

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2019062264901**

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

RE: Traderfield Securities Inc. (Respondent)
Member Firm
CRD No. 20130

Mario Divita (Respondent)
General Securities Principal
CRD No. 1504199

Pursuant to FINRA Rule 9216, Respondents Traderfield Securities Inc. and Mario Divita 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 Respondents alleging violations based on the same factual findings described in this AWC.

**I.
ACCEPTANCE AND CONSENT**

- A. Respondents accept and consent to the following findings by FINRA without admitting or denying them:

BACKGROUND

Traderfield has been a FINRA member since August 1987. Traderfield is headquartered in Flushing, New York, and employs six registered representatives in its single branch office.

Mario Divita first registered with FINRA as a General Securities Representative (GSR) in 1988. In October 2016, Divita became registered with FINRA as a GSR and Financial and Operations Principal through an association with Traderfield. Divita is currently registered with FINRA through Traderfield as a GSR, General Securities Principal, Compliance Officer, Operations Professional, Private Securities Offerings Principal, as well as other specialized registrations. In August 2017, Divita acquired an ownership interest in Traderfield and, from January 2017 to December 2021 served as the firm's chief executive officer and chief compliance officer.

In November 2021, Traderfield and Divita entered into an AWC consenting to sanctions including a censure, restitution, a principal suspension and continuing education, in connection with their failure to: (1) establish, maintain, and enforce a supervisory system, including written supervisory procedures, reasonably designed to identify and prevent excessive trading in customer accounts; (2) reasonably supervise a former registered representative who recommended excessive trading in 16 customer accounts; and

(3) report to FINRA statistical and summary information related to five customer complaints about the registered representative.¹

OVERVIEW

From January 2019 to at least September 2020, Traderfield and Divita failed to establish, maintain, and enforce a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with rules governing registered persons' proposed outside business activities. During this period, Traderfield and Divita knew that two of the firm's registered representatives were engaged in outside activities that involved investment funds and private placement offerings, but neither the firm nor Divita evaluated the activities as required by FINRA Rule 3270.01, including failing to determine whether they constituted outside securities activities. As a result, Traderfield and Divita violated FINRA Rules 3110, 3270.01, and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a complaint made to FINRA.

FINRA Rule 3110(a) requires firms to establish and maintain a system to supervise the activities of each associated person. FINRA Rule 3110(b) requires firms to establish, maintain, and enforce written procedures (WSPs) to supervise the types of businesses it engages in and the activities of its associated persons. A firm's supervisory system and WSPs must both be reasonably designed to achieve compliance with applicable securities laws and regulations and FINRA rules.

FINRA Rule 3270 prohibits registered persons from engaging in any outside business activities unless they provide prior written notice to their member firm employer. FINRA Rule 3270 Supplementary Material .01 (Rule 3270.01) further requires that:

Upon receipt of a written notice under Rule 3270, a member shall consider whether the proposed activity will: (1) interfere with or otherwise compromise the registered person's responsibilities to the member and/or the member's customers or (2) be viewed by customers or the public as part of the member's business based upon, among other factors, the nature of the proposed activity and the manner in which it will be offered. Based on the member's review of such factors, the member must evaluate the advisability of imposing specific conditions or limitations on a registered person's outside business activity, including where circumstances warrant, prohibiting the activity. A member also must evaluate the proposed activity to determine whether the activity properly is characterized as an outside business activity or whether it should be treated as an outside securities activity subject to the requirements of Rule 3280. A member must keep a record of its compliance with these obligations

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

with respect to each written notice received and must preserve this record for the period of time and accessibility specified in SEA Rule 17a-4(e)(1).

FINRA Rule 2010 requires a member firm, in the conduct of its business, to observe high standards of commercial honor and just and equitable principles of trade. A violation of FINRA Rules 3110 or 3270 also constitutes a violation of FINRA Rule 2010.

From January 2019 to September 2020, Traderfield's WSPs designated Divita with supervisory responsibility for reviewing and approving registered persons' outside business activities and private securities transactions. During this period, two registered persons associated with Traderfield owned and received a fee for managing three investment funds that raised \$60 million from over 200 individual investors.

Although the representatives presented the investment funds to Traderfield and Divita in discussions and emails as outside business activities, Traderfield and Divita understood that the registered persons' outside business activities involved private placement offerings and were investment-related.

However, neither Divita nor anyone else at Traderfield evaluated the registered persons' proposed activities to determine: (i) whether they should be restricted or prohibited; (ii) whether they should have been treated as outside securities activities, with any transactions recorded on the firm's books and records as required by FINRA Rule 3280; and (iii) whether they would interfere with or otherwise compromise the registered persons' responsibilities to the firm or the firm's customers, or be viewed as part of Traderfield's business. Traderfield's WSPs also did not reference or otherwise require the firm to comply with the requirements of FINRA Rule 3270.01 or the factors listed there.

Therefore, Traderfield and Divita violated FINRA Rules 3110, 3270.01, and 2010.

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

For Traderfield:

- a censure;
- a \$75,000 fine (joint and several with Divita); and
- an undertaking that, within 120 days of the date of the notice of acceptance of this AWC, a member of Traderfield'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 WSPs, reasonably designed to achieve compliance with FINRA Rule 3270.01. The certification shall include a narrative description and supporting exhibits sufficient to demonstrate Traderfield's remediation and implementation, and Traderfield agrees to provide such evidence. Traderfield shall submit the certification to Joseph E. Strauss, Senior Counsel, FINRA Department of Enforcement, 200 Liberty Street, New York, New York 10281-1003, joseph.strauss@finra.org, with a copy to EnforcementNotice@finra.org. Upon written request showing good cause, FINRA staff may extend this deadline.

For Divita:

- a six-month suspension from association with any FINRA member in any principal capacity;
- a \$75,000 fine (joint and several with Traderfield); and
- an undertaking that, within 120 days of the date of the notice of acceptance of this AWC, Divita will attend and satisfactorily complete 50 hours of continuing education concerning supervisory responsibility (pertaining to, among others, FINRA Rules 3270 and 3280), by a provider not unacceptable to FINRA. Divita will notify Joseph Strauss, Senior Counsel, of the name and contact information of the provider of the continuing education at least 10 days prior to attending the training. Within 30 days following completion of such training, Divita will submit written proof that the continuing education program was satisfactorily completed to Joseph E. Strauss at joseph.strauss@finra.org, with a copy to EnforcementNotice@finra.org. All correspondence must identify Divita and matter number 2019062264901. Upon written request showing good cause, FINRA staff may extend this deadline.

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

Respondents specifically and voluntarily waive 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.

Respondent Divita understands that if he is barred or suspended from associating with any FINRA member in a principal capacity, he becomes 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, Respondent Divita may not be associated with any FINRA member in a principal capacity, during the period of the bar or suspension. *See* FINRA Rules 8310 and 8311. Furthermore, because Respondent Divita is subject to a statutory disqualification during the suspension, if he remains associated with a member firm in a non-suspended capacity, an application to continue that association may be required.

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

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a complaint issued specifying the allegations against them;

- 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, Respondents 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 its acceptance or rejection.

Respondents 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

Respondents 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 Respondents; and
- C. If accepted:
 - 1. this AWC will become part of Respondents' permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondents;
 - 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. Respondents 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. Respondents 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 Respondents' 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 Respondents' testimonial obligations in any litigation or other legal proceedings.

- D. Respondents may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that they 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 Traderfield Securities Inc. certifies that a person duly authorized to act on Traderfield'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.

Respondent Divita certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's provisions voluntarily; and 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 him to submit this AWC.

08/23/23
Date

[Signature]
Traderfield Securities Inc.
Respondent

Print Name: Charles A. [Signature]

Title: CEO

8/23/2023
Date

[Signature]
Mario Divita
Respondent

Reviewed by:



Thomas J. McCabe
Counsel for Respondents
Warren Law Group
519 8th Ave., 25th Fl.
New York, NY 10018

Accepted by FINRA:

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

Date

Joseph E. Strauss
Senior Counsel, Enforcement
FINRA
Department of Enforcement
200 Liberty Street
New York, New York 10281-1003

Reviewed by:

Thomas J. McCabe
Counsel for Respondents
Warren Law Group
519 8th Ave., 25th Fl.
New York, NY 10018

Accepted by FINRA:

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



September 5, 2023

Date

Joseph E. Strauss
Senior Counsel, Enforcement
FINRA
Department of Enforcement
200 Liberty Street
New York, New York 10281-1003

This Corrective Action Statement is submitted by the Respondents. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.

STATEMENT OF CORRECTIVE ACTION

Traderfield Securities Inc. shall institute a policy prohibiting any associated person from engaging in outside business activity that includes any private securities transactions.

The WSPs have been amended to reflect this policy and all associated persons shall be informed in writing to update any disclosures regarding private securities transactions.