

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015046871503**

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

RE: Chardan Capital Markets LLC, Respondent
Broker-Dealer
CRD No. 120128

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Chardan Capital Markets LLC (the "firm" or "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

The firm has been a member of FINRA since July 2, 2002, and its registration remains in effect. The firm employs approximately 53 registered representatives and offers a range of broker dealer services, including participation in capital raising activities. Its principal place of business is New York, New York. The firm has no relevant disciplinary history.

SUMMARY

The Financial Industry Regulatory Authority's ("FINRA") Department of Market Regulation, Offering Surveillance Group ("staff"), conducted a review of the firm's compliance with Rules 101 and 104 of SEC Regulation M; rules promulgated by FINRA and other SROs requiring that the firm provide various notices to the relevant SROs as a result of the firm's participation in a distribution of securities; and related supervisory requirements during the period of November 28, 2014, through September 30, 2015 (the "review period"). The staff's review was conducted for FINRA, NYSE Arca, Inc. ("NYSE Arca"), and Nasdaq Stock Market LLC ("Nasdaq"). As detailed below, during the review period, the firm failed to comply with Rule 101; NASD Rule 3010 (for

conduct prior to December 1, 2014) and FINRA Rule 3110 (for conduct on or after December 1, 2014); and FINRA Rules 5190(c)(1)(A) and (B), and 2010.¹

FACTS AND VIOLATIVE CONDUCT

Violations of Rule 101 of SEC Regulation M and FINRA Rule 2010

1. Rule 101 generally provides, “In connection with a distribution of securities, it shall be unlawful for a distribution participant or an affiliated purchaser of such person, directly or indirectly, to bid for, purchase, or attempt to induce any person to bid for or purchase, a covered security during the applicable restricted period”
2. During the period from November 26, 2014, through July 21, 2015, the firm was a distribution participant in an offering of common stock for Nuvilex, Inc./PharmaCyte Biotech, Inc. (“NVLX/PMCB”).² As a result, the period of November 26, 2014, through July 21, 2015, was the “restricted period” for NVLX/PMCB, as defined in SEC Regulation M, Rule 100(b), and during the restricted period for NVLX/PMCB, the firm purchased a total of 50,000 shares of NVLX/PMCB common stock in a total of nine transactions on a principal basis as follows:

Trade Date	Shares Purchased
12/26/2014	5,000 shares NVLX
1/8/2015	5,000 shares PMCB
1/8/2015	5,000 shares PMCB
1/8/2015	5,000 shares PMCB
1/13/2015	5,000 shares PMCB
1/13/2015	10,000 shares PMCB
1/22/2015	5,000 shares PMCB
1/22/2015	5,000 shares PMCB
3/17/2015	5,000 shares PMCB

3. Further, during the restricted period for NVLX/PMCB, the firm published and maintained a total of 753 bids in NVLX/PMCB common stock.
4. The conduct described in the above paragraphs 2 and 3 constitute separate and distinct violations of Rule 101 and FINRA Rule 2010.

¹ Related disciplinary actions on behalf of NYSE Arca and Nasdaq concurrently are being taken in conjunction with this matter.

² Prior to January 6, 2015, the issuer was known as Nuvilex, Inc. and traded under symbol NVLX. Effective January 6, 2015, the issuer changed its legal corporate name to PharmaCyte Biotech, Inc. and traded under symbol PMCB.

Violations of FINRA Rules 5190(c)(1)(A) and (B)

5. Because the firm acted as a manager (or in a similar capacity) in the distribution of securities, it was required to submit to FINRA, in timely fashion, notifications pursuant to FINRA Rule 5190(c)(1)(A) ("Restricted Period Notification"). Specifically, pursuant to Rule 5190(c)(1)(A), the firm was required to file its Restricted Period Notification with FINRA "no later than the business day prior to the first complete trading session of the applicable restricted period, unless later notification is necessary under specific circumstances."
6. Further, the firm was required to submit to FINRA in timely fashion, notifications pursuant to FINRA Rule 5190(c)(1)(B) ("Trading Notification"). Specifically, pursuant to Rule 5190(c)(1)(B), the firm was required to file its Trading Notification with FINRA "no later than the close of business the next business day following the pricing of the distribution, unless later notification is necessary under specific circumstances."
7. As set forth in the table below, during the restricted periods shown, the firm was a distribution participant and acted as a manager (or in a similar capacity) in the distribution of securities in offerings or private placements of common stock and published and maintained bids in the common stock. Further, although the firm acted as a manager (or in a similar capacity) in the distribution, the firm failed to timely file Restricted Period Notifications and failed to timely file Trading Notifications as shown below:

RULE 5190(c)(1)(A) RESTRICTED PERIOD NOTIFICATIONS

Issuer	Date Due	Date Filed
Live Ventures, Inc.	1/29/2015	2/10/2015
Massroots, Inc.	6/9/2015	6/11/2015

RULE 5190(c)(1)(B) TRADING NOTIFICATIONS

Issuer	Date Due	Date Filed
Live Ventures, Inc.	2/9/2015	9/22/2015
Catasys, Inc.	4/17/2015	4/20/2015
CannaVest Corp.	5/20/2015	5/22/2015
Massroots, Inc.	6/9/2015	7/14/2015
Vapor Corp.	6/23/2015	6/26/2015

8. The conduct described in paragraph 7 constitutes separate and distinct violations of Rules 5190(c)(1)(A) and (B).

Supervision Rules Violations

9. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or the Rules of FINRA. As is set forth in NASD Notice to

Members 98-96, at a minimum, written supervisory procedures should describe the following :

- (a) specific identification of the individual(s) responsible for supervision;
- (b) the supervisory steps and reviews to be taken by the appropriate supervisor;
- (c) the frequency of such reviews; and
- (d) how such reviews shall be documented.

The firm's written supervisory procedures failed to provide all four of the above-cited minimum requirements for reasonable written supervisory procedures, in the following subject areas: Regulation M, Rule 101, and timely submission of notifications to self-regulatory organizations when acting as a manager (or in a similar capacity) in the distribution of securities. The conduct described in this paragraph constitutes violations of NASD Rule 3010 and FINRA Rule 2010 for conduct prior to December 1, 2014, and FINRA Rules 3110 and 2010 for conduct on or after December 1, 2014.

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

A censure; a fine of \$75,000 (consisting of \$47,500 for the Rule 101 and Rule 2010 violations; \$15,000 for the Rule 5190(c)(1)(A) and (B) violations; and \$12,500 for the supervisory violations); and an undertaking to provide two written reports to FINRA on dates that are no more than 45 days and 90 days after the date of the Notice of Acceptance of this AWC, concerning the firm's implementation and effectiveness of the firm's policies, systems, and procedures (written and otherwise) and training (collectively, the "Controls") related to the areas described in paragraph I.A.9 above to ensure the firm is in compliance with Rule 101 of Regulation M and Rule 5190(c)(1)(A) and (B).

The written reports shall be certified by a registered principal who is also a senior executive officer of the firm and shall address, at a minimum, the implementation and performance of the firm's Controls; the steps taken by supervisory personnel to ensure compliance in the above-mentioned areas and the results of such supervisory reviews; training; and modification or recommendations for improvements to the Controls and dates of the effectiveness of such modifications or planned implementation of such recommendations. Upon written request showing good cause, FINRA staff may extend any of the procedural dates set forth herein.

Respondent agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. It 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 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 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, 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 the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;

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 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.
- D. Respondent 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.

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 it has agreed to the AWC's 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.

11-20-2018

Date

Respondent

Chardan Capital Markets LLC

By: [Signature]

Name: Steve Urbach

Title: CEO

Reviewed by:

[Signature]
Robert I. Rabinowitz, Esq.
Counsel for Respondent
Becker & Poliakoff
331 Newman Springs Road, Suite 225
Red Bank, New Jersey 07701
Telephone: 732-842-1662

Accepted by FINRA:

December 20, 2018
Date

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

[Signature]
John Warshawsky
Senior Counsel
FINRA Department of Enforcement