

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2024083981001**

TO: Department of Enforcement  
Financial Industry Regulatory Authority (FINRA)

RE: Thomas Sapio (Respondent)  
General Securities Principal  
CRD No. 1848346

Pursuant to FINRA Rule 9216, Respondent Thomas Sapio 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, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

**I.**

**ACCEPTANCE AND CONSENT**

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

**BACKGROUND**

Sapio first registered with FINRA in 1991. Between April 2004 and February 2023, Sapio was registered with FINRA as a General Securities Principal, among other capacities, through an association with Cantor Fitzgerald & Co. (CRD No. 134). Since April 2023, Sapio has been registered through an association with another member firm.<sup>1</sup>

**OVERVIEW**

From April 2022 through August 2022, Sapio failed to reasonably supervise two traders who were inaccurately marking the value of positions on their trading books to conceal from Cantor millions of dollars in unrealized losses. For his violations of FINRA Rules 3110 and 2010, Sapio is suspended in all principal capacities for two months, fined \$5,000, and required to complete ten hours of continuing education concerning supervisory responsibilities.

**FACTS AND VIOLATIVE CONDUCT**

This matter originated from a Cantor FINRA Rule 4530 filing.

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<sup>1</sup> For more information about the respondent, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

FINRA Rule 3110(a) requires that member firms “establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules.” The duty to supervise under Rule 3110 also includes the responsibility to reasonably investigate red flags that suggest that misconduct may be occurring and to act upon the results of such investigation.

A violation of FINRA Rule 3110 also is a violation of FINRA Rule 2010, which requires associated persons to “observe high standards of commercial honor and just and equitable principles of trade” in the conduct of their business.

During the relevant period, Sapio was Head of the U.S. Repurchase Agreements Desk (Repo Desk) at Cantor and the direct supervisor of Traders A and B, who sat on the Repo Desk. Traders A and B traded repurchase agreements, including forward start reverse repurchase agreements, on behalf of Cantor. As Head of the Repo Desk, Sapio was responsible for ensuring that Traders A and B “marked to market,” or recorded the fair market value of, their positions in the firm’s electronic recordkeeping system every day. Cantor used the marks entered by Traders A and B to calculate the profit and loss of the Repo Desk. Sapio then provided the Repo Desk’s weekly profit and loss to more senior management.

From April 2022 through August 2022, Sapio failed to reasonably supervise Traders A and B. Sapio failed to review the marks entered by Traders A and B. Further, Sapio failed to reasonably investigate or respond to red flags that Traders A and B were mismarking their positions. Sapio was aware that market events could have reduced the value of each trader’s forward start reverse repurchase positions. He did not, however, see the traders’ profit and loss decrease in the wake of these market events. Sapio spoke with each of the traders. One of the traders told Sapio that his marks were incorrect. The trader assured Sapio that he would correct his marks, but failed to do so. Sapio did not check the marks in the system or otherwise take any subsequent steps to ensure that Traders A and B entered correct marks going forward.

The market value of Traders A’s and B’s forward start reverse repurchase positions then continued to decline and, due to mismarking, millions of dollars of unrealized losses were not reflected in the Repo Desk’s profit and loss.<sup>2</sup>

Eventually, in August 2022, one of the traders informed Sapio of the full scope of the unrealized losses on his trading book, and Sapio raised the issue to senior management at Cantor. Cantor then corrected the inaccurate marks, terminated one of the traders, and permitted the other trader to resign.

By failing to reasonably supervise two traders, and failing to reasonably investigate red flags, Sapio violated FINRA Rules 3110 and 2010.

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<sup>2</sup> In March 2025, an Order Accepting Offer of Settlement was issued pursuant to which Trader A consented to findings that he falsified firm records and consented to a three-month suspension in all capacities and a \$5,000 fine.

B. Respondent also consents to the imposition of the following sanctions:

- a two-month suspension from associating with any FINRA member in all principal capacities;
- a \$5,000 fine; and
- a requirement that within 90 days of the Notice of Acceptance of this AWC, Sapio will attend and satisfactorily complete ten hours of continuing education concerning supervisory responsibilities by a provider not unacceptable to FINRA. Sapio will notify Steve Peretz, Counsel, of the name and contact information of the provider who is providing the continuing education at least ten days prior to attending the training. Within 30 days following the completion of the ten hours of continuing education, Sapio will submit written proof that the continuing education program has been satisfactorily completed to Steve Peretz, Counsel, FINRA Department of Enforcement, 200 Liberty Street, New York, NY 10281, and by email to [steve.peretz@finra.org](mailto:steve.peretz@finra.org), with a copy to [EnforcementNotice@finra.org](mailto:EnforcementNotice@finra.org). All correspondence must identify Respondent Sapio and Matter Number 2024083981001. Upon written request showing good cause, FINRA staff may extend the procedural dates related to this continuing-education requirement.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

Respondent understands that if he is barred or suspended from associating with any FINRA member in a principal capacity, he becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, Respondent may not be associated with any FINRA member in a principal capacity, during the period of the bar or suspension. *See* FINRA Rules 8310 and 8311. Furthermore, because Respondent is subject to a statutory disqualification during the suspension, if he remains associated with a member firm in a non-suspended capacity, an application to continue that association may be required.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

## II.

### WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against him;
- B. To be notified of the 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 National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, 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.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA 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

Respondent 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 the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:

1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
  2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
  3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
  4. Respondent 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. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.
- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he 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 FINRA, nor does it reflect the views of FINRA.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's provisions voluntarily; and no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

June 18 2025

Date

[Signature]

Thomas Sapio  
Respondent

Reviewed by:

[Signature]

Guy Petrillo  
Counsel for Respondent  
Petrillo Klein & Boxer LLP  
655 Third Ave.  
22d Floor  
New York, NY 10017

Accepted by FINRA:

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

June 30, 2025

Date

[Signature]

Steven W. Peretz  
Counsel  
FINRA  
Department of Enforcement  
200 Liberty Street  
New York, NY 10281