

**THE NASDAQ STOCK MARKET LLC  
NOTICE OF ACCEPTANCE OF AWC**

**Certified, Return Receipt Requested**

**TO: Dawson James Securities, Inc.  
Mr. Thomas W. Hands  
President  
1 North Federal Highway  
Suite 500  
Boca Baton, FL 33432**

**FROM: The NASDAQ Stock Market LLC ("Nasdaq")  
c/o Financial Industry Regulatory Authority ("FINRA")  
Department of Market Regulation  
9509 Key West Avenue  
Rockville, MD 20850**

**DATE: September 1, 2016**

**RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20140412867-01**

**Please be advised** that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **September 1, 2016** by the Nasdaq Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Nasdaq Review Council, pursuant to Nasdaq Rule 9216. A copy of the AWC is enclosed herewith.


You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration ("Form BD") to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or NASDAQ if you are not a member of FINRA) in writing of any change of address or other changes required to be made to your Form BD.

You are reminded that Section I of the attached Letter of Acceptance, Waiver, and Consent includes an undertaking. In accordance with the terms of the AWC, a registered principal of the firm is required to notify the Compliance Assistant, Legal Section, Market Regulation Department, 9509 Key West Avenue, Rockville, MD 20850, of completion of the undertaking.

You will be notified by the Registration and Disclosure Department regarding sanctions if a suspension has been imposed and by NASDAQ's Finance Department regarding the payment of any fine if a fine has been imposed.

Dawson James Securities, Inc.  
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If you have any questions concerning this matter, please contact John Warshawsky, Senior Counsel,  
at (240) 386-5690.



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James J. Nixon  
Chief Litigation Counsel, Legal Section  
Department of Market Regulation

Signed on behalf of NASDAQ

Enclosure

FINRA District 7 – Boca Raton  
Jeffrey M. Pasquerella  
Senior Vice President and Regional Director  
(Via email)

Mr. Ralph V. De Martino  
Schiff Hardin LLP  
901 K Street NW  
Suite 700  
Washington, DC 20001  
Counsel for Respondent

**THE NASDAQ STOCK MARKET LLC**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
NO. 20140412867 - 01

TO: The NASDAQ Stock Market LLC  
c/o Department of Market Regulation  
Financial Industry Regulatory Authority ("FINRA")

RE: Dawson James Securities, Inc., Respondent  
Broker-Dealer  
CRD No. 130645

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq") Code of Procedure, Dawson James Securities, Inc. (the "firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, Nasdaq will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by Nasdaq:

**BACKGROUND**

The firm has been a member of FINRA since August 6, 2004, and a member of Nasdaq since October 13, 2006, and its registrations remain in effect. The firm has no relevant disciplinary history.

**SUMMARY**

In Review No. 20140412867, the Department of Market Regulation's Offering Surveillance Group (the "staff") reviewed compliance by the firm with Rule 101 of SEC Regulation M ("SEC Rule 101") and related supervision requirements for the period of May 14, 2014, through May 19, 2014. As further detailed below, the staff found that the firm violated SEC Rule 101 in connection with an offering of RiceBran Technologies common stock and RiceBran Technologies warrants and related supervision requirements.

**FACTS AND VIOLATIVE CONDUCT**

1. During the restricted period of the distribution of securities of RiceBran Technologies ("RiceBran") from May 14, 2014 through May 19, 2014, while the firm was acting as a

distribution participant for the offer, the firm: (1) purchased 10,450 shares of a covered security, the common stock of RiceBran (RIBT), on a principal basis in 38 transactions; and (2) purchased 3,937 shares of a covered security, the warrants of RiceBran (RIBTW), on a principal basis in 8 transactions. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 101.

2. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and the Rules of Nasdaq. At a minimum, adequate written supervisory procedures addressing quality of markets topics should describe the following:
  - (a) specific identification of the individual(s) responsible for supervision;
  - (b) the supervisory steps and reviews to be taken by the appropriate supervisor;
  - (c) the frequency of such reviews; and
  - (d) how such reviews shall be documented.

The firm's written supervisory procedures failed to provide for the minimum requirements for adequate written supervisory procedures, in the following subject areas: compliance with SEC Rule 101 [elements (a), (b), (c), and (d)]. The conduct described in this paragraph constitutes violations of Nasdaq Rules 3010 and 2010A.

- B. The firm also consents to the imposition of the following sanctions:

A censure; a fine of \$20,000 (\$10,000 for the SEC Rule 101 violations and \$10,000 for the supervisory violations); and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph I.A.2. Within 30 business days of acceptance of this AWC by the Nasdaq Review Council, a registered principal of the Respondent shall submit to the **COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850**, a signed, dated letter, or an e-mail from a work-related account of the registered principal to **MarketRegulationComp@finra.org**, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraph I.A.2; and (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanction(s) in accordance with its executed Election of Payment Form.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

## II.

### WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under Nasdaq's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the firm;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the Nasdaq Review Council and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Regulatory Officer, the Nasdaq Review Council, or any member of the Nasdaq Review Council, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

## III.

### OTHER MATTERS

The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by FINRA's Department of Market Regulation and the Nasdaq Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Nasdaq Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and

C. If accepted:

1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by Nasdaq or any other regulator against the firm;
2. Nasdaq may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq Rule 8310 and IM-8310-3; and
3. The firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The firm may not take any position in any proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's right to take legal or factual positions in litigation or other legal proceedings in which Nasdaq is not a party.

D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by Nasdaq, nor does it reflect the views of Nasdaq or its staff.



The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

Date

8/23/16

Respondent  
Dawson James Securities, Inc.

By: \_\_\_\_\_

Name: Thomas W. Hands  
President

Title: \_\_\_\_\_

Reviewed by:

[Signature]  
Counsel for Respondent

Accepted by Nasdaq:

Date

September 1, 2016

Signed on behalf of the  
Director of ODA, by delegated authority

\_\_\_\_\_  
James J. Nixon  
Chief Litigation Counsel, Legal Section  
Department of Market Regulation

Signed on behalf of Nasdaq, by delegated  
authority from the Director of ODA

### ELECTION OF PAYMENT FORM

The firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- A firm check or bank check for the full amount;
- Wire transfer;
- The installment payment plan.<sup>1</sup>
  - Monthly
  - Quarterly

Respectfully submitted,

8/23/16

Date

Respondent  
Dawson James Securities, Inc.

By: \_\_\_\_\_

Name: Thomas W. Hands  
President

Title: \_\_\_\_\_

### Billing and Payment Contact

Please enter the billing contact information below. Nasdaq MarketWatch will contact you with billing options and payment instructions. *Please DO NOT submit payment until Nasdaq has sent you an invoice.*

Billing Contact Name: Laura Lytle

Billing Contact Address: 1 North Federal Hwy, Suite 500  
Boca Raton, FL 33432

Billing Contact Email: lytle@dawsonjames.com

Billing Contact Phone Number: 561-208-2979

<sup>1</sup> The installment payment plan is only available for a fine of \$50,000 or more. Certain requirements apply.