

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022076083601**

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

RE: Conners & Co., Inc. (Respondent)
Member Firm
CRD No. 1511

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

BACKGROUND

Conners & Co. has been a FINRA member since 1960 and a Municipal Securities Rulemaking Board (MSRB) registrant since 1975. The firm has three registered representatives and one office located in Cincinnati, Ohio.¹ The firm primarily conducts a municipal securities business.

OVERVIEW

From April 2022 through December 2023, Conners & Co. charged customers an unfair price in 23 municipal securities transactions, in violation of MSRB Rules G-30 and G-17. In addition, during that period, the firm failed to establish and maintain a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with its fair pricing obligations, in violation of MSRB Rule G-27. For these violations, the firm is censured, fined \$20,000, ordered to pay restitution of \$21,111.29, plus interest, and has agreed to an undertaking to certify in writing that the firm has remediated the issues identified in this AWC.

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

FACTS AND VIOLATIVE CONDUCT

This matter originated from a FINRA fair pricing review.

Connors & Co. did not charge the prevailing market price in 23 municipal bond transactions.

MSRB Rule G-30(a) states that “[n]o broker, dealer or municipal securities dealer shall purchase municipal securities for its own account from a customer, or sell municipal securities for its own account to a customer, except at an aggregate price (including any mark-up or mark-down) that is fair and reasonable.”

MSRB Rule G-30 Supplementary Material .06 (MSRB Rule G-30.06) requires that a dealer acting in a principal capacity in a transaction with a customer and charging a mark-up or mark-down to the customer must mark-up or mark-down the transaction from the prevailing market price. The prevailing market price for a municipal security is presumptively established by referring to the dealer’s contemporaneous cost or contemporaneous proceeds. MSRB Rule G-30.06(a)(iii) provides that “[a] dealer’s cost is (or proceeds are) considered contemporaneous if the transaction occurs close enough in time to the subject transaction that it would reasonably be expected to reflect the current market price for the municipal security.”

Where the dealer’s cost or proceeds are no longer contemporaneous, MSRB Rule G-30.06(a)(v) requires the MSRB member to consider the following types of pricing information, in this order, to determine the prevailing market price:

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

MSRB Rule G-17 requires that, “[i]n the conduct of its municipal securities or municipal advisory activities, each broker, dealer, municipal securities dealer, and municipal advisor shall deal fairly with all persons and shall not engage in any deceptive, dishonest, or unfair practice.”

In 23 municipal bond transactions between April 1, 2022, and December 31, 2023, where the firm’s costs or proceeds were no longer contemporaneous, Connors & Co. failed to consider appropriate pricing information, as identified in MSRB Rule G-30.06(a)(v), to

determine the prevailing market price. In some instances, the firm continued to use its cost or proceeds as the prevailing market price even though it was no longer contemporaneous. In other instances, the firm used inter-dealer bid or offer quotations to determine prevailing market price even though a contemporaneous inter-dealer transaction price was available.

For example, on August 30, 2022, the firm bought municipal bonds from another dealer at \$97.50. On September 12, 2022, the firm sold a portion of its inventory of that bond to a retail customer. The firm used its purchase price as the prevailing market price and applied a mark-up of 2.56%, resulting in the firm selling to the customer at \$100.00. However, there were inter-dealer trades in this bond on September 7 and September 8 at \$96.00. Had the firm correctly identified \$96.00 as the prevailing market price and applied the same 2.56% mark-up, the firm would have sold the bonds to the customer at \$98.46. Instead, the customer overpaid \$1.54 per bond, resulting in harm to the customer of \$1,078.

By failing to correctly assess the prevailing market price in 23 municipal bond transactions during the relevant period, firm customers paid more than they should have or received less than they should have in the total amount of \$21,111.29.²

Therefore, Conners & Co. violated MSRB Rules G-30 and G-17.

Conners & Co.'s supervisory system was not reasonably designed to achieve compliance with the MSRB's fair pricing rule.

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. MSRB Rule G-27(b) requires brokers, dealers, and municipal securities dealers to 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) requires brokers, dealers, and municipal securities dealers to adopt, maintain, and enforce WSPs reasonably designed to ensure compliance with MSRB Rule G-27(a).

During the relevant period, the firm's supervisory system, including its WSPs, was not reasonably designed to achieve compliance with MSRB Rule G-30. The firm's WSPs provided examples of types of information that could be considered when determining prevailing market price, but did not require the firm to consider the types of pricing information listed in MSRB Rule G-30.06(a)(v). The firm's WSPs also failed to prescribe how the firm would supervise determinations of prevailing market price. In practice, when supervising pricing determinations, the firm failed to determine whether or not the factors listed in MSRB Rule G-30.06(a)(v) had been considered.

² The 23 transactions and resulting customer harm for each customer are detailed in Attachment A.

Therefore, the firm violated MSRB Rule G-27.

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

- a censure;
- a \$20,000 fine;
- restitution of \$21,111.29, plus interest, to the customers listed on Attachment A; and
- an undertaking that, within 120 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 written supervisory procedures, reasonably designed to achieve compliance with MSRB Rules G-30 and G-17 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 Karen Daly, Senior Counsel, 1601 Market St., Suite 2700, Philadelphia, PA 19103 and karen.daly@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 sanctions 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.

Restitution is ordered to be paid to the customers listed on Attachment A to this AWC (Eligible Customers) in the total amount of \$21,111.29, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. § 6621(a)(2), from December 31, 2023 until the date this AWC is accepted by the National Adjudicatory Council (NAC).

A registered principal on behalf of Respondent shall submit satisfactory proof of payment of restitution and interest (separately specifying the date and amount of each paid to each Eligible Customer) or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted by email to EnforcementNotice@FINRA.org from a work-related account of the registered principal of Respondent. The email must identify Respondent and the case number and include a copy of the check, money order, or other method of payment. This proof shall be provided by email to EnforcementNotice@FINRA.org no later than 120 days after the date of the notice of acceptance of the AWC.

The restitution amount plus interest to be paid to each Eligible Customer shall be treated by the Respondent as the Eligible Customer's property for purposes of state escheatment, unclaimed property, abandoned property, and similar laws. If after reasonable and documented efforts undertaken to effect restitution Respondent is unable to pay all Eligible Customers within 120 days after the date of the notice of acceptance of the AWC, Respondent shall submit to FINRA in the manner described above a list of the unpaid Eligible Customers and a description of Respondent's plan, not unacceptable to FINRA, to comply with the applicable escheatment, unclaimed property, abandoned property, or similar laws for each such Eligible Customer.

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 sanctions imposed in this matter.

The imposition of a restitution order or any other monetary sanction in this AWC, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

Restitution payments to customers shall be preceded or accompanied by a letter, not unacceptable to FINRA, describing the reason for the payment and the fact that the payment is being made pursuant to a settlement with FINRA and as a term of this AWC.

The sanctions imposed in this AWC shall become 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 understands and acknowledges that it is permitted to retain an attorney at its expense to review and provide legal advice regarding the AWC before agreeing to the language and signing the AWC; that FINRA does not represent or advise it and Respondent cannot rely on FINRA for legal advice; 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.

06/23/2026

Date

Kelly C. Vaughn

Kelly C. Vaughn (Jun 23, 2026 13:39:10 EDT)

Connors & Co., Inc.

Respondent

Print Name: Kelly C. Vaughn

Title: President

Accepted by FINRA:

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

06/23/2026

Date

Karen C. Daly

Karen C. Daly (Jun 23, 2026 15:19:08 EDT)

Karen C. Daly

Senior Counsel

FINRA

Department of Enforcement

1601 Market Street, Suite 2700

Philadelphia, PA 19103