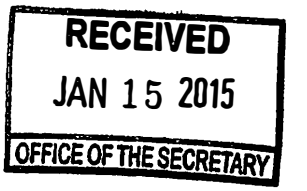
HARD COPY

U.S. Securities and Exchange Commission



Brief

In the Matter of the Application of Bering Strait Securities, Inc.

For Review of Action Taken by FINRA

Administrative Proceeding File No. 3-16262

Bering Strait Securities, Inc.

FINRA

Table of Contents

Table of Authorities

Introduction

Financial Industry Regulatory Authority ("FINRA") denied New Member Application of Bering Strait Securities, Inc. ("Firm") and the decision was affirmed by National Adjudicatory Council ("NAC") – I believe that FINRA's decision is inconsistent with Standards for membership set forth in NASD Rule 1014 ("Rule 1014") and should be reversed. The application was not read completely, was not given enough consideration, and was purposefully denied by FINRA by making up nonexistent laws, avoiding existing laws, and using false accusations to reduce its responsibility and amount of regulatory oversight work despite the fact that it meets all 14 Standards for membership articulated in Rule 1014 (collectively, "Standards" and each a "Standard"), does not pose any investor threat, and serves public interest.

Argument

Bering Strait Securities, Inc. meets each of the 14 Standards for membership articulated in Rule 1014.

Full presentation of details, reasons, and arguments of why and how the Firm meets all 14 Standards for membership can be found in all documents submitted by me to FINRA and NAC (See Record to the Securities and Exchange Commission in the Matter of the New Member Application of Bering Strait Securities, Inc., Administrative Proceeding File No. 3-16262 (Application No. 20130379350).) – it is important to read the entire application and all subsequent documents I submitted to FINRA and NAC in response to FINRA's accusations to have a complete understanding of the Firm and its proposed business activities. Below is a summary of the key points for each of the 14 Standards in Rule 1014 and my responses to the things mentioned by NAC in the decision letter dated October 2, 2014 (See bates No. 006613-006638).

Rule 1014(a)(1)

The Firm's application and all supporting documents are complete and accurate. FINRA did not have any objections to anything submitted in Standard 1 in Form NMA. The question of completeness and accuracy of information asked for in other Standards is addressed in each Standard respectively.

It seems that Form NMA itself is not complete and accurate because according to Form NMA, Rule 1014(a)(1) only applies to information submitted in Standard 1 of Form NMA as the Rule is not referenced in other sections of Form NMA. Form NMA says that "The Form is structured to collect information, data, and documentation from the Applicant in order for FINRA Staff to evaluate the Application against the standards for admission contained in NASD Rule 1014." and each section of Form NMA corresponds to one of the Rules of Rule 1014.

FINRA did not read my application completely and accurately, mixed different Standards and NASD Rules, and tried to infer things which are not consistent with and in violation of these Standards and NASD Rules with the goal to deny my application and to reduce its responsibility and amount of regulatory oversight work.

Rule 1014(a)(2)

The Firm and its Associated Persons have all licenses and registrations required by state and federal authorities and self-regulatory organizations. I have FINRA Series 24, 28, 7, 79, and 63 licenses. I do not need Series 7 license to supervise Series 7 licensed representatives and to provide M&A services if I have Series 24, 79, and 63 licenses. As evidenced in NAC hearing transcript, during NAC hearing Mr. Joseph Sheirer (Director & Counsel, FINRA, Membership Application Program) and Ms. Ann-Marie Mason (Director and Counsel II, FINRA, Department of Member Regulation) made up a non-existent rule that a Series 24 licensed principal needs to

have Series 7 license to supervise Series 7 licensed representatives. A requirement for me to have licenses which I do not need for proposed business activities is inconsistent with and a violation of NASD Rule 1014(a)(2) and Rule 1014 because if each of the Standards in NASD Rule 1014 is met, "Department shall grant the application for membership" as required by Rule 1014(b)(2).

Rule 1014(a)(3)

FINRA agreed that the Firm and its Associated Persons are capable of complying with federal securities laws, rules and regulations thereunder, and NASD Rules, including observing high standards of commercial honor and just and equitable principles of trade and did not have any objections to the Firm meeting Standard 3 in NASD Rule 1014(a)(3).

Rule 1014(a)(4)

The Firm has established all necessary contractual or other arrangements and business relationships – FINRA did not have any objections to actual proposed arrangements and business relationships of the Firm.

NASD Rules do not require applicant broker-dealer firms to have established industry client relationships to support projected revenues. I do not need a clearing firm for best efforts underwriting – as evidenced in FINRA decision letter (See bates No. 000239-000248.) and NAC hearing transcripts (See bates No. 006027-006520 and No. 006551-006608.), two witnesses at NAC hearing Mr. Joseph Sheirer Director & Counsel, FINRA, Membership Application Program) and Ms. Jennifer Danby (Examination Manager, FINRA, Membership Application Program), as well as two NAC Subcommittee members Mr. Christopher Mahon (Global Head of Broker-Dealer Legal and Regulatory, AllianceBerstein, New York, NY) and Ms. Stephanie Brown (Of Counsel, Markun Zusman Freniere & Compton LLP, Wesley MA) did not know this, did not read my application completely, or were using false accusations to have another reason

deny my application. FINRA falsely accused me of presenting conflicting evidence about whether I will or will not need a clearing and carrying firm (See FINRA's decision letter in bates No. 000239-000248.) – all Forms NMA I submitted mentioned that I will not need a clearing firm. A requirement for me to have established industry client relationships and/or a clearing firm is a violation of Rule 1014(a)(2) and Rule 1014 because if each of the Standards in Rule 1014 is met, "Department shall grant the application for membership" as required by Rule 1014(b)(2).

Rule 1014(a)(5)

FINRA did not have any objections to the Firm meeting Standard 5 in Rule 1014(a)(5).

Rule 1014(a)(6)

FINRA did not have any objections to the Firm meeting Standard 6 in Rule 1014(a)(6).

Rule 1014(a)(7)

The Firm is capable of maintaining a level of net capital in excess of the $5,000 minimum requirement set forth in SEC Rule 15c3-1 adequate to support the Firm's intended business operations on a continuing basis. On January 25, 2014, I had $7,580 cash in the Firm's bank and $1,360 on the Firm's credit card debt (See bates No. 005169-005170.). Net capital was higher than $6,000 early warning requirement (See bates No. 005175-005176.). and I showed that I will pay Firm's expenses and maintain a level of net capital in excess of early warning requirement by working part-time, using credit cards, and, if needed, accepting money from family members. I am also considering to charge registered representatives and registered principals of the Firm monthly or annual fees which will cover most or all expenses of the Firm.

All cash obtained from credit cards was my personal debt and did not jeopardize financial condition of the Firm. The Firm's credit card debt liabilities were my personal debt because the

Firm's credit card was issued using my SSN and just had the Firm's name written next to mine – these liabilities were classified as the Firm's liabilities for illustrative purposes to show which things I purchased for the future Firm. I will be working part-time to pay the Firm's expenses and will be gradually paying back the credit I took from credit cards, so even if banks reduce the amount of credit available to me, it will not affect the financial condition of the Firm. I currently have approximately $23,000 available credit on personal ($19,000) and business ($4,000) credit cards. I am currently utilizing approximately only $5,000 which is less than 20% of the approximately $28,000 overall credit available on personal ($24,000) and business ($4,000) credit cards.

NASD Rules do not say that I need to have enough capital (cash in bank account) to be able to fund operations of the Firm for the first 12 months of operations, and almost any other funding method will have a degree of risk involved (See bates No. 006609-006612.). Rule 1014(a)(7) does not have any restrictions, limitations, or guidance on acceptable "source of the firm's net capital" or "sufficiency of the firm's net capital to cover costs of operation", the things that NAC decided to "focus" its "discussion" on in the part of its decision letter in which NAC states that it is impossible for the Firm to maintain net capital above the minimum required level because, among other things, NAC could not reconcile my future personal schedule of work-life balance. Guidance on spending my personal non-firm time and earning my personal living are not addressed in NASD Rules, and working in non-firm hours does not reduce the amount of time and effort I will put into fulfilling my responsibilities at the Firm. NASD Rues do not have any restrictions on doing outside work in non-firm evening and weekends hours or even having second full-time employment commitment to support the growth of the Firm.

I never said that I will reply only on my credit cards to pay all Firm's expenses during the

first 12 months of the Firm's operation, and saying this is either lying or showing a lack of complete and accurate reading and understanding of my proposed business because in my application I clearly wrote that I will pay Firm's expenses by working part-time, using credit cards, and, if needed, accepting money from family members. Part-time work was my planned main source of income, and I was in the process of reducing my credit card debt.

Citing my cash advances from credit cards, Mr. Sheirer made a statement during NAC hearing that the Firm's application was denied because, among other things, the Firm's capitalization may lead it to take additional risk "that leads to investor loss or integrity issues in the marketplace" and that it "creates a regulatory burden, as well as a reputation risk, for the industry as a whole" (See NAC decision letter.). NASD Rules have no restrictions or limitations on funding sources, acceptable ways of maintaining net capital in excess of minimum requirement, or the degree of risk which can be allowed as long as everything is done legally – it only mentions minimum requirements which are already a risk buffer and must be met for an application to be approved. The Rule also says that the Department may impose a higher net capital requirement for the initiation of operations after considering the amount of capital "sufficient to avoid early warning reporting requirements, such as SEC Rule 17a-11" and "necessary to meet expenses net of revenues for at least 12 months". Mr. Sheirer seemed to not have read my proposed business description in Standard 1 of Form NMA and my Business Continuity Plan in Standard 6 of Form NMA describing my proposed almost risk-free business model in which the Firm does not have customers and does not accept funds or securities from investors and in which, in the unlikely event the Firm is not able to pay rent, the whole business can be run from the Firm's employees' homes without any business interruption. The Firm will not have any liabilities arising from the claims of customers and other brokers. The Firm's

appetite for risk does not depend on the Firm's capitalization – a better indicator of the probability of someone's potential future law evasion is cleanliness of operating history of his/her past investment banking business. Saying that someone who is poor and innocent will steal and putting this person in prison with tied hands and inability to work is immoral and illegal.

There are no broker-dealers which do not create regulatory burden, availability of funding risk for themselves, and risk for the industry as a whole – any broker-dealer has various degrees of different risks and an amount of regulatory burden associated with it. FINRA's task and power is to make sure that my application meets minimum standards for admission. Saying that an application should be denied because it creates regulatory burden or reputation risk for the firm and the industry if it meets all minimum requirements stated in NASD Rules is inconsistent with and in violation of Rule 1014(a)(7) and 1014 Rule because if each of the Standards in Rule 1014 is met, "Department shall grant the application for membership" as required by Rule 1014(b)(2).

If FINRA is concerned about industry risk and reputation, it should try to change NASD Rules for future applicants. The minimum net capital requirement was already created as a risk buffer itself to prevent regulatory burden, issues with industry reputation, investor loss, and integrity issues in the market place associated with a possible collapse of a firm.

Information that I filed in Standard 7 in Form NMA shows that the Firm "is capable of maintaining a level of net capital in excess of the minimum net capital requirements set forth in SEA Rule 15c3-1 adequate to support the Applicant's intended business operations on a continuing basis."

Misstated liabilities is a false accusation by FINRA resulting from FINRA's negligence

in reading my whole application. The Firm's office lease (See bates No. 000982-000986.) was a month-to-month one after the first 3 months, and there was no additional liability not mentioned on the balance sheet. Projected lease expenses after the interview were hypothetical and not contractually-mandated. Cancelling the lease and notifying FINRA was not required because the lease was only for 3 months and I could just pay for the months that I wanted after that and application still remained accurate as long as I could receive mail at the address on file (The Firm had no operations and did not need actual office space.) and could start operations in that office if the application is approved. Office management maintains more of a relationship based approach to renting space than one based on a written agreement and is open to negotiating and changing things in lease agreements – they have been kind enough to allow me to receive mail in the office without paying for it until I am ready to start actually using the office. Office lease rent amount change is described in the Firm's office lease agreement. FINRA and NAC did not read my office lease completely and accurately and falsely accused me of miscalculating liabilities and allowing net capital to drop below early warning requirement by saying that future hypothetical rent was an actual missing liability – FINRA's and NAC negligence in reading my application made its them falsely conclude that the Firm will not be able to maintain a level of capital above the early warning requirement.

As mentioned in NAC Appeal Letter (See bates No. 000001-000208), the Firm's balance sheet and other financial information, even though prepared on a certain date to submit the application, were not real and actual and were showing a hypothetical situation because the Firm itself even though registered as a corporation just to reserve the Firm's name while FINRA is reviewing the application, was non-existent and inactive and had no operations. The Firm's name was registered for the Firm to operate only as a broker-dealer. I was paying all expenses using

my own funds and the Firm had no actual liabilities. The Firm's lease even though signed on paper using the Firm's name for illustrative purposes was more of a relationship-based negotiable agreement between me and office management.

There was never anything in the application indicating that there was a need for a clearing and carrying firm and associated fees. NY State registration fee was already paid (See bates 005139.). As evidenced in NAC hearing transcript, during NAC hearing, Mr. Joseph Sheirer made false testimony saying in front of NAC that certain expenses included in my financial projections were missing, and I had to actually put the financial projections exhibit in front of him and show that what he said was missing was actually included – Mr. Joseph Sheirer's actions can be described as incomplete and inaccurate reading of my application or defamation. The fact that Mr. Joseph Sheirer thought that these things needed correction was never communicated to me during membership and pre-membership interviews as well as in FINRA decision letter.

Rule 1014(a)(8)

FINRA did not have any objections to the Firm's Written Supervisory Procedures (WSP) (See bates No. 005013-005084.) which describe the Firm's financial controls and FinOp's responsibilities to ensure compliance with federal securities laws, rules and regulations thereunder, and NASD Rules.

I hold FINRA Series 28 license and am knowledgeable of SEC and FINRA laws, rules, and regulations. I also have 2 Master's degrees in Finance (M.S. from Vanderbilt University and M.B.A. from Hofstra University). A description of my previous work experience that qualifies me to be the Firm's FinOp is submitted in Standard 8 in Form NMA as well as in my letter dated October 23, 2013 in response to FINRA's initial request for additional information (See bates

No. 000457-000493). At Mid-Market Securities, LLC ("MMS") I worked closely with Robert Wien, the FINOP of the firm, and became well familiar with the structure and required data of the FOCUS reports and net capital computations prepared for different years and filed by the firm. MMS is a broker-dealer with at first $5,000 and then $50,000 net capital offering capital raising (underwriting and private placement) as well as M&A services. At MMS and other firms I prepared financial statements for client firms looking for financing.

At MMS I worked as independent contractor from main and home offices and was responsible for maintaining and supervising my own financial compliance activities in the following areas: books and records; reports; budget; expenses; revenues; reimbursement of out-of-pocket expenses; client fees; taxes; credit arrangements with banks; costs of operating computer, phone, and working space at home; bills; expenses including marketing, office supplies and postage, record-keeping, development of leads, travel, insurance, due diligence, continuing education, FINRA registration and licensing, fingerprints, training, etc.; expenses incurred to maintain communication with clients, other bankers, and outside parties by email, phone, fax, mail, and in-person; reports to clients and firm, etc.). By the end of my employment at MMS the CEO of the firm offered me to have my own OSJ branch at home - I took Series 24 license exam while still working at MMS on May 9, 2013 and Form U4 was filed for it on April 30, 2013 (See bates No. 005959-005972.).

My employment agreement with MMS (See bates No. 004991-005006.) says that I was responsible for the following activities at the firm:

- "Hiring, engaging, supervising, firing and (except as may otherwise be required by Applicable Law) training employees, other independent contractors and/or other agents,"
- "Compliance with Applicable Law," and

- "Maintaining all required books and records in connection with the IC Business."

My employment agreement with MMS also says that I had "complete financial responsibility" for the costs of operating my independent contractor business ("IC Business") including the following:

- "All expenses of operating the Independent Contractor's office, including rent, telephone bills, quotes, utilities, equipment, advertising, marketing, office supplies, postage, insurance, errors and omissions policy, and any o other similar expenses incurred in operating the IC Business, and for the annual compliance audit of the IC Business,"
- "All costs of IC personnel and contractors, including commissions ... , reimbursement for travel and entertainment, and the cost of training and registration,"
- "All costs or expenses of compliance, litigation or regulatory investigations relating to the IC Business, including attorney's fees, fines or judgments," and
- "All costs of record-keeping required by Applicable Law and all regulatory fees related to the IC Business, including the Independent Contractor's registration fees and registration fees for any registered representatives employed or contracted by him, including yearly renewal thereof, and all other related fees and expenses; provided, that, subject to Applicable Law, Independent Contractor may in his discretion require any such employee or contractor to bear her or his own such costs, with respect to which the Independent Contractor shall remain liable,"
- "All costs associated with the development of leads," and
- "All costs associated with continuing education."

NAC agrees that I was able to effectively manage finance, operations, funding capital, compliance (including anti-money laundering compliance), accounting, taxes, books and records,

and other aspects of my own independent contractor investment banking business at MMS for almost two years – this is enough to show that I have at least one year of direct or two years of related experience in subject areas to be supervised in running an almost same type of investment banking business to work as the Firm FinOp. FINRA states on its website that supervisory experience is not required for future principals of an applicant. It is not possible to have experience filing FOCUS reports of a broker-dealer for someone without Series 27 or 28 license, anyone who has a Series 27 or 28 license is a principal and a supervisor, and any assistant to a Series 27 or 28 licensed principal will not have had actual responsibility. A requirement for experience doing compliance, finance, and operations work at a firm level for firm-wide functions (as a principal or assistant to one) would mean a requirement to have supervisory experience because these are functions supervising general securities business of a firm on an executive level. This means that because prior supervisory experience is not required for future principals of the Firm, its proposed officers responsible for compliance, finance, and operations functions do not need to have had experience working in these functions at the firm level for firm-wide activities – it is enough to have done this work at non-supervisory level for my own independent contractor business which is direct non-supervisory experience. Also, my employment agreement with MMS says that "The Independent Contractor's duties … shall include duties … including … as the IC sees fit ... " My status of independent contractor gave me additional level of responsibility, in the sense that, among other things, I worked independently without a salary and my earnings were a percentage of the revenue that I generated and directly depended on the integrity, prosperity, reputation, and financial condition of the firm as a whole – so, even though I was not in an official capacity to supervise others, it was in my best interests and I saw fit to supervise (under the supervision of the CEO) all work happening in the firm. An

independent contractor has more responsibility for his/her actions than a regular employee – this independence allows him/her to develop such skills necessary to run a successful business as leadership, vision and inspiration, charity, decision-making, respect for law and authority, cognizance, integrity, resilience in the face of adversity, goal achievement, intellect, innovation and creativity, and global outlook.

Exchange Act Rule 15c3-1 states that "Every broker or dealer must at all times have and maintain net capital no less than the greater of … " and that net worth is to be computed using GAAP. With Form NMA I submitted blank sample FOCUS reports and I was aware of computations, structure, and format required for these forms. FINRA website mentions that "various federal and state securities rules pertaining to the recordkeeping systems of a broker/dealer rarely specify a particular format to maintain such information" and that "the rules specify only that certain information must be created and maintained within the broker/dealer's records." I stored and presented in Form NMA all required complete and accurate raw information. When filling out FOCUS reports, I will follow standard structure prescribed by these forms. My net capital computation was prepared according to GAAP and Exchange Act Rule 15c3-1 to the extent possible. Credit card debt on the Firm's credit card was my personal debt because the card was issued using my SSN and just had the business name on it in addition to my own. Liabilities on the Firm's balance sheet were just an illustrative way of presenting the Firm's financial condition to show which things were purchased by me for the Firm when in reality I paid for all future Firm's expenses myself, the Firm did not have any liabilities, and the Firm's cash in bank account was its actual net capital. Rent deposit non-allowable asset and credit card liabilities were mentioned on the balance sheet to illustrate which items I purchased for the future Firm and were not mentioned in net capital computation to reflect the actual

situation that the Firm did not have any liabilities. I was in the process of paying off all my debt incurred to pay for future Firm's expenses by the time the Firm was ready to start its operations. The Firm's $5,000 minimum net capital requirement is stated in Standard 7 of Form NMA.

Macy's store card balance was included in available balance because the card can be used to purchase items for the Firm. It can also be used to purchase items for other people who can give me cash for these items. I also did not calculate towards available credit balance my Amazon store card with a $800 credit limit – this card can also be used to purchase items for the firm or to buy items for other people who can give me cash for them. Financial projections asked for in Standard 7 are projections of income and expenses and are not an income statement. FINRA did not ask for an income statement and did not provide a template or list of categories required for projections.

The issue of accounting for credit card cash back was never mentioned to me by FINRA during membership interview or in the decision letter – the first time I heard about it was during the testimony of Mr. Joseph Sheirer in front of NAC. Credit card (cash back) revenue was not characterized as contra-expense and was included in income section because there are different ways to receive it including cash deposit into a bank account - there is no requirement to apply it as statement credit. Joseph Sheirer was either unaware of this common industry practice or was falsely accusing me in front of NAC. Tax expense was not included in projections of revenue and expenses because net income was not calculated (I was not asked to prepare a net income statement.) and tax is calculated on net income. Monthly projections of income and expenses were prepared for FINRA to easily see how cash flows in and out of the Firm during the first 12 months of the Firm's operations – they are not a financial statement and they are a required item in Standard 8 (financial controls) and not in Standard 11 (recordkeeping) in Form NMA. In

Standard 9 of Form NMA I submitted a blank Form X-17A-5 (FOCUS Report, Part 2A) which includes samples of standard for industry reports - I will use it to prepare standard Firm reports. FINRA did not mention that I have to use this or any other specific form in the application. In Standard 11 of Form NMA I described the Firm's proposed recordkeeping system and submitted sample books and records – FINRA did not have any objections to them. A contingency plan for a situation if the Firm falls below net capital requirement is described in Firm's WSP (including Business Continuity Plan (BCP)) as well as in question 4 in Standard 8 of Form NMA – I did not say that I will call FINRA to ask what to do in this situation.

As discussed above, FINRA did not read my office lease thoroughly and falsely accused me of miscalculating liabilities and allowing net capital to drop below early warning requirement by saying that future hypothetical rent was an actual missing liability – FINRA's negligence in reading my application also made its Staff falsely conclude that the Firm does not have proper financial controls.

As evidenced in NAC hearing transcript, during NAC hearing, Mr. Joseph Sheirer testified that he did not read my official membership interview invitation which was emailed to me by Ms. Jina Gouraige (FINRA, Membership Application Program, Associate Principal Compliance Examiner) instead of being sent by mail or fax, which was inconsistent with and in violation of Rule 1013(b)(2), and did not know what it contained – this invitation asked me to bring updated financial information to the interview. I brought this updated financial information to the membership interview, but was not given an opportunity to present it - when I uploaded it later into Form NMA as instructed by Ms. Jina Gouraige, it was ignored by Mr. Joseph Sheirer who used only previously submitted information to make his decision and thus acted inconsistent with and violated Rule 1014(a) which says that FINRA must consider " the application, the

membership interview, other information and documents provided by the Applicant" in making its decision because if each of the Standards in Rule 1014 is met, "Department shall grant the application for membership" as required by Rule 1014(b)(2).

Rule 1014(a)(9)

FINRA did not have any objections to the Firm's proposed actual compliance, supervisory, operational, and internal control practices and standards that are consistent with practices and standards regularly employed in the investment banking business, taking into account the nature and scope of Firm's proposed business.

Rule 1014(a)(10)

FINRA did not have any objections to the Firm's proposed WSP, internal operating procedures (including operational and internal controls), and compliance procedures designed to prevent and detect, to the extent practicable, violations of the federal securities laws, the rules and regulations thereunder, and NASD Rules.

My location, experience, and qualifications are adequate in light of the approximately 2 persons to be supervised during the first year of operations. I have been having my own office and running my own independent contractor investment banking business providing capital raising and M&A services at Mid-Market Securities, LLC for almost 2 years working independently and being responsible for my own investment banking deals, marketing, business development, operations, books and records, finance, compliance, taxes, etc. – at the proposed broker-dealer I would have to do almost the same work at an almost same type of firm. My compliance responsibilities were more than what FINRA described as observing others, watching for violations, or reading of relevant supervisory procedures. FINRA falsely undermined my level of responsibility at MMS and accused me of misrepresenting my

experience.

When mentioning the rule about one year of direct or two years of indirect experience in the subject area to be supervised, FINRA provides the example of In the Matter of Sierra Nevada Securities, Inc., Exchange Act Rel. 41330, Admin. Proc. File No. 3-9623 (Apr. 26, 1999) in which a broker-dealer was not allowed to engage in market making because proposed supervisors did not have any direct or related experience in market making. The only experience they had was working as professor, military officer, and intern to trading assistant. In my case, I actually have one year of direct or two years of indirect experience in managing all aspects of capital raising and M&A business (business development, negotiation, preparation of materials, sales/investor search, compliance, operations, marketing, communications, record keeping and finance, etc.). For almost 2 years at Mid-Market Securities, LLC I worked myself on capital raising and M&A deals (direct experience) not as an intern, but full-time with full responsibility for my independent contractor business including my own deals, leads, marketing, communication, expenses, compliance, operations, records, finance, investors, taxes, etc. I have more than 2 years of experience in the following subject areas to be supervised:

- Providing capital raising and M&A services is my experience to support my function as General Securities Principal.
- Performing compliance functions and ensuring compliance for my own capital raising and M&A activities and, to the extent possible, the activities of other bankers I worked with is my experience to support my functions as CCO and AMLCO.
- Handling finance, books and records, and operations for my own capital raising and M&A activities is my experience to support my functions as FINOP and COO.

My employment agreement with Mid-Market Securities, LLC says that I was responsible for the following activities at the firm:

- "Hiring, engaging, supervising, firing and (except as may otherwise be required by Applicable Law) training employees, other independent contractors and/or other agents,"
- "Compliance with Applicable Law," and
- "Maintaining all required books and records in connection with the IC Business."

A description of my previous work experience that qualifies me to be the Firm's CEO, General Securities Principal, FinOp, COO, CCO, and AMLCO is submitted in relevant sections of Form NMA, in my letters in response to FINRA's requests for additional information, NAC appeal letter, and NAC hearing transcripts. At MMS I was making sure to the extent possible that the bankers that I worked with on existing or potential deals follow all applicable laws, rules, and regulations throughout our work together. I was actively conducting myself different compliance work including determining suitability, conducting due diligence, watching for red flags, etc. In bates No. 000683-000692 you can see a list of my compliance (including anti-money laundering compliance) functions and responsibilities at MMS and other firms - as described in this document, I showed that I have 2 years of experience doing what I would have to do as the Firm's CCO, AMLCO, and FinOp – I have experience maintaining compliance with almost all applicable laws, rules, and regulations in the following areas taken from the Firm's WSP:

1. Limited Size and Resource Exemption;

2. Designation of Office of Supervisory Jurisdiction (OSJ), OSJ Office Inspections;

3. Designation of Principals;

4. General Administration (Form Filings, Personnel, Business Conduct, Designation of Executive Representative, Updates to FINRA Contact System, FINRA Fees and Assessments,

Business Continuity Plan, Continuing Education);

5. Firm Supervision and Oversight (Designation of Supervisors and Supervisory Duties, Heightened Supervision, Statutorily Disqualified Individuals, Gifts and Gratuities, Non-cash Compensation, Outside Business Activities, Private Securities Transactions, Outside Accounts, Borrowing and Lending between Associated Persons and Clients, Insider Trading, Restricted List, Anti-Money Laundering Compliance Program (Firm Policy, AML Compliance Officer Designation and Duties, Senior Manager Approval, Program to Independently Test AML Program, FinCEN Requests Under USA PATRIOT Act Section 314(a), Grand Jury Subpoenas, Voluntary Information Sharing With Other Financial Institutions Under USA PATRIOT Act, Section 314(b), Comparison with Government-Provided Lists of Terrorists, Currency Transaction Reports, Currency and Monetary Instrument Transportation Reports, Funds Transmittals of $3,000 or More, Checking the Office of Foreign Assets Control Listings, Emergency Notification to Law Enforcement by Telephone, Customer Identification Program, Due Diligence, Client and Investor Due Diligence, Reliance on Another Financial Institution for Identity Verification, Verifying Information, Lack of Verification, Clients Who Refuse to Provide Information, Recordkeeping, AML Recordkeeping, Notice to Clients, Foreign Correspondent Accounts, Foreign Shell Banks, and Private Banking Accounts/Senior, Foreign Political Figures, Foreign Jurisdictions, Financial Institutions or International Transactions of Primary Money Laundering Concern, Monitoring Suspicious Activity, Monitoring Associated Persons' Conduct and Accounts, Red Flags, Filing a SAR-SF, Training Programs, Confidential Reporting of AML Non-Compliance, Additional Risk Areas);

6. Sales Practices (Communication with Clients, Investors, and Other Outside Parties, Client Complaints, Client Privacy Policy, Disclosures, Suitability, Due Diligence, Fees Charged to

Clients);

7. Finance and Operations (FinOp's Responsibilities, Net Capital Requirement, FOCUS Reports);

8. Internal Controls, Information Security Measures; and

9. Underwriting of Corporate Securities (Regulation A, Rule 147, Regulation D, Rule 145, Regulation S, Rule 144, Rule 144A, Syndicate Management, SEC and State Registration of New Issues of Securities, Restricted Persons, Prohibited Practices, Regulation FD, Fidelity Bond and SIPC, Reports to FINRA)

NAC agrees that I was able to effectively manage business development, finance, operations, funding capital, compliance (including anti-money laundering compliance), employees, accounting, taxes, books and records, marketing, and other aspects of my own independent contractor investment banking business at MMS for almost two years – combined with several years of my other finance industry and international leadership experience in the benefit of U.S. economy and its global leadership position in the world (as evidenced through my U.S. permanent residency obtained through the National Interest Waiver category of U.S. government (See bates 005185-005252.)), this is enough to show that I have at least one year of direct or two years of related experience in subject areas to be supervised in running an almost same type of investment banking business to work as the Firm's CEO, CFO, General Securities Principal, FinOp, COO, CCO, and AMLCO. Titles at MMS did not mean a certain level of responsibility as everyone worked independently on things that they chose which they were best at and which could bring profit. FINRA states on its website that supervisory experience is not required for future principals of an applicant. Using an example of FinOp responsibilities, it is not possible to have experience filing FOCUS reports of a broker-dealer for someone without

Series 27 or 28 license, anyone who has a Series 27 or 28 license is a principal and a supervisor, and any assistant to a Series 27 or 28 licensed principal will not have had actual responsibility. A requirement for experience doing compliance, finance, and operations work at a firm level for firm-wide functions (as a principal or assistant to one) would mean a requirement to have supervisory experience because these are functions supervising general securities business of a firm on an executive level. This means that because prior supervisory experience is not required for future principals of the Firm, its proposed officers responsible for compliance, finance, and operations functions do not need to have had experience working in these functions at the firm level for firm-wide activities – it is enough to have done this work at non-supervisory level for my own independent contractor business which is direct non-supervisory experience.

My employment agreement with MMS says that "The Independent Contractor's duties … shall include duties … including … as the IC sees fit ... " My status of independent contractor gave me additional level if responsibility, in the sense that, among other things, I was not paid a salary and my earnings were a percentage of revenue that I generated and directly depended on the integrity, prosperity, reputation, and financial condition of the firm as a whole which can be partly achieved by the firm being in compliance with all applicable laws, rules, and regulations – so, it was in my best interests and I saw fit to supervise (under the supervision of the CEO) all work happening in the firm. An independent contractor has more responsibility for his/her actions than a regular employee – this independence allows him/her to develop such skills necessary to run a successful business as leadership, vision and inspiration, charity, decision-making, respect for law and authority, cognizance, integrity, resilience in the face of adversity, goal achievement, intellect, innovation and creativity, and global outlook.

I was supervising other bankers at Mid-Market Securities, LLC (MMS) under the

supervision of the Firm's CEO and had the responsibility of reporting law evasion as appropriate. I also had additional responsibility resulting from my status of an independent contractor and specified in my employment agreement with MMS to supervise the CEO himself to make sure that the Firm maintains a clean operating history and reputation, attracts talented employees, remains profitable, and follows all applicable laws, rules, and regulations. I was often working from home (The only difference in responsibilities between having my own OSJ branch office or home office would have been that mail had to come to an OSJ office, but actual investment banking responsibilities would have been the same), and I worked in many deal teams where none of the bankers would have Series 24 license. The supervisory functions of the firm's CEO would be formalities of signing engagement agreements and receiving a percentage of fees for the firm's back office functions like having a website or opening email accounts, but all actual substantial investment banking work (marketing, business development, due diligence, materials preparation, suitability, sales, privacy, etc.) would have to be performed by me and other bankers, some of whom had and some of whom did not have Series 24 license. No actual outside reports of violations happened at MMS because all employees of the firm understood that the success of a business with independent contractor model depends on reputation, clean record, and integrity of its employees – to my knowledge everything that seemed wrong or suspicious did not require an outside report to regulatory authorities and was addressed/solved within the firm. My understanding of what compliance work entails is described in Form NMA, WSP (including BCP and Anti-Money Laundering Compliance Program), Continuing Education Training Needs Analysis and Written Training Plan, etc. and I provided FINRA with sample blank compliance forms and reports – FINRA did not have any objections to me using these reports in the future for the Firm's compliance and reporting. The CEO of MMS and I reviewed

the resume of and interviewed the intern together. After the interview, the CEO asked me if I want to hire the intern. I expressed my opinion of the intern and said that I want him to work for the firm because there are certain ways how he can help develop firm's business. The question of exact formal procedures of hiring the intern is irrelevant to the decision on the application because prior supervisory experience is not required for principals of an applicant. My earnings at MMS are so low compared to the amount of effort, time, and work that I was putting in because the environment at the firm was not favorable for closing deals on time and are not an indication that I misrepresented my experience. A list of specific reasons why the environment at MMS was not favorable for closing deals and why I want to start my own broker-dealer is provided in my letter dated October 23, 2013 in response to FINRA's initial request for additional information. FINRA does not have any prohibition against broker-dealers being run by sole proprietors or by individuals who have a certain level of experience if it meets the minimum requirements. The line of business I am proposing is almost the least risky one there can be among broker dealers – the Firm will have almost no risk by not having customers and not accepting client funds or securities. FINRA has minimum standards which serve as a risk buffer and which if met mean that "Department shall grant the application for membership" as required by Rule 1014(b)(2). By the end of my almost two years of employment at MMS I developed so much though the work that I was doing (strategic, business development, due diligence, investor search, investor material preparation, finance and operations, compliance, etc.) that I was ready to assume full supervisory responsibility for my own work and the work of other bankers at the firm as well as have my own OSJ branch office - I took Series 24 license exam while working at MMS on May 9, 2013 and Form U4 was filed for it on April 30, 2013 (See bates 005959-005972.).

Rule 1014(a)(11)

The Firm has a recordkeeping system that enables the Firm to comply with federal, state, and self-regulatory organization recordkeeping requirements and a staff that is sufficient in qualifications and number to prepare and preserve required records – FINRA did not have any objections to the Firm meeting Standard 11 in NASD Rule 1014(a)(11).

Rule 1014(a)(12)

The Firm has completed a training needs assessment and has a written training plan that complies with continuing education requirements imposed by federal securities laws, rules and regulations thereunder, and NASD Rules - FINRA did not have any objections to the Firm meeting Standard 12 in Rule 1014(a)(12).

Rule 1014(a)(13)

FINRA does not possess any information and I have not done anything indicating that the Firm has any intent or predisposition to circumvent, evade, or otherwise avoid compliance with federal securities laws, rules and regulations thereunder, or NASD Rules. FINRA did not have any objections to the Firm meeting Standard 3 in Rule 1014(a)(3) and agreed that the Firm and its Associated Persons are capable of complying with the federal securities laws, the rules and regulations thereunder, and NASD Rules, including observing high standards of commercial honor and just and equitable principles of trade. FINRA also did not have any objections to the Firm meeting Standard 11 in Rule 1014(a)(11) and agreed that the Firm has a recordkeeping system that enables the Firm to comply with federal, state, and self-regulatory organization recordkeeping requirements and a staff that is sufficient in qualifications and number to prepare and preserve required records. The Firm and its Associated Persons are not subject to any securities regulatory events and have clean CRD record and disciplinary history. FINRA's

accusations about things covered in other Standards have been addressed above in each Standard respectively.

Rule 1014(a)(14)

The Firm's application and all supporting documents otherwise are consistent with the federal securities laws, the rules and regulations thereunder, and NASD Rules - FINRA did not have any objections to the Firm meeting Standard 14 in Rule 1014(a)(14).

FINRA's False Accusations and Violations of NASD Laws

A list of some of false accusations and violations of NASD Rules by FINRA and NAC was presented by me in NAC Appeal Letter and during NAC hearing. To respond to some of the other more general NAC arguments in its decision letter, I did not say that, in my view, "FINRA is required to play a consultative role with respect to an application for new membership" – I said that FINRA website and Firm Gateway say that a membership interview is an opportunity to "identify for the benefit of the Applicant any open, unresolved issues, problems or concerns about the application," to "provide key information to the Applicant in order to help ensure that, if the application is approved, the Applicant is cognizant of its obligations as a member firm," to "discuss substantially all of the aspects of the Applicant's proposed business," and to discuss requests "for modifications to and clarifications of documentation previously submitted, (e.g., to Written Supervisory Procedures, Form BD, Form NMA, Form BR, and other documents as appropriate;)." I was expecting that during membership interview FINRA would have the courtesy of discussing in detail Standards for membership (as required by NASD Rule 1013(b)(6)) and how "substantially all of the aspects" of my proposed business relate to them so that I could provide FINRA with additional insight and receive feedback - instead FINRA Staff acted in a prejudiced way, refused to listen to me or accept updated financial information, and

acted as if they already decided to deny my application - before the interview Ms. Jina Gouraige (FINRA, Membership Application Program) even told me that I do not need to take out many documents or open my laptop as they will not get into discussing my WSP that day. Half of the things from membership interview checklist that were supposed to be discussed during the interview, were not discussed at all (for example, my responsibilities if the Firm is approved) – Mr. Joseph Sheirer pretended that everything mentioned in the checklist was discussed with me during the interview, tried to make me sign the checklist the way it was given to me for signing, and gave me credit for reading the checklist before signing it in front of everyone attending the interview.

As evidenced in NAC hearing transcript, during NAC hearing, Mr. Joseph Sheirer falsely accused me of potential money laundering saying that my financing of the Firm with American Express for Target cards looked like money laundering to him and said that he considered filing SAR and that this made him doubt the integrity of my application. It is common for cards to have cash withdrawal limits per day. Agreements for American Express for Target cards are available publicly online on American Express website, were submitted to NAC, and can be found in bates No. 006521-006550. Mr. Joseph Sheirer testified that he never head about these cards, did not read about them, and did not ask me any questions about them. The fact that my financing of the Firm looked like money laundering to Mr. Joseph Sheirer seems to have been one if the deciding factors behind the denial of my application, but it was not communicated to me during membership interview or in FINRA's decision letter. NASD Rule 1014(c)(2) says that the decision "shall explain in detail the reason for denial, referencing the applicable standard or standards in paragraph (a)." This means that Mr. Joseph Sheirer's actions can either be described as defamation or violation of NASD Rules.

The fact that I was not notified of the names of NAC Subcommittee members within the deadline provided by FINRA showed prejudice against me because at the very least it shows disrespect in not keeping promises and deadlines. Because FINRA's and NAC's true intentions in this regard are not known, it can be assumed that FINRA might have decided to not give me the names of the Subcommittee members to avoid their publicity as well as responsibility and obligations when making certain statements – it seemed that FINRA was not planning to give me these names had I not asked for them myself saying that the deadline was missed.

As evidenced in NAC hearing transcript, Ms. Jennifer Danby and Mr. Joseph Sheirer, who served as witnesses of FINRA's review and decision process to deny my application, were giving conflicting testimony during NAC hearing about when they obtained information from sources other than me which they said influenced their decision, and which was not promptly served on me as required by NASD Rule 1013(b)(7). This is inconsistent with and a violation of NASD Rule 1013(b)(7). NAC dismissed the testimony of Ms. Jennifer Danby and Mr. Joseph Sheirer relating to these issues and has not used it in its consideration of the appeal or as a basis for its decision in order to eliminate notice and fairness issues, but this does not cover FINRA's questionable actions.

FINRA obtained my CRD record at the very beginning of the review period, tried to use this information (specific days of my employment, registration, and licenses with MMS and National Securities Corporation) to deny my application without actually reviewing it (as evidenced in FINRA's letter to me dated August 29, 2013 and my response to FINRA dated August 30, 2013 – see bates No. 000673-000683), and did not provide me with a copy of this record during membership interview – this was inconsistent with and in violation of NASD Rule 1013(b)(7).

As evidenced in NAC decision letter, NAC declined to comment on my application meeting Standards 1, 2, 4, and 13 and only commented on my application relative to Standards 7, 8, and 10 to avoid extra work and responsibility.

In terms of FINRA's original transmission of documents to NAC, it is not timing that was biased (which would give me less time to prepare for the hearing), but specific partial original selection of documents. Originally FINRA purposefully only transmitted some and in some sections of Form NMA even parts and compilations of attachments asked for in different questions - it is easy to see prejudice against me in this selection. I had to mention several times to FINRA that the selection is partial and biased before FINRA agreed to send the rest of the documents to NAC. And it was not the time that I had remaining to prepare for the hearing that would have been more impeded had I not convinced FINRA to send the rest of the documents to NAC, but NAC's ability to make an informed decision based on all information I submitted and not just a biased selection of it. Because of everyone's schedule I had no other way except to attend the hearing during suggested time which was outside of the timeframe provided in NASAD Rules – another expression of unfairness would have delayed the review process even more. Closing arguments were conducted telephonically more than 2 weeks after the hearing instead of in-person during the second day allotted for in-person hearing.

An example of FINRA not having read my application completely and accurately is FINRA saying in its decision letter that "The Applicant seeks approval to employ a total of three (3) individuals (registered and unregistered) within the first year of operations." My Written Supervisory Procedures say that all persons working for the firm will be registered."

If NAC cites Cf. RFG Options Co., 49 S.E.C. 878, 885 (1988) and applies the logic that, in its opinion, its and FINRA's numerous violations of NASD Rules were not intended to and

did not harm me, were not done with prejudice against me, and should therefore be forgiven as I did not explain how I "would have proceeded differently" had FINRA and NAC followed all NASD Rules, same logic must apply to me as well – the small immaterial things that FINRA is trying to accuse me of were not intended to harm anyone, were not done in prejudice against anyone, did not harm anyone, and would not have caused anyone to "have proceeded differently" had they been done differently.

In reality, FINRA's violations of NASD Rules were extremely harmful to me and I did communicate this to FINRA and NAC in my letters and during NAC hearing. FINRA and NAC thought that their avoidance of laws, NASD Rules, and promises as well as incomplete and inaccurate reading and understanding of my application, defamation, lack of knowledge of industry laws and practices, lies, and other questionable actions allow FINRA to deny broker-dealer applications which they deem to be more risky than others, but which meet all 14 Standards for admission. I did tell FINRA and NAC that I felt extremely prejudiced and harmed by their actions that caused me to waste more that one year of my professional life. I did explain to FINRA and NAC how I would have proceeded differently had they not violated any Rules. FINRA's violation of Rules was the only way which would have allowed FINRA to deny my application and without this violation denial was not possible - if FINRA followed all Rules, it would have had to approve my application in which case I would have started operating my broker-dealer in February 2014. A year of time wasted by FINRA and NAC is a year of my lost experience, opportunities, and profit for which I can seek monetary compensation in court.

The application was not read completely, was not given enough consideration, and was purposefully denied by FINRA by making up nonexistent rules and regulations, avoiding existing NASD Rules, and using false accusations and defamation to reduce its responsibility and

amount of regulatory oversight work despite the fact that it meets all 14 Standards for membership articulated in Rule 1014, does not pose any investor threat, and serves public interest. It is important to have a more thorough and detailed look at the application to have a complete and accurate understanding of the Firm and its proposed business activities as I will eventually need a response to every sentence in the application as it relates to Standards for membership set forth in NASD Rule 1014.

Conclusion

Bering Strait Securities, Inc. meets each of the Standards for membership articulated in NASD Rule 1014, FINRA decision should be reversed, and the Firm should be granted FINRA broker-dealer membership.

Regards,

Maria Ermolova

Maria Ermolova
Bering Strait Securities, Inc.
[redacted]

January 9, 2015