

**FINANCIAL INDUSTRY REGULATORY AUTHORITY**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
NO. 20140436263-01

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

RE: Wilson-Davis & Co., Inc., Respondent  
Broker-Dealer  
CRD No. 3777

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Wilson-Davis & Co., Inc. (the "firm" or "Respondent") 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 herein.

**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**

The firm has been a member of FINRA since December 23, 1968, and its registration remains in effect.

**RELEVANT DISCIPLINARY HISTORY**

The firm has no relevant disciplinary history.

**SUMMARY**

In Matter 20140436263, the staff reviewed the firm's compliance with FINRA Rule 5320 and related supervision requirements during the period July 1, 2014 through September 30, 2014 (the "review period"). Based on the review, the firm violated the rules set forth below.

**FACTS AND VIOLATIVE CONDUCT**

1. During the review period, in 35 instances, the firm accepted and held 24 customer orders in Over-the-Counter ("OTC") securities, traded for its own account at prices that would have satisfied the customer orders, and

failed to execute or immediately thereafter execute the customer orders up to the size and at the same price at which it traded for its own account or at a better price. In 11 of these instances, the firm also failed to execute a marketable customer order fully and promptly. The instances are reflected on Exhibit A. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 5320 and 2010.

2. During the review period, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with FINRA Rule 5320. Specifically, the firm's written supervisory procedures relied upon certain exception reports to identify potentially violative conduct, but the exception reports failed to capture many of the violations cited in this AWC. The conduct described in this paragraph constitutes a violation of NASD Rule 3010 and FINRA Rule 2010.

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

1. A censure;
2. A fine of \$15,000 (consisting of a fine of \$7,500 for the FINRA Rule 5320 violations, and a fine of \$7,500 for the supervisory violations);
3. An undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph I.A.2. Within 30 business days of acceptance of this AWC by the National Adjudicatory Council ("NAC"), a registered principal of the Respondent shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD, 20850, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraph I.A.2; and (3) the date the revised procedures were implemented; and
4. Restitution is ordered to be paid to the customer(s) listed on Exhibit A hereto in the amount of \$183.07, plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. § 6621(a)(2), from the date of the violative conduct until the date this AWC is accepted by the NAC. A registered principal on behalf of the Respondent firm shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD, 20850, either by letter that identifies the Respondent and case number, or by email from a work-related account of the registered principal of the firm to MarketRegulationComp@finra.org. This proof shall be provided to FINRA no later than 120 days after acceptance of this AWC.

If for any reason, Respondent cannot locate any customer identified in Exhibit A after reasonable and documented efforts within 120 days from the date the AWC is accepted, or such additional period agreed to by FINRA staff in writing, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the customer is known to have last resided. Respondent shall provide satisfactory proof of such action to FINRA in the manner described above, within 14 days of forwarding the undistributed restitution and interest to the appropriate state authority.

The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

Respondent agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It 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 that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

## 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 the firm;
- 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 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 acceptance or rejection of this AWC.

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 the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
  - 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. 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 the firm's: (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. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm 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 or its staff.

The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its 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 it 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 herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

4/13/2017  
Date

Respondent  
Wilson-Davis & Co., Inc.  
By: [Signature]  
Name: JAMES HROW  
Title: PRESIDENT

Reviewed by:

[Signature]  
Attorney Name Rick Enos  
Counsel for Respondent  
Firm Name MB&F  
Address 6995 Union Park Ave, #100  
City/State/Zip SLC, UT 84047  
Phone Number (801) 933-0506

Accepted by FINRA:

April 28, 2017  
Date

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

[Signature]  
Tina Salehi Gubb  
Chief Counsel  
FINRA Department of Market Regulation

Part I: Triggering Transactions														Part II: Order Details										Part III: Staff Analysis					
Item #	Exception #	Trade Report Date	Trade Report Time	Execution Time	Firm	Capacity	Side	Trade Vol	Issue Symbol	Trade Price	Counter Party Firm ID	Counter Party Capacity	Branch Sequence ID / Exchange Order ID	Order Letter	Event Type	Order Received Date	Order Received Time	Desk Received Time	MPID	Order to Buy/Sell	Quantity	Issue Symbol	Order Type	Limit Price	Firm Order ID	TIF	Trading Ahead	Failure to Execute Marketable Customer Order Fully and Promptly	Restitution Amount
1	1	7/2/2014	14:53:17	14:53:17	NITE	P	B	2,727	QUES	0.56	WDCO	P	30587459	A	NW	7/2/2014	14:52:14	14:52:53	WDCO	SL	5,227	QUES	L	0.55	BRSO0126	DAY	Yes	No	N/A
2	2	7/7/2014	10:31:37	10:31:37	ATOF	P	B	200,000	ORFG	0.013	WDCO	P	10005672	B	OE	7/7/2014	10:29:24	10:32:19	WDCO	SL	200,000	ORFG	M		BRSO0050	DAY	Yes	Yes	N/A
3	3	7/7/2014	09:37:39	9:37:38	CSTI	P	B	10,000	YVST	0.13	WDCO	P	30624949	C	OE	7/7/2014	09:36:26	09:37:11	WDCO	SL	10,000	YVST	L	0.13	BRSO0012	DAY	Yes	Yes	N/A
4	4	7/9/2014	13:04:54	13:04:54	CDEL	P	B	5,837	GDST	0.29	WDCO	P	30718909	D	CR	7/9/2014	13:04:29		WDCO	SL	22,150	GDST	L	0.29	BRSO0131	DAY	Yes	No	N/A
5	9	7/14/2014	15:17:44	15:17:43	CANT	P	S	100	VEND	1.97	WDCO	P	10015649														Yes		
6	10	7/14/2014	15:17:47	15:17:46	ARCA	A	S	100	VEND	1.97	WDCO	P	10015650														Yes		
7	11	7/14/2014	15:17:56	15:17:56	NITE	P	S	319	VEND	1.97	WDCO	P	10015661														Yes		
8	12	7/14/2014	15:18:39	15:18:38	CANT	P	S	100	VEND	1.97	WDCO	P	10015699														Yes		
9	13	7/14/2014	15:18:58	15:18:58	ARCA	A	S	100	VEND	1.99	WDCO	P	10015720	G	NW	7/14/2014	15:17:10	15:21:52	WDCO	B	2,500	VEND	L	2.00	BRSO0178	DAY	Yes	No	\$21.57
10	14	7/14/2014	15:19:03	15:19:03	NITE	P	S	100	VEND	1.99	WDCO	P	10015726														Yes		
11	15	7/14/2014	15:19:16	15:19:16	NITE	P	S	100	VEND	1.99	WDCO	P	10015736														Yes		
12	16	7/17/2014	12:29:35	12:29:35	NITE	P	B	10,000	ROIL	0.20	WDCO	P	10011632	H	OE	7/17/2014	12:28:54	12:30:22	WDCO	SL	10,000	ROIL	L	0.19	BRSO0087	DAY	Yes	Yes	\$100.00
13	19	7/21/2014	10:21:38	10:21:38	ARCA	A	B	1,500	WSTI	0.975	WDCO	P	50002653	I	NW	7/21/2014	10:21:29	10:22:00	WDCO	SL	5,000	WSTI	L	0.96	BRSO0032	DAY	Yes	No	\$7.50
14	20	7/21/2014	10:21:38	10:21:38	ARCA	A	B	1,000	WSTI	0.975	WDCO	P	50002652														Yes		
15	21	7/24/2014	13:54:49	13:54:49	WDCO	P	B	200	VEND	1.54	CDEL	P	10010398	J	OE	7/24/2014	13:48:05	13:58:05	WDCO	B	900	VEND	L	1.55	BRSO0118	DAY	Yes	No	\$2.00
16	24	7/29/2014	09:29:38	9:29:38	ARCA	A	S	400	BSSP	1.25	WDCO	P	40000042	M	NW	7/29/2014	09:28:36	09:31:34	WDCO	B	500	BSSP	L	1.26	BRSO0018	DAY	Yes	Yes	N/A
17	25	7/29/2014	09:29:48	9:29:48	NITE	P	S	100	BSSP	1.26	WDCO	P	10000117														Yes		
18	26	7/31/2014	14:19:51	14:19:51	RAFF	P	B	5,000	DNAP	0.141	WDCO	P	31793102	N	CR	7/31/2014	14:19:10		WDCO	SL	31,874	DNAP	L	0.14	BRSO0119	GTC	Yes	No	N/A
19	29	8/10/2014	09:28:57	9:28:57	NITE	P	B	1,000	FVRG	0.97	WDCO	P	10000051	Q	NW	8/15/2014	10:55:51	10:56:46	WDCO	SL	3,000	FVRG	L	0.97	BRSO0059	GTC	Yes	No	N/A
20	30	8/18/2014	09:29:14	9:29:14	NITE	P	B	1,000	FVRG	0.97	WDCO	P	10000055														Yes		
21	31	8/21/2014	09:39:54	9:39:53	CSTI	P	B	10,000	COCP	0.40	WDCO	P	10000823	R	OE	8/21/2014	09:38:26	09:39:45	WDCO	SL	10,000	COCP	L	0.40	BRSO0021	DAY	Yes	Yes	N/A
22	32	8/25/2014	13:17:09	13:17:09	CDEL	P	S	200	ACXA	5.35	WDCO	P	10007841	S	OE	8/25/2014	13:15:44	13:16:36	WDCO	B	200	ACXA	L	5.35	BRSO0116	DAY	Yes	Yes	N/A
23	35	8/26/2014	11:16:10	11:16:10	NITE	P	B	3,100	BWVI	0.20	WDCO	P	32677931	V	NW	8/26/2014	11:13:03	11:16:30	WDCO	SL	3,100	BWVI	L	0.20	BRSO0049	DAY	Yes	Yes	N/A
24	36	9/3/2014	15:18:04	15:18:04	CDEL	P	S	100	ACXA	5.45	WDCO	P	10012537	W	OE	9/3/2014	15:16:35	15:17:28	WDCO	B	100	ACXA	L	5.45	BRSO0123	DAY	Yes	Yes	N/A
25	37	9/3/2014	14:45:45	14:45:45	WDCO	P	S	25,000	PAWS	0.055	ATDF	P	32774526	X	CR	9/3/2014	14:45:01		WDCO	SL	100,000	PAWS	L	0.0525	BRSO0112	DAY	Yes	No	\$50.00
26	38	9/8/2014	14:30:28	14:30:26	PLMA	R	B	12,000	FLUX	0.18	WDCO	P	50000369	Y	CR	8/27/2014	10:23:44		WDCO	SL	1,700	FLUX	L	0.17	BRSO0040	GTC	Yes	Yes	N/A
27	43	9/17/2014	15:04:28	15:04:28	WDCO	P	S	10,000	ELED	0.04	BKMM	P	33585601	AA	OE	9/17/2014	15:00:31	15:01:32	WDCO	SL	10,000	ELED	L	0.04	BRSO0126	GTC	Yes	Yes	N/A
28	44	9/19/2014	10:08:09	10:08:08	CSTI	P	S	1,000	WSTI	0.79	WDCO	P	33631685	AB	NW	9/19/2014	10:08:00	10:16:35	WDCO	B	10,000	WSTI	L	0.79	BRSO0039	DAY	Yes	No	N/A
29	45	9/19/2014	13:18:46	10:11:19	WDCO	P	B	2,500	WSTI	0.79			61000060	AB	NW	9/19/2014	10:08:00	10:16:35	WDCO	B	10,000	WSTI	L	0.79	BRSO0039	DAY	Yes	No	N/A
30	46	9/19/2014	10:12:14	10:12:14	NITE	P	S	1,000	WSTI	0.80	WDCO	P	33632208	AC	NW	9/19/2014	10:09:29	10:12:31	WDCO	B	5,000	WSTI	L	0.80	BRSO0036	DAY	Yes	No	N/A
31	47	9/25/2014	09:40:40	9:40:40	WDCO	P	S	200	GRNH	0.15	ARCA	A	33780141	AD	NW	9/25/2014	09:39:52	09:40:49	WDCO	SL	25,000	GRNH	L	0.14	BRSO0005	DAY	Yes	No	\$2.00
32	48	9/26/2014	15:50:37	15:50:37	WDCO	P	S	15,000	ZMRK	0.096	CDEL	P	33840477	AE	NW	9/25/2014	09:39:53	09:41:51	WDCO	SL	23,000	GRNH	L	0.145	BRSO0006	DAY	Yes	No	N/A
33	49	9/29/2014	14:42:58	14:42:58	NITE	P	B	1,500	JOEY	0.51	WDCO	P	33869735	AF	OE	9/26/2014	13:46:16	13:47:01	WDCO	SL	15,000	ZMRK	L	0.096	BRSO0059	DAY	Yes	Yes	N/A
34	50	9/29/2014	14:43:21	14:43:21	NITE	P	B	1,000	JOEY	0.51	WDCO	P	33869754	AG	CR	9/29/2014	14:41:54		WDCO	SL	10,000	JOEY	L	0.50	BRSO0131	DAY	Yes	No	N/A
35	51	9/29/2014	14:44:10	14:44:10	NITE	P	B	1,000	JOEY	0.51	WDCO	P	33869799														Yes		
Total Trading Ahead Violations																										35			
Total Failure to Execute Marketable Customer Order Fully and Promptly Violations																										11			
Total Restitution Due																										\$183.07			