FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2019062225601

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

RE: SpeedRoute LLC (Respondent)
Member Firm
CRD No. 104138

Pursuant to FINRA Rule 9216, Respondent SpeedRoute 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

SpeedRoute became a FINRA member in August 2000. During the relevant period, SpeedRoute provided market access and routing and execution services to domestic and foreign broker-dealer clients on an agency basis. SpeedRoute is headquartered in Jersey City, New Jersey. In March 2025, the firm filed a Uniform Request for Broker Dealer Withdrawal (Form BDW) requesting to terminate its membership with FINRA. FINRA retains jurisdiction over the firm pursuant to Article IV, Section 6 of FINRA's By-Laws.

In May 2021, SpeedRoute consented to a censure and an aggregate fine of $310,000 imposed by FINRA and Investors Exchange for, among other violations, failing to reasonably supervise for potentially manipulative trading in violation of FINRA Rules 3110 and 2010, NASD Rule 3010, and IEX Rules 3.110 and 5.110(a).

In December 2021 and January 2022, SpeedRoute consented to censures and fines of $510,000 and $450,000 imposed by NYSE Arca, Inc. and The Nasdaq Stock Market LLC, respectively, for failing to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to control the risks associated with the firm's provision of market access in violation of Exchange Act Rule 15c3-5, NYSE Arca Rule 6.18, NYSE Arca Rule 11.18, Nasdaq Rules 3010(a) and 2010A, and Nasdaq General 9, Sections 20(a) and 1(a). Both settlements also imposed undertakings that required the firm to revise its written supervisory procedures and

systems to address the deficiencies at issue. The firm certified compliance with the undertakings in March 2022.[1]

OVERVIEW

From April 2022 to the present, SpeedRoute failed to establish, document, and maintain risk management controls and supervisory procedures reasonably designed to manage the financial risks associated with its provision of market access, in violation of Section 15(c)(3) of the Securities Exchange Act of 1934, Exchange Act Rules 15c3-5(b), 15c3-5(c)(1)(i), and 15c3-5(c)(1)(ii), and FINRA Rules 3110 and 2010.

From August 2017 through December 2023, SpeedRoute failed to establish and maintain a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with applicable federal securities laws and FINRA rules prohibiting potentially manipulative trading, in violation of FINRA Rules 3110 and 2010.

From at least 2017 through the present, SpeedRoute failed to develop and implement a written anti-money laundering (AML) program reasonably designed to achieve and monitor its compliance with the Bank Secrecy Act (BSA) and the implementing regulations thereunder, in violation of FINRA Rules 3310 and 2010.

For these violations, SpeedRoute is fined $300,000, of which $75,000 shall be paid to FINRA.

FACTS AND VIOLATIVE CONDUCT

This matter originated from surveillance conducted by FINRA and a FINRA examination of SpeedRoute.

SpeedRoute's Business

From at least 2017 through the present, the firm had between approximately 80 to 160 broker-dealer clients. The clients typically routed tens of millions of equity orders and billions of shares per month through SpeedRoute.

SpeedRoute failed to establish, document, and maintain risk management controls and supervisory procedures reasonably designed to manage the risks associated with its market access activity.

Section 15(c)(3) of the Securities Exchange Act of 1934 prohibits broker-dealers from contravening the rules and regulations prescribed by the Securities and Exchange Commission to "provide safeguards with respect to the financial responsibility and related practices of brokers and dealers." The SEC adopted Exchange Act Rule 15c3-5 to reduce the risks associated with market access faced by broker-dealers, the securities markets, and the financial system as a whole, and thereby enhance market integrity and

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

investor protection by requiring effective financial and regulatory risk management controls reasonably designed to limit financial exposure and ensure compliance with applicable regulatory requirements to be implemented on a market-wide basis.

Exchange Act Rule 15c3-5(b) requires a broker or dealer with market access or that provides a customer or any other person with access to an exchange or alternative trading system through use of its market participant identifier or otherwise to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of this business activity.

Exchange Act Rule 15c3-5(c)(1)(i) requires a broker-dealer with market access to establish, document, and maintain financial risk management controls and supervisory procedures that are reasonably designed to systematically limit the financial exposure of the broker-dealer, including being reasonably designed to prevent the entry of orders that exceed appropriate pre-set credit or capital thresholds in the aggregate for each customer by rejecting orders that would exceed the applicable credit or capital thresholds.

Exchange Act Rule 15c3-5(c)(1)(ii) requires a broker-dealer with market access to establish, document, and maintain financial risk management controls and supervisory procedures that are reasonably designed to systematically limit the financial exposure of the broker-dealer, including being reasonably designed to prevent the entry of erroneous orders by rejecting orders that exceed appropriate price or size parameters, on an order-by-order basis or over a short period of time, or that indicate duplicative orders.

FINRA Rule 3110(a) requires member firms to establish and maintain a supervisory system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws, regulations, and FINRA rules. FINRA Rule 3110(b) requires member firms 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 Exchange Act § 15(c)(3), Exchange Act Rule 15c3-5, and FINRA Rule 3110 also is a violation 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.

The Adopting Release stated that "a broker-dealer will be required to set appropriate credit thresholds for each customer for which it provides market access, including broker-dealer customers . . . ." Broker-dealers should make such determinations "based on appropriate due diligence as to the customer's business, financial condition, trading patterns, and other matters, and document that decision." Also, broker-dealers should "monitor on an ongoing basis whether the credit thresholds remain appropriate, and promptly make adjustments to them, and its controls and procedures, as warranted."

The SEC explained in the Adopting Release with respect to preventing erroneous and duplicative orders that it "believes broker-dealers should take into account the type of customer as well as the customer's trading patterns and order entry history in determining how to set such parameters."

From April 2022 to the present, SpeedRoute failed to establish, document, and maintain financial risk management controls and procedures reasonably designed to limit the financial risks associated with providing market access to its clients.

SpeedRoute failed to implement reasonable credit controls and procedures.

From April 2022 to the present, SpeedRoute failed to establish and maintain a reasonable system for determining client credit controls.

First, the firm did not consider each new client's financial condition when setting initial credit limits. Instead, it established limits by comparing limits each client proposed against limits for existing clients that the firm considered comparable to the new one. The firm was unable to provide a reasonable rationale or documentation, including WSPs, supporting its methodology for determining initial credit limits, such as its process for determining which existing clients were comparable and identifying which existing clients to include or exclude in its comparisons.

Second, the firm did not assess the reasonableness of aggregate credit limits for clients with multiple accounts. The firm was unable to provide any reasonable justification or explanation for its methodology for determining aggregate credit thresholds for clients with multiple accounts, nor was such information included in the firm's WSPs. As a result, the firm set initial credit limits for some clients with multiple accounts that appeared to be unreasonably high. For example, one clients had 19 accounts, for a total aggregate credit limit of at least $17 billion. The firm was unable to provide any documentation or rationale for the reasonableness of this aggregate limit.

Third, the firm failed to establish and maintain a reasonable system for adjusting and reviewing credit limits for existing clients. From April 2022 to December 2023, the firm adjusted credit limits for most accounts based on the account's maximum credit limit used over the prior year, plus a standard cushion. The firm's process, including the standard cushion it applied, resulted in many accounts having credit limits that appeared unreasonably high in relation to their historical trading activity. Since December 2023, the firm adjusted credit limits by applying a different standard cushion based on the firm's average growth rate over the prior five years, rather than the client's financial condition. The firm also did not reasonably monitor on an ongoing basis whether limits remained appropriate. The firm set credit limits for some accounts based on expected order flow and maintained those limits for several quarters even though the expected order flow never materialized.

Fourth, from April 2022 to December 2023, the firm's process for temporarily adjusting credit limits was unreasonable. Firm personnel were allowed to approve clients' requests

for temporary increases without first reviewing them for reasonableness. Also, the firm had no written procedures to ensure that temporary changes reverted to the previously approved limits at the end of the trading day. In December 2023, the firm implemented WSPs addressing these deficiencies.

By failing to establish and maintain a reasonable supervisory system and procedures, Respondent violated Exchange Act § 15(c)(3), Exchange Act Rules 15c3-5(b) and 15c3-5(c)(1)(i), FINRA Rules 3110 and 2010.

SpeedRoute failed to implement reasonable erroneous order controls and procedures.

From April 2022 to the present, SpeedRoute maintained pre-trade single order quantity (SOQ) and single order notional value (SONV) controls, a single order price deviation control, an average daily trading volume (ADTV) control, and maximum order rate and duplicate order rate controls. The firm's erroneous order controls were not reasonably designed to prevent the entry of erroneous orders by the firm's clients.

SOQ and SONV Controls

From April 2022 to the present, the firm set initial SOQ and SONV limits for new clients by comparing limits each client proposed against limits for existing clients that the firm considered comparable to the new one. But the firm's methodology for selecting clients for comparison was unreasonable because it failed to take into consideration the client's financial condition, which is a factor to consider.

The firm also failed to establish and maintain a reasonable system for adjusting SOQ and SONV controls. From April 2022 to December 2023, the firm adjusted SOQ and SONV limits for most accounts based on the account's most aggressive order (with respect to SOQ or SONV, as applicable) over the prior year, including from orders that were never filled because the clients' sell prices were too high, plus a standard cushion. The firm's approach resulted in unreasonably high SOQ and SONV limits for many accounts compared to their historical trading activity. In December 2023, the firm began applying a standard cushion based on the firm's average growth rate over the prior five years, rather than the client's trading patterns and order entry history.

In addition, from April 2022 to December 2023, the firm applied SOQ and SONV limits to some accounts that were unreasonable for other reasons. The firm set SOQ limits without considering if they exceeded the SOQ limits of the exchanges. The limits that the firm applied would, for many securities, be too high to prevent the entry of erroneous orders that could have significant adverse market impact without an effective ADTV control or other reasonable control that addressed the potential market impact of an erroneous order. The firm applied SONV limits to some accounts that exceeded their credit limits, rendering the notional value control ineffective. The firm applied SONV limits to other accounts that were set at a level equal to their credit limits. But because the firm's SONV control did not consider the trading characteristics of individual securities,

establishing a SONV limit based solely on a client's credit limit was unreasonable absent a reasonably designed control, such as an effective ADTV control or other control that addressed potential market impact of an erroneous order, which the firm lacked.

Single Order Price Deviation Control

The firm failed to maintain a reasonable pre-trade price deviation control for rejecting orders priced more than a certain percentage away from a reference price.

First, from April 2022 to December 2023, the firm maintained unreasonable baseline price deviation limits that it applied to most accounts. The baseline limits were based on data from a single trading day, considered only the most aggressive limit orders (in terms of percentage away from the reference price) that each account made, and involved the application of a standard cushion that was arbitrary and unsupported by any empirical analysis. The firm was unable to demonstrate a reasonable rationale for its methodology.

Second, the firm applied price deviation controls to some accounts that were not reasonably designed because they were set at the exchanges' guidelines for clearly erroneous executions. Those guidelines generally should not be relied upon as a firm's pricing control, unless the firm demonstrates a rational basis for doing so, which SpeedRoute was unable to do.

Third, the firm's price deviation control was unreasonable because it excluded limit-on-close and limit-on-open orders. Exchange Act Rule 15c3-5 does not exempt such orders from price controls and the firm was unable to provide any rationale for excluding such orders.

Fourth, after December 2023, the firm determined price deviation controls by incorporating into its baseline limits an arbitrary and unreasonable standard cushion based on the firm's average growth rate over the prior five years, rather than on the client's trading or order history. It was unable to provide any reasonable rationale for this methodology. In addition, the firm's WSPs after December 2023 allow certain clients to have limits higher than the exchanges' clearly erroneous execution guidelines but do not explain how such limits should be determined or how they should be evaluated for reasonableness. The firm's WSPs do not provide sufficient guidance as to the circumstances under which it could or should approve higher price limits for certain clients.

ADTV Control

From April 2022 to August 2024, the firm failed to maintain a reasonable pre-trade ADTV control. The firm's ADTV control rejected orders with quantities that exceeded a certain percentage of a stock's average daily trading volume. However, the percentage was determined on a client-specific, rather than a security-specific, basis. Therefore, the firm's ADTV control was unreasonable because it did not take into account the trading characteristics of individual securities.

The firm's ADTV control was also unreasonable because the firm established the client-specific limit by identifying the single most aggressive order (in terms of percentage of the underlying stock's ADTV) that each account made over the prior month and setting a limit equal to that percentage plus a standard cushion. The firm was unable to provide any reasonable rationale for this methodology. This approach led to the firm setting ADTV limits for many accounts that were so high as to be functionally useless, including 64 accounts with a limit of at least 1,000 percent and 13 accounts with a limit of at least 10,000 percent. In addition, the firm applied a standard minimum ADTV limit that was unreasonable because it failed to consider the trading characteristics of the individual security and the firm was unable to provide any rationale supporting that this limit was reasonable.

Maximum Order Rate and Duplicate Order Rate Limits

The firm failed to maintain reasonable maximum order rate and duplicate order rate limits.

The firm's erroneous order controls limited the number of orders and duplicate orders that could be sent from a particular account per second. The firm considered orders to be duplicative if they had the same client, side, symbol, and size.

From April 2022 to December 2023, the firm unreasonably calculated clients' baseline order rate limits. The firm identified each account's highest order and duplicate order rates from a single trading day that was one of the firm's most active trading days, calculated the average of those order rates, and applied a standard cushion that was arbitrary and unsupported by any empirical analysis. The firm was unable to provide any reasonable rationale for this methodology.

After December 2023, the firm incorporated a cushion into its baseline limits based on the firm's, rather than the underlying client's, average growth rate over the prior five years. The firm was unable to provide any reasonable rationale for this methodology.

Therefore, Respondent violated Exchange Act § 15(c)(3), Exchange Act Rules 15c3-5(b) and 15c3-5(c)(1)(ii) and FINRA Rules 3110 and 2010.

SpeedRoute failed to reasonably supervise for potentially manipulative trading.

SpeedRoute's surveillance model.

In August 2017, SpeedRoute began using an automated third-party surveillance system to identify potentially manipulative trading in equities by its clients. In October 2020, SpeedRoute began using a different automated third-party surveillance system that had different parameters. SpeedRoute's surveillance systems regularly generated thousands of alerts per month for potentially manipulative client trading activity such as layering, spoofing, wash sales, and marking the close.

SpeedRoute failed to establish and maintain a supervisory system reasonably designed to detect and investigate potentially manipulative trading.

The duty to supervise imposed by FINRA Rule 3110 requires member organizations to reasonably investigate red flags that suggest misconduct may be occurring and to act upon the results of such investigation.

The firm's supervisory system, including its written supervisory procedures, for potentially manipulative trading were unreasonable in several respects.

First, the firm used unreasonably designed parameters to detect and prevent wash sales, layering, and spoofing during the period August 2017 to October 2020. For example, although the firm's clients traded in over-the counter (OTC) securities, the firm's surveillance for wash sales did not include OTC securities until December 2019. In addition, the firm's surveillance system for wash sales did not detect potential wash sales that occurred using partial executions, even though wash sales can occur using partial executions. Further, the firm's surveillance for layering and spoofing only generated an alert if there were seven or more potentially layered open orders, even though layering can be accomplished with fewer orders.

Second, from August 2017 to December 2023, SpeedRoute failed to allocate sufficient resources to reviewing surveillance alerts, and the firm's employees were not sufficiently experienced or trained to review surveillance alerts, resulting in delayed and incomplete reviews. Despite the volume of alerts generated, the firm assigned only one employee (except for three months in 2021) to review alerts for potentially manipulative trading in addition to their other compliance duties. Additionally, the employees assigned at different times to review surveillance alerts were not sufficiently trained or experienced to identify or investigate potentially manipulative trading. For example, the reviewer from August 2019 through June 2021 had no prior experience conducting surveillance reviews for potentially manipulative trading and the firm provided no training to the employee on how to identify manipulative trading patterns, which alerts required investigation, or when an alert required escalation. As a result, the reviewer was unable to timely review the thousands of alerts being generated each month, often fell weeks or months behind in reviewing the alerts, and in some instances failed to conduct reviews at all.

Third, SpeedRoute adopted unreasonably narrow sampling methods to determine which alerts to review. Beginning in December 2019, the firm only reviewed alerts where the client generated three or more alerts in one security in a single day, or six or more alerts in one security in a single week. The firm applied this sampling methodology to layering alerts until August 2021, and to spoofing alerts until March 2022. By adopting these unreasonably narrow sampling methods, potentially manipulative trading by clients who generated fewer alerts, or alerts in different securities, went unreviewed. For example, the firm selected for review only approximately four percent of the spoofing alerts generated

by the firm from October 2020 to January 2022 and excluded from review the other approximately 96 percent of the spoofing alerts generated during that period.

Fourth, SpeedRoute did not reasonably investigate the surveillance alerts it reviewed. From August 2017 to at least August 2021, the firm's reviewers made no attempt to identify patterns of potentially manipulative activity. The firm also did not track patterns of activity by trader to identify traders that generated surveillance alerts over time, such as where two traders at the same client executed trades consistently against each other, or where a trader at one client had trades executed consistently against a particular trader at a different client, both of which could indicate pre-arranged wash or matched trading. Moreover, when investigating alerts, the firm frequently accepted vague, repetitive, or general responses from its clients without taking reasonable action to assess or confirm the responses. Additionally, the firm's reviewers would unreasonably resolve spoofing and layering alerts with no further investigation if they determined that the security was the subject of recent news reports. The existence of news about a security is irrelevant to whether trading activity in that security is spoofing or layering.

Fifth, until December 2020, SpeedRoute's WSPs were unreasonable. Before October 2019, the firm's WSPs did not reference its automated third-party surveillance system or the review of surveillance alerts from that system. The firm amended its WSPs in October 2019 to reference its automated surveillance system, but the WSPs did not describe the steps reviewers should take or the factors reviewers should consider when reviewing alerts. The firm remediated by amending its WSPs in December 2020 to describe the surveillance review and escalation process.

By failing to establish and maintain a reasonable supervisory system and procedures, SpeedRoute violated FINRA Rules 3110 and 2010.

SpeedRoute failed to develop and implement a reasonably designed AML compliance 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 BSA and implementing regulations promulgated by the Department of Treasury. A violation of FINRA Rule 3310 also constitutes a violation of FINRA Rule 2010.

AML risks of SpeedRoute's business.

SpeedRoute executed a substantial volume of low-priced securities trades, including in the omnibus accounts of foreign financial institution (FFI) clients, some of which were Canada-based broker-dealers. For example, from 2017 to 2019, SpeedRoute executed approximately 20 million trades totaling almost nine billion shares in low-priced securities. This was approximately ten percent of its total executions and 20 percent of its total shares executed. Five of SpeedRoute's FFI clients traded almost exclusively in low-priced securities, with such trading representing 95 percent or greater of the FFIs'

total executed volume from 2017 to 2021. Additionally, many of the FFI clients traded through omnibus accounts, which posed heightened risk because SpeedRoute did not know the identities of the FFIs' underlying customers, including whether its FFI clients were transacting on behalf of other foreign intermediaries. Such relationships (sometimes called "nested" accounts) pose increased risks because they can be used to obscure the identities of the ultimate customer.

SpeedRoute failed to establish and implement an AML program reasonably expected to detect and cause the reporting of suspicious transactions.

FINRA Rule 3310(a) requires each firm to establish 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 its implementing regulations. Under the implementing regulation, 31 C.F.R. § 1023.320, broker-dealers are required, in specified circumstances, to file with the Financial Crimes Enforcement Network (FinCEN) a report of any suspicious transaction relevant to a possible violation of law or regulation.

In April 2002, NASD issued Notice to Members 02-21, which provided detailed guidance to members about their obligation to monitor for and report suspicious transactions. The Notice reminded members of their duty to look for red flags suggestive of money laundering or other violative activity, and it provided a non-exhaustive list of such red flags. The Notice also reminded members that "the obligation to develop and implement an AML compliance program is not a 'one-size-fits-all' requirement" and "each financial institution should … tailor its AML program to fit its business," taking into consideration factors such as its "size, location, business activities, the types of accounts it maintains, and the types of transactions in which its customers engage."

In May 2019, FINRA published Regulatory Notice 19-18 to remind members of their suspicious activity monitoring and reporting obligations. Notice 19-18 identified additional red flags suggestive of money laundering or other violative activity, including (1) "a sudden spike in investor demand for, coupled with a rising price in, a thinly traded or low-priced security"; (2) a client's "activity represent[ing] a significant proportion of the daily trading volume in a thinly traded or low-priced security"; and (3) an account "using a master/sub structure, which enables trading anonymity with respect to the sub-accounts' activity, and engag[ing] in trading activity that raises red flags, such as the liquidation of microcap issuers or potentially manipulative trading activity." Notice 19-18 further explained that "[u]pon detection of red flags through monitoring, firms should consider whether additional investigation, customer due diligence measures or a SAR [suspicious activity report] filing may be warranted."

SpeedRoute did not reasonably design its AML program to detect and report suspicious transactions.

From at least 2017 through the present, SpeedRoute did not tailor its AML program to reasonably detect and cause the reporting of suspicious transactions in low-priced securities.

Prior to mid-2020, SpeedRoute's AML procedures did not identify red flags associated with suspicious trading in low-priced securities or provide guidance about how to identify or address those red flags. SpeedRoute's AML procedures chiefly identified red flags related to retail customer account activity, even though SpeedRoute had no retail customers and those red flags were not applicable to its business.

Also prior to mid-2020, SpeedRoute did not have a reasonable system to detect suspicious trading in low-priced securities. SpeedRoute relied primarily on a manual review of daily trade blotters to monitor for suspicious trading in low-priced securities. SpeedRoute's manual daily trade blotter review was not reasonable given the volume of trading by its broker-dealer clients. From 2017 to 2019, for example, SpeedRoute handled an average of 270,000 executions, including 26,000 executions in low-priced securities, each day. The manual review was also not reasonable because the daily trade blotter did not reflect patterns of trading across accounts or multiple days or provide information relevant to red flags of suspicious trading in low-priced securities, such as the client's trading in proportion to the daily trading volume of the security.

In mid-2020, SpeedRoute decided to stop trading in low-priced OTC securities. By early 2021, SpeedRoute updated its AML procedures to state that it no longer accepted orders in low-priced OTC securities. However, SpeedRoute did not reasonably implement those procedures, and it inadvertently continued to accept orders and execute trades in certain low-priced securities through at least January 2024. SpeedRoute did not reasonably monitor this trading for suspicious activity.

SpeedRoute failed to detect and review red flags of suspicious trading.

SpeedRoute failed to detect, investigate, and respond to suspicious trading in at least 15 low-priced securities between at least November 2018 and August 2020.

The suspicious trading came, in large part, from two Canadian broker-dealers, FFI-1 and FFI-2, which both traded through omnibus accounts at SpeedRoute. FFI-1 and FFI-2 used SpeedRoute almost exclusively to liquidate low-priced securities, with such liquidations comprising over 97 percent of their respective total executions between 2017 and 2021. SpeedRoute failed to detect and investigate red flags of suspicious activity relating to their liquidations of low-priced securities.

For example, from early September 2019 through early November 2019, SpeedRoute executed for FFI-1 sales of approximately 1.4 million shares of one low-priced security for proceeds of approximately $1.75 million. SpeedRoute failed to detect or investigate

[redacted]

that FFI-1's sales were approximately 50 percent of the security's daily trading volume on 11 days, FFI-1's liquidations occurred shortly after promotional campaigns and during volume spikes, and the issuer of the security had disclosed in filings on OTC Markets that it had a net loss of $52,000, an accumulated deficit of $28.5 million, and its auditors had substantial doubt as to its ability to continue as a going concern.

In addition, from late March 2020 through late April 2020, SpeedRoute executed for FFI-2 total sales of approximately 400,000 shares of one low-priced security for proceeds of at least $1.3 million. SpeedRoute failed to detect or investigate that FFI-2's sales were over 50 percent of the security's daily trading volume on 11 days, FFI-2's liquidations occurred shortly after promotional campaigns and during price and volume spikes, and the issuer of the security had disclosed in SEC filings that it had no business apart from seeking merger opportunities and its auditors had substantial doubt as to its ability to continue as a going concern.

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

SpeedRoute failed to establish a reasonable due diligence program for FFI correspondent accounts.

FINRA Rule 3310(b) requires each firm to establish and implement policies, procedures, and internal controls reasonably designed to achieve compliance with the BSA and its implementing regulations. Under 31 C.F.R. § 1010.610, broker-dealers must establish a due diligence program for correspondent accounts the broker-dealer maintains for foreign financial institutions. The due diligence program must include appropriate, specific, and risk-based policies, procedures, and controls reasonably designed to enable the broker-dealer to detect and report any known or suspected money laundering activity conducted through or involving such accounts. The broker-dealer's due diligence program must include an assessment of the money laundering risks presented by the correspondent account based on a consideration of all relevant factors, including, as appropriate, (1) the nature of the FFI's business and the markets it serves; (2) the type, purpose, and anticipated activity of the account; (3) the nature and duration of the firm's relationship with the FFI; (4) the AML and supervisory regime of the jurisdiction that issued the charter or license to the FFI; and (5) information known or reasonably available about the FFI's AML record. 31 C.F.R. § 1010.610(a) also requires the broker-dealer to "appl[y] risk-based procedures and controls to each such correspondent account reasonably designed to detect and report known or suspected money laundering activity, including a periodic review of the correspondent account activity sufficient to determine consistency with information obtained about the type, purpose, and anticipated activity of the account."

From at least 2017 to 2020, SpeedRoute did not establish any due diligence program, including due diligence policies, procedures, or controls, for its FFI correspondent accounts. Before 2020, the firm's procedures incorrectly stated that it did not open any foreign accounts. In practice, SpeedRoute maintained correspondent accounts for up to ten Canadian broker-dealers. In 2020, SpeedRoute implemented a due diligence program for FFI correspondent accounts.

From 2020 through the present, SpeedRoute's diligence program for FFI correspondent accounts was not reasonably designed. SpeedRoute's due diligence program was limited to (a) reviewing the AML regime in Canada to determine that it was similar to the AML regime in the U.S. and (b) confirming that the FFI was registered in Canada and therefore subject to Canada's AML regime. SpeedRoute did not reasonably assess other relevant factors, such as the nature of the FFI's business, the markets it served, and the type, purpose, and anticipated activity of the FFI correspondent account. Additionally, SpeedRoute had no periodic reviews of activity in FFI correspondent accounts to determine whether this activity was consistent with the information the firm had obtained about the type, purpose, and anticipated activity of the accounts.

Therefore, SpeedRoute violated FINRA Rules 3310(b) and 2010.

SpeedRoute failed to conduct reasonably designed tests of its AML program.

FINRA Rule 3310(c) requires members to provide for independent testing of their AML compliance programs.

From at least January 2017 through November 2022, SpeedRoute conducted independent testing of its AML compliance program that was not reasonably designed because it did not evaluate certain aspects of the firm's AML program. First, the testing did not evaluate whether SpeedRoute's program could reasonably be expected to detect and cause the reporting of suspicious trading in low-priced securities. Second, the testing did not evaluate whether SpeedRoute had a reasonable due diligence program for its FFI correspondent accounts. As a result of these deficiencies, SpeedRoute did not identify gaps in its AML compliance program.

Therefore, SpeedRoute violated FINRA Rules 3310(c) and 2010.

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

- a censure; and
- a $300,000 fine, of which $75,000 shall be paid to FINRA.[2]

Respondent has submitted a statement of financial condition and demonstrated a limited ability to pay. In light of Respondent's financial status, a fine of $300,000, of which $75,000 shall be paid to FINRA, has been imposed.

FINRA has considered Respondent's limited ability to pay in connection with the monetary sanctions imposed in this matter. 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 remainder will be paid to the Investors Exchange LLC, Nasdaq Stock Market LLC, and NYSE Arca, Inc.

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.

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 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.

April 8, 2025
Date

Alex Vlastakis
SpeedRoute LLC
Respondent

Print Name: Alex Vlastakis

Title: President

Reviewed by:

James Dombach
James Dombach
Counsel for Respondent
Davis Wright Tremaine LLP
1301 K Street NW, Suite 500 East
Washington, D.C. 20005

Accepted by FINRA:

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

April 22, 2025
Date

Becket Marum
Becket Marum
Counsel
FINRA
Department of Enforcement
1700 K Street NW
Washington, DC 20006