

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014039170501**

RECEIVED

NOV 19 2014

FINRA District 4

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

**RE: Commerce Brokerage Services, Inc., Respondent
FINRA Member Firm
CRD No. 17140**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Commerce Brokerage Services, Inc. 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 Commerce alleging violations based on the same factual findings described herein.

I. ACCEPTANCE AND CONSENT

- A. Commerce 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

Commerce Brokerage Services, Inc. has been a FINRA member since February 21, 1986 and has its main office in Clayton, Missouri. Commerce engages in a general securities business. Commerce employs approximately 93 registered individuals and 44 branch offices.

Commerce does not have a relevant disciplinary history.

OVERVIEW

Commerce failed to establish a reasonable supervisory system to review electronic correspondence, thereby violating NASD Rule 3010 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Commerce used a computerized surveillance system to assist with the review of the electronic correspondence of its registered representatives. From October 2012 through April 2014, Commerce failed to include the

email addresses of eighteen representatives in this surveillance system. This oversight resulted in Commerce failing to review the electronic correspondence of these eighteen representatives.

Commerce failed to have a reasonable supervisory system to review the electronic correspondence of its representatives. Through this conduct, Commerce violated NASD Rule 3010(a) and (d) and FINRA Rule 2010.

B. Commerce also consents to the imposition of the following sanctions:

1. A censure; and
2. A fine of \$10,000.

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

Commerce 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

Commerce specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against Commerce;
- 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, Commerce 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.

Commerce 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

Commerce 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 Commerce; and
- C. If accepted:
 - 1. this AWC will become part of Commerce's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Commerce;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Commerce'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. Commerce 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. Commerce 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 Commerce'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. Commerce may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Commerce 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 Commerce, certifies that a person duly authorized to act on

Commerce's behalf has read and understands all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that Commerce 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, have been made to induce Commerce to submit it.

11/12/2014
Date

COMMERCE BROKERAGE SERVICES, INC.

By: Jeff. Burgess
Jeffrey M. Burgess
Chief Executive Officer

Accepted by FINRA:

12/11/14
Date

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

James M. Stephens on behalf of
James M. Stephens
Senior Regional Counsel
FINRA Department of Enforcement
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Kansas City, Missouri 64105
816-802-4710