

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021069276401**

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

RE: Sonenshine & Company LLC (Respondent)
Member Firm
CRD No. 104357

Pursuant to FINRA Rule 9216, Respondent Sonenshine & Company 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

Sonenshine & Company LLC has been a FINRA member since April 2001. The firm employs eight registered representatives and has one office, located in New York, New York. The firm engages in an investment banking business, including acting as a placement agent for private placements and advising on mergers, acquisitions, and other corporate financing transactions.

In October 2011, Sonenshine was censured and fined \$15,000 for, among other things, failing to provide for independent anti-money laundering (AML) testing and failing to provide adequate ongoing AML training for firm personnel from September 2006 through June 2010, in violation of FINRA Rules 3310(c), 3310(e), and 2010, and their predecessors, NASD Rules 3011(c), 3011(e), and 2110.¹

OVERVIEW

From July 2017 to the present, Sonenshine violated FINRA Rules 3310(b) and 2010 by failing to establish and implement policies, procedures, and internal controls reasonably designed to achieve compliance with the Bank Secrecy Act (BSA) and implementing regulation 31 C.F.R. § 1010.520, which required the firm to search its records in response

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

to Financial Crimes Enforcement Network (FinCEN) requests. As a result, the firm failed to timely search its records in response to FinCEN requests in 2021.

Further, from July 2017 to December 2023, Sonenshine violated FINRA Rules 3310(c) and 2010 by failing to establish and implement an AML program that provided for independent testing of AML compliance each calendar year. Throughout this period, Sonenshine's AML procedures did not require annual testing, and during at least calendar years 2020 and 2022, Sonenshine failed to conduct such testing.

For these violations, Sonenshine is censured and fined \$20,000, and has agreed to an undertaking.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's cycle examination of the firm.

A. Sonenshine failed to develop and implement a reasonable AML program.

FINRA Rule 3310 requires each FINRA member 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 the implementing regulations promulgated thereunder by the Department of the Treasury.

A violation of FINRA Rule 3310 also constitutes 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.

B. Sonenshine failed to establish and implement reasonable policies and procedures to review and respond to FinCEN requests.

FINRA Rule 3310(b) requires each FINRA member to establish and implement policies, procedures, and internal controls reasonably designed to achieve compliance with the BSA and its implementing regulations.

Section 314(a) of the USA PATRIOT Act and its implementing rule (31 C.F.R. § 1010.520) authorize FinCEN to request information from broker-dealers on behalf of law enforcement agencies. After receiving a Section 314(a) request, a broker-dealer must search its records to determine whether it has accounts for, or engaged in transactions with, specified individuals, entities, or organizations. If so, it must respond to FinCEN in a timely manner.

In 2017, FINRA warned Sonenshine that it was not complying with Rule 3310(b) as to FinCEN requests. Despite this, from July 2017 to the present, Sonenshine failed to establish and implement reasonable policies, procedures, and internal controls for timely reviewing and responding to FinCEN requests. The firm's written AML procedures fail to provide any guidance on how to search firm records in response to FinCEN requests. Moreover, the written procedures do not establish any process for monitoring or

otherwise supervising whether the firm timely reviewed and responded to FinCEN requests. Furthermore, the firm did not review or respond to any FinCEN requests from March 2021 through August 2021. The firm was unaware of these failures until FINRA identified them in 2021.

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

C. Sonenshine failed to establish and implement annual independent testing for AML compliance.

FINRA Rule 3310(c) requires the AML program of each FINRA member to provide for annual (on a calendar-year basis) independent testing of the AML compliance program, unless the firm does not execute transactions for customers or otherwise hold customer accounts or act as an introducing broker with respect to customer accounts, in which case such independent testing is required every two years (on a calendar-year basis).

Sonenshine engaged in an investment banking business, including acting as a placement agent for private placements, during the relevant period. Sonenshine executed transactions for customers and therefore was required to provide for independent testing of its AML compliance program on an annual, calendar-year basis.

FINRA warned Sonenshine in 2017 that it was required to conduct *annual* AML independent testing. Despite this, the firm's written AML procedures only required such testing every two years until December 2023. Furthermore, the firm failed to conduct AML independent testing in at least calendar years 2020 and 2022.

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

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

- a censure;
- a \$20,000 fine; and
- an undertaking that, within 60 days of the date of the notice of acceptance of this AWC, a member of Respondent's senior management who is a registered principal of the firm shall certify in writing that, as of the date of the certification, the firm has remediated the issues identified in this AWC and implemented a written AML program reasonably designed to achieve compliance with Rule 3310 regarding the issues identified in this AWC. The certification shall include a narrative description and supporting exhibits sufficient to demonstrate Respondent's remediation and implementation. FINRA staff may request further evidence of Respondent's remediation and implementation, and Respondent agrees to provide such evidence. Respondent shall submit the certification to Gregory R. Firehock, Senior Counsel, Department of Enforcement, Financial Industry Regulatory Authority, 1601 Market Street, Suite 2700, Philadelphia, Pennsylvania, 19103, gregory.firehock@finra.org, with a copy to

EnforcementNotice@finra.org. Upon written request showing good cause, FINRA staff may extend this deadline.

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 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 9, 2025

Date

Marshall Sonenshine

Sonenshine & Company LLC
Respondent

Print Name: Marshall Sonenshine

Title: Managing Partner

Reviewed by:

Ian McLoughlin

Ian J. McLoughlin
Counsel for Respondent
Shapiro Haber & Urmey LLP
One Boston Place
Suite 2600
Boston, Massachusetts 02108
Accepted by FINRA:

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

April 15, 2025

Date

Gregory Firehock

Gregory R. Firehock
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FINRA
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