

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140399405-01**

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

RE: Buckman, Buckman & Reid, Inc., Respondent
Broker/Dealer
CRD No. 23407

Pursuant to FINRA Rule 9216 of FINRA Code of Procedure, Buckman, Buckman & Reid, Inc. ("Respondent" 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 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 January 16, 1989, and its registration remains in effect. The firm has the following relevant disciplinary history:

- On September 13, 2013, FINRA accepted an AWC, in which the firm was fined a total of \$50,000, of which \$15,000 was related to Order Audit Trail System ("OATS") reporting violations, customer confirmation violations, and supervision violations committed by the firm during the review period January 9-20, 2012.

SUMMARY

In Review No. 20140399405, the staff of the FINRA Department of Market Regulation ("the staff") conducted a Trading and Financial Compliance Examination ("TFCE Examination"), which included the trading activities of the firm, for the trade dates of February 18-28, 2014 ("the review period").

As described further below, during the review period, the firm committed the following violations:

FACTS AND VIOLATIVE CONDUCT BY RESPONDENT

1. During the examination period, the firm transmitted to OATS 34 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the reports contained inaccurate Account Type Codes. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450(a).
2. During the examination period, the firm failed to show the correct order receipt time on the memorandum of 19 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of Section 17(a) of the Securities Exchange Act of 1934 ("Exchange Act") and SEC Rule 17a-3, and FINRA Rule 4511.
3. During the examination period, the firm failed on ten occasions to provide written notification disclosing to its customer its correct capacity in the transaction. The conduct described in this paragraph constitutes separate and distinct violations of Section 10(b) of the Exchange Act and SEC Rule 10b-10.
4. During the first quarter of 2014, the firm made publicly available a report on its routing of non-directed orders in covered securities during that quarter. This report included incorrect information as to the percentage of the firm's customer non-directed flow. The conduct described in this paragraph constitutes a violation of SEC Rule 606 of Regulation NMS.
5. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or the Rules of FINRA. At a minimum, adequate written supervisory procedures ("WSPs") addressing quality of markets topics should describe the following:
 - (a) specific identification of the individual(s) responsible for supervision;
 - (b) the supervisory steps and reviews to be taken by the appropriate supervisor;
 - (c) the frequency of such reviews; and
 - (d) how such reviews shall be documented.

The firm's WSPs failed to provide for one or more of the four above-cited minimum requirements for adequate WSPs, in the following subject areas:

- Order Handling: disclosure of order routing information [(b)]; and order protection [(b)];
- Short Sale transactions: order marking [(b) and (d)]; Locate Rule: [(b), and (d)]; and short sale reporting [(b) and (d)];
- OATS Reporting: accurate and timely reporting [(b)]; and routed order identification numbers [(b)];
- Extraordinary Market Volatility [(b)];
- Electronic communications reviews [(c)]; and
- SEC Rule 15c3-5 (Market Access Rule procedures): (a), (b), (c), and (d).

The conduct described in this paragraph constitutes violations of NASD Rule 3010 and FINRA Rule 2010.

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

A censure; total fine of \$40,000 (\$10,000 for the OATS Reporting violations; \$2,500 for the record-keeping violations; \$7,500 for the customer confirmation violations; \$12,500 for the disclosure of order routing information violations; and \$7,500 for the supervision violations); and an undertaking to revise the firm's WSPs with respect to the areas described above in paragraph I.A.5.

Within 30 business days of acceptance of this AWC by the National Adjudicatory Council ("NAC"), 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 e-mail 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 above in paragraph I.A.5; and, (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments 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 the firm is unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

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 Formal Complaint issued specifying the allegations against the firm;
- B. To be notified of the Formal 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 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, 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;
- 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 understood all of the provisions to 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.

2/6/17
Date

Buckman, Buckman & Reid, Inc.

By:

Name: Harry J. Buckman

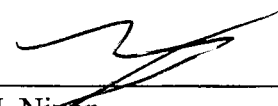
Title: Managing Director

Reviewed by:

Counsel for Respondent

Accepted by FINRA:

February 22, 2017
Date



James J. Nixon
Chief Litigation Counsel
Market Regulation
Signed on behalf of the Director of ODA,
by delegated authority