

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2018056485301**

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

RE: Corinthian Partners, LLC (Respondent)
Member Firm
CRD No. 38912

Pursuant to FINRA Rule 9216, Respondent Corinthian 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 accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Corinthian has been a FINRA member since June 1996. The firm's main office is in New York, New York. Corinthian employs approximately 10 registered representatives at two branches. The firm is a retail brokerage firm that also engages in investment banking and asset management.

In March 2019, Corinthian was censured and fined \$30,000 (AWC No. 2016047621801). The firm violated NASD Rule 3010 and FINRA Rules 3110 and 2010 by failing to establish, maintain, and enforce a reasonably designed supervisory system and written supervisory procedures (WSPs) regarding non-traditional exchange traded products and failing to supervise a representative who sold those products to customers between January 2013 and May 2016.¹

OVERVIEW

From March 2018 to April 2019, Corinthian failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to prohibit firm principals from supervising their own trading. As a result, Corinthian allowed the CEO and CCO to

¹ For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

supervise their own trading in accounts they jointly managed. By virtue of the forgoing, the firm violated FINRA Rules 3110 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's 2018 cycle examination of Corinthian.

FINRA Rule 3110(a) provides that "[e]ach member shall establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules." FINRA Rule 3110(a)(5) states that a member's supervisory system shall provide, at a minimum, for the "assignment of each registered person to an appropriately registered representative(s) or principal(s) who shall be responsible for supervising that person's activities."

Regulatory Notice 99-45, issued in June 1999, reminded member firms that reasonable supervision "requires that *each registered person* be assigned to at least one supervisor" regardless of "whether the person to be supervised is a . . . registered principal, or . . . part of the senior management of the member." (emphasis in original). The Notice explains that the FINRA supervision rule "recognizes the obvious fact that a supervisory system reasonably designed to achieve compliance with the securities laws does not permit persons to supervise themselves."

FINRA Rule 3110(b)(1) states that "[e]ach member shall establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules." With respect to a firm's supervision of trading, Regulatory Notice 98-96, issued in December 1998, advised firms that WSPs should set forth how trading reviews would be conducted and documented, including a general description of all automated systems used by the firm, and identify—by name or by title and position—the individual(s) responsible for supervision. FINRA Rule 3110(b)(6)(C)(i) also provides that a firm's WSPs shall include procedures prohibiting supervisors from supervising their own activities.²

A violation of FINRA Rule 3110 is also a violation of FINRA Rule 2010, which requires a member, in the conduct of its business, to "observe high standards of commercial honor and just and equitable principles of trade."

From March 2018, through April 2019, the CEO and CCO jointly managed customer accounts and split commissions equally. The CEO or CCO provided supervisory approval for all trades in the accounts. Firm records reflect that there was a total of 488 trades conducted in those accounts. For two trades, the CEO both entered and approved the

² FINRA Rule 3110(b)(6)(C)(ii)(a) contains a limited exception to that requirement when it "is not possible" to prohibit self-supervision "because of the member's size or a supervisory personnel's position within the firm." In that case, the firm must document the relevant factors it relied upon when it determined that supervision by another person was not possible and how the supervisory arrangement otherwise complies with FINRA Rule 3110(a).

trades. For the remaining 486 trades, firm surveillance could not distinguish who, as between the CEO and CCO, entered the trades, and therefore could not ensure that they were not self-supervising trades that they had entered.³

During that period, Corinthian's WSPs did not identify the individual responsible for trading reviews by name or title and did not assign the CEO's or CCO's trades to a different principal so that they were not self-supervising trades that they had entered. Additionally, the WSPs failed to reflect the firm's use of automated surveillance and electronic review of trades by a firm principal. Instead, the firm's WSPs contained outdated references to discontinued manual reviews of trade blotters.

Therefore, Corinthian violated FINRA Rules 3110(a) and (b), and 2010.

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

- a censure;
- a \$10,000 fine; and
- an undertaking that, within 60 days of the date of the notice of acceptance of this AWC, a member of Respondent's senior management who is a registered principal of the firm shall certify in writing that, as of the date of the certification, the firm has remediated the issues identified in this AWC and implemented a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with Rules 3110(a) and (b) regarding the issues identified in this AWC. The certification shall include a narrative description and supporting exhibits sufficient to demonstrate Respondent's remediation and implementation. FINRA staff may request further evidence of Respondent's remediation and implementation, and Respondent agrees to provide such evidence. Respondent shall submit the certification to Abby Shechtman, Senior Counsel, FINRA Department of Enforcement, 200 Liberty Street, New York, NY 10281, and abby.shechtman@finra.org, with a copy to EnforcementNotice@finra.org. Upon written request showing good cause, FINRA staff may extend this deadline.

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.

³ At all times during the relevant period the firm had other principals available so that the CEO or CCO would not have to review and approve their own trades. The firm also failed to perform the required analysis and create the required documentation needed to qualify for the exception allowing for self-supervision of trades in certain limited circumstances set forth in FINRA Rule 3110(b)(6)(C)(ii)(a).

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.

1/11/23
Date

[Signature]
Corinthian Partners, LLC
Respondent

Print Name: Mitchell Mandel

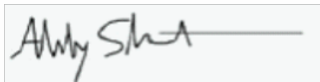
Title: CEO

Accepted by FINRA:

1/12/2023

Date

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



Abby Shechtman
Senior Counsel
FINRA
Department of Enforcement
200 Liberty Street
New York, NY 10281