

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014039416301**

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

RE: Crews & Associates, Inc., Respondent
Member Firm
CRD No. 8052

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Crews & Associates, Inc. (hereinafter, "Crews," "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 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

Crews has been a FINRA member since September 20, 1979 and engages in the sale of municipal and corporate debt securities, U.S. Government securities, corporate equities, mutual funds, non-profit securities, private placements, variable contracts and is an underwriter of corporate securities. The Firm employs approximately 129 registered persons that operate from approximately 20 branch offices. The Firm's principal office is in Little Rock, Arkansas.

RELEVANT DISCIPLINARY HISTORY

In April 2012, Crews was fined \$5,000 in an AWC (2009019444401) for violations including the failure to report the correct time of municipal securities transactions and failed to accurately show the time of execution for certain municipal securities transactions in violation of MSRB Rules G-14 and G-8.

OVERVIEW

This matter concerns the Firm's violations in 2013 of MSRB Rules G-14, G-15, and its failure to reasonably supervise its customer confirmations for compliance with MSRB Rules, in violation of MSRB Rule G-27.

FACTS AND VIOLATIVE CONDUCT

1. Firms are generally required to report municipal securities transactions to the MSRB's Real-Time Transaction Reporting System within 15 minutes of execution. If it is a List Offering Price/Takedown¹ transaction, however, firms are permitted to report the trade by the end of the day. Regardless of when the trade is reported, however, each report of a List Offering Price/Takedown trade must include an appropriate special condition indicator.

Crews erroneously believed that the List Offering Price/Takedown SCI was only necessary for trades reported outside of the general 15-minute requirement. Consequently, between January 1, 2013 and December 31, 2013, Crews reported 197 List Offering Price/Takedown transactions to MSRB's Real-Time Transaction Reporting System within 15 minutes of execution, but without the required special condition indicator.

By submitting erroneous reports of municipal securities transactions, Crews violated MSRB Rule G-14.

2. MSRB Rule G-15 provides that firms are required to provide customers with written confirmation at the time of or before the completion of a transaction in municipal securities. The confirmation must include, among other things, the capacity in which the firm effected the transaction. The capacity indicator must show whether the firm acted as principal for its own account, as agent for the customer, as agent for a person other than the customer, or as agent for both the customer and another person.

Between October 1, 2013 and December 31, 2013, Crews incorrectly stated its capacity on 50 customer confirmations. In all instances, Crews incorrectly stated the capacity as "broker only" when the capacity should have been stated as "principal."

By incorrectly stating its capacity on customer confirmations, Crews violated MSRB G-15.

¹ A List Offering Price transaction is "a primary market sale transaction executed on the first day of trading of a new issue... by a sole underwriter, syndicate manager, syndicate member or selling group member at the published list offering price for the security..." A Takedown transaction is "a primary market sale transaction executed on the first day of trading of a new issue... by a sole underwriter or syndicate manager to a syndicate or selling group member at a discount from the published list offering price for the security..." See Specifications for Real-Time Reporting of Municipal Securities Transactions § 1.2.2 (2013), <http://www.msrb.org/msrb1/RTRS/RTRS-Specifications.pdf>.

3. MSRB Rule G-27 requires firms to supervise municipal securities activity to ensure compliance with the rules of the MSRB, which include rules regarding the required content of customer confirmations. In 2012, the Firm received a Letter of Caution with regards to inaccurate capacity reporting to MSRB's Real-Time Transaction Reporting System. Although the Firm corrected the trade reporting of its capacity, the Firm never conducted any testing of the accuracy of its customer confirmations. The Firm should have had controls in place to test its own confirmation process to ensure the accuracy of information on the confirmations and its compliance with MSRB Rule G-15.

By failing to supervise its customer confirmation processes, Crews violated MSRB G-27.

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

- A censure and a \$15,000 fine.

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 it; 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 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 my: (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 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 have 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 the Firm to submit it.

7/22/15
Date (mm/dd/yyyy)

Crews & Associates, Inc.,
Respondent

By: [Signature]
COO

Reviewed by:

Counsel for Respondent

Accepted by FINRA:

July 30, 2015
Date

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

A handwritten signature in black ink, appearing to read "Laura Leigh Blackston", written over a horizontal line.

Laura Leigh Blackston
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