

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 20120315074-01**

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

RE: Alpine Securities Corporation, Respondent  
Broker-Dealer  
CRD No. 14952

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Alpine Securities Corporation (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 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**

The firm has been a member of FINRA since 1984, and its registration remains in effect.

**RELEVANT DISCIPLINARY HISTORY**

The firm has no relevant disciplinary history.

**SUMMARY**

In Market Regulation Review No. 20120315074, the Trading and Market Making Surveillance staff of FINRA's Department of Market Regulation ("TMMS") conducted a review of the firm's trading and market making activities for trade dates February 6 through 17, 2012. A description of the areas reviewed by the staff is attached to this AWC as Exhibit 1.

**FACTS AND VIOLATIVE CONDUCT**

1. In seven instances, the firm erroneously disclosed on customer confirmations that transactions were executed at average prices. The

conduct in this paragraph constitutes separate and distinct violations of Rule 10b-10 of the Securities Exchange Act of 1934.

2. The firm transmitted to the Order Audit Trail System 45 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, 45 reports contained an inaccurate Special Handling Code of "DIR" indicating that the orders were directed to market centers by the customers. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.
3. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or the Rules of FINRA and the Securities and Exchange Commission. At a minimum, adequate written supervisory procedures ("WSPs") addressing trading and market making topics should describe the following:
  - a. specific identification of the individual(s) responsible for supervision;
  - b. the supervisory steps and reviews to be taken by the appropriate supervisor;
  - c. the frequency of such reviews; and
  - d. how such reviews shall be documented.

The firm's WSPs failed to provide for one or more of the four above-cited minimal requirements for adequate WSPs in the following subject areas:

SEC Rule 604, Limit Order Display [a, b, c, and d];

FINRA Rules 2320 and 3110(b), Three Quote Rule [a, b, c, and d];

SEC Rule 200(a) and (g), Order Marking [a, b, c and d];

SEC Rule 203(b)(1), Locate Rule [a, b, c and d];

SEC Rule 204, Close Out and Pre-Borrow Rule [a, b, c and d];

SEC Rule 10b-21, Naked Short Selling Antifraud Rule [a, b, c and d];

FINRA Rule 6460, Monitoring Activity During a Trading Halt [a, b, c, and d];

NASD Rule 2320(f)(2), Entering Multiple Quotations for OTC Securities [a, b, c and d];

SEC Rule 17a-3 and NASD Rule 3110, General Recordkeeping and Accuracy [a, b, c and d]; and

SEC Rule 612, Sub-Penny Quotes.

The conduct described above constitutes separate and distinct violations of FINRA Rule 2010 and NASD Rule 3010.

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

**A censure and a fine of \$20,000 (consisting of a fine of \$2,500 for violations of Rule 10b-10, \$5,000 for violations of FINRA Rule 7450, and \$12,500 for violations of FINRA Rule 2010 and NASD Rule 3010), and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraphs I.A.3, above. Within 30 business days of acceptance of this AWC by the National Adjudicatory Council, ("NAC"), a registered principal of the Respondent shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, or an e-mail from a work-related account of the registered principal to [MarketRegulationComp@finra.org](mailto:MarketRegulationComp@finra.org), providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraphs I.A.3 above; and, (3) the date the revised procedures were implemented.**

Respondent agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It 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 the firm;
- 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 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; 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 the firm;
  - 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. 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 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. 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 has been given a full opportunity to ask questions about it; that it has agreed to the AWC's 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.

9-19-14  
Date

Respondent  
Alpine Securities Corporation

By: Robert L. Tew

Name: Robert L. Tew

Title: PRESIDENT

Reviewed by:

[Signature]  
Attorney Name Donald J. Russell  
Counsel for Respondent  
Firm Name Sidley Austin LLP  
Address 787 7th Avenue  
City/State/Zip NY NY 10019  
Phone Number 212 839-5300

Accepted by FINRA:

9.29.14  
Date

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

[Signature]  
Justin Chretien  
Chief Litigation Counsel  
Department of Market Regulation

**Exhibit 1**  
**Review No. 20120315074**

| <u>Sample Size</u> | <u>Sample Description</u>                                                                                                                                                                                       |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 40                 | Sales reviewed for compliance with SEC Rule 200(g) long/short sale recording requirements                                                                                                                       |
| 20                 | Sell trades reported to a TRF or OTCRF for compliance with sale indicator requirements, FINRA Rules 6182 or 6624                                                                                                |
| 25                 | Orders for compliance with best execution requirements of NASD Rule 2320                                                                                                                                        |
| 25                 | 25 Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and document best interdealer market related to execution of orders                                 |
| 53                 | Orders in securities required to be submitted to OATS for compliance with FINRA Rules 7440 and 7450, and Nasdaq Rules 6954 and 6955 requirements                                                                |
| 41                 | Customer confirmations prepared and maintained in connection with select samples for compliance with SEC Rule 10b-10                                                                                            |
| 1                  | Quarterly Routing Report for compliance with SEC Rule 606 requirements                                                                                                                                          |
| 9                  | CRD registration records for persons conducting and/or supervising Firm's trading and/or market making activities for compliance with NASD Rule Series 1020, 1030, 1040 and Nasdaq Rule Series 1020, 1030, 1040 |
| 25                 | Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and document best interdealer market related to execution of orders                                    |
| 10                 | Disclosures to customers relating to trading in the Extended Hours session for compliance with FINRA Rule 2265 and Nasdaq Rule 4631                                                                             |
| 109                | Records prepared and maintained in connection with the above samples for compliance with SEC Rules 17a-3 and 17a-4, and NASD Rule 3110                                                                          |
| 29                 | Trades reported to a TRF or OTCRF for compliance with FINRA Rules 6380A and 7230A or 6622 and 7330                                                                                                              |
| All Provided       | Member's "Regular & Rigorous" review procedures regarding order execution quality for compliance with NASD Rules 2320 and 3010                                                                                  |
| All Provided       | Member's supervisory and operational policies and procedures and documentation evidencing execution of the policies and procedures for compliance with SEC Regulation NMS Rule 611                              |
| All Provided       | Member's supervisory system, written supervisory procedures ("WSPs") and documentation evidencing execution of the WSPs for compliance with NASD Rule 3010 or Nasdaq Rule 3010 requirements                     |
| All Provided       | Member's risk management and supervisory system/procedures and documentation evidencing execution of the policies and procedures for compliance with Rule 15c3-5.                                               |