

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2019063566202**

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

RE: Jerry L. Little
Former General Securities Representative
CRD No. 856702

Robert E. Cline
General Securities Principal and Municipal Securities Principal
CRD No. 601754

Bjorn J. Erickson
General Securities Principal and Municipal Securities Principal
CRD No. 5756517

Pursuant to FINRA Rule 9216, Respondents Jerry L. Little, Robert E. Cline, and Bjorn J. Erickson submit 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 Respondents alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondents accept and consent to the following findings by FINRA without admitting or denying them:

BACKGROUND

Little first registered with FINRA as a General Securities Representative (GS) in 1978, through an association with a FINRA member firm. From January 2015 to February 2025, Little was registered with FINRA as a GS and General Securities Principal (GP) through NewEdge Securities LLC, formerly known as NewEdge Securities, Inc. and Mid Atlantic Capital Corporation.¹ On February 28, 2025, NewEdge filed a Uniform Termination Notice of Securities Industry Registration (Form U5) disclosing that Little had voluntarily terminated his registration through the firm.

Although Little is not currently associated with a FINRA member firm, FINRA retains jurisdiction over him pursuant to Article V, Section 4 of FINRA's By-Laws.

¹ On October 29, 2021, the firm changed its name from Mid Atlantic Capital Corporation to NewEdge Securities, Inc. On October 23, 2024, the firm changed its name from NewEdge Securities, Inc. to NewEdge Securities LLC.

Cline first registered with FINRA as a GS in 1974, through an association with a FINRA member firm. Since 2011, Cline has been registered with FINRA as a GS, GP, Municipal Securities Principal (MP), and Operations Professional (OS) through NewEdge.

Erickson first registered with FINRA as a GS in 2010, through an association with a FINRA member firm. Since 2011, Erickson has been registered as a GS, MP, and OS through NewEdge.²

OVERVIEW

Between January 2018 and May 2022, Little willfully violated Municipal Securities Rulemaking Board (MSRB) Rules G-11 and G-17 by submitting orders for new issue municipal bonds without disclosing that the bonds were for NewEdge's dealer account. For these violations, Little is suspended in all capacities for nine months and fined \$20,000.

Between January 2018 and May 2022, Cline and Erickson violated MSRB Rule G-27 by failing to reasonably respond to red flags indicating the firm was obtaining improper allocations of new issue municipal bonds. For these violations, Cline and Erickson are each suspended in all principal capacities for three months and are each fined \$10,000.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a review by FINRA's Department of Market Regulation and Transparency Services.

Little submitted orders for new issue municipal bonds without disclosing the orders were for NewEdge's dealer account.

Municipalities issue bonds to raise funds for public projects and use broker-dealers to underwrite and manage the offerings. The issuing municipality sets the priority of orders for the offering, which establishes the sequence in which bonds will be allocated. Issuers typically prioritize sales of bonds to retail and institutional customers, who are likely to hold the bonds rather than quickly trade them, over broker-dealers seeking bonds for their own inventories. In addition, issuers often set a retail order period at the start of an offering to give retail customers a chance to purchase bonds before institutional customers. Broker-dealers generally have the lowest priority in the order sequence and may not be able to participate in the offerings when demand from retail and institutional customers exceeds available allocations.

MSRB Rule G-11(b) provides that every broker, dealer, or municipal securities dealer that submits an order to a sole underwriter or syndicate or to a member of a syndicate for the purchase of municipal securities held by the syndicate shall disclose at the time of the submission of such order if the securities are being purchased for its dealer account or for

² For more information about Little, Cline, and Erickson, visit BrokerCheck® at www.finra.org/brokercheck.

a related account of such broker, dealer, or municipal securities dealer.

MSRB Rule G-11(k) provides that every municipal dealer that submits an order during a retail order period must disclose in writing to the syndicate senior manager information relating to the eligibility criteria for orders designated as retail, including any identifying information required by the issuer.

MSRB Rule G-17 provides that, in connection with its municipal securities business, every municipal securities dealer shall deal fairly with all persons and shall not engage in any deceptive, dishonest, or unfair practice.

Between January 2018 and May 2022, Little submitted at least 148 orders to six underwriters for new issue municipal bonds without disclosing that the orders were for NewEdge's dealer account. As a result, the underwriters afforded NewEdge improper customer priority, and NewEdge obtained allocations for each of the 148 orders it placed for its dealer account.

In addition, Little submitted at least five orders to three underwriters for new issue municipal bonds during the retail order period when the orders were not for a retail customer, but instead were for the firm's dealer account. As a result, the underwriters afforded NewEdge improper retail priority, and NewEdge obtained allocations for each of the five orders it placed for its dealer account.

Little placed the at-issue orders on behalf of two firm branches founded and owned by Cline and Erickson (the "Branches"). At all relevant times, the Branches operated under the same "doing business as" (DBA) name, only traded municipal bonds, and used firm dealer accounts funded by Cline to purchase the municipal bonds at issue here. Between 2011 and 2016, the Branches bought and sold municipal bonds on the secondary market. In 2016, Cline tasked Little with establishing relationships with underwriters to facilitate purchases of new issue municipal bonds for the firm's dealer account. Between 2018 and 2020, Little requested treatment of the Branches as an institutional customer when introducing the Branches to underwriters and also sent letters stating that the Branches constituted a "family office / RIA [registered investment adviser]" when they did not. After establishing relationships with underwriters on the premise that the Branches were a customer (and not a broker-dealer), Little then submitted the at-issue orders without disclosing that the orders were for the firm's dealer account, which resulted in the firm receiving improper allocations of new issue municipal bonds.

Through this conduct, Little willfully violated MSRB Rules G-11(b), G-11(k), and G-17.

Cline and Erickson failed to reasonably respond to red flags indicating the firm was obtaining improper allocations of new issue municipal bonds.

MSRB Rule G-27(a) requires brokers, dealers, and municipal securities dealers to supervise the conduct of their municipal securities activities to ensure compliance with MSRB rules and applicable provisions of the Securities Exchange Act of 1934 and Exchange Act rules.

During the relevant period, Erickson was Little's direct supervisor. Cline was also responsible for supervising all registered representatives who worked at the Branches, including Little and Erickson. Cline was responsible for making key decisions at the Branches, including with respect to hiring and compensation. In addition, Cline tasked Little with establishing relationships with underwriters to facilitate purchases of new issue municipal bonds for the firm's dealer account. Cline and Erickson both reviewed all the Branches' trades on a daily basis.

Cline and Erickson failed to reasonably respond to red flags indicating that the firm was obtaining allocations of new issue municipal bonds based on Little's mischaracterization of the Branches. Cline and Erickson received numerous communications reflecting that Little was mischaracterizing the Branches to obtain treatment by underwriters as a customer, rather than a broker-dealer. For example, in June 2019, Little sent an email to Cline and Erickson stating, "[w]e have 20 firms that we see deals from and are treated as a 'buyside' account as opposed to a broker/dealer; as a broker dealer, you rarely get bonds, especially those you want." In March 2020, Cline was copied on an email sent by Little to another broker-dealer stating that Little's branch was a "buy-side account, not a broker-dealer" and a "family office/RIA." Despite these red flags, neither Cline nor Erickson took any further steps to investigate or address Little's actions.

Cline and Erickson failed reasonably to supervise Little, who was subject to their supervision, with a view to preventing and detecting violations of MSRB Rules G-11(b), G-11(k), and G-17 by Little, who committed violations of Rules G-11(b), G-11(k), and G-17.

Therefore, Cline and Erickson violated MSRB Rule G-27.

B. Respondents also consent to the imposition of the following sanctions:

Jerry L. Little:

- a nine-month suspension from associating with any FINRA member in all capacities and
- a \$20,000 fine.

Robert E. Cline:

- a three-month suspension from associating with any FINRA member in all principal capacities and
- a \$10,000 fine.

Bjorn J. Erickson:

- a three-month suspension from associating with any FINRA member in all principal capacities and
- a \$10,000 fine.

Respondent Little's fine shall be due and payable either immediately upon reassociation with a member firm or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

Respondents Cline and Erickson agree to pay the monetary sanctions upon notice that this AWC has been accepted and that such payment is due and payable. Respondents Cline and Erickson have each submitted an Election of Payment form showing the method by which they propose to pay the fines imposed.

Respondents specifically and voluntarily waive any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanctions imposed in this matter.

Respondent Little understands that if he is barred or suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, Respondent Little may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. *See* FINRA Rules 8310 and 8311.

Respondent Little understands that this settlement includes a finding that he willfully violated MSRB Rules G-11(b), G-11(k) and G-17, and that under Article III, Section 4 of FINRA's By-Laws, this makes him subject to a statutory disqualification with respect to association with a member.

Respondent Cline understands that if he is barred or suspended from associating with any FINRA member in a principal capacity, he becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, Respondent Cline may not be associated with any FINRA member in a principal capacity, during the period of the bar or suspension. *See* FINRA Rules 8310 and 8311. Furthermore, because Respondent Cline is subject to a statutory disqualification during the suspension, if he remains associated with a member firm in a non-suspended capacity, an application to

continue that association may be required.

Respondent Cline understands that this settlement includes a finding that he failed to supervise an individual who violated MSRB Rules G-11(b), G-11(k) and G-17 and that under Article III, Section 4 of FINRA's By-Laws, this makes him subject to a statutory disqualification with respect to membership.

Respondent Erickson understands that if he is barred or suspended from associating with any FINRA member in a principal capacity, he becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, Respondent Erickson may not be associated with any FINRA member in a principal capacity, during the period of the bar or suspension. *See* FINRA Rules 8310 and 8311. Furthermore, because Respondent Erickson is subject to a statutory disqualification during the suspension, if he remains associated with a member firm in a non-suspended capacity, an application to continue that association may be required.

Respondent Erickson understands that this settlement includes a finding that he failed to supervise an individual who violated MSRB Rules G-11(b), G-11(k) and G-17 and that under Article III, Section 4 of FINRA's By-Laws, this makes him subject to a statutory disqualification with respect to membership.

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

II.

WAIVER OF PROCEDURAL RIGHTS

Respondents specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against them;
- 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, Respondents specifically and voluntarily waive 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.

Respondents further specifically and voluntarily waive 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

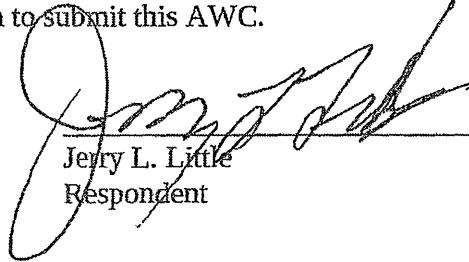
Respondents understand that:

- 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 Respondents; and
- C. If accepted:
 - 1. this AWC will become part of Respondents' permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondents;
 - 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. Respondents 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. Respondents 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 Respondents' right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondents' testimonial obligations in any litigation or other legal proceedings.

- D. Respondents may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that they 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.

Respondent Little certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent Little has agreed to the AWC's provisions voluntarily; and no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

4-4-2025
Date



Jerry L. Little
Respondent

Respondent Cline certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent Cline has agreed to the AWC's provisions voluntarily; and no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

4/4/2025
Date

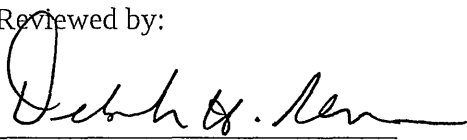
Robert E. Cline
Robert E. Cline
Respondent

Respondent Erickson certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent Erickson has agreed to the AWC's provisions voluntarily; and no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

4/4/2025
Date


Bjorn J. Erickson
Respondent

Reviewed by:

A handwritten signature in black ink, appearing to read "Deborah H. Renner", written over a horizontal line.

Deborah H. Renner

Counsel for Respondents Jerry L. Little, Robert E. Cline, and Bjorn J. Erickson

Dentons US LLP

1221 Avenue of the Americas

New York, NY 10020

Accepted by FINRA:

4/21/2025

Date

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



Cristina Laramée Souto
Principal Counsel
FINRA
Department of Enforcement
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