

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016048230601**

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

RE: Melvin Securities, Inc., Respondent
CRD No. 29767

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Melvin Securities, Inc. ("Melvin", "Respondent", or the "Firm") 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 it 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

Melvin has been a FINRA-registered firm since 1992. It has three registered persons and one branch office.

RELEVANT DISCIPLINARY HISTORY

On December 20, 2013, Melvin entered into an AWC in which, among other things, Melvin was found to have (i) violated SEC Rule 17a-5 and FINRA Rule 2010 by filing an inaccurate FOCUS report for July 2012; (ii) violated SEC Rule 17a-5 and FINRA Rule 2010 by failing to timely file FOCUS reports in July 2012, August, 2012, November 2012; and February 2013; and (iii) violated NASD Rule 1022 and FINRA Rule 2010 by failing to employ a registered FINOP between July 1, 2012 and December 26, 2012. (AWC No. 2012034324201)

FACTS AND VIOLATIVE CONDUCT

This AWC addresses specific financial recordkeeping rule violations, financial and operational (FOCUS) report filing violations, and net capital rule violations that occurred between April 2014 and July 2014 and between July 2016 and August 2016.

SEC Exchange Act Rule 17a-3 and FINRA Rule 4511 require FINRA-registered firms to make and keep an accurate general ledger and trial balance, and to make and keep accurate net capital calculations. SEC Exchange Act Rule 17a-5 and FINRA Rule 4511 require firms to timely file accurate financial and operational (FOCUS) reports. SEC Exchange Act Rule 15c3-1 requires firms to maintain at all times a certain minimum amount of net capital in accordance with the statutory formula set forth in the rule.

From April 30, 2014 through July 31, 2014, Melvin failed to make and keep current an accurate trial balance, general ledger, and net capital calculation by failing to timely accrue liabilities for certain invoices. As a result, Melvin filed an inaccurate FOCUS report for April 2014 that overstated the firm's net capital by \$24,743.90; an inaccurate FOCUS report for May 2014 that understated the firm's net capital by \$25,380.84; an inaccurate FOCUS report for June 2014 that overstated the firm's net capital by \$11,402.90; and an inaccurate FOCUS report for July of 2014 that overstated the firm's net capital by \$615.62

From July 29, 2016 until August 13, 2016, Melvin failed to timely accrue liabilities for three invoices and as a result failed to make and keep current an accurate general ledger, trial balance, and net capital calculations. Melvin's net capital as of July 29, 2016 fell to \$93,869, which was \$6,131 below the minimum \$100,000 of net capital that SEC Rule 15c3-1 required Melvin to maintain at all times. Melvin remained net capital deficient until August 12, 2016. In addition, Melvin failed to make and keep current an accurate general ledger and trial balance for the month ending August 31, 2016 by failing to reconcile the cash reported on those records with the actual cash balances in its bank accounts.

By virtue of the foregoing, Melvin violated SEC Rules 15c3-1, 17a-3, 17a-5; and FINRA Rules 4511 and 2010.

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

- A censure; and
- A fine of \$15,000.

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 that it is unable to pay, now or at any time hereafter, the monetary sanction 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 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 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;

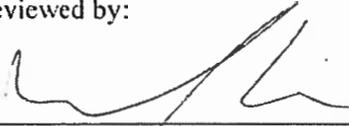
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against it; and
- C. If accepted:
1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against it;
 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. I 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 my: (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. 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 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 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.

10/25/18
Date (mm/dd/yyyy)

MELVIN SECURITIES, INC.
By: [Signature]
Its: C. EG

Reviewed by:



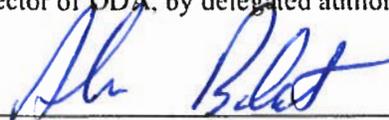
Michael Wise
Lawrence, Kamin, Saunders & Uhlenhop LLC
300 South Wacker Drive, Suite 500
Chicago, Illinois 60606
Counsel for Respondent

Accepted by FINRA:

11-19-18

Date

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



Andrew Boldt
Senior Counsel, Enforcement
Financial Industry Regulatory Authority
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