FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021069350301

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

RE: Murray Securities, Inc. (Respondent)
Member Firm
CRD No. 142783

Pursuant to FINRA Rule 9216, Respondent Murray Securities, 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

Murray Securities has been a FINRA member firm since 2007. The firm, which is located in Tyler, Texas, has three registered representatives and conducts a general securities business with retail customers.[1]

OVERVIEW

Since June 30, 2020, Murray Securities has failed to establish and maintain a supervisory system, and has failed to establish, maintain, and enforce written policies and procedures, reasonably designed to achieve compliance with Exchange Act Rule 15*l*-1 (Regulation Best Interest or Reg BI). As a result, the firm has willfully violated Securities Exchange Act of 1934 Rule 15*l*-1(a)(1) and has violated FINRA Rules 3110 and 2010.

Since June 30, 2020, Murray Securities also has omitted required information from its Form CRS, and has failed to establish and maintain a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with its Exchange Act Rule 17a-14 obligations to prepare, deliver, and update its customer relationship summary (Form CRS). As a result, Murray Securities has willfully violated Section 17(a)(1) of the Exchange Act and Exchange Act Rule 17a-14, and has violated FINRA Rules 3110 and 2010.

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[1] For more information about the firm, visit BrokerCheck® at www.finra.org/brokercheck.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a firm examination of Murray Securities.

A. Murray Securities has failed to establish written policies and procedures, and a supervisory system, 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 15*l*-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 15*l*-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.[2]

Additionally, Reg BI's Conflict of Interest Obligation, set forth at Exchange Act Rule 15*l*-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.

A violation of Exchange Act Rule 15*l*-1(a)(1) and FINRA Rule 3110 also is a violation of FINRA Rule 2010, which requires member firms to observe high standards of

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

commercial honor and just and equitable principles of trade in the conduct of their business.

Since June 30, 2020, Murray Securities has failed to establish, maintain, and enforce written policies and procedures reasonably designed to achieve compliance with Reg BI. The firm's written policies and procedures contained no provisions relating to Reg BI until October 20, 2021. The updated policies and procedures, which remain in effect today, discuss Reg BI in general terms, without addressing Reg BI's Conflict of Interest Obligation or establishing written policies and procedures relating to conflicts of interest, and without describing procedures for achieving compliance with Reg BI's Care Obligation.[3] For example, as to the Care Obligation, the policies and procedures do not call for registered representatives to consider costs or reasonably available alternatives when making recommendations to retail customers. As a result, the firm failed to comply with the Compliance Obligation and the Conflict of Interest Obligation.

Since June 30, 2020, Murray Securities also has failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with Reg BI. In particular, the WSPs do not detail the supervisory steps and reviews that should be undertaken by the principal responsible for supervising compliance with Reg BI—including the frequency of those reviews, how reviews should be documented, and whether any exception reports or automated systems should be used to conduct such reviews.

Therefore, Murray Securities willfully violated Exchange Act Rule 15*l*-1(a)(1) and violated FINRA Rules 3110 and 2010.

B. Murray Securities has omitted required information from its Form CRS, and has failed to establish a supervisory system, including 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, 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.

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[3] Reg BI's Care Obligation, set forth at Exchange Act Rule 15*l*-1(a)(2)(ii), requires broker-dealers and their associated persons to exercise reasonable diligence, care, and skill to, among other things, have a reasonable basis to believe that each recommended transaction or series of transactions made is in the best interest of the retail customer.

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.

A violation of Exchange Act § 17(a)(1), Exchange Act Rule 17a-14, and FINRA Rule 3110 also is 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.

Since June 30, 2020, Murray Securities has omitted required information from its Form CRS. For example, the firm's initial Form CRS omitted required conversation starters and failed to include the required question, "Do you or your financial professionals have legal or disciplinary history?" And while the firm included some of this information in the updated Form CRS that it filed on November 1, 2021, that Form CRS continues to omit required information. Most significantly, the instructions to Form CRS require the firm to include the following statement: "*When we provide you with a recommendation*, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations we provide you. Here are some examples to help you understand what this means." Murray Securities' Form CRS, however, does not include the entire statement or provide examples of potential conflicts of interest.

Since June 30, 2020, Murray Securities also has failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with its Form CRS obligations. Until October 20, 2021, Murray Securities' WSPs contained no reference to Form CRS. Although the firm's updated WSPs, which remain in effect today, address Form CRS, they do not prescribe procedures for supervising how the firm should review its Form CRS to determine whether updates are required, or how the firm should maintain records regarding its delivery of Form CRS to each retail investor.

Accordingly, Murray Securities willfully violated Exchange Act § 17(a)(1) and Exchange Act Rule 17a-14, and violated FINRA Rules 3110 and 2010.

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

- a censure;
- a $35,000 fine; and

- an undertaking that, within 60 days of the date of the notice of acceptance of this AWC, a member of Respondent's management who is a registered principal of the firm shall certify in writing that, as of the date of the certification, the firm has: (a) reviewed and remediated the deficiencies in its Form CRS, and has filed, delivered, and posted to its publicly-available website a Form CRS that complies with Exchange Act § 17(a)(1), Exchange Act Rule 17a-14, and FINRA Rule 2010; and (b) implemented a supervisory system (including WSPs) and training reasonably designed to achieve compliance with both Regulation Best Interest and with Form CRS requirements. 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 Rebecca Segrest, Senior Counsel, FINRA, Department of Enforcement, 9509 Key West Avenue, Rockville, MD 20850-3329, with a copy to Rebecca.Segrest@finra.org and EnforcementNotice@finra.org. Upon written request showing good cause, FINRA staff may extend this deadline.

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 Section 17(a)(1) of the Securities Exchange Act of 1934, and Exchange Act Rules 15*l*-1(a)(1) and 17a-14, 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;

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.

3/15/24
Date

Murray Securities, Inc.
Respondent

Print Name: Gary V. Murray

Title: Pres.

Accepted by FINRA:

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

April 8, 2024
Date

Rebecca Segrest[4]
Senior Counsel
FINRA
Department of Enforcement
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[4] Licensed to practice law in Georgia only.