

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012030601601**

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

RE: Ceros Financial Services, Inc. (BD No. 37869),
Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Ceros Financial Services, Inc. ("Ceros" or 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 ACP 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

Ceros has been a member of FINRA since October 1995. The Firm maintains its main office in Rockville, Maryland. Ceros employs approximately 48 registered persons and it maintains 15 branch offices.

RELEVANT DISCIPLINARY HISTORY

Ceros has no prior relevant formal disciplinary history with the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

FACTS AND VIOLATIVE CONDUCT

Ceros reported to FINRA that it had determined that during the period from January 2011 through December 2011, on multiple occasions it had prepared inaccurate month-end general ledgers, trial balances and net capital computations because the Firm incorrectly treated short-term month-end cash transfers from an affiliate as an allowable asset. On these occasions, in the final days of each month, a larger quantity of cash was transferred from the account of an affiliate in

Germany to an account owned by Ceros at a bank in Germany (the transfers occurred in Euros). Ceros accounted for the transfers as a receipt of cash (an allowable asset) and a reduction of a receivable from the affiliate (a non-allowable asset). However, the Firm then regularly returned to the affiliate equal, or roughly equal, amounts of cash within the first few days of the following month. Given the short holding period, the amounts should not have been treated as an allowable asset by Ceros as there was no genuine permanent reduction of the receivable from the affiliate. By treating the cash transfers as an allowable asset, the Firm's month-end net capital computations and its monthly FOCUS reports were inaccurate in that they overstated its net capital.

Based on the foregoing, Ceros violated Section 17(a) of the Securities Exchange Act of 1934 and Rules 17a-3(a)(11) and 17a-5 thereunder, NASD Conduct Rule 3110 (for conduct before December 5, 2011) and FINRA Rules 4511 (for conduct after December 4, 2011) and 2010.

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

- A Censure; and
- Fine of \$15,000.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is 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 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 its 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 its 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 its: (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.

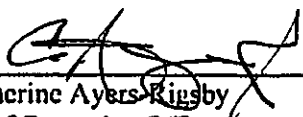
- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement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

Ceros Financial Services, Inc.,

March 26, 2014
Date (mm/dd/yyyy)

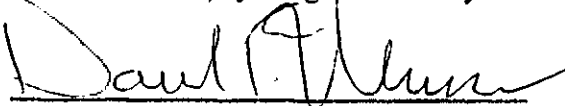
By:


Catherine Ayers-Rigsby
Chief Executive Officer

Accepted by FINRA:

March 26, 2014
Date

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



David F. Newman
Senior Regional Counsel
FINRA Department of Enforcement
1835 Market Street, Suite 19103
Philadelphia, PA 19103
Tel: (215) 665-1180
Fax: (215) 496-0434
E-Mail: david.newman@finra.org



Re: Exam No. 20120030601601

Statement of Corrective Action

The Firm became aware of the noted transactions during the 2011 annual audit of its financials. The Firm's then chairman and CFO were unaware those transactions would render the cash in the bank accounts to be classified as non-allowable assets. The Firm now understands that in order for cash to be considered an allowable asset of the broker-dealer it must be available for use in day-to-day operations by the broker-dealer in an account the broker-dealer controls.

Upon discovery of the matter, the Firm filed notices under SEC Rule 17a-11 and coordinated with FINRA's Philadelphia office to rectify the Firm's net capital. In addition, the Firm took the following remedial measures: (i) Michael Fox replaced Mark Hausman as CFO; Markus Ross is no longer in a control position; (ii) authorized account signatories were changed to Catherine Ayers-Rigsby, CEO, and Michael Fox; (iii) the Firm's Financial Supervisory Controls (see attached FSC) were amended to prevent any reoccurrence by including such measures as centralizing all financial transactions at the head office in Rockville; review by the CFO of all bank statements; approval of the CEO and CFO of all financial activity outside routine business transactions completed in a standard fashion.

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

CEROS FINANCIAL SERVICES INC.
1445 Research Blvd • Suite 530 • Rockville, MD 20850
Phone: 866.842.3356 • Fax: 301.424.3817 • www.cerosfs.com
Member FINRA/SIPC/NFA