

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014039275601**

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

RE: First Winston Securities, Inc., Respondent
CRD No. 21538

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, First Winston Securities, Inc. ("First Winston" 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent 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

First Winston has been a FINRA member firm since 1988. Its main office is in Winston-Salem, North Carolina. The firm has six registered representatives and five non-registered fingerprint employees. It engages in principal and riskless principal transactions on an RVP/DVP basis for municipal, corporate, agency, and government fixed income securities.

OVERVIEW

From January 2012 through October 2014, in connection with 94 sales of municipal securities during the primary offering disclosure period, First Winston failed to either deliver an Official Statement ("OS") for a municipal securities offering to customers or, alternatively, notify customers how to obtain the OS electronically and that the firm would provide a copy upon request. This conduct violated Municipal Securities Rulemaking Board ("MSRB") Rule G-32. Additionally, First Winston's Written Supervisory Procedures ("WSPs") did not adequately address the delivery of an OS during the primary offering period, in violation of MSRB Rule G-27.

FACTS AND VIOLATIVE CONDUCT

Failure to Provide OS for Securities Sold During Primary Offering Disclosure Period

MSRB Rule G-32(a) requires broker-dealers, in connection with any sale to a customer of "offered municipal securities" to deliver to the customer by no later than the settlement of the transaction a copy of the OS for the offering. As defined in Rule G-32, "offered municipal

securities" are municipal securities sold during the securities' primary offering disclosure period. The primary offering disclosure period is defined in Rule G-32(d)(ix) as "the period commencing with the first submission to an underwriter of an order for the purchase of offered municipal securities or the purchase of such securities from the issuer, whichever first occurs, and ending 25 days after the final delivery by the issuer or its agent of all securities of the issue to or through the underwriting syndicate or sole underwriter." The requirement to deliver an OS to a customer is deemed satisfied by providing the customer a copy of the OS or, alternatively, providing to the customer a notice advising the customer both how to obtain the OS electronically (either through EMMA or otherwise) and that a copy of the OS will be provided by the broker-dealer upon request. The obligation to deliver an OS to a customer in connection with a sale during the primary offering disclosure period applies to all sales, including secondary market transactions. Moreover, the obligation to deliver an OS by settlement date applies not only to underwriters, syndicate members, and selling group members, but also to firms that did not participate in the offering.

Between January 2012 and October 2014, First Winston failed to deliver an OS in connection with 94 sales of municipal securities to customers during the primary offering disclosure period. By failing to provide the customers an OS for the 94 sales at issue or, alternatively, to notify them how they could obtain an OS electronically and that the firm would provide a copy upon request, First Winston violated MSRB Rule G-32.

Failure to Establish and Maintain Adequate Written Supervisory Procedures

MSRB Rule G-27(c) requires First Winston to adopt and enforce WSPs reasonably designed to ensure that the firm conducts its municipal securities activity in accordance with MSRB rules. The firm's WSPs did not have a process for determining when a municipal security is being traded during the primary offering disclosure period, nor did the WSPs contain a process for ensuring that customers received proper delivery of an OS during such period. Thus, there was no process to ensure consistent compliance with Rule G-32, and the above-referenced violations occurred. Accordingly, First Winston violated MSRB Rule G-27.

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

A censure and a fine of \$20,000.

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

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.

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 prejudice 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 Respondent; and
- C. If accepted:
 - 1. This AWC will become part of Respondent's permanent disciplinary records and may be considered in any future actions brought by FINRA or any other regulator against it;
 - 2. This AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. 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. 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 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. 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 Respondent, 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 Respondent 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 Respondent to submit it.

2/17/16
Date

First Winston Securities, Inc.

Murray Hewell
By: Murray Hewell, President

Accepted by FINRA:

2/29/2016
Date

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

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