

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012030685201**

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

RE: CFD Investments, Inc., Respondent
CRD No. 25427

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, 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

CFD Investments, Inc. ("CFD" or "Respondent") has been a FINRA registered firm since January 16, 1990. CFD's main office, and only registered OSJ location, is in Kokomo, Indiana. As of April 2014, CFD employed a total of 196 registered representatives, operating from 150 branch office locations. CFD's primary business is selling variable products and mutual funds to retail customers.

OVERVIEW

From December 2009 through November 2010, CFD failed to report 76 customer transactions in TRACE-eligible securities to TRACE in violation of FINRA Rule 6730. Further, the Firm failed to establish, maintain and enforce written supervisory procedures for the reporting of TRACE-eligible securities in violation of NASD Rule 3010(a) and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

1. During the period of December 2009 through November 2010, CFD

effected 76 transactions in TRACE-eligible securities, which it did not report to the TRACE system.

2. By failing to report these TRACE-eligible securities transactions, CFD violated FINRA Rule 6730.
3. During this same period, CFD did not have any written supervisory procedures pertaining to the reporting of TRACE transactions.
4. As a result, CFD also failed to establish, maintain and enforce written supervisory procedures reasonably designed to achieve compliance with applicable federal securities laws and FINRA Rules regarding trade reporting of TRACE-eligible securities, in violation of NASD Rule 3010(a) and FINRA Rule 2010.

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

A censure and monetary fine in the amount of \$12,500.

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(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:

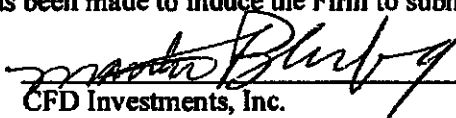
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will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

05/30/2014
Date (mm/dd/yyyy)

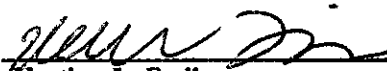

CFD Investments, Inc.

By: Matthew Bahrenburg

Accepted by FINRA:

June 3, 2014
Date

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


Heather L. Freiburger
Regional Counsel
FINRA Department of Enforcement
55 W. Monroe St., Suite 2700
Chicago, IL 60603
Phone: (312) 899-4334; Fax: (312) 899-4600
Heather.Freiburger@finra.org

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.

It is highly unlikely that this issue will recur for several reasons. First, when this issue was pointed out to us, we immediately created a procedure for trace reporting, and review of filings to be made by the clearing firms. Additionally, these transactions all related to church bonds and related investments. We have exited the church bond market and have no interest in re-entering that market, and are unlikely to be conducting any further transactions in that area.

This matter does not relate to the core business of cfd Investments, which is focused on variable annuity and mutual fund business for retail customers.