

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011025809401**

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

**RE: A.K. Capital, LLC, Respondent
BD No. 28345**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent A.K. Capital, LLC ("A.K. Capital" or the "Firm") 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

A.K. Capital has been a member of FINRA since September 19, 1991. Pursuant to the firm's Membership Agreement, the firm is authorized to act as a broker/dealer engaging in corporate equity securities over the counter, corporate debt securities, U.S. government securities, municipal securities, mutual funds, variable life insurance or annuities and puts and calls. In addition, the firm is authorized to act as a non-exchange member arranging for transactions in listed securities by exchange members, engage in private placements and corporate finance advisory services, and to sponsor and operate an Alternative Trading system. Finally, the firm is authorized to trade securities for its own account, solely in fixed income debt securities. The firm employs approximately ten (10) registered representatives.

A.K. Capital has no disciplinary history with the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

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OVERVIEW

During the period from at least June 15, 2009, through May 12, 2011 (the "Relevant Period"), A.K. Capital effected a material change in business operations without seeking required approval from FINRA by engaging in proprietary trading in equity transactions when it was not authorized to do so pursuant to its Membership Agreement. The firm thereby violated NASD Membership and Registration Rule 1017 and FINRA Rule 2010. In addition, during the Relevant Period, the firm permitted a principal to supervise the firm's proprietary equity trading when such principal was not qualified to do so, in violation of NASD Membership and Registration Rule 1032(f) and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

During the Relevant Period, A.K. Capital effected a material change in business operations without seeking required approval from FINRA by engaging in proprietary trading of equity securities when the firm's Membership Agreement did not allow the firm to engage in such activities. While the firm's Membership Agreement permitted the firm to engage in trading securities for its own account in fixed income debt securities, the firm's Membership Agreement did not permit the firm to engage in proprietary trading of equity securities. By reason of the foregoing, the firm violated NASD Membership and Registration Rule 1017 and FINRA Rule 2010.

During the Relevant Period, the firm failed to have a properly licensed principal supervise the firm's proprietary equity trading. While the firm had a general securities principal supervising the equity trading activity, the general securities principal did not have his equity trading license. By reason of the foregoing, the firm violated NASD Membership and Registration Rule 1032(f) and FINRA Rule 2010.

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

- A censure; and
- A fine of \$10,000.

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

Respondent specifically and voluntarily waives any right to claim that Respondent 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

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 Respondent;
- 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 Respondent; 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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that Respondent 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 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; that the Firm 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.

9/2/11
Date (mm/dd/yyyy)

A.K. Capital, LLC

By: Andrew Kowalczyk

Print Name and Title: Andrew Kowalczyk
President & CEO

Accepted by FINRA:

November 3, 2011
Date

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

Christina J. Kang

Senior Regional Counsel

FINRA Department of Enforcement

One Liberty Place, 48th Floor

New York, New York 10006

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September 2nd, 2011

FINRA

Division of Enforcement

One Liberty Plaza, 48th Floor
New York, NY 10006

Attn: Christina Kang, Sr. Regional Counsel

Via First Class and Electronic Mail (Christina.Kang@finra.org)

RE: AK Capital LLC (CRD# 28345); Examination No. 20110258094 – Corrective Action Statement

This Corrective Action Statement is submitted by the Respondent. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.

Dear Ms. Kang,

Together with the Letter of Acceptance, Waiver and Consent ("AWC") executed by AK Capital on September 2nd, 2011, we would like to submit the following Statement of Corrective Action pertaining to this matter.

At the onset of the Firm's examination that began in May 2011, the Firm took under advisement the position of the Examiners regarding the Firm's proprietary trading of equity securities. In response to being made aware of these concerns, the Firm immediately took corrective action and ceased the trading of equity securities for its proprietary account. As of that time, the Firm has no longer added any new equity positions to its proprietary account and will not engage in any proprietary equity transactions until the appropriate licensing is acquired and FINRA approval has been received.

As a Firm, AK Capital has always been wholly committed to managing its business within the highest standards of conduct and compliance. If you have any questions, or are in need of any additional information, please do not hesitate to contact me with regard to this matter.

Respectfully yours,

Andrew Kowalczyk
President & CEO