

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022073302002**

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

RE: USCA Securities LLC (Respondent)
Member Firm
CRD No. 103789

Pursuant to FINRA Rule 9216, Respondent USCA Securities LLC (USCA) 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

USCA has been a FINRA member firm since 2000. The firm is headquartered in Houston, Texas and has 95 registered representatives in four branch offices. The firm conducts a general securities business.¹

OVERVIEW

Between January 2022 and September 2022, USCA conducted a securities business on 35 days while failing to maintain its minimum required net capital, in violation of Section 15(c)(3) of the Securities Exchange Act of 1934, Exchange Act Rule 15c3-1, and FINRA Rules 4110 and 2010.

From December 2021 through July 2022, USCA failed to maintain accurate financial books and records and filed with FINRA eight inaccurate Financial Operational Combined Uniform Single (FOCUS) reports, in violation of Exchange Act § 17(a), Exchange Act Rules 17a-3 and 17a-5, and FINRA Rules 4511 and 2010.

From at least January 2021 through December 2022, USCA violated FINRA Rules 3110 and 2010 by failing to establish and maintain a supervisory system, including written

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

supervisory procedures (WSPs), reasonably designed to ensure compliance with net capital requirements.

For these violations, USCA is censured and fined \$75,000.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a FINRA cycle examination of USCA.

USCA conducted a securities business while failing to maintain its minimum required net capital.

Exchange Act § 15(c)(3) and Exchange Act Rule 15c3-1 require broker-dealers to maintain, at all times, 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. A violation of Exchange Act § 15(c)(3), Exchange Act Rule 15c3-1, or FINRA Rule 4110(b) is a violation of FINRA Rule 2010, which requires members to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

USCA conducted a securities business while under its minimum net capital requirement of \$100,000 on 35 days between January 2022 and September 2022. On three days in January and March 2022, USCA incurred net capital deficiencies because it inaccurately calculated its aggregate indebtedness and net capital when participating in firm commitment offerings as a co-manager or selling group member. Specifically, the firm was required to deduct 15 percent of the value of securities that it committed to purchase (i.e., an open contractual commitment (OCC) charge) from its net capital. However, USCA used the incorrect amount of shares allocated to the firm for each offering when calculating the value of the securities and, as a result, miscalculated the OCC charge associated with each offering. The firm's net capital deficiencies on these days ranged from \$221,180 to \$354,150.

Additionally, on seven days between July 1, 2022, and July 14, 2022, USCA incurred net capital deficiencies ranging from \$76,849 to \$147,296. These deficiencies occurred because the firm misstated certain allowable assets, including intercompany receivables owed to USCA by affiliated entities, non-allowable commissions receivable, and account balances. The deficiencies also resulted because the firm understated certain liabilities, including net payables to affiliates, and haircuts for money market balances.

Further, on 25 days from August 11, 2022 through September 15, 2022, USCA incurred net capital deficiencies after a USCA employee transferred \$4,872,000 from the firm's bank account to a bank account held by the firm's parent company. The funds transfer created a non-allowable receivable that caused the firm to incur net capital deficiencies ranging from \$10,871 to \$216,266.

Therefore, USCA violated Exchange Act § 15(c), Exchange Act Rule 15c3-1, and FINRA Rules 4110(b) and 2010.

USCA maintained inaccurate books and records and filed inaccurate FOCUS reports.

FINRA Rule 4511 requires each FINRA member to make and preserve books and records as required under the Exchange Act and applicable Exchange Act rules. Inherent in the obligation to make and preserve books and records is the requirement that they be accurate.

Exchange Act § 17(a) and Exchange Act Rule 17a-3 require broker-dealers to make and maintain ledgers accurately reflecting all assets and liabilities, as well as income and expenses. Exchange Act Rule 17a-3(a)(11) requires broker-dealers to prepare net capital computations “at least once a month.” Exchange Act Rule 17a-5 requires every broker-dealer to prepare and file monthly or quarterly FOCUS reports containing certain accounting and financial information, including the firm’s minimum required net capital, net capital, and excess net capital.

A violation of Exchange Act § 17(a), Exchange Act Rules 17a-3 or 17a-5, or FINRA Rule 4511 is also a violation of FINRA Rule 2010.

From December 2021 through July 2022, USCA prepared and maintained inaccurate general ledgers, net capital computations, and other financial books and records. USCA’s inaccurate books and records resulted from its misstatement of certain allowable assets and liabilities, as described above. In addition, the firm miscalculated and overstated its net capital.

As a consequence, the firm also inaccurately recorded certain financial information, including its assets, liabilities, expenses, and net capital, on eight monthly FOCUS reports for the period of December 2021 through July 2022. During this period, the FOCUS reports overstated the firm’s net capital in amounts that ranged from \$38,965 to \$1,020,734.

Therefore, USCA violated Exchange Act § 17(a), Exchange Act Rules 17a-3 and 17a-5, and FINRA Rules 4511 and 2010.

USCA failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with net capital requirements.

FINRA Rule 3110(a) requires each FINRA member 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 each FINRA member 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 Rule 3110 is also a violation of FINRA Rule 2010.

From at least January 2021 through December 2022, USCA failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with Exchange Act § 15(c)(3) and Exchange Act Rule 15c3-1. USCA lacked a supervisory system and WSPs to address the firm's compliance with requirements that the firm remain in net capital compliance at all times while serving as an underwriter in firm commitment offerings. The firm's WSPs assigned the firm's Financial and Operations Principal (FINOP) with responsibility for calculating and reporting the firm's net capital position. However, the firm did not provide any written guidance, in the WSPs or elsewhere, concerning how and when net capital calculations should be performed in connection with firm commitment offerings in which USCA participated.

The firm's WSPs also assigned the firm's FINOP with responsibility for supervising additions to, and withdrawals from, the firm's equity capital. However, the firm did not place any limitations on transfers of funds outside of the firm, including to affiliates, and did not require the FINOP to review or approve such transfers before they were made, notwithstanding the risk that such transactions could negatively impact the firm's net capital position.²

Therefore, USCA violated FINRA Rules 3110 and 2010.

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

- a censure and
- a \$75,000 fine.

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

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.

² The firm enhanced its supervisory system and WSPs concerning net capital compliance in December 2022.

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:

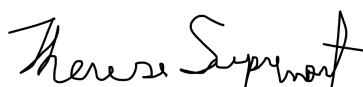
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not 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.

March 14, 2025
Date


USCA Securities LLC
Respondent

Print Name: Therese Surprenant

Title: USCA Securities Counsel

Accepted by FINRA:

March 27, 2025

Date

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



Frank M. Weber
Senior Counsel
FINRA
Department of Enforcement
Two Jericho Plaza
Suite 307
Jericho, NY 11753