

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021069276801**

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

RE: Academy Securities, Inc. (Respondent)
Member Firm
CRD No. 17433

Pursuant to FINRA Rule 9216, Respondent Academy Securities, 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 accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Academy has been a FINRA member firm since 1986. The firm is headquartered in New York, New York, and has 79 registered representatives located in seven branch offices. Among other business lines, Academy conducts a municipal securities business which includes participating in municipal underwritings.¹

OVERVIEW

From April 2018 through February 2022, Academy failed to file timely and accurate quarterly Form G-37 reports with the Municipal Securities Rulemaking Board (MSRB) in violation of MSRB Rule G-37. From April 2018 to January 2023, Academy failed to establish, maintain, and enforce a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with MSRB Rule G-37 in violation of MSRB Rule G-27.

¹ For more information about the firm, visit BrokerCheck® at www.finra.org/brokercheck.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's 2021 cycle examination of the firm.

Academy failed to file timely and accurate Form G-37 reports with the MSRB.

The purpose and intent of MSRB Rule G-37 are to ensure that the high standards and integrity of the municipal securities markets are maintained, to prevent misconduct, and to protect investors, municipal entities, and the public interest. MSRB Rule G-37(e)(i) requires brokers, dealers, and municipal securities dealers to send to the MSRB, by the last day of the month following the end of each calendar quarter, a Form G-37 that discloses, among other things, contributions made to issuer officials and/or bond ballot campaigns, payments made to political parties of states and political subdivisions, and a list of issuers with which the broker, dealer, or municipal securities dealer has engaged in municipal securities business during the prior calendar quarter.

From April 2018 through February 2022, the firm failed to submit 14 Form G-37 reports within the time period required by MSRB Rule G-37(e)(i). The firm filed these Form G-37 reports between one and 645 days late. During this period, Academy also filed eight Form G-37 reports that omitted required information about the municipal issuers with which the firm had done business in the prior quarter. Specifically, these Form G-37 reports failed to disclose 60 municipal underwritings for which the firm acted in a managerial capacity, including as a senior manager, co-senior manager, or co-manager.

Therefore, Academy violated MSRB Rule G-37.

Academy failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with MSRB Rule G-37.

MSRB Rule G-27(a) requires each broker, dealer, and municipal securities dealer to supervise the conduct of its municipal securities activities to ensure compliance with MSRB rules and applicable provisions of the Securities Exchange Act of 1934 and Exchange Act rules. MSRB Rules G-27(b) and G-27(c) require each broker, dealer and municipal securities dealer to establish and maintain a system, and to adopt, maintain, and enforce WSPs, to supervise its municipal securities activities in a manner reasonably designed to achieve compliance with MSRB rules and applicable provisions of the Securities Exchange Act of 1934 and Exchange Act rules.

From April 2018 to January 2023, the firm failed to supervise its municipal securities activities with regard to filing accurate and timely Form G-37 reports. The firm also failed to establish and maintain a system, and failed to adopt, maintain, and enforce WSPs, to supervise its municipal securities activities in a manner reasonably designed to achieve compliance with MSRB Rule G-37 filing requirements. The firm's WSPs failed to include procedures regarding the process for identifying and compiling information required to be reported on the Form G-37. For example, the WSPs failed to assign anyone the responsibility to maintain a record of reportable information, did not identify the sources from which reportable information should be collected, and did not provide for a review of the Form G-37 reports to ensure the accuracy of their content.

In practice, to make required disclosures concerning the firm's municipal securities business on Form G-37 reports, the firm's compliance department relied on a spreadsheet of municipal underwritings prepared by the firm's municipal underwriting department. However, the spreadsheet at times omitted certain underwritings required to be reported under MSRB Rule G-37, and the firm failed to conduct a reasonable review of the spreadsheet's content for completeness before the information was used to prepare the Form G-37 report.²

Therefore, Academy violated MSRB Rule G-27.

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

- a censure and
- a \$30,000 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 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

² The firm enhanced its supervisory system and WSPs concerning MSRB Rule G-37 compliance in January 2023.

- 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:

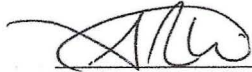
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not 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 FINRA is a party, that is inconsistent with any part of this AWC. Nothing

in this provision affects Respondent's 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 Respondent's testimonial obligations in any litigation or other legal proceedings.

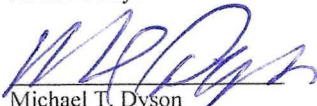
- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's 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 the AWC's provisions voluntarily; and that 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 Respondent to submit this AWC.

1/18/24
Date


Academy Securities, Inc.
Respondent
Anthony Graham
CFO / COO
Print Name: Academy Securities, Inc.
Title: _____

Reviewed by:


Michael T. Dyson
Counsel for Respondent
Sullivan & Worcester LLP
1666 K Street NW
Washington, DC 20006

Accepted by FINRA:

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

January 29, 2024

Date

Evan Ennis

Evan Ennis
Principal Counsel
FINRA
Department of Enforcement
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Woodbridge, NJ 07095