

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2018060034002**

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

RE: Tigress Financial Partners, LLC (Respondent)
Member Firm
CRD No. 154717

Pursuant to FINRA Rule 9216, Respondent Tigress Financial Partners, LLC 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

Tigress has been a FINRA member since 2011. The firm has approximately 30 registered representatives operating from three offices. The firm is headquartered in New York, New York and conducts a general securities business.¹

OVERVIEW

Beginning in 2018, Tigress onboarded hundreds of new customers domiciled in high-risk foreign jurisdictions. From January 2018 to March 2022, Tigress's anti-money laundering (AML) compliance program was not reasonably designed to detect and report suspicious transactions given this new business line. In addition, from May 2018 to May 2020, Tigress did not disclose the mark-up or mark-down on over 2,000 customer confirmations or reasonably supervise for compliance with its customer confirmation obligations. For its AML violations (FINRA Rules 3310 and 2010) and its customer confirmation and supervision violations (FINRA Rules 2232, 4511, 3110, and 2010), Tigress is fined \$100,000.

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 regulatory tips made to FINRA and a fixed income review of the firm.

A. Tigress did not develop and implement a reasonable AML program.

FINRA Rule 3310 requires each member firm to develop and implement a written AML program reasonably designed to achieve and monitor the firm's compliance with the requirements of the Bank Secrecy Act and implementing regulations. FINRA Rule 3310(a) requires each member firm to "[e]stablish and implement policies and procedures that can be reasonably expected to detect and cause the reporting of transactions required under 31 U.S.C. § 5318(g) and the implementing regulations thereunder." The implementing regulation, 31 C.F.R. § 1023.320, requires broker-dealers, under specified circumstances, to file with the Financial Crimes Enforcement Network "a report of any suspicious transaction relevant to a possible violation of law or regulation."

FINRA Rule 3310(f) requires a firm's AML compliance program to include appropriate risk-based procedures for conducting ongoing customer due diligence that include (i) understanding the nature and purpose of customer relationships for the purpose of developing a customer risk profile; and (ii) conducting ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information.

In April 2002, NASD issued Notice to Members 02-21, which advised that each firm's AML program should be tailored to the particular risks of its business model and customer base and explained that firms have an obligation to monitor for and report suspicious transactions, including those that raise "red flags" of suspicious activity. In May 2019, FINRA issued Regulatory Notice 19-18, reminding firms of their suspicious activity reporting obligations and providing a non-exhaustive list of red flags suggestive of suspicious activity. Those red flags include customers domiciled in, doing business in, or regularly transacting with counterparties in a jurisdiction that is known as a bank secrecy haven, tax shelter, or high-risk geographic location; customers who engage in a pattern of securities transactions to engage in currency conversion; and customers who engage in unusually frequent domestic and international automated teller machine (ATM) activity. Regulatory Notice 19-18 also states that where red flags of suspicious activity are detected, the firm should consider whether additional investigation, customer due diligence measures, or a suspicious activity report filing may be warranted.

A violation of FINRA Rule 3310 also is a violation of FINRA Rule 2010, which requires FINRA members to "observe high standards of commercial honor and just and equitable principles of trade" in the conduct of their business.

Beginning in 2018, Tigress onboarded hundreds of customers domiciled in, doing business in, or regularly transacting with counterparties in jurisdictions known as bank secrecy havens, tax shelters, or high-risk geographic locations that had been referred by foreign advisors. These customers came to account for over two-thirds of the firm's retail

business, and that retail business accounted for a majority of the firm's overall revenue. These customers collectively executed thousands of equity, fixed income, and options trades each month, and some of these customers sent and received third-party wire transfers to and from high-risk geographic locations. The firm did not reasonably tailor its AML compliance program to this higher-risk customer base and business model.

From January 2018 to March 2022, the firm's AML program did not include policies and procedures that could be reasonably expected to detect and cause the reporting of suspicious transactions. Tigress's written AML program, included in its written supervisory procedures (WSPs), provided that the firm would monitor for suspicious activity using available exception reports or review of a sufficient amount of account activity to permit identification of patterns of unusual activity and the presence of red flags. Specifically, the WSPs identified numerous red flags of potentially suspicious activity, including the use of shell companies; customers located in high-risk jurisdictions; customers who engage in numerous currency transactions aggregating to significant sums; customers who rapidly withdraw funds after a deposit of a large insurance check when the purpose of the withdrawal cannot be determined; and customers who were the subject of news reports indicating possible criminal, civil, or regulatory violations. However, the WSPs did not include reasonable guidance regarding what exception reports or account activity should be reviewed, how patterns of unusual activity were to be detected, or how to investigate and document investigations of unusual activity or red flags.

In practice, Tigress relied on a periodic manual review of hard copy blotters to detect and review for red flags. This manual process required line-by-line evaluation without the use of sorting, risk ranking, automation, or any other tools to identify trends or potentially suspicious activity or patterns of activity. This practice was unreasonable given the firm's customer base and the volume and types of securities transactions and money movements in firm accounts during the relevant period.

In addition, from May 2018 to March 2022, the firm's AML compliance program did not include appropriate risk-based procedures for conducting ongoing customer due diligence. Tigress's WSPs provided that the firm would determine, on a risk basis, which accounts would be subjected to additional due diligence, but did not reasonably identify what risk factors would subject a customer to additional due diligence, how the firm would determine which accounts would be subject to additional due diligence, when the additional due diligence would be performed, and what additional due diligence would consist of. In practice, only the few Tigress customers identified as politically exposed persons were designated as high risk or subjected to additional due diligence. Moreover, the firm did not understand the nature and purpose of the customer relationship of certain high-risk customers and, as a result, did not reasonably develop a customer risk profile for certain customers who utilized shell or private investment companies; were under investigation by the FBI; or were domiciled in, doing business in, or regularly transacting with counterparties in jurisdictions known as bank secrecy havens, tax shelters, or high-risk geographic locations. The firm's annual independent AML testing for each year during this time period identified deficiencies in the firm's procedures for conducting ongoing customer due diligence.

As a result, Tigress did not detect certain red flags of suspicious transactions. For example, an account held at Tigress by a foreign entity engaged in numerous offsetting transactions between July 2018 and March 2019 that had no apparent business purpose except to convert Argentinian pesos into U.S. dollars. Another foreign customer opened an account in 2018 funded by a \$700,000 third-party wire from a foreign insurance company, shortly thereafter wired out \$500,000 to a different third-party insurance company located in a financial secrecy haven, and later withdrew \$80,000 in cash within three months from ATMs located in a different foreign jurisdiction.²

Therefore, Tigress violated FINRA Rules 3310(a), 3310(f), and 2010.

B. Tigress did not disclose mark-ups and mark-downs on certain customer confirmations or reasonably supervise for compliance with its customer confirmation obligations.

Trade confirmations protect investors who buy or sell securities through broker-dealers by, among other things, alerting them to potential conflicts of interest with their broker-dealers and providing them the means to verify the terms of their transactions and evaluate transaction costs and the quality of their broker-dealers' executions.

Since May 14, 2018, FINRA Rule 2232(c) generally has required that non-institutional customer confirmations include the FINRA member's mark-up or mark-down expressed as a total dollar amount and as a percentage of the prevailing market price.

FINRA Rule 4511(a) requires members to make and preserve books and records as required by FINRA rules. Confirmation records must be accurate to comply with these requirements.

FINRA Rule 3110(a) requires FINRA members to "establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules." FINRA Rule 3110(b) requires members to "establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules."

A violation of FINRA Rules 2232, 4511, and 3110 also is a violation of FINRA Rule 2010.

Tigress representatives could execute corporate debt transactions either through the firm's clearing firm or on certain external platforms. Starting in May 2018, Tigress representatives were required to manually enter prevailing market price information when executing corporate debt transactions on external platforms. Tigress's clearing firm

² Starting in March 2022, the firm's business model shifted away from customers from high-risk jurisdictions, the firm revised its AML procedures, and the firm hired additional compliance personnel and a new AML compliance officer.

needed this prevailing market price information to calculate the mark-up or mark-down on corporate debt transactions executed on external platforms in order to include that information on customer confirmations. Tigress's clearing firm provided notice and training to the firm regarding this manual entry requirement. However, the firm's representatives did not manually enter the prevailing market price information. This issue persisted until the firm was notified of these deficiencies by FINRA staff. As result, between May 14, 2018, and May 31, 2020, Tigress did not include mark-up or mark-down information on 2,398 confirmations sent to non-institutional customers for same-day, offsetting trades in corporate debt securities.

During this period, Tigress did not have reasonable policies or procedures regarding the disclosures required on non-institutional customer confirmations. The firm conducted a single supervisory review of its customer confirmations during this same period. It examined a sample of confirmations but did not identify any missing disclosures. Tigress's clearing firm provided the firm with periodic reports showing that the prevailing market price and mark-up or mark-down for the subject transactions was "\$0.00." Had the firm reviewed those reports, it could have examined the related confirmations and seen that the mark-up or mark-down disclosure required by Rule 2232 was blank.³

Therefore, Tigress violated FINRA Rules 2232(c), 4511(a), 3110, and 2010.

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

- a censure and
- a \$100,000 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.

³ The firm updated its policies and procedures in May 2020 to address the requirements of FINRA Rule 2232(c) and to provide for regular supervisory reviews of the content of customer confirmations.

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:

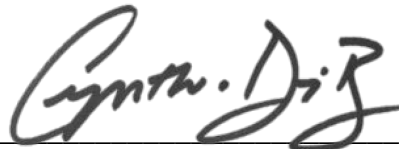
1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
3. FINRA may 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.

March 11, 2025

Date



Tigress Financial Partners, LLC
Respondent

Print Name: Cynthia DiBartolo

Title: CEO

Reviewed by:



Michael A. Gross
Counsel for Respondent
UB Greensfelder LLP
2255 Glades Road Suite 324A
Boca Raton, FL 33431-8571
Accepted by FINRA:

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

March 20, 2025

Date



Edwin Aradi
Senior Counsel
FINRA
Department of Enforcement
9509 Key West Avenue
Rockville, MD 20850