

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021069357901**

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

RE: Highlander Capital Group, Inc. (Respondent)
Member Firm
CRD No. 19074

Pursuant to FINRA Rule 9216, Respondent Highlander Capital Group, Inc. 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

Highlander Capital became a FINRA member firm in 1987. The firm, which is headquartered in Short Hills, New Jersey, has two branch offices and 17 registered representatives. Highlander Capital's primary business consists of equity and mutual fund transactions for retail investors.¹

OVERVIEW

From June 30, 2020, to August 30, 2021, Highlander Capital falsely represented on the firm's customer relationship summary (Form CRS) that neither it nor its associated persons had any legal or disciplinary history. In fact, both the firm and two of its registered representatives had prior legal or disciplinary history. By filing and delivering to customers a Form CRS with inaccurate information, Highlander Capital willfully violated Section 17(a)(1) of the Securities Exchange Act of 1934 (Exchange Act), Exchange Act Rule 17a-14, and FINRA Rule 2010.

¹ For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

FACTS AND VIOLATIVE CONDUCT

This matter originated from the 2021 Firm Examination for Highlander Capital.

On June 5, 2019, the Securities and Exchange Commission (SEC) adopted Form CRS and rules creating new requirements—which include requirements to prepare, file, and deliver the Form CRS—for SEC-registered broker-dealers offering services to a retail investor. The compliance date for Form CRS was June 30, 2020.

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.

Section 17(a)(1) of the Securities Exchange Act of 1934 requires registered broker-dealers to make and keep for prescribed periods such records, furnish such copies thereof, and make and disseminate such reports 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 § 17(a)(1) and Exchange Act Rule 17a-14 also is 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.

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

Highlander Capital falsely responded “No” to the question concerning legal or disciplinary history on its Form CRS, which it filed on June 23, 2020, prior to the compliance date for Form CRS. In fact, the firm and two of its registered representatives had prior legal or disciplinary history. Highlander Capital disclosed six disciplinary actions on its Form BD. These disciplinary actions, which occurred between 1992 and 2012, included violations for late trade reporting, operating without a municipal securities principal, operating while under net capital, and failing to retain certain email communications. In addition, Form U4 and U6 filings for one of the firm’s registered representatives, and Form U4, U5, and U6 filings for another registered representative, disclosed prior legal or disciplinary history. All of those filings, and the disclosures

contained in the filings, were reflected in FINRA’s Central Registration Depository (CRD) and in BrokerCheck®, and were available to the firm. Despite having disclosed six disciplinary actions on its Form BD—and despite its knowledge of its registered representatives’ legal or disciplinary history—Highlander Capital falsely responded “No” to the Form CRS question concerning legal or disciplinary history.²

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

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

- a censure and
- a \$5,000 fine.³

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 Section 17(a)(1) of the Securities Exchange Act of 1934 and Rule 17a-14 thereunder, 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;

² Following FINRA staff’s investigation, Highlander Capital updated its Form CRS, effective August 30, 2021, to respond “Yes” to the question concerning legal or disciplinary history.

³ Pursuant to the General Principles Applicable to all Sanction Determinations contained in FINRA’s *Sanction Guidelines*, FINRA imposed a lower fine in this case after it considered, among other things, Respondent’s revenues and financial resources.

- 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.

March 2, 2023

Date

Doug MacWright

Highlander Capital Group, Inc.
Respondent

Print Name: Doug Macwright

Title: President and CEO

Accepted by FINRA:

May 19, 2023

Date

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

Rebecca Segrest

Rebecca Segrest
Senior Counsel
FINRA
Department of Enforcement
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