

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015043253001**

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

RE: Western International Securities, Inc., Respondent
Member Firm
CRD No. 39262

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Western International Securities, Inc. 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 Western alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Western 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

Western has been a FINRA member since November 1995, is registered as a broker-dealer with the Municipal Securities Rulemaking Board ("MSRB"), and is headquartered in Pasadena, California. The firm employs approximately 360 registered individuals working from approximately 106 branch offices. Western engages in general securities business, private placements, IPOs of closed-end funds and proprietary trading in municipal securities.

RELEVANT DISCIPLINARY HISTORY

In July 2014, Western entered into an AWC (No. 2010023133201) for failing to enforce its written supervisory procedures regarding (1) supervision of registered representatives' investment advisory activities as private securities transactions and (2) preservation and review of email. Respondent was censured and fined \$80,000.

OVERVIEW

From July 2013 through January 2015 (the “relevant period”), Western submitted transaction reports with inaccurate information for municipal securities transactions to the MSRB’s Real-Time Transaction Reporting System (“RTRS”) which caused the reports to be rejected and the trades to be unreported, in violation of MSRB Rule G-14. Also during the relevant period, the firm failed to adopt, maintain, and enforce written supervisory procedures designed to ensure prompt, accurate, and complete reporting of municipal securities transactions to the RTRS, in violation of MSRB Rule G-27(c).

FACTS AND VIOLATIVE CONDUCT

MSRB Rule G-14: Trade Reporting

MSRB Rule G-14 sets forth transaction reporting requirements for municipal securities. MSRB Rule G-14(b)(ii) provides that “[a]ll brokers, dealers and municipal securities dealers have an ongoing obligation to report trade information promptly, accurately and completely.”

During the relevant period, Western failed to report 146 of 3,021 (4.83%) municipal securities transactions to the RTRS in the manner prescribed by the MSRB. Specifically, the firm inaccurately included a commission charge for each of these 146 transactions even though they were submitted as principal trades. As a result, the transaction reports submitted by Western for these transactions were rejected, and the trades were not reported to the MSRB.

By virtue of the foregoing, Western violated MSRB Rule G-14.

MSRB Rule G-27: Supervision

MSRB Rule G-27(c) requires brokers, dealers and municipal securities dealers to adopt, maintain, and enforce written supervisory procedures reasonably designed to ensure that the municipal securities activities of the dealer and its associated persons comply with MSRB rules.

During the relevant period, Western failed to adopt, maintain, and enforce written supervisory procedures reasonably designed to ensure compliance with the firm’s municipal securities trade reporting obligations. Specifically, the firm’s procedures failed to provide for how trade reporting would be monitored for compliance with MSRB G-14, including the steps necessary to review for inaccurate reports and to ensure that any inaccurate reports are corrected so that firm transactions are correctly reported to the MSRB.

By virtue of the foregoing, Western violated MSRB Rule G-27(c).

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

- Censure and a \$20,000 fine.

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

Western 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

Western 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, Western 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.

Western 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

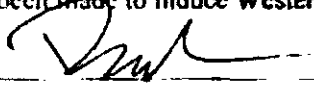
Western understands that:

- 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 Western; and**
- C. If accepted:**
 - 1. this AWC will become part of Western’s permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Western;**
 - 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. Western 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. Western 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 Western’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. Western may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Western 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

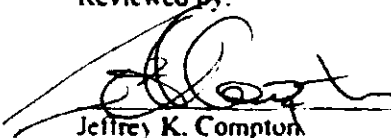
to ask questions about it: that Western has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce Western to submit it.

6/12/2017
Date (mm/dd/yyyy)


Western International Securities, Inc.
Respondent

By: BRAD KAISER, CCO
(Name and Title)

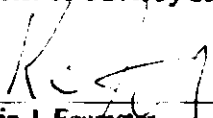
Reviewed by:


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Accepted by FINRA:

8/21/2017
Date

Signed on behalf of the
Director of ODA by delegated authority


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