

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF	)	
	)	CONSENT ORDER
CAPITAL CITY SECURITIES, LLC	)	
	)	NO. CO-2020-0011
<u>RESPONDENT</u>	)	

CONSENT ORDER

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, *Code of Alabama 1975*, upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities into, within or from the state of Alabama, has determined as follows:

RESPONDENT

1. Capital City Securities, LLC ("CCS"), Central Registration Depository ("CRD") #146001, is a broker dealer with a business address of 3789 Attucks Drive, Powell, Ohio 43065. Capital City Securities, LLC has never been registered as a broker dealer in the State of Alabama.

STATEMENT OF FACTS

2. On April 5, 2019, CCS submitted a broker dealer application electronically, via CRD, for broker dealer registration in the State of Alabama.

3. On April 24, 2019, the Commission staff issued a phase II deficiency letter to CCS requesting, among other items, a prior sales statement. Additionally, the Commission staff issued a visitation letter to RBC Capital Markets, LLC ("RBC") CRD# 31194, CCS's clearing firm, requesting documentation regarding all securities transactions affected by CCS on behalf of

Alabama client accounts.

4. On May 8, 2019, the Commission staff received a response to its visitation letter from RBC reflecting one Alabama account with nine securities transactions dated August 17, 2015 through May 6, 2019, with total commissions earned of \$680.00.
5. On June 21, 2019, the Commission staff received a response to the phase II deficiency letter from CCS advising that the firm had not transacted business as a broker dealer in the state of Alabama.
6. On July 3, 2019, the Commission staff issued rescission instructions to CCS. Additionally, the Commission staff advised the firm to cease all securities business in the State of Alabama until registration has been approved.
7. On July 24, 2019, CCS submitted to the Commission staff a draft rescission offer for the Alabama client. The rescission offer reflected thirteen total securities transactions between August 17, 2015 and June 25, 2019 with a total of \$1,195.65 commissions earned on the thirteen securities transactions. Additionally, CCS provided an explanation to the Commission that the client had married and changed her last name which caused the oversight from their custodian RBC's system whereby CCS was unaware the client had moved to Alabama.
8. On August 2, 2019, the Commission staff emailed CCS that the drafted offer was cleared for issuance to the Alabama client.
9. On September 16, 2019, CCS submitted a copy of the certified mail receipt reflecting that the Alabama client had signed for and received the rescission offer on August 28, 2019.
10. On September 23, 2019, the Commission staff received, via email from CCS, the client's partial acceptance of seven transactions out of the thirteen included in the rescission offer. The remaining commissions received by CCS for the six transactions rejected in the rescission offer by the Alabama client totaled \$1,040.65.

11. On November 5, 2019, the Commission staff received a copy of the rescission check, dated November 1, 2019, from CCS, reflecting that \$653.46 was issued to the Alabama investor for the accepted portion of the rescission offer. On November 26, 2019, CCS provided to the Commission staff a signed copy of the Certified Mail receipt verifying that the Alabama investor had received the rescission check.

CONCLUSIONS OF LAW

1. Pursuant to *Code of Alabama, 1975*, §8-6-3(a), it is unlawful for any person to transact business in this state as a dealer or agent for securities unless he or she is registered under the Act. Capital City Securities, LLC, an entity not registered as a securities dealer in the state of Alabama, affected securities transactions for one Alabama resident in violation of the Act.

WHEREAS, Capital City Securities, LLC admits it affected securities transactions in the state of Alabama, and states that the information and assertions presented to the Commission during its investigation of this matter are true and correct; that Capital City Securities, LLC understands the Commission relied upon such information and assertions in its determination to accept this Agreement and that should such information or assertions prove to be incorrect or misrepresented, the Commission may seek such other administrative, civil or criminal remedies that may be available to it under the provisions of the Act.

WHEREAS, Capital City Securities, LLC has voluntarily waived all rights to a hearing upon entry of this Agreement and has consented to the entry of this Agreement, and

WHEREAS, the Commission finds this Agreement necessary and appropriate in the public interest for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act, and

WHEREAS, the Commission and Capital City Securities, LLC are desirous of settling this matter as hereafter set forth and agree to the entry of this Agreement,

ACCORDINGLY, IT IS HEREBY AGREED:

1. That Capital City Securities, LLC shall until such time as properly registered in the state of Alabama, refrain from effecting securities transactions into, within or from the state of Alabama.
2. That Capital City Securities, LLC shall ensure that proper policies and procedures are enacted to preclude any future non-compliance with the Act.
3. That Capital City Securities, LLC shall provide training to all employees to ensure that all trades are made by registered persons in compliance with state laws.

ACCEPTANCE AND CONSENT

1. Pursuant to *Code of Alabama 1975*, §8-6-19(j)(1), Capital City Securities, LLC shall pay to the **State of Alabama** an administrative assessment in the total sum of One Thousand and Forty Dollars (\$1,040.65), said funds to be tendered in certified funds contemporaneously with the entry of this Agreement.
2. Pursuant to *Code of Alabama 1975*, §8-6-19(k)(1), Capital City Securities, LLC shall pay to the **Alabama Securities Commission**, as partial reimbursement for the Commission's cost for investigating this matter, the sum of One Thousand Two Hundred and Forty Dollars (\$1,240.00), said funds to be tendered in certified funds contemporaneously with the entry of this Agreement.

AGREED AND CONSENTED to on dates indicated:

CAPITAL CITY SECURITIES, LLC


Todd E. Crawford
President, CCO

April 20, 2020
DATE

APPROVED AND AGREED this 9th day of June 2020.

ALABAMA SECURITIES COMMISSION

445 Dexter Avenue, Suite 12000

Montgomery, AL 36104

(334) 242-2984

BY:



EDWIN L. REED

Deputy Director Administration

