FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2018056465601

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

RE: Gelband & Co., Inc., Respondent
BD No. 32599

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Gelband & Co., Inc. ("Gelband" 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 Gelband 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

Gelband has been a FINRA member since September 1993. The Firm is based in New York, New York, and employs two registered representatives in one office. Gelband's primary business is acting as a placement agent for private placements and advising on mergers and acquisitions.

RELEVANT DISCIPLINARY HISTORY

Gelband does not have any prior disciplinary history with the Securities and Exchange Commission, any state securities regulator, FINRA or any other self-regulatory organization.

OVERVIEW

Gelband failed to conduct an independent test of its Anti-Money Laundering ("AML") Compliance Program for calendar years 2014, 2015, 2016 and 2017, in violation of FINRA Rules 3310(c) and 2010.
FACTS AND VIOLATIVE CONDUCT

FINRA Rule 3310 requires members to develop and implement a written AML program reasonably designed to achieve and monitor the member's compliance with the requirements of the Bank Secrecy Act and its implementing regulations. The required AML program shall, among other things, "[p]rovide for annual (on a calendar-year basis) independent testing for compliance to be conducted by member personnel or by a qualified outside party, unless the member does not execute transactions for customers or otherwise hold customer accounts or act as an introducing broker with respect to customer accounts (e.g., engages solely in proprietary trading or conducts business only with other broker-dealers), in which case such "independent testing" is required every two years (on a calendar-year basis)." Rule 3310(c). Supplementary Material .01(c) to FINRA Rule 3310 further provides that: "[i]ndependent testing may not be conducted by: (1) a person who performs the functions being tested, (2) the designated anti-money laundering compliance person, or (3) a person who reports to a person described in either subparagraphs (1) or (2) above."

FINRA Rule 2010 provides that a member "shall observe high standards of commercial honor and just and equitable principles of trade."

As a placement agent, Gelband was required to conduct independent testing of its AML program on an annual basis. For calendar years 2014, 2015, 2016 and 2017, the Firm had its designated AML Compliance Officer, or someone who reported to him, conduct the annual testing of its AML program. This testing was not "independent." Therefore, Gelband did not conduct the required independent testing of its AML program for calendar years 2014, 2015, 2016 and 2017.1

By virtue of the foregoing, Respondent violated FINRA Rules 3310(c) and 2010.

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

- Fine of $5,000

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.

1 In January 2019, after FINRA informed the firm of its findings, Gelband conducted independent testing of its AML program for calendar years 2014 through 2017.
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 Respondent; 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. 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 its: (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 Gelband, 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 understands and acknowledges that FINRA does not represent or advise Gelband and Gelband cannot rely on FINRA or FINRA staff members for legal advice; that Gelband 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 Gelband to submit it.

4/10/2019
Date (mm/dd/yyyy)

Gelband & Co., Inc., Respondent

By: Alan Gelband
Chief Executive Officer
Accepted by FINRA:

4/22/19
Date

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

Vaishali Shetty
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