

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130395529-01**

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

RE: Delaney Equity Group LLC, Respondent
Broker-Dealer
CRD No. 142285

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Delaney Equity Group LLC (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 has been a member of FINRA since May 31, 2007, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has no relevant disciplinary history.

SUMMARY

In connection with 20130395529, the staff of the Market Regulation Department (the "staff") reviewed the firm's compliance with rules and regulations relating to short sales during the period February 1, 2013 through April 30, 2013 (the "short sale review period").

In connection with 20140425178, the staff reviewed the firm's compliance with rules and regulations relating to order protection for over-the-counter ("OTC") equity securities during the period April 1, 2014 through June 30, 2014 (the "order protection review period").

Based on the foregoing reviews, the staff determined that the firm violated FINRA Rules 4511 and 2010, NASD Rule 3010, SEC Rule 17a-3, and Regulation SHO Rule 203(b)(1).

FACTS AND VIOLATIVE CONDUCT

20130395529 (Feb. 1, 2013 – April 30, 2013 Short Sale Review)

1. During the short sale review period, the firm, on 177 occasions, effected a short sale in an equity security for its own account without (1) borrowing the security, or entering into a bona fide arrangement to borrow the security; (2) having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due; and (3) documenting compliance with Rule 203(b)(1) of Regulation SHO. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 203(b)(1) of Regulation SHO.
2. During the short sale review period, the firm failed to enforce its written supervisory procedures which specified that a supervisory principal would perform a daily review of short sale order tickets to ensure compliance with Rule 203(b)(1) of Regulation SHO, and initial the order tickets to evidence the review. The conduct described in this paragraph constitutes violations of NASD Rule 3010 and FINRA Rule 2010.

20140425178 (Apr. – June 2014 OTC Order Protection review)

3. During the NMS review period, the firm failed to show the terms and conditions on the memorandum of 134 brokerage orders. Specifically, the firm failed to record the Not Held term and condition on each of these orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and FINRA Rule 4511.

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

A censure and a fine of \$40,000 (\$17,500 for the short sale violations and \$12,500 for the supervision violation in 20130395529; and \$10,000 for the books and records violations in 20140425178), and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in Section A above. Within 30 business days of acceptance of this AWC, a registered principal of the Respondent shall submit to the **Compliance Assistant, Legal Section, Market Regulation Department, 9509 Key West Avenue, Rockville, MD 20850**, a signed, dated letter, or an email from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in Section A above; and (3) the date the revised procedures were implemented.

The firm 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.

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(s) 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 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.

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

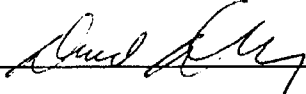
The firm understands that:

- 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 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. 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.

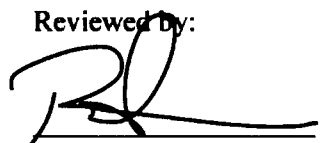
The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat,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

March 13, 2017
Date

Respondent
Delaney Equity Group LLC

By: 
Name: David C. Delaney

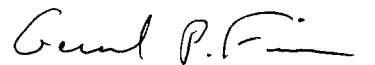
Title: CEO

Reviewed by:

Counsel for Respondent

Accepted by FINRA:

March 31, 2017
Date

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


Gerard P. Finn
Chief Counsel
Department of Market Regulation