

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2018057162401**

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

RE: Alpine Securities Corporation (Respondent)  
Member Firm  
CRD No. 14952

Pursuant to FINRA Rule 9216, Respondent Alpine Securities Corporation 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**

Alpine has been a FINRA member since May 1984. It is headquartered in Salt Lake City, Utah, has two branch offices, and employs 12 registered representatives. Alpine is a self-clearing firm that provides brokerage services to retail and institutional customers. Respondent does not have any relevant disciplinary history.

**OVERVIEW**

Between October 10, 2017 and April 10, 2018 and between August 27 and August 31, 2018,<sup>1</sup> Respondent: (a) submitted inaccurate data to FINRA's Order Audit Trail System (OATS) in 35 Reportable Order Events (ROEs) of 56 sampled for review, in violation of FINRA Rules 7450 and 2010; and (b) failed to report to the Over-the-Counter Reporting

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<sup>1</sup> The FINRA examination from which this matter arises commenced in April 2018 and initially covered a review period of October 10, 2017 through April 10, 2018. During the examination, Alpine informed FINRA examination staff that it was planning a transition to a new order management system that would be complete on or about August 22, 2018. The FINRA examination staff therefore supplemented its examination by sampling and reviewing certain of the Firm's trading and reporting activity, among other areas of review undertaken as part of the examination, between August 27, 2018 and August 31, 2018, one week following the implementation of the new system. FINRA considers these periods together to constitute the Review Period.

Facility (OTCRF) the riskless portion of a riskless-principal transaction in 15 transactions out of 50 sampled for review, in violation of FINRA Rule 6622.

### **FACTS AND VIOLATIVE CONDUCT**

This matter arises from an examination conducted by FINRA's Trading and Executions group for 2018, which reviewed the Respondent's trading activity.

#### **Alpine submitted inaccurate order details to OATS.**

FINRA Rule 7450(a) requires that, "[a]ll applicable order information required to be recorded under Rule 7440 . . . be transmitted to [OATS] by each Reporting Member . . ." FINRA Rule 7440 requires members to record order information related to an order's receipt or origination, transmission, modification, cancellation, and execution. FINRA Rule 7440(b)(18) includes in this requirement that members record, "the type of account, i.e., retail, wholesale, employee, proprietary, or any other type of account designated by FINRA, for which the order is submitted." FINRA Rule 7440(b)(16) requires that, "the date and time the order is originated or received by a Reporting Member" also be recorded.

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.

Out of 56 OATS submissions sampled during the Review Period, Alpine submitted 35 ROEs with inaccurate order details, concentrated between March 26 and April 5, 2018 and between August 27 and 31, 2018. These inaccurate OATS submissions consisted of: (i) 23 combined order/execution reports with inaccurate account type codes; and (ii) 12 orders reported with an inaccurate order received timestamp. Alpine attributed these reporting errors to its transition to a new order management system on or about August 22, 2018.

Therefore, Alpine violated FINRA Rules 7450(a) and 2010.

#### **Alpine failed to report the riskless portion of riskless-principal transactions to the OTCRF.**

FINRA Rule 6622(d)(3)(B) states that, "[a] 'riskless' principal transaction in which a member, after having received an order to buy a security, purchases the security as principal at the same price to satisfy the order to buy or, after having received an order to sell, sells the security as principal at the same price to satisfy the order to sell, shall be reported as one transaction in the same manner as an agency transaction, excluding the mark-up or mark-down, commission-equivalent, or other fee. Alternatively, a member may report a riskless principal transaction by submitting the following report(s) to the OTC Reporting Facility: . . . (ii) Regardless of whether a member has a reporting obligation . . . the firm must submit, for the offsetting, 'riskless' portion of the transaction, either: (a) a clearing-only report with a capacity indicator of 'riskless principal,' if a clearing report is necessary to clear the transaction; or, (b) a non-tape, non-clearing report with a capacity indicator of 'riskless principal,' if a clearing report is not necessary to clear the transaction."

Out of 50 principal and riskless-principal transactions sampled during the Review Period, Alpine failed to report the riskless portion of 15 riskless-principal transactions involving an over-the-counter security to the OTCRF. All 15 violations occurred between August 29-31, 2018. Alpine also attributed these reporting failures to its transition to a new order management system on or about August 22, 2018.

Therefore, Alpine violated FINRA Rule 6622(d)(3)(B).

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

- a censure
- a \$30,000 fine (consisting of a \$16,000 fine for violating FINRA Rules 7450 and 2010, and a \$14,000 fine for violating FINRA Rule 6622).

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 testimonial obligations or 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.

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.

June 4, 2021

Date

*Christopher Doubek*

Alpine Securities Corporation  
Respondent

Print Name: Chris Doubek  
Title: Chief Compliance Officer

Accepted by FINRA:

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

June 7, 2021

Date

*William Otto*

William Otto  
Counsel  
FINRA  
Department of Enforcement  
15200 Omega Drive, 3<sup>rd</sup> Floor  
Rockville, Maryland 20850