

FINANCIAL INDUSTRY REGULATORY AUTHORITY

In the Matter of the  
Continued Membership  
of  
Coker & Palmer, Inc.

Notice Pursuant to  
Rule 19h-1  
Securities Exchange Act  
of 1934

SD-2214

Date: May 16, 2019

**I. Introduction**

On August 20, 2018, Coker & Palmer, Inc. (the “Firm”) (CRD No. 29163) submitted a Membership Continuance Application (the “MC-400A” or “Application”) with FINRA’s Department of Registration and Disclosure to continue its membership with FINRA notwithstanding its statutory disqualification.<sup>1</sup> A hearing was not held in this matter. Rather, pursuant to FINRA Rule 9523(b), FINRA’s Department of Member Regulation (“Member Regulation”) approves the Application and is filing this Notice pursuant to Rule 19h-1 of the Securities Exchange Act of 1934 (the “Exchange Act”).

**II. The Statutorily Disqualifying Event**

The Firm is subject to statutory disqualification pursuant to Section 3(a)(39)(F), incorporating by reference Section 15(b)(4)(H) of the Exchange Act, as a result of a Consent Order of Censure issued by the State of Illinois’ Secretary of State, Securities Department (the “Secretary”), in which the Secretary found that the Firm effected 41 securities transactions on behalf of three Illinois customers between February 2015 and January 2016 without being registered as a dealer in Illinois in accordance with the Illinois Securities Law (the “Order”).<sup>2</sup> The Secretary censured the Firm, granted the Firm’s request to withdraw its pending application for registration as a securities dealer in Illinois and ordered the Firm not to file an application for registration in Illinois within four years from the Order’s entry date, June 13, 2018.<sup>3</sup>

<sup>1</sup> See the Record (“R.”) at FINRA00001. FINRA’s Registration and Disclosure Department complied the Record and provided it to the parties and FINRA’s Office of General Counsel on or about August 23, 2018 pursuant to FINRA Procedural Rule 9524(a)(3).

<sup>2</sup> *Id.* at FINRA00040 - FINRA00041.

<sup>3</sup> *Id.* at FINRA00042.

### III. Background Information

#### A. The Firm

The Firm is based in Jackson, Mississippi and has been a FINRA member since December 1991.<sup>4</sup> According to the Central Registration Depository (“CRD”), the Firm has 3 branch offices, 1 of which is an Office of Supervisory Jurisdiction.<sup>5</sup> The Firm has 18 registered representatives and another 12 individuals who are both registered representatives and investment adviser representatives.<sup>6</sup> The firm has 10 individuals who are also registered as general securities principals.<sup>7</sup> The Firm does not employ any statutorily disqualified individuals.<sup>8</sup>

The Firm is approved to engage in the following lines of business: broker or dealer retailing corporate equity securities over-the-counter; broker or dealer selling corporate debt securities; underwriter or selling group participant (corporate securities other than mutual funds); mutual fund retailer; U.S. government securities broker; municipal securities broker; broker or dealer selling variable life insurance or annuities; put and call broker or dealer or option writer; investment advisory services; non-exchange member arranging for transactions in listed securities by exchange member; and private placements of securities.<sup>9</sup>

The Firm is also a member of the Municipal Securities Rulemaking Board (“MSRB”).

#### B. FINRA Routine Examinations

Over the past three years, FINRA examined the Firm twice. In January 2018, FINRA reviewed certain corporate debt transactions that the Firm reported via the Trade Reporting and Compliance Engine (“TRACE”) and closed its examination without taking further action.<sup>10</sup>

In September 2017, FINRA issued the Firm a Cautionary Action Letter for its findings that the Firm: it failed to properly report certain CMO and mortgage-backed securities trades to TRACE between April 2015 and September 2016; failed to include certain required disclosures on the front page on two of its research reports; and entered into a settlement agreement with a

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<sup>4</sup> CRD Snapshot Report for the Firm (attached as Exhibit 1).

<sup>5</sup> All information and data from CRD is as of May 15, 2019.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.* See also R. at FINRA00047.

<sup>9</sup> *Id.*

<sup>10</sup> See FINRA Examination Disposition Letter, Examination No. 20170530480, dated January 24, 2018 (attached as Exhibit 2).

customer that restricted the customer from communicating with regulatory authorities regarding a possible securities law violation.<sup>11</sup>

### C. Regulatory Actions

Within the past two years, the Firm has been subject to one other disciplinary matter. In June 2018, the Firm entered into a consent order with the State of New Mexico in which it agreed to pay \$29,680 to resolve allegations that it had conducted securities transactions in that state without being properly registered.<sup>12</sup>

### D. Prior Rule 19h-1 Notices

No prior 19h-1 notices have been filed on behalf of the Firm.

### E. Additional Background Information

The Firm represents that it implemented a number of changes to its supervisory system after it agreed to the Order. Particularly, the Firm subscribed to FINRA's Web Electronic Filing Transfer (Web EFT) service to automatically update its clearing firm with its registration status in the various states.<sup>13</sup> The Firm also amended its Written Supervisory Procedures to include a requirement that the Firm analyze and address any exceptions that the clearing firm identifies based on the Web EFT data, and notified all of its employees of these new procedures in a compliance memorandum.<sup>14</sup>

## **IV. The Firm's Proposed Continued Membership with FINRA and Proposed Supervisory Plan**

The Firm seeks to continue its membership with FINRA notwithstanding the Order. In support of its Application, the Firm has agreed to the following plan of supervision (the "Plan").<sup>15</sup>

1. The Firm will maintain evidence of all instances in which the Firm's supervisory system(s) detected an attempt to open an account or conduct a securities transaction in a state in which the Firm is not registered and the Firm's efforts to resolve those instances;

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<sup>11</sup> See FINRA Examination Disposition Letter, Examination No. 20170525142, dated September 25, 2017 (attached as Exhibit 3).

<sup>12</sup> See Consent Order, *In the Matter of Coker and Palmer, James David Coker, Michael Peter Miller*, State of New Mexico Regulation and Licensing Department, Securities Division dated June 5, 2018 (attached as Exhibit 4).

<sup>13</sup> See Letter from the Firm to FINRA dated November 5, 2018 (attached as Exhibit 5).

<sup>14</sup> *Id.*

<sup>15</sup> See Consent to Supervisory Plan for Membership Continuance Application dated December 7, 2018 (attached as Exhibit 6).

2. The Firm will certify in writing for its files at each calendar quarter's end, that it: (a) has not opened an account or conducted any securities transactions in a state in which the Firm is not registered or is otherwise exempt from registration; and (b) has complied with all of the conditions of this Plan;
3. If the Firm seeks registration in Illinois prior to June 14, 2022, then it will notify Member Regulation upon submitting its application and also upon Illinois' decision on its application;
4. The Firm will obtain written approval from Member Regulation prior to changing any provision of the Plan;
5. The Firm will segregate all certifications and documentation related to the foregoing provisions for FINRA's review during any statutory disqualification examination; and
6. The Firm will submit any proposed changes or other requested information under this Plan to Lorraine Lee, Manager, Statutory Disqualification Program at FINRA, 1735 K Street NW, Washington, DC 20006 and/or Lorraine.Lee@finra.org.

## V. Discussion

After evaluating this Application, Member Regulation approves the Firm's request to continue its membership with FINRA, subject to the terms and conditions set forth herein. In evaluating the Application, Member Regulation assessed whether the Firm has demonstrated that its continued membership is consistent with the public interest and does not create an unreasonable risk of harm to investors or the markets.<sup>16</sup> The factors Member Regulation considered in making this assessment include: the nature and gravity of the disqualifying event; the length of time that has elapsed since the disqualifying event; whether any intervening misconduct has occurred; the precise nature of the securities-related activities proposed in the Application; the regulatory history and industry experience of the member firm; and any other mitigating or aggravating circumstances that may exist.

While the Order outlined a serious violation of Illinois' securities laws, the Firm represents that it has taken steps to address the conduct that led to the sanction. The Firm has subscribed to Web EFT to help it monitor its registration status and has implement corresponding compliance procedures that require the Firm to analyze and address any exceptions that its clearing firm identifies, based on the Web EFT data. The Firm also notified all of its employees of these procedures. As of the date of this Notice, the Firm has not applied for registration in Illinois per the Order's terms.

In addition, the Firm's Plan, which it agreed not to alter without FINRA's prior approval, appears to be reasonably designed to ensure the Firm's continued compliance with Order's terms. Further, following approval of the Firm's continued membership with FINRA, FINRA

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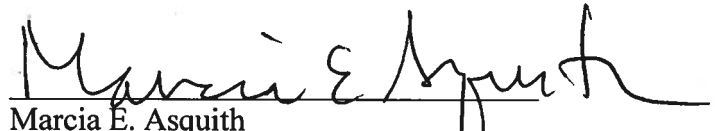
<sup>16</sup> See *In the Matter of the Continued Membership of J.P. Morgan Securities, LLC*, (FINRA NAC 2014) available at [http://www.finra.org/sites/default/files/NAC%20Statutory%20Disqualification%20Decision%20SD1904\\_0\\_0\\_0\\_0\\_0\\_0\\_0\\_0\\_0.pdf](http://www.finra.org/sites/default/files/NAC%20Statutory%20Disqualification%20Decision%20SD1904_0_0_0_0_0_0.pdf) (last visited May 15, 2019) (citing *Frank Kufrovich*, 55 S.E.C. 616, 624 (2002)).

will utilize its examination and surveillance processes to monitor the Firm's compliance with the standards prescribed by Exchange Act Rule 19h-1 and FINRA Rule 9523.

In light of the above, Member Regulation is satisfied that the Firm's continued membership with FINRA does not create an unreasonable risk of harm to the market or investors. Accordingly, Member Regulation approves the Firm's Application to continue its membership with FINRA as set forth herein.

In conformity with the provisions of Rule 19h-1 of the Exchange Act, the continued membership of the Firm will become effective within 30 days of the receipt of this notice by the Commission, unless otherwise notified by the SEC.

On Behalf of FINRA,

A handwritten signature in black ink, appearing to read "Marcia E. Asquith", written over a horizontal line.

Marcia E. Asquith  
Executive Vice President, Board & External  
Relations

## Exhibits

1. CRD Snapshot Report for Coker & Palmer, Inc.
2. FINRA Examination Disposition Letter, Examination No. 20170530480
3. FINRA Examination Disposition Letter, Examination No. 20170525142
4. Consent Order, In the Matter of Coker and Palmer, James David Coker, Michael Peter Miller, State of New Mexico Regulation and Licensing Department, Securities Division
5. Letter from the Firm to FINRA dated November 5, 2018
6. Consent to Supervisory Plan for Membership Continuance Application