

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013035037001**

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

RE: AMG Distributors, Inc., Respondent
Member Firm
CRD No. 27314

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, AMG Distributors, Inc. (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. The Firm 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

AMG Distributors, Inc. (known as Managers Distributors, Inc. during all times relevant herein) became a FINRA member on September 7, 1990. At all times relevant herein, the Firm's sole business activity was acting as a distributor for funds managed by its parent, Managers Investment Group, LLC ("MIG"). MIG is an SEC-registered Investment Adviser.

At all times relevant herein, the Firm operated from a main office in Norwalk, Connecticut as well as two branch offices and five non-branch locations, and had approximately 108 registered representatives, 48 of whom were employed at the five non-branch locations.

RELEVANT DISCIPLINARY HISTORY

The Firm has no relevant disciplinary history.

OVERVIEW

From approximately 2009 through January 2013, the Firm did not preserve, in an easily accessible place, emails of its registered representatives that were maintained by the Firm's affiliated registered investment advisors, as the Firm did not have direct access to such emails. The Firm also failed to adequately supervise the review of emails of its registered representatives that were employed by affiliated registered investment advisors.

FACTS AND VIOLATIVE CONDUCT

I. FAILURE TO PRESERVE ELECTRONIC COMMUNICATIONS

From at least 2009 through January 2013, the Firm failed to preserve all of its business-related electronic communications in an easily accessible place. During this period, the Firm's registered representatives were divided between those who were employed by MIG (the Firm's "employed representatives") and those who were employed by the Firm's affiliated registered investment advisors ("non-Firm employed representatives"). Business-related electronic communications sent or received by non-Firm employed representatives were retained by the Firm's affiliated investment advisors. The Firm did not have custody or control over those records since it could not easily access them without first requesting them from each affiliated investment advisor. The Firm did not have an adequate system or written agreement in place to ensure that these business-related electronic communications were easily accessible to the Firm.

By failing to preserve all of its business-related electronic communications in an easily accessible place, the Firm violated Exchange Act Rule 17a-4, NASD Conduct Rule 3110(a) (for conduct before December 5, 2011), and FINRA Rules 4511 (for conduct after December 4, 2011) and 2010.

II. FAILURE TO ESTABLISH A REASONABLE SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES TO REVIEW EMAIL

From at least 2009 through January 2013, the Firm failed to establish and maintain a supervisory system, and failed to establish, maintain and enforce written supervisory procedures ("WSPs"), reasonably designed to ensure both the review of emails of non-Firm employed representatives and the documentation of such review. While the Firm delegates the review of non-Firm employed representatives' emails to the Firm's affiliated investment advisors, until January 2013 the Firm did not consistently receive written reports regarding what emails had been reviewed.

By failing to maintain a reasonably designed supervisory system and WSPs reasonably designed to ensure the review of emails of non-Firm employed representatives, as well as the documentation of such email review, the Firm violated NASD Conduct Rules 3010(a), (b), and (d) and FINRA Rule 2010.

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

- a censure; and
- a fine in the amount of \$45,000.

The Firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payments 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 imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

The Firm 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, the Firm 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.

The Firm 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

The Firm 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;
- 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 it;
 - 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; and
 - 4. the Firm 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

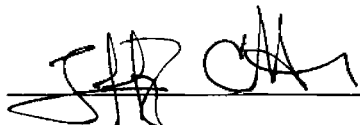
may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. The Firm 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.

AMG Distributors, Inc.

Date 1/15/15

By: 
President

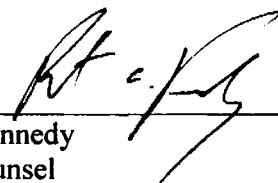
Reviewed by:


Dwight W. Quayle, Esq.
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617-951-7406
Counsel for Respondent

Accepted by FINRA:

Date 1/30/15

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


Robert C. Kennedy
Regional Counsel
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