



DB12000P - Deutsche Bank Private Bank

Batch Date: 8/17/2018

Added to Monitoring: 08/17/2018

Alert

Alert Date:

8/17/2018

Organization: NES, LLC

Address: Country: UNITED STATES

Tracking ID: KYC [REDACTED]

Reporting ID:

Alerted Entity #: 1 of 2

Risk Priority: Critical

Alert ID: [REDACTED]

Entity Information

Entity ID: [REDACTED]

Riskid: R2451848

Entity Name: Nasdaq Execution Services, LLC

- Alias: • NES
- BRUT, LLC

Address: New York, New York, UNITED STATES

Recent Event(s): • REG - Regulatory Action / ACT - Disciplinary, Regulatory Action, 04/01/2014  
 Nasdaq Execution Services, LLC submitted a Letter of Acceptance, Waiver and Consent in which the firm was fined \$5,000. Without admitting or denying the findings, the firm consented to the described sanction and to the entry of findings that it entered orders in the NASDAQ Market Center that failed to indicate correct capacity in contravention of NASDAQ Rule 4611(a)(6), 04/01/2014, [Financial Industry Reg. Auth. \(FINRA\) Disciplinary Actions 2014](#)

- Event: • SEC - SEC Violations (Insider Trading, Securities Fraud) / ACT - Disciplinary, Regulatory Action, 05/29/2013  
 The SEC issued an order instituting administrative and cease-and desist proceedings, making findings and imposing sanctions and a cease-and desist order against NASDAQ Execution Services, LLC, alleging that as of May 18, 2012, NASDAQ's rules did not permit it or its affiliated brokerdealer, NES, to assume an error position in a listed security for any reason, and it therefore was also not permitted to engage in trading to cover any position it did assume; and as result of NES's error account activity on May 18, 2012, NES experienced a net capital deficiency of approximately \$26.5 million in violation of Exchange Act Section 15(c)(3) and Rule 15c3-1 thereunder, and this deficiency resulted from the requirement that NES take a haircut of \$35.3 million due to its error account activity related to the Facebook IPO; and prior to the haircut, NES's excess net capital was approximately \$8.8 million., 05/29/2013, [SEC Administrative Proceedings - 2013](#)
- REG - Regulatory Action / ACT - Disciplinary, Regulatory Action, 04/01/2014  
 Nasdaq Execution Services, LLC submitted a Letter of Acceptance, Waiver and Consent in which the firm was fined \$5,000. Without admitting or denying the findings, the firm consented to the described sanction and to the entry of findings that it entered orders in the NASDAQ Market Center that failed to indicate correct capacity in contravention of NASDAQ Rule 4611(a)(6), 04/01/2014, [Financial Industry Reg. Auth. \(FINRA\) Disciplinary Actions 2014](#)
- REG - Regulatory Action / ACT - Disciplinary, Regulatory Action, 01/01/2010  
 NASDAQ Execution Services, LLC submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$45,000. The findings stated that the ECN's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning short sale transaction reporting, and the firm's written supervisory procedures regarding trade reporting were not reasonably designed to achieve compliance with reporting the correct short sale indicator, another ECN the firm operated transmitted ROEs to OATS that OATS

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Organization: NES, LLC

Address: Country: UNITED STATES

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Alerted Entity #: 1 of 2

Risk Priority: Critical

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rejected for context or syntax errors and were repairable, and the firm failed to repair most of them and also included that one ECN transmitted Route or Combined Order/Route Reports to OATS that the OATS system was unable to link to the corresponding new order that the destination member firm submitted due to inaccurate, incomplete or improperly formatted data., 01/01/2010, Financial Industry Reg. Auth. (FINRA) Disciplinary Actions 2010

- REG - Regulatory Action / ACT - Disciplinary, Regulatory Action, 10/10/2007  
Decision number: 07-124 - Violated NYSE Rule 411(b)(1) by introducing for execution customer odd-lot orders that aggregate 100 shares or more without having those orders consolidated into round-lots as far as possible; violated NYSE Rule 476(a)(6) by introducing for execution customer odd-lot orders that were inconsistent with NYSE's odd-lot rules and policies; violated NYSE Rule 405(a) by failing to learn essential facts relative to certain of its customers and orders it accepted for execution; violated NYSE Rule 342 by failing to reasonably supervise and implement adequate controls, including separate system of follow-up and review, reasonably designed to achieve compliance with NYSE odd-lot rules and policies. Consent to censure and \$190,000 fine., 10/10/2007, New York Stock Exchange Disciplinary Actions
- REG - Regulatory Action / ACT - Disciplinary, Regulatory Action, 09/01/2006  
NASD Fines BRUT \$2.2 Million for rule violations relating to publication of erroneous order execution quality reports, backing away from the firm's posted quotes, failure to maintain two-sided quotations, failure to comply with the rules applicable to trade-throughs and locked and/or crossed markets, non-retention of emails, OATS deficiencies and inadequate supervision. In addition to the fine, BRUT agreed to revise certain of the firm's written supervisory procedures within 30 days. NASD found that from October 2001 shortly after the requirement to publish order execution reports took effect through July 2005, BRUT published execution reports that contained critical errors. Specifically, when subscribers of BRUT's ECN entered orders that included a "reserve size component," BRUT's treatment of these reserve size orders resulted in execution reports that did not include the full size of each such order., 09/01/2006, Financial Industry Reg. Auth. (FINRA) Disciplinary Actions 2006

Alert Notes

Notes: Nasdaq Execution Services, LLC, appears on Financial Industry Reg. Auth. (FINRA) Disciplinary Actions.

Source Information

RDC URL: <https://grid.rdc.com/wss/entity.html?entityId=c756888037d211965d3f3d53eb346cc4>

Source Name: RiskConnect, 08/16/2018

- Entity URL:
- <http://www.finra.org/Industry/Enforcement/DisciplinaryActions/MonthlyActions/2014/>
  - <http://www.finra.org/web/groups/industry/@ip/@enf/@da/documents/disciplinaryactions/p484048.pdf>
  - <http://www.nyse.com/pdfs/07-124.pdf>
  - [http://www.nyse.com/DiscAxn/discAxn\\_10\\_2007.html#07-124](http://www.nyse.com/DiscAxn/discAxn_10_2007.html#07-124)

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Alerted Entity #: 1 of 2

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Alert ID: [REDACTED]

- <http://www.sec.gov/litigation/admin/2013/34-69655.pdf>
- <http://www.finra.org/Industry/Enforcement/DisciplinaryActions/MonthlyActions/2010/index.htm>
- <http://www.finra.org/web/groups/industry/@ip/@enf/@da/documents/disciplinaryactions/p120730.pdf>
- <http://www.finra.org/Industry/Enforcement/DisciplinaryActions/MonthlyActions/2006/index.htm>
- <http://www.finra.org/web/groups/industry/@ip/@enf/@da/documents/disciplinaryactions/p017398.pdf>

**Sources:**

- Financial Industry Reg. Auth. (FINRA) Disciplinary Actions 2014, Financial Industry Reg. Auth. (FINRA) Disciplinary Actions 2014, <http://www.finra.org/Industry/Enforcement/DisciplinaryActions/MonthlyActions/2014/>
- New York Stock Exchange Disciplinary Actions, New York Stock Exchange Disciplinary Actions, <http://www.nyse.com/regulation/nyse/1022221394131.html>
- SEC Administrative Proceedings - 2013, SEC Administrative Proceedings - 2013, <http://www.sec.gov/litigation/admin.shtml>
- Financial Industry Reg. Auth. (FINRA) Disciplinary Actions 2010, Financial Industry Reg. Auth. (FINRA) Disciplinary Actions 2010, <http://www.finra.org/Industry/Enforcement/DisciplinaryActions/MonthlyActions/2010/index.htm>
- Financial Industry Reg. Auth. (FINRA) Disciplinary Actions 2006, Financial Industry Reg. Auth. (FINRA) Disciplinary Actions 2006, <http://www.finra.org/Industry/Enforcement/DisciplinaryActions/MonthlyActions/2006/index.htm>

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CONFIDENTIAL – PURSUANT TO FED. R. CRIM. P. 6(e)

DB-SDNY-0024122

EFTA\_00171809

EFTA01297824



Organization: NES, LLC

Address: Country: UNITED STATES

Tracking ID: KYC [REDACTED]

Reporting ID:

Alerted Entity #: 2 of 2

Risk Priority: Critical

Alert ID: [REDACTED]

Entity Information

Entity ID: [REDACTED]

Riskid: R2234375

Entity Name: National Enterprise Systems Inc.

- Alias: • NES
- National Enterprise Systems, Inc.

- Address: • CHARLESTON, W.Va.
- West Virginia, UNITED STATES
- Cleveland, Ohio, UNITED STATES
- Solon, Ohio, UNITED STATES

- Recent Event(s):**
- BUS - Business Crimes (Antitrust, Bankruptcy, Price Fixing) / SET - Settlement or Suit, 09/22/2010  
Attorney General McGraw's Consumer Protection Division sued NES, accusing the company of using illegal strong-arm debt-collection tactics including telephone harassment and false threats of arrest., 09/22/2010, [Targeted News Service](#)
  - AST - Assault, Battery / SET - Settlement or Suit, 09/22/2010  
Last year, Attorney General McGraw's Consumer Protection Division sued NES, accusing the company of using illegal strong-arm debt-collection tactics including telephone harassment, 09/22/2010, [Targeted News Service](#)
- Event:**
- FRD - Fraud, Scams, Swindles / SET - Settlement or Suit, 04/13/2010  
Cordray's lawsuit charged NES with engaging in practices that violated Ohio's Consumer Sales Practices Act (CSPA), 04/13/2010, [States News Service](#)
  - BUS - Business Crimes (Antitrust, Bankruptcy, Price Fixing) / SET - Settlement or Suit, 09/22/2010  
Attorney General McGraw's Consumer Protection Division sued NES, accusing the company of using illegal strong-arm debt-collection tactics including telephone harassment and false threats of arrest., 09/22/2010, [Targeted News Service](#)
  - PRJ - False Filings, False Statements, Perjury, Obstruction of Justice / SET - Settlement or Suit, 06/10/2010  
attorney general's Consumer Protection Division sued NES last year. The lawsuit alleged false threats of lawsuits, arrest and criminal prosecution, and other abuses., 06/10/2010, [Charleston Gazette](#)
  - AST - Assault, Battery / SET - Settlement or Suit, 09/22/2010  
Last year, Attorney General McGraw's Consumer Protection Division sued NES, accusing the company of using illegal strong-arm debt-collection tactics including telephone harassment, 09/22/2010, [Targeted News Service](#)
  - MIS - Misconduct / SET - Settlement or Suit, 07/23/2009  
lawsuit filed for unlawful conduct, including adding unlawful collection fees to tuition owed by students to West Virginia colleges and universities, 07/23/2009, [US FED News](#)
  - MIS - Misconduct / SET - Settlement or Suit, 07/22/2009  
Ohio Attorney General Richard Cordray sued National Enterprise Systems Inc. of Solon, accusing the company of harassing Ohioans in its attempts to collect debts. More than 200 consumers have filed complaints against NES, accusing the company of ..., 07/22/2009, [Plain Dealer \(Cleveland\)](#)
  - MIS - Misconduct / SET - Settlement or Suit, 07/21/2009  
filed a lawsuit against National Enterprise Systems, Inc that allegedly made unlawful threats to several West Virginians and also alleged a wide range of other unlawful conduct, including adding unlawful

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West Virginians and also alleged a wide range of other unlawful conduct, including adding unlawful collection fees to tuition owed by stude..., 07/21/2009, Targeted News Service

**Alert Notes**

**Notes:** National Enterprise Systems Inc. was charged with engaging in practices that violated Ohio's Consumer Sales Practices Act (CSPA)

**Source Information**

**RDC URL:** <https://grid.rdc.com/wss/entity.html?entityId=4bef99b832530e885d3f3d53eb346cc4>

**Source Name:** RiskConnect, 08/16/2018

**Sources:**

- Targeted News Service, MEDIA Article, United States, Headline: Attorney General McGraw Sues Ohio Collection Agency, National Enterprise Systems; Asks Court to Stop Firm from Making Unlawful Threats, <http://global.factiva.com/en/du/article.asp?NAPC=S&AccessionNo=TARGNS0020090722e571001jw>
- States News Service, MEDIA Article, United States, Headline: OHIO DEBT COLLECTION FIRM TO PAY CONSUMERS FOR VIOLATIONS OF RIGHTS, <http://global.factiva.com/en/du/article.asp?NAPC=S&AccessionNo=SNS0000020100413e64d002k4>
- Charleston Gazette, MEDIA Article, United States, Headline: Justice Robin Davis to speak at UC today, <http://global.factiva.com/en/du/article.asp?NAPC=S&AccessionNo=CGAZ000020100611e66a0005y>
- Targeted News Service, MEDIA Article, United States, Headline: Attorney General McGraw Opens Claims Process for Refunds of Illegal Collection Fees Added to Tuition Debts, <http://global.factiva.com/en/du/article.asp?NAPC=S&AccessionNo=TARGNS0020100923e69m00338>
- States News Service, MEDIA Article, United States, Headline: ATTORNEY GENERAL MCGRAW OPENS CLAIMS PROCESS FOR REFUNDS OF ILLEGAL COLLECTION FEES ADDED TO TUITION DEBTS, <http://global.factiva.com/en/du/article.asp?NAPC=S&AccessionNo=SNS0000020100922e69m003gj>
- The Plain Dealer, MEDIA Article, Headline: Attorney general sues debt collector, <http://global.factiva.com/en/du/article.asp?NAPC=S&AccessionNo=CLEV000020090723e57m0000u>
- US Fed News, MEDIA Article, Headline: ATTORNEY GENERAL MCGRAW SUES OHIO COLLECTION AGENCY, NATIONAL ENTERPRISE SYSTEMS, <http://global.factiva.com/en/du/article.asp?NAPC=S&AccessionNo=INDFED0020090723e57n0046h>

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