

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015043291601**

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

RE: Alluvion Securities, LLC, Respondent
Member Firm
CRD No. 143623

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Alluvion Securities, LLC ("Alluvion" 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 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

Alluvion Securities, LLC ("Alluvion" or the "Firm") has been a member of FINRA since September 11, 2007. Alluvion is also a member of the Municipal Securities Rulemaking Board ("MSRB"). Alluvion is headquartered in Memphis, Tennessee. The Firm has one Office of Supervisory Jurisdiction and no additional branch offices. It currently has eight associated persons. Alluvion is approved to conduct business in government securities, mortgages, municipal securities (including underwriting), non-profit securities, certificates of deposit, and private placements. Alluvion operates pursuant to subparagraph (a)(2)(iii) of SEA Rule 15c3-1 (Net Capital Rule) and has a minimum net capital requirement of \$100,000. The Firm operates under this provision of the Net Capital Rule because it engages in Firm commitment underwriting. Alluvion operates under the (k)(2)(ii) exemption of SEA Rule 15c3-3 by introducing all customer accounts on a fully-disclosed basis to its clearing firm.

RELEVANT DISCIPLINARY HISTORY

On February 22, 2012, Alluvion was censured and fined \$20,000 for committing various net capital, recordkeeping, capital withdrawal notification, and FOCUS reporting violations. Alluvion also committed certain membership agreement violations. As a result of such conduct, Alluvion violated Sections 15(c) and 17(a) of the Securities Exchange Act of 1934, SEC Rules 15c3-1, 17a-3, 17a-5 and 17a-11, NASD Rules 1017 and 3110(a), and FINRA Rule 2010.

On June 12, 2013, Alluvion was censured and fined \$45,000 (\$25,000 of which pertained to the violations of MSRB Rules G-32, G-27 and G-37) for violating Sections 15(c) and 17(a) of the Securities Exchange Act of 1934, SEC Rules 15c3-1, 17a-3, 17a-5 and 17a-11, MSRB Rules G-32, G-27 and G-37, NASD Rule 3110, and FINRA Rule 2010.

OVERVIEW

Alluvion, from January 1, 2013 through September 30, 2015 (the "Relevant Period"), failed to timely submit forms and to disclose a municipal underwriting in violation of MSRB Rule G-37(e)(i). Alluvion also failed to supervise its municipal securities activities and enforce its written supervisory procedures to ensure timely and accurate G-37 filings in violation of MSRB Rule G-27.

FACTS AND VIOLATIVE CONDUCT

MSRB Rule G-37(e)(i) requires broker-dealers to send, by the last day of the month following the end of each calendar quarter, to the MSRB, a Form G-37 that includes, among other things, lists of contributions to officials of issuers, payments to political parties of states and political subdivisions, contributions to bond ballot campaigns, and issuers with which the broker-dealer has engaged in municipal securities business.

During the Relevant Period, the Firm failed to submit timely Form G-37s as detailed below:

- The First Quarter, 2013 Form G-37 was due on April 30, 2013 but was not submitted until November 15, 2013, one-hundred and ninety-nine (199) days late.
- The Second Quarter, 2013 Form G-37 was due on July 31, 2013 but was not submitted until November 15, 2013, one-hundred and seven (107) days late.
- The Third Quarter, 2013 Form G-37 was due on October 31, 2013 but was not submitted until November 15, 2013, fifteen (15) days late.

- The Fourth Quarter, 2014 Form G-37 was due on January 31, 2015 but was not submitted until February 12, 2015, twelve (12) days late.

Additionally, during July 2013, the Firm engaged in a \$12,125,000 negotiated municipal underwriting of Mississippi Development Bank Special Obligation Bonds Series 2013, West Jackson County Utility District Revenue Bond Project. The Firm failed to disclose this issue on the Third Quarter 2013 Form G-37 filing.

As a result of the foregoing conduct, Alluvion violated MSRB Rule G-37(e)(i).

MSRB Rule G-27(a) requires broker-dealers to supervise the conduct of their municipal securities activities and to ensure compliance with MSRB rules. Furthermore, Rule G-27(c) requires each broker-dealer to adopt, maintain and enforce written supervisory procedures reasonably designed to ensure that the conduct of municipal securities activities is in compliance with the MSRB rules.

During the Relevant Period, Alluvion failed to supervise its municipal securities activities and enforce its written supervisory procedures to ensure timely and accurate G-37 filings. As a result of the foregoing conduct, Alluvion violated MSRB Rules G-27(a) and (c).

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

A censure and a fine of \$20,000 (all of which pertains to the violations of MSRB Rules G-37 and G-27).

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 it; and
- C. If accepted:

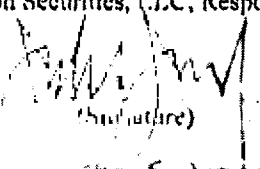
1. This AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against it;
2. This AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
3. FINRA may make 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 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 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.

April 25, 2016
Date (mm/dd/yyyy)

Alluvion Securities, LLC, Respondent

By: 
(Signature)

Name: John S. Dumber
(Print Name)

Title: Chief Executive Officer

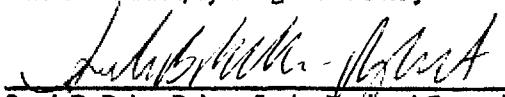
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Accepted by FINRA:

May 6, 2016
Date

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


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