

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2023077061201**

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

RE: Laidlaw & Company (UK) Ltd. (Respondent)
Member Firm
CRD No. 119037

Pursuant to FINRA Rule 9216, Respondent Laidlaw & Company (UK) Ltd. 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

Laidlaw has been a FINRA member since July 2002. The firm maintains six branch offices, employs approximately 40 registered representatives, and operates a full-service brokerage business.

In February 2023, pursuant to an AWC issued by FINRA, Laidlaw was censured and fined \$200,000 for violations including conducting a securities business while failing to maintain required minimum net capital, failing to timely file required notices of net capital deficiency with the SEC and FINRA, failing to maintain accurate books and records concerning its net capital position, and filing inaccurate Financial and Operational Combined Uniform Single (FOCUS) reports. As a result, Laidlaw violated Sections 15(c) and 17(a) of the Securities Exchange Act of 1934, Exchange Act Rules 15c3-1, 17a-3, 17a-5, and 17a-11, and FINRA Rules 4110(b), 4511, and 2010.¹

OVERVIEW

From September 2022 through March 2023, Laidlaw conducted a securities business while failing to maintain the required minimum net capital on at least 108 days and filed two inaccurate notices of net capital deficiency, in violation of Exchange Act §§ 15(c)(3) and 17(a), Exchange Act Rules 15c3-1 and 17a-11, and FINRA Rules 4110(b)(1) and

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

2010. From at least September 2022 through June 2023, Laidlaw failed to establish, maintain, and enforce a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with its net capital and financial reporting obligations. As a result, the firm violated FINRA Rules 3110 and 2010.

Between November 2020 and January 2021, Laidlaw violated Exchange Act § 15(c)(2), Exchange Act Rule 15c2-4, and FINRA Rule 2010 by failing to establish an independent escrow account in a contingency offering for an affiliated issuer.

For these violations, Laidlaw is censured and fined \$200,000.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a cycle examination of Laidlaw.

Laidlaw conducted a securities business while failing to maintain the required minimum net capital and filed two inaccurate notices of net capital deficiency.

Exchange Act § 15(c)(3) and Exchange Act Rule 15c3-1 require FINRA members to maintain a minimum amount of net capital in accordance with the formula specified in Rule 15c3-1. FINRA Rule 4110(b)(1) requires a member firm to suspend all business operations during any period in which it is not in compliance with applicable net capital requirements.

Exchange Act § 17(a) and Exchange Act Rule 17a-11 require a FINRA member whose net capital declines below the minimum amount required under Exchange Rule 15c3-1 to give notice of its net capital deficiency that same day to FINRA and the SEC.

Violations of Exchange Act §§ 15(c)(3) and 17(a), Exchange Act Rules 15c3-1 and 17a-11, and FINRA Rule 4110(b)(1) also violate FINRA Rule 2010, which requires member firms to “observe high standards of commercial honor and just and equitable principles of trade” in the conduct of their business.

Laidlaw conducted a securities business while failing to maintain its required minimum net capital on at least 108 days between September 2022 and March 2023. The net capital deficiencies ranged from approximately \$53,000 to approximately \$1.26 million and exceeded \$1 million on four days. The deficiencies occurred because the firm did not consistently reconcile its bank statements and general ledger. For example, the firm failed to record on its general ledger a \$250,000 transfer it made to an affiliate. Additionally, the estimates underlying the firm’s weekly net capital calculations often overstated the firm’s net capital as compared with the assets and liabilities that were ultimately recorded in the general ledger.

In late December 2022, the firm identified a reconciliation failure that had caused a net capital deficiency, prompting the firm to file a deficiency notification on December 23, 2022. On January 4, 2023, the firm filed a second deficiency notification relating to this same deficiency, which amended the reported start date of the deficiency. The amended

notification, however, was inaccurate because the actual deficiency period began before, and ended after, the dates set forth in the amended notice.

On April 12, 2023, after FINRA raised a concern about the accuracy of Laidlaw's net capital calculations, the firm filed another deficiency notification stating it had been net capital deficient from March 6 through March 29, 2023. This notification was inaccurate because the firm's net capital deficiency began prior to the date specified in the notice.

Therefore, Laidlaw violated Exchange Act §§ 15(c)(3) and 17(a), Exchange Act Rules 15c3-1 and 17a-11, and FINRA Rules 4110(b)(1) and 2010.

Laidlaw failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with the firm's net capital and financial reporting obligations.

FINRA Rule 3110(a) requires that FINRA members "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(b) requires that each FINRA member "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 the applicable securities laws and regulations, and with applicable FINRA rules." A violation of FINRA Rule 3110 is also a violation of FINRA Rule 2010.

Between at least September 2022 and June 2023, Laidlaw did not establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with its net capital and financial reporting obligations. The firm did not maintain supervisory procedures with respect to the firm's general ledger, reconciling accounts and intercompany transactions, and performing net capital calculations. The problems with the firm's reconciliations and net capital estimates were exacerbated when the firm's accounting department, which usually consisted of three individuals, was short-staffed between November 2022 and April 2023, including planned leaves taken by two of the individuals. Nevertheless, the firm did not dedicate additional resources to its accounting department to compensate for the absent staff members.

In or around July 2023, the firm added procedures for calculating weekly and moment-to-moment net capital. The firm also updated its WSPs regarding the reconciliation process and its review and documentation of net capital calculations.

By virtue of its failure to establish, maintain, and enforce a reasonable supervisory system, including WSPs, with respect to net capital and financial reporting, Laidlaw violated FINRA Rules 3110(a) and (b) and 2010.

Laidlaw did not establish an independent escrow account for a contingency offering by an affiliated issuer.

Certain private placements are structured as contingency offerings, *i.e.*, securities offered on an “all-or-none” or “part-or-none” basis, which require all or a certain amount of the securities to be sold by a certain date for the offering to close. Exchange Act § 15(c)(2) and Exchange Act Rule 15c2-4(b) require a broker-dealer that receives investor funds in a contingency offering to either (i) deposit those funds into a separate bank account or (ii) transmit those funds to an unaffiliated bank escrow agent. FINRA Regulatory Notice 16-08 reminded members that “when a participating broker-dealer is an affiliate of the issuer, investors’ funds must be transmitted to an independent bank escrow agent.”

A violation of Exchange Act § 15(c)(2) or Exchange Act Rule 15c2-4(b) is also a violation of FINRA Rule 2010.

Between November 2020 and January 2021, Laidlaw participated in a contingency offering for Company A, which was affiliated with the firm. Accordingly, the firm was required to ensure that investor funds were transmitted to an independent escrow agent before the contingency was met. The firm, however, did not establish an independent escrow account for investor funds in connection with the offering. Rather, the subscription agreement instructed investors to send funds directly to Company A.

Therefore, Laidlaw violated Exchange Act § 15(c)(2), Exchange Act Rule 15c2-4, and FINRA Rule 2010.

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

- a censure and
- a \$200,000 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.

November 14, 2025

Date

James Bello

Laidlaw & Company (UK) Ltd.
Respondent

Print Name: James Bello

Title: COO/CCO

Reviewed by:

Richard J. Babnick, Jr.

Richard J. Babnick, Esq.
Counsel for Respondent
Sichenzia Ross Ference Carmel LLP
1185 Avenue of the Americas, 31st Floor
New York, New York 10036

Accepted by FINRA:

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

November 20, 2025

Date

Carolyn O'Leary

Carolyn O'Leary
Senior Counsel
FINRA
Department of Enforcement
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