

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20110306309-01

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

RE: Sunrise Securities, Corp., Respondent
Broker-Dealer
CRD No. 29804

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Sunrise Securities, Corp. (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 the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm 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

The firm has been a member of FINRA since June 12, 1992, and its registration remains in effect. The firm has no relevant prior disciplinary history.

SUMMARY

In connection with matter 20120330531, the Market Analysis team of the Department of Market Regulation ("Market Analysis staff") reviewed the firm's compliance with requirements regarding intermarket sweep orders during the period from January 1, 2012 through March 31, 2012 (the "1Q2012 review period").

In connection with matter 20130357368, the Market Analysis staff reviewed the firm's compliance with requirements regarding intermarket sweep orders during the period from October 1, 2012 through December 31, 2012 (the "4Q2012 review period").

In connection with matter 20110306309, the Short Sales team of the Department of Market Regulation staff reviewed the firm's compliance with requirements regarding reporting short sales transactions during the period from May 2, 2011 through August 30, 2011 and September 1, 2012 through September 30, 2012 (the "short sales review period").

FACTS AND VIOLATIVE CONDUCT

20120330531

1. The firm failed to establish, maintain, and enforce written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in NMS stocks that do not fall within any applicable exception, and if relying on an exception, are reasonably designed to assure compliance with the terms of the exception. Specifically, in 24 instances during the 1Q2012 review period, the firm inaccurately marked orders as trade through exempt. The conduct described in this paragraph constitutes a violation of SEC Rule 611(c) and FINRA Rules 2010 and 6380A and NASD Rule 3010.

20130357368

2. The firm failed to establish, maintain, and enforce written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in NMS stocks that do not fall within any applicable exception, and if relying on an exception, are reasonably designed to assure compliance with the terms of the exception. Specifically, in 20 instances during the 4Q2012 review period, the firm inaccurately marked orders as trade through exempt. The conduct described in this paragraph constitutes a violation of SEC Rule 611(c) and FINRA Rule 2010 and 6380A and NASD Rule 3010.

20110306309

3. During the short sales review period, the firm executed 221 short sale transactions in OTC equity securities and failed to report each of these transactions to the OTC Reporting Facility ("OTCRF") with a short sale modifier. In addition, the firm executed 121 long sale transactions in OTC equity securities and inaccurately reported each transaction to the OTCRF with a short sale modifier. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6624.
4. During the short sales review period, the firm executed one short sale transaction in an NMS stock and failed to report this transaction to the FINRA Trade Reporting Facility ("TRF") with a short sale modifier. In addition, the firm executed four long sale transactions in NMS stock and inaccurately reported each transaction to the TRF with a short sale modifier. The conduct described in this paragraph constitutes a violation of FINRA Rule 6182.

B. The firm also consents to the imposition of the following sanctions:

A censure and fine of \$15,000 comprised of:

- \$10,000 fine for the SEC Rule 611(c) violations and FINRA Rule 6380A and NASD Rule 3010 violations identified in matter 20120330531 and 20130357368; and
- \$5,000 fine for the short sales trade reporting violations identified in matter 20110306309.

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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

I.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the firm;
- 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, the firm 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.

The firm 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

The firm 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 the firm; and
- C. If accepted:
 - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
 - 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. The firm 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. The firm 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 the firm'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.
- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm 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 has been given a full opportunity to ask questions about it; that it has agreed to the AWC's 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.

08/27/2014
Date

Respondent
Sunrise Securities, Corp.

By: Marcia Kuchner

Name: MARCIA KUCHNER

Title: CFO

Reviewed by:

Attorney Name
Counsel for Respondent

Accepted by FINRA:

9.15.14
Date

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

Justin Chretien
Justin Chretien
Chief Counsel
Department of Market Regulation