

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012030381501**

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

RE: Global Hunter Securities, LLC, Respondent
[CRD No. 123003]

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Global Hunter Securities, LLC (hereinafter, "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 is registered with the Securities and Exchange Commission as a broker-dealer and has been a FINRA member since March 13, 2003. The Firm is headquartered in New Orleans, Louisiana and engages in corporate underwritings, and institutional and brokerage business. The Firm also maintains a research department and issues research reports. The Firm currently employs approximately 75 registered persons and maintains seven branch offices.

RELEVANT DISCIPLINARY HISTORY

On February 15, 2013, the Firm was censured and fined \$150,000 by FINRA based on findings, neither admitted nor denied by the Firm, that the Firm had failed to: properly monitor employee-trading activity in outside brokerage accounts, in violation of NASD Conduct Rule 3010; implement adequate information-barriers procedures, in violation of NASD Conduct Rule 3010; include all required disclosures in equity research reports, in violation of NASD Conduct Rule 2711(h); comply with the sales-literature content requirements of NASD Conduct Rule 2210; comply with the requirements of NASD Conduct Rule 2711 regarding the composition of the Firm's research-analyst compensation committee; and obtain FINRA approval prior to effecting a material

change in its business operations, in violation of FINRA Rule 1017. AWC No. 2011025644101.

On November 21, 2011, the Firm was censured and fined \$8,500 by FINRA based on findings, neither admitted nor denied by the Firm, that the Firm had failed to transmit reportable order events to the Order Audit Trail System, in violation of FINRA Rule 7450. AWC No. 2010024330901.

FACTS AND VIOLATIVE CONDUCT

1. AML Procedures Deficiencies

Between September 2011 and April 2012, two clients of the Firm deposited a total of 12 stock certificates, representing a total of approximately 6.4 million shares of nine penny-stock securities. The majority of the shares deposited were sold, generating proceeds totaling approximately \$5.6 million for the clients. In all cases, the proceeds of the sale were immediately wired to the applicable customer's bank account. In connection with several of the deposits, the Firm obtained from the clients documentation that reflected that the shares had been acquired through a private transaction at a purchase price below the current market-trading value.

During the period in which the above-described deposits and sales occurred, the Firm had written supervisory procedures relating to anti-money laundering compliance ("AML Procedures"). Among other things, the Firm's AML Procedures provided that the Firm would monitor customer accounts for suspicious activity and included a list of 25 "red flags" of possible money-laundering activity that warranted investigation. However, the Firm's procedures did not adequately address how Firm personnel should conduct account monitoring or what the investigation of any "red flag" activity should entail. In addition, the Firm's AML Procedures did not adequately address issues relating to the receipt and sale of penny-stock securities, including what due diligence should be conducted before permitting customers to sell such securities. As a result of these deficiencies, Firm personnel did not adequately investigate the circumstances of the acquisitions by the clients of the various penny-stock shares they deposited and sold in their accounts at the Firm.

By failing to establish AML procedures reasonably designed to detect, investigate, and report, as applicable, suspicious activity involving receipts and sales of penny-stock securities, the Firm violated FINRA Rules 3310(a) and 2010.

2. Research Report Deficiencies

NASD Conduct Rule 2711(h) sets forth various disclosure requirements for research reports. Among other things, the rule requires affirmative disclosure of the following: (i) if the research analyst or a member of the research analyst's household has a financial interest in the securities of the subject company (Rule 2711(h)(1)(A)); (ii) if the member (or an affiliate) has managed or co-managed a public offering of securities for the subject

company in the past 12 months (Rule 2711(h)(2)(A)(ii)(a)); (iii) if the member (or an affiliate) received compensation for investment banking services from the subject company in the past 12 months (Rule 2711(h)(2)(A)(ii)(b)); and (iv) if the member (or affiliate) expects to receive or intends to seek compensation for investment banking services from the subject company in the next three months (Rule 2711(h)(2)(A)(ii)(c)). In addition, Rule 2711(h)(10) provides that all disclosures mandated under Rule 2711(h) must be clear, comprehensive and prominent.

Between February 14, 2011 and August 12, 2012, the Firm issued approximately 2,000 equity reports. The following disclosures appeared in many of the research reports, regardless of whether a disclosure event/fact, within the scope of subpart (h)(1)(A) or subparts (h)(2)(A)(ii)(a-c) of Rule 2711, actually existed:

"[The Firm] and our affiliates and their respective directors, officers, and employees may buy or sell securities mentioned herein as agent or principal for their own account."

"[The Firm] does and seeks to do business with the companies covered in this research report."

Such disclosures are conditional and indefinite in nature and, therefore, violate the requirements of Rule 2711(h)(10).

By virtue of this conduct, the Firm violated NASD Conduct Rule 2711(h)(10) and FINRA Rule 2010.

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

A censure and a fine in the amount of \$35,000.

The Firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. The Firm has submitted an Election of Payment Form, indicating 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 sanctions imposed in this matter.

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

II.

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 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, 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

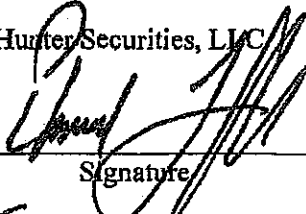
C. If accepted:

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 it;
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.

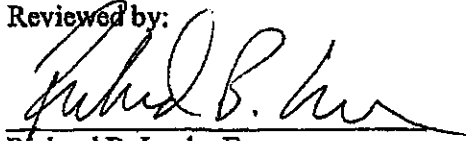
- D. The Firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does 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 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.

3/17/2014
Date (mm/dd/yyyy)

Global Hunter Securities, LLC
By: 
Signature
EDWARD L. AINSWORTH
Name/Title (please print)

Reviewed by:



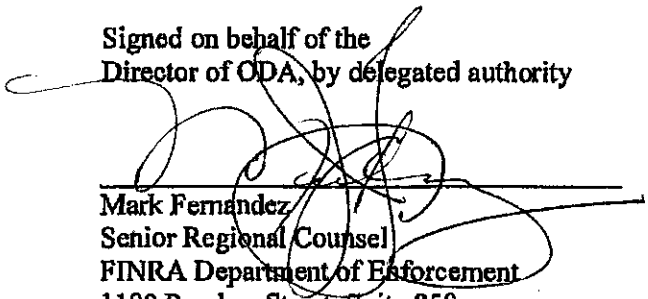
Richard B. Levin, Esq.
Baker & Hostetler, LLP
303 East 17th Avenue, Suite 1100
Denver, CO 80203-1264
Telephone: (303) 764-4010
Fax: (303) 861-7805
Email: rlevin@bakerlaw.com

Counsel for Global Hunter Securities, LLC

Accepted by FINRA:

March 28, 2014
Date

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



Mark Fernandez
Senior Regional Counsel
FINRA Department of Enforcement
1100 Poydras Street, Suite 850
New Orleans, LA 70163
Telephone: (504) 522-6527
Fax: (202) 721-6522
Email: mark.fernandez@finra.org