

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012030378401**

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

RE: Alluvion Securities, LLC, Respondent
Member Firm
CRD No. 143623

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Alluvion Securities, LLC ("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

Alluvion Securities, LLC ("Alluvion" or the "Firm") has been a member of FINRA since September 11, 2007. Alluvion is also a member of the Municipal Securities Rulemaking Board ("MSRB"). Alluvion is headquartered in Memphis, Tennessee. Since its inception, Alluvion has employed less than ten representatives. Alluvion is approved to conduct business in government securities, mortgages, municipal securities (including underwriting), certificates of deposit, and private placements.

RELEVANT DISCIPLINARY HISTORY

On February 22, 2012, Alluvion was censured and fined \$20,000 for violating Sections 15(c) and 17(a) of the Securities Exchange Act of 1934, SEC Rules 15c3-1, 17a-3, 17a-5 and 17a-11, NASD Rules 1017 and 3110(a), and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

1. MSRB Violations:

- a. MSRB Rule G-32(a)(i) requires broker-dealers to deliver to customers a copy of the Official Statement ("OS") by no later than the settlement of their transactions. On February 2, 2012, Alluvion violated MSRB Rule G-32(a)(i) by failing to provide the OS in a municipal securities offering to customers whose transactions settled on that day. The filing was three days late. There were 31 relevant transactions totaling \$10,740,000 that settled before the customers received the OS.
- b. MSRB Rule G-32(b)(i) requires the underwriter of a primary offering of municipal securities to submit the OS to the Electronic Municipal Market Access ("EMMA") system within one business day after receipt of the OS from the issuer, but by no later than the closing date. On June 24, 2011, Alluvion violated MSRB Rule G-32(b)(i) by failing to timely submit the OS in one municipal offering. The filing was 96 days late.
- c. MSRB Rule G-37 requires broker-dealers to send, by the last day of the month following the end of each calendar quarter, to the MSRB a Form G-37 that includes, among other things, a list of issuers with which the broker-dealer has engaged in municipal securities business. Alluvion violated MSRB Rule G-37 by filing a Form G-37 for the first quarter of 2011 that failed to disclose an issuer with which the Firm had engaged in municipal securities business.
- d. MSRB Rule G-27 requires broker-dealers to establish and maintain a system to supervise the municipal securities 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 MSRB rules. As evidenced by the violations noted above, Alluvion did not establish and maintain an adequate system to supervise its municipal securities activities.

As a result of the foregoing, Alluvion violated MSRB Rules G-32, G-27, and G-37.

2. Net Capital Violations:

On at least two business days during the month of March 2012, Alluvion conducted a securities business while it failed to maintain its required minimum net capital. The firm's net capital deficiencies on those dates ranged from (\$9,559) to (\$28,372). The net capital deficiencies, as well as related books and records violations, stemmed from Alluvion not accruing: (1) a payable to FINRA that resulted from an AWC entered against Alluvion on February 22, 2012; (2) an

audit fee for work completed in February 2012; and (3) a liability for commissions payable to a registered representative from February through March 2012. In addition, from January 2012 through March 2012, Alluvion held its clearing deposit in a non-FDIC money market account, which required a 2% adjustment to net capital. Alluvion failed to make the necessary adjustment to net capital.

In connection with the foregoing failures, Alluvion failed to file the requisite notifications of its net capital deficiencies at certain times between January 2012 and March 2012, failed to file early warning notifications at certain times in February and March 2012, filed inaccurate monthly FOCUS Reports for January through February 2012, and maintained inaccurate books and records from January 2012 through March 2012.

As a result of the foregoing, Alluvion 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:

Alluvion shall be censured and fined \$45,000 (\$25,000 of which pertains to the violations of MSRB Rule G-32, G-27, and G-37).

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:

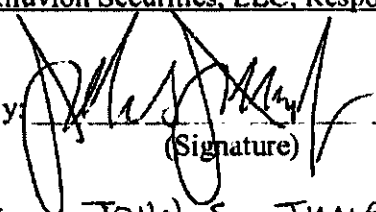
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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 it;
 - 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: (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.

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 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.

5-30-13
Date

Alluvion Securities, LLC, Respondent

By: 

(Signature)

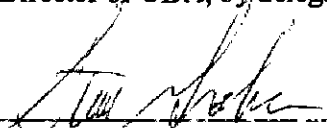
Name: JOHN S. JUMPER
(Print Name)

Title: CEO

Accepted by FINRA:

6/12/2013
Date

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



Steve Graham
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