transactions for which there was no economic substance or support. Therefore, the firm's capital position did not increase as a result of the alleged forgiveness. The net capital deficiency on July 30, 2010 also stemmed from Equity Station's improper classification of a \$23,065 receivable for a finder's fee from an affiliate as an allowable asset. By conducting a securities business while net capital deficient, Equity Station violated Section 15(c) of the Exchange Act, SEC Rule 15c3-1, and FINRA Rule 2010.

In connection with the foregoing improper entries and classification, Equity Station failed to file the requisite notifications of its net capital deficiencies in February and July 2010, failed to file early warning notifications in January and June 2010, filed inaccurate monthly FOCUS Reports for December 2009 through July 2010, and maintained inaccurate books and records during the same time period. As a result of the foregoing, Equity Station violated Section 17(a) of the Exchange Act, SEC Rules 17a-3, 17a-5, and 17a-11, NASD Conduct Rule 3110(a), and FINRA Rule 2010.

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

A censure and a \$10,000 fine.

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

to pay the fine imposed.

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

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

II.

WAIVER OF PROCEDURAL RIGHTS

Equity Station 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, Equity Station 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.

Equity Station 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

Equity Station understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and

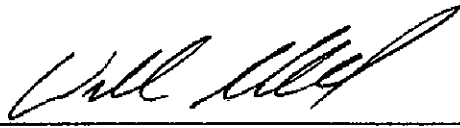
until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;

- 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 Equity Station'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 the firm'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. Equity Station 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. Equity Station 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 its right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Equity Station may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Equity Station 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 Equity Station, 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 Equity Station 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.

Equity Station, Inc.

08/10/2012
Date (mm/dd/yyyy)

By: 
William L. Groeneveld, President

Accepted by FINRA:

8/22/12
Date

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


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