

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20100217845-01**

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

RE: Samuel A. Ramirez & Co., Inc., Respondent
Broker-Dealer
CRD No. 6963

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Samuel A. Ramirez & Co., Inc. (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 January 2, 1976, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm does not have any relevant disciplinary history.

SUMMARY

In connection with 20100217845, the Fixed Income Staff of FINRA's Department of Market Regulation ("staff") reviewed the firm's compliance with the Rules of the Municipal Securities Rulemaking Board ("MSRB") applicable to trade reporting in the Real-time Transaction Reporting System ("RTRS") during the period of October 1, 2009 through December 31, 2009 (the "review period").

FACTS AND VIOLATIVE CONDUCT

1. During the review period, the firm manually executed and reported transactions in municipal securities, but was in the process of converting to an automated execution and reporting system, and has since done so. During the review period, however, the firm, failed to report the correct Time of Trade to the RTRS in 108 reports of transactions in municipal securities. These transactions constituted approximately seven percent of the matched inter-dealer transactions that the firm reported to the RTRS during the review period. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14(b)(ii).
2. During the review period, the firm failed to report information regarding 90 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 six percent of the matched inter-dealer transactions that the firm reported to the RTRS during the review period. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.
3. The firm failed to show the correct time of execution on the memorandum of 94 transactions in municipal securities executed with another broker or dealer. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-8.

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

A censure and a fine of \$10,000 (consisting of a \$7,500 fine for the MSRB Rule G-14 violations and a \$2,500 fine for the MSRB Rule G-8 violations).

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are 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(s) 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 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.

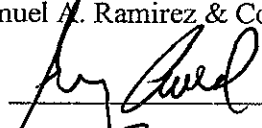
D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does 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 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.

10/4/2011
Date

Respondent

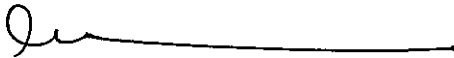
Samuel A. Ramirez & Co., Inc.

By: 

Name: Terry Auld

Title: CCO

Reviewed by:

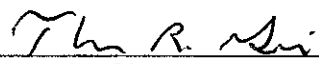


Kathy H. Rocklen, Esq.
Counsel for Respondent
Proskauer Rose LLP
Eleven Times Square
New York, NY 10036-8299
(212) 969-3755

Accepted by FINRA:

11/11/11
Date

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


Thomas R. Gira
Executive Vice President
Department of Market Regulation

SAMUEL A. RAMIREZ & COMPANY, INC.

STATEMENT OF CORRECTIVE ACTION

Background

As the result of a 2008 FINRA Routine Examination Report, dated February 27, 2009, the Firm's management initiated a program to upgrade from a manual trading, execution, and reporting model to a modern, robust electronic trading environment. This decision was made in order to support our ever increasing volume and to reduce the error rates that were occurring due to human based processing. A contract was signed with Bloomberg on March 26, 2009 engaging them to integrate their automated trading system into that of our clearing firm. This was prior to the Compliance Conference held with FINRA on April 14, 2009 (with Edward T. Chan, Associate District Director) in which we described our plans for upgrading the Firm's systems capabilities and our initial steps toward implementation.

Although Ramirez trades a variety of financial instruments, our activities are concentrated primarily in the municipal markets. Accordingly, the major thrust of this modernization project was initially directed toward our municipal trading desk. Ramirez made a significant monetary commitment (\$1,500,000) to utilize Bloomberg TOMS ("TOMS") as its OMS for fixed income instruments.

Integration

The implementation of TOMS and its integration with our clearing agent, J.P. Morgan Clearing Corporation, Inc. ("JPM"), was a difficult process and not error free. At that point in time JPM was still using the Bear Stearn's trading platform which they had purchased a year earlier. Although the integration of different software systems is never easy, this particular project was severely hindered by several specific issues. The municipal trade reporting errors cited in the AWC all occurred during this period of integration.

Vendor Issues

Although similar integration projects between TOMS and JPM had taken place before, we discovered that each of our vendors did not have the required experience and expertise to fully grasp the nuances of the Ramirez integration. We were further hindered by a rotation of Bloomberg personnel multiple times during the project as well as a lack of understanding by JPM personnel of their own systems, as these were in the process of being integrated internally as a result of their purchase of Bear Stearns.

Lack of Internal Expertise

Prior to the TOMS project, Ramirez did not have internal personnel with systems integration experience, either from the technical or business side. As a result, we were dependent on third parties, and in particular, our external systems consultant. From a business perspective, Ramirez tried to mirror historical, paper based processes, instead of modifying them to meet the standards of an electronic trading environment.

Quality Assurance and Testing

Due to the numerous issues which developed during implementation and the vast number of fixes/changes that were injected into the project on a regular basis, effective Quality Assurance testing was not always performed. The problem was exacerbated by the multiple nuances of Ramirez's business model which were not documented in their entirety by the vendors and, thus, were not tested properly.

MSRB Issues

During implementation, several issues arose involving MSRB reporting, particularly the reporting of inter-dealer trades. The majority of these integration problems revolved around block trades and new issues. Specifically, JPM's processing systems did not allow for cancels/corrections of un-allocated blocks, leading to multiple reporting problems. There were also system issues in distinguishing between reportable vs. non-reportable corrections (i.e., sales credit corrections that resulted in separate reports). Additionally, JPM's core processing system (GRBS) had difficulties in properly reporting inter-dealer trades which originated with Ramirez's sales group.

Ramirez management was not made aware of the lack of progress in the systems' integration until January 2010, at which time management took immediate additional action. Ramirez decided to bring the necessary technological expertise in-house, as well as to retain specialized external resources.

Chief Technology Officer

As the first step, Ramirez decided to hire a Chief Technology Officer (CTO) with a systems integration background and a strong knowledge of compliance and electronic trading. In March, 2010, after an extensive search and interview process, Ramirez hired a CTO with the background necessary to oversee the internalization of the technology function. His first task was to successfully complete our integration project. Once our new CTO became involved, the remaining issues were promptly identified and addressed as quickly as possible. Some of the outstanding issues required changes to JPM's core processing systems and such fixes were not available immediately. Well defined, process based workarounds were developed to deal with the issues until technical solutions were available. During this time period, Ramirez also made a significant investment in its technology infrastructure (network and server hardware) to ease the transition.

Simultaneously, Ramirez's Institutional Equities Group made a similar transition onto the Fidessa OMS platform which went relatively smoothly due to the CTO's involvement.

Operations

Ramirez also decided to enhance its operations group by hiring someone who possessed extensive experience with electronic trading and regulatory reporting. This addition has resulted in a more streamlined operations group and has significantly enhanced the accuracy of Ramirez's regulatory reporting. Working in conjunction with the CTO, there are now a number of control and reconciliation functions that have been developed which have had a significant positive impact on the organization.

Outside Expertise

Aside from the internal expertise which was added, Ramirez also turned to several external consulting groups to provide additional support in resolving some of the more difficult issues.

Unapen

Ramirez contracted with Unapen, a system integrator, to provide support to its accounting and operations group to provide a data warehouse and enhanced reconciliation functionality between TOMS and JPM. Additional reconciliation and analysis are now being performed on our regulatory feeds.

Electronic Reporting and Compliance Consultant

Although the accuracy of our regulatory reporting has been greatly improved and we believe we now comply with all applicable trade reporting requirements, we have embarked on an additional review of the systems now that we have completed the TOMS and Fidessa integrations. In August 2011, Ramirez retained Jordan & Jordan, an external consulting group, to review our electronic reporting systems in their entirety and to review and enhance our ongoing internal monitoring efforts.

Conclusion

Ramirez has made the commitment and devoted the resources necessary to implement and support a modern, robust trading platform. The Firm has invested more than \$2 million migrating from manual-based to electronic systems, integrating those systems, and putting in place an internal team of technology and operations personnel to support our trading function. We believe we are now very well positioned to support our growing trading activities across products and markets.

This Corrective Action Statement is submitted by the Respondent. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.