

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20150433256⁰¹**

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

RE: Andrew Garrett Inc., Respondent
CRD No. 29931

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Andrew Garrett Inc. ("Andrew Garrett" 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 the Firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Andrew Garrett 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

Andrew Garrett has been a member of FINRA since 1992. The Firm currently employs approximately 50 registered representatives working out of 11 branch office locations. The Firm's business includes retail brokerage and investment banking. Its principal place of business is New York, New York.

RELEVANT DISCIPLINARY HISTORY

Andrew Garrett has no relevant disciplinary history with the Securities and Exchange Commission, any state securities regulator, FINRA, or any other self-regulatory organization.

OVERVIEW

During the period June 17, 2013 to May 27, 2015 (the "Relevant Period"), Andrew Garrett charged customers excessive commissions on approximately 128 equity transactions. As a result, the Firm violated NASD Conduct Rule 2440 and NASD IM-2440-1 (for conduct before May 9, 2014), and FINRA Rules 2121 (for conduct on or after May 9, 2014) and 2010.

FACTS AND VIOLATIVE CONDUCT

NASD Conduct Rule 2440 provided that:

[If a member] acts as agent for his customer . . . the member shall not charge his customer more than a fair commission or service charge, taking into consideration all relevant circumstances[.]

FINRA Rule 2121, which replaced NASD Conduct Rule 2440 effective May 9, 2014, contains identical requirements.

NASD IM-2440-1 and FINRA Rule 2121 Supplementary Material .01, which replaced NASD IM-2440-1 effective May 9, 2014, set a guideline of five percent for determining whether a commission is unfair or unreasonable. However, the "5% Policy" is a guideline, not a rule. A commission pattern of five percent or even less may be considered unfair or unreasonable.

The percentage of the commission is only one of the factors to be considered in determining fairness. IM-2440-1(b) and Supplementary Material .01 identify seven other factors that members should take into consideration in determining the fairness of a commission including: (i) the type of security involved; (ii) the availability of the security; (iii) the price of the security; (iv) the size of the transaction; (v) whether disclosure of the transaction cost was made to the customer prior to the trade; (vi) any pattern of markups; and (vii) the nature of the member's business, including the cost of providing services to customers, particularly when they are of a continuing nature.

During the Relevant Period, Andrew Garrett charged commissions on certain transactions in equity securities that were not fair and reasonable, taking into consideration the factors set forth in NASD IM-2440-1(b) and Supplementary Material .01, and that exceeded five percent. As a result, on a total of 128 transactions during the Relevant Period, the Firm charged approximately \$5,758 in excessive commissions. The commissions charged ranged from approximately five percent to 65 percent of the transactions' principal value.

By virtue of the foregoing, Andrew Garrett violated NASD Conduct Rule 2440, NASD IM-2440-1 (for conduct before May 9, 2014), and FINRA Rules 2121 (for conduct on or after May 9, 2014) and 2010.

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

- A censure;
- A fine in the amount of \$10,000; and
- Restitution is ordered to be paid to the customers listed on Attachment A hereto in the total amount of \$5,758.26, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of each transaction until the date this AWC is accepted by the NAC.

No later than 120 days after acceptance of the AWC, a registered principal on behalf of Respondent firm shall submit satisfactory proof of payment of restitution or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted to Jackie A. Wells, Principal Regional Counsel, 200 Liberty Street, New York, NY 10281-1003, either by letter that identifies Andrew Garrett and Case Number 20150433256 or by email from a work-related account of the registered principal of Respondent firm to EnforcementNotice@FINRA.org.

If for any reason Respondent cannot locate any customer identified in Attachment A after reasonable and documented efforts within 120 days from the date the AWC is accepted, or such additional period agreed to by a FINRA staff member in writing, 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 last known to have resided. Respondent shall provide satisfactory proof of such action to the FINRA staff member identified above and in the manner described above, within 14 days of forwarding the undistributed restitution and interest to the appropriate state authority.

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.

Respondent agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. Respondent has submitted an Election of Payment form showing the method by which Respondent 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 sanctions 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 Respondent;
- 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 Respondent 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.

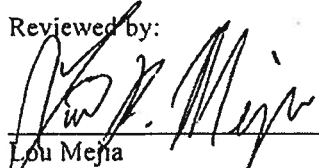
The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to its provisions voluntarily; and that no offer, 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.

June 27 2018
Date (mm/dd/yyyy)

ANDREW GARRETT INC.

By: 

Reviewed by:


Lou Mehta
Counsel for Respondent
Perkins Coie LLP
700 Thirteenth Street, N.W. Suite 600
Washington, DC 20005-3960
Phone: (202) 656-6350

Accepted by FINRA:

6/29/2018
Date

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


Jackie A. Wells
Principal Regional Counsel
FINRA Department of Enforcement
200 Liberty Street
New York, NY 10281
Phone: (646) 315-7308
Fax: (301) 527-4791

ATTACHMENT A

Transaction No.	Trade Date	Symbol	Quantity	Principal	Restitution*
1	8/26/2013	TUNG	500	\$140.00	\$84.00
2	05/12/14	ETFC	7	\$153.23	\$83.34
3	12/17/2014	PM	2	\$163.68	\$82.82
4	12/31/2013	ETFC	9	\$174.51	\$82.27
5	12/31/2013	GLW	10	\$178.30	\$82.09
6	11/15/2013	FSNN	1,500	\$180.00	\$82.00
7	12/31/2013	THRM	7	\$180.81	\$81.96
8	12/30/2013	GGE	10	\$182.30	\$81.89
9	12/27/2013	CTXS	3	\$185.46	\$81.73
10	12/27/2013	BBT	5	\$186.30	\$81.69
11	12/31/2013	INSV	650	\$188.50	\$81.58
12	12/31/2013	CHK	7	\$189.49	\$81.53
13	12/17/2014	NYNY	25	\$198.00	\$81.10
14	12/17/2014	BREW	15	\$199.65	\$81.02
15	12/31/2013	NYNY	40	\$203.20	\$80.84
16	12/31/2013	AIG	4	\$204.60	\$80.77
17	12/31/2013	AIG	4	\$204.64	\$80.77
18	12/30/2013	BRLI	8	\$205.12	\$80.74
19	12/31/2013	FSNN	2,000	\$210.00	\$80.50
20	12/27/2013	KRFT	4	\$214.72	\$80.26
21	1/30/2014	FRO	50	\$216.50	\$80.18
22	12/17/2014	SIRI	65	\$217.10	\$80.15
23	12/16/2014	BRLI	8	\$221.12	\$79.94
24	12/30/2013	BTX	63	\$222.39	\$79.88
25	12/16/2014	CTL	6	\$227.76	\$79.61
26	12/31/2013	DIS	3	\$228.06	\$79.60
27	12/31/2013	DIS	3	\$228.39	\$79.58

* Excluding Interest

ATTACHMENT A

Transaction No.	Trade Date	Symbol	Quantity	Principal	Restitution*
28	12/27/2013	TSS	7	\$233.59	\$79.32
29	12/27/2013	TSS	7	\$233.87	\$79.31
30	12/27/2013	SCG	5	\$235.05	\$79.25
31	12/30/2013	WMT	3	\$235.95	\$79.20
32	11/15/2013	SNV	75	\$249.76	\$78.51
33	12/30/2013	GE	10	\$278.20	\$77.09
34	12/8/2014	OCEX	21,970	\$279.63	\$77.02
35	12/27/2013	SOCB	50	\$291.00	\$76.45
36	12/31/2013	VRSN	5	\$297.55	\$76.12
37	12/30/2013	FSNN	2,600	\$312.00	\$75.40
38	12/30/2013	AOL	7	\$316.89	\$75.16
39	12/17/2014	CTXS	7	\$419.02	\$70.05
40	10/24/2014	GPL	500	\$421.60	\$69.92
41	10/24/2014	CYTX	1,000	\$510.76	\$65.46
42	12/8/2014	LCAR	25,100	\$532.12	\$64.39
43	12/17/2014	FSNN	160	\$558.40	\$63.08
44	11/25/2014	WPUR	2,960,000	\$593.00	\$61.35
45	2/13/2014	JCP	100	\$595.20	\$61.24
46	11/5/2014	AKS	100	\$617.97	\$60.10
47	12/11/2014	JASO	75	\$671.25	\$57.44
48	10/25/2013	XPLR	160	\$672.00	\$57.40
49	9/23/2014	XRX	50	\$685.01	\$56.75
50	5/22/2014	NTP	100	\$714.00	\$55.30
51	11/11/2014	BGS	25	\$734.25	\$54.29
52	2/7/2014	HEMP	4,000	\$752.00	\$53.40
53	12/10/2013	JNJ	8	\$752.64	\$53.37
54	12/10/2013	GE	28	\$765.52	\$52.72

* Excluding Interest

ATTACHMENT A

Transaction No.	Trade Date	Symbol	Quantity	Principal	Restitution*
55	1/29/2014	GS	5	\$826.60	\$49.67
56	7/21/2014	AKS	100	\$856.97	\$48.15
57	12/17/2014	APL	40	\$968.00	\$42.60
58	10/29/2014	VZ	20	\$996.60	\$41.17
59	8/15/2014	GE	40	\$1,022.80	\$39.86
60	10/30/2013	JNJ	11	\$1,025.53	\$39.72
61	2/4/2014	HEMP	4,000	\$1,055.60	\$38.22
62	8/8/2013	APL	29	\$1,066.33	\$37.68
63	4/15/2015	IGAP	200	\$1,067.50	\$37.63
64	10/30/2013	GE	41	\$1,080.76	\$36.96
65	7/1/2013	BCE	27	\$1,106.73	\$35.66
66	3/13/2014	GOGO	50	\$1,110.00	\$35.50
67	11/15/2013	TSS	36	\$1,110.96	\$35.45
68	12/1/2014	MMM	7	\$1,112.09	\$35.40
69	11/17/2014	URI	10	\$1,127.10	\$34.65
70	12/8/2014	CLMT	45	\$1,183.95	\$31.80
71	12/23/2014	VZ	25	\$1,193.75	\$31.31
72	9/9/2013	GLUU	500	\$1,209.40	\$30.53
73	11/18/2013	LBRMF	5,000	\$1,211.50	\$30.43
74	11/18/2013	LBRMF	5,000	\$1,211.50	\$30.43
75	11/18/2013	LBRMF	5,000	\$1,211.50	\$30.43
76	1/20/2015	ABX	100	\$1,225.72	\$29.71
77	11/14/2014	COST	9	\$1,247.31	\$28.63
78	2/24/2014	ARRIS	10,000	\$1,250.00	\$28.50
79	12/6/2013	CAMT	300	\$1,250.73	\$28.46
80	8/29/2014	EVOMY	1,100	\$1,264.00	\$27.80
81	2/13/2014	VRNG	300	\$1,266.03	\$27.70

* Excluding Interest

ATTACHMENT A

Transaction No.	Trade Date	Symbol	Quantity	Principal	Restitution*
82	9/22/2014	PLUG	300	\$1,275.00	\$27.25
83	1/13/2014	IGAP	150	\$1,275.00	\$27.25
84	12/5/2013	NUAN	90	\$1,278.00	\$27.10
85	7/18/2013	GE	100	\$2,382.91	\$46.85
86	12/8/2014	SDRG	35,000	\$1,312.50	\$25.38
87	2/14/2014	MITK	250	\$1,346.88	\$23.66
88	7/25/2013	SLTM	502	\$1,380.50	\$22.38
89	7/28/2014	IXYS	250	\$2,896.25	\$46.19
90	12/18/2013	XPLR	250	\$1,387.50	\$21.63
91	10/24/2014	BAC	84	\$1,394.40	\$21.28
92	10/14/2014	VZ	29	\$1,405.92	\$20.70
93	12/12/2013	CLMT	55	\$1,412.40	\$20.38
94	10/17/2013	SNV	426	\$1,431.40	\$19.43
95	11/14/2014	BGS	50	\$1,435.00	\$19.25
96	10/3/2013	BTHE	2,000	\$1,440.00	\$19.00
97	8/23/2013	XPLR	347	\$1,457.40	\$18.13
98	10/25/2013	XPLR	347	\$1,457.40	\$18.13
99	11/18/2013	BTHE	1,000	\$1,460.00	\$18.00
100	11/17/2014	BGS	50	\$1,468.50	\$17.58
101	4/10/2015	DCDC	62,500	\$1,468.75	\$17.56
102	10/14/2014	FB	20	\$1,468.80	\$17.56
103	10/29/2013	XPLR	347	\$1,492.10	\$16.40
104	10/29/2013	XPLR	347	\$1,492.10	\$16.40
105	11/25/2013	TSS	48	\$1,506.24	\$15.69
106	8/23/2013	AMRN	250	\$1,510.30	\$15.49
107	2/21/2014	IDCC	50	\$1,516.00	\$15.20
108	8/1/2013	ASPU	5,000	\$1,525.00	\$14.75

* Excluding Interest

ATTACHMENT A

Transaction No.	Trade Date	Symbol	Quantity	Principal	Restitution*
109	3/4/2014	CICI	73,900	\$2,327.85	\$22.41
110	2/5/2014	IGAP	200	\$1,780.00	\$14.80
111	2/19/2014	IGAP	200	\$1,780.00	\$14.80
112	2/25/2014	IGAP	200	\$1,780.00	\$14.80
113	7/30/2013	XPLR	347	\$1,561.50	\$12.93
114	4/27/2015	IGAP	315	\$1,575.00	\$12.25
115	5/21/2014	SCG	31	\$1,582.55	\$11.87
116	4/14/2014	NUAN	100	\$1,590.80	\$11.46
117	6/5/2014	DIS	19	\$1,610.44	\$10.48
118	10/24/2013	UNG	87	\$1,617.34	\$10.13
119	8/23/2013	F	100	\$1,640.00	\$9.00
120	3/14/2014	ARRIS	20,000	\$1,640.00	\$9.00
121	11/6/2014	BGB	100	\$1,642.01	\$8.90
122	8/27/2014	JNJ	16	\$1,655.04	\$8.25
123	6/25/2014	BGS	50	\$1,662.00	\$7.90
124	9/12/2014	BAC	100	\$1,666.72	\$7.66
125	6/19/2014	DJSP	12,000	\$4,680.00	\$21.00
126	8/15/2014	VRNG	2,100	\$1,701.00	\$5.95
127	9/16/2013	ASPU	7,500	\$1,702.50	\$5.88
128	6/25/2014	GE	65	\$1,714.70	\$5.26