

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013035046401**

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

RE: Andes Capital Group, LLC, Respondent
Member
CRD No. 139212

Mohammed M. Elahi, Respondent
Registered Principal
CRD No. 4522290

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Andes Capital Group, LLC and Mohammed M. Elahi (collectively, "Respondents") submit 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 Respondents alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondents hereby accept and consent, 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

Andes Capital Group, LLC ("Andes Capital") has been a member of FINRA since June 22, 2006. The firm has two offices, with a principal office in Chicago, Illinois, and 11 associated persons. The firm conducts a general securities business, with approximately 90% of its business focused on U.S. Government Securities and municipal underwritings.

Mohammed M. Elahi ("Elahi") entered the securities industry in April 2002 as a General Securities Representative with a FINRA-registered firm. Elahi has been registered with Andes Capital as a General Securities Principal and Municipal

Securities Principal since June 2006 and as an Options Supervisor since December 2011.

RELEVANT DISCIPLINARY HISTORY

The Respondents have no relevant formal disciplinary history.

OVERVIEW

Most of the violations described herein occurred between approximately May 11, 2009 and January 23, 2011. Andes Capital, acting through Elahi, violated FINRA By-Laws Article V, Section 2(c), FINRA Rule 2010, and NASD Rule 3010(b), when the firm failed to update Forms U4 within 30 days of learning about its representatives' outside business activities, in violation of FINRA By-Laws Article V, Section 2(c), FINRA Rule 2010, and NASD Rule 3010. Andes Capital, acting through Elahi, also violated NASD Rule 1021 and FINRA Rule 2010 by permitting Imran F. Mukati ("Mukati") to act in a principal capacity, without being a registered principal. Finally, Andes Capital violated MSRB Rule G-37 by not filing Forms G-37 in a timely or complete fashion.

Additionally, between approximately June 2011 and January 2013, Andes Capital violated FINRA Rule 6730 and 2010 by failing to accurately report the execution times for 84 of 88 transactions in TRACE-eligible securities. Andes Capital also violated 17a-4(b) when the firm failed to prepare and maintain accurate order tickets in 88 transactions and failed to maintain order tickets for 3 transactions. Additionally, the firm violated SEC Rule 17a-3(a)(6) when the firm failed to record the time of order receipt and order entry for 85 of 85 transactions and 78 of 85 transactions respectively. Finally, Andes Capital violated NASD Rule 3010 and FINRA Rule 2010 when the firm failed to enforce their WSPs regarding the review of TRACE reports.

FACTS AND VIOLATIVE CONDUCT

Failure to Timely Update Forms U4 and Failure to Enforce Written Supervisory Procedures (WSPs)

1. Under Article V, Section 2(c), of FINRA's By-Laws, each registered person's Form U4 should have been updated by Andes Capital within 30 days of receiving written notice of each registered person's outside business activities.
2. Between May 11, 2009 and January 23, 2011, 11 persons associated with Andes Capital reported that they were engaged in a total of 28 outside business activities.

3. Pursuant to the firm's WSPs, Elahi was responsible for reviewing outside business activity forms and ensuring that amended Forms U4 were timely filed to report the outside activities.

4. However, Andes Capital, acting through Elahi, failed to amend seven Forms U4 in order to disclose 18 of the 28 outside business activities within 30 days of learning of the outside business activities. In fact, between one and three years passed between the time the firm learned of the outside activities and the Forms U4 were amended.

Based on the foregoing, Andes Capital and Elahi violated FINRA Rule 2010 and FINRA By-Laws Article V, Section 2(c) and NASD Conduct Rule 3010.

Registration Violations

5. NASD Rule 1021 requires that all persons who engage in the management of a firm's investment banking or securities business, including the supervision, solicitation or conduct of business, shall be registered with FINRA as general securities principals. Mukati signed up for the Series 24 examination, to be registered as a principal, on 13 occasions, but never passed the examination.

6. Although Mukati has never been registered through the Series 24 examination as a principal, Mukati acted as a principal during the review period by signing checks for the firm and reviewing financial records.

7. Andes Capital, acting through Elahi, was aware that Mukati was not registered as a principal, and nevertheless permitted Mukati to act in a principal capacity.

By reason of the foregoing, Andes Capital and Elahi violated NASD Rules 1021 and FINRA Rule 2010.

Failure to Timely Submit MSRB Rule G-37(e) Forms

8. During the review period, Andes Capital failed to file Forms G-37 within one month following the end of the quarter in which it participated in municipal offerings as the lead underwriter. In fact, the Forms G-37 were filed between 85 and 358 days late.

9. Andes Capital failed to disclose on its 4th Quarter 2009 Form G-37 that, on October 15, 2009, the firm had participated in the underwriting of school bonds offering.

10. Andes Capital failed to disclose on its 2nd Quarter Form 2010 G-37 that, on May 1, 2010, it had participated as a co-lead underwriter for a school bond offering.

By reason of the foregoing, Andes Capital violated MSRB Rule G-37.

TRACE-related violations

11. Between approximately June 2011 and January 2013, Andes Capital failed to accurately report 84 TRACE-eligible securities transactions.

By reason of the foregoing, Andes Capital violated FINRA Rules 6730 and 2010.

12. Between approximately June 2011 and January 2013, Andes Capital failed to prepare and maintain accurate order tickets in 88 transactions and failed to prepare and maintain any order tickets for 3 TRACE-eligible securities transactions. Furthermore, the firm failed to record the time of order receipt for 85 of 85 transactions and failed to record the time of order entry for 78 of 85 transactions.

By reason of the foregoing, Andes Capital violated SEC Rules 17a-4(b) and 17a-3(a)(6).

Supervision

13. Andes Capital had in place adequate written supervisory procedures which specified that all TRACE-eligible securities transactions were to be reported within required timeframes, TRACE Report Cards were to be reviewed, and corrective action was to be taken if necessary. However, during the review period Andes Capital failed to enforce these written supervisory procedures.

By reason of the foregoing, Andes Capital violated NASD Rules 3010 and FINRA Rule 2010.

B. Respondents also consent to the imposition of the following sanctions:

Andes Capital is fined \$10,000 (\$2,000 of which pertains to the violations of MSRB Rule G-37).

Elahi is fined \$10,000.

Pursuant to the General Principles Applicable to all Sanction Determinations contained in the Sanction Guidelines, FINRA imposed a lower fine in this case after it considered, among other things, the firm's revenues and financial resources. See Notice to Members 06-55.

Respondents agree to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. Respondents have submitted an Election of Payment form showing the method by which Respondents propose to pay the fine imposed.

Respondents specifically and voluntarily waive any right to claim that Respondents are unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

Respondents specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- 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, Respondents specifically and voluntarily waive any right to claim bias or prejudgment of the General Counsel, 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.

Respondents further specifically and voluntarily waive 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

Respondents understand 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 me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my 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. Respondents 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. Respondents 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 Respondents: (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. Respondents may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that Respondents 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.

Respondents certify that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that the undersigned, on behalf of 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.

07/29/2013
Date (mm/dd/yyyy)

07/29/2013
Date (mm/dd/yyyy)

Andes Capital Group, LLC

M. Elahi
By: Chairman & CEO

M. Elahi
Mohammed M. Elahi
Registered Principal, Respondent

Reviewed by:

Attorney Name
Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Accepted by FINRA:

09/10/13
Date

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

Dale A. Glanzman
Dale A. Glanzman
Senior Regional Counsel
FINRA Department of Enforcement
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Chicago, IL 60603
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Attachments: Election of Payment Forms