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Broker-Dealer Settles FINRA Charges for Failing to Properly Supervise Bond Sales to Affiliate.

A broker-dealer settled FINRA charges for failing to monitor conflicts of interest related to the sale of bonds to a bank affiliate ("Affiliate").

In a Letter of Acceptance, Waiver and Consent ("AWC"), FINRA said that bank regulations forbade the Affiliate from purchasing municipal bonds entailing a markup from the broker-dealer.

FINRA determined that the broker-dealer failed to implement a reasonable supervisory system to ensure that the Affiliate was not charged such a markup. FINRA found that the broker-dealer's actions violated MSRB Rule G-27 ("Supervision").

To settle the charges, the broker-dealer agreed to (i) a censure, (ii) a $50,000 fine and (iii) comply with the undertakings set forth in the AWC.

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