

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2017055179601**

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

RE: Tourmaline Partners, LLC (Tourmaline or Respondent)  
Member Firm  
CRD No. 154492

Pursuant to FINRA Rule 9216, Respondent Tourmaline Partners, LLC 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 in this AWC.

**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**

Tourmaline has been a FINRA member since December 15, 2010. It is headquartered in Stamford, Connecticut, has five branch offices, and employs approximately 40 registered representatives. Tourmaline generates the majority of its revenues from commissions.

On September 16, 2016, FINRA accepted an AWC in STAR Matter No. 20150464834 resolving allegations that between January 1, 2015 and December 31, 2015, Tourmaline violated FINRA rule 7450 by failing to timely report to the Order Audit Trail System (OATS) 809 Reportable Order Events (ROEs) and transmitting 180 Route or Combined Order/Route Reports with inaccurate, incomplete, or improperly formatted data. The firm also failed to enforce its relevant written supervisory procedures, in violation of FINRA Rules 3110 and 2010. The sanctions imposed consisted of a censure and a fine of \$20,000 (\$15,000 for the OATS reporting violations and \$5,000 for the supervision violations).<sup>1</sup>

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<sup>1</sup> For more information about the firm, including prior regulatory events, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

## **OVERVIEW**

Between April 1, 2017 and December 31, 2020 (the review period), Tourmaline violated FINRA Rule 7450 and FINRA Rule 2010 by failing to repair and resubmit to OATS a total of 8,257 rejected ROEs. OATS rejected those submissions due to repairable context or syntax errors in the data. Moreover, although Tourmaline attempted to repair and resubmit 6,132 rejected ROEs during the review period, its submission of those repairs to OATS was untimely as they were made outside of the required five-business days deadline.

## **FACTS AND VIOLATIVE CONDUCT**

This matter arises from three OATS compliance reviews conducted by staff in FINRA's Market Regulation Department during the review period, which reviewed the Respondent's OATS reporting compliance.<sup>2</sup>

During the review period, FINRA Rule 7450 required reporting members to transmit to OATS order information in an electronic format, as prescribed by FINRA. As detailed in Section 6.2 of FINRA's OATS Reporting Technical Specifications,<sup>3</sup> ROE rejections are ROEs that failed to pass validation checks. If any validation fails, the ROE is rejected and an associated error message is assigned representing each validation that failed. A list of rejected ROEs that require repair is provided to firms via the OATS Web Interface. All ROE rejections that require repair must be researched and repaired by the firm within five OATS business days from the date when the rejections were available via the OATS Web interface.<sup>4</sup>

FINRA Rule 2010 requires members, in the conduct of their business, to, "observe high standards of commercial honor and just and equitable principles of trade." Violations of FINRA Rule 7450 also constitute violations of FINRA Rule 2010.

During the review period, Tourmaline failed to recognize rejected, repairable ROEs and failed to submit timely repairs of those ROEs to OATS. In total, the firm failed to repair and resubmit a total of 8,257 rejected ROEs and failed to timely submit 6,132 repaired ROEs.

Therefore, Tourmaline violated FINRA Rules 7450 and 2010.

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<sup>2</sup> STAR Matter No. 20170551796 (review period of April 1, 2017 and March 31, 2018); STAR Matter No. 20190615531 (review period of October 1, 2018 to December 31, 2018), and STAR Matter No. 20200671358 (review period January 1, 2020 and December 31, 2020). These matters were merged together under STAR Matter No. 20170551796.

<sup>3</sup> Available at: [https://www.finra.org/sites/default/files/2020-07/Tech\\_Spec\\_07312020.pdf](https://www.finra.org/sites/default/files/2020-07/Tech_Spec_07312020.pdf)

<sup>4</sup> At all times relevant to this matter, FINRA Rule 7450(b)(3) defined an OATS Business Day as beginning at 4:00:01 p.m. Eastern Time on one market day and ending at 4:00:00 p.m. Eastern Time on the next market day.

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

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

Respondent agrees to pay the monetary sanction 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 after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

## 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 its acceptance or rejection.

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 its subject matter 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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.
- 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.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's 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 Respondent 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 in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

September 14, 2021

Date

*James Olencki*

Tourmaline Partners, LLC  
Respondent

Print Name: James Olencki  
Title: Chief Compliance Officer

Accepted by FINRA:

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

September 16, 2021

Date

*William Otto*

William Otto  
Counsel  
FINRA  
Department of Enforcement  
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