

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140400063-01**

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

RE: CION Securities, LLC, Respondent
BD No. 15487

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, the Respondent, CION Securities, LLC ("CION" 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The Respondent 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

CION has been a member of FINRA since May 1995. The Firm employs approximately 33 registered individuals at its sole office in New York, New York.

RELEVANT DISCIPLINARY HISTORY

CION does not have any relevant disciplinary history with the Securities and Exchange Commission, FINRA, any other self-regulatory organization or any state securities regulator.

OVERVIEW

This matter concerns CION's failure to maintain and preserve certain of its electronic communications as required under FINRA rules and SEC Rule 17a-4, promulgated under the Securities Exchange Act of 1934 ("Exchange Act").

FACTS AND VIOLATIVE CONDUCT

Exchange Act Rule 17a-4 requires that brokerage firms preserve, for a period of not less than three years (the first two years in an easily accessible place), electronic communications relating to the firm's business as a broker-dealer. Rule 17a-4(f) also requires that firms "[p]reserve the records exclusively in a non-rewritable, non-erasable format." NASD Conduct Rule 3110 (effective through December 4, 2011) and FINRA Rule 4511 (effective starting on December 5, 2011) require, among other things, that FINRA members comply with Exchange Act Rule 17a-4.

In June 2010, CION began using a new third-party retention system for electronic communications (the "Retention System"). Emails retained on the Retention System were also maintained on the Firm's email servers, but emails could be manually deleted from the server by email users. An employee of a CION affiliate, who was not associated with the Firm, configured the Retention System to retain electronic communications for only two years, rather than the three-year minimum retention period required by Exchange Act Rule 17a-4. During June 2013, the affiliate discovered the error and corrected it.

By June 2013, as a result of the configuration error, Firm emails sent or received between May 25, 2011, through June 24, 2011 (the "Relevant Emails") were no longer retained on the Retention System. Instead, by June 2013, at least 20,000 of the Relevant Emails were stored only on the Firm's email servers, rather than in a non-writable, non-erasable format. Therefore, the Relevant Emails could have been "double deleted" from those servers or modified by email users. The Relevant Emails were not placed into the Retention System until March 10, 2015.

As a result of the foregoing conduct, CION violated Section 17(a) of the Exchange Act, SEC Rule 17a-4 promulgated thereunder, and FINRA Rule 2010. This conduct also constitutes a violation of NASD Conduct Rule 3110 for conduct prior to December 5, 2011, and FINRA Rule 4511 for conduct on and after December 5, 2011.

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

- a censure; and
- a fine of \$10,000.

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

The Respondent 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

The Respondent 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 Respondent;
- 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 Respondent 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 Respondent 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 Respondent 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 Respondent; and

C. If accepted:

1. this AWC will become part of the Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the Respondent;
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 Respondent 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 Respondent 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 Respondent'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 Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Respondent 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.

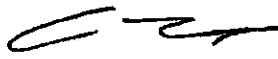
The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that the Firm has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the Firm to submit it.

8/10/15
Date (mm/dd/yyyy)

William J. Burns
Respondent
CION Securities, LLC (BD No. 15487)

By: William J. Burns, SVP & CCO
[Name and Title]

Reviewed by:



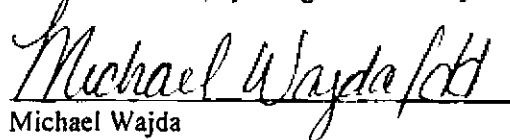
Craig S. Warkol
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New York, NY, 10020-1100
Tel.: (212) 508-6100

Accepted by FINRA:

August 28, 2015

Date

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



Michael Wajda
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FINRA Department of Enforcement
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