

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130357124**

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

RE: Cooper Malone McClain, Inc. ("CMMC"), Respondent
CRD No. 18637

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent 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 CMMC alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

A. CMMC 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

CMMC is a privately held, dually registered broker-dealer that provides investment banking, municipal advisory, and brokerage services. The firm employs 11 registered representatives and maintains two OSJs. Its headquarters are in Wichita, Kansas.

RELEVANT DISCIPLINARY HISTORY

CMMC signed an AWC in November 2012 in which FINRA alleged violations of MSRB Rules G-23(d) and G-27, and FINRA Rule 2010, in connection with four municipal-securities offerings. The firm received a censure and total fines of \$7,500.

OVERVIEW

In December 2012, while in a financial-advisory relationship with the City of Scandia, Kansas ("Scandia"), CMMC acquired and resold the entirety of the city's \$350,000 issue of general-obligation notes. Through this conduct, CMMC violated MSRB Rule G-23(d) and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

During a routine examination of CMMC's home office, FINRA learned that the firm had an active Financial Advisory Agreement ("the FA Agreement") with Scandia. The FA Agreement, which took effect December 1, 2010, provided that CMMC would serve as the city's investment bankers in connection with any debt-instrument financing by the city during the three-year term of the agreement. CMMC's duties under the FA Agreement included:

- providing advice regarding the details of proposed debt-instrument financing;
- rendering opinions concerning the marketability of any proposed debt instruments;
- preparing and filing documents in connection with the proposed issuance and sale of debt instruments;
- obtaining CUSIP numbers for securities issued by the city; and
- developing and implementing advertising and promotional campaigns in connection with all debt instruments issued by the city.

In exchange for its financial-advisory services, CMMC was entitled to receive a fee "upon closing of any debt instrument financing" with which it was involved, and which Scandia issued during the term of the FA Agreement. The FA Agreement included a schedule of financial-advisory fees, which varied according to the principal amount of debt issuance. For issuances of debt under \$400,000, CMMC's fee was \$10,000.

In December 2012, CMMC underwrote Scandia's issuance of \$350,000 in general-obligation notes. Scandia issued the notes pursuant to a resolution adopted by its city council on December 5, 2012. CMMC purchased the entire issue under the terms of a Note Purchase Agreement dated December 18, 2012. At that time, the FA Agreement was still in effect. Following its purchase, CMMC immediately sold the entire issue to a local Scandia bank – a transaction that the city had previously negotiated.

For its role in the December 2012 City of Scandia offering, CMMC received a

\$10,000 financial-advisory fee, as specified by the FA Agreement. It did not receive any additional payments from Scandia for acting as an underwriter and did not impose any markups or commissions when it sold the notes to the bank.

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

1. Censure
2. A fine in the amount of \$10,000 (attributable entirely to the violation of MSRB rule G-23).

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

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

The respondent 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.

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against it;
- 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 respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, 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 respondent 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 respondent 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 respondent; and
- C. If accepted:
 - 1. This AWC will become part of the respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the respondent;
 - 2. This AWC will be made available through FINRA's public disclosure program in response to public inquiries about the respondent'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 respondent 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 respondent 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 respondent's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. The respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The respondent 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 understood all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that the Firm has agreed to its 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.

5.23.14

Date (mm/dd/yyyy)

CMC

Cooper Malone McClain, Inc.

By:

John Gyr

Accepted by FINRA:

6/9/2014

Date

Adam B. Walker

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

Adam B. Walker

Senior Regional Counsel

FINRA Department of Enforcement

120 W. 12th Street

Kansas City, Missouri 64106

(816) 421-5700 / (816) 421-4519 (fax)