

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2012030484301**

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

**RE: Consultiva Securities, Inc., n/k/a Fairbridge Capital Markets, Respondent  
Member  
CRD No. 103818**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Consultiva Securities, Inc., n/k/a Fairbridge Capital Markets (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 the Firm 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**

The Firm has been a FINRA member since October 2000. In August 2013, the Firm was sold and in September 2013, the Firm changed its name from Consultiva Securities, Inc., to Fairbridge Capital Markets. At the time of the conduct in question, the Firm had one office in Puerto Rico and employed approximately 9 registered persons. Currently, the Firm has approximately three branch offices, including its main office in Puerto Rico. The Firm currently employs approximately 17 registered persons. The Firm primarily engages in the sales of municipal securities and mutual funds.

**RELEVANT DISCIPLINARY HISTORY**

The Firm has no relevant disciplinary history with the Securities and Exchange Commission, any state securities agency or any self-regulatory organization.

## **FACTS AND VIOLATIVE CONDUCT**

From at least October 2009 through September 2012 the Firm engaged in a commission recapture/rebate business, which caused the Firm to hold customer funds in its possession and control. As a result, the Firm's minimum net capital was increased to \$250,000. In connection with this commission recapture/rebate business, the Firm failed to use a separate bank account similar to those accounts established under SEC Rule 15c3-3(k)(2)(i), failed to accrue liabilities, and filed inaccurate FOCUS reports. In addition, it conducted a securities business, on at least 22 dates from December 31, 2009 through July 31, 2012, while it was net capital deficient. The Firm's excess net capital on those dates ranged from (\$9,808) to (\$235,592). In addition, the Firm failed to file the required net capital deficiency notifications with the SEC and FINRA.

By reason of the foregoing, the Firm violated Sections 15(c) and 17(a) of the Securities and Exchange Act of 1934, SEC Rules 15c3-1, 15c3-3, 17a-3, 17a-5, and 17a-11, NASD Conduct Rule 3110 (for conduct before December 5, 2011), and FINRA Rules 4511 (for conduct beginning December 5, 2011) and 2010.

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

- o Censure, and
- o A \$10,000 fine.

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. The Firm 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.

## **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 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.

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 the Firm; 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 my: (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. 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 have 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.

8/13/14

Date (mm/dd/yyyy)

Consultiva Securities, Inc., n/k/a  
Fairbridge Capital Markets (CRD No. 103818),  
Respondent

By: 

Print Name and Title:

Ed. Prado  
PRESIDENT / CEO.

Reviewed by:



Kevin K. Hull  
9891 Irvine Center Drive, Suite 200  
Irvine, CA 92618  
Telephone: (949) 478-4855

Accepted by FINRA:

8/26/14  
Date

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

Kathryn M. Wilson

Kathryn M. Wilson  
Senior Regional Counsel  
Authorized House Counsel  
Member NY & CT bars only

FINRA Department of Enforcement  
5200 Town Center Circle  
Tower 1, Suite 200  
Boca Raton, FL 33486  
Telephone: (561) 443-8132  
Facsimile: (202) 721-8353

FINRA  
LETTER OF ACCEPTANCE WAIVER AND CONSENT  
NO. 2012030484301

**CORRECTIVE ACTION STATEMENT**

This Corrective Action Statement is submitted by the Respondent. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.

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

RE: Consultiva Securities, Inc., n/k/a Fairbridge Capital Markets  
CRD No. 103818

Without admitting or denying the findings, and solely for the purposes of this proceeding, prior to a hearing and without an adjudication of any issue of law or fact, Fairbridge Capital Markets (the "firm") submits this Corrective Action Statement for the purpose of presenting demonstrable steps taken to correct FINRA's finding that the prior management of Consultiva Securities operated a commission recapture/rebate business that caused the firm to hold customer funds in its possession and control. That activity dramatically raised the firm's minimum net capital requirement and triggered a number of related rule violations.

Upon meeting and conferring with FINRA staff during the routine examination in 2012 and learning of the net capital treatment of the recapture/rebate program, Consultiva Securities immediately ceased the activity and returned to net capital compliance.

In addition to the cessation of the problematic activity, the Financial and Operations Principal (FINOP) and the President who served Consultiva Securities at the time of the alleged violations were replaced in those positions when the firm was sold to new ownership and subsequently renamed Fairbridge Capital Markets.

Respectfully submitted,

Fairbridge Capital Markets

8/13/14  
Date

  
By: Eduardo Prado, President