

## Press Release

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# Broker-Dealer Admits It Failed to File SARs

### FOR IMMEDIATE RELEASE

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Washington D.C., March 28, 2018 — Aegis Capital Corporation, a New York-based brokerage firm, has admitted that it failed to file Suspicious Activity Reports (SARs) on numerous suspicious transactions.

Broker-dealers are required to file SARs for certain transactions suspected to involve fraudulent activity or have no business or apparent lawful purpose. The SEC's order found that Aegis failed to file SARs on suspicious transactions that raised red flags indicating the transactions were potentially related to the market manipulation of low-priced securities.

“Aegis failed to meet its AML obligations to report suspicious activity, including when it was faced with specific information alerting the firm to suspicious transactions,” said Antonia Chion, Associate Director and head of the Broker-Dealer Task Force of the SEC's Enforcement Division. “Given the critical importance of SARs to the regulatory and law enforcement community, brokerage firms must comply with their SAR reporting obligations.”

The SEC's order found that Aegis willfully violated an SEC financial recordkeeping and reporting rule. Aegis agreed to pay a \$750,000 penalty and retain a compliance expert. FINRA also [announced a settlement](#) with Aegis today that includes an additional \$550,000 penalty.

In a separate settled order, Aegis' former anti-money laundering (AML) compliance officer Kevin McKenna was found to have aided and abetted the firm's violations. Aegis CEO Robert Eide was found to have caused them. Without admitting or denying the SEC's findings, Eide and McKenna agreed to pay penalties of \$40,000 and \$20,000, respectively. McKenna also agreed to a prohibition from serving in a compliance or AML capacity in the securities industry with a right to reapply.

In a litigated order, the Enforcement Division alleges that another former Aegis AML compliance officer, Eugene Terracciano, failed to file SARs on behalf of Aegis. Terracciano is alleged to have aided and abetted and caused Aegis' violations. The matter pertaining to Terracciano will be scheduled for a public hearing before an administrative law judge, who will prepare an initial decision stating whether the Enforcement Division has proven the allegations in the order and what, if any, remedial actions are appropriate.

The SEC's investigation was conducted by George Bagnall and supervised by Antonia Chion with assistance from Daniel Goldberg, Damon Reed, Andrae Eccles, and David Cohen of the Enforcement Division's Office of Market Intelligence Bank Secrecy Act Review Group. The litigation will be led by Daniel Maher and Nicholas Margida and supervised by Cheryl Crumpton. The SEC's examination that led to the enforcement referral in this matter was

conducted by Terrence Bohan, Edward Janowsky, and Paul Pocrease and supervised by Steven Vitulano of the New York office. The SEC appreciates the assistance of FINRA and the Financial Crimes Enforcement Network.

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## Related Materials

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- [SEC Order - Aegis Capital](#)
- [SEC Order - McKenna and Eide](#)
- [SEC Order - Terracciano](#)