

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015043295401**

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

RE: Joe Jolly & Co., Inc., Respondent
FINRA Member Firm
BD No. 7170

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Joe Jolly & Co., Inc. ("JJC or 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 JJC alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Joe Jolly 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

JJC has been a FINRA member since May 1976 and is also an MSRB member. JJC primarily engages in the sale of municipal debt securities. JJC's principal office is located in Birmingham, AL. JJC employs approximately five registered representatives and maintains approximately two branch offices. JJC does not have a relevant disciplinary history.

OVERVIEW

During the period from May 1, 2013 through September 21, 2015 ("Review Period"), JJC erroneously reported 59 municipal securities transactions and failed to report 41 new issue municipal securities transactions to the Municipal Securities Rule Making Board ("MSRB"), in violation of MSRB Rule G-14. Additionally, JJC failed to establish, maintain and enforce written supervisory procedures ("WSPs") that were reasonably designed to achieve compliance with its trade reporting obligations in violation of MSRB Rule G-27.

FACTS AND VIOLATIVE CONDUCT

Municipal Trade Reporting

MSRB Rule G-14(b)(i) mandates the reporting of information for each purchase and sale transaction effected in municipal securities to the Real-time Transaction Reporting System ("RTRS") in the manner prescribed by the Rule G-14 RTRS Procedures and the RTRS User Manual. MSRB Rule G-14 requires municipal securities dealers to include the "List Offering Price/Takedown" special condition indicator in their reporting of primary market sale transactions on the first day of trading

by: (i) a sole underwriter, syndicate manager, syndicate member or selling group member at the published list offering price for the security ("List Offering Price" transaction); and (ii) 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 ("Takedown" transaction). The RTRS User Manual provides that municipal securities dealers are to report all "List Offering Price" and "takedown" transactions with the reporting code "M020."

JJC inaccurately listed the M020 Special Condition Indicator on 59 reports of municipal securities transactions to the RTRS. These inaccurate transaction reports constituted approximately 36 percent of the 165 total matched transactions that JJC reported to the RTRS during the Review Period. Also during the Review Period, JJC failed to report 41 out of 206 (or 20%) new issue municipal securities transactions to the MSRB's RTRS.

By virtue of the foregoing, Respondent violated MSRB Rule G-14.

Supervision

MSRB Rule G-27 requires firms to supervise municipal securities activity to ensure compliance with the rules of the MSRB, which include rules regarding trade reporting. However, JJC failed to have supervisory procedures to ensure the accuracy of the use of the M020 Special Condition Indicator codes reported to the RTRS and failed to have procedures to ensure that all "step out" transactions were reported. As a result, JJC's WSPs for trade reporting were not reasonably designed to achieve compliance with its trade reporting obligations.

By virtue of the foregoing, Respondent violated MSRB Rule G-27.

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

A censure and a \$10,000 fine.

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

JJC 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

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

- A. To have a Complaint issued specifying the allegations against JJC;
- 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, JJC 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.

JJC 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

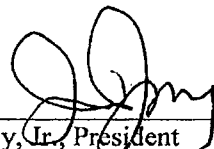
JJC understands that:

- 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 JJC; and
- C. If accepted:
 - 1. This AWC will become part of JJC's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against JJC;
 - 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. JJC 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. JJC 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 JJC'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. JJC may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. JJC 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 JJC understands and acknowledges that FINRA does not represent or advise JJC and JJC cannot rely on FINRA or FINRA staff members for legal advice; that JJC 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.

Joe Jolly & Co., Inc.

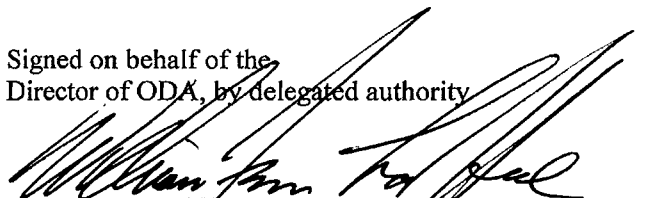
Date 5/11/17

By: 
Joe Jolly, Jr., President

Accepted by FINRA:

Date 6/1/17

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


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Statement of Corrective Action

Corrective action is in regard to certain new issue trades unreported, the majority which were delivered as "step-out" trades. After discussions with our clearing firm, going forward the correct modifier ("C") will be used in these types of trades so that all customer trades will be reported as required. Also, our back office has been cautioned about entering trades properly for reporting on the MSRB system.

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