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NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA

STATE OF NORTH CAROLINA
COUNTY OF WAKE

BEFORE THE COMMISSIONER
OF INSURANCE

IN THE MATTER OF THE LICENSURE
OF CENTER STREET SECURITIES, INC.
CORPORATE LICENSE: 1000060917

VOLUNTARY SETTLEMENT
AGREEMENT

NOW COME, CENTER STREET SECURITIES, INC. (hereinafter "CENTER STREET") and the North Carolina Department of Insurance (hereinafter "Department"), and hereby voluntarily and knowingly enter into the following Voluntary Settlement Agreement (hereinafter "this Agreement").

WHEREAS, the Department has the authority and responsibility for enforcement of the insurance laws of this State, and for regulating and licensing insurance agents and business entities; and

WHEREAS, CENTER STREET currently holds a non-resident Corporation (Business Entity) License with the Department; and

WHEREAS, North Carolina Gen. Stat. § 58-33-46(a)(2) authorizes the Commissioner of Insurance to place on probation, suspend, revoke, or refuse to renew any license issued under Article 33 of the North Carolina General Statutes for violating any insurance law of this or any other state; and

WHEREAS, North Carolina General Statute § 58-33-32(k) requires designated producers on behalf of the licensed business entity to report to the Commissioner any administrative action taken against the producer in another state or by another governmental agency in this State within 30 days after the final disposition of the matter; and

WHEREAS, CENTER STREET entered into a Consent Order with the Ohio Department of Insurance effective August 16, 2016 with respect to failure to timely report regulatory actions on its license application and was required to pay a penalty in the amount of $400.00, which action was not reported to the N.C. Department of Insurance in a timely manner as required by North Carolina General Statute § 58-33-32(k); and

WHEREAS, CENTER STREET entered into an Acceptance, Waiver and Consent (AWC) agreement with the Financial Industry Regulatory Authority (FINRA) effective December 16, 2013 with respect to failing to establish, maintain and enforce adequate supervisory systems and written supervisory procedures and monitoring of external email accounts to conduct firm-related business, and without admitting or denying the findings, was censured and agreed to pay a monetary fine the amount of $30,000.00, which action was not reported to the N.C. Department of Insurance in a timely manner as required by North Carolina General Statute § 58-33-32(k); and

WHEREAS, CENTER STREET entered into an AWC agreement with FINRA effective August 20, 2014, and without admitting or denying the findings, the firm was censured and consented to a fine of

$100,000.00 for making unsuitable recommendations to customers to purchase renewable secured debentures, which action was not reported to the N.C. Department of Insurance in a timely manner as required by North Carolina General Statute §§ 58-33-32(k); and

WHEREAS, North Carolina General Statute § 58-33-46a) (1) provides that the Commissioner may place on probation, suspend, revoke, or refuse to renew any license issued under Article 33 of Chapter 58 of the General Statutes of North Carolina for providing materially incorrect, misleading, incomplete, or materially untrue information in the license application; and

WHEREAS, CENTER STREET on its license renewal applications for the years 2014-2015 and 2015-2016 answered "No" to the question: "Has the business entity, or any owner, partner, officer or director of the business entity, or member or manager of a limited liability company, been named or involved as a party in an administrative proceeding, including a FINRA sanction or arbitration proceeding regarding any professional or occupational license, or registration which has not been previously reported to this insurance department?" and

WHEREAS, CENTER STREET admits to these violations of North Carolina General Statutes §§ 58-33-32(k) and 58-33-46a) (1); and

WHEREAS, CENTER STREET has agreed to settle, compromise, and resolve the matters referenced in this Agreement, and the Department has agreed not to pursue additional penalties, sanctions, remedies, or restitution based on these matters against CENTER STREET; and

WHEREAS, the parties to this Agreement mutually wish to resolve this matter by consent before the Department initiates an administrative hearing, and have reached a mutually agreeable resolution of this matter as set out in this Agreement.

NOW, THEREFORE, in exchange for the consideration and promises and agreements set out herein, CENTER STREET and the Department hereby agree to the following:

1. Immediately upon the signing of this Agreement, CENTER STREET shall pay a civil penalty of **$1250.00** to the Department. The form of payment shall be by certified check, cashier's check or money order. The check or money order for the payment of this civil penalty shall be payable to the "North Carolina Department of Insurance." CENTER STREET shall remit the civil penalty by certified mail, return receipt requested, to the Department along with a copy of this signed Agreement. The civil penalty and the signed Agreement must be received by the Department no later than **April 10, 2017**. The civil penalty shall be subject to disbursement in accordance with the provisions of Article IX, Section 7 of the North Carolina Constitution for the benefit of public schools.

2. This Agreement does not in any way affect the Department's disciplinary power in any future examination of CENTER STREET, or in any other complaints involving CENTER STREET.

3. CENTER STREET enters into this Agreement freely and voluntarily and with the knowledge of its right to have an administrative hearing on this matter. CENTER STREET understands it may consult with an attorney prior to entering into this Agreement.

4. The parties to this Agreement agree that this Agreement shall have the full force and effect of an Order of the Commissioner. CENTER STREET understands that N.C.G.S. § 58-33-46(a)(2) provides that a business entity's license may be revoked for violating an Order of the Commissioner.

5. This Agreement, when finalized, will be a public record and will not be held confidential by the Department. Following the execution of this Agreement, any and all licenses issued by the Department to CENTER STREET shall reflect that Regulatory Action has been taken against it. The Department is free to disclose the contents of this Agreement with third parties upon request or pursuant to any law or policy providing for such disclosure. The Department routinely provides copies of voluntary settlement agreements to all companies that have appointed the licensee.

6. The parties have read and understand this Agreement and agree to abide by the terms and conditions stated herein.

7. Be aware that if a state or federal regulator other than the N. C. Department of Insurance has issued an occupational or professional license to you, that regulator may require you to report this administrative action to it. The N.C. Department of Insurance cannot give you legal advice as to the specific reporting requirements of other state or federal regulators.

This the 17 ~~4~~ **day of** March **, 2017.**

CENTER STREET SECURITIES, INC.
Corporate License No. 1000060917

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By: Ms. Anya Verbolova
Chief Financial Officer

North Carolina Dept. of Insurance

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By: Rebecca A. Shigley
Deputy Commissioner