

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130378675-01

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

RE: Finance 500, Inc., Respondent
Broker-Dealer
CRD No. 12981

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Finance 500, Inc. (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 Respondent 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

The firm has been a member of FINRA since December 14, 1982. Its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On October 19, 2012, FINRA accepted the Firm's AWC (Matter No. 20090206673) in which it was censured and fined \$12,500 for 49 market order timeliness violations, pursuant to NASD Rule 2111(a) and FINRA Rule 2010, and 20 best execution violations, pursuant to FINRA Rules 2010 and 2320, during the period of April 1, 2009 through June 30, 2009.

SUMMARY

In connection with Matter No. 20130378675, the Department of Market Regulation reviewed the firm's compliance with FINRA rules pertaining to best execution of customer orders for the period of January 1, 2013 through March 31, 2013 (the "review period"). During the review period, the firm violated FINRA Rules 2010 and 5310, as discussed further below.

FACTS AND VIOLATIVE CONDUCT

1. During the review period, in 31 transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions, as reflected on Exhibit A which is attached. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 2010 and 5310.

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

Censure and a fine of \$15,000.¹

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 National Adjudicatory Council ("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.

¹ The firm has already made restitution to affected customers voluntarily in the amounts set forth on Exhibit A.

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

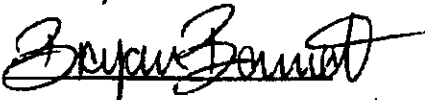
Respondent understands that:

- 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 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. 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. Respondent 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.

10-6-16
Date

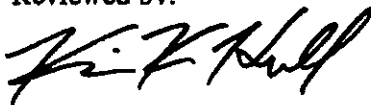
Respondent
Finance 500, Inc.

By: 

Name: BRYAN BENNETT

Title: PRESIDENT/CEO

Reviewed by:


Counsel for Respondent

Accepted by FINRA:

October 19, 2016
Date

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


James J. Nixon
Chief Litigation Counsel
FINRA Department of Market Regulation

Finance 500, Inc. ("FANC")
1st Quarter 2013 Best Execution Review - OTC Securities

Item #	Analysis Item #	Original Exhibit B Item #	Trade Date	Executing MPID	Capacity	B/S	Quantity	Issue Symbol	Execution Price	Contra MPID	Contra Capacity	Report Time	Execution Time	Sale Condition 1	Sale Condition 2	Sale Condition 3	Sale Condition 4	Executing MPID Branch Seq #	Report Memo	Inside Bid at Execution	Inside Ask at Execution	Restitution Amount
1	2	3	1/14/2013	FANC	P	B	5,000	SNLT	0.1601	SPTD	A	12:12:10	12:12:10	@				13000189		0.164	0.18	\$19.50
2	3	4	1/28/2013	FANC	P	S	5,000	FMYR	0.14	SPTD	A	9:31:58	9:31:58	@				27000011		0.1124	0.1125	\$137.50
3	4	5	1/29/2013	FANC	P	B	10,000	LBAS	0.22	ETBL	A	10:45:57	10:45:57	@				28000280		0.225	0.235	\$50.00
4	5	6	1/30/2013	FANC	P	S	1000	ECAU	2.28	ETBL	A	9:50:10	9:50:10	@				29000089		2.26	2.26	\$12.00
5	7	8	1/31/2013	FANC	P	B	5,000	CICN	0.14	ETBL	A	9:32:32	9:32:32	@				30000013		0.1469	0.147	\$34.50
6	12	13	2/5/2013	FANC	P	B	500	ECAU	1.89	ETBL	A	15:46:06	15:46:06	@				35000828		1.9	1.92	\$5.00
7	13	14	2/6/2013	FANC	P	B	500	ECAU	2.03	ETBL	A	9:32:53	9:32:53	@				36000052		2.07	2.07	\$18.00
8	14	15	2/6/2013	FANC	P	B	1,000	ECAU	2.07	ETBL	A	9:33:54	9:33:54	@				36000078		2.12	2.12	\$41.00
9	15	16	2/6/2013	FANC	P	B	1,000	ECAU	2.19	ETBL	A	9:37:04	9:37:03	@				36000114		2.21	2.22	\$11.00
10	17	18	2/11/2013	FANC	P	B	5,000	MJNA	0.37	ETBL	A	9:40:36	9:40:36	@				41000061		0.397	0.4	\$135.00
11	19	20	2/14/2013	FANC	P	B	10,000	MWIP	0.074	ETBL	A	10:45:31	10:45:31	@				44000307		0.0765	0.0766	\$25.00
12	20	21	2/14/2013	FANC	P	S	10,000	BNLB	0.115	ETBL	A	11:06:36	11:06:36	@				44000323		0.112	0.113	\$20.00
13	21	23	2/15/2013	FANC	P	B	2,000	GNIN	2.41	SPTD	A	10:37:22	10:37:22	@				45000212		2.43	2.43	\$21.00
14	22	24	2/19/2013	FANC	P	S	500	GNIN	3.07	ETBL	A	9:41:40	9:41:40	@				49000062		3.05	3.05	\$10.00
15	23	25	2/19/2013	FANC	P	B	100	GNIN	3.05	ETBL	A	10:09:10	10:09:10	@				49000183		3.08	3.08	\$3.00
16	25	28	2/20/2013	FANC	P	S	1,000	AAMRQ	2.67	ETBL	A	10:17:04	10:17:04	@				50000132		2.66	2.66	\$10.00
17	27	30	2/21/2013	FANC	P	S	2,000	SRBL	1	ETBL	A	10:23:03	10:23:03	@				51000299		0.95	0.9501	\$94.90
18	28	31	2/25/2013	FANC	P	S	10,000	CNCT	0.23	ETBL	A	10:20:19	10:20:19	@				55000263		0.2259	0.226	\$40.00
19	29	32	2/25/2013	FANC	P	S	7100	CNCT	0.1871	ETBL	A	10:25:50	10:25:50	@				55000281		0.1811	0.1812	\$41.89
20	30	33	2/25/2013	FANC	P	S	50,000	STRH	0.019	ETBL	A	10:52:10	10:52:10	@				55000331		0.0175	0.018	\$50.00
21	32	36	2/27/2013	FANC	P	S	2,000	GNIN	0.749	ETBL	A	9:42:31	9:42:31	@				57000064		0.712	0.721	\$60.00
22	33	37	2/27/2013	FANC	P	S	10,000	DMHI	0.0607	ETBL	A	10:34:27	10:34:27	@				57000394		0.0525	0.0528	\$79.00
23	34	38	2/27/2013	FANC	P	B	1,000	MITEY	24.3	PICT	A	12:33:00	12:33:00	@				57000812		24.31	24.32	\$10.00
24	35	39	2/28/2013	FANC	P	B	3,000	ENVS	0.28	ETBL	A	9:38:29	9:38:29	@				58000066		0.2999	0.3	\$59.70
25	36	40	2/28/2013	FANC	P	B	500	ENVS	0.11	ETBL	A	9:56:03	9:56:03	@				58000136		0.1125	0.115	\$1.25
26	37	41	2/28/2013	FANC	P	S	1,000	ENVS	0.07	ETBL	A	10:33:14	10:33:14	@				58000260		0.0665	0.068	\$2.00
27	38	42	2/28/2013	FANC	P	S	10,000	MCET	0.0046	SPTD	A	13:56:14	13:56:14	@				58000464		0.0044	0.0045	\$1.00
28	39	43	3/4/2013	FANC	P	S	200	GNIN	1.17	ETBL	A	15:22:34	15:22:34	@				62000562		1.15	1.16	\$2.00
29	42	47	3/13/2013	FANC	P	S	1,500	SGTPY	7.36	PICT	A	9:44:33	9:44:33	@				71000033		7.33	7.34	\$30.00
30	43	48	3/13/2013	FANC	P	S	5,000	SGTPY	7.35	PICT	A	9:46:55	9:46:55	@				71000040		7.33	7.34	\$50.00
31	44	49	3/14/2013	FANC	P	S	50,000	IMUN	0.073			9:41:47	9:41:47	@				72000041		0.059	0.06	\$650.00

Total Restitution Amount: \$1,724.24

FINRA
LETTER OF ACCEPTANCE WAIVER AND CONSENT
NO. 20130378675

CORRECTIVE ACTION STATEMENT

This Corrective Action Statement is submitted by the Respondent. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.

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

RE: Finance 500, Inc.
CRD No. 12981

Without admitting or denying the findings, and solely for the purposes of this proceeding, prior to a hearing and without an adjudication of any issue of law or fact, Finance 500, Inc. ("Finance 500" or the "firm") submits this Corrective Action Statement for the purpose of presenting demonstrable steps taken to correct FINRA's finding that Finance 500 failed to comply with certain rules related to best execution.

The activities that led to the AWC primarily involved a Florida branch office's equity market-making activities in 2013. In mid-2014, the firm not only ceased all equity market-making activities, it also closed the Florida branch office. Moreover, in the second quarter of 2016, the firm shuttered its entire retail securities business.

In addition to the actions described above, the firm made salutary changes to staffing and personnel at its headquarters office in 2015. More important, the ownership of the firm changed in 2015 as the firm was sold to a group of registered persons who were not connected with the equity trading activity nor involved with any other conduct described in the AWC. Finally, the firm voluntarily made restitution payments totaling \$1,724.24 prior to commencing discussions about this AWC.

Respectfully submitted,

Finance 500, Inc.

10-6-16
Date


By: Bryan Bennett, President