

So she keeps her mouth shut and doesn't say what happened, and the others can't use the fact that you paid her as evidence that you in fact did something wrong.

## # Who/What is FINRA?

You can find a list of their [Disciplinary actions online]([https://www.finra.org/rules-guidance/oversight-enforcement/finra-disciplinary-actions?search=&firms;=Citadel&individuals;=&field;\\_fda\\_case\\_id\\_txt=&field;\\_core\\_official\\_dt%5Bmin%5D=&field;\\_core\\_official\\_dt%5Bmax%5D=&field;\\_fda\\_document\\_type\\_tax=All](https://www.finra.org/rules-guidance/oversight-enforcement/finra-disciplinary-actions?search=&firms;=Citadel&individuals;=&field;_fda_case_id_txt=&field;_core_official_dt%5Bmin%5D=&field;_core_official_dt%5Bmax%5D=&field;_fda_document_type_tax=All)).

To make it easier for ■s to follow along, I'm not going to post the text here, but you can pull up the PDF and follow along with my Legalese to ■■■ speak translation.

\* Interesting to note: FINRA says they don't have any "relevant" disciplinary history

\* UPDATE:

\* u/Leaglese wrote this excellent [DD about the history of Citadel's

finances:]([https://www.reddit.com/r/wallstreetbets/comments/m6lgt8/citadel\\_regulations\\_dd/](https://www.reddit.com/r/wallstreetbets/comments/m6lgt8/citadel_regulations_dd/))

\* You can follow along with our conversation and thoughts in [the comments section]([https://www.reddit.com/r/GME/comments/mhekqg/breakdown\\_of\\_legalese\\_to\\_ape\\_speak\\_part\\_4\\_new/gt0gkk4?utm\\_source=s hare&utm\\_medium=web2x&context;=3](https://www.reddit.com/r/GME/comments/mhekqg/breakdown_of_legalese_to_ape_speak_part_4_new/gt0gkk4?utm_source=s hare&utm_medium=web2x&context;=3))

**\*\*Overview:\*\***

\* From July 2017 to October 2019, Citadel had "multiple issues" with CORRECTLY reporting Treasury transactions to TRACE.

\* their "multiple issues" violated FINRA rules 6730 and 2010 in the following way:

\* incorrectly reporting internal transfers as Treasury transactions

\* failing to append the "No Remuneration" indicator for certain transactions between affiliates (ex. related companies); and

\* not including the correct contra-party type in its reports for certain affiliate (ex. related company) transactions

\* Oh btw Citadel also violated FINRA rules 3110(a) and (b) and 2010 because:

\* the entire supervisory system did not meet TRACE reporting rules

\* the incorrect TRACE reports involved:

\* internal position transfers; or

\* affiliate transactions

**\*\*■■■■ TRANSLATION:** Citadel was doing some shady internal trades and this "allegedly" (aka maybe but also maybe not) violated the rules, and this was because of "multiple issues" but we also aren't going to confirm if those issues were honest mistakes or purposely done.\*\*

**\*\*Facts & Violative Conduct\*\***

\* provides a more detailed breakdown of each of the rule violations I've describe above.

\* **\*\*UPDATE:\*\*** User comments from the original sub (take everything with a grain of salt - my expertise is translating legalese to ape speak only, and I'm only linking to them as potential sources, I'm not endorsing the information/assumptions in these comments or saying that their conclusions are accurate):

\* u/4th\_Industrial's [comment]([https://www.reddit.com/r/GME/comments/mh5uye/new\\_finra\\_case\\_against\\_citadel\\_can\\_someone/gswwcpt?utm\\_source=share&utm\\_medium=web2x&context;=3](https://www.reddit.com/r/GME/comments/mh5uye/new_finra_case_against_citadel_can_someone/gswwcpt?utm_source=share&utm_medium=web2x&context;=3)) provides a [helpful link]([https://files.brokercheck.finra.org/firm/firm\\_116797.pdf](https://files.brokercheck.finra.org/firm/firm_116797.pdf)) to Citadel's related funds.

\* I would respectfully caution against saying that this is a "done deal"

\* As I mention above and also further below in my post, these "alleged" violations have not been proven, and it can't be used against Citadel by anyone else in any other court

\* Citadel hasn't confirmed or denied the "alleged" violations

\* u/Dadri88's [comment]([https://www.reddit.com/r/GME/comments/mh5uye/new\\_finra\\_case\\_against\\_citadel\\_can\\_someone/gsx3np4?utm\\_source=share&utm\\_medium=web2x&context;=3](https://www.reddit.com/r/GME/comments/mh5uye/new_finra_case_against_citadel_can_someone/gsx3np4?utm_source=share&utm_medium=web2x&context;=3)) has some theories on why Citadel had "multiple issues" which may or may not have resulted in possible rule violations. I can't verify or confirm the theory because I have no wrinkles when it comes to stonks.

\* Comments below that post are saying "if true", this could be a big deal.

\* The problem: Citadel and FINRA aren't confirming if this happened or not, so this particular document will never actually prove anything and can't be used as evidence against Citadel.

\* u/shepdaddy's [comment]([https://www.reddit.com/r/GME/comments/mh5uye/new\\_finra\\_case\\_against\\_citadel\\_can\\_someone/gsx9oly?utm\\_source=share&utm\\_medium=web2x&context;=3](https://www.reddit.com/r/GME/comments/mh5uye/new_finra_case_against_citadel_can_someone/gsx9oly?utm_source=share&utm_medium=web2x&context;=3)) is not getting a lot of attention because it's not the exciting "CITADEL IS F\*K" conclusion that everyone else is erroneously coming to.

\* the theory as to what happened is interesting, I can't confirm nor deny its accuracy

\* the outcome, however, is reasonable in the sense that "not much" will come of this, regardless of what the theories regarding the alleged violations are.

- \* FINRA and Citadel agree that Citadel will be fined \$275,000 for its "alleged" rule violations.
- \* Citadel agrees to pay this fine right away.

**\*\*Waiver of Procedural Rights:\*\***

- \* Basically Citadel is agreeing that it won't go to court over this, but since FINRA isn't taking them to court over this anyway, it doesn't really matter.
- \* Citadel can't complain/sue/attack FINRA because of this document and disciplinary action
- \* This is mostly legal boilerplate, unless I'm missing something
- \* ■■■ translation: legal boilerplate = legal copypasta

**\*\*Other Matters:\*\***

- \* submitting this document is voluntary but it won't be resolved until the NAC (or someone else in that list) reviews and accepts the document, according to FINRA Rule 9216
- \* IF this submission is NOT ACCEPTED:
- \* it can't be used as evidence against Citadel if this was going to go to court
- \* Citadel: "If you don't accept this document good luck trying to come after us because you can't use this as evidence so you'll need to lawyer up"
- \* If this submission IS ACCEPTED:
- \* Citadel can't deny \*or imply that it's denying\* the facts in this document when dealing with FINRA
- \* BUT this doesn't affect Citadel's right to deny the facts if someone ELSE and not FINRA wants to go after them for their "multiple issues" which resulted in "alleged" violations, because this document hasn't proven that these violations actually happened. they're just "alleged".
- \* Citadel can say/do whatever it wants as long as FINRA isn't involved.
- \* This ties back in with the point I made earlier that Citadel isn't admitting or denying anything, and that this document is not considered "evidence" in unrelated proceedings
- \* Citadel MAY (aka it doesn't HAVE TO) attach a document that shows what steps it's taking to make sure that these "multiple issues" that resulted in "alleged" violations of the reporting rules doesn't happen again.
- \* I don't see anything attached by Citadel.
- \* UPDATE: My personal theory on why Citadel probably didn't attach anything:
- \* if Citadel actually attached a document showing corrective measures, then
- \* that could help others not involved in those negotiations (other funds, media, investors, ■s),
- \* determine whether or not the "alleged" violations (which may or may not have happened)
- \* were caused by "multiple issues" that were either honest mistakes or done on purpose.

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**\*\*FULL DISCLOSURE:\*\***

- \* \*\*\*This is not financial advice, this is not legal advice.\*\*\*
- \* \*\*\*I am a customs/duties/tariffs litigator\*\*\*, dealing with international [\*WTO hearings\*]([https://www.wto.org/english/tratop\\_e/dispu\\_e/dispu\\_status\\_e.htm](https://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm)) \*and hearings similar to those at the\* [\*USITC\*](<https://www.usitc.gov/>)\*.\*
- \* \*\*\*This is my own personal interpretation of the documents referenced above based on my educational and professional as a lawyer.\*\*\*
- \* \*If you are a securities/corporate/regulatory lawyer or have any additional information that can help clarify/correct/elaborate on this post, please comment below and I will add the edits, especially when it comes to the trade violations, please comment below so I can include your comments as well.\*