

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011026662701**

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

RE: GVC Capital, LLC
Respondent
CRD No. 38923

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, GVC Capital, LLC ("GVC," "the firm" or "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.

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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

GVC first became a FINRA-regulated firm on October 27, 1995. The firm's principal place of business is in Greenwood Village, Colorado. It has four branches and employs approximately 25 registered persons.

OVERVIEW

During the period from December 1, 2010 through August 31, 2013 (the "review period"), GVC failed to establish, implement, and maintain an adequate supervisory system with regard to the supervision of research and the issuance of a research report in February 2011 and failed to establish adequate written procedures regarding the approval and release of research, in violation of NASD Rule 3010(a) and (b) and FINRA Rule 2010.

During the period from March 1, 2013 through May 31, 2013, GVC acted as placement agent for a best efforts minimum/maximum contingency offering. In connection with the offering, the stated minimum contingency was not met prior to the expiration of the contingency deadline.



However, GVC did not return funds to investors. Rather, the terms of the offering were changed and the offering closed at a later date. As a result, GVC willfully violated Section 10(b) of the Exchange Act, SEC Rule 10b-9 thereunder and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Supervision of Research

GVC employed one research analyst during the review period. GVC's written supervisory procedures did not include adequate detail regarding the research approval process. GVC communicated approval procedures to the analyst but such procedures were not described in the supervisory procedures manual. The procedures contained discussions of NASD Rule 2711 "restrictions" and limits on involvement of investment banking personnel and the issuer with the research analyst and report, but nothing about the process for approval of research reports.

In addition, the firm failed to properly implement the system it had in place to supervise research. GVC in one instance failed to adequately monitor the analyst's emails and failed to adequately review his research before release. The firm failed to ensure all research reports were approved by a registered principal before release to the public, resulting in one research report in February 2011 being released before it was approved by a registered principal. GVC also failed to monitor outlets that carried the analyst's research reports.

By virtue of the foregoing conduct, Respondent GVC violated NASD Rule 3010(a) and (b) and FINRA Rule 2010.

Rule 10b-9

On March 13, 2013, GVC entered into a placement agent agreement with "OBP." GVC, the exclusive placement agent for the OBP offering, offered to accredited investors 1,000,000 shares of the company's newly created Series A Convertible Preferred Stock at the price of \$5.00 per share. The offering was conducted on a "best efforts," "all or none" basis as to the first 300,000 Preferred Shares, or \$1,500,000 (the "Minimum Offering") and on a "best efforts" basis as to Preferred Shares in excess of the Minimum Offering up to 1,000,000 Preferred Shares, or \$5,000,000.

The private placement memorandum ("PPM") dated March 15, 2013, stated "If GVC Capital is unable to sell at least the Minimum Offering, on or before April 30, 2013 (the "Escrow Date"), the Offering will terminate and subscribers' funds will be returned to the Investors." The PPM further stated that "the offering may remain open until May 31, 2013 provided the Minimum Offering has been sold."

As of the Escrow Date, GVC raised \$600,000 from three investors. As such, the Minimum Offering was not sold. Despite that, GVC did not return investor funds when the April 30, 2013 contingency deadline expired.

Instead, on the Escrow Date, GVC and OBP amended the March 15, 2013 PPM to, among other things, change the number of shares offered and the price per share. The offering closed subsequently under the changed terms.

By virtue of the foregoing conduct, Respondent GVC willfully violated Section 10(b) of the Exchange Act, SEC Rule 10b-9 thereunder and FINRA Rule 2010.

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

1. A censure; and
2. A fine of \$17,000.

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

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

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

II.

WAIVER OF PROCEDURAL RIGHTS

GVC 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, GVC specifically and voluntarily waives any right to claim bias or prejudgment of the

Chief Legal Officer, 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.

GVC 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

GVC understands that:

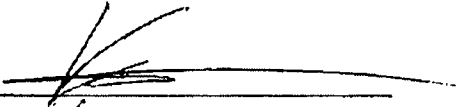
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against it; and
- C. If accepted:
 - 1. this AWC will become part of GVC'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 accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. GVC 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. GVC 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 GVC's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

5. The firm understands that this settlement includes a finding that it willfully violated Section 10(b) of the Securities Exchange Act, SEC Rule 10b-9 thereunder and FINRA Rule 2010 and that under Article III, Section 4 of FINRA's By-Laws, this makes the firm subject to a statutory disqualification with respect to membership.

- D. GVC may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. GVC 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 GVC, who certifies that he is a person duly authorized to act on the firm's 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 Respondent 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 Respondent to submit it.

GVC Capital, LLC

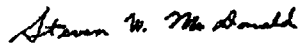
By: 

Name: VICKI BARONE

Title: SR. MAN PARTNER

Date: 2/4/16

Reviewed by:

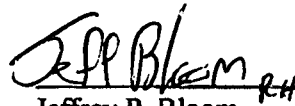


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Counsel for Respondent GVC Capital, LLC

Accepted by FINRA:

2/12/16
Date

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



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