

STATE OF SOUTH DAKOTA
DEPARTMENT OF LABOR & REGULATION
DIVISION OF SECURITIES

IN THE MATTER OF:)	
)	ORDER TO SHOW CAUSE
STERLING GRACE MUNICIPAL)	WHY REGISTRATION
SECURITIES CORP.)	SHOULD NOT BE REVOKED
CRD# 7155)	

TO: James Dirscherl
Vice President
Sterling Grace Municipal Securities Corp.
100 Summerhill Road
Spotswood, NJ 08884

The Director of the Division of Securities, Mr. Larry Deiter, has determined the following:

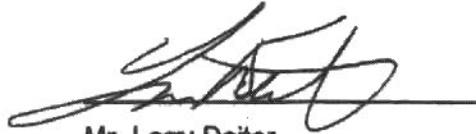
1. That Sterling Grace Municipal Securities Corp. has a last known address of 100 Summerhill Road, Spotswood, NJ 08884.
2. That pursuant to SDCL 47-31B-401 and 47-31B-402, it is unlawful for any person to transact business in South Dakota as a broker-dealer or agent unless the person is registered under chapter 47-31B.
3. That on December 27, 2016, Sterling Grace Municipal Securities Corp. filed for registration as a broker-dealer in South Dakota.
4. That pursuant to Rule 20:08:03:01(2)(B)(i), every registered broker-dealer must employ at its principal office and at each office of supervisory jurisdiction (OSJ) in South Dakota, at least one person designated to act in a supervisory capacity, who is registered as an agent in this state and has satisfied the supervisory examination requirements of FINRA. For any other office in South Dakota, not designated as an OSJ, a supervisor must be designated to supervise the office; however, the supervisor need not be located in this state.
5. That as of February 6, 2017, Sterling Grace Municipal Securities Corp. did not employ at least one person designated to act in a supervisory capacity who was registered as an agent in South Dakota.
6. That in a memorandum dated December 27, 2016, the Division informed Sterling Grace Municipal Securities Corp. that it was in violation of Rule 20:08:03:01(2)(B)(i). The letter further requested that if Sterling Grace Municipal Securities Corp. had an agent registered in South Dakota, to send a letter to the Division indicating the agent's name and CRD number.
7. That the Division did not receive a response to the December 27, 2016 memorandum nor did Sterling Grace Municipal Securities Corp. register an agent to act in a supervisory capacity in South Dakota.

8. That the Division sent another memorandum, dated January 19, 2017, informing Sterling Grace Municipal Securities Corp. that it was in violation of Rule 20:08:03:01(2)(B)(i) by not having a supervisory agent registered in South Dakota.
9. That as of the date of this Order, Sterling Grace Municipal Securities Corp. has not responded nor registered an agent in compliance with Rule 20:08:03:01(2)(B)(i).
10. That Rule 20:08:03:01(2)(B)(i) further states that failure to abide by this Rule for more than thirty (30) days will result in the revocation of the registered broker-dealer until such time as there is compliance with this rule.
11. That pursuant to SDCL 47-31B-412(a) and (b), the Director may by order deny, suspend or revoke any registration if he finds that the order is in the public interest and that the registrant has willfully violated or willfully failed to comply with any provisions of chapter 47-31B or a predecessor act or any rule or order under chapter 47-31B or a predecessor act.
12. That sufficient grounds exist for the issuance of an Order to Show Cause Why Registration Should Not Be Revoked. The following Order is necessary and appropriate in the public interest and for the protection of investors and is consistent with the policies and provisions of chapter 47-31B.
13. That pursuant to SDCL 47-31B-602, the Division can require a broker dealer to file a statement or respond to an inquiry from the Division.
14. That SDCL 47-31B-604 permits the Division to impose a civil penalty of up to \$10,000 per violation of Chapter 47-31B.
15. That the Division hereby imposes a fine of \$500 against Sterling Grace Municipal Securities Corp. for failure to respond to the Division's initial letter.

NOW THEREFORE, IT IS HEREBY ORDERED, pursuant to South Dakota codified Laws, Section 47-31B-412(b), that Sterling Grace Municipal Securities Corp. show cause why its registration as a broker-dealer should not be revoked. The Division shall revoke the registration of Sterling Grace Municipal Securities Corp. within thirty (30) days from receipt hereof, unless it makes a request for hearing within thirty (30) days from receipt hereof.

IT IS FURTHER ORDERED, that Sterling Grace Municipal Securities Corp. is entitled to a hearing pursuant to Section 47-31B-412(f) and (g). Any hearing in this matter shall be conducted according to procedures for contested cases as prescribed in SDCL chapter 1-26. If the amount in controversy exceeds two thousand five hundred dollars (\$2500) or if a property right may be terminated, any party to the contested case may require the Division to use the Office of Hearing Examiners by giving notice to the Division no later than ten (10) days after service of a notice of hearing issued pursuant to §1-26-17.

Dated this 6th day of February, 2017.

A handwritten signature in black ink, appearing to read 'L. Deiter', is written over a solid horizontal line.

Mr. Larry Deiter
Director
Division of Securities
124 S. Euclid Ave., Suite 104
Pierre, SD 57501