

**THE NASDAQ STOCK MARKET LLC  
NOTICE OF ACCEPTANCE OF AWC**

**Certified, Return Receipt Requested**

**TO: Spartan Securities Group, Ltd.  
Mr. David Lopez  
Chief Compliance Officer  
15500 Roosevelt Blvd.  
Suite 303  
Clearwater, FL 33760**

**FROM: The NASDAQ Stock Market LLC ("Nasdaq")  
c/o Financial Industry Regulatory Authority ("FINRA")  
Department of Market Regulation  
9509 Key West Avenue  
Rockville, MD 20850**

**DATE: May 13, 2014**

**RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20100215959-01**

**Please be advised** that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **May 13, 2014** by the Nasdaq Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Nasdaq Review Council, pursuant to Nasdaq Rule 9216. A copy of the AWC is enclosed herewith.

You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration ("Form BD") to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or NASDAQ if you are not a member of FINRA) in writing of any change of address or other changes required to be made to your Form BD.

You are reminded that Section I of the attached Letter of Acceptance, Waiver, and Consent includes an undertaking. In accordance with the terms of the AWC, a registered principal of the firm is required to notify the Compliance Assistant, Legal Section, Market Regulation Department, 9509 Key West Avenue, Rockville, MD 20850, of completion of the undertaking.

You will be notified by the Registration and Disclosure Department regarding sanctions if a suspension has been imposed and by NASDAQ's Finance Department regarding the payment of any fine if a fine has been imposed.

Spartan Securities Group, Ltd.  
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If you have any questions concerning this matter, please contact Joaquin Gubb, Counsel,  
at (240) 386-5102.



Justin Chretien  
Chief Counsel, Legal Section  
Department of Market Regulation

Signed on behalf of NASDAQ

Enclosure

FINRA District 7 – Florida  
Jeffrey M. Pasquerella  
Regional Director  
(Via email)

Alan Wolper, Esq.  
Counsel for Respondent  
Ulmer & Berne LLP  
500 West Madison St.  
Suite 3600  
Chicago, IL 60661-4587

**THE NASDAQ STOCK MARKET LLC**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. 20100215959-01**

TO: The NASDAQ Stock Market LLC  
c/o Department of Market Regulation  
Financial Industry Regulatory Authority ("FINRA")

RE: Spartan Securities Group, LTD., Respondent  
Broker-Dealer  
CRD No. 104478

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq") Code of Procedure, Spartan Securities Group, LTD. (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, Nasdaq will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. The firm 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 Nasdaq, or to which Nasdaq 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 Nasdaq:

**BACKGROUND**

The firm has been a member of FINRA since July 25, 2001, and a member of Nasdaq since July 12, 2006, and its registrations with both FINRA and Nasdaq remain in effect.

**RELEVANT PRIOR DISCIPLINARY HISTORY**

The firm has no relevant disciplinary history.



## FACTS AND VIOLATIVE CONDUCT

In Trading and Market Making Surveillance (“TMMS”) Examination No. 20100215959, the staff reviewed the following trading activity of the firm set forth on Exhibit 1 for trade dates October 8 through October 22, 2010 (the “first review period”), unless otherwise noted. In connection with Review No. 20100215959, the staff found:

1. During the first review period, the firm entered 158 orders (75% violation rate) that contained an incorrect capacity into the Nasdaq Market Center. The conduct described in this paragraph constitutes separate and distinct violations of Nasdaq Rule 4611.
2. During the first review period, the firm entered 13 orders (13% violation rate) into the Nasdaq Market Center that failed to correctly indicate whether the orders were a buy, short sale or long sale. The conduct described in this paragraph constitutes separate and distinct violations of Nasdaq Rule 4755.
3. During the first review period, the firm failed to provide documentary evidence that during October 2010, it performed the supervisory reviews set forth in its written supervisory procedures concerning: Trade Reporting; Entering accurate capacity information into the Nasdaq system; and Other Trading Rules; NASDAQ Quotes Locking/Crossing Quote, Clearly erroneous transactions on NASDAQ, Accurate and Appropriate Erroneous Trade Filings, and Detection of potential NASDAQ order entry errors. The conduct described in this paragraph constitutes a violation of Nasdaq Rules 2110 and 3010.

In TMMS Examination No. 20110261557, the staff reviewed the trading activity set forth on Exhibit 2 for the trade dates October 3 through October 6, 2011 (the “second review period”), unless otherwise noted. In connection with Review No. 20110261557, the staff found:

4. During the second review period, the firm entered 251 (96% violation rate) orders that contained an incorrect capacity into the Nasdaq Market Center. The conduct described in this paragraph constitutes separate and distinct violations of Nasdaq Rule 4611.
5. During the second review period, the firm entered 13 (12% violation rate) orders into the Nasdaq Market Center that failed to correctly indicate whether the orders were a buy, short sale or long sale. The conduct described in this paragraph constitutes separate and distinct violations of Nasdaq Rule 4755.

6. During the second review period, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or the Rules of Nasdaq. At a minimum, adequate written supervisory procedures addressing quality of markets topics should describe the following:
- (a) specific identification of the individual(s) responsible for supervision;
  - (b) the supervisory steps and reviews to be taken by the appropriate supervisor;
  - (c) the frequency of such reviews; and
  - (d) how such reviews shall be documented.

The firm's written supervisory procedures failed to provide for one or more of the four above-cited minimum requirements for adequate written supervisory procedures, in the following subject areas: Trade Reporting: Entering accurate capacity information into the Nasdaq system [(a),(b),(c),(d)]; and Other Trading Rules: Accurately identifying buy, short sale and long sale orders when entered into Nasdaq system [(a),(b),(c),(d)]. The conduct described in this paragraph constitutes a violation of Nasdaq Rules 2110 and 3010.

7. Additionally, during the second review period, the firm failed to provide documentary evidence that during August 2011, it performed the supervisory reviews set forth in its written supervisory procedures concerning: Other Trading Rules; Clearly erroneous technological controls, Procedures to review and verify filing of clearly erroneous, and Review and detection of potential order entry errors. The conduct described in this paragraph constitutes a violation of Nasdaq Rules 2110 and 3010.

B. The firm also consents to the imposition of the following sanctions:

**A censure and a \$25,000 fine.** This fine is comprised of a fine of \$10,000 for the Nasdaq capacity-code violations, a fine of \$10,000 for the Nasdaq long/short order marking violations, and a fine of \$5,000 for the supervisory violations.

The firm also consents to an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph 6. Within 60 business days of acceptance of this AWC by the 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](mailto: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 this paragraph; and, (3) the date the revised procedures were implemented.



The firm 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.

The firm 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

The firm specifically and voluntarily waives the following rights granted under Nasdaq's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the firm;
- B. To be notified of the Formal 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 Nasdaq Review Council and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudice of the Chief Regulatory Officer, the Nasdaq Review Council, or any member of the Nasdaq Review Council, 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.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of 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

The firm 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 FINRA's Department of Market Regulation and the Nasdaq Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Nasdaq Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; 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 Nasdaq or any other regulator against the firm;
  - 2. this AWC will be made available through Nasdaq's public disclosure program in response to public inquiries about the firm's disciplinary record;
  - 3. Nasdaq may make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq Rule 8310 and IM-8310-3; and
  - 4. The firm 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. The firm may not take any position in any proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's right to take legal or factual positions in litigation or other legal proceedings in which Nasdaq is not a party.

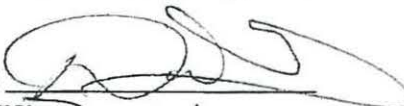
- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by Nasdaq, nor does it reflect the views of Nasdaq or its staff.

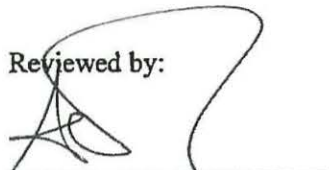


The firm certifies that it has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

5.1.2014  
Date

Respondent  
Spartan Securities Group, LTD.

By:   
Name: David Lopez  
Title: CCO

Reviewed by:   
Alan Wolper, Esq.  
Ulmer & Berne LLP  
500 West Madison St, Suite 3600  
Chicago, IL 60661-4587

Accepted by Nasdaq:

5/13/14  
Date

  
Justin Chretien  
Chief Counsel  
Department of Market Regulation

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

**ELECTION OF PAYMENT FORM**

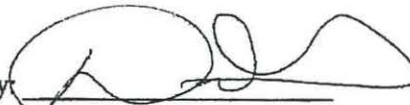
The firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- A firm check or bank check for the full amount;
- Wire transfer;
- The installment payment plan.<sup>1</sup>
  - Monthly
  - Quarterly

Respectfully submitted,

Respondent  
Spartan Securities Group, LTD.

5.1.2014  
Date

By:   
Name: David Lopez  
Title: CEO

<sup>1</sup> The installment payment plan is only available for a fine of \$50,000 or more. Certain requirements apply.