

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20120347043-01**

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

RE: Financial West Group, Respondent
Broker-Dealer
CRD No. 16668

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Financial West Group (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 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

Respondent has been a FINRA member since March 21, 1986, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

Respondent has no prior relevant disciplinary history.

SUMMARY

In connection with Review No. 20120347043, the Customer Issues Group of the Department of Market Regulation (the "staff") reviewed the firm's compliance with FINRA Rule 5310 during the period July 1, 2012 through September 30, 2012 (the "3Q2012 review period").

In connection with Review No. 20130379291, the staff reviewed the firm's compliance with FINRA Rule 5310 during the period April 1, 2013 through June 30, 2013 (the "2Q2013 review period").

In connection with Review No. 20140409491, the staff reviewed the firm's compliance with FINRA Rule 5310 during the period January 1, 2014 through March 31, 2014 (the "1Q2014 review period").

Based on the foregoing reviews, the staff determined that the firm violated FINRA Rule 5310, SEC Rule 17a-3 and FINRA Rule 4511, and NASD Rule 3010 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

20120347043

1. During the 3Q2012 review period, the firm failed to show the time of order receipt on the memorandum of 34 brokerage orders and failed to show the correct time of order receipt on the memorandum of eight brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and FINRA Rule 4511.

20130379291

2. During the 2Q2013 review period, the firm failed to show the time of order receipt on the memorandum of 37 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and FINRA Rule 4511.

20140409491

3. During the 1Q2014 review period, the firm failed to show the time of order receipt on the memorandum of 23 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and FINRA Rule 4511.
4. During the 1Q2014 review period, the firm failed to execute 20 market orders fully and promptly. In nine of the 20 orders, the firm failed to use reasonable diligence to ascertain the best market for the subject securities so that the resultant price to the customer was as favorable as possible under prevailing market conditions. The instances are reflected on Exhibit A, which is attached. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 5310 and 2010.

20130379291 and 20140409491

5. During the period April 1, 2013 through March 31, 2014 (the "supervisory review period"), the Firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of FINRA, concerning FINRA Rule 5310. Specifically, the Firm's supervisory system did not include written supervisory procedures providing for: (1) a statement of the supervisory step(s) to be taken by the identified person(s); and (2) a statement as to how the completion of the step(s) included in the

written supervisory procedures should be documented. The conduct described in this paragraph constitutes a violation of NASD Rule 3010 and FINRA Rule 2010.

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

A censure and a fine of \$30,000 (consisting of \$10,000 for the violations of FINRA Rule 5310; \$10,000 for the violations of SEC Rule 17a-3 and FINRA Rule 4511; and \$10,000 for the supervisory violations), and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph I.A.5 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, 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 paragraph I.A.5; and (3) the date the revised procedures were implemented.

Restitution is ordered to be paid to the customer(s) listed on Exhibit A hereto in the amount of \$199.76, plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this AWC is accepted by the National Adjudicatory Council.

A registered principal on behalf of the Respondent shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, either by letter that identifies the Respondent and case number, or by email from a work-related account of the registered principal of the firm to MarketRegulationComp@finra.org. This proof shall be provided to FINRA no later than 120 days after acceptance of this AWC.

If for any reason, Respondent cannot locate any customer identified in Exhibit A after reasonable and documented efforts within 120 days from the date the AWC is accepted, or such additional period agreed to by FINRA staff in writing, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the customer is known to have last resided. Respondent shall provide satisfactory proof of such action to FINRA in the manner described above, within 14 days of forwarding the undistributed restitution and interest to the appropriate state authority.

The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

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. The firm 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.

2.9.16

Date

Respondent
Financial West Group

By: Ellen Shearin
Name: Ellen Shearin
Title: President

Reviewed by:

EMB

Attorney Name
Counsel for Respondent

Accepted by FINRA:

3/7/16

Date

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

Gerard P. Finn
Gerard P. Finn
Chief Counsel
Department of Market Regulation

Original Exception No.	Order Receipt Date	Event Type	Firm MPID	Order Received Time	Buy / Sell	Quantity	Issue Sym	Market Class	Firm Order ID	Special Handling Codes	Reporting Exception Code	Execution Time	Last Principal Fill	Order Duration	Better Price Available	MOT Violation	Restitution Amount
1	1/6/2014	OE	FINW	12:49:22	SL	650	PFN	CQS	14006PSX4P		R	12:49:57	12:49:57	00:00:35	No	Yes	N/A
2	1/21/2014	OE	FINW	12:08:18	SL	1,000	DXYS	NNM	14021NVDPW		R	12:08:58	12:08:58	00:00:40	No	Yes	N/A
3	1/21/2014	OE	FINW	12:11:59	SL	750	PGI	CQS	14021NTLXZ		R	12:12:30	12:12:30	00:00:31	No	Yes	N/A
4	1/21/2014	OE	FINW	15:48:21	B	500	HIMX	NNM	14021V6TWW		R	15:48:54	15:48:54	00:00:33	No	Yes	N/A
5	1/22/2014	OE	FINW	11:58:03	SL	700	MNTX	SC	14022PH3CC		R	11:58:42	11:58:42	00:00:39	\$14.16	Yes	\$9.00
6	2/3/2014	OE	FINW	11:13:38	SL	1,000	FTNT	NNM	14034V8QXW		R	11:14:33	11:14:33	00:00:55	\$20.31	Yes	\$34.00
7	2/6/2014	OE	FINW	14:47:17	SL	1,000	TXMD	CQS	14037S05JT		R	14:47:54	14:47:54	00:00:37	\$6.17	Yes	\$1.86
8	2/10/2014	OE	FINW	10:57:10	B	500	CALL	NNM	14041V297H		R	10:57:40	10:57:40	00:00:30	No	Yes	N/A
9	2/11/2014	OE	FINW	11:56:38	SL	700	MTW	CQS	14042NBWGK		R	11:57:29	11:57:29	00:00:51	\$27.71	Yes	\$26.97
10	2/11/2014	OE	FINW	13:11:00	SL	1,000	HIMX	NNM	14042Q1L2M		R	13:11:45	13:11:45	00:00:45	No	Yes	N/A
11	2/12/2014	OE	FINW	09:56:41	SL	600	MTW	CQS	14043KNBZZ		R	9:57:20	9:57:20	00:00:39	\$28.88	Yes	\$25.56
12	2/14/2014	OE	FINW	14:44:41	SL	500	NQ	CQS	14045W5GVM		R	14:46:26	14:46:26	00:01:45	No	Yes	N/A
13	2/19/2014	OE	FINW	09:39:21	B	500	NUAN	NNM	14050V4G3R		R	9:40:04	9:40:04	00:00:43	\$15.13	Yes	\$3.99
14	3/3/2014	OE	FINW	14:22:31	B	500	DWCH	SC	14062S3J1T		R	14:23:17	14:23:17	00:00:46	No	Yes	N/A
15	3/4/2014	OE	FINW	09:36:46	SL	500	FTNT	NNM	14063RKBRM		R	9:40:25	9:40:25	00:03:39	\$23.58	Yes	\$69.90
16	3/4/2014	OE	FINW	15:20:42	B	500	BKS	CQS	14063V7P7K		R	15:21:14	15:21:14	00:00:32	\$20.65	Yes	\$3.48
17	3/17/2014	OE	FINW	09:34:35	B	500	FTNT	NNM	14076V6NDF		R	9:35:20	9:35:20	00:00:45	\$23.11	Yes	\$25.00
18	3/17/2014	OE	FINW	14:07:30	SL	1,000	AUDC	NNM	14076V2G3T		R	14:08:15	14:08:15	00:00:45	No	Yes	N/A
20	3/20/2014	OE	FINW	15:35:50	B	1,000	JBLU	NNM	14079V6GZF		R	15:36:31	15:36:31	00:00:41	No	Yes	N/A
21	3/24/2014	OE	FINW	10:18:22	SL	1,000	JBLU	NNM	14083VQZ7M		R	10:19:06	10:19:06	00:00:44	No	Yes	N/A
																	Total MOT Violations: 20
																	Total Restitution: \$199.76