

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2018057742101**

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

RE: Samuel A Ramirez & Co., Inc. (Respondent)
Member Firm
CRD No. 6963

Pursuant to FINRA Rule 9216, Respondent Samuel A Ramirez & Co., Inc. 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 in this AWC.

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

Ramirez became a member of FINRA on January 2, 1976, and a member of the Municipal Securities Rulemaking Board (MSRB) on December 12, 1975. Ramirez is headquartered in New York, New York. During all relevant times, Ramirez acted as a bond dealer and underwriter for institutional customers and has a limited retail customer base. As of May 13, 2021, it has 11 branch offices and 107 registered individuals.

RELEVANT DISCIPLINARY HISTORY

The firm does not have relevant disciplinary history with the Securities and Exchange Commission, any state securities regulators, FINRA, or any other self-regulatory organization.

OVERVIEW

From April 2011 through May 4, 2018, Ramirez failed to submit accurate minimum denominations and maximum interest rates to the MSRB's Short-Term Obligation Rate Transparency (SHORT) System, as required by MSRB Rule G-34. Additionally, Ramirez failed to record in the firm's books and records the accurate maximum rates applicable at the time of certain interest rate resets as required by MSRB Rule G-8. Further, Ramirez failed to establish and maintain a supervisory system, including written supervisory procedures, reasonably designed to ensure compliance with the reporting requirements of MSRB Rule G-34 in violation of MSRB Rule G-27.

FACTS AND VIOLATIVE CONDUCT

MSRB Reporting Violations

MSRB Rule G-34 requires, in relevant part, each broker, dealer or municipal securities dealer to submit auction rate securities (ARS) information, including minimum denomination and maximum interest rate, to the SHORT System no later than 6:30 P.M. Eastern Time on the date on which an auction occurs if such date is a Real-Time Transaction Reporting System (RTRS) business day as defined in MSRB Rule G-14 RTRS Procedures subsection (d)(ii).

MSRB Notice 2011-44 states, in relevant part, that “all data submitted to the SHORT System must be accurate, and all submissions must be complete and include all required data.”

The minimum denomination of a municipal bond is the lowest denomination of an issue that can be purchased. Issuers use minimum denominations to communicate information to investors regarding the bonds features. The maximum interest rate is the highest permissible rate for a municipal security. If an ARS experiences a failed auction, meaning an auction agent cannot obtain enough bids to cover the total securities that need to be sold or the interest rate is calculated above the “maximum rate” set out in the Official Statement, investors looking to liquidate a position cannot until the next auction occurs. This event could result in significantly higher interest costs for the issuer, or the liquidity risk is transferred to the investor given that the failed auction has rendered the ARS illiquid until a new interest rate is determined. For these reasons, it is important that brokers, dealers, and municipal securities dealers report accurate information to the SHORT System.

From April 2011 through May 4, 2018, the firm, as a program dealer for ARSs, submitted information regarding the result of an auction or interest rate reset to the SHORT System, but failed to report a minimum denomination for approximately 1,660 submissions involving 11 CUSIPs and inaccurately reported the maximum interest rate for approximately 1,300 submissions involving five CUSIPs. The minimum denomination reporting failures occurred because the firm’s reporting system, which transmits data to the MSRB’s Electronic Municipal Market Access (EMMA) System for SHORT reporting, did not require the entry of the minimum denomination field. When Ramirez submitted information to EMMA regarding certain CUSIPs, it did not populate the minimum denomination field, and rather than rejecting the report as incomplete, the system accepted the submission and populated the field with a zero. The maximum interest reporting failures occurred because the firm reported the auction’s interest rate rather than the ARS’s maximum interest rate. Therefore, Respondent violated MSRB Rule G-34.

MSRB Books and Records Violations

MSRB Rule G-8 requires every broker, dealer and municipal securities dealer to make and keep current certain books and records, including account statements that they choose to send to their customers. MSRB Rule G-8(a)(xxii) specifically requires “[a] broker, dealer or municipal securities dealer that acts as a Program Dealer, as defined in Rule G-34(c)(i)(A)(1), for an Auction Rate Security shall maintain a record of all information submitted to and received from an Auction Agent as defined in Rule G-34(c)(i) with respect to an auction” and “all information and documents required to be submitted to the Board” by the program dealer under MSRB Rule G-34.

Based on a review of the firm’s 2017 records, the firm failed to keep accurate internal records of the maximum interest rate field in 64 instances. Therefore, Respondent violated MSRB Rule G-8.

MSRB Supervision Violation

MSRB Rule G-27(a) requires, “[e]ach broker, dealer and municipal securities dealer (dealer) shall supervise the conduct of the municipal securities activities of the dealer and its associated persons to ensure compliance with Board rules and the applicable provisions of the Act and rules thereunder.”

MSRB Rule G-27(b) requires, “[e]ach dealer shall establish and maintain a system to supervise the municipal securities activities of each registered representative, registered principal, and other associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable [MSRB] rules.”

MSRB Rule G-27(c) further requires that “[e]ach dealer shall adopt, maintain and enforce written supervisory procedures reasonably designed to ensure that the conduct of the municipal securities activities of the dealer and its associated persons are in compliance as required in section (a) of [MSRB Rule G-27].

From April 2011 through May 4, 2018, the firm did not maintain a supervisory system, including written supervisory procedures, that was reasonably designed to ensure compliance with MSRB Rule G-34 reporting requirements. The firm’s written supervisory procedures related to SHORT System reporting were only operational in nature and were limited to describing the steps to be taken when submitting information to the SHORT System. The firm, however, lacked a supervisory system, including written supervisory procedures, to review the accuracy of the information it submitted to the SHORT System, such as an exception report to alert the firm to make corrections when it received the confirmation file from the MSRB. Therefore, Respondent violated MSRB Rule G-27.

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

- a censure;
- a \$35,000 fine (\$20,000 for the violations of MRSB Rules G-34 and G-8 and \$15,000 for the violations of MSRB Rule G-27); and
- an undertaking to revise the firm's written supervisory procedures to address the deficiencies described above. Within 30 calendar days of notice that this AWC has become final, a registered principal of Respondent shall submit to the ADMINISTRATIVE ASSISTANT, DEPARTMENT OF ENFORCEMENT, FINRA, 15200 OMEGA DRIVE, THIRD FLOOR, ROCKVILLE, MD 20850-3241, a signed and dated letter, or an email from a work-related account of the registered principal to MarketRegulationComp@finra.org, acknowledging that Respondent has remedied its deficiencies with respect to compliance with MSRB Rule G-34.

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 an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

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 its acceptance or rejection.

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 record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 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 its subject matter 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

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.

Date 5/27/2021

Respondent: _____
Print Name: SAMUEL A. RAMIREZ
Title: PRES & CEO

Date _____

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