

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013036202701**

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

RE: BB&T Securities, LLC (BD No. 142785),
Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, BB&T Securities, LLC ("BB&T" or the "Firm" or "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 the Firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. BB&T 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

BB&T has been a member of FINRA since June 13, 2007 (although, until January 2, 2013, BB&T was known as Clearview Correspondent Services, LLC). On April 8, 2013, BB&T merged with its affiliate Scott & Stringfellow, LLC, which itself had been a member of FINRA since October 16, 1936. BB&T has approximately 725 registered and investment adviser representatives and 60 registered branch offices. The Firm is headquartered in Richmond, Virginia. This matter relates to thirteen transactions executed by the Firm's branch office in Hasbrouck Heights, New Jersey.

RELEVANT DISCIPLINARY HISTORY

BB&T has no prior relevant disciplinary history with the Securities and Exchange Commission, any self-regulatory organization, or any state securities regulator.

OVERVIEW

From February 2010 to August 2011, in thirteen total transactions, BB&T charged (i) excessive mark-ups on eleven corporate bond transactions, (ii) an excessive mark-down on one corporate bond transaction, and (iii) an excessive mark-up on one municipal bond transaction. The Firm also failed to enforce its written supervisory procedures, which required mark-ups and mark-downs to be calculated from the prevailing market price of the security. Based on the foregoing, BB&T violated NASD Conduct Rules 2440 and 3010, NASD Interpretive Material ("IM") 2440-1, FINRA Rule 2010, and Rules G-17, G-27, and G-30 of the Municipal Securities Rulemaking Board ("MSRB").

FACTS AND VIOLATIVE CONDUCT

NASD Conduct Rule 2440 ("Fair Prices and Commissions") provides, in pertinent part:

[I]f a member buys for his own account from his customer, or sells for his own account to his customer, he shall buy or sell at a price which is fair, taking into consideration all relevant circumstances [I]f he acts as agent for his customer in any such transaction, he shall not charge his customer more than a fair commission or service charge, taking into consideration all relevant circumstances.

NASD IM-2440-1 states that it is a violation of both NASD Conduct Rule 2110 (predecessor to FINRA Rule 2010) and NASD Conduct Rule 2440 for a member to enter into any transaction with a customer in any security "at any price not reasonably related to the current market price of the security or to charge a commission which is not reasonable." As to determining a reasonable price or commission, NASD IM-2440-1 (a)(3) provides:

The mark-up over the prevailing market price is the significant spread from the point of view of fairness of dealings with customers in principal transactions. In the absence of other bona fide evidence of the prevailing market, a member's own contemporaneous cost is the best indication of the prevailing market price of a security.

Similarly, MSRB Rule G-30(a) requires municipal securities dealers to charge a fair and reasonable price for municipal securities transactions, taking into consideration all relevant factors. In the process of determining what a "fair and reasonable" mark-up is, a broker has the duty to ascertain the prevailing market price of the municipal security by reference to the interdealer price at the time of the customer sale.

From February 2010 to August 2011, in thirteen total transactions, BB&T charged

(i) excessive mark-ups on eleven corporate bond transactions, (ii) an excessive mark-down on one corporate bond transaction, and (iii) an excessive mark-up on one municipal bond transaction. The mark-ups and mark-down were not fair and reasonable, taking into consideration all relevant factors, including the individual prevailing market prices. As a result, BB&T accountholders were assessed \$7,243.62 in excessive charges for those thirteen transactions.

The Firm's Written Supervisory Procedures applicable during the relevant time period (the "WSPs") instructed Firm brokers that mark-ups and mark-downs "must be calculated from the prevailing market price" of the security. However, BB&T did not adequately implement or enforce its procedures related to mark-ups and mark-downs. Contrary to the WSPs, the Firm did not calculate mark-ups and mark-downs based upon the prevailing market price. Instead, for example, in ten of the thirteen transactions, the Firm purportedly calculated its mark-ups and mark-down from a "blended average cost," a practice supported by neither governing rules nor BB&T's own WSPs. Nor did the Firm follow its stated procedures for reviewing and approving excessive mark-ups (which should have included, for example, compliance department review of traders' written justifications).

Based on the foregoing, BB&T violated NASD Conduct Rules 2440 and 3010, NASD IM-2440-I, FINRA Rule 2010, and MSRB Rules G-17, G-27, and G-30.

B. Respondent also consents to the imposition of the following sanctions:

- a censure,
- a fine of \$20,000 (\$5,000 of which pertains to the violations of MSRB Rules G-17, G-27, and G-30), and
- restitution in the amount of \$7,243.62, with interest.

Restitution is ordered to be paid to the accountholders whose transactions are listed on *Attachment A* hereto in the total amount of \$7,243.62, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the trade date of each transaction set forth in *Attachment A*, until the date this AWC is accepted by the NAC.

A registered principal on behalf of BB&T shall submit satisfactory proof of payment of restitution or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted to Matthew Ryan, Regional Counsel c/o FINRA, 1835 Market Street, Suite 1900, Philadelphia, PA 19103-2932 either by letter that identifies BB&T and Case No. 2013036202701 or by e-mail from a work-related account of the registered principal of Respondent firm to EnforcementNotice@FINRA.org. This proof shall be provided to the FINRA staff member listed above no later than 120 days after acceptance of the AWC.

If for any reason Respondent cannot locate any customer identified in *Attachment A* after reasonable and documented efforts within 120 days from the date the AWC is accepted, or such additional period agreed to by a FINRA staff member in writing, 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 last known to have resided. Respondent shall provide satisfactory proof of such action to the FINRA staff member identified above and in the manner described above, within 14 days of forwarding the undistributed restitution and interest to the appropriate state authority.

BB&T agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. The Firm has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent has specifically and voluntarily waived any right to claim an inability to pay at any time hereafter the monetary sanction(s) imposed in this matter.

The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

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

II.

WAIVER OF PROCEDURAL RIGHTS

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, 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.

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

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 Firm; and
- C. If accepted:
 - 1. this AWC will become part of Respondent'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 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. BB&T 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. BB&T 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 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. Respondent 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.

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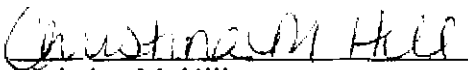
The undersigned, on behalf of the Firm, certifies: that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that the Firm has agreed to its provisions voluntarily; and that no offer, 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.

09/25/2014
Date (mm/dd/yyyy)


BB&T Securities, LLC, Respondent

By: John B. Jones, Jr.

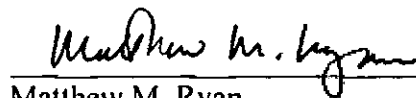
Reviewed by:


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Accepted by FINRA:

10/15/2014
Date

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


Matthew M. Ryan
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Attachment A

BB&T Securities, LLC
Matter No. 2013036202701

Trade Date	CUSIP	Trade Price	Excess Charge
02/04/10	442488AM4	\$ 93.851	\$ 67.07
02/05/10	488044AB4	\$ 52.375	\$ 798.00
04/28/10	413627AU4	\$ 75.45	\$ 1,353.13
04/28/10	413627AU4	\$ 75.45	\$ 489.34
05/03/10	413627AU4	\$ 75.00	\$ 664.81
08/06/10	04622DAA9	\$ 66.20	\$ 1,751.00
02/09/11	64579FGD9	\$ 75.342	\$ 848.95
03/09/11	281023AR2	\$ 86.70	\$ 136.94
03/10/11	281023AR2	\$ 85.00	\$ 188.11
06/16/11	17274RAB9	\$ 96.50	\$ 118.10
07/19/11	370290AF5	\$ 73.31	\$ 128.61
08/17/11	901109AB4	\$ 93.557	\$ 259.31
08/23/11	812350AE6	\$ 83.95	\$ 440.25

\$7,243.62