

## ADMINISTRATIVE PROCEEDING

File No. 3-17637

### Former Miami Brokerage Firm CEO Settles with SEC for Violating Anti-Money Laundering Protocols

**October 19, 2016** – The former president and CEO of a Miami-based brokerage firm agreed to a one-year supervisory suspension and payment of a \$50,000 penalty to settle charges that she aided and abetted and caused violations of anti-money laundering (AML) rules by allowing foreign entities to buy and sell securities without verifying the identities of the non-U.S. citizens who beneficially owned them.

The SEC brought [an enforcement action earlier this year](#) against the firm, E.S. Financial, which settled the charges by paying a \$1 million penalty.

According to the SEC's order instituted today against former E.S. Financial president and CEO Lia Yaffar-Pena:

- From May 2003 to August 2013, Yaffar-Pena aided and abetted and caused the firm's violations of the requirements set forth in the customer identification program (CIP) rule by allowing non-U.S. citizens to trade through a brokerage account opened by a Central American bank affiliated with the firm.
- Federal law requires all financial institutions to maintain an adequate CIP to ensure the firms know their customers and do not become a conduit for money laundering or terrorist financing.
- As the firm's president and CEO, Yaffar-Pena was ultimately responsible for the firm's AML program, CIP procedures, and supervision of the firm's AML officer and chief compliance officer.
- Despite knowing that non-U.S. citizens were trading on their own behalf through the affiliated account, Yaffar-Pena permitted 13 foreign corporate entities and, in turn, 23 non-U.S. citizens who were their beneficial owners, to execute more than \$23 million in securities transactions through the Central American bank's brokerage account without ever verifying their identities as required by the CIP rule.

The SEC's order finds that Yaffar-Pena willfully aided and abetted and caused E.S. Financial's violations of Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-8 thereunder, which require a broker-dealer to comply with the reporting, recordkeeping, and record retention requirements in regulations implemented under the Bank Secrecy Act, including the requirements in the CIP rule applicable to broker-dealers. The order also finds that Yaffar-Pena willfully aided and abetted and caused the firm's violations of Exchange Act Rules 17a-3(a)(3) and (9) and 17a-4(a) and (b)(1), which require broker-dealers to create and maintain customer account records.

Without admitting or denying the findings in the SEC's order, Yaffar-Pena consented to the entry of a cease and desist order, a one-year supervisory suspension, and payment of a \$50,000 penalty.

The SEC appreciates the assistance of the Financial Industry Regulatory Authority (FINRA).

**See also:** [Order](#)