

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2023077092001**

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

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

Pursuant to FINRA Rule 9216, Respondent The Jeffrey Matthews Financial Group, L.L.C. (JMFG) 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**

JMFG has been a FINRA member firm since 1996. The firm, which is headquartered in Florham Park, New Jersey, has nine branch offices and approximately 40 registered representatives. The firm is a full-service broker-dealer that primarily conducts a municipal securities business.<sup>1</sup>

**OVERVIEW**

From June 30, 2020, until March 2023, JMFG failed to establish, maintain, and enforce written policies and procedures reasonably designed to achieve compliance with Securities Exchange Act Rule 15c-1(a)(1) (Regulation Best Interest or Reg BI). As a result, JMFG willfully violated Exchange Act Rule 15c-1(a)(1) and Municipal Securities Rulemaking Board (MSRB) Rule G-27 and violated FINRA Rules 3110 and 2010.

During the same period, JMFG also failed to establish and maintain written supervisory procedures (WSPs) reasonably designed to achieve compliance with its Exchange Act Rule 17a-14 obligations to prepare, file, deliver, and update its customer relationship summary (Form CRS). As a result, JMFG willfully violated MSRB Rule G-27 and violated FINRA Rules 3110 and 2010.

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<sup>1</sup> For more information about the firm, including prior regulatory events, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

## **FACTS AND VIOLATIVE CONDUCT**

This matter originated from a FINRA examination of JMFG.

### **A. JMFG Failed to Establish Written Policies and Procedures Reasonably Designed to Achieve Compliance with Regulation Best Interest**

As of June 30, 2020, broker-dealers and their associated persons are required to comply with Regulation BI under the Securities Exchange Act of 1934. Rule 15c-1(a)(1) of Reg BI requires a broker, dealer, or a natural person associated with a broker or dealer, when making a recommendation of any securities transaction or investment strategy involving securities (including account recommendations) to a retail customer, to act in the best interest of that retail customer at the time the recommendation is made, without placing the financial or other interest of the broker, dealer, or associated person ahead of the interest of the retail customer.

Reg BI's Compliance Obligation, set forth at Exchange Act Rule 15c-1(a)(2)(iv), requires a broker-dealer to establish, maintain, and enforce written policies and procedures reasonably designed to achieve compliance with Reg BI. Reg BI's Adopting Release provides that broker-dealers should consider the nature of that firm's operations and how to design such policies and procedures to prevent violations from occurring, detect violations that have occurred, and to correct promptly any violations that have occurred.<sup>2</sup>

Additionally, Reg BI's Conflict of Interest Obligation, set forth at Exchange Act Rule 15c-1(a)(2)(iii), requires broker-dealers to establish, maintain, and enforce written policies and procedures addressing conflicts of interest, defined as interests that might incline a broker-dealer or an associated person—consciously or unconsciously—to make a recommendation that is not disinterested. Such procedures must be, among other things, reasonably designed to identify and mitigate any conflicts of interest associated with recommendations to retail customers that create an incentive for an associated person to place the firm's interest, or the associated person's interest, ahead of the customer's interest. This obligation applies to incentives that are provided to the associated person, whether by the firm or third parties, that are within the control of or associated with the broker-dealer's business.

FINRA Rule 3110 requires member firms to establish, maintain, and enforce a supervisory system, including written procedures, to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws, regulations, and FINRA rules.

Violations of Reg BI and FINRA Rule 3110 also are violations of FINRA Rule 2010, which requires associated persons to "observe high standards of commercial honor and just and equitable principles of trade" in the conduct of their business.

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<sup>2</sup> Regulation Best Interest: The Broker-Dealer Standard of Conduct, Exchange Act Release No. 86031, 84 FR 33318 at 33397 (July 12, 2019).

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.

From June 30, 2020, until March 2023, JMFG failed to establish, maintain, and enforce written policies and procedures reasonably designed to achieve compliance with Reg BI. Despite the firm's awareness of Reg BI's June 30, 2020, implementation date, the firm's WSPs contained a section titled Reg BI but contained no policies or procedures regarding complying with Reg BI's requirements. Further, JMFG's training on Reg BI to its representatives was inadequate as it focused on suitability rather than the requirements of Reg BI.<sup>3</sup>

Therefore, JMFG willfully violated Exchange Act Rule 15c-1(a)(1) and MSRB Rule G-27 and violated FINRA Rules 3110 and 2010.

#### **B. JMFG Failed to Establish WSPs Reasonably Designed to Achieve Compliance with Its Form CRS Obligations**

On June 5, 2019, the Securities and Exchange Commission (SEC) adopted Form CRS and rules creating new requirements—which include requirements to prepare, file, deliver, and update the Form CRS—for SEC-registered broker-dealers offering services to a retail investor. The compliance date for Form CRS was June 30, 2020.

Form CRS provides customers with information about the types of services the firm offers; the fees, costs, conflicts of interest, and required standard of conduct associated with those services; whether the firm and its investment professionals have reportable legal or disciplinary history; and how to get more information about the firm.

Form CRS also includes required “conversation starters” to help begin a discussion with a broker-dealer about the relationship, including their services, fees, costs, conflicts, and disciplinary information.

Section 17(a)(1) of the Securities Exchange Act of 1934 requires registered broker-dealers to make and keep for prescribed periods such records, furnish such copies thereof, and make and disseminate such reports as the Commission deems “necessary or appropriate in the public interest, for the protection of investors or otherwise in furtherance of the purposes of” the Exchange Act. Exchange Act Rule 17a-14—titled “Form CRS, for preparation, filing and delivery of Form CRS”—requires broker-dealers offering services to a retail investor to prepare a Form CRS in accordance with the instructions in Form CRS, and to comply with requirements related to filing, amending, delivering, and posting the Form CRS to the firm's public website.

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<sup>3</sup> After FINRA identified these issues, JMFG revised its WSPs beginning in March 2023 to provide guidance regarding Reg BI and implemented proper training on Reg BI for its representatives.

From June 30, 2020, until March 2023, JMFG failed to establish, maintain, and enforce WSPs reasonably designed to achieve compliance with Form CRS requirements. During this period, JMFG's WSPs acknowledged that the firm was required to deliver Form CRS to all retail customers and detailed a few general procedures regarding Form CRS, but it did not prescribe any specific procedures for preparing, filing, or updating Form CRS.<sup>4</sup>

Therefore, JMFG willfully violated MSRB Rule G-27 and violated FINRA Rules 3110 and 2010.

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

- a censure; and
- a \$35,000 fine (\$17,500 of which pertains to the violations of MSRB Rule G-27).

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.

Respondent understands that this settlement includes a finding that it willfully violated Rule 15c-1(a)(1) of the Securities Exchange Act of 1934 and MSRB Rule G-27 and that under Article III, Section 4 of FINRA's By-Laws, this makes Respondent subject to a statutory disqualification with respect to membership.

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;

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<sup>4</sup> After FINRA identified these issues, JMFG revised its WSPs beginning in March 2023 to provide additional guidance regarding Form CRS.

- 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

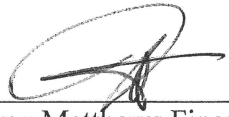
4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding 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.

Date

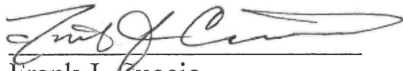
6/27/2024

  
The Jeffrey Matthews Financial Group, L.L.C.  
Respondent

Print Name: Jeffrey R. Halpert

Title: Pres / CEO

Reviewed by:

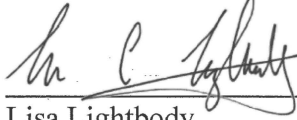
  
Frank J. Cuccio  
Counsel for Respondent  
Bressler, Amery & Ross, P.C.  
325 Columbia Turnpike  
Suite 301  
Florham Park, NJ 07932

Accepted by FINRA:

July 19, 2024

Date

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

A handwritten signature in black ink, appearing to read 'Lisa C. Lightbody', written over a horizontal line.

Lisa Lightbody

Counsel

FINRA

Department of Enforcement

Brookfield Place, 200 Liberty Street

New York, NY 10281