

PEOPLE OF THE STATE OF NEW YORK  
NEW YORK STATE OFFICE OF THE ATTORNEY GENERAL

IN THE MATTER OF THE INVESTIGATION OF  
LETITIA JAMES, ATTORNEY GENERAL OF THE  
STATE OF NEW YORK,

IN REGARDS TO:

**GFI SECURITIES LLC**

**MEMORANDUM OF**  
**AGREEMENT**

1. This is the Memorandum of Agreement ("Agreement") between the Office of the Attorney General for the State of New York ("OAG") and **GFI SECURITIES LLC** ("GFI"). There are no promises, agreements, or conditions, express or implied, other than those set forth in this document. No modification, deletion, or addition to this Agreement will be valid or binding on either party unless put into writing and signed by both parties.

2. GFI is a Limited Liability Company organized under the laws of the State of New York and conducts business and maintains offices in the County and State of New York at 55 Water Street, 10<sup>th</sup> Floor, New York, New York 10041. GFI represents and warrants that the signatory below has been duly authorized and has the authority to execute this Agreement, as per the document attached hereto as **Exhibit "A."**

3. In or about November 2015, the OAG's Criminal Enforcement and Financial Crimes Bureau commenced an investigation pursuant to Article 23-A, Section 352 *et seq.* of the General Business Law of New York (the "Martin Act") concerning GFI and its related and affiliated entities, and examined whether, from on or about January 1, 2014 to December 31, 2015, as an inter-dealer broker of foreign exchange currency options ("FX Options"), GFI committed fraudulent acts and practices as defined under the Martin Act. This Agreement contains the findings of the OAG's investigation. This Agreement also contains the relief agreed to by the OAG and GFI (together, the "Parties"). This Agreement is intended as a global

resolution of all potential criminal and civil charges and associated penalties that could have been brought against GFI by the OAG in conjunction with the OAG's investigation.

## **LEGAL FRAMEWORK**

### **New York State General Business Law**

4. New York State's General Business Law ("GBL") Article 23-A, Section 352 *et seq.* (the "Martin Act") protects the public from fraudulent practices in the commodities and securities industries. The Martin Act provides the Attorney General with authority to investigate and criminally prosecute all fraudulent acts and practices relating to, *inter alia*, the purchase and sale of commodities and securities. See GBL §§ 352, 352-c, 358, 359-g. In addition, the Martin Act provides the Attorney General with authority to seek civil remedies. See GBL §§ 352-i; 353; 353-a; 359-g.

5. In particular, the Martin Act prohibits acts involving "any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale" of commodities and securities. See GBL § 352-c(1)(a), 352-c(2); Article 23-A *et seq.* GBL § 352-c describes specific felony and misdemeanor conduct. For instance, it is an unclassified misdemeanor under the Martin Act for "a person ... [or] corporation ... [to employ] any act or practice declared to be illegal and prohibited by this section." See GBL § 352-c(1), c(4); Penal Law § 55.10(2)(b).

6. The Martin Act further provides that it is a class "E" felony for "[a]ny person ... [or] corporation ... [to] intentionally engage[ ] in any scheme constituting a systematic ongoing course of conduct with intent to defraud ten or more persons or to obtain property from ten or more persons by false or fraudulent pretenses, representations or promises, and so obtain[s] property from one or more of such persons while engaged in inducing or promoting the issuance, distribution, exchange, sale, negotiation or purchase of any securities or commodities ..." GBL § 352-c(5).

7. In addition, GBL § 352-c(6) makes it a class "E" felony for "[a]ny person...[or] corporation ... [to] intentionally engage[ ] in fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale, or [to] make[ ] any material false

representation or statement with intent to deceive or defraud, while engaged in inducing or promoting the issuance, distribution, exchange, sale, negotiation or purchase ... of any securities or commodities ... and thereby wrongfully obtains property of a value in excess of \$250.”

8. Civil relief and remedies under the Martin Act and Executive Law include, *inter alia*, permanent injunction, appointment of a receiver, and disgorgement of gains. See GBL § 352-i; 353-a; Executive Law § 63(12); People v. Ernst & Young LLP, 114 A.D.3d 569 (1<sup>st</sup> Dept. 2014); People v. Greenberg et al., 27 N.Y.3d 490 (2016).

#### **New York State Penal Law**

9. Penal Law (“P.L.”) Section 190.65 provides that “[a] person is guilty of a scheme to defraud in the first degree when he or she:<sup>1</sup> (a) engages in a scheme constituting a systematic ongoing course of conduct with intent to defraud ten or more persons or to obtain property from ten or more persons by false or fraudulent pretenses, representations or promises, and so obtains property from one or more of such persons; or (b) engages in a scheme constituting a systematic ongoing course of conduct with intent to defraud more than one person or to obtain property from more than one person by false or fraudulent pretenses, representations or promises, and so obtains property with a value in excess of one thousand dollars from one or more such persons ...” Scheme to defraud in the first degree is a class “E” felony.

10. P.L. Section 175.10 provides that “[a] person is guilty of falsifying business records in the first degree when he commits the crime of falsifying business records in the second degree, and when his intent to defraud includes an intent to commit another crime or to aid or conceal the commission thereof.” P.L. Section 175.05 provides that “[a] person is guilty of falsifying business records in the second degree when, with intent to defraud, he ... (1) [m]akes or causes a false entry in the business records of an enterprise ...” Falsifying business records in the first degree is a class “E” felony.

#### **New York State Executive Law**

11. “Whenever any person ... engage[s] in the repeated fraudulent or illegal acts or

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PL § 10.00(7) provides that “Person” means a human being, and where appropriate, a public or private corporation.

otherwise demonstrate[s] persistent fraud or illegality in the carrying on, conducting or transaction of business" the attorney general has the authority to seek, *inter alia*, "an order enjoining the continuance of such business activity or of any fraudulent or illegal acts, directing restitution and damages ..." Executive Law ("Exec. L.") Article 5, Section 63(12). This provision of the Executive Law defines the terms "fraud" and "fraudulent" to "include any device, scheme or artifice to defraud and any deception, misrepresentation, concealment, suppression, false pretense, false promise or unconscionable contractual provisions" *Id.* It further defines the terms "persistent fraud" and "illegality" to "include continuance or carrying on of any fraudulent or illegal act or conduct. *Id.* The term 'repeated' ... [is defined as] repetition of any separate and distinct fraudulent or illegal act, or conduct which affects more than one person ..." *Id.*

12. When the Attorney General has authority to "institute a civil action or proceeding in connection with the enforcement of a law of this state, in lieu thereof he may accept an assurance of discontinuance of any act or practice in violation of such law ..." Exec. L. Article 5, Section 63(15).

### **THE OAG'S FINDINGS**

13. From January 1, 2014 to December 31, 2015 (the "Relevant Period"), GFI was an inter-dealer broker that solicited and accepted orders to buy and sell FX Options to and from traders, many of whom were both based in the New York State offices of certain financial institutions and physically located within the state of New York ("New York-Based Traders"). GFI earned commission-based fees for matching buyers and sellers of FX Options, including buyers and sellers of emerging markets FX Options ("EFX Options").

14. During the Relevant Period, certain GFI brokers who sat on the EFX Options desk ("EFX Options Brokers") used and employed fraudulent practices to solicit and accept orders from New York-Based Traders to buy and sell FFX Options. This conduct was in violation of the Martin Act. Specifically, EFX Options Brokers, while acting within the scope of their employment, at times communicated non-executable bids and offers in EFX Options, which they falsely indicated were executable, and communicated non-existent trades in EFX Options, which they falsely indicated had occurred, to New York-Based Traders in order to create a false

appearance of greater liquidity and to induce such traders to buy and sell EFX Options at GFI, and to thereby obtain commissions.

15. During the Relevant Period, EFX Options Brokers posted certain bids and offers on GFI's electronic platform (the "Platform"), whereby they falsely represented to New York-Based Traders that there were bids or offers for an EFX Option at a particular level, when, in fact, no trading financial institution had bid or offered the option at that level. This practice was referred to by EFX Options Brokers as "flying" prices, and was done to create a false appearance of greater liquidity. During the Relevant Period, EFX Options Brokers "flew" tens of thousands of bids and offers for EFX Options.

16. During the Relevant Period, EFX Options Brokers also, at times, communicated to New York Based-Traders that a trade had occurred when a trade had not, in fact, occurred. This practice was sometimes referred to by EFX Options Brokers as "printing" a fake trade. EFX Options Brokers printed fake trades in EFX Options to New York Based-Traders by communicating orally or through electronic communications, including via instant message chats and on the Platform. These non-existent trades were intended to deceive New York-Based Traders into believing that a trade had occurred at GFI at a particular level and to induce New York-Based Traders to enter into genuine "follow-on" trades, i.e., trades at the level at which an EFX Options Broker had falsely reported a trade, in order to generate commissions.

17. The OAG finds that the practices described above constitute both civil and criminal violations under the Martin Act, Article 23-A of the New York State General Business Law, as well as civil violations under New York State Executive Law Section 63(12), and criminal violations under, *inter alia*, Articles 190 and 175 of the New York State Penal Law.

#### **UNDERSTANDING OF THE PARTIES**

18. The OAG finds the relief, remediation, conditions, and assurances contained in this Agreement are appropriate and in the public interest. Therefore, the OAG is willing to accept an Assurance of Discontinuance ("Assurance") by GFI, as set forth in Paragraphs 20-41 of this Agreement, pursuant to Executive Law § 63(15) in lieu of commencing a statutory proceeding for civil violations of Article 23-A of the New York State General Business Law and

Section 63(12) *et seq.* of the New York State Executive Law, and other applicable civil laws, in conjunction with a criminal Non-Prosecution Agreement as set forth in Paragraphs 42-46 of this Agreement, to address the conduct described above that occurred during the Relevant Period.

19. GFI has agreed to the terms set forth below in settlement of the violations alleged by the OAG in Paragraphs 13-17; and to avoid the time, expense, and distraction of litigation, and in furtherance of the Agreement, GFI admits to the conduct specified in Paragraph 14.

**WHEREFORE, IT IS HEREBY UNDERSTOOD AND AGREED,** by and between the Parties:

**ASSURANCE OF DISCONTINUANCE BY GFI SECURITIES LLC**  
**(OAG Assurance No. 19-114)**

**RELIEF**

**Programmatic Relief**

20. GFI shall not use or employ any fraud, deception, concealment, suppression, false pretense, or fictitious or pretended purchase or sale related to any EFX Options bid, offer, or trade.

21. To the extent it has not already done so, GFI will implement reasonable policies and procedures and provide training to its employees on its FX Options desks, and implement reasonable and practicable means by which to monitor brokers on its EFX Options desk, in order to seek to:

- a. ensure transparency in all FX Options bids and offers communicated to the financial markets or to customers of GFI, by clearly distinguishing between a bid or an offer that, at the time of posting, is specifically authorized by a financial institution as an immediately executable bid or offer; and a bid or an offer that, at the time of posting, is based on any other general market information and is not expressly authorized by a specific financial institution as an immediately executable bid or offer; and

b. ensure that FX Options brokers at GFI do not announce fake trades to the financial markets or to customers of GFI.

### **Oversight/Monitoring**

22. GFI agrees to retain, at its own cost and expense, an Independent Monitor acceptable to, and for the benefit of, the OAG, to monitor, assess, and provide the OAG with periodic reports, as set forth below, detailing the compliance of GFI with the requirements set forth in Paragraphs 20-21 (Programmatic Relief) and Paragraph 27 (Prohibition on Re-Appointment of Certain Managerial Agents at GFI) of this Assurance.<sup>2</sup>

23. The Independent Monitor shall be selected and retained as follows:

a. The Independent Monitor must have sufficient knowledge of the FX Options market, or equivalent and comparable knowledge of financial products, to understand, monitor, and assess the policies, procedures, and practices of GFI, in accordance with this Assurance. Furthermore, the Independent Monitor must, in the view of the OAG, be sufficiently impartial, distinct, and independent from GFI and its directors, officers, employees, counsel, and other representatives.

b. GFI shall have the right to recommend an Independent Monitor to the OAG. However, as set forth in this paragraph, in the event that GFI fails to timely propose to the OAG an acceptable Independent Monitor, the OAG will provide GFI with a list of potential Independent Monitors acceptable to the OAG, from which GFI shall choose an Independent Monitor and retain same within sixty (60) days.

(i) Within 60 days of the execution of this Agreement, GFI shall recommend to the OAG up to three (3) potential Independent Monitors. The OAG, in its sole discretion, shall either accept or reject the proposed Independent Monitor(s). If the OAG accepts one or more

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<sup>2</sup> The OAG shall confer with the United States Commodity Futures Trading Commission ("CFTC") regarding Independent Monitor matters to ensure consistency between this Assurance and any Order issued by the CFTC concerning the conduct at issue in this Agreement. It is understood that the OAG and the CFTC will agree as to the appointment of a single Independent Monitor, who will have responsibility for the tasks outlined herein as well as any supplementary tasks outlined in any such CFTC Order.

proposed Independent Monitors, GFI will have sixty (60) days to choose one and retain same.

(ii) In the event the OAG rejects the proposed Independent Monitors, GFI shall have an additional sixty (60) days to recommend up to three (3) other potential Independent Monitors. In the event that the OAG rejects the additional proposed Independent Monitor(s), or GFI fails to timely provide the OAG with a list of acceptable proposed Independent Monitors, the OAG will provide GFI with a list of three (3) potential Independent Monitors acceptable to the OAG, from which GFI shall choose an Independent Monitor and retain same within sixty (60) days.

(iii) Although the OAG shall not be a party to the agreement(s) between the Independent Monitor and GFI, respectively, any agreement between the Independent Monitor and GFI must include language that the Independent Monitor agrees to provide its services for the benefit of the OAG, that any and all reports and information provided by the Independent Monitor to the OAG shall be deemed the property of the OAG, and that the Independent Monitor shall abide by any specific request by the OAG for confidential treatment of any communication between the OAG and the Independent Monitor.

24. Scope of Independent Monitor's Responsibilities.

a. The Independent Monitor shall have reasonable access to GFI books, records, computer systems, and employees to conduct up to three audits (subject to the terms of Paragraphs 25(d) and 26(a) of this Assurance) as reasonably necessary to assess compliance with the requirements set forth in Paragraphs 20-21 and Paragraph 27 of this Assurance.

b. The Independent Monitor shall have the right to discuss the facts and circumstances of the OAG's findings with the OAG, and the OAG may disclose to the



Independent Monitor those portions of its investigation that may assist the Independent Monitor in reviewing and monitoring GFI's policies and procedures in accordance with this Assurance. The Independent Monitor is also permitted to communicate at any time with the OAG concerning its monitorship, review, findings, assessments, and reports. The Independent Monitor shall abide by any specific request by the OAG for confidential treatment of any communication between the OAG and the Independent Monitor.

c. The Independent Monitor shall immediately inform the OAG in writing if the Independent Monitor determines that, during the course of its monitorship, GFI has used or employed any fraud, deception, concealment, suppression, false pretense, or fictitious or pretended purchase or sale related to any EFX Options bid, offer, or trade, and may also advise the OAG in writing, in advance of a scheduled report, if it believes GFI is otherwise not complying with the provisions of this Assurance.

d. The Independent Monitor shall, where appropriate, propose internal controls and ethics and compliance programs in accordance with this Assurance. If GFI chooses not to adopt the Independent Monitor's recommendations within a reasonable period of time, the Independent Monitor shall report that fact to the OAG, along with GFI's stated reason for not adopting the same.

e. The Independent Monitor shall provide the OAG with periodic reports detailing compliance by GFI with the requirements set forth in this Assurance, as set forth in Paragraph 25.

25. Periodic Reports and Certification of Compliance.

a. The Independent Monitor's reports shall be in writing and shall set forth in detail the manner and form of compliance with this Assurance.

b. The initial report shall be submitted to the OAG within ninety (90) days of the retention of the Independent Monitor.

c. Thereafter, a report shall be submitted to the OAG every six (6) months for a twelve (12) month period.

d. Additionally, where the circumstances warrant, the OAG may require the Independent Monitor to file an interim report upon thirty (30) days' notice. If the OAG requires the Independent Monitor to file any such interim report, the Independent Monitor (i) may conduct such additional audits as necessary to assess compliance with the requirements set forth in Paragraphs 20-21 and Paragraph 27 of this Assurance, and (ii) shall file the interim report with notice to the designated representatives of GFI.

e. A copy of each report shall be provided by the Independent Monitor to the designated representatives of GFI for review, no later than ten (10) days prior to the due date to the OAG. During that review period, GFI shall have the opportunity to respond to any findings specifically designated as such by the Independent Monitor. Thereafter, GFI shall provide the OAG with a certification affirming its compliance with the requirements set forth in Paragraphs 20-21 and Paragraph 27 of this Assurance. These certifications shall be in writing and signed by authorized agents of GFI.

26. Extension of Monitorship Period and Waiver of Statute of Limitations.

a. The duration of the Independent Monitor's engagement as contemplated above (the "Monitorship Period") shall be for a period of twelve (12) months from the date of submission of the initial compliance report to the OAG. If GFI has not satisfied its obligations under this Assurance after such 12-month period, the Monitorship Period shall be extended and shall continue until such time that there is satisfaction of such obligations or a New York State court enjoins such conduct. In the event of such an extension, the Independent Monitor may conduct such additional periodic audits as necessary to assess compliance with the requirements set forth in Paragraphs 20-21 and Paragraph 27 of this Assurance. In no event shall the Monitorship Period exceed a total period of twenty-four (24) months from the date of submission of the initial compliance report.

b. On three separate occasions, GFI tolled certain statutes of limitations and other time-related defenses related to the OAG's investigation referenced in this Agreement, for the period February 15, 2017, to February 17, 2020. The previously executed Statute of Limitations Tolling Agreement, dated May 18, 2017, the Second

Statute of Limitations Tolling Agreement, dated June 12, 2018, and the Third Statute of Limitations Tolling Agreement, dated February 15, 2019, shall be incorporated by reference herein (collectively, the "Prior Tolling Agreements"). The Prior Tolling Agreements shall remain in full force and effect, and shall continue and be automatically extended to include the period through and including the Monitorship Period referenced in this Agreement. Thereafter, tolling provisions shall terminate upon the conclusion of the Monitorship Period as set forth in this paragraph, without the need for any further written notice of termination and without the need for the passage of the 90-day notice period referenced in the Prior Tolling Agreements.

**Prohibition on Re-Appointment of Certain Managerial Agents at GFI**

27. GFI certifies that certain agents of GFI, including Managerial Agent 1—who were employed by GFI during the Relevant Period, and whose identities are known to the OAG and to GFI—are no longer employed by GFI. GFI agrees not to re-appoint these agents to any managerial position at GFI, to any supervisory role related to the brokering of FX Options to New York-Based Traders, or to any position as a broker of FX Options to New York-Based Traders for a period of five (5) years.

**Monetary Relief**

28. Within ten (10) days of execution of this Agreement, GFI shall pay the sum of Five Million United States Dollars (USD \$5,000,000.00) representing monetary penalties, costs, disbursements, and disgorgement to the OAG.

29. Payment to the OAG must be made by wire transfer, in accordance with instructions provided by the OAG.

**Cooperation with the OAG's Ongoing Investigation**

30. GFI, consistent with and without waiving attorney-client privilege or the attorney work product doctrine, shall fully and promptly cooperate with the OAG with respect to any investigation by the OAG related to the use of any fraudulent practices by employees of GFI to solicit and accept orders from New York-Based Traders to buy and sell EFX Options during the

Relevant Period, and with respect to any related proceedings and actions in New York State, including but not limited to court or grand jury proceedings. This includes, without limitation, GFI using its best efforts to ensure that its officers, directors, employees, records custodians, and agents fully and promptly cooperate with any such investigation and related proceedings and actions in New York State, as set forth in this paragraph. Willful and material failure to comply with this paragraph in any respect shall be a violation of this Assurance and Agreement.

a. GFI, upon demand by the OAG, shall produce a records custodian in any New York State proceeding or action brought by the OAG, including but not limited to court and grand jury proceedings, to provide testimony sufficient to authenticate documents and records, including but not limited to any and all documents and records previously produced by GFI to the OAG or which GFI may in the future produce to the OAG.

b. GFI, upon demand by the OAG, shall produce a competent witness to provide testimony in any New York State proceeding or action brought by the OAG, including but not limited to court and grand jury proceedings, regarding the positions held by, and the duties, responsibilities, and authorities of brokers and managers employed by GFI who solicited, accepted, or executed orders from New York-Based Traders to buy and sell EFX Options during the Relevant Period.

c. GFI, upon demand by the OAG, shall produce any additional documents requested that relate to the use and employment of any fraudulent practices by employees of GFI to solicit and accept orders from New York-Based Traders to buy and sell EFX Options, and documents related to positions held by, and the duties, responsibilities, and authorities of brokers and managers employed by GFI who solicited, accepted, or executed orders from New York-Based Traders to buy and sell EFX Options during the Relevant Period.

d. GFI, upon demand by the OAG, shall provide any other reasonable and necessary cooperation related to OAG's investigation of the use and employment of any

fraudulent practices by employees of GFI to solicit and accept orders from New York-Based Traders to buy and sell EFX Options during the Relevant Period.

e. As to all of the above, GFI agrees, with respect to any proceeding involving the OAG, to waive any claim that any and all documents produced to the OAG by GFI, and documents and records which may be produced in the future to the OAG pursuant to this Assurance, are not permitted to be authenticated in a New York State proceeding or action, including but not limited to court and grand jury proceedings, by a records custodians of GFI. GFI further agrees, with respect to any proceeding involving the OAG, to waive any claim that would otherwise limit or prevent a witness or records custodian from GFI from testifying to authenticate such records and/or testifying as to the positions held by, and the duties, responsibilities, and authorities, of brokers and managers employed by GFI who solicited and accepted orders from New York-Based Traders to buy and sell EFX Options during the Relevant Period, or that would otherwise hinder, prevent or limit cooperation with the OAG's investigation, as set forth in this paragraph. This waiver of claims includes a waiver of any privileges, immunities, and protections previously asserted by counsel for GFI, including but not limited to any such assertions in correspondence accompanying responses by GFI to subpoenas issued by the OAG and the CFTC including, *inter alia*, claims under the United States Trade Secrets Act, 18 U.S.C. § 1905, New York common law, and any other applicable privilege, immunity, or protection. However, this waiver shall not be deemed to be a waiver by GFI of attorney-client privilege or the attorney work product doctrine.

#### **Record Keeping Requirements**

31. GFI shall retain true and accurate copies of all documents and records previously produced to the OAG during the OAG's investigation, as well as true and accurate copies of all documents and records that are produced to the OAG pursuant to this Assurance, and true and accurate copies of all documents and records that are produced to the Independent Monitor.

32. GFI shall, upon fourteen (14) days' written notice from the OAG, which period may be extended by the OAG, provide to the OAG all documents and records that were

produced by GFI to the Independent Monitor to verify compliance with this Assurance, and GFI shall take any and all necessary steps required to comply with such demand by the OAG.

#### **Effects of Assurance**

33. The Assurance is not intended for use by any third party in any other proceeding.

34. In the event that the OAG believes that GFI has defaulted in the performance of any obligation set forth herein, the OAG will provide written notice of such default to the designated representatives of GFI. GFI shall then have fourteen (14) days in which to respond and an additional thirty (30) days to certify that any default has been cured, which periods may be extended by the OAG.

35. GFI expressly agrees and acknowledges that any willful and material default in the performance of any obligation contained in Paragraphs 20-32 during the Monitorship Period as set forth in Paragraph 26, and which has been subject to the notice, response, and certification procedures set forth in Paragraph 25, is a violation of this Assurance and this Agreement, and that if the OAG reasonably determines that such default has not been cured within the proscribed period set forth in this Assurance or a period otherwise agreed, the OAG thereafter may commence any civil action or proceeding contemplated in this Assurance and Agreement for the violations alleged by the OAG in Paragraphs 13-17, in addition to any other appropriate civil and/or criminal action or proceedings related to such violations. GFI understands that evidence of a violation of Paragraph 20 of this Assurance shall constitute prima facie proof of the violations alleged by the OAG in Paragraphs 13-17 in any such civil action or proceeding, pursuant to Executive Law § 63(15).

36. In the event that GFI reasonably believes that the performance of its obligations under any provision of this Assurance would conflict with any United States or New York law or regulation that may be enacted or adopted after the effective date of this Assurance, such that compliance with both this Assurance and such provision of law or regulation is not possible, GFI shall notify the OAG promptly, and the Parties shall meet and confer at their earliest convenience to attempt to resolve such conflict, and GFI shall take any and all necessary steps required to

facilitate performance of its obligations in order to resolve such conflict, so far as permitted by those relevant laws and regulations.

37. Acceptance of this Assurance by the OAG is not an approval or endorsement by the OAG of the practices, policies, or procedures of GFI, and GFI shall make no representation to the contrary.

38. Consent to jurisdiction. GFI consents to the sole jurisdiction of New York State courts with respect to this Assurance, and the Parties exclusively choose New York State law to govern any and all disputes arising out of this Assurance or the enforcement thereof. GFI acknowledges that the value of this Assurance exceeds One Million United States Dollars (USD \$1,000,000.00). *See* General Obligation Law §§ 5-1401, 5-1402.

39. Nothing contained in this Assurance shall be construed to limit the remedies available to the OAG in the event that GFI willfully and materially violates the Assurance after its effective date.

40. The Assurance and all its terms shall be construed as if mutually drafted with no presumption of any type against any party that may be found to have been the drafter.

#### Notices

41. Notices. All notices, reports, requests, documents, pleadings, and other communications to any party pursuant to this Assurance shall be in writing and shall be directed by regular mail or e-mail as follows:

a. Notice to OAG:

State of New York Office of the Attorney General  
Criminal Enforcement & Financial Crimes Bureau  
28 Liberty Street, 14<sup>th</sup> Floor  
New York, New York 10005  
ATTN.: Stephanie Swenton, Bureau Chief  
E-mail: stephanie.swenton@ag.ny.gov

b. Notice to GFI:

GFI Securities LLC  
Office of the General Counsel  
Attn: Stephen Merkel  
110 East 59th Street  
New York, New York 10022  
E-mail: smerkel@cantor.com

**RESOLUTION OF POTENTIAL CRIMINAL CHARGES AGAINST  
GFI SECURITIES LLC UNDER THE MARTIN ACT AND PENAL LAW**

42. The Parties further agree upon a resolution of any potential criminal charges that could be brought against GFI as set forth below.

43. GFI agrees to fully comply with the Assurance, as set forth above.

44. If GFI fully complies with the Assurance through the conclusion of the Monitorship Period, the OAG will not prosecute GFI for any crimes relating to the conduct detailed in this Agreement.

45. If GFI willfully violates the Assurance in any material respect during the Monitorship Period, as determined solely by the OAG, then, with regard to any potential criminal charges relating to the conduct detailed in this Agreement:

a. The OAG may charge and prosecute GFI for any such crimes or violations committed, without limitation;

b. As to any charge or prosecution brought by the OAG pursuant to this paragraph, GFI waives any claim that the admission contained in this Agreement, as well as any statements or testimony it has made or given in the course of its cooperation with the OAG, is inadmissible against it or that any property or documents that the OAG has obtained from GFI is inadmissible against it; and,

c. As to any prosecution brought by the OAG pursuant to this paragraph for any offense committed within the applicable limitations period, including the tolling periods referenced in this Agreement, or for any offense committed on or after the date of



this agreement, GFI expressly waives any such claim that such prosecution is time-barred either on grounds of statutory or constitutional speedy trial, speedy arraignment, or the statute of limitations.

46. This Agreement is limited to the OAG and cannot bind other governmental agencies or other prosecuting offices. However, the OAG agrees to bring the performance of GFI under this Agreement to the attention of any other governmental agency or prosecuting office, should GFI so request.

#### **EXECUTION AND EFFECTIVE DATE**

47. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

48. The effective date of this Agreement shall be September 30, 2019.

IN WITNESS WHEREOF, this Agreement is executed by the Parties hereto.

**LETITIA JAMES**

Attorney General of the State of New York

By: 

Stephanie Swenton

Date: September 30, 2019

**GFI SECURITIES LLC**

By: 

Ruthanne Grier

Date: September 27, 2019

APPROVED AS TO FORM:

**SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP**

Counsel for GFI SECURITIES LLC

By: 

DAVID MEISTER

Date: September 27, 2019