

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021070602901**

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

RE: The Jeffrey Matthews Financial Group, LLC (Respondent)
Member Firm
CRD No. 41282

Pursuant to FINRA Rule 9216, Respondent The Jeffrey Matthews Financial Group, LLC 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

The Jeffrey Matthews Financial Group has been a FINRA member since 1996. The firm, which has approximately 40 representatives, is headquartered in Florham Park, NJ. The firm conducts a general securities business.¹

OVERVIEW

Between April 2020 and June 2023, The Jeffrey Matthews Financial Group violated FINRA Rules 2121 and 2010 and MSRB Rules G-30 and G-17 by charging unfair prices in 12 corporate bond transactions and 86 municipal 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, in violation of FINRA Rules 3110 and 2010 and MSRB Rule G-27.

FACTS AND VIOLATIVE CONDUCT

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

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

A. The Jeffrey Matthews Financial Group charged unfair prices in corporate and municipal 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 . . . [t]he 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 market 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.”

MSRB Rule G-30(a) provides 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. What is considered contemporaneous is the same under MSRB G-30.06(a)(iii) as under FINRA Rule 2121.02(b)(3). Where the dealer's cost or proceeds are no longer contemporaneous, MSRB Rule G-30.06(a)(v) requires the member to consider the same types of pricing information, in the same order, as are set forth in FINRA Rule 2121.02(b)(5) to determine prevailing market price.

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."

Between April 2020 and June 2023, The Jeffrey Matthews Financial Group charged unfair mark-ups and mark-downs in 12 corporate bond transactions and 86 municipal bond transactions. Specifically, the firm failed to consider the appropriate pricing information, as identified in FINRA Rule 2121.02(b)(5) and MSRB Rule G-30.06(a)(v), respectively, to determine the prevailing market price. Instead, when selling to customers, the firm in all cases used its own cost to determine the prevailing market price, even when its cost was not contemporaneous. And when purchasing from customers, the firm in all cases used inter-dealer bid or offer quotations to determine the prevailing market price.

For example, on May 19, 2020, the firm sold 250 bonds to a customer and determined the prevailing market price of that bond to be \$97.33 based on the firm's average cost in purchasing the bonds between April 13 and April 16, 2020. The firm applied a 1.714% mark-up and charged the customer \$99.00 for each bond. However, the price of the bonds had decreased since the firm purchased them, and the prevailing market price on May 19, 2020, was \$94.60. Had the firm calculated its mark-up using the correct prevailing market price, it would have charged the customer approximately \$695 less than it did.

The firm charged unfair prices on 98 bond transactions during the relevant period which, collectively, caused customers to pay \$112,932.02 in excess costs.

As a result, The Jeffrey Matthews Financial Group violated FINRA Rules 2121 and 2010 and MSRB Rules G-30 and G-17.

B. The Jeffrey Matthews Financial Group failed to establish a supervisory system 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.

MSRB Rule G-27 requires brokers, dealers, and municipal securities dealers to establish and maintain a supervisory system, including written procedures, 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.

The firm failed to establish, maintain and enforce a supervisory system reasonably designed to achieve compliance with fair pricing rules. Instead, as described above, when selling to customers, the firm in all cases used its own costs to determine the prevailing market price, even when its costs were not contemporaneous. And when purchasing from retail customers, the firm in all cases used bids received as the prevailing market price to determine the prevailing market price.

In addition, the firm’s supervisory reviews of prices focused only on the size of mark-up and mark-down percentages, and the firm did not have any system to determine the appropriateness of the prevailing market price to which those mark-up and mark-down percentages applied.

Therefore, the firm violated FINRA Rules 3110 and 2010 and MSRB Rule G-27.

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

- a censure;
- a \$125,000 fine (\$110,000 of which pertains to the violations of MSRB Rules G-30, G-17 and G-27);
- restitution of \$112,932.02, plus interest as described below, to the customers listed on Attachment A; 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 written supervisory procedures, reasonably designed to achieve compliance with FINRA Rule 2121 and MSRB Rule G-30 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 Jena Levin, Counsel, via email to jena.levin@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. 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 \$112,932.02, 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 the date of the relevant transaction 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 sanctions 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 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.

July 19, 2024

Date



The Jeffrey Matthews Financial Group, LLC
Respondent

Print Name: Jeffrey R. Halpert

Title: pres/ceo

Reviewed by:

Frank J. Cuccio

Frank J. Cuccio, Esq.
Counsel for Respondent
Bressler Amery & Ross, P.C.
325 Columbia Turnpike, Ste 301
Florham Park, NJ 07932

Accepted by FINRA:

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

July 26, 2024

Date

Jena Levin

Jena Levin
Counsel
FINRA
Department of Enforcement
55 West Monroe, Ste 2700
Chicago, IL 60603

Attachment A

| Trade No. | Bond Type | CUSIP | Trade Date | Trade Time | Volume | Restitution Amount |
|------------------|------------------|--------------|-------------------|-------------------|---------------|---------------------------|
| 1 | Municipal | 646136V40 | 04/03/2020 | 14:33:57 | 100,000.00 | \$2,343.91 |
| 2 | Municipal | 38611TAD9 | 04/06/2020 | 16:46:26 | 30,000.00 | \$550.70 |
| 3 | Municipal | 452152GB1 | 04/24/2020 | 16:00:43 | 15,000.00 | \$102.85 |
| 4 | Municipal | 59261ATK3 | 04/29/2020 | 11:52:47 | 100,000.00 | \$3,229.64 |
| 5 | Municipal | 59259YZE2 | 04/30/2020 | 14:20:37 | 40,000.00 | \$3,670.80 |
| 6 | Municipal | 646136U66 | 04/30/2020 | 14:41:14 | 20,000.00 | \$245.94 |
| 7 | Municipal | 59259YNC9 | 05/05/2020 | 12:15:24 | 40,000.00 | \$1,519.62 |
| 8 | Municipal | 452151LL5 | 05/11/2020 | 17:17:53 | 40,000.00 | \$205.89 |
| 9 | Municipal | 59259YD30 | 05/19/2020 | 12:54:43 | 25,000.00 | \$694.96 |
| 10 | Municipal | 10741LDK9 | 05/29/2020 | 14:03:37 | 15,000.00 | \$234.95 |
| 11 | Corporate | 362333AJ5 | 05/29/2020 | 10:21:14 | 45,000.00 | \$1,082.31 |
| 12 | Corporate | 362333AJ5 | 05/29/2020 | 10:40:23 | 36,000.00 | \$865.85 |
| 13 | Corporate | 362333AJ5 | 05/29/2020 | 12:26:25 | 10,000.00 | \$70.00 |
| 14 | Corporate | 362333AJ5 | 05/29/2020 | 12:26:29 | 15,000.00 | \$305.00 |
| 15 | Corporate | 362333AJ5 | 05/29/2020 | 12:26:33 | 15,000.00 | \$305.00 |
| 16 | Corporate | 362333AJ5 | 05/29/2020 | 13:26:54 | 50,000.00 | \$1,225.64 |
| 17 | Corporate | 362333AJ5 | 05/29/2020 | 13:58:54 | 17,000.00 | \$416.72 |
| 18 | Corporate | 362333AJ5 | 05/29/2020 | 15:43:58 | 20,000.00 | \$490.26 |
| 19 | Corporate | 362337AL1 | 06/26/2020 | 10:45:34 | 18,000.00 | \$430.71 |
| 20 | Municipal | 59261AHL4 | 07/14/2020 | 13:42:33 | 10,000.00 | \$49.00 |
| 21 | Municipal | 59261AHR1 | 08/31/2020 | 13:23:14 | 15,000.00 | \$108.05 |
| 22 | Municipal | 59259YVZ9 | 09/09/2020 | 15:16:38 | 40,000.00 | \$785.20 |
| 23 | Municipal | 59261AMD6 | 09/23/2020 | 11:40:29 | 100,000.00 | \$2,601.94 |
| 24 | Municipal | 59261AMD6 | 09/29/2020 | 16:44:10 | 130,000.00 | \$3,514.91 |
| 25 | Corporate | 362333AJ5 | 09/30/2020 | 16:40:11 | 15,000.00 | \$207.50 |
| 26 | Municipal | 59261AG35 | 12/21/2020 | 12:43:01 | 25,000.00 | \$744.75 |
| 27 | Municipal | 52480GDW1 | 02/24/2021 | 11:44:52 | 25,000.00 | \$415.64 |
| 28 | Municipal | 6461364J7 | 02/24/2021 | 14:57:36 | 25,000.00 | \$196.52 |
| 29 | Municipal | 6461364J7 | 02/25/2021 | 13:14:42 | 75,000.00 | \$589.55 |
| 30 | Municipal | 01179PE45 | 03/22/2021 | 11:40:35 | 20,000.00 | \$923.32 |
| 31 | Municipal | 745190Z43 | 05/14/2021 | 14:20:16 | 80,000.00 | \$5,751.24 |
| 32 | Municipal | 745190UR7 | 05/19/2021 | 11:24:20 | 40,000.00 | \$3,926.75 |
| 33 | Municipal | 74514LPT8 | 06/29/2021 | 14:13:09 | 25,000.00 | \$412.50 |
| 34 | Municipal | 74514LWA1 | 07/08/2021 | 15:01:13 | 50,000.00 | \$925.22 |
| 35 | Municipal | 74514LVX2 | 07/15/2021 | 16:28:03 | 25,000.00 | \$875.00 |
| 36 | Municipal | 74514LQE0 | 07/28/2021 | 11:32:09 | 25,000.00 | \$475.00 |

| | | | | | | |
|----|-----------|-----------|------------|----------|------------|------------|
| 37 | Corporate | 29078EAA3 | 08/04/2021 | 11:03:52 | 100,000.00 | \$4,675.71 |
| 38 | Corporate | 29078EAA3 | 08/04/2021 | 11:03:57 | 100,000.00 | \$4,675.71 |
| 39 | Municipal | 74514LJY4 | 08/06/2021 | 14:53:22 | 20,000.00 | \$135.00 |
| 40 | Municipal | 745235D65 | 08/09/2021 | 16:52:31 | 15,000.00 | \$166.25 |
| 41 | Municipal | 745235D65 | 08/09/2021 | 16:52:36 | 20,000.00 | \$355.00 |
| 42 | Municipal | 74514LJY4 | 10/08/2021 | 14:59:14 | 25,000.00 | \$512.50 |
| 43 | Municipal | 64971PKM6 | 11/30/2021 | 14:06:39 | 45,000.00 | \$418.90 |
| 44 | Municipal | 74514LNC7 | 01/14/2022 | 12:40:08 | 10,000.00 | \$220.00 |
| 45 | Municipal | 74526QKX9 | 01/18/2022 | 13:14:47 | 20,000.00 | \$498.00 |
| 46 | Municipal | 64972GMU5 | 01/28/2022 | 14:47:34 | 25,000.00 | \$761.75 |
| 47 | Municipal | 59261AYW1 | 02/10/2022 | 14:52:37 | 40,000.00 | \$1,089.54 |
| 48 | Municipal | 6461367N5 | 03/15/2022 | 12:31:46 | 15,000.00 | \$162.65 |
| 49 | Municipal | 6461367N5 | 03/15/2022 | 13:04:39 | 25,000.00 | \$506.50 |
| 50 | Municipal | 93976AEW8 | 03/18/2022 | 09:53:03 | 40,000.00 | \$1,515.78 |
| 51 | Municipal | 64971XZK7 | 4/11/2022 | 14:28:30 | 10,000 | 126.30 |
| 52 | Municipal | 230822TS7 | 4/26/2022 | 12:15:19 | 5,000 | \$99.55 |
| 53 | Municipal | 64972GMU5 | 4/26/2022 | 12:59:45 | 25,000 | \$1,031.98 |
| 54 | Municipal | 650036AP1 | 5/6/2022 | 15:06:56 | 25,000 | \$621.62 |
| 55 | Municipal | 73358XBQ4 | 5/18/2022 | 09:50:31 | 60,000 | \$2,564.00 |
| 56 | Municipal | 73358XBQ4 | 5/18/2022 | 09:50:35 | 60,000 | \$1,300.84 |
| 57 | Municipal | 64966QKD1 | 6/13/2022 | 13:03:03 | 40,000 | \$1,509.20 |
| 58 | Municipal | 64990FYP3 | 6/14/2022 | 11:37:20 | 25,000 | \$636.25 |
| 59 | Municipal | 59261AH75 | 6/15/2022 | 12:08:35 | 15,000 | \$139.55 |
| 60 | Municipal | 64966QKD1 | 6/16/2022 | 10:30:38 | 25,000 | \$699.50 |
| 61 | Municipal | 59259YSK6 | 6/17/2022 | 13:05:39 | 115,000 | \$6,500.00 |
| 62 | Municipal | 64966QKD1 | 7/18/2022 | 11:19:17 | 45,000 | \$921.00 |
| 63 | Municipal | 64990FPV0 | 8/29/2022 | 09:09:30 | 45,000 | \$1,674.21 |
| 64 | Municipal | 561852HJ6 | 9/1/2022 | 11:14:30 | 100,000 | \$166.60 |
| 65 | Municipal | 167593Y55 | 9/6/2022 | 11:37:29 | 100,000 | \$1,556.84 |
| 66 | Municipal | 69651ABM5 | 9/6/2022 | 13:23:06 | 25,000 | \$166.50 |
| 67 | Municipal | 796334AS9 | 9/27/2022 | 15:38:47 | 25,000 | \$763.25 |
| 68 | Municipal | 649519EM3 | 10/6/2022 | 16:08:43 | 25,000 | \$786.75 |
| 69 | Municipal | 64966QXU9 | 10/19/2022 | 13:22:37 | 40,000 | \$260.72 |
| 70 | Municipal | 64983SJX4 | 10/28/2022 | 15:12:44 | 75,000 | \$1,629.50 |
| 71 | Municipal | 44420RBF6 | 11/17/2022 | 15:31:02 | 100,000 | \$1,751.20 |
| 72 | Municipal | 64972GBP8 | 11/17/2022 | 16:28:42 | 15,000 | \$158.45 |
| 73 | Municipal | 592643DG2 | 11/22/2022 | 11:23:36 | 75,000 | \$2,103.24 |
| 74 | Municipal | 64990FYQ1 | 12/22/2022 | 16:59:57 | 90,000 | \$1,053.96 |
| 75 | Municipal | 64971XXZ6 | 12/23/2022 | 10:02:06 | 125,000 | \$2,111.60 |

