

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015043384601**

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

RE: CV Brokerage, Inc. (BD No. 462),
Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, CV Brokerage, Inc. ("CV Brokerage" 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. CV Brokerage 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

CV Brokerage is headquartered in West Conshohocken, Pennsylvania. The Firm maintains two registered branch offices, multiple non-branch locations and has approximately 55 registered representatives.

RELEVANT DISCIPLINARY HISTORY

In October 2014, pursuant to a Letter of Acceptance, Waiver and Consent in Matter No. 2013035122101, CV Brokerage was censured and fined \$5,000 for, in addition to another rule violation, conducting a research business without first filing a continuing membership application to engage in a research business.

OVERVIEW

Between December 2013 and January 2015, CV Brokerage permitted three registered representatives to publish research reports prior to the Firm filing a continuing membership application to engage in a research business. As a result, the Firm violated NASD Rule 1017 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

NASD Rule 1017(a)(5) requires a member firm to file an application for approval of any material change in its business operations. As provided in NASD Notice to Members 04-10, “[t]he membership application and membership continuation processes have played an important role in investor protection by helping to ensure that new members and current members that make material changes to their businesses comply or continue to comply with rigorous standards.” The addition of a research business constitutes such a “material change in business operations.”

Between December 2013 and January 2015, three CV Brokerage registered representatives distributed research reports to institutional customers. At the time these research reports were distributed, CV Brokerage’s membership agreement did not permit the Firm to engage in a research business. Nor had the Firm filed a continuing membership application for authorization to engage in a research business. Accordingly, CV Brokerage violated NASD Rule 1017. By violating NASD Rule 1017, the Firm also violated FINRA Rule 2010, which requires members to observe high standards of commercial honor and just and equitable principles of trade.

B. CV Brokerage also consents to the imposition of the following sanctions:

- a censure, and
- a \$25,000 fine.

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

The Firm 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

CV Brokerage specifically and voluntarily waives the following rights granted under FINRA’s Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the Firm;
- 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, the Firm 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.

The Firm 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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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 the Firm 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 the Firm to submit it.

CV Brokerage, Inc. (BD No. 462),
Respondent

01/03/2017

Date

By: Brandi Smith
Name: Brandi Smith
Title: President & CEO

Reviewed by:

Andrew E. Hurni

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Accepted by FINRA:

January 18, 2017
Date

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

Matthew M. Ryan
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