

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130371396-01

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

RE: Aegis Capital Corp., Respondent
Broker-Dealer
CRD No. 15007

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Aegis Capital Corp. (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

The firm became a member of FINRA on July 20, 1984, and its registration remains in effect. The firm has no relevant disciplinary history.

SUMMARY

This matter concerns the firm's untimely responses to requests for information made in connection with 12 separate and distinct reviews (the "12 Matters") during the period from July 10, 2012 through March 8, 2013 (the "review period") by the staffs of the Department of Market Regulation and the Office of Fraud Detection and Market Intelligence (collectively, the "staff") pursuant to FINRA Rule 8210. The firm's failure to respond to the staff's requests in a timely fashion violated FINRA Rule 8210 and FINRA Rule 2010.

FACTS and VIOLATIVE CONDUCT

During the review period, the staff sent the firm 12 letters pursuant to FINRA Rule 8210 in connection with 12 separate and distinct reviews seeking information (the "First 8210 Letters"). The firm did not respond to the staff's First 8210 Letters by the due dates. In

only one matter, did the firm request, and receive, an extension of time to comply with the staff's requests. In that matter, the firm failed to provide the information requested by the staff by the new extended due date.

As a result of the firm's failure to respond, the staff was required to make numerous attempts to contact the firm by telephone and email in order to obtain the responses required by the First 8210 Letters. Once the firm responded, the staff, at the firm's request, granted a number of extensions to the firm in order to allow it time to comply with the First 8210 Letters. The firm, however, failed to comply with the granted extensions.

The staff sent the firm 12 follow-up letters pursuant to FINRA Rule 8210 requesting the information contained in the First 8210 Letters (the "Second 8210 Letters"). The firm failed to respond to the Second 8210 Letters. Again, this necessitated that the staff contact the firm to obtain responses to the Second 8210 Letters. The staff granted the firm a number of extensions to respond. Despite these extensions, the firm failed to respond to each of the Second 8210 Letters by the extension due dates. In eight instances, the firm ultimately provided a response before the issuance of a third 8210 letter from the staff.

In connection with the four remaining matters, the staff sent the firm four follow-up letters (the "Third 8210 Letters") as a result of the firm's failure to respond to the Second 8210 Letters. The Third 8210 Letters requested the same information contained in the First and Second 8210 Letters. Once again, the staff granted the firm further extensions to respond. Despite these extensions, the firm failed to timely respond to the Third 8210 Letters. Ultimately, the firm provided the requested information.

The firm's responses to the Rule 8210 letters were produced to the staff, on average, 60 business days after the original due dates.

As a result of the foregoing, the staff determined that during the review period the firm failed to provide timely information in 12 distinct matters pursuant to FINRA Rule 8210. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 8210 and FINRA Rule 2010.

OTHER FACTORS

The staff considered all of the facts and circumstances related to the firm's conduct during the review period, including, but not limited to, the substantive remedial steps taken by the firm to ensure that the firm's responses to all regulatory inquiries and requests are provided on or before the due date, inclusive of any extensions.

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

1. A censure and fine of \$50,000.
2. Within 60 days of acceptance of this AWC by FINRA, the firm's Chief Executive

Officer ("CEO") undertakes to submit to FINRA a written certification signed by the CEO setting out all remedial actions taken by the firm to enhance the firm's policies and procedures, staffing and systems of control and review, designed to ensure timely responses to requests for information from FINRA. Such certification shall be delivered to FINRA, Department of Market Regulation, 9509 Key West Avenue, Rockville, MD 20850, Attention: Manuel Yanez, Esq.

Upon written request showing good cause, FINRA staff may extend the procedural date set forth above.

The firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. It 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 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 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.

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 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.

4/24/14
Date

Respondent
Aegis Capital Corp.

By: Pam Guidetti

Name: Sam Guidetti

Title: CEO

Reviewed by:

Michael M. Ferenc

Attorney Name: Michael M. Ferenc

Counsel for Respondent:

Firm Name: Sichowitz Ross Friedman Ferenc LLP

Address: 61 Broadway, 32nd FL

City/State/Zip: NY, NY 10006

Phone Number: 212 530 9700

Accepted by FINRA:

5/14/14

Date

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

Tina Salehi Gubb

Tina Salehi Gubb

Chief Counsel

Department of Market Regulation