

FINANCIAL INDUSTRY REGULATORY AUTHORITY

In the Matter of the Continued

Association of

Christopher J. Moran

as a

General Securities Representative

with

Aegis Capital Corp.

Notice Pursuant to
Rule 19h-1
Securities Exchange Act
of 1934

SD-2091

Date: February 16, 2017

I. Introduction

On November 25, 2015, Aegis Capital Corp. (“Aegis” or “the Firm”) filed a Membership Continuance Application (“MC-400” or “the Application”) with FINRA’s Registration and Disclosure Department (“RAD”), seeking to permit Christopher J. Moran (“Moran”), a person subject to disqualification, to continue his association with the Firm as a General Securities Representative.¹ A hearing was not held in this matter; rather, pursuant to FINRA Rule 9523(b), FINRA’s Department of Member Regulation (“Member Regulation” or “the Department”) is filing this Notice pursuant to Rule 19h-1 of the Securities Exchange Act of 1934 (“Exchange Act” or “SEA”).

For the reasons explained below, FINRA approves Aegis’ Application for Moran to continue his association with the Firm as a General Securities Representative.

II. The Statutorily Disqualifying Event

Moran is subject to a statutory disqualification, as that term is defined in Section 3(a)(39)(F) of the Exchange Act, as a result of a FINRA Offer of Settlement dated August 21, 2015, in which he consented to findings that he failed to supervise two registered representatives who violated

¹ See the MC-400 Application filed on behalf of Moran, by Aegis on November 25, 2015 (attached as Attachment 1)

§10(b) of the Exchange Act and Rule 10b-5 thereunder.² Specifically, while employed at Du Pasquier & Co. Inc. (“Du Pasquier”) Moran failed to supervise the offering and sale of promissory notes by two registered representatives who made fraudulent misrepresentations in connection with the solicitation and sale of the notes. Moran’s failure, on behalf of Du Pasquier, to establish and maintain written supervisory procedures (“WSPs”) or a supervisory system concerning the offer and sale of private placements such as the notes at issue, and his failure to supervise the registered representatives who sold the notes, was a violation of NASD Conduct Rules 3010 and 2110. In addition, Moran caused commissions from the sale of the notes to be paid to a non-member, in violation of NASD Conduct Rules 2420 and 2110. As a result of his misconduct, Moran was suspended from associating with any FINRA member in a principal capacity for a period of 18 months and fined \$15,000.³

III. Background Information

A. Christopher J. Moran

Proposed Duties & Responsibilities

Aegis proposes to continue employing Moran, who has been associated with the Firm since August 2014, as a General Securities Representative (Series 7). Moran will continue working from an Office of Supervisory Jurisdiction (“OSJ”) located at One Battery Park Place, New York, New York, but will not act in a supervisory or principal capacity.⁴

The Firm represents that Moran “... does not service any clients or have any supervisory responsibility.⁵ Mr. Moran’s current responsibilities are to assist Aegis’ operations team on various projects and help troubleshoot areas where he can utilize his substantial industry knowledge.⁶” The Firm further represents that Moran will act solely in a back-office operational capacity and his duties will include, among others: assisting the Firm’s Fixed Income Desk with trade settlement issues; assisting the Firm with on-boarding new insurance agents and training statements; working with Aegis’ clearing firms to transition into new business areas such as

² See FINRA Offer of Settlement, Disciplinary Proceeding No. 2011027338901, executed by Moran on August 21, 2015, and the Order Accepting Offer of Settlement dated September 1, 2015 (both documents attached as Attachment 2).

³ Moran paid the fine in full on September 21, 2015 and his suspension will elapse in April 2017.

⁴ See Attachment 1 at 247, response to questions 3 and 4.

⁵ *Id.* at 247, 270.

⁶ *Id.* at 247, response to question 3.

⁷ See at 3 and 4 of letter dated April 19, 2016, from Michael H. Ference (“Ference”) of Sichenzia Ross Friedman Ference (“Sichenzia Ross”) on behalf of Aegis, to Lorraine Lee-Stepney (“Lee-Stepney”) of FINRA (attached as Attachment 3).

separately managed account platforms; assisting in facilitating the Firm's ability to trade in foreign securities markets; and acting as a liaison by reaching out to institutions and insurance companies for due diligence materials, account transfer procedures and customized trade processing protocols.⁷

Moran will be compensated as a salaried employee, in the same manner and at the same rate of compensation he received while acting in a principal capacity.⁸

Registration and Employment History

Moran was first registered in the securities industry in April 1983 as a General Securities Representative (Series 7). He later passed the Uniform Securities Agent – State Law Examination (Series 63) in July 1983; qualified as a Financial and Operations Principal (Series 27) in September 1989; as a Registered Options Principal (Series 4) in September 1990; as a General Securities Principal (Series 24) in May 1999; and as an Operations Professional (Series 99) in July 2014.⁹

In total, Moran has been associated with six FINRA member firms.¹⁰ He has been associated with the following firms during the following periods:

<u>Employer</u>	<u>Period of Employment</u>
Aegis	July 2014 to present
Du Pasquier & Co.	July 1989 to July 2014
European Securities Corp.	April 1991 to July 1992
Hanson & Hanson, Inc.	July 1989 to December 1989 ¹¹
Herzog, Heine, Geduld, Inc.	April 1989 to July 1989
Moore & Schley Securities Corp.	January 1983 to March 1989 ¹²

⁷ See at 3 and 4 of letter dated April 19, 2016, from Michael H. Ference (“Ference”) of Sichenzia Ross Friedman Ference (“Sichenzia Ross”) on behalf of Aegis, to Lorraine Lee-Stepney (“Lee-Stepney”) of FINRA (attached as Attachment 3).

⁸ *Id.* at 4, response to question 2.

⁹ See Central Registration Depository (“CRD”) Snapshot of Moran at 7 and 8 (attached as Attachment 4).

¹⁰ *Id.* at 6.

¹¹ See Legacy Employment History for Moran, extracted from the records of CRD (attached as Attachment 5).

¹² *Id.*

CRD Disclosures and Customer Complaints

Disciplinary History

Moran has been the subject of one formal FINRA disciplinary action, which resulted in his statutory disqualification that necessitated this Application.¹³

Customer Complaints

Moran has been the subject of two customer complaints, both filed in 2011. The first complaint was an arbitration claim seeking \$737,500 in compensatory damages for Moran's alleged breach of fiduciary duty, misrepresentations, unauthorized trading, and failure to supervise, among other things, while associated with Du Pasquier. The matter was settled for \$390,000; Moran did not contribute to the settlement.¹⁴ The other claimant filed an arbitration claim that included most of the same allegations as the first complaint, with alleged damages of \$1,010,000. This matter, which also arose from Moran's association with Du Pasquier, was settled for \$460,000; Moran did not contribute to the settlement.¹⁵

FINRA is not aware of any additional informal or formal proceedings, criminal events or customer complaints against Moran.

Prior SEA Rule 19h-1 and 19d-1 Notices

No prior 19h-1 Notices or Notifications have been filed on behalf of Moran.

B. The Firm

Aegis is based in New York, New York and has been a member of FINRA (f/k/a NASD) since July 20, 1984. The Firm has nine branch offices and 15 OSJs and employs approximately 431 registered representatives, 118 registered principals and 55 non-registered persons.¹⁶ The Firm

¹³ See Attachment 2 and Attachment 4 at 18-20, for detailed information relating to Moran's disciplinary history and resulting disqualifying event.

¹⁴ See CRD Disclosure Occurrence Composite # 1561288 (attached as Attachment 6).

¹⁵ See CRD Disclosure Occurrence Composite # 1561289 (attached as Attachment 7).

¹⁶ See at 2 of letter dated February 2, 2016 from Ross D. Carmel of Sichenzia Ross to Lee-Stepney (attached as Attachment 8).

currently employs six statutorily disqualified persons, and has recently filed an MC-400 application seeking to associate with a seventh disqualified person.¹⁷

Aegis is engaged in the following types of businesses: broker or dealer making inter-dealer markets in corporate securities over-the-counter; broker or dealer selling corporate debt securities; underwriter or selling group participant in corporate securities other than mutual funds; mutual fund retailer; U.S. government securities broker; municipal securities; broker or dealer selling variable life insurance or annuities; real estate syndicator; put and call broker or dealer or option writer; investment advisory services; broker or dealer selling tax shelters or limited partnerships in primary distributions or secondary market; non-exchange member arranging for transactions in listed securities by exchange member; trading securities for own account; private placement of securities and the Firm also effects transactions in exchange-listed securities for its customers and produces and distributes research reports; mergers and acquisitions, including the issuance of fairness opinions.¹⁸ The Firm is a member of two other self-regulatory organizations (“SROs”): NQX and NYSE ARCA.¹⁹

Aegis’ Formal Disciplinary History

Since its inception, Aegis has formally settled 27 matters: one FINRA Offer of Settlement, 18 FINRA Letters of Acceptance, Waiver and Consent (“AWC”), three NASDAQ Stock Market LLC (“NASDAQ”) AWCs, one NYSE ARCA Offer of Settlement and four state regulatory actions. The most recent settlements –11 since 2014– are detailed below, as is a pending FINRA investigation of the Firm.

¹⁷ The other statutorily disqualified individuals are Daniel Dvorznak, Robert A. Guidici Pietro, Thomas A. Niemczyk, Nicholas G. Tsikitas, Thomas Core (“Core”) and Peter R. Serra (“Serra”). The Firm was only required to file MC-400 Applications on behalf of Core and Serra. Core is disqualified as a result of two events: a November 2, 1994 Final Judgment issued by the United States District Court for the Southern District of New York, and an October 10, 1997 Initial Decision issued by the Commission based on a June 4, 1996 administrative complaint filed against Core et. al., in which he was censured and barred from association in a supervisory or proprietary capacity with any broker or dealer. FINRA approved Core’s association with Aegis on December 11, 2014, and the SEC issued its Acknowledgment letter on February 4, 2015. Serra is disqualified as a result of a January 6, 2016 felony conviction for Aggravated Vehicular Assault. The Firm filed an MC-400 Application on Serra’s behalf on October 3, 2016, which is currently under review by FINRA. MC-400 Applications on behalf of the other individuals were not required, because the sanctions from their disqualifying events were either no longer in effect when they associated with Aegis, or has not triggered the need for a statutory disqualification review, as outlined in *FINRA Regulatory Notice 09-19* (April 2009).

¹⁸ See CRD Excerpt for Aegis: Types of Business (attached as Attachment 9).

¹⁹ See CRD Excerpt for Aegis: Registration Status (attached as Attachment 10).

FINRA Settlements

On July 22, 2016, the Firm settled charges via an AWC arising from FINRA's 2014 Trading & Financial Compliance ("TFCE") examination of Aegis.²⁰ The Firm was censured and fined \$97,500. The findings included inadequate WSP; deficiencies in Order Audit Trail System ("OATS") reporting; failing to provide trading ahead and extended hours disclosures; inaccurate customer confirmations and books and records; and accepting short sale orders without borrowing or locating securities.²¹

On March 29, 2016, Aegis was censured, fined \$145,000 and ordered to retain an independent consultant pursuant to an AWC that included findings from five separate reviews.²² The most significant findings related to trade reporting and TRACE reporting violations and supervisory deficiencies, including failing to enforce Firm WSPs related to reviewing on a daily basis certain trades reports and transactions reported to TRACE.²³

On December 30, 2015, the Firm settled charges via an AWC for submitting new order reports to OATS that contained inaccurate, incomplete, or improperly formatted data; failing to execute 50 customer orders fully and promptly; and failing to use reasonable diligence to ascertain the best inter-dealer market price in 20 of the 50 customer orders reviewed. For these violations, the Firm was censured, fined \$17,500 and ordered to pay restitution of \$1,194.89 plus interest.²⁴

In an August 3, 2015 FINRA Order Accepting Offer of Settlement, Aegis and two of its registered representatives consented to sanctions and the entry of findings that it liquidated nearly 3.9 billion shares of five microcap stocks that seven customers deposited in their accounts at the Firm, which were not registered with the SEC, nor exempt from registration.²⁵ From this illicit sale, the customers generated more than \$24.5 million in proceeds and the Firm collected more than \$1.1 million in commissions. FINRA found that Aegis failed to conduct a reasonable inquiry to determine if the sales were exempt from registration under Section 5 of the Securities Act, despite the presence of red flags indicating that the sales were or could be illicit distributions of unregistered stocks. Aegis also failed to adequately implement the Firm's anti-

²⁰ Three AWCs arose from the TFCE examination: one was settled with FINRA; the second AWC with NASDAQ; and the third with NYSE ARCA – all of which are discussed in this recommendation.

²¹ See FINRA AWC No. 20140399435-02, accepted on July 22, 2016 (attached as Attachment 11).

²² See FINRA AWC No. 20130366692-01, accepted on March 29, 2016 (attached as Attachment 12), which includes Matter Nos. 20130369798, 20140411880, 2015443053 and 201424177, in addition to 20130366692.

²³ *Id.*

²⁴ See FINRA AWC No. 20140407749, accepted on December 30, 2015 (attached as Attachment 13).

²⁵ See FINRA Order Accepting Offer of Settlement, Disciplinary Proceeding No. 2011026386001, dated August 3, 2015 (attached as Attachment 14).

money laundering (“AML”) program. As a result, the Firm violated NASD Rule 3010(a) and (b), NASD Rule 3011(a), and FINRA Rules 3310(a) and 2010.²⁶ The Firm was censured, fined \$950,000, and ordered to retain an independent consultant (“IC”) in accordance with the terms of the Offer of Settlement. The Firm has not yet provided FINRA with an implementation report attesting to and setting forth the details of the Firm’s implementation of the IC’s recommendation.

On June 5, 2015, the Firm was censured, fined \$85,000, ordered to pay restitution in the amount of \$2,537.22 plus interest, and ordered to undertake to revise its WSP, pursuant to an AWC in which Aegis consented to findings that it violated a number of NASD and FINRA Rules.²⁷ Among other things, the Firm was cited for: failing to display immediately customer limit orders in the over-the-counter (“OTC”) equity securities in its public quotation system; failing to execute customer orders fully and promptly; failing to accurately reflect on order tickets and customer monthly account statements that orders were solicited; and exercising discretionary authority in customer accounts without having the authority to do so.²⁸ The Firm was also cited for violating FINRA Rule 2010 and NASD Rule 3010 because of the Firm’s deficient supervisory system, books and records failures, and for exercising discretionary authority in customer accounts.²⁹

On June 23, 2014, the Firm was censured and fined \$50,000 pursuant to an AWC for TRACE and OATS reporting violations, including failing to provide evidence of supervisory reviews set forth in its WSP, and for failing to comply with best execution requirements.³⁰

On May 14, 2014, Aegis agreed to an AWC consenting to findings that it did not respond timely to requests for information in 12 distinct matters, in violation of FINRA Rules 8210 and 2010. The Firm was censured, fined \$50,000 and ordered to undertake to submit to FINRA a written certification signed by the Firm’s Chief Executive Officer (“CEO”) setting out the remedial actions taken by the Firm to enhance its policies and procedures to ensure timely responses to requests for information from FINRA.³¹

²⁶ *Id.* at pp. 3-6.

²⁷ *See* FINRA AWC No. 20120334788-01, accepted on June 5, 2015 (attached as Attachment 15).

²⁸ *Id.*

²⁹ *Id.* at pp. 3-4.

³⁰ *See* FINRA AWC No. 20110300771-01, accepted on June 23, 2014 (attached as Attachment 16).

³¹ *See* FINRA AWC No. 20130371396-01, accepted on May 14, 2014 (attached as Attachment 17).

Settlements with other SROs

NYSE ARCA, Inc. Offer of Settlement

On September 8, 2016, the Firm settled charges pursuant to an Offer of Settlement and Consent with NYSE ARCA, Inc. (“the Exchange”) in which it was censured, fined \$15,000 and ordered to conduct a comprehensive review of the adequacy of its policies, systems and procedures.³² The Firm consented to findings that it violated Exchange rules by failing to have a supervisory system that provided supervision reasonably designed to achieve compliance with applicable securities laws and regulations to ensure that its authorized traders met the requirements to access the Exchange on behalf of the firm and/or its clients.

NASDAQ AWCs

On September 2, 2016, the Firm settled charges pursuant to an AWC with NASDAQ, in which it was censured and fined \$25,000.³³ The Firm consented to findings arising from two matters that it failed to immediately display customer limit orders in Nasdaq Exchange-listed securities in its public quotation and failed to enforce its WSPs that required a designated principal to review order records and report cards on a daily basis for compliance with limit order display requirements.

On July 22, 2016, the Firm executed an AWC with NASDAQ, which arose from FINRA’s 2014 TFCE examination of Aegis. The Firm was fined \$5,000 for inadequate WSPs with respect to trade reporting and other trading rules.³⁴

On October 15, 2014, the Firm was censured, fined \$39,500, and ordered to comply with an undertaking to revise its WSPs regarding limit order display, pursuant to an AWC with NASDAQ that resolved three separate matters.³⁵ The Firm consented to findings that it violated SEC Rule 604 of Regulation NMS for its failure to display immediately customer limit orders in Nasdaq securities in its public quotation, as well as Nasdaq Rules 2010A and 3010 because its supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws and regulations concerning customer limit orders.

³² See NYSE ARCA Decision Accepting Offer of Settlement in Proceeding No. 2014039943501, accepted on September 8, 2016 (attached as Attachment 18).

³³ See NASDAQ AWC No. 20140416239-01, accepted on September 2, 2016 (attached as Attachment 19).

³⁴ See NASDAQ AWC No. 20140399435-01, accepted on July 22, 2016 (attached as Attachment 20).

³⁵ See NASDAQ AWC No. 20120334855-01, accepted on October 15, 2014 (attached as Attachment 21), which included findings related to Matter Nos. 20130355592 and 20130385791.

FINRA's Pending Investigation

FINRA Enforcement has reached an agreement in principle with Aegis to settle charges that the Firm violated FINRA Rule 3310(a) and (b) for failing to establish and implement an AML program reasonably designed to detect and investigate "red flags" indicative of potentially suspicious transactions, and failed to establish, maintain, and enforce a reasonable supervisory system, including written procedures, related to the sale of low priced securities in delivery versus payment/receive versus payment ("DVP") accounts. The parties have agreed to resolve the disciplinary action for a fine of \$300,000.³⁶

Recent FINRA Examination History

FINRA's 2016 Cycle Examination of the Firm commenced in May 2016, and is currently pending.

As noted above, the Firm's 2014 TFCE examination resulted in the issuance of three settlements; one each with FINRA, NASDAQ and NYSE ARCA.

FINRA's 2014 Cycle Examination of the Firm resulted in a Cautionary Action for ten exceptions.³⁷ Notable among the exceptions was the Firm's: failure to properly supervise net capital computations and maintenance of its books and records; having WSPs that failed to address how the Firm monitors for situations where a client's equity falls below the \$25,000 Firm requirement for options accounts and what subsequent steps would be taken; having conducted options trades at a branch office without an onsite Registered Options Principal or Limited Principal – General Securities Sales Supervisor; having failed to conduct annual branch inspections of an OSJ for three consecutive years; and having failed to document the date it approved outside business activity for three registered representatives.

III. Proposed Supervisors

Primary Supervisor – Timothy Cassidy (CRD # 2961836)

Moran will be supervised by Timothy Cassidy ("Cassidy"), who is the Branch Manager of the One Battery Park office location where Moran works.³⁸ Cassidy has been employed with Aegis

³⁶ FINRA matter no. 20130387509.

³⁷ See Examination Disposition Letter, dated August 20, 2015; Examination Report for Examination No. 20140393671, dated June 30, 2015; and the Firm's response, dated August 14, 2015 without exhibits (collectively attached as Attachment 22).

³⁸ See Attachment 1 at 248, response to question 1(a).

since March 2010.³⁹ He currently supervises 14 other employees, who are both registered representatives and operations staff.⁴⁰ Cassidy also supervises Thomas Core, another statutorily disqualified individual employed by Aegis.

Registration and Employment History

Cassidy was first registered in the securities industry in November 1997 as a General Securities Representative (Series 7). He later passed the Uniform Securities Agent – State Law Examination (Series 63) in December 1997 and qualified as a General Securities Principal (Series 24) in December 1999 and an Operations Professional (Series 99) in October 2011.⁴¹

Cassidy has been registered with the following broker-dealers during the periods listed below:⁴²

<u>Employer</u>	<u>Period of Employment</u>
Aegis	March 2010 to Present
GunnAllen Financial, Inc.	October 2009 to March 2010
Jesup & Lamont Securities Corp.	June 2001 to August 2008
Wintrade, Inc.	April 2000 to June 2001
Briarwood Investment Counsel	April 1998 to September 2000
Duke & Co., Inc.	September 1997 to March 1998

Cassidy has been named in one customer complaint, an arbitration claim filed by multiple customers in 2012, alleging almost \$4 million in compensatory damages for fraud, breach of fiduciary duty and failure to supervise while Cassidy was associated with Jessup Lamont Securities Corp. The claimants ultimately withdrew all claims made against Cassidy.⁴³

Member Regulation is not aware of any informal or formal proceedings, criminal events or additional customer complaints involving Cassidy.

³⁹ See CRD Snapshot of Timothy Cassidy, CRD # 2961836 (attached as Attachment 23).

⁴⁰ See Attachment 1 at 249, response to question 2.

⁴¹ See Attachment 23 at 11, as well as Registrations with Current Employers for Cassidy (attached as Attachment 24).

⁴¹ See Attachment 23 at 11, as well as Registrations with Current Employers for Cassidy (attached as Attachment 24).

⁴² Attachment 23 at 9 -11.

⁴³ See CRD Disclosure Occurrence Composite # 1650289 (attached as Attachment 25).

Other Business Activities

Cassidy lists his other business activities as being affiliated with RG Michals.⁴⁴

Alternate Supervisor – Richard Cadigan (CRD # 1870230)

In the event that Cassidy is out of the office, Moran will be supervised by Richard F. Cadigan, Jr. (“Cadigan”).⁴⁵ Cadigan has been employed by Aegis since March 2012 and works in the same location as Moran and Cassidy.

Registration and Employment History

Cadigan has been registered as a General Securities Principal since December 1996. He was first registered in the securities industry in August 1988 as a National Commodities Futures Representative (Series 3). He later passed the General Securities Representative Examination (Series 7) in September 1989, the Uniform Securities Agent – State Law Examination (Series 63) in January 1990, and the Registered Options Principal Examination (Series 4) in October 1993. He is also approved to associate with the Firm as an Investment Banking Representative (Series 79) and an Operations Professional (Series 99) in March 2012, as a Securities Trader (Series 57) in January 2016, and a Securities Trader Principal (Series 57) in February 2016.⁴⁶

Cadigan has been registered with the following broker-dealers:⁴⁷

<u>Employer</u>	<u>Period of Employment</u>
Aegis	March 2012 to Present
Fagenson & Co., Inc.	October 2005 to February 2012
Brokerage America, LLC	September 2002 to March 2005
Nebraska Hudson Company, Inc.	February 1996 to November 2001
K. Aufhauser & Company, Inc.	August 1992 to February 1996
Olde Discount Corporation	February 1991 to August 1992
Painewebber Inc.	October 1989 to February 1991
Smith Barney, Harris Upham & Co., Inc.	May 1999 to September 1989

⁴⁴ RG Michals did business as the GunnAllen Financial Inc. branch office located at 40 Wall Street in New York; many of its registered representatives, including Cassidy, moved to Aegis after GunnAllen was expelled from FINRA membership in 2010. See Investment News article dated March 26, 2010 (attached as Attachment 26).

⁴⁵ See Attachment 8, wherein Cadigan is named as alternate supervisor for Moran.

⁴⁶ See CRD Snapshot for Richard Cadigan (attached as Attachment 27 at 13) and Registrations with Current Employers (attached as Attachment 28).

⁴⁷ See Attachment 27.

Drexel Burnham Lambert	February 1989 to May 1989
Sovereign Commodity Corp.	October 1988 to February 1989
Robb, Peck & McCooet Specialist Corp.	November 1985 to October 1988

Member Regulation is not aware of any informal or formal proceedings, criminal events or customer complaints involving Cadigan.

IV. Plan of Supervision

The plan of supervision is as follows:⁴⁸

1. Aegis will amend its written supervisory procedures to state that Timothy F. Cassidy (“Cassidy”) is the primary supervisor responsible for Moran. If at any time Cassidy is not available to perform his supervisory functions, his responsibilities shall be performed by Richard F. Cadigan, who has been designated as Moran’s alternate supervisor;
2. Cassidy will supervise Moran from the OSJ located at One Battery Place, New York, New York;
3. *Moran will not maintain discretionary accounts;
4. *Moran will not service client accounts or accounts held by family members;
5. *Moran will not have access to cash or securities of customers;
6. *Moran will not act in a supervisory or principal capacity during the period of his suspension, which is due to end on April 4, 2017;
7. *The Firm must certify, in writing, that any and all references to Moran acting in the capacity as a principal or supervisor have been removed from the Firm’s Written Supervisory Procedures (“WSP”) and other Firm records. This written certification will be maintained and kept segregated for ease of review during any statutory disqualification examination;
8. *Moran’s activities will be restricted to assisting the Aegis operations team on various projects. For any project to which Moran is assigned, he must execute an

⁴⁸ See letter dated February 3, 2017 from Michael Ference, wherein the Firm agrees to Moran’s plan of heightened supervision. The items that are denoted by an asterisk are heightened supervisory conditions for Moran and are not standard operating procedures of the Firm (attached as Attachment 29).

affidavit stating that he will not act in a supervisory role or capacity. Copies of the affidavit must be submitted to Cassidy. The affidavits, notes and documents related to Moran's activities and participation in various projects will be maintained and kept segregated for ease of review during any statutory disqualification examination;

9. *Any work that Moran engages in on behalf of Aegis, with its clearing firm, or if Moran were to act as a liaison between institutional and insurance companies in connection with Aegis business, his work will be documented and evidenced by written materials. Whenever this type of work is performed, Moran must execute an affidavit stating that he did not act in a supervisory role or capacity. Further, the Firm must ensure that its written supervisory procedures specifically address Moran's role, to ensure that he is not working in a principal or supervisory capacity. Copies of the affidavit must be submitted to Cassidy. The affidavits, documents and notes related to those activities will be copied and maintained and kept segregated for ease of review during any statutory disqualification examination;
10. *As part of his normal course of business, Moran may participate in meetings outside of the office regarding the Firm's business activities. Moran must disclose to Cassidy, in writing and on a monthly basis, details related to such meetings that occurred in the previous month as well as those meetings that are scheduled for the upcoming month. The disclosure must contain the location, date, time, topic(s) discussed or to be discussed of all of Moran's outside meetings or appointments. These materials will be copied and maintained and kept segregated for ease of review during any statutory disqualification examination;
11. *Cassidy will formally meet in person with Moran on a monthly basis, to discuss Moran's activities at Aegis, and will obtain a written attestation from Moran that he has conducted himself in accordance with the terms and conditions as proposed in this plan of supervision. These meetings will take place in the One Battery Park location, where both Cassidy and Moran are employed. The Compliance Department will maintain a record of Cassidy's meetings with Moran and will sign the record acknowledging his participation in each meeting. The record of the meetings will be maintained for the period of Moran's disqualification and the record will be segregated for ease of review during any statutory disqualification examination;
12. *Cassidy will review all of Moran's incoming written correspondence (which includes email communications) upon its arrival and will review all of Moran's outgoing correspondence before it is sent. In all cases, review will be evidenced on the document by entry of Cassidy's initials and the date reviewed and approved.

- Copies of Moran's correspondence will be maintained and kept segregated for ease of review during any statutory disqualification audit or examination;
13. *For purposes of business communications with Aegis, Moran will only be allowed to use an e-mail account that is held at the Firm, with all e-mails being filtered through the Firm's e-mail system. All e-mails received by Moran which involve business matters are required to be forwarded to Cassidy for review. If Moran receives a securities business-related e-mail message in another e-mail account outside the Firm, he will immediately deliver that email to Cassidy. Moran will also inform the Firm of all outside e-mail accounts that he maintains. Cassidy will conduct a review of all e-mail messages that are either sent to or received by Moran from outside e-mail accounts on a weekly basis. Cassidy will maintain the e-mails and keep them segregated for ease of review during any statutory disqualification audit;
 14. *All complaints pertaining to Moran, whether verbal or written, will be immediately referred to the Chief Compliance Officer ("CCO") or his/her designee. The Compliance Department will prepare a memorandum to the file describing what measures were taken to investigate the merits of the complaint and the resolution of the matter, and will keep documents pertaining to these complaints segregated for ease of review. The CCO will make Cassidy aware of any and all complaints filed against Moran;
 15. *If Cassidy is on vacation or out of the office, Cadigan will act as Moran's interim supervisor;
 16. *Moran's plan of heightened supervision must remain in effect during his period of disqualification, which is due to end on April 4, 2017;
 17. *For the duration of Moran's statutory disqualification, the Firm must obtain prior approval from Member Regulation if it wishes to change Moran's primary or alternate supervisors or if the Firm wishes to change any provisions of this plan; and
 18. *Cassidy will certify quarterly at the end of every calendar quarter to the Compliance Department that he and Moran are in compliance with all of the above conditions of heightened supervision. To that end, Cassidy and Moran shall also meet and confer at least once every quarter to review the operation of the plan of supervision and to discuss any issues that have arisen or that are anticipated which would affect the ability of either to satisfy all requirements set forth in the plan of supervision. Cassidy's certifications, as well as written records summarizing the date of such

meetings, and issues discussed and actions to be taken as a result (if any), will be maintained and kept segregated for ease of review during any statutory disqualification examination.

V. Discussion

After carefully reviewing the entire record in this matter, FINRA approves Aegis' Application to permit Moran to continue associating with the Firm as a General Securities Representative, subject to the supervisory terms and conditions outlined above.

FINRA has carefully evaluated and assessed the merits of the Application, taking into consideration the following factors:

- a. The nature and gravity of the disqualifying event;
- b. The length of time that has elapsed since the disqualifying event;
- c. Whether any intervening misconduct has occurred;
- d. Whether the disqualified person has other regulatory history;
- e. The precise nature of the securities-related activities proposed in the application and follow-up communication;
- f. The disciplinary history and industry experience of both the member firm and the proposed supervisor of the disqualified person; and
- g. Any other mitigating or aggravating circumstances that may exist.

In evaluating the Application, FINRA recognizes the seriousness of the disqualifying event, i.e., Moran's failure to adequately supervise registered representatives who made fraudulent misrepresentations to customers. However, the nature of Moran's proposed future activities on behalf of the Firm, as outlined in the Application and subsequent communication with Member Regulation, alleviates FINRA's concerns, because Moran will primarily be engaged in operational and administrative functions. He will not service clients, nor will he act in a supervisory or principal capacity.

FINRA also considered the Firm's disciplinary history and the supervision to be accorded Moran. We view the Firm's history of deficiencies as gravely serious. Against this disciplinary history, however, we consider that the Firm appears to have taken corrective measures to address the violations cited in the FINRA AWCs and has complied with the sanctions from the state regulatory matters. In addition, we view the proposed heightened supervisory plan as comprehensive and tailored to consider Moran's past misconduct.

In that Moran's disqualification was based on a FINRA regulatory action, and he was sanctioned with a fine and principal suspension, which will conclude in April 2017, we have to evaluate the Firm's Application in accordance with the Commission's instructions regarding *Paul Edward*

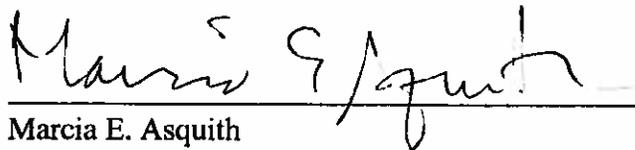
Van Dusen, 47 S.E.C. 668 (1981), *Arthur H. Ross*, 50 S.E.C. 1082 (1992) and *Melvin Rokeach*, 2006 SEC LEXIS 1068. In *Van Dusen*, the Commission reasoned that where it previously imposed a bar with a right to reapply, it was unfair, in the absence of new information, to deny a membership continuance application, once the right to reapply commenced, on the sole basis of the underlying event. In part, *Van Dusen* states in situations where the Commission has already addressed an individual's misconduct through its administrative process and has chosen to impose certain sanctions for that misconduct, FINRA generally should not evaluate a statutory disqualification application based on the individual's underlying misconduct. Further, once Moran's suspension concludes in April 2017, he will no longer be subject to any statutory disqualification implications.

Additionally, Aegis has proposed qualified supervisors to oversee Moran's activities. The proposed supervisor and alternate supervisor, Timothy Cassidy and Richard Cadigan, respectively, each have relatively clean regulatory records. Given the stringency of the plan, FINRA believes that Aegis and the proposed supervisors are capable of supervising Moran pursuant to the heightened supervisory plan.

VI. Conclusion

In conformity with the provisions of SEA Rule 19h-1, the continued association of Moran as a General Securities Representative with Aegis will become effective within 30 days of the receipt of this Notice by the Commission, unless otherwise notified by the SEC. Aegis is also a member of two other self-regulatory organizations. NYSE ARCA⁴⁹ and NASDAQ and both have concurred with FINRA's determination to permit the continued association of Moran as a General Securities Representative.

On Behalf of FINRA,



Marcia E. Asquith
Senior Vice President and Corporate Secretary