

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20080158589-01**

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

RE: **Crowell, Weedon & Co., Respondent**
Broker-Dealer
CRD No. 193

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Crowell, Weedon & Co. ("CWCO" or 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

CWCO has been a member of FINRA since October 16, 1936, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

CWCO has the following relevant disciplinary history:

- On September 7, 2007, an AWC became final in which the firm was censured and, in part, fined \$25,000 for numerous MSRB and Trade Reporting and Compliance Engine ("TRACE") trade reporting violations and related supervisory deficiencies in various time periods during 2005 and 2006, in violation of MSRB Rules G-14 and G-27 and NASD Rules 2110, 3010 and 6230(a).

SUMMARY

In connection with matter 20080158589, the staff of the Municipal Bond Transaction Team of FINRA's Department of Market Regulation (the "MBTT staff") conducted a

review of CWCO's compliance with regulatory requirements for the trade reporting of municipal securities transactions during the period July 1, 2008 through September 30, 2008 (the "third quarter of 2008").

In connection with matter 20090191595, the staff of the TRACE Reporting Team of the Department of Market Regulation conducted a review of CWCO's compliance with certain regulatory requirements for the reporting of transactions in corporate bonds during the period April 1, 2009 through June 30, 2009 (the "second quarter of 2009").

In connection with matter 20090193861, the MBTT staff conducted a review of CWCO's compliance with regulatory requirements for the trade reporting of municipal securities transactions during the second quarter of 2009.

FACTS AND VIOLATIVE CONDUCT

1. During the third quarter of 2008, CWCO failed to report information regarding 126 purchase and sale transactions effected in municipal securities to the Real-time Transaction Reporting System ("RTRS") in the manner prescribed by Rule G-14 RTRS Procedures and the RTRS Users Manual. Specifically, the firm failed to report information about such transactions within 15 minutes of Time of Trade to an RTRS Portal. These transactions constituted approximately two percent of the transactions that the firm reported to the RTRS during the third quarter of 2008. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.
2. During the second quarter of 2009, CWCO failed to report to TRACE 278 transactions in TRACE-eligible securities within 15 minutes of the time of execution. These late transactions constituted approximately 26 percent of the transactions in TRACE-eligible securities that the firm reported to TRACE during the second quarter of 2009. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.
3. The firm's supervisory system in effect during the second quarter of 2009 did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of NASD, concerning TRACE reporting. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (a) a statement of the supervisory step(s) to be taken by the identified person(s); (b) a statement as to how often such person(s) should take such step(s); and (c) 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 NASD Rule 3010 and FINRA Rule 2010.
4. During the second quarter of 2009, CWCO failed to report information regarding 228 purchase and sale transactions effected in municipal securities to the RTRS in the manner prescribed by Rule G-14 RTRS Procedures and the RTRS Users Manual. Specifically, the firm failed to report information about such transactions within 15 minutes of Time of Trade to an RTRS Portal. These transactions constituted approximately four percent of the

transactions that the firm reported to the RTRS during the second quarter of 2009. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.

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

A censure; fines totaling \$52,500 (comprised of \$12,500 for the violations of MSRB Rule G-14 during the third quarter of 2008, \$17,500 for the violations of MSRB Rule G-14 during the second quarter of 2009, \$17,500 for the firm's TRACE-reporting violations during the second quarter of 2009 and \$5,000 for the firm's related supervisory violations during the second quarter of 2009); **and an undertaking** to revise the firm's written supervisory procedures with respect to the areas described in paragraph I.A.3.

Within 30 business days of acceptance of this AWC by the 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 I.A.3; and (3) the date(s) the revised procedures were implemented.

The firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. The firm 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 National Adjudicatory Council ("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 records;
 - 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 it 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.

October 5, 2011
Date

Respondent
Crowell, Weedon & Co.
James R.

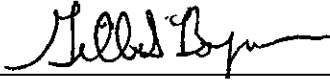
By: Kruger

Digitally signed by James R. Kruger
DN: cn=James R. Kruger, ou=Crowell,
Weedon & Co., ou=Compliance,
email=jkruger@crowellweedon.com, o=US
Date: 2011.10.05 16:00:03 -0700

Name: James R. Kruger

Title: Partner, Director of Compliance

Reviewed by:



Gilbert W. Boyce
Counsel for Respondent
Kutak Rock LLP
1101 Connecticut Avenue, N.W.
Suite 1000
Washington, DC 20036-4374

Accepted by FINRA:

12/21/11
Date

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



Thomas R. Gira
Executive Vice President
Department of Market Regulation