

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012033141502**

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

RE: Genworth Financial Securities Corporation, n/k/a Cetera Financial Specialists, LLC,
Respondent
CRD No. 10358

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Genworth Financial Securities Corporation, n/k/a Cetera Financial Specialists, LLC, (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 it 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

Respondent has been a member firm since 1982. It was originally registered under the name Terra Securities Corporation. In 2005, the Firm was registered under Genworth Financial Securities Corporation ("Genworth"). In 2012, Cetera Financial Specialists, LLC, became the successor by merger to Genworth and assumed substantially all of Genworth's assets and liabilities. The Firm is located in Schaumburg, Illinois.

The Firm's primary business is the sale of mutual funds and variable annuities. The Firm currently has approximately 1,600 registered persons and 1,140 branch locations.

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 July 2009 through June 2012, the Firm failed to establish and maintain a supervisory system and enforce written supervisory procedures reasonably designed to identify and prevent unsuitable excessive trading and churning in customer accounts. Although the Firm's written supervisory procedures in effect during the relevant time period explicitly provided for the monthly review of an Active Account Report, no such report existed and the Firm had no other systems in place that would monitor active accounts for excessive trading. The Firm's failure to have such systems in place and failure to enforce written supervisory procedures allowed Registered Representative BS to, among other things, churn a customer's account in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5.¹

By reason of the foregoing, the Firm violated NASD Rule 3010 (a) and (b), and FINRA Rule 2010.

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

- A censure and \$75,000 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

¹ The Firm previously compensated the customer for, among other things, the losses in the account.

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 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;

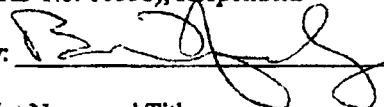
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, 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 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.

10/6/2014
Date (mm/dd/yyyy)

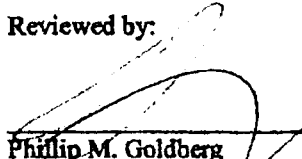
Genworth Financial Securities Corporation, n/k/a
Cetera Financial Specialists, LLC
(CRD No. 10358), Respondent

By: 

Print Name and Title:

Brian Halcy
VP + CCO

Reviewed by:


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10/6/14

Accepted by FINRA:

10-24-2014
Date

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



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