

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015046536701**

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

RE: Brighton Securities Corp. (BD No 3875)
Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Brighton Securities Corp. ("Brighton" 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 Brighton alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Brighton 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

Brighton has been a member of FINRA since April 1969. Brighton is headquartered in Rochester, New York, and employs approximately 30 registered personnel.

RELEVANT DISCIPLINARY HISTORY

The Firm has no relevant disciplinary history.

OVERVIEW

Between March 2013 and March 2014 (the "Relevant Period"), Brighton failed to reasonably supervise the sales practices of CK, a registered representative who engaged in a pattern of unsuitable short-term trading of Class A mutual fund shares in six customer accounts. Based on the foregoing, Brighton violated NASD Rule 3010 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

NASD Rule 3010 requires that each member establish and maintain a system, and establish, maintain and enforce written supervisory procedures, to supervise the activities of each registered representative, registered principal, and other associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable NASD and FINRA Rules.

FINRA Rule 2010 provides that “[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade.”

CK's Unsuitable Recommendations

During the Relevant Period, CK engaged in unsuitable short-term trading of Class A mutual fund shares in six customers' accounts. Class A mutual fund shares are intended to be held long-term because they are front-loaded, *i.e.*, there are significant upfront costs associated with the purchase of these products. Nevertheless, CK frequently recommended the purchase and subsequent sale of Class A shares within a year of purchase. Indeed, on average, the customers held the Class A mutual funds at issue for less than four months. As a result of these short-term trades, five of the six customers suffered collectively losses of approximately \$30,254.

Brighton's Failure to Reasonably Supervise CK's Mutual Fund Transactions

During the Relevant Period, Brighton failed to have a reasonable supervisory system to detect unsuitable short-term trading or switching of Class A mutual fund shares. The Firm had no exception reports specific to Class A mutual fund shares, and no automated method of monitoring Class A mutual fund holding periods. Nor did the Firm impose any limitations on trading or holding Class A mutual funds.

Nevertheless, the Firm was aware of red flags concerning CK and her trading activities. During her registration with Brighton, the Firm placed CK on heightened supervision five separate times for, among other issues, failing to follow company procedures, placing unauthorized trades in customer accounts, and exercising discretion in customer accounts without written authorization from the customers or Brighton. In addition, on several occasions, Brighton's supervisory personnel raised concerns regarding the “frequency” and “velocity” of CK's trading. And many of CK's short-term mutual fund trades occurred in the accounts of customers who were elderly and/or who had long-term investment objectives and conservative risk tolerances.

Brighton failed to respond appropriately to these warning signs, or otherwise take steps to prevent CK's unsuitable trading.¹

By virtue of the foregoing, Brighton violated NASD Rule 3010 and FINRA Rule 2010.

B. Brighton consents to the imposition of the following sanctions:

- Censure;
- A \$50,000 fine; and
- Restitution to affected customers in the total amount of \$19,453.11.²

Restitution is ordered to be paid to the customers listed on Attachment A hereto in the total amount of \$19,453.11, 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 March 1, 2014, until the date this AWC is accepted by the NAC.

A registered principal on behalf of Brighton shall submit satisfactory proof of payment of restitution or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted to Aismara J. Casanova, Senior Regional Counsel, FINRA Department of Enforcement, 581 Main Street, 7th Floor, Suite 710, Woodbridge, New Jersey 07095, either by letter that identifies Brighton and case number 2015046536701 or by email from a work-related account of the registered principal of Brighton to EnforcementNotice@FINRA.org. This proof shall be provided to the FINRA staff member listed above no later than 120 days after acceptance of the AWC.

If for any reason Brighton 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, Brighton 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. Brighton 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.

Brighton agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Brighton has submitted an Election

¹ On March 26, 2014, following a review of CK's trading activities, Brighton filed a Form U5 terminating CK's registration with the Firm. Brighton subsequently provided remediation to 11 of CK's former customers.

² Brighton previously provided partial remediation to these customers in the total amount of \$10,801.42.

of Payment form showing the method by which it proposes to pay the fine imposed.

Brighton has specifically and voluntarily waived 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:

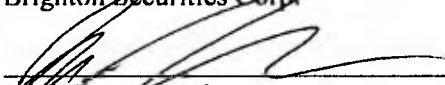
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of

the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;

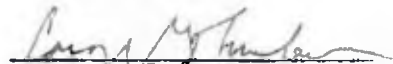
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent;
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator 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; and
- 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 they 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 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.

11-14-2017
Date (mm/dd/yyyy)

Brighton Securities Corp.
By: 
Jai S. Ramachandran
Chief Executive Officer

Reviewed by:

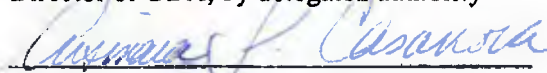


Carolyn G. Nussbaum
Counsel for Respondent Brighton Securities Corp.
Nixon Peabody LLP
1300 Clinton Square
Rochester, New York 14604-1792
(585) 263-1558

Accepted by FINRA:

12/28/17
Date

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



Aismara Casanova
Senior Regional Counsel
FINRA Department of Enforcement
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