

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2022077353201**

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

RE: Sentinel Brokers Company, Inc.  
Member Firm  
CRD No. 40305

Pursuant to FINRA Rule 9216, Respondent Sentinel Brokers Company, 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**

Sentinel Brokers Company, Inc. (SBC) has been a FINRA member since September 1996 and is headquartered in Jupiter, Florida. The firm has four branch offices and five registered representatives associated with the firm.<sup>1</sup>

**OVERVIEW**

From April 30, 2022, to September 30, 2022, the firm failed to maintain accurate books and records concerning the firm's net capital. During the same period, the firm filed five inaccurate Financial and Operational Combined Uniform Single (FOCUS) reports with FINRA. As a result, the firm violated Section 17(a) of the Securities Exchange Act of 1934, Exchange Act Rules 17a-3 and 17a-5, and FINRA Rules 4511 and 2010.

Between May 31, 2022, to July 31, 2022, SBC conducted a securities business while failing to maintain its minimum required net capital. As a result, the firm violated Section 15(c)(3) of the Exchange Act, Exchange Act Rule 15c3-1, and FINRA Rules 4110 and 2010. During the same period, SBC failed to timely file with the SEC and FINRA notices of its net capital deficiencies, violating Section 17(a) of the Exchange Act, Exchange Act Rule 17a-11, and FINRA Rule 2010.

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<sup>1</sup> For more information about the firm, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

The firm is censured and fined \$25,000.

### **FACTS AND VIOLATIVE CONDUCT**

This matter originated from a FINRA cause investigation.

#### **SBC Failed to Make and Preserve Accurate Books and Records and Filed Inaccurate FOCUS Reports**

FINRA Rule 4511 requires each FINRA member to make and preserve books and records in conformity with the Exchange Act and applicable Exchange Act rules. Exchange Act Section 17(a) and Exchange Act Rule 17a-3 require broker-dealers to prepare net capital calculations "at least once a month." Exchange Act Section 17(a) and Exchange Act Rule 17a-5 require member firms to timely file FOCUS reports. Inherent in the obligation to make and preserve books and records is the requirement that they be accurate. Violations of Exchange Act Section 17(a), Exchange Act Rules 17a-3 and 17a-5, and FINRA Rule 4511 also constitute violations of FINRA Rule 2010, which requires members, in the conduct of their business, to "observe high standards of commercial honor and just and equitable principles of trade."

On April 12, 2022, Company A, an affiliate of SBC, transferred \$1,000,000 to SBC. In June 2022, Company A made additional transfers to SBC totaling \$364,412. Throughout the relevant period, the firm treated the \$1,364,412 as ownership equity in its net capital calculations and FOCUS reports, despite referring to the funds as loan proceeds in other documents and despite a lack of contemporaneous documentation demonstrating that the funds were ownership equity rather than loan proceeds.

In September 2022, the firm amended its Certificate of Incorporation to allow the firm to issue additional preferred stock. The firm thereafter issued fourteen shares of preferred stock to Company B, a second affiliate of SBC, in exchange for the \$1,364,412 that Company A previously provided to the firm.

The firm should not have treated the funds as ownership equity without contemporaneous documentation supporting that treatment, rendering the firm's net capital computations inaccurate from April 30, 2022, until September 30, 2022, when the firm was able to prove that the funds were ownership equity as demonstrated by the issuance of the preferred stock. During that period, the firm also filed five FOCUS reports that inaccurately stated the firm's minimum required net capital and excess net capital due to the inaccurate treatment of the \$1,364,412. Based on the foregoing, SBC violated Exchange Act Section 17(a), Exchange Act Rules 17a-3 and 17a-5, and FINRA Rules 4511 and 2010.

#### **SBC Conducted A Securities Business While Failing to Maintain Its Required Net Capital**

Exchange Act Section 15(c)(3) and Exchange Act Rule 15c3-1 require broker-dealers to maintain certain minimum levels of net capital. FINRA Rule 4110(b)(1) requires member

firms to suspend all business operations during any period in which they are not in compliance with applicable net-capital requirements as set forth in Exchange Act Rule 15c3-1. Violations of Exchange Act Section 15(c)(3), Exchange Act Rule 15c3-1, and FINRA Rule 4110 also constitute violations of FINRA Rule 2010.

Because the firm improperly treated the \$1,364,412 from Company A as ownership equity from April to September 2022, the firm miscalculated its required minimum net capital and excess net capital. The corrected computations show that the firm's net capital fell below the required minimum amount on May 31, 2022, and remained below the required minimum amount through July 31, 2022. The firm continued to conduct a securities business during this time, including on at least 42 days during the period when it lacked the required minimum net capital.

Based on the foregoing, SBC violated Exchange Act Section 15(c)(3), Exchange Act Rule 15c3-1, and FINRA Rules 4110 and 2010.

#### **SBC Failed to File Required Notices of Its Net Capital Deficiencies**

Exchange Act Section 17(a) and Exchange Act Rule 17a-11(a) require broker-dealers whose net capital declines below the minimum amount to give "notice of such deficiency that same day" to FINRA and the SEC. Violations of Exchange Act Section 17(a) and Exchange Act Rules 17a-11 constitute violations of FINRA Rule 2010.

SBC failed to file with FINRA and the SEC the required notices for its net capital deficiency period between May 31, 2022, and July 31, 2022.

Based on the foregoing, SBC violated Exchange Act Section 17(a), Exchange Act Rule 17a-11, and FINRA Rule 2010.

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

- a censure; and
- a \$25,000 fine.

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.

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 prejudice 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.

Date

2/4/05

  
Sentinel Brokers Company, Inc.  
Respondent

Print Name: JOSEPH LAWLESS

Title: CEO

Accepted by FINRA:

02/10/2025

Date

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



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Christopher Miles  
Counsel  
FINRA  
Department of Enforcement  
200 Liberty St., Fl. 11  
New York, NY 10281-1103