

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Boustead Securities, LLC
CRD No. 141391,

Sutter Securities Incorporated
CRD No. 30770,

and

Keith Charles Moore
CRD No. 5191450,

Respondents.

Disciplinary Proceeding
No. 2022075185901

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. From January 2021 through December 2023 (the Relevant Period), Respondents Boustead Securities, LLC (Boustead) and Sutter Securities Incorporated (Sutter) violated anti-money laundering (AML), supervisory, recordkeeping, and other SEC or FINRA rules in connection with their jointly conducted investment banking businesses.

2. Within the Relevant Period, the firms, which were commonly owned and controlled, acted as an underwriter or selling group member in approximately 30 public distributions of securities, including initial public offerings (IPOs) involving small, micro, and nano-capitalization issuers based in China or other foreign jurisdictions.

3. The issuers in these offerings referred individuals to Boustead and Sutter to open brokerage accounts for the purpose of trading in the issuers' securities. The referred individuals (issuer-referred customers) were often foreign nationals residing outside of the United States who never met or spoke in person with the firms' representatives. The firms' business model of underwriting public offerings for issuers located in China or other foreign jurisdictions and facilitating trading in those issuers' low-priced securities for foreign issuer-referred customers posed risks to the firms including, among other things, that the brokerage accounts may be controlled by undisclosed persons or groups (i.e., nominee accounts) and that the trading in those accounts may be potentially manipulative or fraudulent. Neither firm, however, established or implemented a reasonably designed AML program tailored to the firms' business activities and risks.

4. Boustead and Sutter also failed to monitor for, detect, and investigate red flags that the accounts may be beneficially owned or controlled by nominees, both during the account opening process and after the firms opened the accounts. These red flags included nearly identical customer account profiles, customers with uncorroborated financial information, and investment amounts that were not commensurate with the customers' reported occupations, incomes, or financial resources. Because the firms failed to monitor for, detect, or investigate these red flags, they failed to consider whether to file suspicious activity reports (SARs).

5. Additionally, Boustead and Sutter failed to establish or implement AML policies and procedures, or conduct ongoing due diligence, to monitor for, detect, or investigate suspicious activity indicative of potentially manipulative or fraudulent trading. Because the firms failed to monitor for, detect, or investigate these red flags, they failed to consider whether to file SARs to report potentially suspicious transactions.

6. At all relevant times, Respondent Keith Charles Moore (Moore) was the CEO at both firms responsible for supervising the business activities of Boustead and Sutter, and he was also the Anti-Money Laundering Compliance Officer (AMLCO) for both firms. Despite being aware of red flags relating to the firms' underwriting and syndication activities involving customers and issuers in foreign jurisdictions, Moore failed to implement a reasonable AML program at either firm to monitor for, detect, and report suspicious transactions to achieve compliance with the BSA and its implementing regulations. By virtue of this misconduct, Boustead, Sutter, and Moore violated FINRA Rules 3310(a), 3310(f), and 2010. **(First Cause of Action)**

7. Boustead and Sutter also failed to establish or maintain a supervisory system reasonably designed to detect and investigate red flags of fraud and manipulative activity and to supervise the firms' underwriting and syndication activities. No Boustead principals reviewed the firm's trading for suspicious activity; Sutter relied on a manual review of its trading blotter conducted by a principal who never received training for how to review a blotter for suspicious activity; and neither firm reviewed customer orders to monitor for suspicious activity.

8. Additionally, although Regulation M, promulgated by the Securities and Exchange Act of 1934 (Exchange Act), prohibits distribution participants from inducing or soliciting securities bids or purchases within an applicable restricted period, both firms repeatedly mis-identified when the applicable restricted period commenced and failed to establish a supervisory system reasonably designed to monitor for, detect, and prevent prohibited soliciting or inducement activity to comply with Regulation M. By virtue of this misconduct, Boustead and Sutter violated FINRA Rules 3110(a) and 2010. **(Second Cause of Action)**

9. Between January 2019 and February 2023, Boustead also failed to establish and maintain a reasonable supervisory system to retain and review business-related communications sent and received through WhatsApp and WeChat, internet-based messaging applications. Although Boustead, through Moore, was aware that firm employees (including Moore) were using WhatsApp and WeChat for business purposes, Boustead failed to preserve or review thousands of WhatsApp and WeChat business-related communications. By virtue of this misconduct, Boustead willfully violated Section 17(a) of the Securities Exchange Act of 1934 and Exchange Act Rule 17a-4, and Boustead also violated FINRA Rules 3110(a), 3110(b), 4511, and 2010. **(Third and Fourth Causes of Action)**

10. Boustead also failed to disclose to FINRA or investors approximately \$1.25 million in underwriting compensation received in connection with an IPO that took place in May 2021. By virtue of this misconduct, Boustead violated FINRA Rules 5110(a), 5110(b), and 2010. **(Fifth Cause of Action)**

11. Finally, during the Relevant Period, Sutter repeatedly sold new issue securities to accounts in which restricted persons, i.e., immediate family members of Sutter representatives, held a beneficial interest. The firm also failed to establish and maintain a reasonable supervisory system to achieve compliance with the FINRA rule prohibiting sales of new issue to restricted persons. By virtue of this misconduct, Sutter violated FINRA Rules 5130(a), 3110(a), and 2010. **(Sixth and Seventh Causes of Action)**

RESPONDENTS AND JURISDICTION

12. Boustead has been a FINRA member since January 2007. Boustead is an investment banking firm that provides underwriting and advisory services in connection with IPOs, mergers and acquisitions, capital raises, and restructuring assignments in a variety of

industries, geographies, and transaction types. The firm, which has one branch office, is headquartered in Irvine, California, and employs 34 registered representatives. Because Boustead is currently a member firm, FINRA has jurisdiction over it.

13. On November 14, 2022, Boustead entered into a Letter of Acceptance, Waiver, and Consent (AWC) with FINRA finding that, from March 2018 to March 2020, the firm's supervisory system, including its written supervisory procedures (WSPs), was not reasonably designed to achieve compliance with Exchange Act Rule 17a-3 and FINRA Rules 2111, 4512, and 5110. As a result, Boustead failed to collect certain required account and investment profile information of its customers participating in private placement offerings and failed to file or timely file certain required corporate offering filings. Therefore, Boustead violated Exchange Act Rule 17a-3 and FINRA Rules 3110, 4512, 5110, and 2010. Pursuant to the AWC, Boustead consented to a censure and \$35,000 fine.

14. Sutter has been a FINRA member since December 1992. Sutter is an investment banking firm that provides financial advisory services in connection with private placements, securities trading, mergers and acquisitions, and corporate restructurings. During the Relevant Period, Sutter was often a member of the selling group for securities offerings underwritten by Boustead, and it began acting as a co-underwriter with Boustead in 2023. The firm is headquartered in Irvine, California (in the same branch location as Boustead), has three branch offices, and employs 35 registered representatives. Because Sutter currently is a member firm, FINRA has jurisdiction over it.

15. Moore first became registered with FINRA through an association with Boustead in January 2007, and between January 2007 and February 2024, Moore was registered with FINRA through his association with Boustead in multiple capacities, including as a General

Securities Representative (GS), General Securities Principal (GP), Investment Banking Representative (IB), Investment Banking Principal (BP), Compliance Officer (CR), and Operations Professional (OS). In April 2019, Moore also became registered with FINRA as a GS, GP, IB, BP, and OS through an association with Sutter. Between August 2017 and February 2024, Moore also was registered with FINRA in various capacities through Sutter Securities Clearing, LLC, an affiliate of Boustead and Sutter. On February 16, 2024, Boustead filed a Uniform Termination Notice for Securities Industry Registration (Form U5) reporting Moore's voluntary termination from the firm, Sutter, and from Sutter Securities Clearing.

16. During the Relevant Period, Moore served as the CEO and AMLCO of both Boustead and Sutter.

17. Although Moore is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because: (1) the Complaint was filed within two years after February 16, 2024, which was the effective date of termination of Moore's registration with Boustead, Sutter, and Sutter Securities Clearing; and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member.

FACTS

I. The Firms' Underwriting and Investment Banking Businesses

18. Boustead and Sutter occupy the same office space in Irvine, California, share many of the same principals and representatives, and are wholly owned by the same holding company. At all relevant times, Moore was a co-owner of the holding company that wholly owned Boustead and Sutter.

19. During the Relevant Period, Boustead primarily provided underwriting, placement agent, and advisory services for IPOs and other types of capital raises.

20. Boustead acted as the lead underwriter for approximately 30 public offerings of small, micro, and nano-cap issuers during the Relevant Period. Many of these issuers maintained primary operations in foreign jurisdictions, including China, Hong Kong, and Malaysia.

21. Boustead's investment banking activities generated a majority of the firm's revenues.

22. Sutter primarily provided brokerage services to retail customers during the Relevant Period and was a selling group participant in many of the offerings underwritten by Boustead. As a selling group participant, Sutter marketed and sold new issues, i.e., IPOs of equity securities, and other securities to investors who purchased shares in offerings underwritten by Boustead.

23. As participants in IPOs and other public securities offerings, both Boustead and Sutter were subject to Regulation M, a set of rules promulgated by the SEC to prevent market manipulation by individuals with an interest in the outcome of an offering.

24. Retail customers of both Boustead and Sutter frequently participated in the IPOs and other securities offerings underwritten by Boustead.

25. In many of the securities offerings that Boustead underwrote, issuers referred multiple investors to Boustead and Sutter to open accounts and purchase shares in the offerings and in the aftermarket.

26. The firms' registered representatives and principals frequently opened and approved new accounts for issuer-referred customers without meeting the customers in person or by video and, on multiple occasions, never spoke with these customers at all during the account

opening process. This was particularly true with respect to customers who were referred *en masse* to Boustead and Sutter by issuers with business operations or headquarters located in China and other foreign countries. These customers often communicated with the firms solely by email.

27. During the Relevant Period, several of the offerings that Boustead and Sutter participated in as either an underwriter or selling group member experienced extreme price volatility in aftermarket trading, marked by substantial price spikes at or soon after opening, followed by rapid price declines.

28. For example, Boustead was the underwriter for the \$22.5 million IPO of Genius Group Limited (GNS), consisting of 3,763,636 ordinary shares offered at \$6 per share, on April 12, 2022, and Sutter participated in the IPO as a selling group member. GNS opened at \$15.11 per share, increased to an intraday high price of \$36.75, and closed at \$30.50. A week later (April 19, 2022), the share price declined to \$6.07. By December 2022, the share price fell below \$0.40.

29. Moore was aware of the significant price fluctuations in many of the firms' offerings. However, under the direction of Moore, Boustead and Sutter failed to investigate red flags relating to the firms' customers and their suspicious trading and order activity.

II. The Firms' AML Policies and Procedures

30. During the Relevant Period, Boustead and Sutter had similar AML policies and procedures, which were set forth in their respective WSPs. Boustead's WSPs were dated as of December 2020 and April 2022, and Sutter's WSPs were dated as of June 2020 and June 2021.

31. Boustead's and Sutter's AML policies and procedures mandated that the firms monitor their customers' account activity and stated that, to conduct such monitoring, "the Firm

may choose to implement internal manual methods for monitoring or may use some form of external automated monitoring system specific to the Firm.”

32. The firms’ AML policies and procedures did not identify or specify what the “internal manual methods for monitoring” or “external automated monitoring system” consisted of; when or under which circumstances those different methods for monitoring for suspicious activity should be utilized; or how the “continuous monitoring of customer account activities” should be documented and memorialized.

33. Boustead’s and Sutter’s AML policies and procedures also required each firm to conduct due diligence with respect to their respective customers and potential customers. These policies and procedures mandated that “[i]n the event that a [s]earch results in past regulatory actions, inconsistent or unverifiable customer information, or if there are accounts or transactions which need additional explanation or scrutiny the Firm will request the customer or potential customer for further details and documentation and the Firm may ask that certain accounts or transactions be more fully documented....”

34. Additionally, both firms’ AML policies and procedures stated that, “[i]n the event that a potential customer or customer . . . wishes to undertake a transaction that requires further scrutiny or has other information that requires additional review (“Events”), the AML CCO, or designee . . . will review the facts and circumstances of the Events to determine whether such Events would prevent the Firm from opening an account or allowing a certain transaction with the customer or potential customer, or whether such Events would permit an account opening but with restrictions and/or ongoing monitoring.”

35. Boustead’s AML policies and procedures designated the firm’s “AML CCO,” i.e., Moore, as “the party responsible for determining whether a particular transaction, or account

activity, including indicators of suspicious activities . . . warrants further investigation” and for making the final determination for filing a SAR.

36. Sutter’s AML policies and procedures, in effect as of June 2020, designated the firm’s CCO to be responsible for determining whether transactions warranted further investigation and whether a SAR should be filed. In June 2021, Sutter modified its procedures to require “the Firm’s Chief Compliance [O]fficer and AMLCO [to] conduct a review and determine whether a particular transaction, or account activity, including indicators of suspicious activities . . . warrants further investigation and for making the final determination for filing a [SAR]. Final determination on whether or not to file a SAR will be made by the AMLCO.”

37. As part of the firms’ “General Due Diligence When Opening an Account,” both firms were required by their AML policies and procedures to, among other things:

- a. “Inquire about the source of the customer’s assets and income so that the Firm can determine if the inflow and outflow of money and securities is consistent with the customer’s financial status;” and
- b. “Periodically contact businesses to verify the accuracy of addresses, the place of business, the telephone, and other identifying information.”

38. However, Boustead and Sutter did not require the firms’ representatives to document the implementation or outcome of these due diligence inquiries.

III. Boustead and Sutter Failed to Tailor Their AML Programs to Fit Their Businesses and Risks

39. Boustead and Sutter failed to establish and implement a reasonably designed AML program tailored to fit their businesses and risks, taking into consideration their size, location, business activities, the types of accounts they maintained, and the types of transactions in which their customers engaged.

40. In February 2021 and November 2022, FINRA published reports and regulatory notices that identified emerging threats and red flags of fraudulent activity directly relevant to the firms' business activities and risks involving low-priced securities, small-cap IPOs, and foreign-based issuers in high-risk jurisdictions such as China.

41. For example, in February 2021, FINRA published Regulatory Notice 21-03 urging member firms to review their policies and procedures relating to red flags of potential securities fraud involving low-priced securities. The regulatory notice included a non-exhaustive list of red flags relevant to the business activities conducted by Boustead and Sutter, including "customers that engage in transactions that are consistent with an intent to affect the price of a low-priced stock" and "multiple new customers opening accounts (particularly if they reside overseas and communicate with the firm only through electronic means) who either deposit shares of the same issuer or were introduced by the same individual to the firm[.]"

42. That same month, FINRA also published its 2021 Report on FINRA's Examination and Risk Monitoring Program, which identified "Emerging AML and Other Financial Crime Risks," including: (1) "[c]ertain foreign national and foreign entity nominee accounts appear to have been opened solely to invest in the initial public offerings and subsequent aftermarket trading in one or more exchange-listed issuers based in restricted markets, such as China;" and (2) "[t]he trading activity may include multiple similar limit orders being placed by the accounts at the same time, which could be indicative of coordinated and manipulative trading of the issuers' securities." The report further noted to member firms that effective practices to address these risks included monitoring for fraud during account opening by "reviewing account application fields for repetition or commonalities among multiple applications[.]"

43. In November 2022, FINRA published Regulatory Notice 22-25 alerting members to a “heightened threat of fraud” in connection with small-cap IPOs involving issuers with primary operations in China or other foreign countries. The regulatory notice identified potential indicators of fraud, including “[n]ominee accounts, primarily accounts opened for foreign nationals . . . to invest in IPOs and later place manipulative orders and trades to inflate aftermarket prices.” The indicators of potentially fraudulent nominee accounts identified in the regulatory notice included “similar timing of account opening,” “similar referral source or point of contact for accounts,” “similar IP addresses,” and “multiple customers or accounts placing layered buy limit orders at or around the same time, at prices higher than the IPO price . . . or other ‘red flags’ of pre-arranged or coordinated trading.”

44. Boustead’s and Sutter’s AML policies and procedures failed to identify these and other red flag indicators that issuer-referred customer accounts may be nominee accounts, even though both firms’ business activities regularly involved low-priced securities, small-cap IPOs, issuers with primary operations in China or other foreign countries, and issuer-referred customers placing similar-timed layered buy limit orders in the aftermarket at prices above the IPO price. Both firms also failed to establish policies, procedures, or internal controls to monitor for, detect, and investigate red flags that issuer-referred customers may be engaged in suspicious, pre-arranged, or otherwise manipulative activity.

45. Neither firms’ AML policies and procedures identified or addressed the risks posed by the firms’ participation in small, micro, and nano-cap IPOs involving issuers and investors from high-risk, foreign jurisdictions (*e.g.*, China), such as the risk that potential nominee accounts may engage in potentially manipulative activity.

46. Additionally, the firms' AML policies and procedures failed to identify or address the risks associated with opening accounts for multiple investors referred to the firms at the same time by the same issuer or intermediary, particularly when the investors were located overseas and only communicated with the firms' representatives through email.

47. In fact, Moore, in his role as the firms' AMLCO, was not aware of any particular AML risks associated with opening accounts for blocks of issuer-referred customers, notwithstanding FINRA guidance in Regulatory Notice 21-03, which identified "multiple new customers opening accounts (particularly if they reside overseas and communicate with the firm only through electronic means) who either deposit shares of the same issuer or were introduced by the same individual" as a red flag of potential securities fraud.

IV. Respondents Failed to Establish or Maintain AML Policies, Procedures, or Internal Controls that Could Be Reasonably Expected to Detect and Investigate Red Flags that Issuer-Referred Customers May Be Nominees

48. During the account opening process, and continuing thereafter, Boustead and Sutter failed to establish and implement AML policies and procedures, and conduct ongoing due diligence, to reasonably detect and investigate red flags that accounts opened by the firms for issuer-referred customers may have been beneficially owned by nominees. Because the firms failed to reasonably detect these red flags, or investigate them, the firms did not consider whether they had to file a SAR to report transactions involving the issuer-referred customer accounts.

49. Boustead's and Sutter's AML policies and procedures failed to identify relevant red flags that customer accounts might be nominee accounts, such as similar timing of account opening, similar referral source or point of contact for accounts, repetition and commonalities in customer account profiles, and multiple customers or accounts placing layered buy limit orders at or around the same time, at prices higher than the IPO price. The firms also failed to establish or

implement any policies, procedures, or internal controls to monitor for, detect, and investigate these red flags.

50. Additionally, the firms' AML policies and procedures did not require firm representatives to conduct due diligence concerning: (1) unidentified individuals who provided the source of funding for issuer-referred customers to invest in issuers' offerings; or (2) the relationship between issuers and issuer-referred customers, and the firms routinely failed to conduct such due diligence.

51. Although Boustead and Sutter were aware that issuer-referred customers intended to place similar limit buy orders in the aftermarket to boost the price of the issuer's low-priced security, the firms failed to establish or implement reasonably-designed policies, procedures, or internal controls to investigate whether the issuer or other unknown third parties were directing or controlling the accounts of the issuer-referred customers, or whether the customers were engaged in pre-arranged, coordinated, or manipulative activity. To the contrary, the head of Boustead's investment banking business, who was also a Sutter representative (Boustead Representative 1), encouraged issuers to refer customers to the firms who agreed to provide "aftermarket support" to boost the price of the issuer's security, particularly if there was a downward trend in the share price on the day of the offering.

52. The firms' failure to reasonably detect and investigate red flags involving issuer-referred customers and their trading activity occurred, in part, because they did not implement their existing AML policies and procedures. For example, the firms' AML policies and procedures required the firms to inquire into the source of their customers' assets and incomes and to contact businesses periodically to verify information provided by customers. But both

firms failed to do so, particularly with respect to customers who did not provide any documentation supporting their claim to be employed in China or other foreign jurisdictions.

53. Additionally, although Boustead’s and Sutter’s respective AML policies and procedures required each firm to request further details and documents when provided with “inconsistent or unverifiable customer information,” in practice neither firm conducted or documented any additional scrutiny when confronted with inconsistencies or unverified information in customer new account forms before approving customer accounts.

54. Boustead’s failure to implement its procedures for customer due diligence was recognized in 2021 and 2022 by an outside consultant who performed annual tests of the firm’s AML programs, which found that Boustead’s “procedures for ‘General Due Diligence When Opening an Account’ require that it perform inquiries and maintain certain records that do not conform to the questions [the firm actually] asked during its account opening.”

A. Respondents failed to investigate red flags concerning FCUV-referred customers.

55. Boustead served as the underwriter for an August 2021 offering involving Focus Universal, Inc. (FCUV)—a Nasdaq uplisting which saw significant, suspicious aftermarket trading.

56. FCUV referred more than 50 new customers to Boustead and to Sutter, which participated in the offering as a selling group member. The firms communicated with many such issuer-referred customers only by email.

57. At least fifteen FCUV issuer-referred customers whose account applications were approved by Boustead or Sutter raised red flags that their customers may be nominees. These red flags included financial information that was inconsistent with other available information about the customers; customers who expressed an intent to effect high-value transactions that were not

commensurate with the customers' reported occupation, income, or financial resources; and customers with unsubstantiated and unverified sources of funds. Examples of these red flags are alleged in paragraphs 58 to 69 below.

58. **Customer 1:** FCUV referred **Customer 1** to Sutter and advised the firm that **Customer 1** would invest \$2 million in connection with the offering. **Customer 1's** Sutter account opening form, dated June 22, 2021, identified her as a 22-year-old Chinese national with limited investment knowledge and experience, who was single and a student, yet claimed to have three dependents. The account form also stated that **Customer 1's** annual income ranged between \$40,000 and \$50,000 and her net worth ranged between \$280,000 and \$300,000, even though she was a 22-year-old student. It also identified "Spouse/Parent" as the source of funds for the new account without disclosing the name(s) of the individual(s) funding the account.

59. Additionally, the email account **Customer 1** used to correspond with Sutter identified a different name than the name on **Customer 1's** account application and driver's license. Moreover, Boustead's and Sutter's internal records tracking FCUV issuer-referred customers identified **Customer 1's** account under a different name than **Customer 1's** name—it was the name of an entity (**Entity 1**) that was owned by an individual other than **Customer 1** who was unable to open an account at Sutter due to an invalid passport.

60. Boustead and Sutter never investigated any of the red flags identified above, including **Customer 1's** relationship to **Entity 1** or the individual who was unable to open an account at Sutter to invest in the FCUV offering due to an invalid passport.

61. After the firms opened **Customer 1's** account, the firms ignored additional red flags that **Customer 1's** account may be a nominee account. For example, after **Customer 1's** account was opened at Sutter, her account was funded with \$2 million, an amount that was more

than six times her reported total net worth (\$300,000). This funding took place after FCUV's CEO emailed Moore and other Boustead and Sutter employees on August 10, 2021, that **Customer 1's** "account has been approved, she decided to invest \$1M, we talked to her father, her father decided to increase to \$2M. She will wire additional \$1M to her account." **Customer 1** ultimately purchased 230,870 FCUV shares for \$1,154,350.

62. Sutter also failed to investigate: (1) the unidentified "father" who purportedly decided to increase **Customer 1's** investment in the uplisting from \$1 million to \$2 million; or (2) why the "father" was investing in FCUV through an account held in someone else's name.

63. On January 17, 2022, **Customer 1** emailed a Sutter representative a screenshot of an international wire request form that she wanted to execute "asap." The wire request form showed that **Customer 1** sought to wire \$1.3 million from her Sutter account to a bank account held in the name of **Entity 1**. Although this red flag—combined with the red flags concerning **Customer 1's** account known to the firm at account opening—suggested that the funds for the account had come from a third-party entity, Sutter did not investigate: (1) the suspicious transaction request; (2) **Customer 1's** relationship with **Entity 1**; or (3) whether **Customer 1's** account was a nominee account.

64. **Customer 2**: FCUV notified Sutter that **Customer 2**, a limited liability company beneficially owned by a 30-year-old Chinese national residing in California, expected to invest \$500,000 in FCUV. The new account application stated that **Customer 2** had an annual income between \$20,000 and \$40,000, a net worth between \$50,000 and \$100,000, and a liquid net worth widely ranging between \$10,000 and \$600,000. The account form also stated that the beneficial owner had annual income between \$30,000 and \$60,000, a total net worth from \$20,000 to \$150,000, and a liquid net worth ranging from \$10,000 to \$100,000. The initial

source of funds for **Customer 2's** account was a "gift." However, the purported gift-giver was not identified.

65. **Customer 2's** account was funded with \$500,000, an amount that was five times the customer's reported net worth (\$100,000). **Customer 2** purchased 57,718 IPO shares of FCUV for approximately \$288,590, an investment amount that was more than double **Customer 2's** reported net worth.

66. **Customer 3:** FCUV notified Sutter that **Customer 3**, a Chinese national, was expected to invest \$100,000 in FCUV. The new account form, dated June 22, 2021, indicated that **Customer 3** was a 24-year-old, single, unemployed undergraduate student with limited investment knowledge and experience who reported no annual income yet claimed to have a net worth and liquid net worth between \$1 million and \$1.5 million. The new account form identified "Spouse/Parent" as the source of funds for the new account without identifying the name(s) of the individual(s) funding the account.

67. **Customer 4:** FCUV notified Sutter that **Customer 4**, a Chinese national, was expected to invest \$120,000 in FCUV. The new account form represented that **Customer 4** was 37 years old, married with two dependents, and unemployed with no annual income and a net worth of \$0. The new account form identified "Spouse/Parent" as the source of funds for the new account without identifying the name(s) of the individual(s) funding the account. **Customer 4** reported having limited investment knowledge and experience and maintaining no other brokerage accounts.

68. **Customer 4's** account at Sutter was funded by two checks each in the amount of \$50,000, despite **Customer 4** being unemployed with a reported net worth of \$0. **Customer 4**

subsequently purchased 11,544 IPO shares of FCUV for approximately \$57,720 and placed an order to purchase up to \$42,000 worth of additional FCUV shares in the aftermarket.

69. **Customer 5:** FCUV notified Boustead that **Customer 5**, a Chinese national, intended to invest \$500,000 in FCUV. The new account form stated that **Customer 5** was a self-employed “GENERAL manager” who both resided and worked at “Room 302” of a building in the Siming District of China. It also claimed that his annual income exceeded \$1 million and that his liquid and total net worth exceeded \$5 million. FCUV’s CEO also provided Sutter with a translation of a document purportedly verifying **Customer 5’s** address, which identified a hotel address in China as **Customer 5’s** residential address and was different from the address reported in the account form. **Customer 5** later provided another employer address to the firm and claimed that he owned a vitamin manufacturing factory.

70. Despite the red flags and unverified information presented in the new account forms for the issuer-referred customers identified above, Boustead and Sutter failed to investigate the red flags or to conduct due diligence concerning the customers’ purported employment, net worth, and source of funding.

71. Sutter, for example, failed to detect and investigate apparent contradictions between the customers’ intended investment amounts and their stated ages, occupations, investment experience, and financial status. The firm also failed to conduct due diligence concerning the unidentified individual(s) funding the accounts of **Customer 1**, **Customer 2**, **Customer 3**, and **Customer 4** to invest in FCUV, or the issuer’s relationship to those individuals. Boustead likewise failed to conduct due diligence to verify **Customer 5’s** reported income and net worth despite receiving inconsistent and unverified information concerning his employment, address, and income.

72. Additionally, both firms failed to conduct due diligence to develop risk profiles for these issuer-referred customers, such as investigating the relationship between the customers and FCUV, and whether any of these issuer-referred customer accounts were nominee accounts.

B. Boustead failed to investigate red flags concerning PETZ-referred customers at account opening.

73. Boustead acted as the placement agent for Chinese pet food manufacturer TDH Holdings, Inc. (PETZ) in two registered direct offerings in September and November 2021. In connection with the PETZ offerings, Boustead opened, or attempted to open, accounts for at least nine customers without reasonably detecting or investigating red flags in their new account forms.

74. For example, as alleged in paragraphs 75 to 77 below, Boustead failed to identify or investigate red flags and similarities in three PETZ-referred customers' account profile information suggesting that they may be nominee accounts (e.g., each of the customers used email addresses with the word "capital" after their name; each previously had opened a brokerage account at the same firm (Firm 1); and two of the customers were purportedly "managers" who reported the same range of annual income, the same net worth range, and the same number of shares owned in a thinly-traded, low-priced security).

75. **Customer 6**: The new account form stated that the 59-year-old customer, a Chinese national, was a Director at Third Center Child C (*sic*) in Shanghai City, China, with a reported annual income between \$200,000 and \$499,000 and a net worth between \$1 million and \$4,999,999. **Customer 6** planned to fund her account with \$720,000 in "funds from another account" to invest in PETZ and provided an account statement from Firm 1.

76. **Customer 7**: The account application form, dated May 25, 2021, indicated that **Customer 7**, a 33-year-old Chinese national, had been employed for nine years as a "manager"

at a plastic manufacturing company in China, with an annual income between \$75,000 and \$199,999, and a stated net worth between \$1 million and \$4,999,999. **Customer 7** reportedly intended to fund the new Boustead account with \$1.99 million from another account to invest in PETZ. A China Merchants Bank statement that **Customer 7** provided to establish proof of address, on the other hand, showed an account balance of only \$5,018. **Customer 7** also provided an account statement from Firm 1 that showed that **Customer 7** held 100 shares of STG Group, Inc. (STGGQ), a low-priced security.

77. **Customer 8**: The account application form, dated June 24, 2021, indicated that the 33-year-old Chinese national had been employed for seven years as a “manager” at Win Forex Limited in China, with an annual income between \$75,000 and \$199,999, and a stated net worth between \$1 million and \$4,999,999. **Customer 8** intended to fund the new account with \$100,000 from income. **Customer 8**’s account information included an account statement from Firm 1 showing that **Customer 8** owned 100 shares of the same low-priced security (STGGQ) held by **Customer 7**.

78. With respect to the issuer-referred customer accounts for the PETZ offerings discussed above, Boustead failed to conduct due diligence to investigate the red flags presented in the customers’ new account forms (e.g., their similar account profiles and unverified incomes, net worth, employment, and source of funding) or to determine whether the accounts were nominee accounts.

C. Boustead and Moore failed to investigate red flags concerning an issuer-referred entity for the JXZN and MITQ offerings during the account opening process.

79. In connection with multiple offerings underwritten by Boustead, the firm received from issuers (or third-party intermediaries) the names and email addresses of individuals and

entities who, the issuers claimed, wished to open brokerage accounts with Boustead to invest in the offerings. Boustead then emailed the issuer-referred individuals or entities new account forms to complete and send back to the firm.

80. After the firm received a completed new account form from an issuer-referred individual or entity, a Boustead registered representative and a Designated Principal signed the new account form to indicate that the firm approved opening a new customer account for the individual or entity. Boustead, an introducing firm, then submitted the approved individual's or entity's signed account form to Boustead's clearing firm for account opening.

81. On multiple occasions, although Boustead approved opening new customer accounts for issuer-referred individuals and entities, Boustead's clearing firm declined to open customer accounts for the individuals and entities because of red flags in the account forms that Boustead failed to detect or investigate due to the firm's deficient AML program.

82. For example, on April 28, 2021, an entity (**Entity 2**) submitted a new account application to Boustead on behalf of a corporate entity. The issuer advised Boustead that **Entity 2** intended to invest approximately \$4.5 million to \$5 million in the May 18, 2021 IPO of Jiuzi Holdings, Inc. (JZSN), a China-based company selling new energy vehicles.

83. On April 29, 2021, Moore signed and approved the account application form for **Entity 2** to open a new account with Boustead's then-clearing firm (the Clearing Firm). On April 30, 2021, another Boustead principal (the Boustead Principal) signed and approved the application form. Later that day (April 30, 2021), a Boustead registered representative (Boustead Representative 2) submitted the account application to the Clearing Firm to open an account for **Entity 2**. The email asked the Clearing Firm to "[p]lease put this on your high priority list, if possible."

84. The account opening form submitted by Boustead to the Clearing Firm represented that **Entity 2** was an “investment adviser” with a New York address and that its sole beneficial owner (Beneficial Owner) resided in Costa Rica, although the account application listed residential and mailing addresses in China. The form also indicated that **Entity 2** had an annual income between \$75,000 and \$199,999 and a total net worth between \$150,000 and \$499,999 although the entity did not have a bank account.

85. Boustead and Moore failed to conduct due diligence concerning **Entity 2’s** business operations or the source of funds for the entity’s contemplated \$4.5 to \$5 million investment in the Jiuzi IPO, even when the Clearing Firm raised repeated questions about those topics. The firm also failed to inquire into the source of Entity 2’s assets and income although its AML policies and procedures required it to do so.

86. On May 3, 2021, a representative from the Clearing Firm emailed Boustead to confirm whether **Entity 2** was a registered investment adviser and “have the client provide an explanation regarding the company being in New York with a mailing address in China and the client is a citizen of Costa Rica.”

87. Boustead Representative 2 emailed the Clearing Firm the client’s verbatim responses to the Clearing Firm’s questions on May 5, 2021. The email acknowledged that **Entity 2** was *not* a registered adviser, but stated that, “This is Boustead’s most important account right now, so we would greatly appreciate making this your top Boustead-related priority.”

88. Later that day, the Clearing Firm responded with additional questions including “how the client can do anything or transact business without a valid bank account” and “[w]hy would the legal address and company be registered in New York if the sole owner and authorized individual is not located there?”

89. On May 6, 2021, Boustead Representative 2 notified Boustead’s CCO and the Boustead Principal, that **Entity 2** had “changed title in the line of business from investment advisor to Project Development. So I think the company is not an [sic] registered investment advisor other than a project development company.” The email also stated that the Beneficial Owner “now lives in China and he is unwilling to return to the United States because of the epidemic” and that although **Entity 2** operated in the United States, the Beneficial Owner “remotely controls the company in China.” Boustead subsequently provided this same information concerning **Entity 2** and the Beneficial Owner to the Clearing Firm.

90. On May 7, 2021, after receiving the client’s updated responses from Boustead, a representative from the Clearing Firm emailed Boustead and Moore that the client appeared to be “being as vague as possible with us” and that “Project development is less helpful than investment advisor. I still have no idea what the company does?”

91. On May 10, 2021, Boustead Representative 2 emailed the Clearing Firm that **Entity 2** was “actually doing business development consulting service for Chinese investors in US market.” The following day, Boustead Representative 2 advised the Clearing Firm that the initial deposit for **Entity 2**’s account, if opened, would be “around \$5M” (despite **Entity 2**’s new account form representing that the entity’s net worth was between \$150,000 and \$499,999).

92. On May 11, 2021, the Boustead Principal emailed the Clearing Firm that, “[**Entity 2**] is opening an account to be the anchor investor in our deal [the Jiuzi IPO] pricing next Monday (trading Tuesday). Because of the short runway with the deal right around the corner, we would appreciate your team prioritizing the review of this account over all others you might have in the queue.”

93. On May 12, 2021, the Clearing Firm rejected the account application for **Entity 2** because “all of the different countries involved with this account gives us concern. Additionally, we don’t feel as though the client was providing clear and informative answers and the source of funds for this large investment is very unclear. This entity is essentially brand new and doesn’t appear to have any valid operations yet the client indicated the source of funds was employment.”

94. Boustead and Moore failed to conduct due diligence concerning **Entity 2’s** business operations or the source of funds for the entity’s contemplated \$4.5 million to \$5 million investment in the Jiuzi IPO and failed to detect or investigate the red flags identified by the Clearing Firm before the firm approved **Entity 2’s** account application for submission to the Clearing Firm.

95. Notwithstanding the red flags identified by the Clearing Firm—which prompted the Clearing Firm to decline to open an account for **Entity 2** in May 2021—on June 22, 2021, with Moore’s approval, a Boustead employee sent an email to the Clearing Firm, seeking to open an account for **Entity 2** a second time.

96. Boustead sought to open an account for **Entity 2** in June 2021 to enable the entity to invest approximately \$5 million in a different offering: the July 8, 2021 IPO of Moving Image Technologies, Inc. (MITQ), a California company that designed cinema equipment and technology. The email advised the Clearing Firm that **Entity 2’s** account was to be opened under a joint account code for Moore and the head of Boustead’s investment banking business (Boustead Representative 1).

97. The updated account application for **Entity 2** included a bank statement for **Entity 2’s** recently opened bank account, which showed that three individuals with no known

affiliation with the entity had wired a total of \$5 million from the same Hong Kong bank to **Entity 2's** bank account on May 11, 2021.

98. In contravention of the firm's AML policies and procedures, which required the firm to "[i]nquire about the source of the customer's assets and income," Boustead failed to investigate **Entity 2's** source of funding. Boustead also failed to investigate the relationship between **Entity 2** and the issuer, or the relationship between **Entity 2** and the three individuals who had wired funds into the entity's bank account, before attempting to open an account for **Entity 2**. Additionally, the firm failed to obtain or request information concerning **Entity 2's** business operations and only conducted a follow-up inquiry when pressed by the Clearing Firm to address red flags in the account opening documents.

99. At the time that Boustead re-submitted the account opening application for **Entity 2** to the Clearing Firm (i.e., on June 22, 2021), Moore, the Boustead Principal, and Boustead Representative 1 still did not know "what kind of entity is [**Entity 2**]" and were speculating that "perhaps it is a fund[.]"

100. On approximately June 23, 2021, the Clearing Firm rejected for a second time the account application submitted by Boustead for **Entity 2** "due to various red flags that are still present (including the bank statement showing inbound wires from persons not affiliated with the entity)."

D. Boustead and Moore failed to reasonably investigate red flags involving ten issuer-referred individuals for the MITQ Offering during the account opening process.

101. On June 15, 2021, in advance of the upcoming MITQ IPO, Boustead sent account opening documents to an individual (the Intermediary) whose relationship to the issuer was

unknown to Moore and Boustead. On June 16, 2021, the Intermediary sent Boustead passports for ten issuer-referred individuals who purportedly sought to invest in the MITQ offering.

102. On June 16, 2021, and June 17, 2021, Boustead received signed new account forms for the ten issuer-referred individuals: **Individual 1, Individual 2, Individual 3, Individual 4, Individual 5, Individual 6, Individual 7, Individual 8, Individual 9, and Individual 10** (collectively, the **Issuer-Referred Individuals**).

103. The ten **Issuer-Referred Individuals** each signed new account forms identifying themselves as Chinese nationals who were “Not Employed” by “personal choice,” and they each answered “none” in the sections of the new account forms asking for the name of an employer, position title, and address of employer.

104. The new account forms also indicated that, despite being unemployed, all ten **Issuer-Referred Individuals** had the same range of annual income (between \$75,000 and \$199,999), net worth (between \$150,000 and \$499,999), and liquid net worth (between \$150,000 and \$499,999).

105. Additionally, the new account forms reflected that each of the ten **Issuer-Referred Individuals** had the same liquidity needs, same exact ranking of investment objectives, same time horizon, and same risk tolerance. Moreover, all ten represented that the “initial funding amount” for their respective accounts was \$500,000—although their reported net worth ranged between \$150,000 and \$499,999—and nine of the ten **Issuer-Referred Individuals** claimed that they were accredited investors—despite reporting that their net worth was below \$500,000.

106. On June 16, 2021, and June 17, 2021, Moore and the Boustead Principal signed and approved for account opening the new account forms for the ten **Issuer-Referred Individuals**.

107. Prior to signing and approving the ten **Issuer-Referred Individuals**' new account forms, Boustead and Moore failed to detect or investigate red flags in the new account forms suggesting that the accounts to be opened for the **Issuer-Referred Individuals** may have been nominee accounts (e.g., virtually identical customer profile information, inconsistent financial representations, and unverified sources of income and funding).

108. On June 17, 2021, a Boustead client service associate emailed the Intermediary a list identifying the ten **Issuer-Referred Individuals** "who submitted applications showing that they are not employed but indicated their account is being funded by income" and requested that the Intermediary "advise where the income is being derived from." Later that day, the Intermediary responded that "[a]ll of the income is being derived from investment[.]"

109. On June 18, 2021, Boustead submitted a new account form to the Clearing Firm to open an account for **Individual 1**. The new account form, which indicated that **Individual 1** was unemployed by "personal choice," was electronically signed by the customer, Moore, and the Boustead Principal on June 17, 2021.

110. On June 18, 2021, the Clearing Firm expressed concern to Boustead that although **Individual 1** self-identified as an accredited investor, "based on his financial information [e.g., a reported net worth below \$499,999] he does not appear to be." Additionally, the Clearing Firm flagged that although the form stated that the "initial funding amount" for the account would be \$500,000, "[t]he client does not have \$500,000 based on his financial information to fund the account with."

111. On June 18, 2021, after receiving the Clearing Firm’s comments concerning **Individual 1’s** account application form, the Boustead Principal sent an email to the Intermediary telling her that “to make sure these accounts are approved quickly we will need to know the occupations for each of the individuals. This will substantiate the accredited investor status. Further, it is needed when opening an account for suitability and KYC purposes.” The email, however, did not explain why the Boustead Principal and Moore had signed and approved **Individual 1’s** new account form for submission to the Clearing Firm without first obtaining or verifying **Individual 1’s** employment and financial information.

112. On June 22, 2021, the Intermediary sent an email to several Boustead employees, including Moore, which provided new and inconsistent information concerning the **Issuer-Referred Individuals’** purported employment and sources of funding. The email claimed that the ten individuals (who previously had represented that they were unemployed by personal choice in their signed new account forms) were all employed. For example, the email stated that **Individual 1** was a “General Manager” and that his source of funds was no longer income derived from investments (as the Intermediary had claimed on June 17, 2021), but instead a “[p]aycheck from company[.]” Similarly, the email stated that **Individual 2**, who previously had reported in her signed account application form that she was unemployed by “personal choice,” was now a “Sales Director” whose source of funds was no longer income derived from investments, but instead a company paycheck.

113. The June 22, 2021 email from the Intermediary also indicated that several of the **Issuer-Referred Individuals** purportedly had similar occupations and sources of funds. For example, four of these individuals were employed as a “General Manager,” two were identified as a “Sales Director,” and the remaining individuals all purportedly managed assets or “family

assets” and earned income from “family investments” or “family-owned apt and houses.” The Intermediary’s email also claimed that the **Issuer-Referred Individuals** were “all accredited investors” even though the **Issuer-Referred Individuals** previously had submitted signed new account forms reporting net worths below \$500,000.

114. Later that day, the Boustead Principal sent an email to multiple Boustead employees, including Moore, that approved submitting revised new account forms for the **Issuer-Referred Individuals** to the Clearing Firm based on the new information provided by the Intermediary, even though that information conflicted with the information in the new account forms the Boustead Principal and Moore previously had signed and approved. The Boustead Principal’s email, dated June 22, 2021, stated, “Let’s try it and see what [the Clearing Firm] comes back with, if anything.”

115. On June 22, 2021, Boustead submitted to the Clearing Firm a new account form for **Individual 3**, which represented that **Individual 3** was self-employed and managed family assets from family investments. Although the Intermediary did not provide Boustead with this new information concerning **Individual 3** until June 22, 2021, the new account form that Boustead submitted to the Clearing Firm was electronically signed by **Individual 3** and Moore on June 16, 2021. In other words, Boustead did not require **Individual 3** to re-submit or re-sign a new account form after the Intermediary provided new information concerning **Individual 3’s** purported employment and source of funding. Instead, the firm edited **Individual 3’s** initial responses in the account opening paperwork to reflect the new information provided by the Intermediary and submitted the altered document to the Clearing Firm without contacting or verifying the new information with **Individual 3**.

116. On June 23, 2021, the Intermediary provided additional information concerning the “Work + Suitability” of the **Issuer-Referred Individuals**. The information indicated that **Individual 1** (who previously signed and submitted a new application form identifying himself as unemployed by personal choice) was employed as a “General Manager” at an IT company in China and had been employed there for five years. The information also stated that **Individual 1’s** liquid net worth and total net worth ranged between \$500,000 and \$999,999—although he previously had signed a new account form representing that his net worth ranged between \$150,000 and \$499,999.

117. Later that day (June 23, 2021), Boustead submitted an updated account application for **Individual 1** to the Clearing Firm. Boustead did not require **Individual 1** to re-submit or re-sign a new account form before submitting it to the Clearing Firm. Instead, based on the new information provided to Boustead by the Intermediary on June 23, 2021, the firm edited the new account form originally submitted and signed by **Individual 1**, Moore, and the Boustead Principal on June 17, 2021, and submitted the altered document to the Clearing Firm.

118. On June 23, 2021, Boustead also submitted to the Clearing Firm new account forms for **Individual 2** (who was one of the three individuals who had wired funds to **Entity 2’s** bank account in May 2021), **Individual 4**, and **Individual 5** (who also had wired funds to **Entity 2’s** bank account for unknown reasons in May 2021). The new account forms for **Individual 2**, **Individual 4**, and **Individual 5** reported employment, income, and net worth information for these individuals based on the revised information the Intermediary provided Boustead earlier that day, even though that information was inconsistent with the representations made in the new account forms previously signed and submitted by **Individual 2**, **Individual 4**, and **Individual 5**

and with information the Intermediary had provided to the firm about these individuals on June 17, 2021.

119. For example, the new account form submitted for **Individual 2** on June 23, 2021, represented that she had a total net worth between \$1 million and \$4,999,999, even though she had previously signed and submitted to Boustead a new account form representing that her total net worth ranged between \$150,000 and \$499,999. The new account form for **Individual 4** submitted on June 23, 2021, represented that he was the CEO of a Chinese consulting company that he had worked at for eight years and that his liquid net worth and total net worth ranged between \$500,000 and \$999,999, although he had previously described himself as unemployed by personal choice. Similarly, the new account form submitted for **Individual 5** represented that he was employed as a General Manager at an internet technology company in China; that he had been employed there for ten years; and that his total net worth ranged between \$1 million and \$4,999,999.

120. The new account forms for **Individual 2**, **Individual 4**, and **Individual 5** that Boustead submitted to the Clearing Firm on June 23, 2021, were signed and dated by these individuals and Moore on June 16, 2021, indicating that the firm did not require **Individual 2**, **Individual 4**, or **Individual 5** to re-submit, re-sign, or review their revised new account forms after the Intermediary provided Boustead with new, inconsistent information about their purported employment and net worth. Instead, Boustead edited the original new account forms submitted and signed by **Individual 2**, **Individual 4**, and **Individual 5** based on the new information provided by the Intermediary on June 23, 2021, and submitted the altered documents to the Clearing Firm to attempt to open accounts for these individuals.

121. Prior to and after submitting revised application account forms to the Clearing Firm on June 22, 2021, and June 23, 2021, Boustead and Moore failed to investigate the inconsistent and unverified information they had received from the Intermediary concerning the employment status, net worth, and source of funds of the ten **Issuer-Referred Individuals**. They also failed to conduct due diligence concerning the repetition and commonalities in the **Issuer-Referred Individuals'** account profiles (e.g., similar occupations and sources of funds and identical liquidity needs, investment objectives, risk tolerance, income and net worth ranges, and projected initial funding amounts), which suggested these accounts may be nominee accounts.

122. Boustead and Moore also failed to investigate the relationship between the Intermediary and the ten **Issuer-Referred Individuals** or the relationship between the **Issuer-Referred Individuals** and MITQ, the issuer.

123. Additionally, Boustead failed to communicate directly with the **Issuer-Referred Individuals** to request or obtain documents to support or confirm the employment and source of funding information provided to the firm by the Intermediary.

124. On June 23, 2021, the Boustead Principal and Boustead Representative 2 spoke with the Clearing Firm. Later that day, the Boustead Principal emailed Moore and other Boustead representatives that the Clearing Firm had “some concern about what has been presented and the possibility of these being nominee accounts. Issues include the source of funds and the new account forms are all very similar (financials, suitability, etc.).”

125. Boustead did not investigate the red flags that the accounts may be nominee accounts before Moore and the Boustead Principal signed and approved the new account forms for the **Issuer-Referred Individuals** or any time thereafter during the Relevant Period.

126. On June 23, 2021, the Clearing Firm notified Boustead that “at this time we think it is best to put a hold on opening any accounts for clients who reside in China. As discussed, based on what we have seen lately we are not comfortable with the flow of accounts coming in from China that appear to be related and the source of funds that would ultimately flow through [the Clearing Firm] in those accounts.”

127. Notwithstanding the red flags identified by the Clearing Firm and the contradictory information about the **Issuer-Referred Individuals** provided to the firm by the Intermediary, Boustead brought Firm 1 into the MITQ IPO syndicate upon learning that some of the **Issuer-Referred Individuals** had successfully opened accounts with Firm 1.

128. Specifically, on June 21, 2021, Boustead initially rejected a request from Firm 1 to syndicate the MITQ offering after Firm 1 sent an indication for 10,000 shares of MITQ. However, Boustead subsequently noted that four of the **Issuer-Referred Individuals** had opened accounts with Firm 1 and brought Firm 1 into the MITQ syndicate. Firm 1 ultimately sold approximately 28% of the total shares in the MITQ IPO underwritten by Boustead.

E. Boustead’s repeated failure to detect or investigate red flags in customer new account forms resulted in the Clearing Firm issuing a warning to Boustead.

129. After the Clearing Firm rejected new account applications Boustead submitted in May and June 2021, Boustead continued to submit new account forms to the Clearing Firm for account opening without reasonably investigating the unverified representations made in the new account forms concerning issuer-referred individuals’ employment and source of funds.

130. On August 5, 2021, an employee of the Clearing Firm emailed the Boustead Principal to express “frustration” with new account applications submitted to the Clearing Firm by Boustead. The email cited to an application form for a Boustead client (**Customer 5**) who “works for himself out of his house manufacturing vitamins and makes \$1MM per year with

liquid and total net worth plus \$5MM” and stated, “[t]his has to at least set off alarm bells to inquire further about what he does and where the money is coming from. Source of funds is by far the most important thing and as the principal along with the broker signing the application you need to be 100% sure you understand what the source of funds is.”

131. The August 5, 2021 email from the Clearing Firm concluded by warning the Boustead Principal that “this needs to get better or I am going to have to make changes.”

V. Boustead and Sutter Failed to Reasonably Identify, Investigate, and Monitor for Suspicious Activity Indicative of Potentially Manipulative Trading

132. Boustead and Sutter failed to establish and implement reasonable AML policies and procedures, including risk-based procedures, to reasonably identify, investigate, and monitor for suspicious activity that indicated its customers may be engaged in potentially manipulative trading. Because the firms did not reasonably identify, investigate, or monitor for red flags of potentially manipulative trading, the firms did not consider whether to file a SAR.

133. Specifically, the firms did not regularly review or monitor customer orders or order blotters for suspicious activity. As a result, both firms failed to identify or investigate instances of potentially coordinated, pre-arranged, and suspicious aftermarket orders placed by the firms’ customers that were indicative of potential market manipulation.

134. For example, in connection with the August 31, 2021 uplisting of FCUV, which priced FCUV shares at \$5 per share, the issuer represented to Boustead Representative 1 that issuer-referred customers would invest \$1.8 million in aftermarket trading (at pre-determined prices above the \$5 listing price) to support FCUV’s share price. Boustead Representative 1 participated in calls between the issuer and the issuer-referred customers to discuss the need for the investors to bolster FCUV’s price when the uplisting opened and in the aftermarket.

135. Consistent with Boustead Representative 1's request to the issuer that the issuer-referred customers provide aftermarket support for FCUV, multiple issuer-referred customers sent limit orders to Boustead and Sutter before the offering took place to purchase shares in the aftermarket at prices above the \$5 IPO price. Boustead and Sutter received these limit orders within the five business-day period prior to the determination of the offering price for FCUV, i.e., between August 24 and August 30, 2021.

136. On August 30, 2021 (one day prior to the uplisting), nine different issuer-referred customers emailed the head trader at Boustead and Sutter and placed limit orders to purchase FCUV shares at laddered prices all above \$5 in the aftermarket. Seven of the emails used virtually identical language to place the laddered limit orders, which involved the customers placing orders to purchase a certain quantity of FCUV shares at two or three different limit prices (i.e., at \$5.50, \$6.00, \$6.50, or \$7.50). For example, on August 30, 2021, at 1:42 p.m., **Customer 2** emailed an order to the firms' head trader to buy 14,710 FCUV shares at a limit price of \$5.50; 12,000 FCUV shares at a limit price of \$6.00; and 9,000 FCUV shares at a limit price of \$6.50, and at 1:59 p.m., **Customer 1** emailed the head trader to order 76,363 FCUV shares at a limit price of \$5.50 and 38,181 FCUV shares at a limit price of \$6.50. Later that day, at 5:38 p.m., **Customer 9**, Sutter Account No. SSXXXX078, emailed an order to buy 6,342 FCUV shares at a limit price of \$5.50; 5,813 FCUV shares at a limit price of \$6.00; and 5,366 FCUV shares at a limit price of \$6.50.

137. **Customer 9** and four other issuer-referred customers subsequently canceled their laddered limit orders to purchase shares at increasing price points and instead placed aftermarket orders at a single limit price above the \$5 listing price.

138. In addition to the nine issuer-referred customers discussed above, twenty-two additional issuer-referred customers placed single limit orders with the firms to purchase FCUV shares in the aftermarket at prices at or above \$5 on August 30, 2021. Altogether, thirty-one issuer-referred customers placed orders with Boustead and Sutter to purchase 374,518 shares of FCUV in the aftermarket at varying prices between \$5 and \$7.90 that day. Boustead and Sutter entered most of these orders on August 31, 2021 (the day of the offering), resulting in the issuer-referred customers purchasing 241,951 FCUV shares at prices above the \$5 listing price in the aftermarket.

139. Boustead and Sutter failed to identify any of this order and trading activity by the issuer-referred customers as suspicious and never investigated whether the issuer-referred customers were engaged in pre-arranged or otherwise manipulative activity to inflate FCUV's share price. To the contrary, Boustead Representative 1 requested that the firm's head trader create an "Aftermarket orders" spreadsheet tracking the issuer-referred customers' orders "so we can see if FCUV produces" the aftermarket support that Boustead Representative 1 had requested from the issuer.

140. Moore received a copy of the spreadsheet tracking the FCUV issuer-referred customers' limit orders to purchase FCUV at increasing prices above the \$5 listing price. Additionally, the Boustead Principal, who also served as Sutter's CCO, was aware that FCUV issuer-referred customers planned to purchase additional shares of FCUV in the aftermarket at prices above the listing price before they learned how many shares they would be allocated in the uplisting. In other words, before these customers knew whether they would receive their full indication of interest at \$5 per share, they were already expressing an intent to purchase shares at

prices higher than \$5 in the aftermarket. The Boustead Principal understood that this was not “normal,” but the firm failed to investigate this abnormal, potentially manipulative activity.

VI. Boustead and Sutter Failed to Establish and Maintain a Reasonably-Designed System to Supervise Their Syndication and Underwriting Businesses

141. Although Boustead’s and Sutter’s WSPs generically identified examples of red flags applicable to the firms’ syndication, underwriting, and retail brokerage businesses—such as multiple accounts under a single name; pre-arranged or other non-competitive trading; or that a customer appears to be acting as an agent for an undisclosed principal—they did not describe any system, monitoring tool, or process to identify or investigate such activity.

142. The firms’ failure to establish and maintain a reasonable supervisory system resulted in Boustead and Sutter failing to detect or investigate red flags suggesting that customer accounts submitted to the firms in connection with upcoming IPOs were nominee accounts controlled by undisclosed principals. As discussed in the preceding sections, the red flags Boustead, Sutter, and Moore were aware of, or should have been aware of, included customers and issuer-referred individuals and entities with: (1) virtually identical account profiles; (2) unsubstantiated sources of funds or whose funding came from unknown third parties; (3) reported occupations that did not appear to support their reported annual incomes; (4) inconsistent and changing employment or net worth information; and (5) IPO investment amounts that did not correspond with customers’ claimed income or net worth.

143. Although the firms encountered the above-described red flags on multiple occasions, Boustead and Sutter did not investigate these red flags.

144. Boustead and Sutter also failed to establish a reasonable supervisory system to monitor for and detect suspicious trading activity, including trading intended to mislead investors by artificially affecting market activity, such as pump-and-dump or ramp-and-dump schemes.

The firms' WSPs were not reasonably designed to detect potentially manipulative transactions or patterns of such transactions over time. For example, the procedures did not specify reports or tools to be utilized by the firms' representatives when performing surveillance for potential market manipulation or describe how surveillance should be documented. The procedures also failed to identify certain indicators of fraud and manipulative activity directly relevant to the firms' investment banking activities (e.g., multiple new customers opening accounts, particularly if they reside overseas and communicate with the firm only through electronic means or were introduced by the same individual to the firm; similar timing of account opening, similar referral sources or points of contact for accounts; nearly identical customer account profiles; and multiple customers or accounts placing layered buy limit orders at or around the same time, at prices higher than the IPO price).

145. Boustead and Sutter also failed to supervise reasonably the trading activity conducted at each firm. No principal at Boustead regularly reviewed the firm's trade blotters—manually or otherwise—for suspicious activity. Moore claimed that he delegated that responsibility to the Boustead Principal; however, the Boustead Principal (who also served as Sutter's CCO) only manually reviewed Sutter's trade blotter. As a result, Boustead's customers were able to place trades in their accounts directly without any supervisory oversight by the firm.

146. Additionally, Sutter and Moore failed to allocate sufficient resources to monitor the firms' trading for suspicious activity. Although Sutter frequently executed hundreds or thousands of trades a day, the Boustead Principal spent only 10-15 minutes a day reviewing Sutter's daily trade blotter. This review was not reasonable.

147. Sutter and Moore also failed to reasonably train the Boustead Principal. Although Moore purportedly delegated to the Boustead Principal responsibility for reviewing Sutter's

trading activity, the Boustead Principal (who was also Sutter's CCO) never received training regarding how to review a trade blotter for suspicious activity.

148. Boustead and Sutter also failed to review order blotters or their customers' order activity for evidence of suspicious or potentially fraudulent activity, and both firms failed to identify or investigate (or to document any investigation of) red flags relevant to their business activities involving small-cap IPOs, low-priced securities, and foreign-based issuers and customers, including the reported risks that: (1) "[c]ertain foreign national and foreign entity nominee accounts appear to have been opened solely to invest in the initial public offerings and subsequent aftermarket trading in one or more exchange-listed issuers based in restricted markets, such as China;" and (2) "[t]he trading activity may include multiple similar limit orders being placed by the accounts at the same time, which could be indicative of coordinated and manipulative trading of the issuers' securities."

VII. The Firms Did Not Reasonably Supervise Their Underwriting and Syndication Businesses to Achieve Compliance with Regulation M

149. Regulation M, promulgated pursuant to the Securities Exchange Act of 1934, is designed to prevent manipulation by individuals with an interest in the outcome of an offering and prohibits activities and conduct that could artificially influence the market for an offered security. Rule 101(a) of Regulation M, 17 C.F.R. § 242.101, generally prohibits distribution participants or affiliated purchasers from directly or indirectly bidding for, purchasing, or attempting to induce any person to bid for or purchase a covered security during an applicable restricted period.

150. Boustead's WSPs correctly recognized that, "Regulation M generally prohibits underwriters, broker-dealers, issuers and other persons participating in a distribution from directly or indirectly bidding for or purchasing the offered security (or inducing another person

to do so) during the applicable ‘restricted period.’ The restricted period commences on the later of either one or five business days prior to the determination of the offering price or such time that a person becomes a distribution participant, and ends upon such person’s completion of participation in the distribution.” Sutter’s WSPs similarly recognized that Rule 101 of Regulation M prohibits distribution participants or affiliated purchasers from directly or indirectly bidding for, purchasing, or attempting to induce any person to bid for or purchase a covered security during the applicable restricted period.

151. Boustead’s WSPs required the firm’s designated principals to ensure that the firm complied with Regulation M; to notify the firm’s CCO to update the firm’s restricted list; and to monitor daily transactions. Sutter’s WSPs required a designated principal to update the firm’s restricted list and to monitor daily transactions to achieve compliance with Regulation M.

152. Although the firms’ WSPs suggested that their supervisory systems utilized a restricted list to monitor for compliance with Regulation M, neither firm did so. Instead, both firms placed issuers on their restricted list whenever the firms had material nonpublic information about the issuers. As a result, issuers were typically added to the restricted list many months before an IPO occurred and then remained on the restricted list for months after. The firms’ restricted list, therefore, did not identify or determine the applicable restricted period for purposes of complying with Regulation M and would not have been a useful or reasonable tool for monitoring or supervising whether representatives were inducing or soliciting securities purchases within the applicable restricted period.

153. During the Relevant Period, the applicable restricted period for the offerings the firms participated in always or nearly always commenced five days prior to the determination of the offering price.

154. To identify the applicable restricted period, Boustead and Sutter relied on a Boustead employee who prepared Boustead's Regulation M filing notices. Each Regulation M filing notice was supposed to be communicated to the firms' representatives via an email notifying them that when an issuer had been added to the firms' restricted list. However, the Regulation M filing prepared by the employee was circulated only after the offering had occurred and, therefore, was not a relevant tool to achieve compliance with the regulation's prohibition on solicitation and inducement activity during the restricted period.

155. Moreover, the Regulation M filing notices prepared by the Boustead employee routinely identified the five-day restricted period as *commencing on the pricing date* rather than commencing five business days prior to the pricing date, as prescribed by Regulation M. For example, in the Restricted Period Notice filing that Boustead submitted pursuant to FINRA Rule 5190 for FCUV, the firm incorrectly identified the restricted period commencement date as August 30, 2021, i.e., the pricing date, instead of correctly identifying August 24, 2021 (five business days before pricing) as the commencement date.

156. As a result of the firms' failure to identify the restricted period correctly and failure to maintain or establish a reasonable supervisory system to achieve compliance with Regulation M, both firms failed to monitor and detect whether their representatives solicited or attempted to induce bids or offers during the applicable restricted period.

157. For example, on August 30, 2021, Boustead's and Sutter's head trader emailed a firm customer within the applicable restricted period for the FCUV offering to solicit an aftermarket order. In the email, the head trader asked the customer, "Would you like to purchase up to \$4,320 FCUV USD? This is the balance after your allocation?"

158. Similarly, in connection with the IPO of VCIG, a \$5.12 million offering underwritten by Boustead and Sutter as co-managing underwriters, which was priced on April 12, 2023, Boustead Representative 1 sent an email on April 11, 2023, i.e., within the restricted period, requesting that the issuer “make sure” that 18 issuer-referred customers email Sutter their requests to purchase shares of VCIG in the aftermarket.

VIII. Boustead Did Not Reasonably Supervise or Preserve Securities-Related Communications

159. As of December 2020, Boustead’s WSPs required the firm to designate “an appropriate principal to monitor and supervise all incoming and outgoing electronic communications with the public.” The WSPs identified “firm supplied email,” e-faxes, and LinkedIn as the only “permissible electronic communication mechanisms.”

160. Boustead’s December 2020 WSPs prohibited firm representatives from using instant messaging technology to communicate with the public for business-related purposes but recognized that instant messaging had “a growing presence in business communication.” The WSPs stated that, “[i]n the event that the Firm uses such technology, the Firm must supervise the use of instant messaging consistent with the required supervision of e-mail messaging. If the Firm is unable to establish an adequate supervisory program regarding the use of instant messaging technology, the Firm shall prohibit the use of such activity involving customer communications. The Firm will also monitor that its use of instant messaging complies with applicable SEC and FINRA recordkeeping requirements.”

161. WhatsApp is a freeware application that allows users to send text messages, share documents, and make or receive calls. Boustead never authorized WhatsApp as an approved method of communication for its representatives.

162. WeChat is a cellular-based and internet-based messaging application. Boustead's WSPs did not authorize the use of WeChat until April 2022, when the firm amended its WSPs to permit its representatives to use the application for firm-related communications provided that they installed and implemented a third-party application to enable WeChat messages to be captured and preserved by the firm.

163. Although Boustead's WSPs prohibited firm representatives from using non-approved forms of electronic communication and instant messaging technology, between no later than January 2019 and April 2022, several Boustead representatives routinely sent and received electronic communications through WhatsApp or WeChat to discuss matters relating to the firm's securities and investment banking business activities.

164. Boustead's senior management was aware that the firm's representatives were using WeChat and WhatsApp to send and receive business-related communications. In fact, Boustead Representative 1, who was a Managing Director at Boustead and co-owner of the firm's parent company, used both applications regularly to send and receive business-related communications.

165. On multiple occasions, Boustead Representative 1 forwarded emails to Moore, in which Boustead Representative 1 referenced WhatsApp or WeChat business-related communications or attached screenshots of such communications. For example, on May 17, 2021, Boustead Representative 1 emailed Moore and others a WeChat screenshot discussing a wire transfer of \$3.9 million relating to the Jiuzi IPO, and on November 1, 2021, Boustead Representative 1 emailed Moore a screenshot of a WhatsApp communication that discussed the allocation amount "to our investors."

166. Similarly, on April 5, 2022, Boustead Representative 1 sent an email to Moore that included a screenshot of a WhatsApp communication, which included text stating, “We welcome Good companies that already have satisfied investors and who bring access to capital in addition to Boustead.”

167. Although Boustead and Moore were aware that firm representatives, including Moore and Boustead Representative 1, were using WhatsApp and WeChat to send and receive business-related communications, Boustead failed to ensure that these communications were preserved, reviewed, and supervised.

168. With respect to the firm’s use of WhatsApp for business-related communications, prior to a November 2022 FINRA on-site examination of Boustead’s headquarters in Irvine, California, Boustead and Moore never attempted to identify each of the firm’s representatives who were using WhatsApp and never sought to verify whether the firm’s business-related communications sent or received via WhatsApp were being reviewed or preserved, despite being aware that Boustead employees were using WhatsApp to conduct firm business.

169. Additionally, the firm’s Global Relay review system, which was used to monitor the firm’s email communications, did not include Boolean searches for “WhatsApp” (or “WeChat”) to detect or identify business-related communications sent via these applications, even though Moore was aware that Boustead employees were using these applications to conduct firm business.

170. With respect to WeChat, Boustead and Moore knew that firm representatives were using the application no later than January 10, 2019.

171. Approximately nine months later, on October 21, 2019, Moore emailed Boustead’s then-CCO (the former CCO) requesting that she research services that archive

WeChat. Later that day, Boustead learned that a third-party vendor that provided archival services (Vendor 1) did “not have the ability to capture WeChat.”

172. Approximately eight months later, on June 16, 2020, Moore forwarded to the former CCO a regulatory update which discussed a broker-dealer recently suspended and fined by FINRA for not retaining WhatsApp communications involving its “securities-related business with overseas customers.” The email advised the former CCO “[w]e need a solution” and included information indicating that Vendor 1 now offered archiving services for WhatsApp and WeChat communications.

173. In or about July 2020, Boustead signed a contract with Vendor 1 to provide archival services. On July 29, 2020, in response to a request from the former CCO for the names of Boustead employees who used WeChat, a Boustead employee sent Moore and the former CCO a list identifying nine Boustead employees as WeChat users. The former CCO did not request the identities of any representatives who used WhatsApp due to her erroneous belief that no firm employees were using WhatsApp for business-related communications.

174. On October 5, 2020, Vendor 1 emailed the former CCO that archiving for WeChat and WhatsApp had been set up, but that Vendor 1 was not seeing any messages archived. Later that month, Vendor 1 asked whether Boustead wished to continue with its archival services and noted that the firm had not paid Vendor 1’s invoice.

175. On October 16, 2020, the former CCO advised Vendor 1 that the firm would retain Vendor 1’s services and asked Vendor 1 to resend the invoice. The following day Moore asked the former CCO whether the invoice “should be re-dated for when the services start,” reflecting his understanding that the firm’s business-related WeChat communications were not being archived or retained as of that date.

176. On October 18, 2020, the former CCO responded to Moore's email, informing him that the services offered by Vendor 1 started when Boustead signed the parties' contract (i.e., July 2020) although "we didn't use them."

177. On November 6, 2020, the former CCO was notified via email from a third party associated with Vendor 1 that Boustead Representative 1 and Boustead Representative 2 had done a training session, which resulted in test WeChat messages from Boustead Representative 1 being captured by Vendor 1's archival system. The email stated, "[Boustead Representative 1] suggested that it would be good to get [Moore] there next week [for training] as I understand he's also a big WeChat user."

178. On March 24, 2021, Vendor 1 informed the former CCO that the only captured WeChat messages for Boustead were the "test messages when the service was being setup."

179. On April 1, 2021, the former CCO, after consulting with Moore and receiving Moore's permission, emailed Vendor 1 Boustead's 60-day cancellation notice to terminate Vendor 1's services.

180. In August 2021, Boustead contracted with Vendor 2 to implement a system to retain firm-related WeChat communications. On July 21, 2021, in preparation for finalizing a contract with Vendor 2, the former CCO emailed Moore, the Boustead Principal, and Boustead Representative 1: "How many WeChat users are there[?]". Boustead Representative 1 replied, "9 from my China Team" prompting the former CCO to respond, "So 9 plus [Moore]? So 10 total?"

181. Between January 2019 and August 2021, Boustead and Moore were aware that multiple firm representatives and employees were using WeChat (including Moore) for business-related communications, but failed to verify, confirm, or ensure that their communications were archived or reviewed by the firm. Specifically, although the firm retained Vendor 1 to archive

WeChat communications in July 2020, Boustead and Moore failed to confirm whether firm employees were implementing the manual steps required to archive their messages and failed to verify whether all business-related communications sent or received through WeChat were being retained by Vendor 1 or reviewed by the firm's supervisory system.

182. In September 2021, Boustead and Moore received notice that Boustead personnel were not using a third-party application that was required for Vendor 2 to capture and archive their WeChat communications.

183. Approximately a year later, on September 8, 2022, Moore received an email advising him that several of the nine representatives (who Boustead Representative 1 had indicated used WeChat) still had not successfully installed the third-party application required for Vendor 2 to capture and retain their WeChat communications.

184. During an on-site inspection of the firm that took place between November 15, 2022, and November 17, 2022, FINRA staff observed that multiple Boustead representatives, including Boustead Representative 1, had used WeChat to send or receive business-related communications. None of these messages were being reviewed or archived by the firm.

185. On February 13, 2023, Boustead's then-CCO contacted Vendor 2 and stated that he had found only one WeChat message archived. Later that day, a representative from Vendor 2 informed Boustead's CCO that only one of the firm's representatives had installed the necessary WeChat Archiver application required to capture and retain WeChat communications.

186. Between August 19, 2021 (when Boustead contracted with Vendor 2) and February 13, 2023, Boustead and Moore failed to investigate or confirm either that the firm's employees were not using WeChat for business-related communications or that any employees using WeChat had installed the necessary third-party application to enable their communications

to be captured and retained by Vendor 2. Boustead also failed to verify or investigate whether all business-related WeChat communications were being retained by Vendor 2 and reviewed by the firm's supervisory system.

187. Additionally, Boustead did not request that Vendor 2 retain or capture WhatsApp communications (and Vendor 2 did not do so) even though Boustead, through Moore, was aware that firm employees were using WhatsApp for business-related communications.

188. Although Boustead routinely failed to preserve or review its business-related WhatsApp and WeChat communications for over four years (i.e., between January 2019 and February 2023), the firm subsequently attempted to collect those communications to respond to a FINRA Rule 8210 request for information and documents, which sought the firm's electronic communications sent through these platforms.

189. Boustead ultimately collected WhatsApp and WeChat communications from eight representatives and produced to FINRA staff over five thousand such communications that had been sent or received between January 6, 2019, and June 17, 2023. Prior to receiving FINRA's Rule 8210 requests, the firm had not retained or reviewed these communications.

190. Although Boustead produced some of its employees' business-related WhatsApp and WeChat communications to FINRA staff, the firm failed to obtain or produce to FINRA multiple WhatsApp and WeChat business-related communications. The unproduced business-related communications were never retained by the firm or reviewed by the firm's supervisory system, in contravention of SEC and FINRA rules requiring business records and communications to be maintained, preserved, and monitored.

IX. Boustead Failed to Disclose \$1.25 Million in Underwriting Compensation

191. Boustead was the underwriter for the \$26 million IPO of Jiuzi Holdings, Inc. (JZXN), which took place on May 18, 2021.

192. In connection with the JZXN IPO, Boustead disclosed to FINRA that it would receive \$1,820,000 in cash, payable from the IPO proceeds, as underwriting compensation.

193. The Jiuzi IPO prospectuses also disclosed to investors that the total underwriting fees and commissions payable to the underwriter (i.e., Boustead) were \$1,820,000.

194. On May 20, 2021, JZXN and Boustead executed a signed Flow of Funds Closing Memo for the IPO, which stated that the total gross proceeds of the offering was \$26 million. The memo reflected that \$1,820,000 was deducted from the total gross proceeds for underwriting compensation and stated that the total amount to be disbursed by wire to JZXN, after deducting various fees and expenses, was \$23,859,247.

195. On May 20, 2021, consistent with the Flow of Funds Closing Memo, Boustead wired \$23,859,247 to JZXN's wholly owned subsidiary, Jiuzi (HK) Limited.

196. In a letter addressed to Boustead that was dated that same day, May 20, 2021, and signed by JZXN's CEO, JZXN also acknowledged "additional advisory fees due Boustead Securities, LLC ('Boustead') in the amount of \$1,250,000 which the Company hereby agrees to remit by wire transfer to Boustead upon demand." The subject line of the letter stated, "Underwriting Agreement."

197. On July 2, 2021, JZXN's wholly owned subsidiary wired approximately \$1.25 million to Boustead's parent company.

198. At all relevant times, Boustead's parent company was an affiliate of Boustead.

199. Boustead did not disclose to FINRA that the firm or a firm affiliate received approximately \$1.25 million as additional underwriting compensation in connection with the JZXN IPO.

200. The JZXN prospectuses did not disclose to investors that a Boustead affiliate received approximately \$1.25 million in additional underwriting compensation in connection with the JZXN IPO.

X. Sutter Sold IPO Shares to Restricted Persons and Lacked a Reasonable Supervisory System to Prevent Such Sales

201. Throughout the Relevant Period, Sutter repeatedly sold new issue securities to restricted persons, i.e., immediate family members of Sutter registered representatives and employees.

202. For example, Sutter participated as a selling group member in the IPO of Genius Group Limited (GNS) on April 12, 2022. Sutter sold 417 GNS IPO shares, respectively, to three accounts beneficially owned by a Sutter representative's (Sutter Representative 1) immediate family members, specifically his sister-in-law, mother, and sister and brother-in-law.

203. During the Relevant Period, Sutter sold new issue securities to accounts beneficially owned by Sutter Representative 1's sister-in-law (**Customer 10**), mother (**Customer 11**), or sister and brother-in-law (**Customer 12 and Customer 13**) in at least 21 different IPOs underwritten by Boustead or Sutter as reflected in **Exhibit 1** to this Complaint, which is hereby incorporated by reference.

204. Additionally, Sutter sold new issue securities to one or more of these accounts beneficially owned by these same immediate family members of Sutter Representative 1 in connection with at least 19 additional IPOs underwritten by other firms, in which Sutter participated in the distribution as a member of the selling group, as reflected in **Exhibit 1**.

205. During the Relevant Period, Sutter also sold new issue securities to an account beneficially owned by the father-in-law of the Boustead Principal (**Customer 14**), an employee and registered representative of both Boustead and Sutter. Specifically, in connection with at least seven IPOs underwritten by Boustead or Sutter, Sutter sold new issue securities to the account of an entity that was 50% owned by the Boustead Principal's father-in-law, as reflected in **Exhibit 2** to the Complaint, which is hereby incorporated by reference.

206. At all relevant times, Boustead was an affiliate of Sutter.

207. Sutter's supervisory system was inadequate to achieve compliance with FINRA rules prohibiting sales of new issue to restricted persons. First, although the firm's internal records identified the above-described accounts beneficially owned by immediate family members of Sutter Representative 1 and the Boustead Principal as "employee related," the firm's trade blotters reviewed by compliance did not include that information. Accordingly, the blotters were not an effective means to monitor for prohibited sales of new issue to restricted persons.

208. Second, although Sutter's WSPs prohibited sales to "restricted persons," the WSPs did not define who qualifies as a restricted person under FINRA Rule 5130. Third, the firm did not reasonably train its representatives regarding Rule 5130 or who qualified as a restricted person under that rule. In fact, Sutter designated responsibility for complying with FINRA Rule 5130 to the Boustead Principal (who also served as Sutter's CCO), but the Boustead Principal mistakenly believed that only immediate family members who resided with, or were materially supported by, an associated person qualified as restricted persons.

209. Fourth, although the firm collected a combined Rule 5130 and 5131 certification from customers at account opening, which required the customers to certify, among other things, whether the customers or any beneficial owners of the account had immediate family members

who were employees at the firm, the firm did not reasonably utilize or review the form to detect or prevent sales of new issue to restricted persons. Instead, the Boustead Principal who also served as Sutter's CCO only conducted a "spot check" to see if the firm's representatives were collecting the certifications at account opening, and he left it to the representatives to determine for themselves whether a customer was a restricted person who could purchase new issue.

210. Fifth, Sutter did not establish or employ any supervisory reports or system to alert compliance to sales of new issue involving restricted persons.

211. As a result of the deficiencies in Sutter's supervisory system identified above, the firm failed to detect or prevent the sales of new issue securities made to accounts beneficially owned by immediate family members of Sutter employees, in contravention of FINRA Rule 5130.

FIRST CAUSE OF ACTION
FAILURE TO DEVELOP AND IMPLEMENT A REASONABLY DESIGNED AML PROGRAM
Violations of FINRA Rules 3310(a), 3310(f), and 2010
(All Respondents)

212. The Department of Enforcement realleges and incorporates by reference each of the preceding paragraphs.

213. FINRA Rule 3310 requires members to "develop and implement a written anti-money laundering program reasonably designed to achieve and monitor the member's compliance with the requirements of the Bank Secrecy Act (31 U.S.C. 5311, *et seq.*), and the implementing regulations promulgated thereunder by the Department of the Treasury."

214. 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."

215. The Department of the Treasury issued the implementing regulation, 31 C.F.R. § 1023.320, which provides that, “[e]very broker or dealer in securities within the United States . . . shall file with FinCEN, to the extent and in the manner required by this section, a report of any suspicious transaction relevant to a possible violation of law or regulation.”

216. FINRA Rule 3310(f), consistent with the Department of the Treasury’s implementing regulation 31 C.F.R. § 1023.210(b)(5), requires each member firm to “[i]nclude appropriate risk-based procedures for conducting ongoing customer due diligence, to include, but not be limited to: (i) [u]nderstanding the nature and purpose of customer relationships for the purpose of developing a customer risk profile; and (ii) [c]onducting ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information.”

217. In Regulatory Notice 19-18, FINRA provided a non-exhaustive list of examples of red flags suggestive of money laundering or other violative activity to assist broker-dealers in complying with their obligations under the BSA. Upon detection of red flags through monitoring, firms should consider whether additional investigation, customer due diligence measures or a SAR filing may be warranted.

218. A violation of FINRA Rule 3310 also constitutes a violation of FINRA Rule 2010, which requires FINRA members and associated persons to “observe high standards of commercial honor and just and equitable principles of trade” in the conduct of their business.

219. Moore, at all relevant times, was the CEO and AMLCO at both Boustead and Sutter. Moore was, therefore, responsible for monitoring and implementing all aspects of the firms’ AML programs.

220. As alleged in the preceding paragraphs, Boustead and Sutter, under Moore's direction:
- a. failed to develop and implement a written AML program that was tailored to the firms' businesses and the associated risks posed by underwriting public offerings involving small, micro, and nano-cap issuers and issuer-referred customers in foreign jurisdictions, such as China;
 - b. failed to establish and implement policies and procedures that could be reasonably expected to detect and cause the reporting of transactions required under 31.U.S.C. 5318(g) and the implementing regulations thereunder; and
 - c. failed to establish or implement AML policies and procedures, including risk-based procedures to conduct ongoing monitoring and due diligence, to:
 - (i) understand the nature and purpose of customer relationships for the purpose of developing a customer risk profile; and (ii) to identify and report suspicious transactions, which resulted in the firms failing to reasonably detect and investigate red flags that the individuals and entities the issuers referred to the firms may be acting as nominees and/or engaging in manipulative activity.
221. By virtue of the foregoing, Respondents violated FINRA Rules 3310(a), 3310(f) and 2010.

**SECOND CAUSE OF ACTION
FAILURE TO SUPERVISE IPO-RELATED BUSINESS
Violation of FINRA Rules 3110(a) and 2010
(Boustead and Sutter)**

222. The Department of Enforcement realleges and incorporates by reference each of the preceding paragraphs.

223. FINRA Rule 3110(a) requires each member to establish and maintain a system, including written supervisory procedures, 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. The procedures must be tailored to the business lines in which the firm engages, and they also must set out mechanisms for ensuring compliance and detecting violations, not merely set out what conduct is prohibited.

224. FINRA Rule 3110 also requires firms to exercise reasonable supervision. To comply with this supervisory obligation, supervisors must reasonably investigate red flags of potential misconduct and take appropriate action when misconduct has occurred.

225. A violation of FINRA Rule 3110 is also a violation of FINRA Rule 2010.

Inadequate WSPs and Supervision of the Firms' Underwriting and Syndication Businesses

226. FINRA has advised members about the need to tailor supervisory systems to address the risks posed by IPOs and underwriting activity involving low-priced securities, including Regulatory Notice 19-18, Regulatory Notice 21-03, and Regulatory Notice 22-25.

227. During the Relevant Period, the firms' supervisory systems were not reasonably designed to detect and prevent market manipulation. Boustead failed to routinely review either trade blotters or order blotters for suspicious activity, and Sutter relied on a cursory manual review of its trade blotters by a representative who was not properly trained for the task.

228. Neither firm conducted order-level surveillance of trading activity to monitor for potential market manipulation.

229. Additionally, Boustead and Sutter failed to establish and maintain a supervisory system reasonably designed to supervise the firms' underwriting and syndication businesses and failed to reasonably supervise these businesses. Both firms' WSPs failed to identify relevant red

flags of manipulative order and trading activity, and neither firm required its registered representatives to document any investigations concerning suspicious trading activity. As a result of these supervisory deficiencies, Boustead and Sutter failed to monitor for, detect, or investigate (or to document any investigation of) red flags of suspicious and manipulative trading activity.

Inadequate WSPs and Supervisory Failures Relating to Regulation M

230. During the Relevant Period, Boustead and Sutter were distribution participants or affiliated purchasers of such persons, as those terms are defined under Regulation M, in IPOs and other offerings in which the firms acted as the underwriter, prospective underwriter, or otherwise agreed to participate or participated.

231. Boustead and Sutter failed to establish supervisory systems, including written supervisory procedures, that were reasonably designed to achieve compliance with Regulation M. Both firms' WSPs merely described the regulation and what it prohibits without setting forth reasonable processes, systems, or practices to detect and prevent violations of Regulation M.

232. Additionally, Boustead repeatedly misidentified the commencement date of the applicable restricted period so that the "restricted period" identified by the firm excluded dates that fell within the applicable restricted period mandated by Regulation M. These deficiencies prevented the firms' supervisory systems from properly monitoring for, identifying, or preventing solicitation and inducement activity that violated Regulation M.

233. By virtue of the foregoing, Boustead and Sutter violated FINRA Rules 3110(a) and 2010.

THIRD CAUSE OF ACTION
WILLFUL FAILURE TO RETAIN BOOKS AND RECORDS
Exchange Act Section 17(a), Exchange Act Rule 17a-4, FINRA Rules 4511 and 2010
(Boustead)

234. The Department of Enforcement realleges and incorporates by reference each of the preceding paragraphs.

235. Exchange Act Section 17(a) requires registered broker-dealers to “make and keep for prescribed periods such records . . . as the Commission, by rule, prescribes as necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of this title [15 U.S.C. §§ 78a, *et seq.*].”

236. Exchange Act Rule 17a-4 requires broker-dealers to maintain and preserve, for a period of not less than three years, originals of all communications received and copies of all communications sent relating to the firm’s business.

237. FINRA Rule 4511(a) requires member firms to “make and preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules.”

238. A violation of the Exchange Act, Exchange Act Rules, and FINRA Rule 4511 is also a violation of FINRA Rule 2010.

239. Between January 2019 and February 2023, Boustead representatives sent or received thousands of business-related communications via WhatsApp and WeChat.

240. Moore, Boustead’s CEO, was aware that several of the firm’s representatives (including Moore) were using WhatsApp and WeChat to communicate about firm-related business.

241. However, Boustead, in contravention of SEC and FINRA rules, failed to verify or ensure that its representatives' WhatsApp and WeChat business communications were captured and retained by the firm.

242. By virtue of the foregoing, Boustead willfully violated Exchange Act Section 17(a) and Exchange Act Rule 17a-4, and Boustead violated FINRA Rules 4511 and 2010.

FOURTH CAUSE OF ACTION
FAILURE TO SUPERVISE ELECTRONIC COMMUNICATIONS
FINRA Rules 3110(a) and (b), and 2010
(Boustead)

243. The Department of Enforcement realleges and incorporates by reference each of the preceding paragraphs.

244. FINRA Rule 3110(b) requires that each member “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.”

245. FINRA Rule 3110(b)(4) states that the supervisory procedures required by FINRA Rule 3110(b) “shall include procedures for the review of incoming and outgoing written (including electronic) correspondence and internal communications relating to the member’s investment banking or securities business.” Pursuant to this rule, “[r]eviews of correspondence and internal communications must be conducted by a registered principal and must be evidenced in writing, either electronically or on paper.”

246. A violation of FINRA Rule 3110 also constitutes a violation of FINRA Rule 2010.

247. Between January 2019 and February 2023, Boustead failed to establish, maintain, and enforce a supervisory system reasonably designed to review and retain business-related electronic communications of its registered representatives.

248. Although the firm's WSPs provided that business-related electronic communications must be sent or received through firm-approved platforms and prohibited unapproved communication platforms, multiple Boustead representatives routinely used unapproved WhatsApp and WeChat applications to send and receive communications relating to the firm's securities and investment banking businesses. Moreover, after the firm approved WeChat as an authorized method of communication (provided that the firm's employees installed and implemented a third-party application required to retain and preserve WeChat communications), the firm failed to ensure that its employees had implemented the required third-party application and that all WeChat business-related communications were preserved and reviewed.

249. Boustead, through Moore, was aware that firm representatives (including Moore) were using WhatsApp and WeChat for business-related communications, but the firm took no reasonable steps to ensure that the representatives' communications were preserved or monitored. As a result, the firm failed to retain and review thousands of WhatsApp and WeChat business-related communications.

250. By virtue of the foregoing, Boustead violated FINRA Rules 3110(a) and (b), and 2010.

FIFTH CAUSE OF ACTION
FAILURE TO DISCLOSE UNDERWRITING COMPENSATION
Violations of FINRA Rules 5110(a) and (b), and 2010
(Boustead)

251. The Department of Enforcement realleges and incorporates by reference each of the preceding paragraphs.

252. FINRA Rule 5110 is known as the Corporate Financing Rule. FINRA Rule 5110(a)(4) requires any member filing documents pursuant to FINRA Rule 5110(a) to file with FINRA certain information with respect to public offerings, including, but not limited to, “an estimate of the maximum value for each item of underwriting compensation.”

253. FINRA Rule 5110(b)(1) requires that “[a] description of each item of underwriting compensation received or to be received by a participating member must be disclosed in the section on distribution arrangements in the prospectus or similar document.”

254. A violation of FINRA Rule 5110 is also a violation of FINRA Rule 2010.

255. On May 18, 2021, Boustead participated in, and was the underwriter for, a \$26 million IPO of Jiuzi Holdings, Inc. (JZXN).

256. On or about May 20, 2021, in connection with the parties’ underwriting agreement, JZXN acknowledged to Boustead that it owed Boustead “additional advisory fees” in the amount of \$1.25 million.

257. On July 2, 2021, JZXN’s wholly owned subsidiary wired approximately \$1.25 million to Boustead’s parent company.

258. At all relevant times, Boustead’s parent company was an affiliate of Boustead.

259. Boustead failed to disclose to FINRA the \$1.25 million wired to its parent company as underwriting compensation received in connection with the JZXN IPO. This underwriting compensation also was not disclosed to investors in JZXN IPO prospectuses.

260. By virtue of the foregoing, Boustead violated FINRA Rules 5110(a) and (b), and 2010.

SIXTH CAUSE OF ACTION
SELLING NEW ISSUE TO RESTRICTED PERSONS
Violations of FINRA Rules 5130(a) and 2010
(Sutter)

261. The Department of Enforcement realleges and incorporates by reference each of the preceding paragraphs.

262. FINRA Rule 5130(a)(1) provides that “[a] member or a person associated with a member may not sell, or cause to be sold, a new issue to any account in which a restricted person has a beneficial interest, except as otherwise permitted herein.”

263. A violation of FINRA Rule 5130 also constitutes a violation of FINRA Rule 2010.

264. During the Relevant Period, Sutter sold new issues to accounts beneficially owned by restricted persons. Specifically, Sutter sold new issues to accounts beneficially owned by immediate family members of two registered representatives employed by Sutter as reflected in **Exhibit 1** and **Exhibit 2** to this Complaint.

265. The aforementioned sales were not permitted by any of the exceptions provided for pursuant to FINRA Rule 5130.

266. By virtue of the foregoing, Sutter violated FINRA Rules 5130(a) and 2010.

SEVENTH CAUSE OF ACTION
FAILURE TO SUPERVISE SALES TO RESTRICTED PERSONS
FINRA Rules 3110(a) and 2010
(Sutter)

267. The Department of Enforcement realleges and incorporates by reference each of the preceding paragraphs.

268. FINRA Rule 3110(a) requires each member to establish and maintain a system, including written supervisory procedures, 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.

269. A violation of FINRA Rule 3110 also constitutes a violation of FINRA Rule 2010.

270. During the Relevant Period, Sutter failed to establish and maintain a supervisory system to achieve compliance with FINRA Rule 5130, which prohibits members from selling new issue to restricted persons.

271. The firm's WSPs failed to define what a restricted person was for purposes of complying with FINRA Rule 5130, and the firm did not reasonably train its employees concerning which customers qualified as restricted persons.

272. Additionally, although the firm purportedly reviewed its daily blotters for prohibitive sales activity, the blotters were not a reasonable tool to monitor for violations of FINRA Rule 5130 because they did not identify or flag accounts beneficially owned by restricted persons. Moreover, the firm principal who was responsible for monitoring compliance with the rule allowed the firm's representatives to determine for themselves whether a customer was a restricted person in connection with a particular new issue. This was unreasonable particularly because Sutter's WSPs did not define who qualified as a restricted person under FINRA Rule 5130.

273. By virtue of the foregoing, Sutter violated FINRA Rules 3110(a) and 2010.

RELIEF REQUESTED

WHEREFORE, the Department of Enforcement respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondents committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed;
- C. order that Respondents bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330; and
- D. make specific findings that Respondent Boustead Securities, LLC willfully violated Section 17(a) of the Exchange Act and Exchange Act Rule 17a-4.

FINRA DEPARTMENT OF ENFORCEMENT

Date: January 15, 2026



Nicholas Pilgrim
Senior Litigation Counsel
FINRA Department of Enforcement
Brookfield Place
200 Liberty Street
Suite 200
New York, NY 10281
Phone: 404-239-6150
Email: nicholas.pilgrim@finra.org

Justin Arnold
Senior Litigation Counsel
FINRA Department of Enforcement
Brookfield Place
200 Liberty Street
Suite 1200
New York, NY 10281
Phone: 206-549-0036
Email: justin.arnold@finra.org

Jena Levin
Principal Counsel
FINRA Department of Enforcement
101 North Wacker Drive
Suite 2200
Chicago, IL 60606
Phone: 610-999-1462
Email: jena.levin@finra.org

John R. Baraniak, Jr.
Litigation Director
FINRA Department of Enforcement
99 High Street
Suite 900
Boston, MA 02110
Phone: 617-532-3423
Email: john.baraniak@finra.org

EXHIBIT 1

	Account Number	Customer Name	Symbol	Security Description	Trade Date	Buy / Sell	Quantity	Price	Principal Amount	Sales Credit	Busted/Sutter-Underwritten
1		Customer 10	LGVN	LONGEVERON INCCL A	02/12/2021	BUY	500	\$10.00	\$5,000.00	\$112.50	
2		Customer 10	GROY	GOLD ROYALTY CORPREGISTERED SHSISIN#CA38071H1064	03/09/2021	BUY	1,000	\$5.00	\$4,995.00	\$133.62	
3		Customer 10	GROY WS	GOLD ROYALTY CORPWARRANT 2021- ONGOLD ROYALTYEXP 01/01/49ISIN#CA38071H1148	03/09/2021	BUY	500	\$0.01	\$5.00	\$0.00	
4		Customer 12 and Customer 13 JT TEN	GROY	GOLD ROYALTY CORPREGISTERED SHSISIN#CA38071H1064	03/09/2021	BUY	3,000	\$5.00	\$14,985.00	\$400.85	
5		Customer 12 and Customer 13 JT TEN	GROY WS	GOLD ROYALTY CORPWARRANT 2021- ONGOLD ROYALTYEXP 01/01/49ISIN#CA38071H1148	03/09/2021	BUY	1,500	\$0.01	\$15.50	\$0.00	
6		Customer 10	FHS	FIRST HIGH-SCH EDGROUP CO LTD SPONSADS REPSTG CL A SHSISIN#US3205051002	03/11/2021	BUY	500	\$10.00	\$5,000.00	\$200.00	
7		Customer 12 and Customer 13 JT TEN	FHS	FIRST HIGH-SCH EDGROUP CO LTD SPONSADS REPSTG CL A SHSISIN#US3205051002	03/11/2021	BUY	1,000	\$10.00	\$10,000.00	\$400.00	
8		Customer 12 and Customer 13 JT TEN	MITC	MEATECH 3D LTDSPONS ADSISIN#US5834351026	03/12/2021	BUY	600	\$10.30	\$6,180.00	\$278.10	
9		Customer 10	MITC	MEATECH 3D LTDSPONS ADSISIN#US5834351026	03/12/2021	BUY	500	\$10.30	\$5,150.00	\$231.75	
10		Customer 12 and Customer 13 JT TEN	UPC	UNIVERSEPHARMACEUTICALSINCORPORATIONREGISTERED SHSISIN#KYG9442G1047	03/23/2021	BUY	500	\$5.00	\$2,500.00	\$100.00	
11		Customer 10	UTME	UTIME LTDUSD ORD SHSISIN#KYG9411M1087	04/06/2021	BUY	125	\$4.00	\$500.00	\$15.00	✓
12		Customer 12 and Customer 13 JT TEN	UTME	UTIME LTDUSD ORD SHSISIN#KYG9411M1087	04/06/2021	BUY	250	\$4.00	\$1,000.00	\$30.00	✓
13		Customer 11	EBET	ESPORTS TECHNOLOGIESCOM	04/15/2021	BUY	250	\$6.00	\$1,500.00	\$60.00	✓
14		Customer 12 and Customer 13 JT TEN	EBET	ESPORTS TECHNOLOGIESCOM	04/15/2021	BUY	800	\$6.00	\$4,800.00	\$192.00	✓
15		Customer 10	EBET	ESPORTS TECHNOLOGIESCOM	04/15/2021	BUY	800	\$6.00	\$4,800.00	\$192.00	✓
16		Customer 12 and Customer 13 JT TEN	TRKA	TROIKA MEDIA GROUPPINC COM	04/20/2021	BUY	1,000	\$4.14	\$4,140.00	\$166.00	
17		Customer 12 and Customer 13 JT TEN	TRKAW	TROIKA MEDIA GROUPPINC WT EXP	04/20/2021	BUY	1,000	\$0.01	\$10.00	\$0.00	
18		Customer 10	TRKA	TROIKA MEDIA GROUPPINC COM	04/20/2021	BUY	1,000	\$4.14	\$4,140.00	\$166.00	
19		Customer 10	TRKAW	TROIKA MEDIA GROUPPINC WT EXP	04/20/2021	BUY	1,000	\$0.01	\$10.00	\$0.00	
20		Customer 11	FLGC	FLORA GROWTHCORPORATIONREGISTERED SHSISIN#CA3397641026	05/11/2021	BUY	1,000	\$5.00	\$5,000.00	\$175.00	✓
21		Customer 12 and Customer 13 JT TEN	FLGC	FLORA GROWTHCORPORATIONREGISTERED SHSISIN#CA3397641026	05/11/2021	BUY	2,250	\$5.00	\$11,250.00	\$393.75	✓
22		Customer 10	FLGC	FLORA GROWTHCORPORATIONREGISTERED SHSISIN#CA3397641026	05/11/2021	BUY	2,000	\$5.00	\$10,000.00	\$350.00	✓
23		Customer 10	JZXN	JIUZI HLDGS INCUSD ORD SHSISIN#KYG514001026	05/18/2021	BUY	500	\$5.00	\$2,500.00	\$75.00	✓
24		Customer 11	JZXN	JIUZI HLDGS INCUSD ORD SHSISIN#KYG514001026	05/18/2021	BUY	500	\$5.00	\$2,500.00	\$75.00	✓
25		Customer 12 and Customer 13 JT TEN	JZXN	JIUZI HLDGS INCUSD ORD SHSISIN#KYG514001026	05/18/2021	BUY	500	\$5.00	\$2,500.00	\$75.00	✓
26		Customer 12 and Customer 13 JT TEN	ACXP	ACURX PPHARMACEUTICALS INCCOM	06/25/2021	BUY	1,000	\$6.00	\$6,000.00	\$360.00	
27		Customer 11	ACXP	ACURX PPHARMACEUTICALS INCCOM	06/25/2021	BUY	500	\$6.00	\$3,000.00	\$180.00	
28		Customer 10	ACXP	ACURX PPHARMACEUTICALS INCCOM	06/25/2021	BUY	500	\$6.00	\$3,000.00	\$180.00	
29		Customer 10	VRAR	GLIMPSE GROUP INCCOM	07/01/2021	BUY	300	\$7.00	\$2,100.00	\$84.00	
30		Customer 10	AGRI	AGRIFORCE GROWINGSYS LTD COMISIN#CAC009481069	07/08/2021	BUY	750	\$4.99	\$3,742.50	\$150.00	
31		Customer 10	AGRIW	AGRIFORCE GROWINGSYS LTD WT SER APUR COM EXP	07/08/2021	BUY	750	\$0.01	\$7.50	\$0.00	
32		Customer 10	MITQ	MOVING IMAGETECHNOLOGIES INCCOM	07/08/2021	BUY	1,000	\$3.00	\$3,000.00	\$150.00	✓
33		Customer 11	MITQ	MOVING IMAGETECHNOLOGIES INCCOM	07/08/2021	BUY	500	\$3.00	\$1,500.00	\$75.00	✓
34		Customer 12 and Customer 13 JT TEN	MITQ	MOVING IMAGETECHNOLOGIES INCCOM	07/08/2021	BUY	1,000	\$3.00	\$3,000.00	\$150.00	✓
35		Customer 12 and Customer 13 JT TEN	HCWB	HCW BIOLOGICS INCCOM	07/20/2021	BUY	1,000	\$8.00	\$8,000.00	\$280.00	
36		Customer 10	HCWB	HCW BIOLOGICS INCCOM	07/20/2021	BUY	1,250	\$8.00	\$10,000.00	\$350.00	
37		Customer 11	HCWB	HCW BIOLOGICS INCCOM	07/20/2021	BUY	500	\$8.00	\$4,000.00	\$140.00	
38		Customer 10	DATS	DATCHAT INCCOM	08/13/2021	BUY	750	\$4.14	\$3,105.00	\$124.50	
39		Customer 10	DATSW	DATCHAT INCWT EXP	08/13/2021	BUY	750	\$0.01	\$7.50	\$0.00	
40		Customer 11	DATS	DATCHAT INCCOM	08/13/2021	BUY	750	\$4.14	\$3,105.00	\$124.50	
41		Customer 11	DATSW	DATCHAT INCWT EXP	08/13/2021	BUY	750	\$0.01	\$7.50	\$0.00	
42		Customer 11	MYNZ	MAINZ BIOMED B VSHS EURISIN#NL0015000LC2	11/05/2021	BUY	600	\$5.00	\$3,000.00	\$105.00	✓
43		Customer 12 and Customer 13 JT TEN	MYNZ	MAINZ BIOMED B VSHS EURISIN#NL0015000LC2	11/05/2021	BUY	1,000	\$5.00	\$5,000.00	\$175.00	✓
44		Customer 10	MYNZ	MAINZ BIOMED B VSHS EURISIN#NL0015000LC2	11/05/2021	BUY	1,200	\$5.00	\$6,000.00	\$210.00	✓
45		Customer 12 and Customer 13 JT TEN	STRN	STRAN & CO INCCOM	11/09/2021	BUY	1,000	\$4.14	\$4,140.00	\$166.00	
46		Customer 12 and Customer 13 JT TEN	STRNW	STRAN & CO INCWT EXP	11/09/2021	BUY	1,000	\$0.01	\$10.00	\$0.00	
47		Customer 10	STRN	STRAN & CO INCCOM	11/09/2021	BUY	1,000	\$4.14	\$4,140.00	\$166.00	
48		Customer 10	STRNW	STRAN & CO INCWT EXP	11/09/2021	BUY	1,000	\$0.01	\$10.00	\$0.00	
49		Customer 10	SIDU	SIDUS SPACE INCL A COM	12/14/2021	BUY	500	\$5.00	\$2,500.00	\$87.50	✓
50		Customer 11	SIDU	SIDUS SPACE INCL A COM	12/14/2021	BUY	300	\$5.00	\$1,500.00	\$52.50	✓
51		Customer 12 and Customer 13 JT TEN	SIDU	SIDUS SPACE INCL A COM	12/14/2021	BUY	500	\$5.00	\$2,500.00	\$87.50	✓
52		Customer 12 and Customer 13 JT TEN	VINE	FRESH VINE WINE INCCOM	12/14/2021	BUY	500	\$10.00	\$5,000.00	\$200.00	✓
53		Customer 10	VINE	FRESH VINE WINE INCCOM	12/14/2021	BUY	500	\$10.00	\$5,000.00	\$200.00	✓
54		Customer 10	HOUR	HOUR LOOP INCCOM	01/07/2022	BUY	400	\$4.00	\$1,600.00	\$56.00	
55		Customer 11	HOUR	HOUR LOOP INCCOM	01/07/2022	BUY	200	\$4.00	\$800.00	\$28.00	
56		Customer 12 and Customer 13 JT TEN	HTCR	HEARTCOREENTERPRISES INCCOM	02/10/2022	BUY	1,000	\$5.00	\$5,000.00	\$175.00	✓
57		Customer 10	HTCR	HEARTCOREENTERPRISES INCCOM	02/10/2022	BUY	1,650	\$5.00	\$8,250.00	\$288.75	✓
58		Customer 11	HTCR	HEARTCOREENTERPRISES INCCOM	02/10/2022	BUY	1,000	\$5.00	\$5,000.00	\$175.00	✓
59		Customer 12 and Customer 13 JT TEN	GNS	GENIUS GROUP LIMITEDREGISTERED SHSISIN#SGXZ34583559	04/12/2022	BUY	417	\$6.00	\$2,502.00	\$87.57	✓
60		Customer 11	GNS	GENIUS GROUP LIMITEDREGISTERED SHSISIN#SGXZ34583559	04/12/2022	BUY	417	\$6.00	\$2,502.00	\$87.57	✓
61		Customer 10	GNS	GENIUS GROUP LIMITEDREGISTERED SHSISIN#SGXZ34583559	04/12/2022	BUY	417	\$6.00	\$2,502.00	\$87.57	✓
62		Customer 12 and Customer 13 JT TEN	ASNS	ACTELIS NETWORKS INCCOM	05/13/2022	BUY	1,250	\$4.00	\$5,000.00	\$200.00	✓
63		Customer 10	ASNS	ACTELIS NETWORKS INCCOM	05/13/2022	BUY	1,000	\$4.00	\$4,000.00	\$160.00	✓
64		Customer 10	HPCO	HEMPACCO CO INCCOM	8/30/2022	BUY	100	\$6.00	\$600.00	\$24.00	✓
65		Customer 11	HPCO	HEMPACCO CO INCCOM	8/30/2022	BUY	100	\$6.00	\$600.00	\$24.00	✓
66		Customer 12 and Customer 13 JT TEN	HPCO	HEMPACCO CO INCCOM	8/30/2022	BUY	75	\$6.00	\$450.00	\$18.00	✓

	Account Number	Customer Name	Symbol	Security Description	Trade Date	Buy / Sell	Quantity	Price	Principal Amount	Sales Credit	Busted/Sutter-Underwritten
67		Customer 10	AQUNU	AQUARON ACQUISITIONCORP UNIT 1 COM & 1RT TO ACQUIRE 1/5COM STKEXP 07/15/26	10/4/2022	BUY	250	\$10.00	\$2,500.00	\$20.00	
68		Customer 11	AQUNU	AQUARON ACQUISITIONCORP UNIT 1 COM & 1RT TO ACQUIRE 1/5COM STKEXP 07/15/26	10/4/2022	BUY	100	\$10.00	\$1,000.00	\$8.00	
69		Customer 12 and Customer 13 JT TEN	AQUNU	AQUARON ACQUISITIONCORP UNIT 1 COM & 1RT TO ACQUIRE 1/5COM STKEXP 07/15/26	10/4/2022	BUY	250	\$10.00	\$2,500.00	\$20.00	
70		Customer 10	ATMCU	ALPHATIMEACQUISITIONCORPORATION UNITSCONS OF 1 SHS + 1/2EXP 03/01/28	12/30/2022	BUY	250	\$10.00	\$2,500.00	\$20.00	
71		Customer 11	ATMCU	ALPHATIMEACQUISITIONCORPORATION UNITSCONS OF 1 SHS + 1/2EXP 03/01/28	12/30/2022	BUY	100	\$10.00	\$1,000.00	\$8.00	
72		Customer 12 and Customer 13 JT TEN	ATMCU	ALPHATIMEACQUISITIONCORPORATION UNITSCONS OF 1 SHS + 1/2EXP 03/01/28	12/30/2022	BUY	250	\$10.00	\$2,500.00	\$20.00	
73		Customer 10	MGOL	MGO GLOBAL INCCOM	1/13/2023	BUY	500	\$5.00	\$2,500.00	\$100.00	✓
74		Customer 12 and Customer 13 JT TEN	MGOL	MGO GLOBAL INCCOM	1/13/2023	BUY	500	\$5.00	\$2,500.00	\$100.00	✓
75		Customer 10	CVKD	CADRENAL THERAPEUTICS INC COM	1/20/2023	BUY	1000	\$5.00	\$5,000.00	\$200.00	✓
76		Customer 12 and Customer 13 JT TEN	CVKD	CADRENAL THERAPEUTICS INC COM	1/20/2023	BUY	1350	\$5.00	\$6,750.00	\$270.00	✓
77		Customer 10	ASST	ASSET ENTITIES INCL B	2/3/2023	BUY	1000	\$5.00	\$5,000.00	\$200.00	✓
78		Customer 12 and Customer 13 JT TEN	ASST	ASSET ENTITIES INCL B	2/3/2023	BUY	1000	\$5.00	\$5,000.00	\$200.00	✓
79		Customer 10	LICN	LICHEN CHINA LIMITEDREGISTERED SHS -A-ASIN#KYG5479G1082	2/6/2023	BUY	850	\$4.00	\$3,400.00	\$136.00	
80		Customer 12 and Customer 13 JT TEN	LICN	LICHEN CHINA LIMITEDREGISTERED SHS -A-ASIN#KYG5479G1082	2/6/2023	BUY	700	\$4.00	\$2,800.00	\$112.00	
81		Customer 10	MGRX	MANGOCEUTICALS INCCOM	3/21/2023	BUY	625	\$4.00	\$2,500.00	\$125.00	✓
82		Customer 12 and Customer 13 JT TEN	MGRX	MANGOCEUTICALS INCCOM	3/21/2023	BUY	625	\$4.00	\$2,500.00	\$125.00	✓
83		Customer 10	SYT	SYLA TECHNOLOGIESCO LTD ADRISIN#US8712411052	3/31/2023	BUY	320	\$8.00	\$2,560.00	\$102.40	✓
84		Customer 11	SYT	SYLA TECHNOLOGIESCO LTD ADRISIN#US8712411052	3/31/2023	BUY	100	\$8.00	\$800.00	\$32.00	✓
85		Customer 12 and Customer 13 JT TEN	SYT	SYLA TECHNOLOGIESCO LTD ADRISIN#US8712411052	3/31/2023	BUY	500	\$8.00	\$4,000.00	\$160.00	✓
86		Customer 12 and Customer 13 JT TEN	VCIG	VCI GLOBAL LTD SHSISIN#VGG982181031	4/13/2023	BUY	1500	\$4.00	\$6,000.00	\$240.00	✓
87		Customer 12 and Customer 13 JT TEN	GDTC	CYTOMED THERAPEUTICSLTD SHSISIN#SGXZ17669631	4/14/2023	BUY	1000	\$4.00	\$4,000.00	\$160.00	
88		Customer 10	WLG5	WANG & LEE GROUP INCORPORATIONREGISTERED SHSISIN#VGG9T22C1003	4/20/2023	BUY	500	\$5.00	\$2,500.00	\$100.00	✓
89		Customer 12 and Customer 13 JT TEN	WLG5	WANG & LEE GROUP INCORPORATIONREGISTERED SHSISIN#VGG9T22C1003	4/20/2023	BUY	500	\$5.00	\$2,500.00	\$100.00	✓
90		Customer 10	PXDT	PIXIE DUSTTECHNOLOGIES INC SPONSORED ADRISIN#US72582J1034	8/1/2023	BUY	300	\$9.00	\$2,700.00	\$108.00	✓
91		Customer 12 and Customer 13 JT TEN	PXDT	PIXIE DUSTTECHNOLOGIES INC SPONSORED ADRISIN#US72582J1034	8/1/2023	BUY	600	\$9.00	\$5,400.00	\$216.00	✓
92		Customer 10	DTCK	DAVIS COMMODITIESLIMITED REGISTEREDSHSISIN#KYG2677P1054	9/19/2023	BUY	200	\$4.00	\$800.00	\$28.00	
93		Customer 11	DTCK	DAVIS COMMODITIESLIMITED REGISTEREDSHSISIN#KYG2677P1054	9/19/2023	BUY	200	\$4.00	\$800.00	\$28.00	
94		Customer 12 and Customer 13 JT TEN	DTCK	DAVIS COMMODITIESLIMITED REGISTEREDSHSISIN#KYG2677P1054	9/19/2023	BUY	250	\$4.00	\$1,000.00	\$35.00	
95		Customer 10	TURB	TURBO ENERGY S ASPONSORED ADRISIN#US8999241040	9/22/2023	BUY	1000	\$5.00	\$5,000.00	\$233.00	✓
96		Customer 11	TURB	TURBO ENERGY S ASPONSORED ADRISIN#US8999241040	9/22/2023	BUY	500	\$5.00	\$2,500.00	\$116.50	✓
97		Customer 12 and Customer 13 JT TEN	TURB	TURBO ENERGY S ASPONSORED ADRISIN#US8999241040	9/22/2023	BUY	1000	\$5.00	\$5,000.00	\$233.00	✓
98		Customer 10	VSME	VS MEDIA HOLDINGSLIMITED REGISTEREDSHSISIN#VGG9517U1030	9/28/2023	BUY	100	\$5.00	\$500.00	\$17.50	
99		Customer 12 and Customer 13 JT TEN	VSME	VS MEDIA HOLDINGSLIMITED REGISTEREDSHSISIN#VGG9517U1030	9/28/2023	BUY	100	\$5.00	\$500.00	\$17.50	

EXHIBIT 2

	Account Number	Customer Name	Symbol	Security Description	Trade Date	Buy / Sell	Quantity	Price	Principal Amount	Sales Credit	Bousted/Sutter-Underwritten
1		Customer 14	MYNZ	MAINZ BIOMED B VSHS EURISIN#NL0015000LC2	11/05/2021	BUY	300	\$5.00	\$1,500.00	\$52.50	✓
2		Customer 14	SIDU	SIDUS SPACE INCCCL A COM	12/14/2021	BUY	500	\$5.00	\$2,500.00	\$87.50	✓
3		Customer 14	ASNS	ACTELIS NETWORKS INCCOM	05/13/2022	BUY	4,000	\$4.00	\$16,000.00	\$640.00	✓
4		Customer 14	HPCO	HEMPACCO CO INCCOM	8/30/2022	BUY	500	\$6.00	\$3,000.00	\$120.00	✓
5		Customer 14	MGRX	MANGOCEUTICALS INCCOM	3/21/2023	BUY	625	\$4.00	\$2,500.00	\$125.00	✓
6		Customer 14	SYT	SYLA TECHNOLOGIESCO LTD ADRISIN#US8712411052	3/31/2023	BUY	1000	\$8.00	\$8,000.00	\$320.00	✓
7		Customer 14	TURB	TURBO ENERGY S ASPONSORED ADRISIN#US8999241040	9/22/2023	BUY	1250	\$5.00	\$6,250.00	\$291.25	✓