

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012030676501**

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

RE: FCG Advisors, LLC (BD No. 40633)
Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent FCG Advisors, LLC ("FCG" 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 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

FCG is based in Chatham, New Jersey and has been a FINRA member since June 1996. The Firm conducts a general securities business, has four registered branch offices and employs about 25 registered persons.

OVERVIEW

From approximately August 2011 through October 2011, FCG effected the sale of unregistered securities in contravention of Section 5 of the Securities Act of 1933 ("Securities Act") thereby violating FINRA Rule 2010. In addition, from approximately March 2010 through December 2012, FCG failed to establish, maintain, and enforce an adequate supervisory system, including written supervisory procedures, reasonably designed to ensure compliance with Section 5. As a result, the Firm violated NASD Rule 3010 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Sale of Unregistered Securities

Section 5 of the Securities Act prohibits the sale of any securities, in interstate commerce, unless a registration statement is in effect or there is an applicable exemption from the registration requirements. Exemptions to the registration requirement of Section 5 are construed narrowly. FINRA Rule 2010 requires members, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

From August 2011 through October 2011, FCG sold approximately 2,325,567 shares of LT, a penny stock, on behalf of three customers: RS, JK, and AS (collectively, the "Customers"). The Customers received a total of approximately \$632,205 in proceeds from the sales and FCG collected approximately \$25,000 in commissions. No registration statement was in effect for any of the shares sold and no exemption from registration applied.

Moreover, the Firm did not conduct a sufficient inquiry into the circumstances surrounding the Customers' acquisition and sale of the shares, prior to executing the sales, to ensure the availability of an exemption from registration.

By virtue of the foregoing, FCG acted in contravention of Section 5 of the Securities Act and thereby violated FINRA Rule 2010.

Inadequate Supervisory System and Written Procedures

NASD Rule 3010(a) requires members to "establish and maintain a system to supervise the 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 NASD Rules."

NASD Rule 3010(b) requires a member to "establish, maintain, and enforce written procedures to supervise the types of business in which it engages and to supervise the activities of registered representatives, registered principals, and other associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with the applicable Rules of NASD."

From approximately March 2010 through December 2012, FCG failed to establish, maintain and enforce a supervisory system and written supervisory procedures reasonably designed to ensure compliance with Section 5. The Firm had no written supervisory procedures regarding compliance with Section 5. Also, the Firm failed to ensure that adequate inquiries were conducted to determine whether securities deposited into customer accounts for resale were registered or exempt from registration. The Firm also lacked an effective system

for verifying the circumstances under which customers obtained microcap shares, and instead relied on its clearing firm to flag potential unregistered distributions.

By virtue of the foregoing, FCG violated NASD Rule 3010 and FINRA Rule 2010.

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

- a censure; and
- a fine of \$50,000.

Respondent 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 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 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

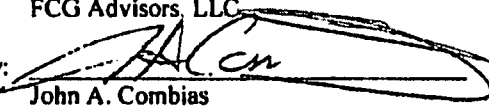
Respondent understands that:

- 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 Respondent;
- 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 Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313;
 - 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; and
- D. Respondent may attach a Corrective Action Statement to this AWC that is a

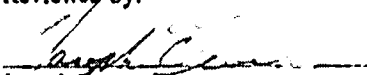
statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect 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 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.

6/14/16
Date (mm/dd/yyyy)

FCG Advisors, LLC
By: 
John A. Combias
President

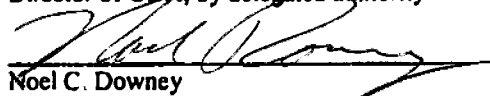
Reviewed by:


Joseph Dever, Esq.
Counsel for Respondent
Cozen O'Connor
45 Broadway, 16th Floor
New York, New York 10006
(212) 453-3916

Accepted by FINRA:

6/28/2016
Date

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


Noel C. Downey
Senior Regional Counsel
FINRA Department of Enforcement
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Woodbridge, NJ 07095
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