

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013035053801**

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

RE: Indiana Securities, LLC, Respondent
Registered Broker-Dealer
CRD No. 45115

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Indiana Securities, LLC ("Indiana Securities" or 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

Indiana Securities has been a FINRA-registered firm since October 1998. It engages in a general securities business and employs six registered persons.

RELEVANT DISCIPLINARY HISTORY

In March 2013, FINRA accepted a Letter of Acceptance, Waiver and Consent from Indiana Securities, which included findings that during December 2010 and January 2011 the Firm conducted a securities business while failing to maintain sufficient net capital, in violation of SEC Rule 15c3-1 and FINRA Rule 2010. The Firm was censured and fined \$5,000.

OVERVIEW

In connection with three best-efforts private placement offerings, Indiana Securities failed to promptly transmit 17 customer checks to the issuer. This

conduct constituted a violation of SEC Rule 15c2-4. It also resulted in violations of SEC Rules 15c3-1 (net capital) and 15c3-3 (customer protection) and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Under SEC Rule 15c2-4(a), a broker-dealer engaged in a best-efforts offering of securities is required to promptly transmit "[t]he money or other consideration received ... to the persons entitled thereto." In connection with three best-efforts offerings, Indiana Securities failed to promptly transmit 17 customer checks to the issuer, but held the uncashed checks payable to the issuer pending delivery to the issuer at closing of the offering, in violation of SEC Rule 15c2-4(a) and FINRA Rule 2010.

This conduct also resulted in violations of SEC Rules 15c3-1 and 15c3-3. During the period that the Firm held the uncashed customer checks (the "relevant period"), the Firm did not qualify for an exemption from the \$250,000 minimum net capital requirement set forth in SEC Rule 15c3-1. Accordingly, during the relevant period, the Firm's minimum net capital was at least \$250,000. On at least two occasions during the relevant period, the Firm conducted a securities business while failing to maintain net capital of \$250,000. Specifically, on November 30, 2012, the Firm's net capital totaled \$65,096, resulting in a deficiency of \$184,904. On December 31, 2012, the Firm's net capital totaled \$100,772, resulting in a deficiency of \$149,228. As a result of these deficiencies, the Firm violated SEC Rule 15c3-1 and FINRA Rule 2010.

In addition, the Firm's failure to promptly forward customer checks to the issuer resulted in a violation of SEC Rule 15c3-3 during the relevant period. SEC Rule 15c3-3 sets forth certain requirements for a firm that, among other things, holds customer funds. During the relevant period, the Firm operated pursuant to the Rule 15c3-3(k)(2)(ii) exemption to the requirements of Rule 15c3-3. As a result of the Firm's failure to promptly forward the customer checks to the issuer, however, the Firm did not qualify for this exemption to the requirements of SEC Rule 15c3-3. The Firm was therefore fully subject to the requirements of SEC Rule 15c3-3, but did not fully comply with those requirements. Specifically, the Firm failed to perform certain reserve computations during the relevant period as required by SEC Rule 15c3-3. As a result, the Firm violated SEC Rule 15c3-3 and FINRA Rule 2010.

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

a censure; and

a fine of \$7,500.¹

The Firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. The Firm has submitted an Election of Payment form showing the method by which the Firm 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 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.

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.

¹ 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.

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; 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. 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.

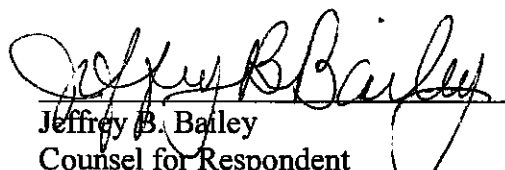
Indiana Securities, LLC

5-07-2014
Date

By: Frank D. Neen

Its: President

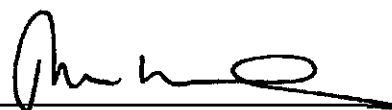
Reviewed by:


Jeffrey B. Bailey
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111 Monument Circle
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Indianapolis, Indiana 46204
317-684-5311

Accepted by FINRA:

5/30/14
Date

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


Thomas K. Anderson
Principal Regional Counsel
FINRA Department of Enforcement
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