

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013038444702**

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

**RE: Gregg N. Nussbaum, Respondent
Government Securities Representative
CRD No. 2020751**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Gregg N. Nussbaum, 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I 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

At various times from December 1990 through August 22, 2013, Nussbaum was associated with numerous FINRA members. In 2004, he acquired Series 63 and 72 licenses.

On February 8, 2011, FINRA member First Integrity Capital Partners Corp. filed a Form U4 for Nussbaum, commencing his association with it as of February 3, 2011. On November 22, 2011, First Integrity filed a Form U5 for Nussbaum, terminating his association with it as of that date. While associated with First Integrity, Nussbaum was registered with FINRA, through the firm, as a Government Securities Representative ("GSR").

Nussbaum was next associated with another FINRA member from January 24, 2012 through March 12, 2012, when the firm filed a Form U5 for him, terminating his association with it as of March 9, 2012. While associated with the firm, Nussbaum was registered with FINRA, through the firm, as a GSR.

Most recently, Nussbaum was associated with another FINRA member from April 4, 2012 through August 22, 2013, when the firm filed a Form U5 for Nussbaum, terminating his association with it as of July 24, 2013. While associated with the firm, Nussbaum was registered with FINRA, through the firm, as a GSR.

Nussbaum currently is not associated with a FINRA member.

RELEVANT DISCIPLINARY HISTORY

In 2004, the NASD accepted AWC No. CLI040044 from Nussbaum, wherein he was fined \$5,000 for effecting transactions in government securities for his member firm without being properly registered with the NASD, in violation of NASD Rules 1031 and 2110.

OVERVIEW

Nussbaum, a proprietary trader, engaged in unauthorized trading, submitted order tickets with false execution times to his firm, and also caused his firm to conduct securities business while net capital deficient. By engaging in this misconduct, Nussbaum violated FINRA Rule 2010 and NASD Conduct Rule 3110(a).

FACTS AND VIOLATIVE CONDUCT

In September 2011, Nussbaum, a proprietary trader for First Integrity, intentionally exceeded his trading authority. First Integrity authorized Nussbaum to engage in riskless principal trading for the firm, wherein he could only simultaneously open and close a U.S. Treasury position of no greater than \$5 million par value. Nussbaum, however, did not simultaneously open and close positions, as he left positions open for extended periods of time throughout a trading day. He also opened positions in excess of his \$5 million par value limit. Specifically, on September 15, 2011, in seven transactions executed between 11:49 a.m. and 12:26 p.m., Nussbaum knowingly opened a \$35 million par value position in U.S. Treasuries. Later that day, Nussbaum closed the position in seven transactions executed between 12:42 p.m. and 1:07 p.m. On the following day, Nussbaum knowingly maintained an open \$20 million par value position in U.S. Treasuries and later an open \$25 million par value position in U.S. Treasuries—neither of which he simultaneously opened and closed. By engaging in unauthorized trading, Nussbaum violated FINRA Rule 2010.

In order to exceed his trading authority, Nussbaum intentionally submitted order tickets with false execution times to First Integrity. The tickets falsely indicated that Nussbaum was complying with the firm's limitations by simultaneously opening and closing a U.S. Treasury position of \$5 million par value. From September 6-16, 2011, Nussbaum submitted 52 order tickets to First Integrity

with inaccurate execution times. As a result of the foregoing, Nussbaum violated FINRA Rule 2010 and NASD Conduct Rule 3110(a).

Because First Integrity engaged in proprietary trading, it was required to maintain minimum net capital of \$100,000. The haircut on the aforementioned positions opened, and then left open, by Nussbaum on September 16, 2011 caused the firm's capital position to fall below its required minimum on that day. As a result of the foregoing, First Integrity conducted securities business while net capital deficient on at least September 16, 2011. By causing his firm to conduct securities business while net capital deficient, Nussbaum violated FINRA Rule 2010.

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

A bar from association with any FINRA member in all capacities.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

I 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, I 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.

I 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

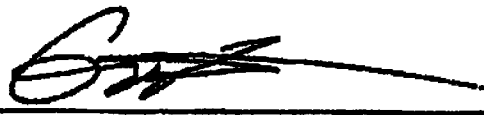
I understand that:

- 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. I 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. I 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 my: (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.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have 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 me to submit it.

2/14/2014
Date (mm/dd/yyyy)


Gregg N. Nussbaum

Reviewed by:

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Carl F. Schoeppl, Esq.
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Counsel for Respondent

Accepted by FINRA:

2/19/14
Date

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

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