UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 85460 / March 29, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19125

In the Matter of **Vision Financial Markets LLC,** **Respondent.**	**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTIONS 15(b) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b), and 21C of the Securities Exchange Act of 1934 ("Exchange Act") against Vision Financial Markets LLC ("VFM").

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and Desist Proceedings, Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[1] that:

Summary

This matter concerns the failure by VFM, a registered broker-dealer, to file Suspicious Activity Reports ("SAR" or "SARs") for voluminous suspicious activity relating to the deposit and sale of low-priced securities from at least August 2013 through December 2014 (the "Relevant Period"). In late 2012, VFM expanded its business of clearing equity securities by entering into clearing arrangements with several new introducing brokers. During the Relevant Period, VFM cleared millions of shares of transactions in low-priced securities on behalf of certain customers of certain of its new introducing brokers. These trades included instances in which newly introduced customer accounts exhibited a suspicious pattern in which the customer deposited a physical certificate for a substantial amount of a thinly-traded low-priced stock, systematically sold the shares into the market shortly thereafter, and then wired out the sale proceeds from its accounts. In some instances, the same customer engaged in this pattern with respect to multiple securities.

Despite clearing these suspicious transactions and other related red flags, VFM did not file timely SARs related to relevant activities by at least 100 of these accounts when it knew, suspected, or had reason to suspect that these transactions involved the use of VFM to facilitate fraudulent activity, or had no business or apparent lawful purpose.

As a result of this conduct, VFM willfully[2] violated Section 17(a) of the Exchange Act and Rule 17a-8 thereunder.

Respondent

VFM is a broker-dealer headquartered in Connecticut. VFM has been registered with the Commission since 2006.

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[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

[2] A willful violation of the securities laws means merely "'that the person charged with the duty knows what he is doing.'" Wonsover v. SEC, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting Hughes v. SEC, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "'also be aware that he is violating one of the Rules or Acts.'" Id. (quoting Gearhart & Otis, Inc. v. SEC, 348 F.2d 798, 803 (D.C. Cir. 1965)).

Facts

Background

1. Beginning in September 2012, VFM entered into a number of correspondent clearing arrangements with several new introducing brokers, which included clearing transactions for certain correspondents that conducted a large volume of transactions in low-priced securities known as penny stocks.[3]

2. Despite entering this new line of business, VFM did not update its anti-money laundering ("AML") policies and procedures to address the risks associated with clearing penny stock transactions until October 2014. VFM relied on employee reporting, manual reviews, and limited software-generated reports that were not reasonably calibrated to flag potentially suspicious activity for additional review by VFM AML personnel. For example, VFM utilized a report programmed to generate alerts only for penny stock transactions below $0.05 per share, despite the fact that the definition of a penny stock generally involves a security priced under $5.00 per share. VFM's AML software also lacked a system or control for monitoring suspicious patterns of penny stock deposits, sales, and wiring out of proceeds from customer accounts. These practices resulted in very few suspicious activities pertaining to penny stocks being reported by VFM during the Relevant Period and were not reasonably tailored to the risks associated with VFM's low-priced securities clearing business.

VFM Failed to File SARs

3. During the Relevant Period, VFM cleared transactions for at least 101 newly introduced accounts that deposited physical certificates for sizable blocks of a penny stock, systematically sold the shares, and withdrew cash proceeds from the sales by wiring funds out of the account. In many instances, this "deposit-sale-wire" pattern of activity constituted virtually all of the activity in the account. Combined, these accounts engaged in more than 250 instances of the suspicious deposit-sale-wire pattern involving approximately 500 million shares of penny stocks, sales proceeds of more than $50 million, and hundreds of wire transfers of proceeds out of the accounts.

4. VFM failed to timely file SARs concerning any of at least 250 instances of the deposit-sale-wire pattern and failed to file any SAR at all pertaining to 88 of these accounts. The SARs that VFM did file with respect to 13 of these accounts were either significantly delayed or did not identify the suspicious deposit-sale-wire activity in the account.

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[3] Penny stock is defined under the Exchange Act as, among other things, a stock that trades for under five dollars per share. See Exchange Act Section 3(a)(51) and Rule 3a51-1 thereunder; *see also* "Penny Stock Rules," https://www.sec.gov/fast-answers/answerspennyhtm.html; "OTCBB Glossary," http://www.finra.org/industry/otcbb/otcbb-glossary.

Illustrative Account Activity

5. Below are examples of customers of VFM's introducing brokers who engaged in suspicious deposit-wire-sale transactions lacking any apparent business or lawful purpose.

Customer A

6. Between April 2014 and May 2014, Customer A engaged in three instances of suspicious deposit-sale-wire activity involving two different low-priced securities that generated sales proceeds of more than $1.1 million. Customer A deposited a physical certificate for 600,000 shares of a certain low-priced security ("Security A1") and liquidated the entire amount on the same day that the deposit cleared with proceeds from the transaction wired out within three days. Customer A also deposited a physical certificate for 1,500,000 shares of a second-low priced security issuer ("Security A2") and liquidated the entire amount by the day after the deposit cleared and wired out nearly all of the proceeds within a week of clearance. Customer A subsequently deposited a physical certificate for another 1,500,000 shares of Security A2 and systematically liquidated the entire amount within one week of the clearing date and again wired out nearly all of the proceeds within one week of liquidation. There was no other activity in this account during the Relevant Period. VFM did not file a SAR with respect any of the above-described activity in Customer A's account.

Customer B

7. Between November 2013 and April 2014, Customer B engaged in several instances of suspicious deposit-sale-wire activity, including activity in at least two different low-priced securities that generated sale proceeds of approximately $1.8 million. Customer B deposited a physical certificate for 200,000 shares of a certain low-priced security ("Security B1") and liquidated the entire amount within two days of clearance, with nearly all of the proceeds from the transaction wired out within a week of the liquidation. Customer B subsequently deposited a physical certificate for another 200,000 shares of Security B1 and liquidated the entire amount within three days of clearance, with proceeds wired out within a week of the liquidation. Customer B then made a third deposit of 200,000 shares of Security B1, began liquidating the shares, and wired out proceeds as blocks of sales occurred.

8. Customer B also deposited a physical certificate for 160,000 shares of a different low-priced security ("Security B2"), and later deposited a second physical certificate for an additional 80,000 shares of Security B2. Customer B proceeded to systematically liquidate the deposited shares and wired out proceeds of the sales as blocks of sales occurred.

9. In October 2014, shortly after VFM received a regulatory inquiry concerning the Customer B account, VFM informed the introducing broker of the Customer B account that the account had to be transferred "out of Vision ASAP" because of negative information concerning an individual associated with the account. The account subsequently sold previously-deposited penny stock positions of more than 650,000 shares and wired out proceeds exceeding $200,000 from VFM.

10. VFM did not file a SAR with respect any of the above-described activity in Customer B's account. The Commission later brought charges against Customer B for violations of the antifraud provisions of the Securities Act of 1933 and the Exchange Act by engaging in market manipulation of Security B1 during the Relevant Period.

Customer C

11. Between January 2014 and October 2014, Customer C engaged in several instances of suspicious deposit-sale-wire activity, including activity in at least two different low-priced securities that generated sales proceeds of more than $490,000. Customer C deposited a physical certificate for 4 million shares of a certain low-priced security ("Security C1"), and began systematically liquidating the shares and wiring out proceeds as blocks of sales occurred. The entire deposit was liquidated in less than one month from clearance. Customer C then repeated this process with the deposit of another physical certificate for 2 million shares of Security C1, and systematically liquidated the entire deposit within approximately one month of clearance while wiring out proceeds as blocks of sales occurred. Customer C also deposited a physical certificate for 100,000 shares of a different low-priced security ("Security C2"), and immediately began systematically liquidating the shares, and wired out the proceeds the day after the liquidation was complete. Customer C then deposited another physical certificate for an additional 100,000 shares of Security C2, liquidated the entire deposit on the day that it cleared, and wired out proceeds shortly thereafter. VFM did not file a SAR with respect to any of the above-described activity in Customer C's account.

VFM Ended Clearing Relationships with Two Introducing Brokers

12. The majority of the penny stock transactions that VFM cleared were in customer accounts introduced by two introducing brokers, Introducing Broker A and Introducing Broker B. Beginning in July 2014, following the indictment of a customer of Introducing Broker A in connection with an alleged penny stock manipulation scheme, VFM undertook a review of its penny stock clearing business. Between approximately September 2014 to January 2015, VFM informed Introducing Broker A and Introducing B that it would be terminating its clearing relationship with those firms. During the same approximate time period, the Commission's Office of Compliance Inspections and Examinations conducted an examination of VFM focusing on VFM's penny stock clearing business. VFM further amended its policies and procedures in 2015 to prohibit clearing deposits of physical certificates of penny stocks.

VIOLATIONS

13. The BSA, and implementing regulations promulgated by Financial Crimes Enforcement Network ("FinCEN"), require that broker-dealers file SARs with FinCEN to report a transaction (or a pattern of transactions of which the transaction is a part) conducted or attempted by, at, or through the broker-dealer involving or aggregating to at least $5,000 that the broker-dealer knows, suspects, or has reason to suspect: (1) involves funds derived from illegal activity or is conducted to disguise funds derived from illegal activities; (2) is designed to evade any

requirement of the BSA; (3) has no business or apparent lawful purpose and the broker-dealer knows of no reasonable explanation for the transaction after examining the available facts; or (4) involves use of the broker-dealer to facilitate criminal activity. 31 C.F.R. § 1023.320(a)(2) ("SAR Rule").

14. Exchange Act Rule 17a-8 requires broker-dealers registered with the Commission to comply with the reporting, record-keeping, and record retention requirements of the BSA. The failure to file a SAR as required by the SAR Rule is a violation of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder.

15. By engaging in the conduct described above, VFM willfully violated Section 17(a) of the Exchange Act and Rule 17a-8 thereunder.

VFM's Remedial Efforts

In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent and cooperation afforded the Commission staff.

IV.

In view of the foregoing, the Commission deems it appropriate, in the public interest, to impose the sanctions agreed to in Respondent VFM's Offer.

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder.

B. Respondent is censured.

C. Respondent shall, within thirty (30) days of the entry of this Order, pay a civil money penalty in the amount of $625,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Vision Financial Markets LLC as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Sanjay Wadhwa, Division of Enforcement, Securities and Exchange Commission, New York Regional Office, 200 Vesey Street, Suite 400, New York, New York 10281.

D. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman
Acting Secretary