

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022074413301**

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

RE: FMSbonds, Inc. (Respondent)
Member Firm
CRD No. 7793

Pursuant to FINRA Rule 9216, Respondent FMSbonds, 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

FMS has been a FINRA member since 1979. The firm has 77 registered representatives operating from five branch offices. The firm is headquartered in Boca Raton, Florida and conducts a general securities business.¹

OVERVIEW

Between October 2021 and December 2024, FMS violated FINRA Rules 2121 and 2010 by charging unfair prices in 115 corporate bond transactions. During the same period, and continuing through the present, the firm failed to establish and maintain a supervisory system reasonably designed to achieve compliance with its fair pricing obligations relating to corporate bonds, in violation of FINRA Rules 3110 and 2010. For these violations, FMS is censured, fined \$130,000, and required to certify that it has remediated the issues identified in this AWC.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a review by FINRA's Investigations Program.

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

A. FMS charged unfair prices in 115 corporate bond transactions.

FINRA Rule 2121 provides that:

[I]f a member buys for his own account from his customer, or sells for his own account to his customer, he shall buy or sell at a price which is fair, taking into consideration all relevant circumstances, including market conditions with respect to such security at the time of the transaction, the expense involved, and the fact that he is entitled to a profit[.]

FINRA Rule 2121 Supplementary Material .02 (FINRA Rule 2121.02) requires that “a dealer that is acting in a principal capacity in a transaction with a customer and charging a mark-up or mark-down must mark-up or mark-down the transaction from the prevailing market price. Presumptively . . . the prevailing market price for a debt security is established by referring to the dealer’s contemporaneous cost as incurred, or contemporaneous proceeds as obtained,” for the security. FINRA Rule 2121.02(b)(3) provides, “[a] dealer’s cost is considered contemporaneous if the transaction occurs close enough in time to the subject transaction that it would reasonably be expected to reflect the current price for the security.” Where the dealer’s cost or proceeds are no longer contemporaneous, to determine the prevailing market price, FINRA Rule 2121.02(b)(5) requires the member to consider the following types of pricing information, in the order listed:

- (A) prices of any contemporaneous inter-dealer transactions in the security in question;
- (B) in the absence of transactions described in (A), prices of contemporaneous dealer purchases (sales) in the security in question from (to) institutional accounts with which any dealer regularly effects transactions in the same security; or
- (C) in the absence of transactions described in (A) and (B), contemporaneous inter-dealer bid (offer) quotations for the security in question made through an inter-dealer mechanism, through which transactions generally occur at the displayed quotations.

A violation of FINRA Rule 2121 also constitutes a violation of FINRA Rule 2010, which requires that “[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade.”

In 115 corporate bond transactions between October 2021 and December 2024, where the firm’s costs or proceeds were no longer contemporaneous, the firm failed to consider the pricing information, as identified in FINRA Rule 2121.02(b)(5), to determine the

prevailing market price (PMP) of the bond. Instead, the firm determined the PMP by using either: (1) quotations, similar securities, or an economic model when contemporaneous inter-dealer or institutional transaction prices were available; or (2) its own costs or proceeds or inter-dealer or institutional transaction prices that were no longer contemporaneous.

For example, on August 1, 2024, the firm sold 110 bonds to a customer and determined the PMP of that bond to be \$43.575 based on the firm's cost in purchasing the bonds earlier on the trade date. The firm applied a 2.123% mark-up and charged the customer \$44.50 per bond. However, contemporaneous inter-dealer transactions in the bonds at the time of the customer sale reflected a lower market price of \$42.91 per bond. Under FINRA Rule 2121.02(b)(5), the firm should have considered this contemporaneous inter-dealer pricing when calculating the PMP, rather than its cost in purchasing the bonds. Had the firm calculated its mark-up using the correct PMP of \$42.91, it would have charged the customer approximately \$747 less than it did.

By failing to correctly determine the PMP in 115 corporate bond transactions during the relevant period, the firm caused its customers to pay \$79,531.70 in excess costs. The firm has made complete voluntary restitution to all affected customers.

By charging unfair prices on 115 corporate bond transactions from October 2021 to December 2024, FMS violated FINRA Rules 2121 and 2010.

B. FMS failed to establish and maintain a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with fair pricing rules.

FINRA Rule 3110(a) requires member firms to “establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules.” FINRA Rule 3110(b) requires that each FINRA member “establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with the applicable securities laws and regulations, and with applicable FINRA rules.” A violation of FINRA Rule 3110 is also a violation of FINRA Rule 2010.

Since October 2021, the firm has failed to establish, maintain, and enforce a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with FINRA Rule 2121. The firm's WSPs fail to address how the firm should review the accuracy of its PMP calculations in accordance with FINRA Rule 2121.02(b)(5). In practice, the firm has conducted supervisory reviews of mark-ups and mark-downs without assessing the accuracy of the PMP determinations to which those mark-ups and mark-downs applied.

Therefore, the firm violated FINRA Rules 3110 and 2010.

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

- a censure;
- a \$130,000 fine; and
- an undertaking that, within 60 days of the date of the notice of acceptance of this AWC, a member of Respondent's senior management who is a registered principal of the firm shall certify in writing that, as of the date of the certification, the firm has remediated the issues identified in this AWC and implemented a supervisory system, including WSPs, reasonably designed to achieve compliance with FINRA Rule 2121 regarding the issues identified in this AWC. The certification shall include a narrative description and supporting exhibits sufficient to demonstrate Respondent's remediation and implementation. FINRA staff may request further evidence of Respondent's remediation and implementation, and Respondent agrees to provide such evidence. Respondent shall submit the certification to Cristina Laramée Souto, Principal Counsel, via email to cristina.laramee@finra.org, with a copy to EnforcementNotice@finra.org. Upon written request showing good cause, FINRA staff may extend this deadline.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. FINRA's Finance Department will contact Respondent regarding payment. 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

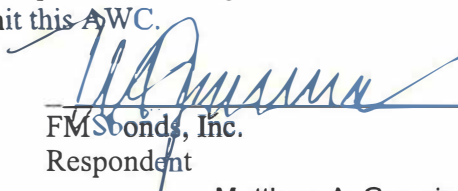
FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any 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.

09/01/2026

Date


FMS Bonds, Inc.

Respondent

Matthew A. Guerriese

Print Name:

Title: Sr. VP, Chief Compliance Officer

Reviewed by:



Alan Wolper

Counsel for Respondent

Thompson Hine LLP

20 North Clark Street, Suite 3200

Chicago, Illinois 60602

Accepted by FINRA:

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



09/11/2026

Date

Cristina Laramee Souto

Principal Counsel

FINRA

Department of Enforcement

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