

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022073836301**

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

RE: Benjamin F. Edwards & Co., Inc. (Respondent)
Member Firm
CRD No. 146936

Pursuant to FINRA Rule 9216, Respondent Benjamin F. Edwards & Co., Inc. (Benjamin Edwards) 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

Benjamin Edwards has been a FINRA member since 2009. The firm is a full-service broker-dealer based in St. Louis, Missouri, with approximately 560 registered representatives across over 100 branch offices.¹

OVERVIEW

Between at least October 2019 and December 2023, Benjamin Edwards failed to reasonably supervise its employees' use of text messaging and failed to preserve and review business-related text messages of registered representatives. These failures continued despite the firm being on notice of its failure to capture business-related text messages. Therefore, the firm violated Section 17(a) of the Securities Exchange Act of 1934, Exchange Act Rule 17a-4, and FINRA Rules 4511, 3110, and 2010.

Between November 2018 and October 2019, the firm failed to comply with certain of its discovery obligations in an arbitration brought in FINRA's Dispute Resolution forum. Therefore, the firm violated FINRA Rule 2010.

For these violations, the firm is censured and fined \$750,000.

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

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's review of a January 2022 arbitration award.

A. Benjamin Edwards failed to reasonably supervise its employees' business-related text messages.

FINRA Rule 3110(a) requires that a member firm "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)(1) requires that a member firm "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."

FINRA Rule 3110(b)(4) provides that the firm's supervisory procedures "shall include procedures for the review of incoming and outgoing written (including electronic) correspondence and internal communications relating to the member's investment banking or securities business."

The duty to supervise under Rule 3110 also includes the responsibility to reasonably investigate red flags that suggest that misconduct may be occurring and to act upon the results of such investigation.

A violation of FINRA Rule 3110 is also a violation of FINRA Rule 2010, which requires member firms to "observe high standards of commercial honor and just and equitable principles of trade" in the conduct of their business.

Between at least October 2019 and December 2023, the firm's written supervisory procedures generally prohibited the business use of text messaging except those sent or received through a firm-approved software that would capture and preserve the text messages. However, the firm's supervisory system, including its written procedures, was not reasonably designed because the firm had no process or procedures, written or otherwise, for monitoring for compliance with its text messaging policies.

Notwithstanding the prohibition against using text messaging except through the firm-approved software, registered representatives of the firm, including at least one senior executive, used text messaging for business-related communications through unapproved means. As discussed further in Section I.C. below, discovery sanctions were imposed against the firm in October 2019, but the firm failed to take reasonable steps to comply with its obligations to reasonably supervise, preserve, and review business-related communications despite this red flag.

In May 2023, Benjamin Edwards retained a consultant to review the firm's supervision of text messaging. Based on recommendations from the consultant, by December 2023, the

firm had, among other things, (a) strengthened its WSPs concerning text messaging; (b) required regular certifications concerning its text messaging policies; (c) increased communications and training concerning its text messaging policies; and (d) strengthened its electronic communication monitoring systems.

By failing to reasonably supervise its employees' use of text messaging and failing to review business-related text messages of registered representatives, Benjamin Edwards violated FINRA Rules 3110(a), 3110(b), and 2010.

B. Benjamin Edwards failed to preserve business-related communications.

FINRA Rule 4511 requires member firms to “make and preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules.” Under Exchange Act § 17(a) and Exchange Act Rule 17a-4(b)(4), member firms are required to preserve for a period of at least three years the originals of all communications received, and copies of all communications sent, relating to the member firm's business, including text messages.

A violation of Exchange Act § 17(a), Exchange Act Rule 17a-4, and FINRA Rule 4511 is also a violation of FINRA Rule 2010.

Between October 2019 and December 2023, the firm failed to obtain or preserve all business-related text messages at the time they were exchanged. Although the total number of messages is unknown, during this time period, at least five registered representatives, including one senior executive, sent and received at least 3,560 text messages to communicate about firm business through unapproved text messaging applications on their personal devices. These text messages involved, among other things, receiving investment directives and sensitive personal information from customers and giving investment advice to customers. Benjamin Edwards was able to recover certain of these text messages during FINRA's investigation.

Therefore, Benjamin Edwards violated § 17(a) of the Securities Exchange Act of 1934, Exchange Act Rule 17a-4, and FINRA Rules 4511 and 2010.

C. Benjamin Edwards failed to comply with its discovery obligations in a FINRA arbitration.

FINRA Code of Arbitration Procedure for Industry Disputes IM-13000(c) states, “It may be deemed conduct inconsistent with just and equitable principles of trade and a violation of Rule 2010 for a member or a person associated with a member to . . . fail to appear or to produce any document in his possession or control as directed pursuant to provisions of the [FINRA] Code [of Arbitration Procedure for Industry Disputes].”

In September 2017, a FINRA member firm filed an arbitration against Benjamin Edwards and certain of its registered representatives related to Benjamin Edwards' recruiting of four of its registered representatives. Benjamin Edwards received discovery requests in December 2017 for electronic communications relevant to the dispute dating back to

before September 2016. The arbitration panel issued orders in October 2018 compelling Benjamin Edwards to produce the requested communications by November 2018, which included business-related text messages. Benjamin Edwards failed to timely and fully comply with the arbitration panel's orders, and the arbitration panel issued an order in May 2019 imposing sanctions.

In July 2019, the arbitration panel paused the proceeding and ordered depositions of registered representatives of the firm related to, among other things, potentially discoverable text messages. The depositions revealed the existence of responsive text messages that had not been produced in discovery. Subsequently, Benjamin Edwards was belatedly able to obtain and produce some, but not all, of the responsive text messages. In October 2019, the arbitration panel issued a second order imposing additional sanctions because Benjamin Edwards did not cure the discovery deficiency.

Therefore, Benjamin Edwards violated FINRA Rule 2010.

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

- a censure; and
- a \$750,000 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 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.

January 15, 2026

Date



Benjamin F. Edwards & Co., Inc.
Respondent

Print Name: Tad Edwards

Title: Chairman & CEO

Reviewed by:



Jeff Ziesman
Counsel for Respondent
Norton Rose Fullbright US LLP
7676 Forsyth Boulevard, Suite 2230
St. Louis, MO 63105

Accepted by FINRA:

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



January 30, 2026

Date

Christopher L. Donati
Counsel
FINRA
Department of Enforcement
Brookfield Place
200 Liberty Street
New York, NY 10281