

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020065261801**

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

RE: United First Partners LLC (Respondent)
Member Firm
CRD No. 155456

Elizabeth Dickerson (Respondent)
General Securities Principal and Research Principal
CRD No. 1917497

Pursuant to FINRA Rule 9216, Respondents United First Partners LLC (UFP) and Elizabeth Dickerson submit 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 Respondents alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

A. Respondents accept and consent to the following findings by FINRA without admitting or denying them:

BACKGROUND

UFP has been a member firm since August 2011, and a Municipal Securities Rulemaking Board (MSRB) registrant since June 2019. The firm employs 25 registered representatives at one branch. The firm's primary business is providing brokerage and research services to institutional customers.

Dickerson first became registered with FINRA as a General Securities Representative (GS) in February 1992, through an association with a member firm. In May 2018, she registered as a GS, General Securities Principal, and Securities Trader through an association with UFP. Dickerson subsequently became registered as a Research Principal through an association with UFP in November 2018. In April 2019, Dickerson became the firm's Chief Compliance Officer. Dickerson remains registered through her association with UFP.¹

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

OVERVIEW

From April 2019 to June 2022, UFP and Dickerson failed to establish and maintain a reasonable supervisory system, including written procedures, reasonably designed to supervise the outside brokerage accounts disclosed by its registered representatives pursuant to FINRA Rule 3210. As a result, Respondents violated FINRA Rules 3110 and 2010.

Additionally, during the same period, UFP and Dickerson failed to establish and maintain policies and procedures reasonably designed to restrict or limit the information flow between its research department personnel and sales and trading personnel so as to prevent sales and trading department personnel from utilizing non-public advance knowledge of research reports for their benefit. UFP and Dickerson also failed to establish and maintain policies and procedures reasonably designed to identify and effectively manage conflicts of interest relating to the preparation of research reports and to establish information barriers or other safeguards between research personnel and sales and trading personnel. As a result, UFP and Dickerson violated FINRA Rules 5280(b), 2241(b)(1), 2241(b)(2)(G), 3110, and 2010.

Further, from April 2019 through April 2021, the firm did not report any of its eligible fixed income transactions to the Trade Reporting and Compliance Engine (TRACE). As a result, the firm violated FINRA Rules 6730 and 2010. From April 2019 through June 2021, the firm failed to establish and maintain a reasonable supervisory system, including written supervisory procedures, reasonably designed to ensure that the firm complied with its reporting obligations under Rule 6730. As a result, the firm violated FINRA Rules 3110 and 2010.

From July 2019 through June 2024, UFP failed to report all of its customer municipal transactions to the Real-time Transaction Reporting System (RTRS). As a result, UFP violated MSRB Rule G-14. From July 2019 through the present, UFP did not establish and maintain a reasonable supervisory system, including written supervisory procedures, reasonably designed to ensure that it complied with its reporting obligations under G-14. As a result, the firm violated MSRB Rule G-27.

Also, from April 2019 through April 2020, UFP provided customers with confirmations for at least 130 options transactions that were inaccurate or incomplete in violation of Exchange Act Rule 10b-10, promulgated under § 10(b) of the Securities Exchange Act of 1934, and FINRA Rules 2232, 2360(b)(12) and 2010. UFP also did not maintain and enforce a reasonable supervisory system to ensure that the firm provided customers with accurate options confirmations. Therefore, the firm violated FINRA Rules 3110 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a FINRA examination of UFP.

1. Respondents failed to establish and maintain a reasonable supervisory system relating to outside brokerage accounts.

FINRA Rule 3110(a) requires a member firm 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 a member firm to 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 applicable securities laws and regulations, and with applicable FINRA rules. The duty to supervise under Rule 3110 also requires member firms to reasonably investigate red flags that suggest misconduct may be occurring and to act upon the results of such an investigation.

FINRA Rule 3110(d)(1) requires that a firm's supervisory procedures include "a process for the review of securities transactions" effected for certain types of accounts—including associated persons' outside brokerage accounts that are disclosed pursuant to FINRA Rule 3210—that is reasonably designed to identify trades that may violate the provisions of the Exchange Act, the rules thereunder, or FINRA rules prohibiting insider trading and manipulative and deceptive devices. FINRA Rule 3110(d)(2) further specifies that a firm "must conduct promptly an internal investigation into any such trade to determine whether a violation . . . has occurred."

FINRA Rule 3210 requires associated persons to obtain the prior written consent of their employer firm before opening or establishing an account at another member. As FINRA explained in Regulatory Notice 16-22, "[s]ound supervisory practices require that a member firm monitor personal accounts opened or established outside of the firm by its associated persons. More broadly, members are responsible for establishing and maintaining systems for the supervision of their associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. As such, members' reviews of the outside transactions of their associated persons could relate to other facets of conduct under FINRA rules, not just FINRA Rule 3110(d)."

A violation of FINRA Rule 3110 is also a violation of FINRA Rule 2010, which provides that "[a] member in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade."

From April 2019 to June 2022, UFP's WSPs required associated persons to request and obtain prior written consent from the firm before opening any outside brokerage accounts with other member firms. The firm's WSPs, for which Dickerson was responsible, also required the firm to request and obtain duplicate paper statements for all such accounts and required the firm's compliance group to review them. The procedures failed, however, to identify any steps to verify that the firm received and reviewed duplicate statements for each of the outside brokerage accounts. The procedures also failed to state how compliance should review duplicate statements for indicia of potential violations,

how often such reviews should be conducted, and how such reviews should be documented.

The firm designated Dickerson as the sole representative responsible for requesting and reviewing the outside brokerage account statements of the firm's associated persons. In practice, Dickerson relied on a manual process to request the outside brokerage account statements from time to time. Dickerson did not have a regular practice of tracking which statements she requested and she did not verify that she received the account statements that she requested. Although the firm's annual compliance attestations required associated persons to disclose new outside brokerage accounts, Dickerson did not consistently review those attestations, and she failed to obtain annual compliance questionnaires from any firm representatives in 2021.

Dickerson's review of outside brokerage account statements was limited to a manual review of account statements for three to four outside brokerage accounts per month out of approximately forty accounts. This review process was not reasonable given the volume of monthly statements and because the review did not facilitate identification of patterns of activity over time or across accounts. In addition, Dickerson failed to maintain a record of the specific brokerage accounts she reviewed each month. Dickerson also failed to review any outside brokerage account statements from March 2020 through March 2021, during the COVID-19 pandemic, when Dickerson was not working from the firm's office and was aware that the statements were being sent to the firm's office. During this period, Dickerson made no efforts to have the outside brokerage account statements sent to a different location, or otherwise made available to her.

As a result of Dickerson's failure to reasonably monitor and review outside brokerage accounts, Respondents failed to detect and investigate trading by three employees in securities covered by the firm's research group during the period April 2019 to June 2022.

Therefore, UFP and Dickerson violated FINRA Rules 3110 and 2010.

2. Respondents failed to restrict the flow of information between its research analysts and trading personnel.

FINRA Rule 5280(b) provides that "A member must establish, maintain and enforce policies and procedures reasonably designed to restrict or limit the information flow between research department personnel, or other persons with knowledge of the content or timing of a research report, and trading department personnel, so as to prevent trading department personnel from utilizing non-public advance knowledge of the issuance or content of a research report for the benefit of the member or any other person."

FINRA Rule 2241(b)(1) requires that members "establish, maintain and enforce written policies and procedures reasonably designed to identify and effectively manage conflicts of interest related to . . . the preparation, content and distribution of research reports [and] . . . the interaction between research analysts and those outside of the research department[.]" Rule 2241(b)(2)(G) requires a firm to "establish information barriers or

other institutional safeguards reasonably designed to ensure that research analysts are insulated from the review, pressure or oversight by persons engaged in investment banking services activities or other persons, including sales and trading personnel, who might be biased in their judgment or supervision[.]”

Violations of FINRA Rules 5280 and 2241 also constitute violations of FINRA Rule 2010.

UFP employed research analysts that focused on the publication of event-driven research. The firm typically issued research following the announcement of a company’s merger or acquisition, restructuring, or spinoff, and focused on the likelihood that the transaction would be consummated and the time it would take to consummate. The firm published its research reports onto a web portal that was accessible only to the firm’s customers, which were primarily institutions.

From April 2019 to June 2022, the WSPs did not contain provisions addressing how the firm would restrict or limit the information flow between research analysts and sales and trading personnel and the WSPs did not describe any steps that could be taken if employees outside of the research department received access to pre-publication draft research reports. The WSPs did not describe how the firm would identify and manage conflicts between research analysts and those outside the research department. The firm also had no physical or information barriers to limit sales and trading personnel’s access to research reports prior to publication.

In practice, the firm and Dickerson, who was the firm’s research principal, permitted unrestricted interactions between UFP’s research analysts and its sales and trading staff. The firm’s research analysts regularly circulated pre-publication draft research reports to sales and trading staff to obtain their input, including on the recommendations of the reports. Dickerson was copied on these communications, but she did not restrict the pre-publication review of the reports by sales and trading staff. In addition, Dickerson was aware that the content of the research reports, including recommendations, was discussed at regular meetings held between research analysts and sales and trading staff. However, Dickerson did not monitor or limit the types of information shared at these meetings. Moreover, the firm’s research analysts and sales and trading staff routinely communicated in internal chat rooms; Dickerson, who was also responsible for the review of electronic communications, did not restrict this practice or follow up on any of these communications.

Therefore, UFP and Dickerson violated FINRA Rules 5280(b), 2241(b)(1), (b)(2)(G), 3110, and 2010.

3. UFP failed to report TRACE-eligible transactions and failed to establish and maintain a reasonable supervisory system related to TRACE reporting.

FINRA Rule 6730 sets out the requirements that apply to firms when reporting transactions in TRACE-eligible securities. TRACE facilitates the mandatory reporting of

over-the-counter transactions in certain fixed income securities and provides increased price transparency to market participants and investors. Failing to provide information to TRACE affects the audit trail and can result in the inability to detect problematic transactions.

A violation of FINRA Rule 6730 also constitutes a violation of FINRA Rule 2010.

In April 2019, UFP began to accept fixed income orders from one of its customers. UFP did not report any of its at least 223 TRACE-eligible transactions from April 2019 through April 2021. Nor did the firm arrange for another entity to report these transactions on its behalf. Therefore, UFP violated FINRA Rules 6730 and 2010.

Until June 2021, the firm's WSPs did not address the firm's TRACE reporting obligation and the firm did not otherwise perform any supervisory review relating to TRACE reporting. Therefore, UFP violated FINRA Rules 3110 and 2010.

4. UFP failed to report municipal transactions to RTRS and failed to establish and maintain a reasonable supervisory system related to RTRS reporting.

MSRB Rule G-14 sets forth transaction reporting requirements for municipal securities. MSRB Rule G-14(b)(i) requires each broker, dealer, and municipal securities dealer to report information about each purchase and sale transaction effected in municipal securities to the RTRS "in the manner prescribed by Rule G-14 RTRS Procedures and the RTRS Users Manual." MSRB Rule G-14(b)(ii) provides that all brokers, dealers and municipal securities dealers "have an ongoing obligation to report trade information promptly, accurately and completely."

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.

In July 2019, UFP began accepting municipal securities orders from one of its customers. The firm transmitted these orders to another entity for execution and shared the revenue from markups and markdowns with this entity. From July 2019 through June 2024, UFP did not report any of its municipal transactions to RTRS. It also did not arrange for any other entity to report these municipal transactions on the firm's behalf. Therefore, UFP violated MSRB Rule G-14.

The firm's WSPs did not address the firm's RTRS reporting obligation and the firm did not otherwise perform any supervisory review relating to RTRS reporting. Therefore, UFP violated MSRB Rule G-27.

5. UFP failed to provide customers with accurate options confirmations and failed to establish and maintain a reasonable supervisory system related to confirmations.

Trade confirmations protect investors who buy or sell securities through broker-dealers by, among other things, alerting them to potential conflicts of interest with their broker-dealers and providing them the means to verify the terms of their transactions and evaluate transaction costs and the quality of their broker-dealers' executions.

Exchange Act Rule 10b-10, promulgated under § 10(b) of the Exchange Act, requires broker-dealers that effect securities transactions for customers to provide customers a confirmation, at or before completion of each transaction, disclosing certain basic terms of the transaction, such as the identity, price, number of shares of the security bought or sold, and the execution capacity of the broker-dealer. FINRA Rule 2232(a) requires members, at or before the completion of any transaction in any security effected for or with an account of a customer, to provide such customer with written confirmations that conform with the requirements of Exchange Act Rule 10b-10. FINRA Rule 2360(b)(12) requires member firms to "promptly furnish" confirmations of option transactions to customers. The confirmation must "show the type of option, the underlying security or index, the expiration month, the exercise price, the number of option contracts, the premium, the commission, the trade and settlement dates, whether the transaction was a purchase or a sale (writing) transaction, whether the transaction was an opening or a closing transaction, whether the transaction was effected on a principal or agency basis and, for other than options issued by The Options Clearing Corporation, the date of expiration."

A violation of Exchange Act Rule 10b-10 or FINRA Rules 2232 or 2360 is also a violation of FINRA Rule 2010.

During the period April 2019 through April 2020, UFP did not provide required information on customer confirmations for options transactions. Based on a sample containing 291 confirmations, the firm failed to provide complete information on 130 or 44% of the confirmations. For example, certain confirmations did not identify whether the firm was acting in a principal or agent capacity. Other confirmations were missing timestamps and did not contain a statement to the effect that the firm would furnish time of the transaction upon written request. By virtue of the foregoing, UFP violated Rule 10b-10 and FINRA Rules 2232, 2360(b)(12) and 2010.

Additionally, UFP did not maintain and enforce a reasonable supervisory system to ensure that the firm provided customers with accurate confirmations of options orders. The firm's WSPs required the review of a sample of options confirmations on a quarterly basis. However, the WSPs did not identify the personnel responsible for the review, address how the review would be documented, or contain the steps to be taken if the review identified inaccurate or incomplete information. Therefore, the firm violated FINRA Rules 3110 and 2010.

B. Respondents consent to the imposition of the following sanctions:

UFP

- a censure;
- a \$215,000 fine (\$40,000 of which pertains to the violations of MSRB Rules G-14 and G-27); and,
- an undertaking that, within 90 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 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 Seth Kean, Senior Counsel, Brookfield Place, 200 Liberty Street, New York, NY 10281, with a copy to EnforcementNotice@finra.org. Upon written request showing good cause, FINRA staff may extend this deadline.

Dickerson

- a one-month principal capacity suspension and
- a \$5,000 fine.

Respondents agree to pay the monetary sanctions upon notice that this AWC has been accepted and that such payment is due and payable. Respondents have each submitted an Election of Payment form showing the method by which they propose to pay the fines imposed.

Respondents specifically and voluntarily waive 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.

Respondent Dickerson understands that if she is barred or suspended from associating with any FINRA member in a principal capacity, she becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, Dickerson may not be associated with any FINRA member in a principal capacity during the period of the bar or suspension. *See* FINRA Rules 8310 and 8311. Furthermore, because Dickerson is subject to a statutory disqualification during the suspension, if she remains associated with a member firm in a non-suspended capacity, an application to continue that association may be required.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondents specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against them;
- 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, Respondents specifically and voluntarily waive any right to claim bias or prejudice 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.

Respondents further specifically and voluntarily waive 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

Respondents understand 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 Respondents; and

C. If accepted:

1. this AWC will become part of Respondents' permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondents;
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. Respondents 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. Respondents 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 Respondents' 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 Respondents' testimonial obligations in any litigation or other legal proceedings.

D. Respondents may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that they 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 UFP, certifies that a person duly authorized to act on UFP'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 UFP 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 UFP to submit this AWC.

Respondent Dickerson certifies that she has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; she has agreed to the AWC's provisions voluntarily; and 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 her to submit this AWC.

03/21/25
Date

E.A. Dickerson
United First Partners LLC
Respondent

Print Name: ELIZABETH DICKERSON

Title: CCO

E.A. Dickerson
Elizabeth Dickerson
Respondent

Reviewed by:

ROL
Robert Long, Esq.
Counsel for Respondents
Greenberg Traurig, LLP
2375 E. Camelback Rd. Suite 800
Phoenix, AZ 85016

Accepted by FINRA:

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

3/24/2025
Date

S/K
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