

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015043288701**

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

RE: Aaron Capital, Inc., Respondent
FINRA Member Firm
CRD No. 28583

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, 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

Aaron Capital, Inc. ("ACI") has been a FINRA member since 1991 and is registered as an investment advisor with the State of Tennessee. ACI has currently approximately 30 registered persons and maintains four registered branch offices, which includes the firm's headquarters located in Memphis, Tennessee. ACI conducts a general securities business.

OVERVIEW

On 152 days between April 30, 2013 and December 24, 2013, ACI conducted securities business while under net capital and failed to maintain books and records reflecting an accurate net capital computation, in violation of Sections 15(c) and 17(a) of the Exchange Act, Securities Exchange Act Rules 15c3-1 and 17a-3, FINRA Rules 4511 and 2010. In addition, between September 30, 2013 and December 31, 2014, the firm failed to review email correspondence of its registered representative in accordance with the firm's written supervisory procedures, in violation of NASD Rule 3010(d)(2) and FINRA Rule 2010

FACTS AND VIOLATIVE CONDUCT

On 152 days between April 30, 2013 and December 24, 2013, ACI engaged in securities business while not maintaining required net capital. The net capital deficiency resulted from the firm's failure to record approximately \$90,000 in liabilities in its general ledger and to include those liabilities in its net capital computations. ACI erroneously calculated and reported in its FOCUS filings an excess net capital that ranged from approximately \$13,000 to \$19,000 over the stated time period. In fact, the firm had a net capital deficiency during the stated time period that ranged from approximately \$34,000 to \$105,000.

As a result of the foregoing conduct, ACI violated Sections 15(c) and 17(a) of the Securities Exchange Act of 1934, Securities Exchange Act Rules 15c3-1 and 17a-3, and FINRA Rules 4511 and 2010.

Between September 30, 2013 and December 31, 2014, ACI's automated email-surveillance system flagged 135,855 emails for review by one of four principals that ACI had assigned that responsibility; however, only 73 of those emails were actually reviewed. This failure resulted from ACI's failure to properly communicate the email-review responsibilities to all of the principals that the firm had designated in its written supervisory procedures as responsible for email review. ACI subsequently reviewed the flagged emails after the failure was identified.

As a result of the foregoing conduct, ACI violated NASD Rule 3010(d)(2) and FINRA Rule 2010.

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

A censure and fine in the amount of \$5,000.

Pursuant to the General Principles Applicable to all Sanction Determinations contained in the Sanction Guidelines, FINRA imposed a lower fine in this case after it considered, among other things, Respondent's revenues and financial resources. *See* Notice to Members 06-55.

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 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 Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against 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. 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 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 Respondent, 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 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.

9/7/17
Date (mm/dd/yyyy)

[Signature]
Respondent

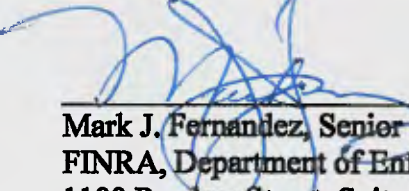
By: DAVID S. UOHLER
Chairman

Accepted by FINRA:

September 27, 2017

Date

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



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