

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2017054968802**

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

RE: Caroline Wisniewski, Respondent
Registered Representative
CRD No. 1463513

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, 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

Caroline Wisniewski ("Wisniewski") first became associated with a FINRA member firm in 1986. In June 2008, Wisniewski became associated with FINRA member firm Pariter Securities, LLC, where she served as the firm's offsite Financial and Operations Principal ("FINOP") until June 30, 2017. Wisniewski is currently associated with two other FINRA member firms. Wisniewski has no disciplinary history.

OVERVIEW

From October 2016 through June 2017 (the "Relevant Period"), Wisniewski permitted Pariter to conduct a securities business while below its net capital requirement, failed to prepare timely net capital computations, filed inaccurate Financial and Operational Combined Uniform Single ("FOCUS") reports on behalf of Pariter, failed to file timely notifications of Pariter's net capital deficiencies, and caused Pariter to maintain inaccurate books and records. As a result of the foregoing, Wisniewski violated FINRA Rules 4110(b), 4511 and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 4110(b)(1) provides that a member shall suspend all business operations during any period in which it is not in compliance with applicable net capital requirements as set forth in Securities Exchange Act of 1934 ("Exchange Act") Rule 15c3-1. An individual violates FINRA Rules 4110(b) and 2010 when he or she permits a FINRA member firm to conduct a securities business at a time when the firm is failing to maintain its required minimum net capital.

Exchange Act Rule 17a-3 and FINRA Rule 4511 require FINRA-registered firms to make and keep an accurate general ledger and trial balance, and to make and keep accurate net capital calculations. Exchange Act Rule 17a-5 and FINRA Rule 4511 require firms to timely file accurate FOCUS reports. An individual FINOP violates FINRA Rules 4511 and 2010 when he or she makes and keeps inaccurate books and records, such as a general ledger, trial balance, and net capital computations. It is also a violation of FINRA Rule 4511 and 2010 to file inaccurate FOCUS reports on a member firm's behalf.

FINRA Rule 2010 requires members and associated persons to "observe high standards of commercial honor and just and equitable principles of trade." A violation of another FINRA rule constitutes a violation of FINRA Rule 2010.

Throughout the Relevant Period, Wisniewski, as Pariter's FINOP, was responsible for, among other things, calculating the firm's net capital and maintaining the accuracy of Pariter's general ledger, trial balance, and balance sheet. Wisniewski was also responsible for filing Pariter's FOCUS reports.

During the Relevant Period, Wisniewski failed to ensure that Pariter's general ledger, trial balance, and balance sheet accurately reflected Pariter's assets and liabilities and failed to accurately compute Pariter's net capital. In fact, for the months ending October 2016 and November 2016, Wisniewski entirely failed to prepare timely net capital computations.¹ Wisniewski also filed inaccurate FOCUS Reports for the quarters ending December 2016, March 2017 and June 2017. Furthermore, Wisniewski failed to file notifications with FINRA and the SEC on at least four separate occasions when Pariter either failed to maintain its minimum net capital or had its net capital fall below 120% of its required net capital. As a result of these failures, Wisniewski permitted Pariter, which had a regulatory minimum net capital requirement of \$5,000, to conduct a securities business while Pariter was net capital deficient on the following days: December 21, 2016 through December 23, 2016; December 28, 2016; January 13, 2017; January 25, 2017; and January 27, 2017. On those seven days, Pariter was below its minimum net capital requirement by amounts ranging from approximately \$126,000 to approximately \$199,000.

Wisniewski prepared inaccurate net capital computations by, among other things: (1) continuing to reflect a net deposit held in a riskless principal account at Pariter's former clearing firm, even though the clearing firm had returned said funds to Pariter and appeared elsewhere on Pariter's general ledger and balance sheet; (2) erroneously including commissions receivable from private placement transactions as allowable assets even though the commissions were not due from other broker-dealers;² (3) failing to recognize any commissions expense or related commissions payable associated with Pariter's private placement transactions; and (4) offsetting private placement commissions payable with commissions receivable despite not having a written

¹ Wisniewski self-reported her failure to complete net capital computations to FINRA on February 17, 2017.

² Exchange Act Rule 15c3-1(c)(2)(iv)(C) allows a broker-dealer to include as allowable assets commissions receivable due from other broker-dealers not outstanding for longer than 30 days. Here, Pariter included commissions receivable that were not from other broker-dealers; rather, the commissions were due from issuers, product sponsors and other entities.

agreement between Pariter and its registered representatives, whereby the representatives would waive payment of commissions owed to them until Pariter actually received the commissions.³

As a result of the foregoing, Wisniewski violated FINRA Rules 4110(b), 4511 and 2010.

B. I also consent to the imposition of the following sanctions:

- A fine of \$10,000;
- A one month suspension from association with any FINRA member firm in a FINOP capacity; and
- A requirement to re-qualify as a FINOP by taking the requisite examination(s).

I agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

I understand that if I am barred or suspended from associating with any FINRA member in a FINOP capacity, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in a FINOP capacity, during the period of the bar or suspension (see FINRA Rules 8310 and 8311). Furthermore, because I am subject to a statutory disqualification during the suspension, if I remain associated with a member firm in a non-suspended capacity, an application to continue that association may be required.

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

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

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

³ The offset treatment provides allowable asset treatment for receivables to the extent of corresponding commissions payable. As a prerequisite for the use of the offset treatment, a firm must have at the time of the net capital computation a written contract between the broker-dealer and representatives, whereby the representatives waive payment of their commissions until the firm is in receipt of the commission. *See* NTM 84-48.

Further, I specifically and voluntarily waive 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.

I further specifically and voluntarily waive 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

I understand 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 me; and
- C. If accepted:
 - 1. This AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Pariter;
 - 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. I 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. I 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 my: (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. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have 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 me to submit it.

March 21, 2019
Date

Caroline Wisniewski
Caroline Wisniewski, Respondent

Reviewed by:

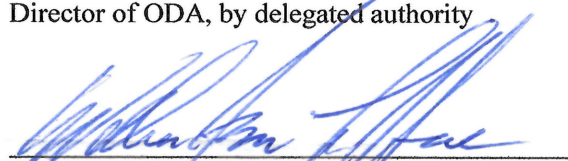


Alan M. Wolper
Counsel for Respondent
Ulmer & Berne, LLP
500 West Madison Street, Suite 3600
Chicago, Illinois 60661-4587
(312) 658-6564; Fax: (312) 658-6565
E-Mail: awolper@ulmer.com

Accepted by FINRA:

4/9/19
Date

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



William Brice La Hue, Senior Counsel
FINRA, Department of Enforcement
One Securities Centre, Suite 500
3490 Piedmont Road, N.E.
Atlanta, Georgia 30305
(404) 239-6111; Fax: (404) 264-1586
E-Mail: brice.lahue@finra.org
teresa.reich@finra.org (senior paralegal)