

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021069362101**

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: RCM Securities (Respondent)
Member Firm
CRD No. 15548

Pursuant to FINRA Rule 9216, Respondent RCM Securities submits this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

RCM Securities became a FINRA member firm in 1985.¹ The firm, which is headquartered in Chicago, Illinois, has one office and 15 registered representatives. The firm conducts a general securities business and acts as a placement agent for private placement offerings to both institutional and retail investors.

OVERVIEW

From June 30, 2020, to March 4, 2022, RCM Securities failed to timely file and deliver to retail investors a client relationship summary (Form CRS). The firm's Forms CRS, filed on March 4, 2022, March 9, 2022, and July 7, 2022, failed to disclose that the firm and three of its registered representatives had legal or disciplinary history. As a result, RCM Securities willfully violated Section 17(a)(1) of the Securities Exchange Act of 1934 and Exchange Act Rule 17a-14, and violated FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's 2021 cycle examination of RCM Securities.

¹ RCM Securities is also known as SNC Capital Management Corp.

On June 5, 2019, the Securities and Exchange Commission (SEC) adopted Form CRS and rules creating new requirements—which include requirements to prepare, file, deliver, and update the Form CRS—for SEC-registered broker-dealers offering services to a retail investor. Broker-dealers were required to comply with these requirements by June 30, 2020.²

Form CRS provides customers with information about the types of services the firm offers; the fees, costs, conflicts of interest, and required standard of conduct associated with those services; whether the firm and its investment professionals have reportable legal or disciplinary history; and how to get more information about the firm.

Form CRS also includes required “conversation starters” to help begin a discussion with a broker-dealer about the relationship, including their services, fees, costs, conflicts, and disciplinary information.

Section 17(a)(1) of the Securities Exchange Act of 1934 requires registered broker-dealers to make and keep for prescribed periods such records as the Commission deems “necessary or appropriate in the public interest, for the protection of investors or otherwise in furtherance of the purposes of” the Exchange Act. Exchange Act Rule 17a-14—titled “Form CRS, for preparation, filing and delivery of Form CRS”—requires broker-dealers offering services to a retail investor to prepare a Form CRS in accordance with the instructions in Form CRS, and to comply with requirements related to filing, amending, delivering, and posting the Form CRS to the firm’s public website.

A violation of Exchange Act Section 17(a)(1) and Rule 17a-14 is also a violation of FINRA Rule 2010, which requires member firms to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

A. RCM Securities failed to timely file and deliver a Form CRS.

Because RCM Securities offers services to retail investors, it was required to file a Form CRS by June 30, 2020. Prior to June 30, 2020, the firm had reduced the number of its retail investors; however, it continued to provide services to some retail investors after June 30, 2020, whose brokerage account activity generated a small amount of revenue for the firm. RCM Securities did not file a Form CRS through Web CRD until March 4, 2022, despite being notified by FINRA in 2020 of the firm’s noncompliance. The firm also failed to deliver a Form CRS to retail investors until March 2022.

Therefore, RCM Securities willfully violated Exchange Act § 17(a)(1) and Exchange Act Rule 17a-14, and violated FINRA Rule 2010.

² See Form CRS Relationship Summary; Amendments to Form ADV, Release Nos. 34-86032 & IA-5247 (June 5, 2019) (effective September 10, 2019).

B. RCM provided an inaccurate response to the Form CRS question concerning legal or disciplinary history.

Form CRS contains the heading, “Do you or your financial professionals have legal or history?” The instructions to Form CRS state that a firm must respond “Yes” if it or any of its financial professionals discloses, or is required to disclose, legal or disciplinary history on specified regulatory disclosure forms, such as Forms BD, U4, U5, and U6.³ Legal or disciplinary history that is required to be disclosed on those forms includes criminal history, regulatory actions, civil judicial actions, specified customer complaints and arbitrations, and specified financial events (*e.g.*, bankruptcies, judgments, and liens).

Before filing the Form CRS, RCM Securities had disclosed three state disciplinary actions on its Form BD. These disciplinary actions, which occurred between 2019 and 2020, were all related to the firm engaging in a securities business in states in which it was not registered. In addition, Form U4 filings for three of the firm’s registered representatives disclosed prior legal or disciplinary history. All of those filings, and the disclosures contained in the filings, were reflected in Web CRD and in BrokerCheck®, and were made by or were available to the firm. When RCM Securities filed its initial Form CRS on March 4, 2022, it failed to respond “Yes” to the question concerning legal or disciplinary history, even though the firm and three of its registered representatives had prior legal or disciplinary history. Instead, the firm stated on its Form CRS, “We have no legal history, but we have three disclosures, regarding disagreements over the need to register in a state if the firm shares revenue on a referral basis with a clearing firm that performs the execution and clearing services for residents in that state. RCM agreed to make payments and subsequently register in those states.” The firm provided no information on the Form CRS about the legal and disciplinary history of its registered representatives.

Despite the firm’s disciplinary actions disclosed on its Form BD and its knowledge of its registered representatives’ legal and disciplinary history, RCM Securities failed to respond “Yes” to the Form CRS question concerning legal or disciplinary history. The firm continued to fail to respond “Yes” to the disciplinary history question in its Forms CRS filed on March 9, 2022, and July 7, 2022, and did not correctly answer “Yes” to this question until it filed a third revised Form CRS on January 23, 2023.

Therefore, RCM Securities willfully violated Exchange Act Section 17(a)(1) and Exchange Act Rule 17a-14, and violated FINRA Rule 2010.

³ These forms are submitted to the Central Registration Depository by member firms or regulators. Broker-dealers file Form BD (Uniform Application for Broker-Dealer Regulation) to become registered with the SEC, FINRA, other self-regulatory organizations, and jurisdictions (*e.g.*, U.S. states and territories); Form U4 (Uniform Application for Securities Industry Registration or Transfer) is used to elicit employment history, disciplinary, and other information about individuals, to register them with FINRA, other self-regulatory organizations, or jurisdictions; Form U5 (Uniform Termination Notice for Securities Industry Registration) is used to terminate individuals’ registrations with FINRA, other self-regulatory organizations, or jurisdictions, and to elicit details regarding the reasons for termination; and Form U6 is used by regulators to report disclosure events and disciplinary actions against individuals and organizations, and to report final FINRA arbitration awards against broker-dealers and associated persons.

B. Respondent also consents to the imposition of the following sanctions:

- a censure;
- a \$20,000 fine; and
- an undertaking that, within 30 days of the date of the notice of acceptance of this AWC, a member of Respondent's senior management who is a registered principal of the firm shall certify in writing that, as of the date of the certification, the firm has reviewed and remediated the deficiencies in its Form CRS, and has filed and delivered a Form CRS that complies with Exchange Act § 17(a)(1) and Exchange Act Rule 17a-14. The certification shall include a narrative description and supporting exhibits sufficient to demonstrate Respondent's remediation and implementation. FINRA staff may request further evidence of Respondent's remediation and implementation, and Respondent agrees to provide such evidence. Respondent shall submit the certification to John Sheehan, Principal Counsel, FINRA Department of Enforcement, at 100 Pine Street, Suite 1800, San Francisco, CA 94111, or electronically to john.sheehan@finra.org, with a copy to EnforcementNotice@finra.org. Upon written request showing good cause, FINRA staff may extend this deadline.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

Respondent understands that this settlement includes a finding that it willfully violated Exchange Act Section 17(a)(1) and Exchange Act Rule 17a-14 of the Securities Exchange Act of 1934 and that under Article III, Section 4 of FINRA's By-Laws, this makes Respondent subject to a statutory disqualification with respect to membership.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against it;

- B. To be notified of the complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and

4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

December 13, 2023

Date

Ed Sweeney

RCM Securities
Respondent

Print Name: Ed Sweeney

Title: President

Accepted by FINRA:

December 15, 2023

Date

Signed on behalf of the
Director of ODA, by delegated authority

John Sheehan

John Sheehan
Principal Counsel
FINRA
Department of Enforcement
100 Pine Street
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