

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011025621801**

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

RE: Argentus Securities, LLC, Respondent
(f/k/a Summit Alliance Securities, LLC and SIG Securities, Inc.)
Member Firm
CRD No. 45915

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

I.

ACCEPTANCE AND CONSENT

- A. Respondent 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

Argentus Securities, LLC (f/k/a Summit Alliance Securities, LLC and SIG Securities, Inc.) ("Argentus" or "Firm") has been a member of FINRA since December 4, 1998. Argentus is a general securities broker-dealer with its principal office located in Dallas, Texas. Argentus employs approximately 83 registered representatives and has 22 branch offices.

RELEVANT DISCIPLINARY HISTORY

On March 14, 2008, Argentus was censured and fined \$15,000 for violating NASD Rules 3010(b), 6230 and 6220(a). From October 29, 2003 through April 8, 2007, the Firm failed to report any transactions in TRACE-eligible securities to TRACE. Further, the Firm did not establish written supervisory procedures for reporting TRACE-eligible securities.

OVERVIEW

From November 2008 through October 2011 (the "Relevant Period"), Argentus had various failures in its supervisory and Anti-Money Laundering ("AML") procedures. More specifically, Argentus failed to adequately: (1) implement policies and procedures reasonably expected to detect and cause the reporting of suspicious transactions; (2) provide ongoing training for appropriate personnel; (3) supervise representatives' activities; (4) inspect branches; (5) review and retain email; (6) supervise a private securities transaction; (7) timely complete 3012 and 3130 reports; (8) notify FINRA of its reliance on the Limited Size and Resource Exception; and (9) maintain net capital requirements. As a result, Argentus violated Sections 15(c) and 17(a) of the Securities Exchange Act of 1934 ("Exchange Act"), SEC Rules 15c3-1, 17a-3, 17a-4, 17a-5, and 17a-11; NASD Rules 3010, 3011(a) and (e) (from November 2008 through December 31, 2009), 3012, 3110, and 2110 (from November 2008 through December 14, 2008); FINRA Rules 3130, 3310(a) and (e) (from January 1, 2010 through October 2011), and 2010 (from December 15, 2008 through October 2011).

FACTS AND VIOLATIVE CONDUCT

1. Anti-Money Laundering Failures

FINRA Rule 3310(a), formerly NASD Rule 3011(a), FINRA's AML Rule, requires all member firms to develop and implement a written AML compliance program reasonably designed to achieve and monitor the member's compliance with the requirements of the Bank Secrecy Act (31 U.S.C. 5311, et seq.), and the implementing regulations promulgated thereunder by the Department of the Treasury. Rule 3310(a) also requires members to "[e]stablish and implement policies and procedures that can reasonably be expected to detect and cause the reporting of transactions required under 31 U.S.C. 5318(g) and the implementing regulations thereunder." In Notice to Members 02-47, FINRA reminded members of their obligation to look for AML "red flags" and to report suspicious activity by filing a suspicious activity report ("SAR").

During the Relevant Period, Argentus' AML program required monitoring for suspicious activity and AML red flags, investigating suspicious activity and reporting suspicious activity by filing a SAR, as appropriate. Argentus failed to adequately monitor activity in certain of its customers' accounts. In particular, Argentus' AML procedures included a list of red flags that are potential indicia of suspicious activity. For example, Argentus' procedures noted, among several others, the following AML red flags:

- The customer's account has a large number of wire transfers to unrelated third parties inconsistent with the customer's legitimate business purpose;

- The customer's account shows an unexplained high level of account activity with very low levels of securities transactions;
- The customer appears to be acting as an agent for an undisclosed principal, but declines or is reluctant, without legitimate commercial reasons, to provide information or is otherwise evasive regarding that person or entity; and
- The customer engages in transactions involving cash or cash equivalents or other monetary instruments that appear to be structured to avoid the \$10,000 government reporting requirements, especially if the cash or monetary instruments are in an amount just below reporting or recording thresholds.

From November 2008 through March 2009, Argentus received 121 stock certificates from third parties into a customer's account in the names of the third parties. Afterwards, the shares were liquidated and the proceeds (approximately \$147,000) were distributed by the customer back to the third parties. The Firm failed to adequately supervise and monitor this activity where the stock certificates flowed into the Argentus customer's account in the names of third party individuals, were liquidated, and transferred out of those accounts, and report it on a SAR, if necessary.

From March 1, 2009 through October 31, 2011, Argentus processed 1,331 incoming and 1,431 outgoing wires, or approximately 43 incoming and 46 outgoing wires per month. The Firm had a number of Foreign Associates and processed a significant amount of wires originating from clients in South America. In certain instances, Argentus did not adequately investigate and monitor some of these wires for suspicious activity or report it, if necessary.

In one instance, an Argentus customer wired \$270,000 to a third party. When Argentus questioned the customer, he claimed that the wire was sent to his brother's business. However, the customer actually wired the money to a third party wire transfer company specializing in South American countries, which did not forward the money to the brother's business. Even though the wire transfer was to an unrelated third party and the customer's explanation was inconsistent with his stated business purpose and the facts, Argentus permitted the activity to continue and failed to report it on a SAR, if necessary.

In another instance, one of Argentus' customers, over the course of approximately one year, deposited \$2 million into his account and subsequently transferred those funds through 19 wire transfers to various third party bank accounts. During this time, the customer only conducted two securities transactions. Even though the customer's account had a high level of wire transfer activity with very low levels of securities transactions, Argentus permitted the activity to continue and failed to report it on a SAR, if necessary.

Additionally, one foreign customer deposited funds into his account and then attempted to disburse those funds to an overseas account in two simultaneous disbursements slightly below \$10,000. When Argentus questioned the customer about why the two transfers were just below \$10,000, the customer explained that the money was to pay personal expenses. The customer then submitted two replacement wire transfer requests in the amounts of \$20,000 and \$9,000. Even though the customer still limited part of the wire transfer to an amount just below the \$10,000 threshold that triggers a government reporting requirement for cash transactions without explaining why, Argentus permitted the activity to continue and failed to report it on a SAR, if necessary.

FINRA Rule 3310(e), formerly NASD Rule 3011(e), also requires firms to provide ongoing AML training for appropriate personnel. During the Relevant Period, Argentus did not implement an adequate employee AML training program.

As a result of the foregoing, Argentus violated NASD Rules 3011(a) and (e) (from November 2008 through December 31, 2009) and 2110 (from November 2008 through December 14, 2008), and FINRA Rules 3310(a) and (e) (from January 1, 2010 through October 2011) and 2010 (from December 15, 2008 through October 2011).

2. Supervisory Failures

NASD Rule 3010(a) requires firms to “establish and maintain a system to supervise activities of each registered representative, registered principal, and other associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable NASD rules.” During the Relevant Period, Argentus had the following supervisory failures:

- One of the Firm’s registered representatives broadcasted an investment related radio show Monday through Friday. Argentus did not have supervisory procedures to adequately review and monitor the content of the radio show.
- Argentus’ Written Supervisory Procedures (“WPSs”) required a registered principal to sign all new account forms. Argentus, however, had 15 new account forms that were not signed by a registered principal.
- One of the Firm’s registered representatives sold a private placement outside of the Firm. The representative disclosed an outside business activity to Argentus, which was approved. The Firm, however, did not recognize that the representative sold one private placement of his outside business that was actually a private securities transaction. Argentus, therefore, failed to obtain further information about the sale, which was necessary to review and approve the sale and to supervise it as a private securities transaction.

- Argentus assigned a registered representative's spouse in a branch office to supervise her husband's activity. Allowing a registered representative's spouse to supervise her husband's activity created a potential conflict of interest because the supervisory principal was approving transactions in which she may have had an economic interest.

Rule 3010(a)(4) provides that "a member's supervisory system shall provide, at a minimum, for... the designation of one or more appropriately registered principals in each Office of Supervisory Jurisdiction ("OSJ"), including the main office, and one or more appropriately registered representatives or principals in each non-OSJ branch office with authority to carry out the supervisory responsibilities assigned to that office by the member." During the Relevant Period, Argentus failed to designate an appropriate registered principal in its Dallas OSJ to carry out the supervisory responsibilities assigned to that office.

As a result of the foregoing, Argentus violated NASD Rules 3010(a) and 2110 (from November 2008 through December 14, 2008), and FINRA Rule 2010 (from December 15, 2008 through October 2011).

3. OSJ Audit Failures

NASD Rule 3010(c) requires firms to conduct annual audits of its OSJs. Argentus failed to conduct annual audits at one of its OSJ branch offices in 2009 and 2010.

In addition, NASD Rule 3010(c)(2) requires firm's written inspection reports to include the testing and verification of the member's policies and procedures, including supervisory policies and procedures in, among others, the following areas: (1) validation of customer address changes; and (2) validation of changes in customer account information. In 2010 and 2011, Argentus' written inspection reports for two of its OSJs failed to include the testing and verification of the Firm's supervisory policies and procedures regarding validation of customer address changes and validation of changes in customer account information.

As a result of the foregoing, Argentus violated NASD Rule 3010(c) and FINRA Rule 2010.

4. Email Failures

SEC Rule 17a-4(b)(4) requires each broker-dealer to "preserve for a period of not less than 3 years, the first two years in an accessible place ... originals of all communications received and copies of all communications ... (including inter-office memoranda and communications) relating to its business as such." This rule includes email communications relating to a firm's business. Further, NASD Rule 3010(d) requires, among other things, each member to review and retain

correspondence of registered representatives relating to its investment banking or securities business in accordance with NASD Rule 3110. NASD Rule 3110(a) provides that "each member shall make and preserve books, accounts, records, memoranda, and correspondence in conformity with all applicable laws, rules, regulations and statements of policy promulgated thereunder and with the Rules of this Association and as prescribed by SEC Rule[s]."

At various times during the Relevant Period, Argentus allowed its representatives and supervisors to use outside email addresses to send electronic communications related to Argentus' securities business. These emails would be captured by the Firm and become subject to supervisory review only if the email was forwarded or addressed to an email address with the Firm's domain name. Argentus, however, failed to ensure that these outside emails were forwarded to the Firm's domain, retained on the Firm's email system, and reviewed.

As a result of the foregoing, Argentus violated SEC Rule 17a-4(b)(4), NASD Rules 3010(d), 3110(a), and 2110 (from November 2008 through December 14, 2008), and FINRA Rule 2010 (from December 15, 2008 through October 2011).

5. Supervisory Control Failures

NASD Rule 3012(a)(1) requires firms to designate a principal or principals, who must establish, maintain and enforce a system of supervisory control policies that tests and verifies that the firm's supervisory procedures are reasonably designed with respect to the firm's activities to achieve compliance with securities laws, rules and regulations. The designated principal must submit a report detailing the results of the test to the firm's senior management at least annually. Argentus failed to timely perform the required testing in 2010 and 2011.

NASD Rule 3012(a)(2) requires firms that rely on the "Limited Size and Resources" exception to notify FINRA within 30 days of the date on which it relies on the exception and annually thereafter. Argentus failed to timely notify FINRA of its reliance on the "Limited Size and Resources" exception in 2007.

FINRA Rule 3130 requires firms to have its chief executive officer ("CEO") certify annually that: (1) the firm has processes in place to establish, maintain, review, test and modify written compliance policies and supervision procedures that are reasonably designed to achieve compliance with applicable FINRA rules, MSRB rules, and federal securities laws and regulations; and (2) the CEO has conducted one or more meetings with the chief compliance officer in the preceding 12 months to discuss the processes. Argentus failed to timely comply with its certification requirement in 2009, 2010, and 2011.

As a result of the foregoing, Argentus violated NASD Rule 3012(a), and FINRA Rules 3130 and 2010.

6. Net Capital Violations

From January 30, 2009 through March 31, 2009, Argentus conducted a securities business while not in capital compliance on five separate days. The Firm's net capital deficiencies on those dates ranged from (\$2,018) to (\$33,539). The net capital deficiencies, as well as related books and records violations, stemmed from Argentus accepting stock certificates and executing more than ten interdealer principal trades. Argentus should have increased its net capital requirement to \$100,000, but maintained a \$5,000 net capital requirement.

In connection with the foregoing failures, Argentus failed to file the requisite notifications of its net capital deficiencies at certain times between January and March 2009, failed to file early warning notifications at certain times in January and February 2009, and filed inaccurate FOCUS reports for January through March 2009.

As a result of the foregoing, Argentus violated Sections 15(c) and 17(a) of the Exchange Act, SEC Rules 15c3-1, 17a-3, 17a-5 and 17a-11, NASD Rule 3110, and FINRA Rule 2010.

B. Respondent also consents to the imposition of the following sanctions:

Argentus shall be censured and fined \$150,000.

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

Respondent 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

Respondent 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, Respondent 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.

Respondent 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

Respondent understands that:

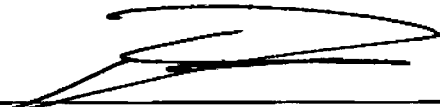
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against it; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent'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. Respondent 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. Respondent 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 Respondent's: (1) testimonial obligations; or (2) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

The undersigned, on behalf of the Firm, 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; Respondent has agreed to the 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 Respondent to submit it.

08.27.2013
Date

Argentus Securities, LLC, Respondent

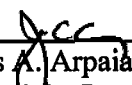
By: 

(Signature)

Name: Douglas W. Gill
(Print Name)

Title: President

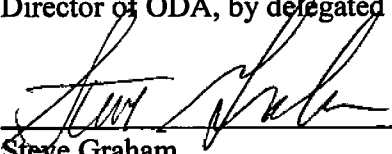
Reviewed by:


James A. Arpaia
Counsel for Respondent
Vedder Price P.C.
222 North LaSalle Street
Chicago, IL 60601
312-609-7618

Accepted by FINRA:

9/23/2013
Date

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



Steve Graham
Senior Regional Counsel
FINRA Department of Enforcement
12801 North Central Expressway, Suite 1050
Dallas, TX 75243
Phone: 972-716-7608; Fax: 972-716-7612