

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10837 / September 14, 2020

SECURITIES EXCHANGE ACT OF 1934
Release No. 89854 / September 14, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-19996

In the Matter of

**ROOSEVELT & CROSS,
INC.,**

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933, SECTIONS
15(b), 15B(c), 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 Section 8A of the Securities Act of 1933 (“Securities Act”) and Sections 15(b), 15B(c), and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Roosevelt & Cross, Inc. (“Roosevelt” or “Respondent”).

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 Section 8A of the Securities Act of 1933, Sections 15(b), 15B(c), 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 finds¹ that:

Summary

This matter involves negligent conduct by Roosevelt & Cross, Inc. ("Roosevelt") in connection with Roosevelt's purchase and sale of negotiated new issue municipal bonds. Between March 2014 and May 2017, Roosevelt, through certain Roosevelt registered representatives, violated retail order priority provisions in certain new issue municipal bond offerings by allocating bonds intended for retail customers to certain unregistered brokers that were known in the industry as "flippers." During this period, the flippers obtained allocations of new issue municipal bonds from Roosevelt and then immediately resold, or "flipped," the bonds to other broker-dealers typically at a profit. Although the flippers did not meet the issuer's eligibility criteria for participation in the retail order period, Roosevelt allocated bonds to them on a retail basis.

In addition, between January 2014 and October 2016, Roosevelt, through certain Roosevelt registered representatives, obtained certain new issue municipal bonds for Roosevelt's account by using the flippers to place customer orders – as opposed to dealer orders – on its behalf with the syndicate in certain primary offerings. These transactions circumvented the priority of orders and gave Roosevelt's orders higher priority in the bond allocation process.

As a result of this conduct, Roosevelt violated Section 17(a)(3) of the Securities Act, Section 15B(c)(1) of the Exchange Act, and MSRB Rules G-11(k), G-17 and G-27, caused violations of Sections 15(a)(1) of the Exchange Act, and failed reasonably to supervise within the meaning of Section 15(b)(4)(E) of the Exchange Act with a view to preventing and detecting violations by certain registered representatives.

Respondent

1. **Roosevelt & Cross, Inc.**, incorporated in New York and headquartered in New York, New York, is registered with the Commission as a broker-dealer and municipal advisor.

Other Relevant Entities

2. **Core Performance Management, LLC, aka Dockside Asset Management ("Dockside")** was a Florida limited liability company located in Boca Raton, Florida that dissolved as of July 27, 2016. During the relevant period, Dockside primarily bought and sold new issue municipal bonds. Dockside was never registered with the Commission. The Commission filed an enforcement action against Dockside and its associates in August 2018.²

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 *SEC v. Core Performance Management, LLC, et al.*, 18-CV-81081-BB (S.D. Fla., filed Aug. 14, 2018) (settled action against Dockside and five associated individuals for acting as unregistered brokers and for engaging in fraudulent practices in connection with flipping new issue municipal bonds).

3. **RMR Asset Management Company (“RMR”)** is a California corporation with its principal place of business in Chula Vista, California. RMR’s business, which was also conducted through certain affiliates, including The Murphy Companies LLC, a Colorado limited liability company located in Denver, Colorado, was primarily to buy and sell new issue municipal bonds.³ Neither RMR nor its affiliates was ever registered with the Commission. The Commission filed an enforcement action against RMR and its associates in August 2018.⁴

Background on Municipal Underwriting Process

4. Municipalities often raise money by issuing bonds that are sold to the public through an underwriting process. In what is known as a “negotiated” offering, the municipal issuer chooses a broker-dealer to act either as sole underwriter or as the senior manager of an underwriting syndicate. An underwriting syndicate is a group of broker-dealers that joins together to purchase new issue municipal bonds from the issuer to distribute to the public.

5. Bonds in negotiated offerings are offered for sale during designated “order periods,” which are windows of time during which the underwriters solicit orders from potential investors. Underwriters market offerings by distributing electronic “pricing wires” to their own customers, as well as to other broker-dealers, who may be interested in purchasing bonds for their inventory. The pricing wires describe the bonds being offered and applicable rules for the offering, including any “priority of orders,” which establishes the sequence in which bonds will be allocated to specific types of customers. The priority rules are important to potential purchasers because orders for bonds in a primary offering often exceed the amount of bonds available.

6. Typically, orders from individual retail investors have the highest priority in the allocation process. Issuers prioritize retail orders to maximize the volume of bonds placed with individuals who will buy and hold the bonds, rather than quickly re-trade their bonds. Retail investors may also reside in the issuer’s jurisdiction, and therefore benefit from state- or locality- specific tax advantages. Issuers often require the submission of zip codes (or less frequently account numbers) with retail orders as a way to verify that the customer is a legitimate individual retail customer and/or resident of the issuer’s jurisdiction.

7. An issuer may specify separate order periods for different categories of customers, typically holding an initial retail order period for only retail customers and a subsequent institutional order period for institutional customers. In some instances, there is only one order period, with priority given to retail customers’ orders during that period. Pricing wires typically contain issuer-approved rules stating who is eligible to participate in the retail order period and receive retail order priority. Pricing wires also usually give the issuer the right to audit retail orders during or after the retail order period in order to verify that such orders represent legitimate retail orders. In addition, pricing wires also commonly specify that dealer orders “are not permitted to be entered during the retail order period.” Dealer orders from syndicate members are often permitted during subsequent

³ RMR and The Murphy Companies LLC will be collectively referred to as RMR hereinafter.

⁴ *SEC v. RMR Asset Management Company, et al.*, 18-CV-01895-AJB-JMA (S.D. Cal. filed Aug. 14, 2018) (partially settled action against RMR and 13 associated individuals for acting as unregistered brokers and, as to 10 of them, for engaging in fraudulent practices in connection with flipping new issue municipal bonds).

institutional order periods, but priority provisions generally require underwriters to give dealer orders lower priority than all customer orders. Dealer orders from non-syndicate dealers are seldom, if ever, filled. The priority afforded to retail customers means that, when an offering is oversubscribed, those retail customers have the best chance of getting their orders filled.

Flipping Activity by Dockside and RMR

8. As a result of the priority provisions in municipal bond offerings, non-syndicate member broker-dealers who want to purchase new issue municipal bonds for their own inventory are often unable to obtain them. To circumvent the priority provisions, some broker-dealers used Dockside, RMR or other flippers to place customer orders for new issue municipal bonds on their behalf, with the expectation that the flippers would then resell those bonds shortly thereafter to the purchasing broker-dealers. Dockside and RMR typically charged broker-dealers a set markup on the sale of the bonds.

9. When placing customer orders on behalf of broker-dealers, Dockside and RMR often misrepresented themselves as retail customers, or as acting on behalf of retail customers – sometimes from the same jurisdiction as the issuer – creating the misimpression that their orders were entitled to the highest priority in the allocation process, and making it more likely that they would obtain bonds. In fact, Dockside's and RMR's orders were not entitled to retail priority because they were not retail customers in these transactions and were submitting orders on behalf of broker-dealers that wanted bonds for their own inventory. Dockside and RMR also sometimes took steps to hide their misconduct from underwriting syndicates. For example, if they received a large allotment of bonds in an offering, they sometimes resold the bonds to broker-dealers in smaller lots, to disguise their immediate resale of those bonds.

Roosevelt Placed Retail Orders for Dockside and RMR

10. Between March 2014 and May 2017, Roosevelt, acting through certain of its registered representatives, placed retail orders for new issue municipal bonds on behalf of Dockside and RMR over 100 times – often submitting those orders during retail order periods. Based on those orders, Roosevelt obtained 107 allocations of new issue municipal bonds for Dockside and RMR. In almost all instances where bonds were allocated, Roosevelt's registered representatives submitted inaccurate zip codes which corresponded to the state of the issuer and did not correspond to where Dockside and RMR were located. In most instances, the Roosevelt registered representatives received these zip codes from Dockside or RMR, but, in one instance, a Roosevelt registered representative suggested that RMR make a zip code up. Because issuers require zip codes with retail orders to verify that the customer is an individual residing in a specific jurisdiction, the inclusion of inaccurate zip codes with the Dockside and RMR orders had the effect of giving the orders retail priority, and created the misimpression that those orders were bona fide retail orders.

11. The Roosevelt registered representatives should have known that Dockside's and RMR's orders did not qualify for retail priority because, as discussed below, they regularly placed orders for and bought new issue bonds from Dockside and RMR for Roosevelt's own account. The Roosevelt registered representatives understood that Roosevelt's syndicate desk communicated the retail orders with inaccurate zip codes that they submitted with Dockside's and RMR's orders to the

senior syndicate manager and issuer. They also understood that the senior syndicate manager and issuer relied on the zip codes to verify that orders submitted as retail qualified for retail priority treatment.

Roosevelt Placed Customer Orders Through Dockside and RMR

12. Certain Roosevelt registered representatives placed orders for certain new issue municipal bonds with Dockside and RMR to obtain bonds for Roosevelt's own inventory when they should have known that the flippers, in turn, would place the orders as purported "customers" of the underwriting firm offering the bonds. Once Dockside or RMR had obtained the bonds that Roosevelt ordered, they sold, or "flipped," the bonds to Roosevelt shortly thereafter.

13. Between January 2014 and October 2016, the Roosevelt registered representatives, acting on behalf of Roosevelt, purchased new issue municipal bonds through Dockside and RMR a total of 799 times – 187 times when Roosevelt was also in the underwriting syndicate for the offering. By placing orders through Dockside and RMR for new issue municipal bonds, the Roosevelt registered representatives circumvented the priority provisions in those municipal offerings and obtained a higher priority for Roosevelt dealer orders. In some cases, the Roosevelt registered representatives submitted Roosevelt's orders to Dockside or RMR during retail order periods, when they should have known that those orders may be submitted to the lead underwriter as retail orders. In such circumstances, some legitimate retail customers were denied the opportunity to purchase new issue bonds at the initial offering price.

14. When Roosevelt was in the syndicate or sole underwriter, the Roosevelt registered representatives understood that Roosevelt's dealer orders would ordinarily receive lowest priority in the allocation process. They also understood that Roosevelt had a higher likelihood of obtaining bonds through Dockside and RMR, which would place customer orders, rather than through Roosevelt directly placing its dealer orders.

Roosevelt's Policies and Procedures

15. Roosevelt failed to adopt a reasonable system to implement the firm's written supervisory procedures ("WSPs") that was designed to achieve compliance with Section 17(a)(3) of the Securities Act and MSRB rules, when Roosevelt was selling new issue municipal bonds. Roosevelt's WSPs required that: (i) Roosevelt registered representatives give retail customer orders priority over all other orders; (ii) Roosevelt's registered representatives collect certain detailed customer information at account opening; and (iii) new accounts be reviewed by Roosevelt management. In practice, Roosevelt failed to adequately implement the policies and procedures it had in place that required its registered representatives to collect the required customer information at account opening for new institutional accounts (like Dockside and RMR), to have these new accounts reviewed by management, or to take steps to verify that customers were entitled to retail priority.

16. In addition, Roosevelt's WSPs were not reasonably designed to prevent and detect evasion of the issuers' priority rules in new issue bond offerings when Roosevelt was buying new issue municipal bonds. Specifically, Roosevelt lacked policies or procedures with respect to how its registered representatives were to submit orders for new issue municipal bonds for Roosevelt's own

account – both when Roosevelt was in the syndicate and not part of the syndicate. Under these circumstances, Roosevelt failed to establish policies and procedures that would reasonably be expected to prevent and detect MSRB rule violations by its registered representatives relating to evasion of issuers’ priority provisions in connection with Roosevelt’s purchases of new issue municipal bonds.

17. As discussed above, certain Roosevelt registered representatives evaded the issuers’ priority provisions in connection with their purchases from and sales to Dockside and RMR, in violation of MSRB rules and the federal securities laws. Roosevelt’s failure to implement the WSPs that it had in place for selling bonds and its inadequate WSPs for buying bonds hindered Roosevelt’s ability to detect or prevent these violations for over three years.

Legal Discussion

Roosevelt Violated Section 17(a)(3) of the Securities Act

18. Section 17(a)(3) of the Securities Act prohibits any person, in the offer or sale of a security, from directly or indirectly, engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser. 15 U.S.C. § 77q(a)(3). Negligence is sufficient to establish violations of Section 17(a)(3); no finding of scienter is required. Aaron v. SEC, 446 U.S. 680, 696-97 (1980).

19. Roosevelt, through its registered representatives, willfully⁵ violated Section 17(a)(3) of the Securities Act by placing orders from Dockside and RMR as eligible retail orders when it knew, or should have known, that they were not eligible for retail priority, and by including inaccurate zip codes with most of those orders. This practice in some instances resulted in legitimate retail purchasers being crowded out of the offering.

Roosevelt Violated MSRB Rule G-17

20. MSRB Rule G-17 provides that, in the conduct of its municipal securities business, every broker, dealer, municipal securities dealer, and municipal advisor shall deal fairly with all persons and shall not engage in any deceptive, dishonest, or unfair practice. Negligence is sufficient to establish a violation of MSRB Rule G-17; no finding of scienter is required. See Wheat, First Securities, Inc., Exch. Act Release No. 48378, 2003 WL 21990950, at *10 (Aug. 20, 2003).

21. As discussed above, Roosevelt, through its registered representatives, submitted orders on behalf of Dockside and RMR to the Roosevelt syndicate desk as eligible retail orders when it knew, or should have known, that those orders were not eligible for retail priority, and included inaccurate zip codes with most of those orders. In addition, Roosevelt, through its registered representatives, circumvented the priority provisions of certain new issue municipal bond offerings by placing orders with Dockside and RMR for Roosevelt’s inventory, when they knew, or should have known that these flippers would place customer orders with the underwriter in order to obtain a higher priority for

⁵ “Willfully,” for purposes of imposing relief under Sections 15(b) and 15B of the Exchange Act “means no more than 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)).

Roosevelt.

22. By this conduct, Roosevelt willfully violated MSRB Rule G-17.

Roosevelt Violated MSRB Rule G-11(k)

23. MSRB Rule G-11(k) provides that each broker, dealer, or municipal securities dealer that submits an order during a retail order period to the senior syndicate manager or sole underwriter, as applicable, shall provide in writing the following information relating to each order designated as retail submitted during a retail order period: (i) whether the order is from a customer that meets the issuer's eligibility criteria for participation in the retail order period; (ii) whether the order is one for which a customer is already conditionally committed; (iii) whether the broker, dealer, or municipal securities dealer has received more than one order from such retail customer for a security for which the same CUSIP number has been assigned; (iv) any identifying information required by the issuer, or the senior syndicate manager on the issuer's behalf, in connection with such retail order (but not including customer names or social security numbers); and (v) the par amount of the order.⁶ Negligence is sufficient to establish a violation of MSRB Rule G-11(k); no finding of scienter is required.

24. Roosevelt, through its registered representatives, submitted orders for new issue municipal bonds to the Roosevelt syndicate desk (and ultimately to the senior syndicate manager or sole underwriter) during retail order periods for Dockside and RMR that were improperly designated as retail orders because they did not meet the issuers' eligibility criteria. In addition, the registered representatives included inaccurate identifying information (zip codes) required by the issuer, or the senior syndicate manager on the issuer's behalf, in connection with some of those orders.

25. By this conduct, Roosevelt willfully violated MSRB Rule G-11(k).

Roosevelt Failed Reasonably to Supervise and To Establish an Adequate Supervisory System

26. Section 15(b)(4)(E) of the Exchange Act authorizes the Commission to impose sanctions against a broker-dealer for failing reasonably to supervise a person subject to the firm's supervision who committed a securities law violation. A broker-dealer can be liable for failure to supervise either when it lacks procedures reasonably designed to prevent and detect the underlying violation, *see, e.g., Smith Barney, Harris Upham & Co.*, Exch. Act Release No. 21813, 1985 WL 548567, at *3 (Mar. 5, 1985), or when it has failed to adopt a reasonable system to implement those procedures. *See, e.g., A.G. Edwards & Sons, Inc.*, Exch. Act Release No. 55692, 2007 WL 1285761, at *4 (May 2, 2007).

27. MSRB Rule G-27(a) obligates brokers, dealers, and municipal securities dealers to "supervise the conduct of the municipal securities activities of the firm and its associated persons to ensure compliance with [MSRB] rules and the applicable provisions of the [Exchange] Act and rules

⁶ Rule G-11(k) further provides that the senior syndicate manager may rely on the information furnished by each broker, dealer, or municipal securities dealer that provided the information required by (i) - (v) unless the senior syndicate manager knows, or has reason to know, that the information is not true, accurate, or complete.

thereunder.” MSRB Rule G-27(b) obligates brokers, dealers, and municipal securities dealers to establish and maintain a system to supervise the municipal securities activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws, regulations and MSRB rules.

28. As described above, certain Roosevelt registered representatives violated Section 17(a)(3) of the Securities Act and MSRB Rules G-11(k) and G-17 by evading issuers’ priority provisions in connection with their sales of new issue municipal bonds to Dockside and RMR. Roosevelt failed to adopt a reasonable system to implement its WSPs designed to achieve compliance by its registered representatives with Section 17(a)(3) of the Securities Act and MSRB Rules G-11(k) and G-17, in connection with these sales transactions.

29. As described above, certain Roosevelt registered representatives also violated MSRB Rule G-17 by evading issuers’ priority provisions in connection with their purchases of new issue municipal bonds from Dockside and RMR. Roosevelt lacked policies and procedures reasonably designed to prevent and detect these violations by its registered representatives.

30. Under the circumstances, Roosevelt failed reasonably to supervise the municipal securities activities of its registered representatives to ensure compliance with MSRB rules and the federal securities laws. As a result, Roosevelt failed reasonably to supervise within the meaning of Section 15(b)(4)(E) of the Exchange Act, and willfully violated MSRB Rule G-27.

Roosevelt Caused Violations of Section 15(a)(1) of the Exchange Act

31. To establish causing liability, the Commission must find: (1) a primary violation; (2) the respondent’s act or omission contributed to the violation; and (3) the respondent knew or should have known that its act or omission would contribute to the violation. See 15 U.S.C. § 78u-3(a); Robert M. Fuller, 80 SEC Docket 3539, 3545, Exch. Act Release No. 48406 (Aug. 25, 2003) (Commission Opinion).

32. Under Section 15(a)(1) of the Exchange Act, it is unlawful for a broker or dealer “to effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security... unless such broker or dealer is registered” with the Commission pursuant to Section 15(b) of the Exchange Act. Under Section 3(a)(4)(A) of the Exchange Act, a “broker” is “any person engaged in the business of effecting transactions in securities for the account of others.” The Exchange Act’s definition of “broker” “connote[s] a certain regularity of participation in securities transactions at key points in the chain of distribution.” Mass. Fin. Serv., Inc. v. Sec. Inv. Prot. Corp., 411 F. Supp. 411, 415 (D. Mass. 1976), aff’d, 545 F.2d 754 (1st Cir. 1976); see also SEC v. Martino, 255 F. Supp. 2d 268, 283 (S.D.N.Y. 2003).

33. Negligence is sufficient to establish liability for causing a primary violation that does not require scienter, such as Section 15(a)(1) of the Exchange Act; no proof of scienter is required. See VanCook, Exch. Act Release No. 61039A, 2009 WL 4005083, at *14 n.65 (Nov. 20, 2009) (Commission Opinion) (quoting KPMG Peat Marwick LLP, 54 SEC 1135, 1175 (2001)).

34. Dockside and RMR violated Section 15(a)(1) of the Exchange Act because they acted as brokers without being registered with the Commission. Roosevelt's purchases of bonds through Dockside and RMR and payment of transaction-based compensation to them in connection with those transactions contributed to their violations. Roosevelt, through its registered representatives, knew, or should have known, that Dockside and RMR were not registered with the Commission. As a result, Roosevelt caused their direct violations of Section 15(a)(1) of the Exchange Act.

Roosevelt Violated Section 15B(c)(1) of the Exchange Act

35. Section 15B(c)(1) of the Exchange Act prohibits a broker, dealer or municipal securities dealer from effecting interstate transactions in, or inducing or attempting to induce the purchase or sale of, any municipal security in contravention of any rule of the MSRB.

36. As a result of its willful violations of MSRB Rules G-11(k), G-17 and G-27, Roosevelt willfully violated Section 15B(c)(1) of the Exchange Act.

Remedial Efforts

37. In determining to accept the Offer, the Commission considered remedial acts promptly taken by Roosevelt, including the following:

- Retention of an independent consultant: Roosevelt retained an independent consultant to conduct a review, including an on-site review, of the firm's compliance policies, written supervisory procedures, and related controls governing the firm's Know Your Customer ("KYC") practices relative to the federal securities laws and SEC, FINRA and MSRB rules. The consultant issued a written report with recommendations to enhance the firm's compliance program, and the firm has committed to adopt all such recommendations.
- Licensing of an electronic system for managing new-issue workflow for municipal securities: Roosevelt contracted with an outside vendor to use its system to conduct electronic order entry and automate all aspects of syndication. This measure is intended to reduce the firm's dependency on paper order tickets and assist in the surveillance of its order processing.
- Review and improvement of municipal procedures: Roosevelt conducted a detailed review of its written policies and procedures relating to compliance with KYC requirements and MSRB Rules G-11, G-17 and G-27, and implemented improvements to those policies and procedures.
- Municipal securities training: Roosevelt developed and implemented enhanced municipal securities compliance training, including training with respect to KYC requirements and MSRB Rules G-11, G-17 and G-27. All Roosevelt registered representatives involved in the firm's municipal business completed this training.
- Enhanced municipal securities monitoring: Roosevelt has implemented improvements to its monitoring of daily sales and trading activities. The firm requires additional

supervisory review of orders against the priority provisions of an underwriting prior to the close of the order submission deadlines. Compliance also now conducts a quarterly review of a sample of all offerings in which Roosevelt served as a manager to identify any “red flag” offerings.

IV.

On the basis of the foregoing, the Commission deems it appropriate, in the public interest, to impose the sanctions agreed to in Respondent’s Offer.

Accordingly, pursuant to Section 8A of the Securities Act and Sections 15(b), 15B(c), and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent is censured.

B. Respondent cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act and Sections 15(a)(1) and 15B(c)(1) of the Exchange Act, and MSRB Rules G-11, G-17, and G-27.

C. Respondent shall, within 10 days of the entry of this Order, pay disgorgement of \$681,037.23 and prejudgment interest of \$135,978.27 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 SEC Rule of Practice 600.

D. Respondent shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$200,000 to the Securities and Exchange Commission, of which a total of \$42,857.14 shall be transferred to the MSRB in accordance with Section 15B(c)(9)(A) of the Exchange Act, and of which the remaining \$157,142.86 shall be transferred to the general fund of the United States Treasury in accordance with Section 21F(g)(3) of the Exchange Act. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

E. Payments must be made in one of the following ways:

- (1) Respondent may transmit payments 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 Roosevelt & Cross, Inc. 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 Assistant Regional Director Kevin B. Currid, Division of Enforcement, Securities and Exchange Commission, 33 Arch Street, 24th Floor, Boston, MA 02110.

F. 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. Respondent shall not argue that it is entitled to, nor shall Respondent 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
Secretary