

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013038311501**

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

RE: CG Compass (USA) LLC, Respondent
Member Firm
BD No. 129837

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent CG Compass (USA) LLC ("CG Compass" 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 CG Compass alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. CG Compass 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

CG Compass has been a FINRA member firm since May 2004. The Firm is engaged in a general securities business. The Firm employs 14 registered representatives in two branch offices.

RELEVANT DISCIPLINARY HISTORY

CG Compass has no prior disciplinary history with the Securities and Exchange Commission, any state securities regulator, FINRA or any other self-regulatory organization.

OVERVIEW

From August 2008 to May 2012, CG Compass failed to develop and implement an anti-money laundering ("AML") program that was reasonably designed to achieve and monitor the Firm's compliance with requirements of the Bank

Secrecy Act and the implementing regulations thereunder. In particular, the Firm did not establish and implement policies and procedures reasonably tailored to its business model that could be reasonably expected to detect and cause the reporting of potentially suspicious activity arising from wire transfers to and from customer accounts. The Firm also failed to conduct independent AML testing for calendar years 2008 through 2011. In addition, from August 2008 to June 2017 the Firm failed to conduct periodic reviews of account activity for correspondent accounts for six foreign financial institutions ("FFIs"). And, from August 2008 to May 2012, the firm failed to evidence that it had performed searches based on certain requests made by the Financial Crimes Enforcement Network ("FinCen"), as required under the Bank Secrecy Act. As a result, CG Compass violated NASD Conduct Rules 3011 and 2110, and FINRA Rules 3310 and 2010.

From 2008 through 2012, CG Compass did not establish, maintain and enforce reasonable supervisory control procedures related to wire transfers in violation of NASD Conduct rules 3012(a)(2)(B)(i) and 2110, and FINRA Rule 2010.

Finally, from August 2008 to May 2012, CG Compass failed to maintain evidence of principal review of electronic correspondence in violation of NASD Conduct Rules 3010(d)(3) and 2110, and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

1. CG Compass Did Not Establish and Implement a Reasonable AML Program to Detect Suspicious Activity Arising From Wire Transfers

NASD Conduct Rule 3011 and its successor FINRA Rule 3310 require each member firm to, among other things, establish and implement policies and procedures that can be reasonably expected to detect and cause the reporting of suspicious transactions required under 31 U.S.C. § 5318(g) and the implementing regulations thereunder.

NASD Notice to Members 02-21 ("NTM 02-21") provided detailed guidance to the industry regarding the obligation of a broker-dealer to monitor for and report suspicious transactions. In NTM 02-21, the NASD advised each broker-dealer that when developing an AML program, it should tailor the program to fit its business, taking into consideration, among other factors, "the types of transactions in which its customers engage." NTM 02-21 further reminded broker-dealers of their duty to look for "red flags," *i.e.*, signs of suspicious activity that suggest money laundering or other violative activity, and provided broker-dealers with a non-exhaustive list of such red flags. That list of red flags includes when:

- "[t]he customer's account has unexplained or sudden extensive wire activity, especially in accounts that had little or no previous activity."
- "[t]he customer's account has a large number of wire transfers to unrelated third parties inconsistent with the customer's legitimate business purpose."
- "[t]he customer's account has wire transfers that have no apparent

business purpose to or from a country identified as a money laundering risk or a bank secrecy haven.”

- “[t]he customer’s account shows an unexplained high level of account activity with very low levels of securities transactions.”
- “[t]he customer makes a funds deposit followed by an immediate request that the money be wired out or transferred to a third party, or to another firm, without any apparent business purpose.”

Where red flags are detected, the NASD cautioned broker-dealers to “perform additional due diligence before proceeding with the transaction.” The notice advised broker-dealers to “develop administrative procedures concerning [suspicious activity reports (SARs)],” which “should address the process for filing SARs and reviewing SAR filings.”

a. CG Compass’s Deficient Written AML Procedures

From August 2008 to May 2012, CG Compass’s written AML procedures were not reasonable because they did not take into account the specific AML risks arising from the Firm’s business model. In that period, CG Compass serviced a customer base that included customers based in jurisdictions that are considered to present heightened AML risks. Although the Firm permitted customers to wire funds into and out of their accounts, including by third-party wires,¹ CG Compass’s procedures did not set forth steps to be taken to review and investigate wire transfers prior to approval. The Firm’s written AML procedures did not specify how the Firm intended to monitor, detect and investigate for “red flags” of suspicious activity, and they did not list reports and documents that the Firm intended to rely upon, the systems by which it would conduct reviews, the frequency of any reviews and how reviews would be documented. For example, CG Compass’s AML procedures provided that “the Firm will rely on the clearing firm to review for and process any necessary reports resulting from wire transfers or other fund transfers that are subject to the [Bank Secrecy Act] ”

b. CG Compass Did Not Implement a Reasonable System to Respond to Red Flags of Suspicious Activity

Between August 2008 and May 2012, CG Compass did not implement a system reasonably tailored to the Firm’s business model that could reasonably have been expected to detect and cause the reporting of, including the investigation of and follow up on, red flags of suspicious activity arising from wire transfer transactions.

The Firm approved wire transfers based on brief descriptions as to the purpose of the wires provided by customers and did not investigate and obtain documentation concerning the source, destination, recipients and/or business purpose for the

¹ During the period August 2008 through May 2012, CG Compass processed approximately 8,600 wire transactions, nearly 3,000 of which were third-party wires

wires. As a result, the Firm did not adequately consider or inquire into the risks presented by the wire transfers. The Firm further did not use any exception reports in its review of wire transfers.

c. CG Compass Did Not Detect, Investigate and Follow-Up on Red Flags of Suspicious Activity

CG Compass did not timely detect, investigate and follow-up on red flags of suspicious activity arising from certain wire transfers. The Firm did not take reasonable steps to investigate red flags in connection with these potentially suspicious wire transactions until prompted by inquiries made by its clearing firm. For example:

- **“Red Flags” in the Account of Customer A**

Customer A was a British Virgin Islands Corporation whose beneficial owners were domiciled in Chile. Customer A opened an account at CG Compass in April 2009. By January 2011, the account did not hold any securities and did not engage in the purchase or sale of any securities. But from 2011 through April 2012, Customer A's account received 19 wire transfers totaling \$270,141 and sent 18 wire transfers totaling \$664,385. Fifteen of the 18 outgoing wire transfers were sent to a third-party recipient in Chile, all in amounts under \$10,000, totaling \$129,385. The stated purpose for these outgoing wire transfers on wire transfer request forms was identified as “personal investments” and “investment in other funds in Chile.”

This activity raised “red flags” of potentially suspicious activity. For example, the number of wire transactions represented a high level of activity in an account with no securities transactions. The frequency of the transactions and the fact that most of the outgoing wires were for amounts less than \$10,000 raised questions as to whether there was a legitimate business purpose for the wires. These red flags should have caused CG Compass to investigate and perform additional due diligence. However, at the time of the wires, CG Compass did not conduct a reasonable investigation into the wire activity. The Firm did not ask for and did not obtain documentation to verify the facts and circumstances surrounding the source of funds transferred to the account, the destinations of the transfers from the account and the business purpose of the wires.

In April 2012, CG Compass's clearing firm inquired to CG Compass about the activity in Customer A's account, causing the Firm for the first time to try to get additional information from the customer. Customer A, however, was not responsive to the inquiries and CG Compass then closed Customer A's account.

- **“Red Flags” Arising from Wires by Certain Customers Domiciled in Argentina**

During the period May through October 2011, ten CG Compass customers who were domiciled in Argentina sent 17 outgoing third-party wires in amounts totaling \$660,100 to two entities. The wires to these entities were sent to a bank in Lichtenstein. The wires should have raised “red flags” in light of facts that the customers’ domicile was in Argentina and that the destination of the wires was Lichtenstein, jurisdictions that presented enhanced money laundering risks. The destination of the wires further raised concerns with respect to whether there was a legitimate business purpose for the wires.

It was only after CG Compass’s clearing firm inquired about these transactions that CG Compass conducted an inquiry into the destinations of the wires. The Firm then determined that the wire recipients appeared to be acting as unlicensed money services businesses.²

- **“Red Flags” in the Account of Customer B**

Customer B was an individual domiciled in Argentina who opened an account at CG Compass in 2009. On March 31, 2010, Customer B wired \$1,251,389 to the account from Argentina. On December 6, 2010, Customer B’s account received a wire of \$1,443,142, also from Argentina. Just one month later, on January 7, 2011, Customer B sent four separate wires totaling \$1,548,612 to three different third-party accounts at two different banking institutions in Costa Rica. The stated purpose for the wires on wire request forms was “[p]ayment of real estate broker fees.” There were no purchases or sales of securities in Customer B’s account between March 31, 2010 and January 7, 2011.

At the time of the wires, CG Compass did not ask for or obtain documentation to verify the source, destination and business purpose of the wires and did not conduct a reasonable investigation into the wire activity. This wire activity in Customer B’s account, however, presented “red flags” that should have caused CG Compass to inquire further: the customer’s location in a jurisdiction that presented enhanced risks of money laundering; the size of the wires; and the customer’s wiring out of

² A “money services business” includes any person doing business as a currency dealer or exchange, check cashier, issuer of travelers checks, money orders or stored value, seller or redeemer of travelers checks, money orders or stored value, money transmitter or the U.S. Postal Service. 31 CFR 103.11(n). The Financial Action Task Force, an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering and terrorist financing, has noted the money laundering risks posed by money services businesses such as money exchange centers, money remitters, and currency exchange providers. See *Money Laundering through Money Remittance and Currency Exchange Providers*, Financial Action Task Force (June 2010).

funds to third parties in another country soon after receiving the incoming wires.

By reason of the foregoing, CG Compass violated NASD Conduct Rules 3011(a) (for conduct prior to January 1, 2010) and 2110 (for conduct prior to December 15, 2008), and FINRA Rules 3310(a) (for conduct from January 1, 2010) and 2010 (for conduct from December 15, 2008).

2. Compass Did Not Conduct Independent AML Testing

NASD Conduct Rule 3011(c) and its successor FINRA Rule 3310(c) require that member firms that execute transactions on behalf of retail customers conduct annual (on a calendar-year basis) independent testing of their AML program.

CG Compass failed to conduct independent testing of the Firm's AML program during calendar years 2008, 2009, 2010 and 2011.

By reason of the foregoing, CG Compass violated NASD Conduct Rules 3011(c) (for conduct prior to January 1, 2010) and 2110 (for conduct prior to December 15, 2008), and FINRA Rules 3310(c) (for conduct from January 1, 2010) and 2010 (for conduct from December 15, 2008).

3. Failure to Conduct Periodic Reviews of Correspondent Accounts for Foreign Financial Institutions

NASD Conduct Rule 3011(b) and its successor FINRA Rule 3310(b) require firms to establish and implement policies, procedures and internal controls reasonably designed to ensure compliance with the Bank Secrecy Act and the implementing regulations thereunder, including 31 C.F.R. 1010.610 (which until March 1, 2011 was codified at 31 C.F.R.103.176). This regulation requires broker-dealers to establish and implement due diligence policies, procedures, and controls to assess the AML risk posed by correspondent accounts for FFIs based upon a consideration of relevant factors. The regulation also requires broker-dealers to conduct a periodic review of the correspondent account activity to determine: (i) whether the activity in the account is consistent with the information that was initially obtained about the type, purpose, and anticipated activity of the account and (ii) whether, given the volume and/or type of activity in the account, the broker-dealer can adequately identify suspicious transactions.

During the period of August 2008 to June 2017, CG Compass failed to conduct periodic reviews of account activity for correspondent accounts with respect to a total of six FFIs.

By reason of the foregoing, CG Compass violated NASD Conduct Rules 3011(b) (for conduct prior to January 1, 2010) and 2110 (for conduct prior to December 15, 2008), and FINRA Rules 3310(b) (for conduct from January 1, 2010) and

2010 (for conduct from December 15, 2008).

4. Failure to Conduct FinCen Searches

Since November 2002, FinCEN has received requests from law enforcement agencies to help locate financial assets and recent transactions by subjects of criminal investigations that may be involved in terrorism or money laundering. Every two weeks, FinCEN, pursuant to Section 314(a) of the USA PATRIOT ACT, posts a new list of persons and entities of interest to law enforcement inquiries. Pursuant to 31 C.F.R. 103.100, recodified as 31 C.F.R. 1010.520, financial institutions are required to expeditiously search their records to determine whether they maintain or have maintained any account for, or have engaged in any transaction with, each individual, entity, or organization named in FinCEN's request. Financial institutions must report to FinCEN, in the manner and in the time frame specified in FinCEN's request, any positive matches.

CG Compass failed to check the names of persons and entities on FinCEN's lists against the Firm's customer base and those with whom the Firm engaged in any transaction for a total of 82 bi-weekly periods from August 2008 through May 2012. Additionally, for 11 bi-weekly periods between August 2008 and May 2012, CG Compass failed to conduct searches in a timely manner.

By reason of the foregoing, CG Compass violated NASD Conduct Rules 3011(b) (for conduct prior to January 1, 2010) and 2110 (for conduct prior to December 15, 2008), and FINRA Rules 3310(b) (for conduct from January 1, 2010) and 2010 (for conduct from December 15, 2008).

5. Deficient Supervisory Control Procedures

NASD Conduct Rule 3012 requires firms to, among other things, establish, maintain and enforce written supervisory control policies and procedures which address a variety of activities. NASD Conduct Rule 3012(a)(2)(B)(i) requires that a firm's procedures be reasonably designed to review and monitor all transmittals of funds or securities from the accounts of customers to third-party accounts and outside entities (including banks).

For the period 2008 through 2012, CG Compass did not have in place written supervisory control procedures reasonably designed to review and monitor the Firm's activities with respect to electronic transfers of funds. The Firm also did not have any written procedures to either validate information on wire requests prior to approving the requests or outline how the Firm intended to monitor for potentially fraudulent wire transfers to third parties from customer accounts.

By reason of the foregoing, CG Compass violated NASD Conduct Rules 3012(a)(2)(B)(i) and 2110 (for conduct prior to December 15, 2008), and FINRA Rule 2010 (for conduct from December 15, 2008).

6. Supervisory Review of Electronic Correspondence

NASD Conduct Rule 3010(a) requires members to “establish and maintain a system to supervise the activities of each registered representative, registered principal, and other associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with the applicable Rules of NASD.”

NASD Conduct Rule 3010(d)(1) requires members to:

establish procedures for the . . . review by a registered principal of incoming and outgoing written and electronic correspondence of its registered representatives with the public relating to the investment banking or securities business of such member. Such procedures should be in writing and be designed to reasonably supervise each registered representative. Evidence that these supervisory procedures have been implemented and carried out must be maintained and made available to the Association upon request.

NASD Conduct Rule 3010(d)(3) provides that “the names of the persons who prepared outgoing correspondence and who reviewed the correspondence shall be ascertainable from the retained records and the retained records shall be readily available to the Association, upon request.”

During the period August 2008 through May 2012, CG Compass failed to maintain evidence of principal review of its electronic correspondence.

By reason of the foregoing, CG Compass violated NASD Conduct Rules 3010 and 2110 (for conduct prior to December 15, 2008), and FINRA Rule 2010 (for conduct from December 15, 2008).

B. CG Compass also consents to the imposition of the following sanctions:

1. A censure;
2. A fine of \$75,000; and
3. The following undertaking:
 - i. Within no later than 90 days from the Notice of Acceptance of this AWC, or such additional period as agreed to by a FINRA staff member in writing, a registered principal and executive officer of the Firm, on behalf of the Firm, shall submit a certification that the Firm’s policies, systems and procedures (written and otherwise) and training are reasonably designed with respect to the

Firm's compliance with FINRA Rule 3310 and the requirements of the Bank Secrecy Act and the regulations promulgated thereunder, including, but not limited to those related to monitoring for, identifying, investigating, and responding to red flags of suspicious transactions in general and specifically with respect to wire transfers to and from customer accounts.

- ii. The certification that the Firm has complied with the undertaking set forth above shall be provided to Frank M. Weber, FINRA – Department of Enforcement, Brookfield Place, 200 Liberty Street, New York, NY 10281, either by letter that identifies CG Compass and Matter No. 2013038311501 or by email from a work-related account of a registered principal of the Firm to EnforcementNotice@FINRA.org.

CG Compass agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payment is due and payable. CG Compass has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

CG Compass 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

CG Compass 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, CG Compass 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.

CG Compass 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

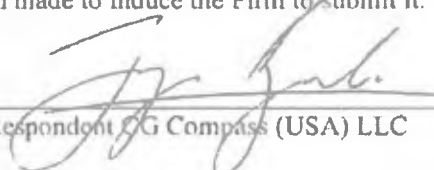
CG Compass understands that:

- 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 CG Compass'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. CG Compass 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. CG Compass 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 CG Compass'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. CG Compass may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. CG Compass 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.

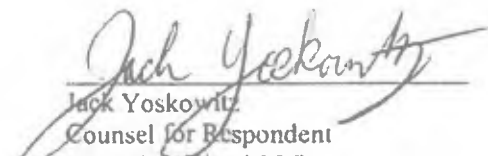
The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to its provisions voluntarily; and that no offer, threat, 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.

11/30/2017
Date (mm/dd/yyyy)


Respondent CG Compass (USA) LLC

By: JORGE ABUELLO, President, CEO

Reviewed by:


Jack Yoskowitz
Counsel for Respondent
Seward & Kissel LLP
One Battery Park Plaza
New York, New York 10004
(212) 574-1200

Accepted by FINRA:

December 21, 2017
Date

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


Frank M. Weber
Senior Regional Counsel
FINRA Department of Enforcement
200 Liberty Street

New York, NY 10281
Telephone: (212) 858-4324
Fax: (212) 858-4770



Statement of Corrective Action

This Statement of Corrective Action is submitted by CG Compass (USA) LLC. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.

CG Compass (USA) LLC

Letter of Acceptance, Waiver and Consent

No. _____

CG Compass (USA) LLC ("CG Compass" or the "Firm") submits this Statement of Corrective Action (the "Statement") with respect to the referenced Acceptance, Waiver and Consent ("AWC"), which pertains to a review by the staff of the FINRA Department of Enforcement (the "Staff"). While CG Compass accepts and consents to the AWC, without admitting or denying the findings, the Firm submits this Statement to demonstrate how, since the review, the Firm has worked to address the issues described in the AWC.

First, CG Compass has taken steps to strengthen its anti-money laundering ("AML") program and written supervisory control procedures to ensure that they are reasonably tailored to the Firm's business model and client base. For example, since May 2012, CG Compass has prohibited virtually all third-party wire transfers, save in certain limited and exceptional circumstances. Additionally, since the implementation of these restrictions of third-party wire transfers in May 2012, the Firm conducts prompt periodic reviews all incoming and outgoing wires for all clients to ensure they adhere to this internal policy. The Firm has also taken steps to automate and systematize its AML procedures by, among other things, utilizing an automatic review of wire transfers, and employing WorldCheck and other "negative news" systems to identify Politically Exposed Persons and heightened-risk individuals and organizations. Further, the Firm's AML program and supervisory procedures were recently examined by both the U.S. Securities Exchange Commission ("SEC") and FINRA (in a separate examination), and no issues were identified with respect to the Firm's procedures concerning wire or electronic fund transfers, or its detection and investigation of red flags. Likewise, the Firm's current clearing firm has not raised any issues with respect to the Firm's current AML program or written supervisory control procedures.

With respect to certain gaps in independent testing of its AML program, the Firm notes that it self-identified and began taking steps to rectify this issue prior to learning of the Staff's examination. In the fourth quarter of 2011, CG Compass learned that the independent third-party service provider utilized to test the Firm's AML compliance program had not conducted such testing for 2008, 2009, 2010, or 2011. CG Compass immediately contacted this third-party provider and directed it to test the Firm's AML compliance program for those years. In early 2012, the third-party provider finalized its independent testing for each of the relevant years, and issued reports to CG Compass documenting its findings. Notably, the independent testing for the relevant years found no material gaps in the Firm's AML program for those years, other than those noted by the Staff in the AWC. Since that time, the Firm has taken steps to ensure that



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independent testing of its AML compliance program has been and will continue to be conducted on a timely basis. The recent SEC and FINRA examinations referenced above found no exceptions with the timely execution of the Firm's independent testing of its AML program since 2012.

CG Compass likewise self-identified and disclosed to the Staff certain issues identified with respect to its FinCen searches, and immediately took steps to correct those issues. For example, the Firm amended its procedures to require a designated principal (the Chief Compliance Officer) to perform a search of the Firm's records within 14 days of receipt of a 314(a) request. The Firm also now requires that its Chief Compliance Officer verify, on a monthly basis, that 314(a) searches have been timely performed, and that written evidence of those searches has been properly maintained. Further, upon learning of these issues in 2012, the Firm retrained the Chief Compliance Officer on the process and procedure for reviewing and evidencing FinCen searches, and also added such reviews to the Firm's compliance calendar. Notably, the Firm has not had any missed or late 314(a) searches since May 2012, and no issues were raised with the Firm's 314(a) searches in the more recent SEC and FINRA examinations referenced above.

With respect to the Staff's findings concerning CG Compass's periodic reviews of correspondent accounts for foreign financial institutions, the Firm intends to closely monitor ongoing activity in such accounts in order to address the Staff's concerns. The Firm notes that it conducts daily reviews of all client trades, which are approved by a designated principal, and that it conducts periodic reviews (typically weekly) of all incoming and outgoing wire activity for all of the Firm's clients to ensure they are not third-party wires. The Firm also notes that no issues were raised in either the Staff's examination or the SEC and FINRA's recent audits of the Firm's procedures with respect to the Firm's robust onboarding due diligence procedures concerning such accounts. In order to address the Staff's concerns, the Firm will expand the periodic reviews it already conducts (described above) which monitor client activities, to ensure enhanced ongoing monitoring of correspondent accounts for foreign financial institutions to ensure that (i) the account activity is consistent with the information that was initially obtained about the type, purpose, and anticipated activity of the account, and (ii) the Firm can adequately identify suspicious transactions given the volume and/or type of activity in the account.

Finally, with respect to supervisory review of its electronic correspondence, CG Compass has utilized and continues to utilize an industry-recognized third-party vendor system to monitor and archive such correspondence. In 2012, after learning of the Staff's concerns with respect to the Firm's ability to evidence principal review of its electronic correspondence, the Firm conducted training with a technical specialist from that third-party vendor to ensure that the designated principal responsible for reviewing electronic correspondence is capable of running and maintaining a fixed record of the review within the system, which permits the Firm to maintain systematically an accurate and re-creatable audit trail of its supervisory reviews and to monitor and periodically test such recordkeeping. Further, CG Compass updated its procedures to require the reviewing designated principal to (i) record each reviewed run of periodic e-mail searches, and (ii) maintain soft copy records and statistics of the reviewed run of periodic e-mail searches. The Firm also updated its procedures and compliance calendar to require that at least monthly supervisory reviews be performed promptly. No issues were raised with the Firm's

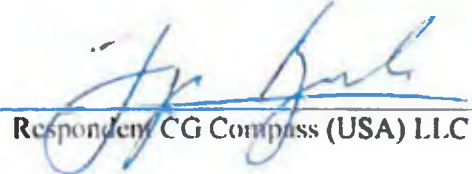


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supervisory review of its electronic correspondence in the more recent SEC and FINRA examinations referenced above.

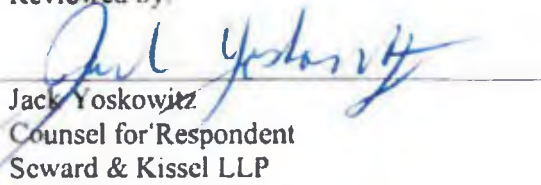
Based on all of these actions, CG Compass believes it has fully, and in good faith, responded to the findings of the Staff with respect to the issues described in the AWC.

11/30/2017
Date (mm/dd/yyyy)


Respondent CG Compass (USA) LLC

By: Jorge Abuelo, CEO

Reviewed by:


Jack Yoskowitz
Counsel for Respondent
Seward & Kissel LLP
One Battery Park Plaza
New York, New York 10004
(212) 574-1200