

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015043246601**

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

RE: Madison Avenue Securities, LLC, Respondent
CRD No. 23224

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Madison Avenue Securities, LLC ("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

Respondent Madison Avenue Securities became a member of FINRA in December 1988. Respondent is based in San Diego, California, and conducts a general securities business. Respondent employs approximately 140 registered persons who operate out of 82 branch offices.

RELEVANT DISCIPLINARY HISTORY

In June 2013, Respondent entered into an AWC (No. 2011028857601) for failing to supervise private securities transactions and record the same on the firm's books and records in violation of NASD Rules 3040, 3010 and 2110. Respondent was censured and fined \$12,500.

FACTS AND VIOLATIVE CONDUCT

A "consolidated report" is a document provided by a broker to a customer that combines account information regarding some or all of a customer's assets. Consolidated reports supplement, but do not replace, the customer account statements required pursuant to

NASD Rule 2340. Consolidated reports are communications with the public by the firm and must be clear, accurate, and compliant with federal securities laws and FINRA Rules.

FINRA Regulatory Notice 10-19 cautioned that consolidated reports present a number of regulatory concerns, including the potential for communicating inaccurate, confusing or misleading information to customers and lapses in supervisory controls. Notice 10-19 encouraged member firms to review the overall adequacy and effectiveness of their policies and procedures relating to their consolidated reporting and warned that any member firm that could not adequately supervise consolidated reports prepared by its registered representatives must prohibit the dissemination of those reports. Notice 10-19 further directed that firms should ensure that the size and complexity of the consolidated reporting program did not exceed the firm's ability to supervise the activity.

During the period of July 2013 to June 2015 (the "relevant period"), 39 of the Respondent's approximately 140 registered representatives used multiple systems to prepare and distribute consolidated reports to customers. Templates used by 21 of the registered representatives allowed for manual entry of account information. During the relevant period, the Respondent distributed approximately 6,800 consolidated reports to customers, and approximately 4,500 of those consolidated reports were generated using templates that allowed for manual entries. Although most of the consolidated reports contained adequate disclosure, the templates used by 7 representatives did not.

From July 2013 through March 2014, Respondent failed to have either written procedures or a supervisory system in place pertaining to the creation and dissemination of consolidated reports. Respondent implemented procedures relating to consolidated reports in March 2014 that required representatives to, among other items, submit templates to the compliance department prior to use and provided for the review of consolidated reports during annual branch examinations. These procedures, however, were not consistently enforced and were inadequate in that they did not provide for verification of manually entered account assets or valuation information. Further, approximately 2,300 consolidated reports were neither reviewed nor retained by Respondent.

By failing to adequately supervise the creation and dissemination of consolidated reports during the relevant period, Respondent violated NASD Rule 3010, (for the period July 2013 through November 30, 2014), FINRA Rule 3110 (for the period December 1, 2014 to June 2015), and FINRA Rule 2010 (for the whole relevant period).

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

- A censure and a \$75,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent 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 imposed in this matter.

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

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 it;
- 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 prejudice 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 it;
- C. If accepted:

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

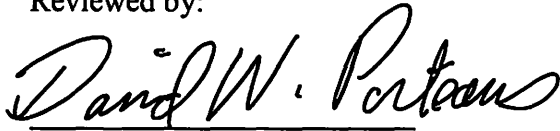
The undersigned, on behalf of the Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to its provisions voluntarily; and 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 Respondent to submit it.

Madison Avenue Securities, LLC

11/14/2016
Date (mm/dd/yyyy)

By: Wayne
Title: President

Reviewed by:



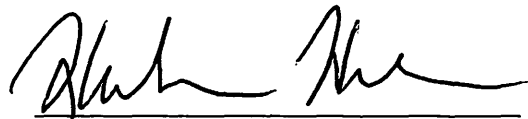
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Accepted by FINRA:

12-5-2016

Date

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



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