

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2022075470401**

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

RE: Stephens Inc. (Respondent)  
Member Firm  
CRD No. 3496

Pursuant to FINRA Rule 9216, Respondent Stephens 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**

Stephens has been a FINRA member since 1950. The firm has been registered with the Municipal Securities Rulemaking Board (MSRB) as a Municipal Dealer since 1976. Stephens is headquartered in Little Rock, Arkansas and has 627 registered individuals located in 24 branch offices. Stephens is a full-service broker-dealer, including municipal securities underwriting.<sup>1</sup>

**OVERVIEW**

From January 2021 through August 2024, Stephens violated MSRB Rule G-27 by failing to establish, maintain, and enforce a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with the provisions of MSRB Rule G-37(b) governing political contributions by firms and municipal finance professionals (MFPs).

For this violation, Stephens is censured and fined \$90,000.

**FACTS AND VIOLATIVE CONDUCT**

This matter originated from a regulatory tip to FINRA.

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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).

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 written supervisory procedures reasonably designed to ensure compliance with MSRB Rule G-27(a).

MSRB Rule G-37 maintains the high standards and integrity of the municipal securities markets and protects investors and municipal entities, by prohibiting broker-dealers and municipal advisors from engaging in municipal securities or advisory business under certain conditions and requiring disclosure of certain political contributions and related information. MSRB Rule G-37(b) prohibits brokers, dealers, and municipal securities dealers from engaging in municipal securities business with a municipal entity within two years of the dealer, an MFP of the dealer, or a political action committee controlled by the dealer or an MFP of the dealer, making a political contribution to an official of the municipal entity with dealer selection influence. MSRB Rule G-37(b) incorporates a *de minimis* exception which allows MFPs to make contributions to issuer officials for whom they are entitled to vote, provided such contributions, in total, do not exceed \$250 per MFP to each official per election.

During the period January 2021 through August 2024, Stephens's WSPs concerning political contributions by the firm's MFPs included procedures designed to determine whether the intended recipient of a political contribution was an issuer official. However, Stephens employed a different process which was not memorialized in the firm's WSPs or elsewhere for the majority of MFP political contributions to candidates for state-level offices from January 2021 through September 2022, which were made by one of the firm's MFPs. For these political contributions, the firm outsourced its responsibility to determine whether the candidates were issuer officials to a third party. The firm directed the third party to obtain a signed certification from each candidate attesting that the candidate was not an issuer official within the meaning of MSRB Rule G-37 before the MFP's contribution was made. However, the firm had no system or procedures to review whether the third party obtained a signed certification from the candidate as required before delivering a political contribution, and the firm did not conduct such reviews. The firm therefore failed to timely detect that, in some instances, the third party delivered contributions from the MFP without first receiving signed certifications, including one instance in which a political contribution was made to an issuer official and exceeded MSRB Rule G-37's *de minimis* exception.<sup>2</sup> The firm's unreasonable supervision created

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<sup>2</sup> The firm did not conduct any municipal securities business with the issuer for whom the candidate was an official within the two-year period set forth in MSRB Rule G-37(b).

the risk that the firm would engage in municipal securities business in violation of MSRB Rule G-37.

The firm terminated its relationship with the third party involved in determining whether candidates were issuer officials in September 2022, and in late 2022 the firm began requiring the Legal Department to review and pre-approve all MFP political contributions. The firm updated its WSPs to reflect these new procedures in August 2024.

By failing to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with MSRB Rule G-37(b), Stephens violated MSRB Rule G-27.

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

- a censure and
- a \$90,000 fine.

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.

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 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.

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



Accepted by FINRA:

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

August 12, 2025  
Date

*Evan Ennis*  
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Principal Counsel  
FINRA  
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