

# **Bond Case Briefs**

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## **Firm Fined for MSRB Registration Failures on Private Placement Offerings.**

A broker-dealer [settled](#) FINRA charges for (i) conducting a municipal securities business without becoming a member of the MSRB and (ii) failing to amend its FINRA membership application prior to conducting private placement offerings.

According to FINRA, the firm offered customers tax-advantaged state-sponsored securities plans ("529 plans"), which are municipal securities, and collected commissions and fees without first joining the MSRB or employing a qualified municipal principal to supervise the municipal securities business. Additionally, FINRA found that the firm sold several private placements, although its membership agreement did not permit the sale of private placements without obtaining FINRA approval pursuant to FINRA Rule 1017 ("Application for Approval of Change in Ownership, Control, or Business Operations").

FINRA determined that the firm violated MSRB Rule G-2 ("Standards of Professional Qualification"), Rule G-3 ("Professional Qualification Requirements"), Rule G-27 ("Supervision") and Rule A-12 ("Registration"). The firm also violated FINRA Rule 1017 and Rule 3110 ("Supervision").

To settle the charges, the firm agreed to (i) a censure, (ii) a civil monetary penalty of \$45,000 and (iii) to certify within 180 days that it either registered with the MSRB or ceased its offering of municipal securities.

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**Fried Frank Harris Shriver & Jacobson LLP**