

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140407749-01

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

RE: Aegis Capital Corp., Respondent
Broker-Dealer
CRD No. 15007

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Aegis Capital Corp. (the "firm" or "Respondent") 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. 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

The firm has been a member of FINRA since July 20, 1984, and its registration remains in effect. The firm has no relevant prior disciplinary history.

SUMMARY

In connection with matter 20140414649, the Department of Market Regulation ("staff") reviewed the firm's compliance with Order Audit Trail System ("OATS") reporting requirements during the period from January 1, 2014 through April 30, 2014 (the "1T14 review period"), finding 81 violations.

In connection with matter 20140407749, the staff reviewed the firm's compliance with requirements to execute customer orders fully and promptly and at the best possible price during the period from October 1, 2013 through December 31, 2013 (the "4Q13 review period"), finding 50 violations.

FACTS AND VIOLATIVE CONDUCT

20140414649

1. During the 1T14 review period, the firm submitted 81 new order reports to OATS that contained inaccurate, incomplete, or improperly formatted data. The OATS system was therefore unable to match the new order reports the Respondent submitted to the corresponding route or combined order/route reports submitted to OATS by another FINRA member for these 81 orders. These 81 inaccurate new order reports constituted 100 percent of the sample of match-eligible reports the staff reviewed. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.

2014047749

2. During the 4Q13 review period, the firm in 50 instances, failed to execute customer orders fully and promptly. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 2010 and 5310.
3. During the 4Q13 review period, the firm failed to use reasonable diligence to ascertain the best inter-dealer market price, in 20 of the 50 instances identified above, and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under the prevailing market conditions. The transactions are identified on Exhibit A (attached). The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 2010 and 5310.

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

A censure and a \$17,500 fine comprised of the following:

- \$5,000 fine for the violations identified in matter 20140414649;
- \$12,500 fine for the violations identified in matter 20140407749; and

Restitution to the customers identified on Exhibit A attached hereto in the total amount of **\$1,194.89** plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this AWC is accepted by the National Adjudicatory Council ("NAC").

A registered principal of the firm shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution, to the **COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850** or in an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, no later than 120 days after acceptance of this AWC. If for any reason, Respondent cannot locate any customer after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the customer is known to have last resided.

Respondent 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.

Respondent 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.

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.

II.

WAIVER OF PROCEDURAL RIGHTS

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 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, 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.

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

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 Respondent; 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. 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. 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 firm: (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. Respondent 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.

12-10-2015
Date

Respondent
Aegis Capital Corp.

By: Nils A. Ericson

Name: Nils A. ERICSON

Title: CEO

Reviewed by:

Sam R
Counsel for Respondent

Accepted by FINRA:

December 30, 2015
Date

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

Justin Chretien
Justin Chretien
Chief Counsel
FINRA Department of Market Regulation

Exhibit A

Exception #	Order Received Date	Order Received Time	Buy / Sell	Quantity	Issue Symbol	Execution Time	Total Order Duration	Restitution
1	10/2/13	11:23:26	B	1,000	TMUS	11:24:01	0:00:35	\$30.00
2	10/3/13	11:57:00	SL	646	ILF	11:59:26	0:02:26	\$32.24
3	10/7/13	11:03:36	B	500	CGIX	11:04:16	0:00:40	N/A
4	10/9/13	11:30:22	SL	3,500	GLUU	11:31:46	0:01:24	N/A
5	10/17/13	12:43:42	B	225	VTI	12:44:28	0:00:46	N/A
6	10/17/13	13:00:57	SL	3,000	AMBA	13:02:17	0:01:20	\$135.00
7	10/18/13	12:00:43	B	1,500	GSVC	12:02:09	0:01:26	\$75.00
8	10/22/13	13:07:50	B	590	DUA	13:09:13	0:01:23	N/A
9	10/22/13	14:51:34	B	950	EVOK	14:52:09	0:00:35	\$35.50
10	10/23/13	10:07:37	B	300	TVIX	10:08:38	0:01:01	N/A
11	10/25/13	09:42:19	B	700	FB	09:42:59	0:00:40	\$21.00
12	10/25/13	12:16:31	SL	1,000	SUNE	12:17:27	0:00:56	N/A
13	10/28/13	09:48:39	B	350	PZZA	09:51:28	0:02:49	N/A
14	10/28/13	11:31:56	B	750	FB	11:32:29	0:00:33	N/A
15	10/28/13	12:03:18	B	1,000	DGLY	12:04:55	0:01:37	N/A
16	10/28/13	14:00:30	B	250	ADHD	14:01:02	0:00:32	\$8.00
17	10/29/13	10:33:41	SL	1,000	GOGO	10:34:19	0:00:38	\$70.00
18	10/30/13	12:50:02	B	1,000	QCOR	12:50:44	0:00:42	\$10.00
19	10/31/13	14:27:58	SL	80	INSY	14:29:50	0:01:52	\$16.79
20	11/5/13	11:58:55	B	800	FEP	11:59:31	0:00:36	N/A
21	11/7/13	13:58:13	B	205	TWTR	13:58:47	0:00:34	N/A
22	11/15/13	09:57:23	B	950	PDH	09:58:13	0:00:50	N/A
23	11/15/13	14:44:34	SL	500	BSFT	14:45:29	0:00:55	\$3.89
24	11/18/13	14:52:30	B	250	SCTY	14:53:01	0:00:31	\$4.97
25	11/20/13	14:25:05	B	550	VSI	14:26:04	0:00:59	N/A
26	11/21/13	14:54:40	B	900	SSYS	14:56:01	0:01:21	\$90.00
27	11/22/13	09:33:25	SL	1,150	VHC	09:35:14	0:01:49	\$184.00
28	11/22/13	11:05:12	SL	750	FCX	11:05:42	0:00:30	N/A
29	11/22/13	14:19:39	B	5,000	MTG	14:21:57	0:02:18	N/A
30	11/22/13	15:40:21	B	1,000	MAS	15:40:59	0:00:38	N/A
31	11/25/13	14:26:02	SL	736	PGH	14:26:35	0:00:33	N/A
32	11/25/13	14:35:25	SL	1,000	DHY	14:36:05	0:00:40	N/A
33	11/25/13	15:34:38	SL	5,000	GNW	15:36:15	0:01:37	\$49.50
34	12/4/13	13:30:11	SL	5,000	SGMO	13:32:59	0:02:48	\$300.00

20140407749 (including 20140414649) (lwa)

35	12/5/13	10:11:53	B	600	NUE	10:13:03	0:01:10	\$24.00
36	12/6/13	10:59:36	SL	900	OME	11:00:31	0:00:55	\$36.00
37	12/6/13	13:44:24	B	1,100	GTAT	13:45:41	0:01:17	\$11.00
38	12/6/13	13:44:42	B	3,000	GTAT	13:46:05	0:01:23	\$58.00
39	12/10/13	10:54:53	B	600	HFC	10:55:36	0:00:43	N/A
40	12/10/13	14:57:10	B	675	LGF	14:57:42	0:00:32	N/A
41	12/11/13	09:37:01	SL	1,000	CYTR	09:37:31	0:00:30	N/A
42	12/12/13	13:28:37	B	1,600	MTG	13:29:54	0:01:17	N/A
43	12/13/13	14:16:24	SL	180	FCX	14:17:00	0:00:36	N/A
44	12/18/13	13:01:14	SL	200	MDIV	13:01:50	0:00:36	N/A
45	12/19/13	15:35:06	SL	1,000	GRPN	15:35:44	0:00:38	N/A
46	12/20/13	10:29:44	B	700	FITB	10:30:19	0:00:35	N/A
47	12/20/13	12:06:00	B	1,000	CRM	12:06:53	0:00:53	N/A
48	12/23/13	09:50:07	SL	400	YNDX	09:50:45	0:00:38	N/A
49	12/26/13	10:55:30	B	800	DUA	10:56:01	0:00:31	N/A
50	12/26/13	14:50:05	SL	750	FB	14:50:56	0:00:51	N/A
					Total Violations		50	
					Restitution		\$1,194.89	