

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20110292157**

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

RE: VectorGlobal WMG, Inc., Respondent
CRD No. 32396

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, VectorGlobal WMG, Inc. ("Respondent" or "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 it 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

VectorGlobal WMG, Inc. has been a FINRA member since September 1993. The Firm maintains its principal place of business in Miami, Florida and also operates out of four other branch offices. VectorGlobal WMG, Inc. currently employs approximately 50 registered persons and 16 non-registered persons. The Firm conducts a general securities business, predominantly with foreign customers.

RELEVANT DISCIPLINARY HISTORY

The Firm has no relevant disciplinary history.

OVERVIEW

From November 2009 through December 2010 (the "Relevant Period"), VectorGlobal WMG, Inc. failed to ensure that the Firm's anti-money laundering program was reasonably designed to detect, monitor, and report, where appropriate, suspicious activity concerning potential manipulative trading including, but not limited to wash trading and pre-arranged trading, in violation of

NASD Rule 3011(a) and FINRA Rules 3310(a) and 2010. Additionally, the Firm failed to conduct its due diligence requirements with respect to a correspondent account for a foreign financial institution in violation of NASD Rule 3011(b) and FINRA Rules 3310(b) and 2010. During the Relevant Period, the Firm also failed to maintain and preserve Bloomberg chats sent and received by certain of its employees in violation of Section 17(a) of the Exchange Act and Rule 17a-4 thereunder, NASD Rules 3110 and 3010(d)(3) and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

VectorGlobal WMG, Inc.'s Written AML Procedures for the Monitoring and Detection of Potentially Suspicious Trading Activity Were Inadequate

NASD Rule 3011(a), which became FINRA Rule 3310(a), effective January 1, 2010, provides that Firms must establish and implement policies and procedures that can be reasonably expected to detect and cause the reporting of suspicious activity or transactions, as required by 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, the Firm maintained the following written documents relevant to its AML program: an AML Manual and Written Supervisory Procedures Manual ("WSP"). The two documents focused on issues related to account openings, reporting of suspicious activity, enhanced due diligence requirements for certain types of accounts and training. Neither the AML Manual nor the WSPs identified securities transaction-based reviews as part of the AML program. While the AML Manual and WSPs discussed "risk factors" and the need to monitor for risk, they failed to identify red flags of potentially suspicious trading activity and did not address how such suspicious trading activity would be mitigated through the Firm's suspicious activity monitoring program. Specifically, the Firm failed to account for the risks posed by its foreign based clientele who facilitated trades in low-priced securities through potentially manipulative trading activities.

For example, during the Relevant Period, the Firm failed to investigate securities transactions executed in two customer accounts that exhibited certain red flags indicating potentially manipulative trading. In July 2010, customer RSP, deposited 12.5 million shares of XYZ common stock into his account, in certificate form. Beginning on August 18, 2010, and on the next five consecutive trading days, a Foreign Financial Institution with a correspondent account at the Firm bought 12.5 million shares of XYZ in a series of cross trades executed by the Firm. The purchase orders were crossed with 12.5 million shares of XYZ sold by customer RSP. For each transaction, the numbers of shares that the two accounts bought and sold were the same or nearly the same. The transactions in XYZ concluded on August 25, 2010. Between August 18th and August 25th, the

transactions executed between these two accounts represented 77.14 per cent of the trading volume in the stock. During the one month prior to the XYZ transactions the average daily trading volume for the stock was 9,450. Despite these trades that should have raised "red flags" for further review, no one at the Firm conducted any follow-up.

As a result of the foregoing, the Firm violated NASD Rule 3011(a) and FINRA Rules 3310(a) and 2010 by failing to ensure that it had established and implemented policies and procedures reasonably expected to detect and cause the reporting of transactions required under 31 U.S.C. 5318(g) and the implementing regulations thereunder.

The Firm Violated NASD Rule 3011(b) and FINRA Rule 3310(b) by Failing to Fulfill Due Diligence Obligations Regarding a Swiss Bank Account

NASD Rule 3011(b), which became FINRA Rule 3310(b), effective January 1, 2010, provides that firms must establish and implement policies, procedures, and internal controls reasonably designed to achieve compliance with the Bank Secrecy Act and the implementing regulations thereunder.

31 C.F.R.103.176 (a) required firms to "establish a due diligence program that includes appropriate, specific, risk-based, and, where necessary, enhanced policies, procedures, and controls that are reasonably designed to enable the covered financial institution to detect and report, on an ongoing basis, any known or suspected money laundering activity conducted through or involving any correspondent account established, maintained, administered, or managed by such covered financial institution in the United States for a foreign financial institution."

The Firm did not conduct the required due diligence regarding a correspondent account it maintained for a Swiss Bank. Specifically, the Firm failed to document the following information related to its obligations to conduct due diligence on correspondent accounts for Foreign Financial Institutions: the nature of the Swiss Bank's business and the market it serves; the type, purpose and anticipated activity of such correspondent account; the AML and supervisory regime of the jurisdiction that issued the Swiss Bank's charter/license; and information known or reasonably available to the Firm about the Swiss Bank's AML record. As a result, the Firm failed to comply with the requirements of 31 C.F.R.103.176 (a). Consequently, the Firm violated NASD Rule 3011(b) and FINRA Rules 3310(b) and 2010.

VectorGlobal WMG, Inc. Failed to Preserve Bloomberg Chats

NASD Rule 3110(a) generally requires that member firms make and preserve records in conformance with all applicable securities laws and regulations. Exchange Act Section 17(a) requires that broker-dealers maintain certain records, and Exchange Act Rule 17a-4(b)(4) requires member firms to preserve, for at least three years, all communications sent and received by the member relating to its business, including email communications and instant messages relating to a member firm's business. Further, NASD Rule 3010(d)(3) requires each member to retain correspondence of registered representatives relating to its investment banking or securities business in accordance with Rule 3110. NASD Rule 3110 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]." The requirement to maintain emails apply to electronic communications such as Bloomberg chats.

During the Relevant Period, the Firm failed to preserve Bloomberg chats sent and received by certain of its employees. Ten Firm employees communicated with clients and traders by Bloomberg chats. The broker that executed the XYZ transactions communicated frequently with clients and traders through Bloomberg chats. However, the Firm is unable to provide FINRA with copies of these chats. Consequently, VectorGlobal WMG, Inc. did not retain all electronic communications relating to its business as required by the rules. As a result of the foregoing, VectorGlobal WMG, Inc. violated Section 17(a) of the Exchange Act and Rule 17a-4 thereunder, NASD Rules 3110(a) and 3010(d)(3) and FINRA Rule 2010.

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

A censure and \$125,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment(s) 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 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 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 prejudice 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 us; and
- C. If accepted:

C. If accepted:

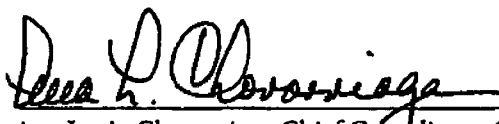
1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against us;
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's disciplinary 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 our: (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.

- 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 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.

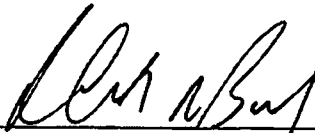
The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and have been given a full opportunity to ask questions about it; Respondent has agreed to its provisions voluntarily; and that no offer, threat, 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 the Firm to submit it.

VectorGlobal WMG, Inc.,

01/23/2014
Date


Ana Lucia Chavarriaga, Chief Compliance Officer
on behalf of
Carlos Gadala-Maria, Chief Executive Officer

Reviewed by:



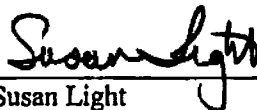
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Accepted by FINRA:

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

1/28/14

Date



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