

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016051318601**

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

RE: ViewTrade Securities, Incorporated, Respondent
Member Firm
CRD No. 46987

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent ViewTrade Securities, Incorporated (ViewTrade 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

ViewTrade has been a FINRA member since 1999. The Firm is headquartered in Boca Raton, Florida and employs approximately 40 registered representatives. The Firm conducts a general securities business.

RELEVANT DISCIPLINARY HISTORY

Respondent does not have any relevant disciplinary history with the Securities and Exchange Commission, any state securities regulators, FINRA, or any other self-regulatory organization.

OVERVIEW

In December 2015, ViewTrade acted as the lead placement agent in a best-efforts IPO. The offering was oversubscribed. After secondary trading commenced, more than 4,000 shares were returned to the Firm through trade cancellations and returns. ViewTrade later sold the returned shares at the IPO price to certain investors who did not have unfilled orders as required. Accordingly, ViewTrade violated FINRA Rules 5131(d)(3) and 2010.

In addition, the Firm failed to send confirmations to the investors who purchased shares through the IPO. As a result, the Firm violated FINRA Rules 2232 and 2010, and Rule 10b-10 of the Securities Exchange Act.

FACTS AND VIOLATIVE CONDUCT

A. FINRA Rule 5131(d)(3)

FINRA Rule 5131 governs new issue allocations and distributions. Specifically, Rule 5131(d)(3) addresses circumstances when new issue shares, trading at a premium in the secondary market, are returned to the agent or underwriter who participated in the distribution of the shares. Under that section, the member firm participating in a distribution of new issue shares is required to have an agreement in place to appropriately handle “any shares trading at a premium to the public offering price that are returned by a purchaser . . . after secondary market trading commences.” The Rule requires that when such shares are returned, the firm must use them to offset any existing syndicate short position or, if no short position exists, either (1) offer the returned shares “at the public offering price to unfilled customers’ orders pursuant to a random allocation methodology,” or (2) sell the shares on the secondary market, and donate the profits to an unaffiliated charitable organization anonymously to avoid any reputational benefit to the member.

In December 2015, an issuer engaged ViewTrade as lead placement agent in connection with an initial public offering. The IPO was a best-efforts minimum/maximum offering with a minimum of 2,000,000 shares, and a maximum of 2,400,000 shares. The offering also had a NASDAQ listing requirement of at least 300 round-lot shareholders.

By December 18, 2015, the offering satisfied both the share and listing contingencies and the transaction closed. After the closing, ViewTrade realized that the offering exceeded the maximum share cap and began contacting investors to reduce the number of shares allocated to them. Seventeen investors agreed to reduce their subscription amounts.

Over the next two business days, after secondary trading had begun, 4,525 shares were returned to ViewTrade as a result of trade cancellations and other returns. Instead of offering those shares to the 17 investors with unfilled orders pursuant to a random allocation methodology as required, ViewTrade sold the shares to two other investors. Specifically, the Firm sold 2,525 shares to a new investor at the IPO price of \$4 per share while the shares were trading at \$10.15 per share, and 2000 shares to an investor who did not reduce his subscription, at the IPO price of \$4 per share while the shares were trading at \$11.45 per share. As a result, the two investors received an instant profit of \$30,428.75.

By selling the shares at the IPO price to two investors other than the 17 who had unfilled orders, ViewTrade violated FINRA Rules 5131(d)(3) and 2010.

B. Exchange Act 10b-10 and FINRA Rule 2232

Exchange Act Rule 10b-10 and FINRA Rule 2232 require broker-dealers to “give or send” customers specified information at or before the completion of securities transactions (confirmation).

ViewTrade failed to provide the required trade confirmations to any of the 113 investors who purchased shares in the best-efforts offering. By virtue of the foregoing, ViewTrade violated Exchange Act Rule 10b-10 and FINRA Rules 2232 and 2010.

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

- a Censure; and
- a \$25,000 fine.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

Respondent agrees to pay the monetary sanctions 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 an inability to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waive(s) 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; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action 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 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 ViewTrade, 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 ViewTrade to submit it.

7/29/2020
Date

ViewTrade Securities, Incorporated
Respondent

By: 

James St. Clair, President

Reviewed by:

Allan M. Lerner

Allan Lerner
Counsel for Respondent
Law Offices of Allan M. Lerner, P.A.
2888 E. Oakland Park Blvd.
Fort Lauderdale, FL 33306

Accepted by FINRA:

September 10, 2020
Date

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

A handwritten signature in blue ink, appearing to read 'Karen Cherrington', is written over a horizontal line.

Karen Cherrington
Senior Counsel
FINRA
Department of Enforcement
Brookfield Place
200 Liberty Street
New York, NY 10281

ALLAN M. LERNER

A Professional Association

2888 East Oakland Park Boulevard
Fort Lauderdale, Florida 33306

Telephone: (954)563-8111
Facsimile: (954)563-8522
E. Mail allan@lernerpa.com

September 9, 2020

via E mail Karen.Cherrington@finra.org

Karen Cherrington, Esq.

Senior Counsel

FINRA

Department of Enforcement

Brookfield Place, 200 Liberty Street, 11th Floor,
New York, NY 10281

RE: ViewTrade Securities, Inc., Matter No. 2016051318601—Statement of Corrective Action

This Corrective Action is submitted by the Respondent ViewTrade Securities, Inc (“VTS”). It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.

Corrective Action

A. *SEA Rule 10b-10; FINRA Rule 2232.* After the events identified in the AWC, VTS amended its Written Supervisory Procedures (“WSP”) to include the following:

16.14.4 Confirmations

[SEA Rule 10b-10; FINRA Rule 2232]

Due to the nature of "Best Efforts" underwritings, a traditional clearing firm issued trade confirmation is not generated. ViewTrade will “give or send” separate writings (in the form of confirmatory emails to subscribing customers) that include each item of information required by Rule 10b-10 to each purchaser in the offering.

The separate writings will be maintained in the records of the Firm.

Very truly yours,

Allan M. Lerner

Allan M. Lerner

AML:jgl