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March 27, 2020

**VIA EMAIL, MESSENGER, AND FACSIMILE**

Vanessa A. Countryman, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090  
Email: [apfilings@sec.gov](mailto:apfilings@sec.gov)  
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RE: In the Matter of the Application for Review of KJM Securities, Inc.  
Administrative Proceeding No. 3-19631

Dear Ms. Countryman:

Enclosed please find the original and three (3) copies of FINRA's Brief in Opposition to the Application for Review in the above-captioned matter.

Please contact me at (202) 728-8985 if you have any questions.

Very truly yours,

*Celia Passaro*

Celia L. Passaro

Enclosures

cc: Kosta J. Moustakas (via FedEx and Email)

**BEFORE THE  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC**

In the Matter of the Application of

KJM Securities, Inc.

For Review of Action Taken by

FINRA

File No. 3-19631

**FINRA'S BRIEF IN OPPOSITION TO THE APPLICATION FOR REVIEW**

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March 27, 2020

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**BEFORE THE  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC**

In the Matter of the Application of  
  
KJM Securities, Inc.  
  
For Review of Action Taken by  
  
FINRA  
  
File No. 3-19631

**FINRA’S BRIEF IN OPPOSITION TO THE APPLICATION FOR REVIEW**

**I. INTRODUCTION**

The facts of this case are undisputed. Applicant KJM Securities, Inc. (“KJM”) was required to file an audited annual report within 60 days of the end of its fiscal year. In 2019, for the second year in a row, KJM failed to do so. Instead, when FINRA commenced an expedited proceeding KJM requested a hearing and filed subsequent appeals, despite having no valid arguments in defense of its filing failures, in an attempt to buy additional time. After conducting a hearing, a FINRA Hearing Panel suspended KJM and warned the firm that the suspension would convert to an expulsion if it did not file its 2019 audited annual report within two months. Despite having an opportunity to avoid the result that it now contests, KJM again failed to file its audit within two months and the firm was expelled from FINRA membership. KJM now asks the Commission to reinstate its FINRA membership, without any valid argument to justify its failure to timely file its 2019 audited annual report. The Commission should reject KJM’s request and sustain the findings and sanctions imposed.

Section 17(e) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Exchange Act Rule 17a-5(d) require every registered broker-dealer, like KJM, to file an annual financial report audited by an independent public accountant. Annual reports audited by an independent auditor and filed timely are an important part of FINRA’s and the Commission’s supervision of member firms. KJM’s failure to file timely an audited report undermined FINRA’s ability to ensure KJM’s financial soundness—a concern particularly acute here because KJM’s previous audit contained a notation that questioned its ability to continue as a going concern due to recurring losses.

The Commission should reject KJM’s attempt to use its tardy filing of its 2019 audited annual report—filed well after FINRA’s two-month suspension converted to an expulsion due to KJM’s continued delinquency—as a basis to reinstate its FINRA membership. FINRA urges the Commission to sustain the findings of violation and sanctions imposed by FINRA.

## **II. FACTUAL BACKGROUND**

### **A. KJM**

KJM became a FINRA member in November 1987. (Stip. No. 1; R. at 198, 352.)<sup>1</sup> Its main office was located in Bronxville, New York. (Stip. No. 4; R. at 352.) Kosta J. Moustakas was KJM’s sole, direct owner, and served as KJM’s president, chief executive officer, chief compliance officer, chief operating officer, chief financial officer, and anti-money laundering compliance officer. (Stip. Nos. 2, 3; R. at 173, 268, 353.) KJM’s fiscal year ended on March 31. (Stip. No. 5; R. at 174.)

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<sup>1</sup> “R. at \_\_\_” refers to the page number in the certified record. “Stip. No. \_\_\_” refers to the stipulations filed by the parties dated August 23, 2019. (R. at 51-52.) “KJM Br. \_\_\_” refers to KJM’s Brief in Support of the Application for Review dated February 27, 2020.

**B. KJM Untimely Files Its 2018 Audited Annual Report**

The full context of this case dates back to 2018. KJM failed to file timely its audited annual report for its fiscal year ending March 31, 2018. (R. at 193-95, 277, 505-06.) As a result, FINRA sent the firm a notice pursuant to FINRA Rules 9552 and 9559, advising the firm that it would be suspended, effective August 18, 2018, unless it filed its audited annual report or requested a hearing before that date.<sup>2</sup> (R. at 193-94, 447-51.) KJM requested a hearing and represented that KJM’s 2018 audited annual report was “in the process of being completed by [KJM’s] new PCAOB [a]uditors who replaced our previous auditors, due to the untimely death of our previous auditor.” (R. at 194-95, 453-54.) KJM ultimately filed its 2018 audited annual report on August 29, 2018, approximately 12 days prior to the scheduled hearing, which was canceled. (R. at 195-96, 455-69.)

KJM’s 2018 auditor was Morey, Nee, Buck & Oswald, LLC (“Morey”). (R. at 456.) Morey replaced KJM’s previous firm when the partner that worked for KJM passed away. (R. at 191-92, 274-76.) In its report, Morey noted that KJM “ha[d] suffered recurring losses from operations and ha[d] a net capital deficiency that raise[d] substantial doubt about its ability to continue as a going concern.” (R. at 458, 464, 465.) On February 15, 2019, Morey ended its engagement with KJM. (R. at 305-06, 471.)

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<sup>2</sup> FINRA Rule 9552(a) provides that, if a member subject to FINRA’s jurisdiction “fails to provide any information, report, material, data, or testimony requested or required to be filed pursuant to the FINRA By-Laws or FINRA rules, or fails to keep its membership application or supporting documents current,” FINRA staff may provide written notice stating that the failure to take corrective action within 21 days after service of the notice will result in suspension of membership. FINRA Rule 9559 sets forth the hearing procedures for expedited proceedings brought under the FINRA 9550 series.

**C. KJM Fails to File Its 2019 Audited Annual Report**

KJM's 2019 audited annual report was due on May 30, 2019. (Stip. No. at 6; R. at 174.) On May 24, 2019, Moustakas filed a request for an extension of time to file KJM's annual audit until June 17, 2019. (Stip. No. 7; R. at 175, 383-84.) In the request, Moustakas represented that KJM's new auditors, AJSH & Co. LLP ("AJSH") had notified the firm that the extension was necessary. (R. at 384.) FINRA responded that, in accordance with FINRA policy, a letter from the firm's auditor, making certain representations, was required before it could grant the request for an extension. (R. at 385-87.)

On May 29, 2019, KJM submitted a letter from AJSH. (R. at 393-94.) The letter explained that the need for an extension "was precipitated by the fact that [the auditor] did not receive the required client information" which left the auditor "unable to complete [its] audit procedures." (R. at 394.) AJSH's letter also stated that, "as of now, we are unable to state that an unqualified opinion is expected to be issued." (*Id.*)

FINRA notified KJM that the auditor letter was inadequate because, among other things, KJM's auditor was not able to represent that it expected to issue an unqualified audit opinion. (R. 397.) The next day, May 30, 2019, KJM submitted a second letter from AJSH, which stated that it did expect to issue an unqualified audit opinion. (R. at 401-03.) That same day, FINRA approved KJM's request for an extension to June 17, 2019, to file its audit. (Stip. No. 7; R. at 180, 405-06, 411.) FINRA's approval letter warned the firm that if it did not file its audited report by June 17 2019, it would be subject to late filing fees of \$100 per day for up to 10 days, and that the firm could be subject to other regulatory action. (R. at 406.) Notwithstanding FINRA's approval of its request for an extension, KJM failed to file its audited annual report by June 17, 2019. (R. at 187, 221.)



#### **D. The Expedited Proceeding**

On July 9, 2019, FINRA sent KJM a notice pursuant to FINRA Rules 9552 and 9559 (the “2019 Suspension Notice”), noting that KJM had missed the deadline for filing its audited annual report and notifying the firm that it would be suspended effective August 2, 2019, unless it filed the report or requested a hearing before that date. (Stip. No. 8; R. at 413-15.) The 2019 Suspension Notice also stated that a late filing fee of \$1,000 had been assessed. (R. at 415.)

On August 1, 2019, KJM submitted to FINRA an annual report for its fiscal year ending March 31, 2019. (R. at 421-35.) While Moustakas indicated in the filing that it included a report by an independent public accountant, the report submitted was in fact unaudited. (R. at 227-32, 421-35.) On August 2, 2019, FINRA informed KJM that its submission was rejected because the report was unaudited. (R. at 233, 439.) That same day, KJM filed a request for a hearing with the Office of Hearing Officers. (Stip. No. 9; R. at 443-44.) In its request for a hearing, Moustakas represented that KJM’s audited annual report was “in the process of being completed” by its new auditor, who had replaced the firm’s previous auditor “due to the untimely death” of the firm’s prior auditor. (R. at 444.) This was the same reason that KJM used to justify its failure to timely file an audited annual report in 2018.

### **III. PROCEDURAL HISTORY**

A Hearing Panel held a telephone hearing on September 13, 2019, at which Moustakas and FINRA staff members testified. (R. at 55, 135-347.) On November 1, 2019, the Hearing Panel issued a decision finding that KJM had failed to file its audited annual report, in violation of Exchange Act Section 17(e), Exchange Act Rule 17a-5, and FINRA Rule 2010 (the “Expedited Hearing Panel Decision”). (R. at 509-19.) The Hearing Panel suspended KJM effective upon issuance of the decision. (R. at 519.) The Hearing Panel also ordered that the

suspension continue until KJM filed a compliant audited report, and that if it failed to do so within two months, the suspension would convert to an expulsion. (*Id.*) The Hearing Panel also ordered that KJM pay \$1,000 in late fees, and \$2,699.77 in hearing costs. (*Id.*)

KJM filed a notice of appeal with the Commission on November 30, 2019. (R. at 521.) On January 1, 2020, KJM's two-month suspension converted to an expulsion pursuant to the Hearing Panel's order and the firm was expelled.<sup>3</sup> On January 7, 2020, after the suspension had converted to an expulsion, KJM filed with the Commission a motion to stay the Hearing Panel's sanctions.<sup>4</sup> On January 27, 2020, the Commission denied KJM's motion to stay. The Commission explained that, "far from demonstrating a likelihood of success on the merits, or even a serious legal question, KJM's briefing confirms that its annual audit report remains delinquent nearly eight months after its initial due date." *KJM Sec., Inc.*, Exchange Act Release No. 88053, 2020 SEC LEXIS 215, at \*4 (Jan. 27, 2020).

On or about February 18, 2020, approximately seven weeks after the firm was expelled from FINRA membership pursuant to the Expedited Hearing Panel Decision and eight months after its annual report was initially required to be filed, KJM attempted to file untimely an annual report with FINRA. In a February 19, 2020 letter, FINRA notified KJM that because it had failed to file its audit within the time specified by the Expedited Hearing Panel Decision and,

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<sup>3</sup> A copy of a portion of KJM's record in FINRA's Central Registration Depository ("CRD"<sup>®</sup>) reflecting its expulsion from membership is attached at Exhibit A.

<sup>4</sup> FINRA Rule 9559(r) provides that in expedited proceedings under the FINRA Rule 9550 series, the filing of an application for review with the Commission shall not stay the effectiveness of a FINRA action, unless the Commission orders otherwise.

accordingly, had been expelled from FINRA membership, FINRA would “not take any action regarding [KJM’s] annual report.”<sup>5</sup>

#### **IV. ARGUMENT**

Exchange Act Section 19(e) sets the standards applied by the Commission in reviewing FINRA’s decision in this case. 15 U.S.C. § 78s(e). The Commission is required to sustain FINRA’s findings of violation “if the record shows by a preponderance of the evidence that [KJM] engaged in the conduct FINRA found, that the conduct violated FINRA’s rules, and that FINRA’s rules are, and were, applied in a manner consistent with the purposes of the Exchange Act.” *Sharemaster*, Exchange Act Release No. 83138, 2018 SEC LEXIS 1036, at \*19 (Apr. 30, 2018).

The Commission requires every registered broker-dealer to file timely annual reports audited by an independent public accountant. It is undisputed that KJM failed to timely file its audited annual report despite having seven additional months to do so by virtue of the 2019 expedited proceeding and the Expedited Hearing Panel Decision. KJM offers no valid defense for its failure to timely file its audited annual report. The Hearing Panel’s decision is fully supported by the record, and no grounds exist to overturn it. Accordingly, the Commission should sustain FINRA’s findings.

##### **A. KJM Failed to Timely File an Audited Annual Report for Its Fiscal Year Ending March 31, 2019**

Exchange Act Section 17(e) and Exchange Act Rule 17a-5(d) require every registered broker-dealer to file timely annual financial statements audited by an independent public

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<sup>5</sup> A copy of FINRA’s February 19, 2020 letter is attached as Exhibit B.

accountant registered with Public Company Accounting Oversight Board (“PCAOB”). *See Gremo Invs., Inc.*, Exchange Act Release No. 64481, 2011 SEC LEXIS 1695, at \*7 (May 12, 2011). Failure to comply with this requirement violates FINRA Rule 2010.<sup>6</sup> *See E. Magnus Oppenheim & Co.*, 58 S.E.C. 231, 235 (2005) (explaining “it is well settled that a violation of a rule promulgated by [the] Commission” violates the predecessor to Rule 2010 and finding such a violation where the applicant violated Exchange Act Rule 17a-5(a)).

The Commission has consistently held that “[t]he reporting provisions are important to monitor the financial status of broker-dealers and to protect investors.” *Gremo Invs.*, 2011 SEC LEXIS 1695, at \* 14-15. “The obligation to timely submit such reports ensures that the Commission and [FINRA] have access to information about the broker-dealer’s compliance with financial responsibility requirements, its stability as a participant in the markets, and the risks that it may present to investors and counterparties.” *MKM Partners, LLC*, Exchange Act Release No. 79700, 2016 SEC LEXIS 4845, at \*13 (Dec. 28, 2016).

KJM’s audited annual report for its fiscal year ending March 31, 2019, was originally due on May 30, 2019. (Stip. No. at 6; R. at 174.) Shortly before the report was due, KJM requested and received from FINRA an extension to June 17, 2019. (Stip. No. 7; R. at 175, 180, 383-84, 405-06, 411.) KJM did not file by this extended deadline, however, and FINRA commenced an expedited proceeding. (Stip. No. 8; R. at 413-15.) In an effort to buy additional time to file its audited report, KJM requested a hearing in the expedited proceeding. (Stip. No. 9; R. at 443-44.) As the Hearing Panel noted, during the hearing KJM “established no defense for [its] failure” to timely file its report, and ordered KJM to file within two months or the firm would be expelled

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<sup>6</sup> FINRA Rule 2010 requires FINRA members to conduct their business in accordance with “high standards of commercial honor and just and equitable principles of trade.”

from FINRA membership. (R. at 517, 519.) KJM failed to meet the deadline set by the Hearing Panel, which effectively gave the firm seven additional months from the original due date to file its annual report.

KJM does not dispute that it was required to file an audited annual report and that it failed to do so by the required deadlines. Indeed, throughout the underlying proceedings and on appeal, KJM has repeatedly conceded that it has no defense for its failure to file timely an audited annual report and that it was pursuing a hearing and appeal simply to buy more time for its filing. During the hearing, Moustakas testified that “[KJM] know[s] what [its] obligation is to the [SEC] and to the industry to file [its] . . . annual audit,” and that the firm was simply asking for “a couple more days” to file the audit. (R. at 272, 277-78.) In the notice of appeal filed with the Commission, KJM states that it “await[s]” its audit and filed the appeal simply to “avoid” the Hearing Panel’s order. (R. at 521.) Similarly, in its request for a stay, KJM again claimed—without any corroboration—that it “await[s]” the audit and makes no argument in defense of its failure to file it for months.

It is undisputed that KJM failed to timely file its audited annual report and, accordingly, the Commission should affirm the Hearing Panel’s findings that KJM violated Exchange Act Section 17(e), Exchange Act Rule 17a-5, and FINRA Rule 2010.

**B. The Sanction Imposed on KJM is Appropriately Remedial, and is Neither Excessive, Nor Oppressive**

KJM asks the Commission to “consider reinstatement of [KJM] to FINRA membership,” presumably because it attempted to file its 2019 annual report in mid-February 2020, more than a month after it had been expelled from FINRA membership. (KJM Br. at 2.) KJM does not, however, explain why it did not file its report before the Hearing Panel’s suspension converted to an expulsion. Despite having no defense for its failure to timely file its annual report, the

Hearing Panel allowed KJM an additional two months to file the report, before its suspension would convert to an expulsion. Thus, it was fully within KJM's power to avoid the sanction that it currently protests. The firm, however, failed to comply with its obligations under the Exchange Act and FINRA's rules—obligations important to its regulators' ability to monitor KJM's financial stability. The record fully supports this sanction, and the Commission should reject KJM's request to reinstate its membership.

Exchange Act Section 19(e)(2) provides that the Commission may reverse a sanction imposed by FINRA if, "having due regard for the public interest and the protection of investors," the Commission finds that the sanction is excessive or oppressive, or that it imposes an unnecessary burden on competition. 15 U.S.C. § 78s(e)(2).

In imposing a two-month suspension that would convert to an expulsion, the Hearing Panel noted a number of aggravating factors. First, the Hearing Panel noted the regulatory importance of audited annual reports. (R. at 517.) Indeed, the Commission has found that the prompt filing of audited annual reports provides regulators with "an important means of timely oversight of the financial health of broker-dealers and of protecting public investors." *FCS Sec.*, Exchange Act Release No. 64852, 2011 SEC LEXIS 2366, at \*36 (July 11, 2011).

The Hearing Panel also considered that KJM failed to timely file its audited annual report for its fiscal year ending March 31, 2018, which also resulted in expedited proceedings being commenced. (R. at 517.) The Hearing Panel explained that KJM's repeated late filings, along with the "going concern" note in the 2018 annual report it untimely filed, "raise significant concerns about the Firm's financial stability, making KJM's continued filing delinquency especially troublesome." (R. at 517-18.) Additionally, the Hearing Panel found that it was "unclear when, if ever, [KJM] will file the report," and noted the statements by AJSH in the

firm's initial request for an extension that stated the auditor could not represent whether it expected to issue an unqualified report. (R. at 518.)

Finally, in imposing a suspension that would convert to an expulsion, the Hearing Panel noted the length of time that had passed since FINRA issued the Suspension Notice, and explained that the sanction was "designed to impress upon [KJM] and others the importance of timely filing their annual audited reports and to protect the investing public by reducing the likelihood of a recurrent violation." (R. at 518.)

The Commission has previously found that a suspension which converts to an expulsion is "an appropriate remedial measure if [a]pplicants' failure to comply continues." *FCS Sec.*, 2011 SEC LEXIS 2366, at \*36 (imposing a suspension that converted to an expulsion for failure to timely file an audited report). The Commission also noted that such a sanction has "the salutary effect of deterring others from engaging in the same misconduct." *Id.* at \*37.

Here, KJM ignored the Hearing Panel's final deadline to file its 2019 audited annual report, which continued the firm's pattern of missing deadlines to file these important reports. As observed by the Hearing Panel, KJM's annual report was particularly important given its prior auditor's concerns about the firm's financial future. KJM's delinquency put the investing public at risk, and the Hearing Panel's sanction should be affirmed.

KJM notes four factors which it suggests mitigates its violation here. None, however, have merit. First, KJM notes its attempt to comply by filing a report after it was expelled from FINRA membership. However, KJM's attempt to file a report almost seven weeks after the deadline set by the Hearing Panel is not mitigating. The Commission has rejected similar arguments. In *David Kristian Evansen*, Evansen did not comply with FINRA Rule 8210 requests for information until after a bar became effective against him. Exchange Act Release No. 75531,

2015 SEC LEXIS 3080, at \* 58-59 (July 27, 2015). The Commission explained that “Evansen’s failure to respond until a FINRA bar had already been imposed, and extensive regulatory resources expended to reach that point, aggravate the seriousness of his violations.” *Id.* at \*59. *See also Gregory Evan Goldstein*, Exchange Act Release No. 71970, 2014 SEC LEXIS 4625, at \*45 (Apr. 17, 2014) (finding that a bar served the remedial purpose of protecting the public where the applicant failed to comply with FINRA rules even after being ordered to do so by a hearing panel).

Second, KJM notes the death of one of its previous auditors. (KJM Br. at 2.) As the Hearing Panel noted, however, KJM cited the death of auditor as the reason for the untimeliness of its 2018 audit, and the firm had subsequently retained a different auditor long before its 2019 audit was due. (R. at 517.)

Next, KJM noted that its principal, Moustakas, suffered ██████ in 2001 and in “September 2017-18.” (KJM Br. at 2.) KJM, however, presented absolutely no evidence of this during the hearing. Accordingly, there is no evidence in the record of when this happened and how it may have affected KJM’s ability to file its annual audit in 2019.

Finally, KJM states that it reached out to FINRA for help and cites a letter in which it asked FINRA how to deal with its auditor. (KJM BR. at 2.) It is well-established, however, that a firm cannot shift its responsibility for complying with regulatory requirements to FINRA. *FCS Sec.*, 2011 SEC LEXIS 2366, at \*28 (stating that it was applicants’ responsibility to timely file the firm’s annual audited report and rejecting attempt to shift responsibility to FINRA). KJM is responsible for making timely filings and it cannot avoid responsibility for its failure to do so by pointing to FINRA.



KJM has not identified any applicable mitigating factors, and the aggravating factors cited by the Hearing Panel support the sanctions imposed. A two-month suspension that converted to an expulsion was an appropriately remedial sanction for KJM's months-long failure to file its audited annual report, despite repeated warnings by FINRA that it risked disciplinary action. The Commission should, accordingly, sustain the sanctions imposed by the Hearing Panel.<sup>7</sup>

## V. CONCLUSION

It is undisputed that KJM failed to timely file its annual audited report, in violation of Exchange Act Section 17(e), Exchange Act Rule 17a-5, and FINRA Rule 2010. The sanction imposed by the Hearing Panel for this violation—a two-month suspension which converted to an expulsion—is supported by numerous aggravating factors and no applicable mitigating factors. Accordingly, the Commission should affirm FINRA's findings of violations and sustain FINRA's expulsion of KJM.

Respectfully submitted,

*Celia Passaro*

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Celia L. Passaro  
Assistant General Counsel  
FINRA  
1735 K Street, NW  
Washington, DC 20006  
(202) 728-8985

March 27, 2020

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<sup>7</sup> KJM does not challenge on appeal the \$1,000 late fee and costs imposed by the Hearing Panel. In any event, these sanctions are neither excessive nor oppressive.

# **Exhibit A**

## Organization Registration Status

Organization CRD Number: 20277

Organization Name: KJM SECURITIES, INC.

Organization SEC Number: 8-38066

Applicant Name: KJM SECURITIES, INC.

No IA Record

SEC / Jurisdiction / FINRA	Registration Status	Status Effective Date
<a href="#">SEC</a>	Approved -	08/21/1987
<a href="#">FINRA</a>	Expelled -PURSUANT TO FINRA RULE 9552	01/02/2020
<a href="#">NY</a>	Approved -	10/02/1987

SEC / SRO / Jurisdiction	Registration Status	Status Effective Date
<a href="#">SEC</a>	Approved -	08/21/1987
<a href="#">FINRA</a>	Expelled -PURSUANT TO FINRA RULE 9552	01/02/2020
<a href="#">AL</a>	Terminated -	12/17/2007
<a href="#">CT</a>	Approved -	06/24/1988
<a href="#">GA</a>	Approved -	06/06/2004
<a href="#">ME</a>	Terminated -WITHDREW	12/31/1989
<a href="#">MA</a>	Withdrawn -FIRM FILED BDW	12/20/1989
<a href="#">NY</a>	Approved -	10/02/1987
<a href="#">TN</a>	Terminated -	12/15/2007
<a href="#">TX</a>	Approved -	09/29/2015

## **Exhibit B**



**Via Certified Mail (7018 1830 0002 2830 7057) and e-mail  
(admin@kjmsecuritiesinc.com)**

February 19, 2020

Mr. Kosta Moustakas, CEO/CFO  
KJM Securities, Inc.  
48 Sagamore Road  
Suite 29  
Bronxville, New York 10708

**RE: KJM Securities, Inc. Annual Audit Report – March 31, 2019**

Dear Mr. Moustakas:

We write concerning your request to submit untimely KJM Securities, Inc.'s annual audit for its fiscal year ending March 31, 2019. You were notified in a November 1, 2019 Expedited Hearing Panel Decision that the Firm was suspended for failure to file an audited annual report as required by Securities Exchange Act Rule 17a-5, and that the suspension would convert to an expulsion after two months if the Firm failed to file a compliant audit. The Firm failed to file its audit within the time specified and it has been expelled from FINRA membership. Accordingly, FINRA will not take any action regarding the Firm's annual report.

Regards,

Gregory S. Marro  
Senior Principal Analyst

**CERTIFICATE OF COMPLIANCE**

I, Celia L. Passaro, certify that this brief complies with the length limitation set forth in Commission Rule of Practice 450(c). I have relied on the word count feature of Microsoft Word in verifying that this brief contains 3,897 words, exclusive of the pages containing the table of contents, table of authorities, and any addendum that consists solely of copies of applicable cases, pertinent legislative provisions, or rules and exhibits.

Respectfully submitted,

Respectfully submitted,

*Celia Passaro*

---

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Washington, DC 20006  
202-728-8985 – Telephone  
202-728-8264 – Facsimile

**CERTIFICATE OF SERVICE**

I, Celia L. Passaro, certify that on this 27th day of March 2020, I caused a copy of the foregoing FINRA's Brief in Opposition to the Application for Review, In the Matter of KJM Securities, Inc., Administrative Proceeding File No. 3-19631 to be served by messenger, facsimile, and email on:

Vanessa Countryman, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090  
Email: [apfilings@sec.gov](mailto:apfilings@sec.gov)  
Fax: (202) 772-9324

and via FedEx and email on:

Kosta J. Moustakas  
KJM Securities, Inc.  
48 Sagamore Road, #29  
Bronxville, NY 10708  
[admin@kjmsecuritiesinc.com](mailto:admin@kjmsecuritiesinc.com)

Service was made on the Commission by messenger and on the Applicant by overnight delivery service and email due to the distance between FINRA's offices and the Applicant.

Respectfully submitted,

*Celia Passaro*

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