

Press Release

SEC Charges BGC Financial for Failure to Preserve Documents and Maintain Accurate Books and Records

FOR IMMEDIATE RELEASE

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Washington D.C., July 17, 2018 — The Securities and Exchange Commission today announced that New York-based broker-dealer BGC Financial has agreed to pay a \$1.25 million penalty to settle charges that it failed to preserve audio files sought by the SEC and inaccurately recorded travel, entertainment, and other expenses.

The SEC's order finds that after receiving document requests in 2014 from the SEC's Division of Enforcement, BGC deleted audio files for the recorded telephone lines of eight brokers that were responsive to the document requests. According to the order, the department responsible for maintaining voice recordings was unaware of the SEC's request and deleted the files in keeping with the firm's policy of not maintaining them after one year.

The SEC order also finds that BGC failed to maintain books and records that accurately recorded compensation, travel, entertainment, and gifts. BGC provided a high performing broker with season tickets for a New York-area sports team that cost more than \$600,000 per year, and failed to record the payments for the tickets as compensation in its general ledger. BGC also reimbursed this same broker for more than \$100,000 of expenses associated with an international trip for his birthday and other foreign travel that lacked a sufficiently documented business purpose. BGC inaccurately recorded these items in its books and records as selling and promotion. BGC also reimbursed a different broker for thousands of dollars of personal expenses spent on his birthday party, his bachelor party, and two separate trips to Las Vegas for his friends' bachelor parties.

"The federal securities laws require broker-dealers to maintain accurate books and records and promptly provide records requested by SEC staff," said Marc P. Berger, Director of the SEC's New York Regional Office. "The failure to preserve and produce responsive documents undermines the Commission's ability to provide effective oversight of registrants and to carry out its mission to protect investors."

The SEC order finds that BGC violated books and records provisions of the federal securities laws and related SEC rules. Without admitting or denying the SEC's findings, BGC agreed to a cease-and-desist order, a censure, and a \$1.25 million penalty.

The SEC's investigation was conducted by Shannon Keyes, Christopher Dunnigan, Kenneth Gottlieb, and Charles D. Riely of the New York Regional Office and supervised by Sanjay Wadhwa.

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- SEC Order