

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014039410601**

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

RE: Alfredo F. Ayme, Respondent
General Securities Principal
CRD No. 1531433

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I 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

Ayme became registered with FINRA as a Series 62 corporate securities representative in March 1997. Ayme subsequently obtained Series 24, 55 and 63 licenses. From January 2001 through March 2015, Ayme was associated with Martinez-Ayme Securities ("MAS") (CRD No. 109838).¹ During the time period at issue in this AWC, Ayme served as Executive Vice-President, Chief Operating Officer, and Head Trader of MAS. He previously served as the firm's Chief Compliance Officer and Anti-Money Laundering ("AML") Compliance Officer. Prior to his association with MAS, Ayme was associated with several other FINRA member firms at different times. He is currently registered with a member firm and, thus, Ayme is subject to FINRA's jurisdiction pursuant to FINRA's By-Laws Article V, Section 2.

¹ Effective June 10, 2015, MAS was expelled from FINRA for non-payment of fines.

RELEVANT DISCIPLINARY HISTORY

On October 16, 2009, FINRA fined Ayme \$10,000 and suspended him from association with any FINRA member in a principal capacity for three months based on his failure to adequately implement and enforce the firm's AML program and to otherwise ensure the firm's compliance with its AML obligations.

On March 11, 2005, Ayme was fined \$5,000 jointly and severally with MAS for permitting two representatives to act in registered capacities while their registrations were inactive.

OVERVIEW

During the time period of May 20, 2014, through July 31, 2014, MAS acted as the manager and exclusive placement agent for the distribution of securities that were subject to restricted periods under Rule 101 of SEC Regulation M ("Reg. M"). In May 2014, while associated with MAS, Ayme caused MAS to violate Rule 101 of Reg. M by placing market maker bid quotations during the restricted period. Based on the foregoing conduct, Ayme violated Rule 101 of Reg. M and FINRA Rule 2010.

Ayme, as Chief Operating Officer and Head Trader for MAS, was responsible for proprietary trading activity at the firm, including the placement of market maker bids. During the same time period noted above, while acting in his capacity as Chief Operating Officer and Head Trader Ayme failed to establish and maintain adequate supervisory procedures reasonably designed to ensure compliance with Rule 101 of Reg. M. Specifically, the Firm had no procedures, written or otherwise, setting forth how the firm was to ensure compliance with any part of Reg. M. Based on the foregoing conduct, Ayme violated NASD Rule 3010(a) and (b) and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Ayme Places Market Maker Bid Quotations During Reg. M Restricted Periods.

XYZ, Inc. (hereinafter "XYZ" or "Issuer") is a company that was formed in order to further develop, commercialize and market a series of electric generating power systems designed to produce electrical power with zero emissions or waste byproducts. The Issuer manufactures advanced renewable electric power generator systems which are comprised of pressure expansion motors operating on any adequate heat or pressure source.

Between May 20, 2014, through July 31, 2014, MAS raised \$75,000 for XYZ through a PIPE best efforts offering. The firm acted as the manager and exclusive placement agent for the distribution of securities issued by XYZ, which were subject to restricted periods under Rule 101 of Reg. M.

During the time of the offering, Ayme was the Chief Operating Officer and Head Trader for MAS and was responsible for supervision of proprietary trading activity, including the placement of market maker bids.

Rule 101 of Reg. M defines a distribution participant as “. . . an underwriter, prospective underwriter, broker, dealer, or other person who has agreed to participate or is participating in a distribution.” The rule provides that, in connection with a distribution of securities, it is unlawful for a distribution participant, directly or indirectly, to bid for, purchase, or attempt to induce any person to bid for or purchase a covered security² during the applicable restricted period.³

As set forth above, MAS was the manager and exclusive placement agent for the distribution of this offering; thus, it was a distribution participant and subject to the foregoing prohibitions regarding bidding for or purchasing the issuer's shares during restricted periods. Despite the prohibitions, MAS, through Ayme, placed 19 market maker bid quotations for the issuer's shares during the Reg. M restricted period for XYZ.⁴ As a result of such conduct, Ayme violated Rule 101 of Reg. M of the Securities Exchange Act of 1934 and FINRA Rule 2010.

Deficient Supervisory Procedures

NASD Rule 3010(a) provides that a member shall establish and maintain a system to supervise its personnel that is reasonably designed to achieve compliance with applicable laws and regulations. NASD Rule 3010(b) provides that a member shall establish, maintain and enforce written procedures to supervise the types of business in which the firm engages. During the relevant time period, as the Chief Operating Officer and Head Trader for MAS, Ayme failed to ensure the firm had a supervisory system and written supervisory procedures reasonably designed to achieve compliance with Rule 101 of Reg. M, despite the fact that the Firm was acting as the manager and exclusive placement agent for the distribution of securities issued by XYZ. Specifically, the Firm failed to have systems or procedures in place regarding:

- the assessment of the securities that are the subject of an offering and the determination of the appropriate start of the restricted period under Rule 101 of Reg. M;
- the assignment of a principal to review and approve the firm's calculation of the beginning of the restricted period;

² A covered security is defined in Rule 100 of Reg. M as any security that is the subject of a distribution, or any reference security.

³ The rule contains certain exceptions; however, none of those exceptions apply in this case.

⁴ None of the bids were accepted.

- the determination of when the restricted period for a specific offering will end;
- the determination of the activities the Firm may conduct during the restricted period, such as taking unsolicited orders;
- the communication to the Firm's staff of the beginning and end of restricted periods and controls to ensure the Firm abides by the restricted period; and
- the establishment of procedures and controls to prevent and detect illegal short selling during a distribution.

As a result of these supervisory failures, Ayme violated NASD Rule 3010(a) and (b) and FINRA Rule 2010.

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

A ten business day suspension from associating with any FINRA member firm in all capacities and a three month suspension from associating with any FINRA member firm in a principal capacity.

Respondent has submitted a sworn financial statement and demonstrated an inability to pay. In light of the financial status of Respondent, no monetary sanctions have been imposed.

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).

I understand that if I am barred or suspended from associating with any FINRA member in a principal capacity, 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 a principal capacity, during the period of the bar or suspension (see FINRA Rules 8310 and 8311). Furthermore, because I am subject to a statutory disqualification during the suspension or bar, if I remain associated with a member firm in a non-suspended capacity, an application to continue that association may be required.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

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 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.

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

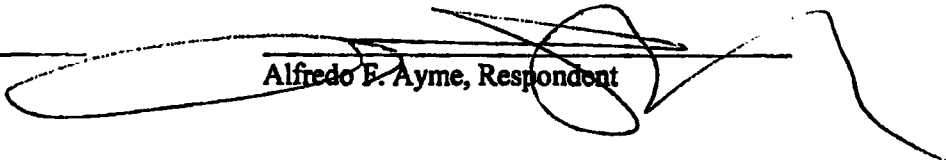
C. If accepted:

- 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 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. 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.**

D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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.

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.

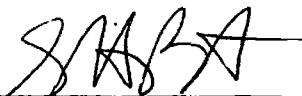
06-28-16
Date (mm/dd/yyyy)


Alfredo E. Ayme, Respondent

Accepted by FINRA:

06-28-16
Date

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


Suzanne H. Bertolett
Senior Regional Counsel
Enforcement Department
FINRA – Florida District Office
5200 Town Center Circle
Tower 1, Suite 200
Boca Raton, FL 33486
561.443.8127/561.443.7998 (f)
suzanne.bertolett@finra.org
Authorized House Counsel
Member Georgia Bar Only