

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060075372-01

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Butler Muni, LLC, Respondent
Broker-Dealer
CRD No. 7389

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Butler Muni, LLC (the "firm") 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 the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

The firm has been a member of FINRA since May 2, 1977, and its registration remains in effect. The firm has no relevant disciplinary history.

SUMMARY

In Review No. 20060075372, the Market Regulation Department staff ("the staff") conducted a regulatory review regarding compliance by the firm with Municipal Securities Rulemaking Board ("MSRB") rules regarding trading in and pricing of municipal bonds from January 1, 2003 through March 31, 2005 ("the review period").

FACTS AND VIOLATIVE CONDUCT

1. During the review period, the firm, acting in the capacity of a broker's broker, and in connection with the purchase and sale of municipal securities, in twelve instances did not inform the selling broker-dealer of a higher bid submitted by the highest bidding broker-dealer in bid-wanted auctions. The firm's conduct deprived the selling broker-dealers of receiving a higher sale price. The transactions are identified on Exhibit A, which is attached. As a result, the firm failed to deal fairly with its customers. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-17.
2. During the review period, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and MSRB rules, concerning bid wanted auctions. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (1) the identification of the person(s) responsible for supervision with respect to the applicable rules; (2) a statement of the supervisory step(s) to be taken by the identified person(s); (3) a statement as to how often such person(s) should take such step(s); and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented. The conduct described in this paragraph constitutes a violation of MSRB Rule G-27.

B. The firm also consents to the imposition of the following sanctions:

A censure and a fine of \$70,000 (\$60,000 for the MSRB Rule G-17 violations and \$10,000 for the MSRB Rule G-27 violations); and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph A.2. above. Within 60 business days of acceptance of this AWC by the National Adjudicatory Council ("NAC"), a registered principal of the Respondent shall submit to the **COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850**, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraph A.2. above; and (3) the date the revised procedures were implemented.

In addition, the firm shall make restitution to the customers listed on Exhibit A, in the total amount of \$25,408, plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this AWC is accepted by the NAC. A registered principal of the firm shall submit satisfactory proof of payment of the restitution to those

customers referenced in Exhibit A, or of reasonable and documented efforts undertaken to effect restitution, to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850 or in an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, no later than 120 days after acceptance of this AWC. If for any reason, Respondent cannot locate any of those customers after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the customer is known to have last resided.

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

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against the firm;
- 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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, 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 acceptance or rejection of this AWC.

The firm 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

The firm 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 the firm; and
- C. If accepted:
 - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. The firm 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. The firm 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 the firm's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it 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 or its staff.

The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that the firm has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

5/7/10
Date

Respondent
Butler Muni, LLC

By: DANE LARSEN
Name: [Signature]
Title: MANAGING MEMBER

Reviewed by:

[Signature]
Jonathan Kord Lagemann, Esq.
Counsel for Respondent

Accepted by FINRA:

5/28/10
Date

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

Thomas R. Gira
Thomas R. Gira
Executive Vice President
Department of Market Regulation

Butler Muni, LLC ("BLPC")
Matter No. 20060075372

Exhibit A

Item No.	Date	CUSIP ID	Quantity	Contra 1*	Trade 1 Time	Trade 1 Price	Best Bid	Firm	Restitution
1	4/29/2003	521768UP4	200,000	LEHM (S)	12:56:00	108.625	109.644	BLPC	\$ 1,688.00
2	9/9/2003	388640YR9	280,000	FBPC (S)	14:33:00	37.697	39.197	BLPC	\$ 3,570.00
3	1/9/2004	957368AB3	600,000	PWJC (S)	15:48:00	104.494	104.994	BLPC	\$ 1,830.00
4	2/24/2004	849837BF7	400,000	LEHM (S)	14:20:00	106.58	107.69	BLPC	\$ 1,640.00
5	3/8/2004	84488PCF0	785,000	LEHM (S)	14:30:00	105.546	105.946	BLPC	\$ 1,962.50
6	3/8/2004	964389VM9	505,000	LEHM (S)	16:24:00	105.35	106.9	BLPC	\$ 6,691.25
7	3/9/2004	64970KCZ8	100,000	DAIN (S)	14:34:00	108.942	108.442	BLPC	\$ 1,225.00
8	4/6/2004	018105A71	200,000	LEHM (S)	16:02:00	102.7	103.89	BLPC	\$ 1,600.00
9	5/11/2004	745181XC6	500,000	LEHM (S)	16:24:00	94.628	95.028	BLPC	\$ 1,125.00
10	6/25/2004	745145R61	305,000	HAUR (S)	11:17:00	106.793	107.547	BLPC	\$ 381.25
11	6/7/2004	186355BG7	250,000	LEHM (S)	15:29:00	106.661	107.661	BLPC	\$ 1,937.50
12	6/15/2004	650034KT7	250,000	BEST (S)	14:05:00	101.029	101.933	BLPC	\$ 1,757.50
* Contra parties are identified as follows: B-D (S) indicates another Broker-Dealer selling to the firm.								Total Restitution	\$ 25,408.00