

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013035303301**

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

RE: Dakota Securities International, Inc., Respondent
Member
CRD No. 132700

-and-

Bruce Martin Zipper, Respondent
General Securities Principal
CRD No. 1019731

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondents Dakota Securities International, Inc. ("DSI") and Bruce Martin Zipper ("Zipper") 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 herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondents hereby accept and consent, 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

Since 2005, DSI has been a FINRA member. DSI maintains its principal place of business in Miami, Florida, has one branch, and has approximately six registered persons. DSI is approved to conduct a retail securities business.

Zipper entered the securities industry in 1981. At various times since 1981, Zipper was associated with FINRA members and obtained the following FINRA licenses: Series 7 (General Securities Representative), Series 4 (Registered Options Principal), Series 24 (General Securities Principal), Series 27 (Financial and Operations Principal) and Series 63 (State Agent). Since August 2004,

Zipper has been associated with DSI. Zipper is registered in several capacities, including General Securities Principal and Financial and Operations Principal, with FINRA, and was President and Chief Compliance Officer of DSI. Zipper is subject to FINRA's jurisdiction because he is registered through a FINRA member.

RELEVANT DISCIPLINARY HISTORY

In March 2010, FINRA issued an AWC (2008011681701) wherein DSI was censured and fined \$5,000 for failing to retain outside emails exchanged between a DSI registered representative and a DSI customer that related to DSI's business and for inadequately enforcing its written supervisory procedures for the retention and review of emails, from July 26, 2006 through July 31, 2007, in violation of Section 17 of the Securities Exchange Act of 1934, Exchange Act Rule 17a-4, and NASD Rules 3110, 3010 and 2110.

On or about January 27, 1989, FINRA accepted an Offer of Settlement wherein Zipper was censured and fined \$1,000, jointly and severally with Vanguard Securities. That firm, acting through Zipper, effected transactions in non-exempt securities while failing to maintain sufficient net capital to conduct a securities business.

On or about October 31, 1994, FINRA imposed a censure, \$5,000 fine and suspension from association with any FINRA member in any capacity for five business days, for Zipper's failure to honor an arbitration award. On or about April 17, 1995, the U.S. Securities and Exchange Commission sustained the sanctions.

On or about November 17, 1995, the Florida Department of Banking and Finance entered into a Stipulation and Consent Agreement. Zipper agreed to cease and desist from any and all future violations of Chapter 517, Florida statutes, and the rules thereunder, and pay a \$1,000 fine. Zipper violated the terms of his registration agreement, failed to timely notify the Department of a FINRA action, and failed to satisfy margin deficiencies in a manner prescribed by the Federal Reserve.

On or about November 24, 2009, the Florida Office of Financial Regulation entered into a Stipulation and Consent Agreement. DSI and Zipper were jointly and severally fined \$5,000 and required to amend DSI's written supervisory procedures to be consistent with its practices and comply with the independent testing requirements pursuant to NASD Rule 3011. DSI and Zipper had failed to provide independent testing of DSI's anti-money laundering compliance program in 2006 when Zipper had tested the program and failed to enforce DSI's written supervisory procedures.

OVERVIEW

From September 1, 2011 through September 18, 2013 (the "relevant time period"), DSI failed to preserve and maintain all business-related electronic communications, and DSI and Zipper failed to establish, maintain, and enforce an adequate supervisory system to ensure that business-related electronic communications were subject to retention and supervision.

FACTS AND VIOLATIVE CONDUCT

During the relevant time period, DSI failed to preserve and maintain all business-related electronic communications. More specifically, a DSI registered principal used text messages in connection with DSI securities-related business. DSI failed to capture the text messages, failed to retain and preserve the text messages for the required period, and failed to preserve the text messages in a non-rewritable, non-erasable format. Moreover, DSI and Zipper knew that the DSI registered principal was using text messages to conduct firm business. Zipper, in his capacity as DSI CCO, was the person responsible for ensuring that DSI preserved the DSI registered principal's text messages. Nevertheless, DSI and Zipper failed to establish, maintain, and enforce an adequate supervisory system to ensure that business-related text messages were subject to retention and supervision and failed to preserve all business-related text messages. DSI's written supervisory procedures also were inadequate in that they failed to require capturing, retention and preservation of all securities business-related electronic communications.

As a result of such misconduct, DSI and Zipper violated NASD Rule 3010, NASD Rule 3110 (from September 1, 2011 through December 4, 2011), FINRA Rule 4511 (from December 5, 2011 through September 18, 2013), and FINRA Rule 2010. In addition, as a result of such misconduct, DSI violated Section 17(a) of the Securities Exchange Act of 1934 and Exchange Act Rule 17a-4, and Zipper violated FINRA Rule 2010 by causing DSI to violate Exchange Act Rule 17a-4.

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

- A censure; and
- A fine in the amount of \$10,000.

Respondent Zipper consents to the imposition of the following sanctions:

- A one-month suspension from association with any FINRA member in a principal capacity; and
- A fine in the amount of \$10,000.

Pursuant to the General Principles Applicable to all Sanction Determinations contained in the Sanction Guidelines, FINRA imposed a lower fine in this case after it considered, among other things, the firm's revenues and financial resources. See Notice to Members 06-55.

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

Respondents specifically and voluntarily waive any right to claim that Respondents are unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

Respondent Zipper 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 Zipper 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 Zipper 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 herein shall be effective on a date set by FINRA staff.

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 Respondents;
- 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 prejudice 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 acceptance or rejection of this AWC.

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 actions 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 the subject matter thereof 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': (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal

proceedings in which FINRA is not a party.

- 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 or its staff.

The undersigned, on behalf of DSI, certifies that a person duly authorized to act on its behalf has read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the Firm to submit it.

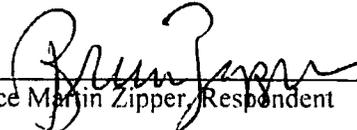
04/20/2016
Date (mm/dd/yyyy)

Dakota Securities International, Inc.
Respondent

By: 
Bruce Martin Zipper, President

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

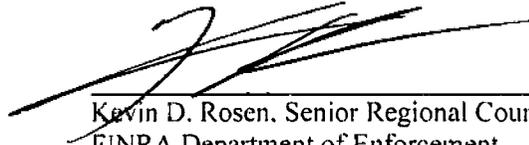
04/20/2016
Date (mm/dd/yyyy)


Bruce Martin Zipper, Respondent

Accepted by FINRA:

04/22/2016
Date

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



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