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FINRA Fines Four Firms, Two Individuals $270,000 For Muni Violations.

The Financial Industry Regulatory Authority fined four firms and two individuals a total of $270,000 for violations of municipal securities rules, FINRA announced this month.

The firms and fines included: Edward D. Jones & Co. with $160,000, Alluvion Securities LLC with $45,000, Robert W. Baird & Co. with $45,000, and Tullet Prebon Financial Services LLC with $5,000. Alluvion chief executive officer John Jumper accepted a $10,000 fine, and former Morgan Stanley Smith Barney representative Norbert Price agreed to a $5,000 fine and a one-month suspension.

FINRA alleged that, in 87 transactions between Oct. 1 and Dec. 31 2008, St. Louis-based Edward Jones sold securities for the firm's own account at prices that were not fair and reasonable. That conduct is a violation of the Municipal Securities Rulemaking Board's Rule G-17 on fair dealing, as well as Rule G-30 on prices and commissions. Without admitting or denying FINRA's findings, the firm agreed to pay the fine.

FINRA tagged Memphis, Tennessee¬-based Alluvion for several distinct violations. On Feb. 2, 2012, FINRA found, Alluvion failed to provide an official statement to customers whose transactions settled that day. The firm filed the OS three days late, FINRA said, during which time 31 affected transactions totaling $10.7 million took place. Alluvion was 96 days late in filing an official statement to EMMA following a June 24, 2011 bond transaction, FINRA alleged. Both those actions are violations of MSRB Rule G-32 on primary offering disclosure.

FINRA further found that Alluvion failed to abide by Rule G-37 on political contributions by failing to file a form G-37 detailing which issuers the firm did muni business with in the first quarter of 2011. Finally, FINRA said, Alluvion violated Rule G-27 on supervision by failing to have adequate policies in place designed to ensure compliance with securities rules. Alluvion neither admitted or denied the findings.

Baird, based in Milwaukee, Wis., violated G-17 and G-30, FINRA said. According to FINRA, the firm sold securities at unreasonable prices during two stretches between July 1 and Sept. 30, 2009 as well as between Jan. 1 and March 31, 2011. The firm neither admitted nor denied the findings.

London-based Tullett Prebon, which has offices in the U.S., accepted a fine for failing to accurately report time of trade or other required information on more than 100 transactions between Oct. 1 and Dec. 31 2010. The firm also agreed to pay $220,000 in non-muni violations

Jumper agreed to his fine and a censure in connection with Alluvion's failures to file official statements, FINRA said. The firm's procedures designate Jumper as having responsibility for ensuring Alluvion's compliance with securities rules, and by failing to do so he violated G-27, FINRA said. Jumper also did not admit or deny the authority's findings.

"The fine imposed was based on our disagreement with FINRA of the accrual audit and other

expenses which we were not told to do in the past several years and they found fault with it in our last review," Jumper said. "As far as other compliance matters, we engaged the firm of Regulatory Compliance to assist us in review of our compliance. As far as MSRB matters, EMMA indicated we were three days late, our emails indicated we were on time. We simply agreed to negotiate a settlement with FINRA rather than have a protracted argument, which only would cost more time."

Price, whose association with Morgan Stanley Smith Barney ended in April 2012, violated FINRA Rules 2010 and 2210 by sending out a deceptive email to prospective investors, the authority alleged. The email purported to offer an investment opportunity, but was not properly approved by a principal of the firm and contained information that was "incomplete and oversimplified," FINRA said. Without admitting or denying the findings, he agreed to the fine and one-month suspension. Price is not currently registered with any FINRA member firm.

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