FINANCIAL INDUSTRY REGULATORY AUTHORITY

In the Matter of the Continued Association of Michael J. Murray (CRD No. 5034449) as a General Securities Representative and Investment Banking Representative with Laidlaw & Company (UK) Ltd. (CRD No. 119037)	Notice Pursuant to Rule 19h-1 Securities Exchange Act of 1934 SD-2405 **March 28, 2025**

I. Introduction

On July 24, 2024, Laidlaw & Company (UK) Ltd. ("Laidlaw" or "Firm") submitted a Membership Continuance Application ("MC-400" or "Application") to FINRA's Credentialing, Registration, Education, and Disclosure ("CRED") Department seeking to permit Michael Murray ("Murray"), a person subject to disqualification, to continue associating with the Firm as a General Securities Representative ("GS") and Investment Banking Representative ("IB").[1] A hearing was not held in this matter; rather, pursuant to FINRA Rule 9523(b), Member Supervision is filing this Notice pursuant to Rule 19h-1 of the Securities Exchange Act of 1934 ("Exchange Act" or "SEA") approving the Firm's request to continue its association with Murray as a GS and an IB.

II. The Statutory Disqualifying Event

Murray is subject to statutory disqualification as that term is defined by Exchange Act Section 3(a)(39)(F), incorporating by reference Section 15(b)(4)(H)(i), due to a May 9, 2024 Maryland Securities Commissioner Consent Order ("Maryland Consent Order") in which Murray's registration with the State of Maryland was terminated and Murray agreed not to apply or reapply for registration as a broker-dealer agent, investment adviser, or investment adviser representative

[1] *See* MC-400 and related attachments compiled by CRED, with a cover memorandum dated August 1, 2024, attached as Exhibit 1, at FINRA00197. The MC-400 does not state that the Firm is seeking for Murray to continue in an IB capacity, but Laidlaw clarified in its discovery responses that it was in fact seeking for Murray to continue in his IB capacity. *See* Firm Discovery Responses dated August 27, 2024 and December 12, 2024, collectively attached as Exhibit 2 at FINRA p. 3 Request 7.

with the State of Maryland.[2] The Maryland Consent Order was entered based on Section 11-412(a)(7) of the Maryland Securities Act, which authorizes the Commissioner to revoke any registration if she finds that the registrant has engaged in dishonest or unethical practices in the securities or investment advisory or any other financial services business.[3] The Maryland Consent Order cites to a November 20, 2023 Securities and Exchange Commission ("SEC") Order Instituting Cease and Desist Proceedings against Murray ("Murray SEC Order") as the basis for terminating his Maryland registration under the section of the Maryland Securities Act discussed above.[4]

The Murray SEC Order found that from July 2020 through October 2021, Murray willfully violated Exchange Act Rules 15*l*-1(a)(2)(ii)(C) and 15*l*-1(a)(1) (Regulation Best Interest or "Reg BI" rules) by making a series of recommendations to four retail customers without a reasonable basis for believing they were not excessive in light of their investment profiles, and engaging in a strategy of in-and-out trades that placed Murray's interest in generating commissions ahead of the customers' interests.[5] The Murray SEC Order also found that cost-to-equity ratios and turnover rates for the four customers' accounts exceeded thresholds indicative of excessive trading.[6] In the Murray SEC Order, Murray consented to cease and desist from further violations, a censure, and a payment of disgorgement of $24,414.17, prejudgment interest of $1,143.91, and a civil penalty of $20,000.[7] FINRA confirmed Murray's full compliance with the sanctions on December 14, 2023.[8]

Laidlaw's Challenge to FINRA's Statutory Disqualification Determination

In its Application, the Firm challenged FINRA's determination that the Maryland Consent Order rendered Murray statutorily disqualified.[9] The Firm argued that Murray is not statutorily disqualified under Exchange Act Section 15(b)(4)(H)(i), which states that an individual is

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[2] *See* Maryland Consent Order, *In re Michael J. Murray*, File No. BD20230512, Docket No. 2023-0369 (Md. Sec. Comm'n May 9, 2024), attached as Exhibit 3 at FINRA p. 3.

[3] *Id*. at FINRA p. 2.

[4] *Id*. at FINRA pp. 1-2. *See also* Murray SEC Order, *In re Richard Michalski and Michael Murray*, Exchange Act Release No. 98984 (Nov. 20, 2023), attached as Exhibit 4. This order also subjected Murray to statutory disqualification as defined in Section 3(a)(39)(F) of the Exchange Act, incorporating by reference Section 15(b)(4)(D).

[5] *See* Exhibit 3 at FINRA p. 1. *See also* Exhibit 4 at pp. 2, 4-5.

[6] *See* Exhibit 3 at FINRA p. 2. *See also* Exhibit 4 at pp. 3-4, para. 9-11.

[7] *See* Exhibit 3 at FINRA p. 2. *See also* Exhibit 4 at pp. 5-6.

[8] *See* Affidavit of Theologos S. Basis dated December 14, 2023 with proof of payment, attached as Exhibit 5. Since there were no sanctions in effect for statutory disqualification purposes, an application to continue in membership was not required under FINRA rules. *See also* FINRA Regulatory Notice 09-19 (June 15, 2009). As such, a 19h-1 Notice was not filed in connection with this matter.

[9] *See* Exhibit 1 at FINRA 00209.

disqualified if subject to a final order of a State securities regulator that "bars such person from association with an entity regulated by such … agency … or from engaging in the business of securities," because the "Ordered" section of the Maryland Consent Order does not use the word "bar."[10] Laidlaw argues that the "Ordered" section only states that Murray's "agent registration with the State of Maryland is terminated as of the date of the Consent Order" and he "agrees not to apply or reapply for registration."[11] Member Supervision reviewed Laidlaw's challenge and addresses it further below.

III. Background Information

A. Murray

1. Proposed Duties and Responsibilities

Laidlaw proposes that Murray will continue to work from its home U.S. office location at 521 5th Avenue, 12th Floor, New York, New York 10175 where he typically works five days per week.[12] In its Application, the Firm proposes that Murray's duties will include all duties typical of a General Securities Representative, including making investment recommendations, and he will be compensated via commissions.[13] More specifically, Murray offers investment products and opportunities to his customers, including long-term public and private investments, investment management services provided by a registered investment advisor, and higher-risk event-driven investment recommendations.[14] Murray's day-to-day activities as a General Securities Representative include actively monitoring the markets through a variety of mediums, reading financial news and research reports from a variety of sources, and communicating with clients and prospective clients about their positions and potential opportunities.[15] He will not be engaging in discretionary trading in his customers' broker-dealer accounts, nor will he act in a supervisory capacity.[16] While Murray is also seeking approval to continue associating as an Investment Banking Representative, the Firm represents that he does not work on investment banking transactions, but rather, he makes recommendations to his customers to invest in private placement offerings being conducted by Laidlaw's Investment Banking Department.[17]

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[10] *Id*.

[11] *Id*.

[12] *See* Exhibit 1 at FINRA 00198 Item 6; Exhibit 2 at FINRA p. 6 Request 5.

[13] *See* Exhibit 1 at FINRA 00197 Items 4 and 5.

[14] *Id*. at FINRA 00210.

[15] *See* Exhibit 2 at FINRA p. 5 Request 1.

[16] *See* Letter of Consent to Heightened Supervision Plan, executed March 24, 2025, attached as Exhibit 6.

[17] *See* Exhibit 2 at FINRA p. 6 Request 4.

2. Registration and Employment History

Murray first registered in the securities industry as a General Securities Representative in October 2005 after passing the General Securities Representative Examination (Series 7) and the Uniform Securities Agent State Law Examination (Series 63).[18] He was approved to work as an Investment Banking Representative in April 2010.[19] In addition, he received credit for the Securities Industry Essentials Examination (SIE) and Investment Banking Representative Examination (Series 79TO) in October 2018 and January 2023, respectively.[20] Murray has been registered with Laidlaw as a GS and IB since October 2010.[21]

Murray has been associated with the following firms during the following periods:[22]

Firm	Period of Employment
Laidlaw & Company (UK) Ltd.	10/2010 – Present
Aegis Capital Corp.	05/2008 – 10/2010
Casimir Capital L.P.	08/2005 – 05/2008

3. Outside Business Activities ("OBAs")

According to CRD, Murray owns a passive interest in STAQ Partners, LLC, an Investment Adviser to which he devotes zero hours per month.[23]

4. Disciplinary and Regulatory History

SEC Action

In November 2023, Murray was the subject of the Murray SEC Order discussed above which found that he willfully violated Exchange Act Rules 15l-1(a)(2)(ii)(C) and 15l-1(a)(1) (Reg BI rules) by making a series of recommendations to four retail customers without a reasonable basis for believing they were not excessive in light of their investment profiles.[24] In the Murray SEC Order, Murray consented to cease and desist from further violations, a censure, and a payment of

[18] *See* Central Registration Depository ("CRD") Snapshot for Murray, attached as Exhibit 7 at pp. 6, 10.

[19] *Id*. at p. 5.

[20] *Id*. at p. 10.

[21] *Id*. at p. 4.

[22] *Id.* at pp. 3-7.

[23] *Id.* at p. 9.

[24] *See* Exhibit 4 at p. 2.

disgorgement of $24,414.17, prejudgment interest of $1,143.91, and a civil penalty of $20,000.[25] FINRA confirmed Murray's full compliance with the sanctions on December 14, 2023.[26]

Customer Complaint

FINRA is aware of one recent customer complaint involving Murray. In September 2024, a customer filed a FINRA Arbitration against the Firm, but not Murray personally, seeking $399,000 in damages for claims related to equities and a private placement investment that allegedly involved Murray.[27] Murray represents that the matter will be defended vigorously.[28] The matter is still pending.[29]

B. The Firm

1. Background

Laidlaw is headquartered in London, England.[30] The Firm has been a FINRA member since July 2002.[31] The Firm is also a member of the Municipal Securities Rulemaking Board ("MSRB").[32]

The Firm has six branches (one of which is an Office of Supervisory Jurisdiction).[33] The Firm employs 44 registered representatives (13 of whom are registered principals), one operations professional, and eight non-registered fingerprinted persons.[34] The Firm employs three other statutorily disqualified individuals.[35]

Laidlaw is approved to engage in the following lines of business: broker or dealer retailing corporate equity securities over-the-counter; broker or dealer selling corporate debt securities;

[25] *Id.* at pp. 5-6.

[26] *See* Exhibit 5.

[27] *See* CRD Occurrence Composite for Occurrence 2364524, attached as Exhibit 8.

[28] *Id*. at p. 5, Item 24.

[29] *Id*. at p. 3, Item 8.

[30] *See* CRD Snapshot for Laidlaw attached as Exhibit 9, at p. 3.

[31] *Id.*

[32] Membership in this organization was verified by FINRA staff through a search of public member directories, last performed on February 3, 2025.

[33] FINRA confirmed this through an analysis of the Firm's information contained in CRD, last performed on February 3, 2025.

[34] *Id.*

[35] *See* Appendix A.

underwriter or selling group participant (corporate securities other than mutual funds); mutual fund retailer; municipal securities broker; broker or dealer selling variable life insurance or annuities; put and call broker or dealer or option writer; non-exchange member arranging for transactions in listed securities by exchange member; private placements of securities; and other securities business such as the creation and distribution of research.[36]

2. Recent Examination History

In the past two years, FINRA completed four routine examinations of the Firm, all of which resulted in Cautionary Action Letters ("CALs"). FINRA also completed two non-routine examinations that resulted in CALs.

a. FINRA Routine Examinations

In February 2024, FINRA issued a CAL to the Firm for three of the eight exceptions noted in the completed routine FINRA examination.[37] An additional four exceptions were referred to FINRA's Department of Enforcement ("Enforcement") for further review and disposition.[38] FINRA took no further action with respect to one exception.[39] The three exceptions that were the subject of the CAL pertained to the Firm's failure to: maintain accurate books and records related to individuals associated with a specific registered representative code;[40] enforce its written supervisory procedures ("WSPs") regarding due diligence by failing to ensure that disclosures were made by an issuer to the Firm's clients;[41] and provide evidence that all prospective investors in a certain offering were provided the associated term sheet for that offering.[42] The Firm responded in writing that it will strive to assign customers previously assigned to the problematic rep code to a new registered representative to handle the transaction, it added a procedure to its WSPs to ensure issuers provide the required disclosures to clients, and it revised its WSPs to obtain confirmation and make a record that an issuer's term sheet has been provided to each prospective investor.[43] The four exceptions referred to Enforcement pertained to the Firm's failure to maintain the minimum net capital requirement,[44] include the dates when reconciliations of bank accounts were

[36] *See* CRD Excerpts: Types of Business and Other Business Descriptions, collectively attached as Exhibit 10.

[37] *See* Disposition Letter for Examination No. 20230770612 dated February 26, 2024, Examination Report dated December 15, 2023, and Firm Response dated January 16, 2024, collectively attached as Exhibit 11.

[38] *Id*. at FINRA p. 1.

[39] *Id*.

[40] *Id*. at FINRA p. 7, Exception 5.

[41] *Id*. at FINRA p. 8, Exception 6.

[42] *Id*. at FINRA p. 8, Exception 7.

[43] *Id*. at FINRA pp. 13-16.

[44] *Id*. at FINRA p. 5, Exception 1.

performed with the evidence of review,[45] include accurate balance information in a FOCUS report filing,[46] and establish and enforce WSPs related to the Firm's reconciliation process.[47] The Firm responded in writing that it hired a new Chief Accounting Officer and updated its WSPs.[48]

In November 2023, FINRA issued the Firm a CAL stemming from a routine examination that resulted in a referral to Enforcement.[49] The CAL pertained to the Firm's failure to document that it considered whether one of its registered representative's outside business activities might interfere with his responsibilities to the Firm and his customers, or be viewed by customers or the public as part of the Firm's business.[50]

In March 2023, the Firm was issued a CAL for seven of the 13 exceptions noted in the completed routine FINRA examination.[51] The remaining six exceptions were referred to Enforcement for additional review and disposition.[52] The seven exceptions that were the subject of the CAL pertained to the Firm's failure to: establish and enforce WSPs reasonably designed to achieve compliance with Reg BI's Conflicts of Interest Obligation because the WSPs failed to eliminate sales contests, sales quotas, bonuses, and non-cash compensation that is based on sales of specific securities types within a limited period of time;[53] post Form CRS prominently on its website;[54] deliver Form CRS to certain customers;[55] acknowledge or attest that recommendations from an annual branch inspection were undertaken;[56] establish an adequate supervisory system and reasonably enforce exiting procedures in reviewing exceptions generated by asset movements;[57]

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[45] *Id*. at FINRA pp. 5-6, Exception 2.

[46] *Id*. at FINRA p. 6, Exception 3.

[47] *Id*. at FINRA pp. 6-7, Exception 4.

[48] *Id*. at FINRA pp. 11-13. As of the date of this Notice, the exceptions referred to Enforcement remain open.

[49] *See* CAL for Examination No. 20200656833 dated November 13, 2023, attached as Exhibit 12. The routine examination yielded a referral to Enforcement on October 1, 2021, which ultimately resulted in this CAL.

[50] *Id*. The Firm was not required to provide a written response.

[51] *See* Disposition Letter for Examination No. 20220732975 dated March 14, 2023, Examination Report dated December 27, 2022, and Firm Response dated January 25, 2023, collectively attached as Exhibit 13.

[52] *Id*. at FINRA p. 1.

[53] *Id*. at FINRA p. 9, Exception 4.

[54] *Id*. at FINRA p. 10, Exception 5.

[55] *Id*. at FINRA p. 10, Exception 6.

[56] *Id*. at FINRA p. 12, Exception 8.

[57] *Id*. at FINRA pp. 13-14, Exception 10.

accurately calculate undue concentration charges;[58] and establish an agreement to memorialize intercompany services activity including allocation of costs associated with that activity.[59] The Firm responded in writing that it updated its WSPs to expressly state that sales contests are prohibited, updated its website to prominently display a link to Form CRS, updated its procedures for sending Form CRS to customers, instituted a formal process for acknowledging when corrective actions are taken in response to an audit or inspection, updated its procedures related to reviewing exceptions pertaining to wire transfers, changed the way it performs its undue concentration calculation, and committed to memorializing an agreement related to the allocation of costs for intercompany activities.[60] The six exceptions referred to Enforcement pertained to the Firm's failure to: properly exercise reasonable diligence, care and skill for several customer accounts given the level and frequency of trading in those accounts;[61] establish, maintain, and enforce an adequate supervisory system including WSPs reasonably designed to achieve compliance with Reg BI, related to supervising accounts for excessive trading;[62] establish and enforce reasonable supervision over certain customer accounts related to potential unauthorized trading;[63] properly update Form U4s to report customer complaints;[64] and enforce its written procedures related to retention of records related to written customer complaints.[65] The Firm responded in writing that it updated its WSPs related to detecting and supervising excessive trading, terminated the individual representative involved with the accounts at issue, updated its procedures related to evaluating historical customer complaints, updated its customer complaint intake form to make it easier to determine whether a U4 amendment is required, and updated its procedures for retaining customer complaint files.[66]

In February 2023, FINRA issued the Firm a CAL stemming from a routine FINRA examination that resulted in a referral to Enforcement.[67] The CAL was due to a) the Firm's failure to establish,

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[58] *Id*. at FINRA p. 15, Exception 12.

[59] *Id*. at FINRA pp. 15-16, Exception 13.

[60] *Id*. at FINRA pp. 26-35.

[61] *Id*. at FINRA pp. 5-7, Exceptions 1 and 2.

[62] *Id*. at FINRA pp. 7-9, Exception 3.

[63] *Id*. at FINRA pp. 11-12, Exception 7.

[64] *Id*. at FINRA pp. 12-13, Exception 9.

[65] *Id*. at FINRA pp. 14-15, Exception 11.

[66] *Id*. at FINRA pp. 18-34. As of the date of this Notice, the exceptions referred to Enforcement remain open.

[67] *See* CAL for Examination No. 20190606468 dated February 17, 2023, attached as Exhibit 14. The routine examination originally yielded a CAL to the Firm in April 2020 for nine exceptions, with an additional five exceptions referred to Enforcement for further review and disposition. *See* Disposition Letter for Examination No. 20190606468 dated April 6, 2020, Examination Report dated December 20, 2019, and Firm Response dated February 26, 2020, collectively attached as Exhibit 15.

maintain, and enforce a supervisory system reasonably designed to supervise the holding periods of non-traditional exchange-traded funds and b) the Firm's failure to report (or timely report) nine customer arbitrations on Forms U4 or Forms U5.[68]

b. FINRA Non-Routine Examinations

In November 2024, FINRA issued the Firm a CAL as a result of the Firm's violation of the Care Obligation of Reg BI by recommending that retail customer invest in a high-risk illiquid offering, resulting in an over-concentration of her net worth, and violation of the Compliance Obligation of Reg BI by failing to reasonably supervise whether a registered representative's recommendations complied with Reg BI.[69]

In December 2023, FINRA issued the Firm a CAL due to its failure to submit a written request for a materiality consultation or file a continuing membership application prior to registering an individual with two or more specified risk events in the prior five years.[70]

3. Relevant Disciplinary History

Laidlaw has been the subject of three recent disciplinary matters: one AWC entered into with FINRA, a Consent Order entered by the Commissioner of the Securities and Business Investments Division of the Connecticut Department of Banking, and an order entered by the SEC.

a. FINRA Action

On February 17, 2023, Laidlaw entered into an AWC with FINRA in connection with several violations, including: 1) failing to maintain the required minimum net capital, in violation of Exchange Act Section 15(c), Rule 15c3-1 thereunder, and FINRA Rules 4110(b) and 2010; 2) failing to timely file required notices of net capital deficiency with the SEC and FINRA in violation of Exchange Act Section 17(a) and Rule 17a-11(b) thereunder and FINRA Rule 2010; 3) failing to maintain accurate books and records concerning its net capital position and timely file accurate FOCUS reports, in violation of Exchange Act Section 17(a), Rules 17a-3 and 17a-5 thereunder, and FINRA Rules 4511 and 2010; and 4) failing to maintain a supervisory system reasonably designed to achieve compliance with FINRA Rule 2111 in connection with due diligence of private placement offerings.[71] The Firm consented to a censure, a $200,000 fine, and

[68] *See* Exhibit 14. Several additional exceptions resulted in a Letter of Acceptance, Waiver, and Consent ("AWC") between FINRA and the Firm on February 17, 2023. *See* FINRA AWC No. 2019060646801 dated February 17, 2023, attached as Exhibit 16.

[69] *See* CAL for Examination No. 20220753347 dated November 21, 2024, attached as Exhibit 17. The Firm was not required to submit a written response.

[70] *See* CAL for Examination No. 20230796584 dated December 20, 2023, attached as Exhibit 18. The Firm was not required to submit a written response.

[71] *See* Exhibit 16.

to comply with undertakings related to its supervisory system.[72] The Firm paid the fine on March 5, 2023.[73] The Firm certified its compliance with the required undertakings on April 18, 2023.[74]

b. Connecticut Action

On January 23, 2023, the Commissioner of the Securities and Business Investments Division of the Connecticut Department of Banking entered a Consent Order against Laidlaw which was based on evidence that Laidlaw violated Section 36b-31-15a of the Regulations of the Connecticut State Agencies because the Firm 1) caused or induced trading in at least one customer's account which was excessive in size or frequency in view of the customer's financial situation and needs as disclosed by the customer and 2) exercised discretionary trading authority for at least one client account without first obtaining written discretionary authority from the client.[75]

Laidlaw consented to a fine of $200,000, was ordered to cease and desist from further violations of Regulations Section 36b-31-15a, was ordered to cover the cost of one or more examinations of the Firm conducted by Connecticut within 18 months of the order (not to exceed $10,000), and agreed to retain an independent compliance consultant for a period of two years to review the Firm's operations and internal supervisory and compliance procedures.[76] The Firm was also ordered to refrain from engaging in the following activities for a period of two years: exercising discretionary trading in any Connecticut client account, utilizing margin in any Connecticut client account opened after the entry of the order, maintaining any Connecticut branch offices, selling private placement offerings to any Connecticut client unless the client is an accredited investor, and selling certain securities to Connecticut customers.[77]

c. SEC Order

On November 20, 2023, the SEC issued an order finding that from July 2020 through October 2021, Laidlaw willfully violated several provisions of Reg BI and failed reasonably to supervise

[72] *Id*. at p. 5.

[73] *See* CRD Disclosure Composite for Occurrence 2257973, attached as Exhibit 19, at p. 3, Item 13C.

[74] *See* Correspondence from Richard Babnick Jr. to FINRA dated April 18, 2023, attached as Exhibit 20.

[75] *See* Connecticut Consent Order, *In re Laidlaw & Company (UK) Ltd.*, Matter No. CO-22-202018-S (Conn. Dept. of Banking Jan. 23, 2023), attached as Exhibit 21. This order caused the Firm's statutory disqualification, as that term is defined in Section 3(a)(39)(F) of the Exchange Act, incorporating by reference Section 15(b)(4)(H)(ii). On June 14, 2024, FINRA filed a Rule 19h-1 Notice with the SEC approving the Firm's continued membership, which the SEC acknowledged on July 12, 2024. *See* Prior 19h-1 Notice, *In re Laidlaw & Company (UK) Ltd.*, SD-2359, (FINRA June 14, 2024), and the SEC's Letter of Acknowledgement dated July 12, 2024, collectively attached as Exhibit 22.

[76] *See* Exhibit 21 at pp. 4-6. The Firm paid the fine. *See* Correspondence from Laidlaw to the Connecticut Department of Banking dated January 19, 2023 with accompanying check, attached as Exhibit 23. The Firm represented that it is in compliance with the undertakings. *See* Exhibit 2 at FINRA p. 7, Request 6.

[77] *See* Exhibit 21 at pp. 5-6.

two registered representatives who violated Section 17(a) of the Securities Act of 1933, Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder ("Laidlaw SEC Order").[78] According to the Laidlaw SEC Order, Laidlaw violated Exchange Act Rule 15l-1(a)(2)(ii)(C), the quantitative prong of Reg BI's Care Obligation, when two of its registered representatives made a series of recommended transactions that placed the financial interest of the Firm ahead of the interest of the customers and without a reasonable basis to believe that the series of recommended transactions were not excessive in light of the customers' investment profiles.[79] Laidlaw also violated Exchange Act Rule 15l-1(a)(2)(vi) when it failed to establish, maintain, and enforce written policies and procedures reasonably designed to achieve compliance with the quantitative prong of Reg BI's Care Obligation.[80] The Firm also violated Rule 15l-1(a)(1), Reg BI's General Obligation, as a result of the above violations.[81] Furthermore, the Firm failed to develop and implement reasonable supervisory policies and procedures, in that it did not have a system to determine whether the direct supervisor of the two representatives was carrying out his responsibility to supervise the representatives' recommendations for suitability purposes, thereby failing to reasonably supervise the representatives.[82] For these violations, the Firm was censured, ordered to cease and desist from committing or causing any future violations, and ordered to pay disgorgement ($547,712.36), prejudgment interest ($51,844.22), and civil penalties ($223,328), totaling $822,884.58.[83] The Firm fully paid these amounts by January 16, 2024.[84]

4. Prior 19h-1 Notices

FINRA previously filed one Rule 19h-1 Notice approving Laidlaw's continued membership notwithstanding the existence of its statutory disqualification.

On June 14, 2024, FINRA filed a Rule 19h-1 Notice approving Laidlaw's continued membership notwithstanding its statutory disqualification stemming from the January 23, 2023 Connecticut Consent Order discussed above.[85] The Commission acknowledged FINRA's Notice on July 12,

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[78] *See* Laidlaw SEC Order, *In re Laidlaw and Company (UK) Ltd.*, Exchange Act Release No. 98983 (Nov. 20, 2023), attached as Exhibit 24. This order subjects the Firm to statutory disqualification as defined in Exchange Act Section 3(a)(39)(F), incorporating by reference Sections 15(b)(4)(D) and (E).

[79] *Id*. at p. 2.

[80] *Id*.

[81] *Id*.

[82] *Id*.

[83] *Id*. at pp. 8-9.

[84] *See* Affidavit of Theologos S. Basis dated January 22, 2024 and accompanying proof of payment, collectively attached as Exhibit 25. Since there are no sanctions in effect for statutory disqualification purposes, an application to continue in membership is no longer required under FINRA rules. *See also* FINRA Regulatory Notice 09-19 (June 15, 2009). As such, a 19h-1 Notice was not filed in connection with this matter.

[85] *See* Exhibit 22.

2024.[86]

IV. Proposed Supervision

A. Primary Supervisor – Charles Smulevitz (CRD No. 5099387)

Murray will be supervised by Charles Smulevitz ("Smulevitz"), Senior Compliance Manager for Laidlaw.[87] Smulevitz works from the Firm's office location at 521 5th Avenue, 12th Floor, New York, New York 10175,[88] which is the same office where Murray is located.[89] Smulevitz has 18 years of investment industry experience including 15 years in a compliance capacity.[90] Since 2013, he has been a Branch Manager and a Senior Compliance Officer at Laidlaw, and he spent 10 years supervising the registered representatives of the Melville branch office.[91] His experience includes reviewing correspondence, reviewing trading activity, new account documentation, and performing compliance functions over Laidlaw's customer accounts including responding to exception reports generated by the Firm's surveillance system.[92] Smulevitz currently supervises three registered representatives and one sales assistant at the Firm, whom he has been supervising for 10-12 years.[93]

Murray and Smulevitz are not related by blood or marriage.[94] Murray does not have any business or financial relationship with Smulevitz that is distinct from their employment at Laidlaw.[95]

1. Registration and Employment History

In April 2006, Smulevitz entered the securities industry as a General Securities Representative (Series 7).[96] He registered as a General Securities Principal (Series 24) in August 2006 and a

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[86] *Id*. at FINRA p. 19.

[87] *See* Exhibit 6. In its Application, the Firm originally proposed Smulevitz as an alternate supervisor. *See* Exhibit 1 at FINRA 00198.

[88] *See* Exhibit 1 at FINRA 00199, Item 6. *See* CRD Snapshot for Smulevitz, attached as Exhibit 26 at pp. 17-18.

[89] *See* Exhibit 1 at FINRA 00198.

[90] *Id*. at FINRA 00213.

[91] *See* Exhibit 2 at FINRA p. 7, Request 7.

[92] *Id*. *See also* Exhibit 1 at FINRA 00213.

[93] *See* Exhibit 2 at FINRA p. 4 and p. 8, Request 8.

[94] *See* Exhibit 1 at FINRA 00198, Item 3.

[95] *Id*. at FINRA 00199, Item 4.

[96] *See* Exhibit 26 at pp. 12, 21.

Registered Options Principal (Series 4) in October 2006, and an Equity Trader Limited Representative (Series 55) in November 2006.[97] He registered as a Research Principal (Series 87) in June 2009.[98] He was approved to work as an Investment Banking Representative in April 2010 and became a Municipal Securities Principal (Series 53) in October 2010.[99] He was approved to work as an Operations Professional in 2011, a General Securities Sales Supervisor in 2012, a Securities Trader in 2016, and a Securities Trader Principal in 2016.[100] He received credit for the Securities Industry Essential Examination ("SIE") in October 2018 and was approved to work as an Investment Banking Principal, and became an Introducing Broker-Dealer Financial and Operations Principal (Series 28) in August 2019.[101] In January 2023, Smulevitz also received credit for the Compliance Officer Examination (Series 14), Municipal Securities Representative Qualification Examination (Series 52TO), Securities Trader Representative Examination (Series 57TO), Uniform Securities Agent State Law Examination (Series 63), Investment Banking Representative Examination (Series 79TO), and Operations Professional Examination (Series 99TO).[102]

Smulevitz has been associated with the following firms during the following periods:[103]

Firm	Period of Employment
Laidlaw & Company (UK) Ltd.	03/2013 – Present
Spencer Clarke LLC	04/2018 – Present
Mundial Financial Group, LLC	08/2019 – Present
Fredericks Michael Securities, Inc.	03/2022 – Present
Pacific Century Securities, LLC	05/2022 – Present
Redswan Markets, LLC	11/2022 – Present
AC Sunshine Securities LLC	01/2023 – Present
Amplify Community Investment Partners, LLC	04/2024 – Present
UBS Financial Services Inc.	07/2012 – 03/2013
Aegis Capital Corp.	06/2009 – 07/2012
Casimir Capital L.P.	02/2006 – 06/2009

[97] *Id*.

[98] *Id*. at p. 12.

[99] *Id*. at pp. 12, 22.

[100] *Id*. at pp. 10-11.

[101] *Id*. at pp. 10, 21-22.

[102] *Id*.

[103] *Id.* at pp. 7-13.

2. OBAs

According to CRD, Smulevitz is a consultant for Regmaven, Inc., a compliance consulting firm to which he devotes 20 hours per month, five of which are during trading hours.[104] He also acts as a compliance consultant for Compliance and FINOP Advisory LLC, a compliance consulting firm to which he also devotes 20 hours per month, five of which are during trading hours.[105] He provides finance consulting services to Levi Partners LLC and devotes 10 hours per month, five of which are during trading hours.[106] The Firm represented that through these OBAs, to which he devotes 50 hours per month, Smulevitz acts as a Chief Compliance Officer to Pacific Century Securities, LLC (CRD# 131607); Fredericks Michael Securities, Inc. (CRD# 46725); Mundial Financial Group (CRD# 149531); Spencer Clark LLC (CRD# 41316); Amplify Community Investment Partners, LLC (CRD# 326530); and AC Sunshine Securities LLC (CRD# 317903).[107] According to the Firm, the 50 hours per month Smulevitz devotes to these services only amounts to approximately 20% of his time that he works.[108]

3. Disciplinary and Regulatory History

Member Supervision is aware of one disciplinary or regulatory action against Smulevitz:[109] an August 3, 2015 FINRA Order Accepting Offer of Settlement entered against Smulevitz, while acting as a chief compliance officer at a prior firm, for failing to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with Section 5 of the Securities Act of 1933 for sales of unregistered microcap securities and failing to conduct reasonable and meaningful inquiries into the circumstances surrounding the aforementioned sales of unregistered microcap securities by firm customers.[110] Smulevitz also failed to adequately implement the firm's anti-money laundering program because he failed to reasonably detect and investigate "red flags" potentially indicative of suspicious transactions and failed to make reasoned determinations regarding whether to file suspicious activity reports.[111] As a result, he violated

[104] *Id*. at p. 21.

[105] *Id*.

[106] *Id*.

[107] *See* Exhibit 1 at FINRA 00213; Exhibit 2 at FINRA p. 8, Request 9.

[108] *Id*.

[109] *See* Exhibit 26 at p. 26.

[110] *See* Order Accepting Offer of Settlement, *Department of Enforcement v. Aegis Capital Corp., Charles D. Smulevitz, and Kevin C. Mckenna*, Disciplinary Proceeding No. 2011026386001 (OHO Aug. 3, 2015), attached as Exhibit 27 at pp. 3-6.

[111] *Id*. at p. 6.

NASD Rule 3011(a) and FINRA Rules 3310(a) and 2010.[112] Smulevitz was fined $5000 and suspended from associating with any FINRA member in a principal capacity for 30 days.[113]

B. Alternate Supervisor – James Alan Bello (CRD No. 28440162)

In the event that Smulevitz is unavailable, the Firm proposed that James Alan Bello ("Bello"), Head of Operations, will act as Murray's supervisor.[114] Bello works in the Firm's office location at 1 Town Center Road, Suite 202, Boca Raton, Florida 33486.[115] Bello has thirty years of financial services industry experience and served as the Head of Relationship Management & Sales in the Operations Department at a prior broker-dealer and now serves as Laidlaw's Head of Operations since 2017.[116] The Firm represented that Bello does not supervise any of the Firm's registered representatives but he knows the Firm's transactional business, including the type of business conducted by Murray.[117]

Murray and Bello are not related by blood or marriage.[118] Bello does not have any business or financial relationship with Murray aside from their employment at Laidlaw.[119]

1. Registration and Employment History

In April 1997, Bello entered the securities industry as a General Securities Representative (Series 7) and passed the Uniform Securities Agent State Law Examination (Series 63) in June 1998.[120] Bello registered as a General Securities Principal (Series 24) in April 2004 and a Registered Options Principal (Series 4) in June 2005.[121] He was approved to work as a Securities Trader in

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[112] *Id*.

[113] *Id*. at p. 51. FINRA confirmed that Smulevitz paid the fine and completed the suspension.

[114] *See* Firm Discovery Responses dated February 21, 2025, attached as Exhibit 28. The Firm originally proposed Theo Basis as the alternate supervisor, but he is no longer with the Firm. *See* Exhibit 1 at FINRA 00198.

[115] *See* Exhibit 28 at p. 2, Request 2(e).

[116] *Id.* at p. 2, Request 2(b).

[117] *Id*.

[118] *Id.* at p. 2, Request 2(d).

[119] *Id.* at p. 2, Request 2(c).

[120] *See* CRD Snapshot for James Bello, attached as Exhibit 29, at pp. 4, 8.

[121] *Id*.

January 2016[122] and was given credit for the Securities Industry Essentials Examination (SIE) in 2018 and Securities Trader Representative Exam (Series 57) in 2023.[123]

Bello has been associated with the following firms during the following periods:[124]

Firm	Period of Employment
Laidlaw & Company (UK) LTD	07/2017 – Present
Sterne Agee Clearing Inc.	06/2010 – 05/2017
Ridge Clearing & Outsourcing Solutions, Inc.[125]	06/1995 – 05/2010

2. OBAs

According to CRD, Bello is involved in three OBAs.[126] First, he has the position of "roadie" for Pure Energy Entertainment, LLC / Vybe Entertainment Group, Inc., which is a DJ company that hosts various events including weddings, to which Bello devotes 5-20 hours monthly during non-trading hours.[127] Second, Bello devotes 5-20 hours per month during non-trading hours to non-investment related activities for Door Dash Delivery.[128] Third, Bello devotes 20 hours per month during non-trading hours to non-investment related activities for Holiday Lighting Designs, Inc.[129]

3. Disciplinary and Regulatory History

Member Supervision is not aware of any disciplinary or regulatory proceedings, or reportable arbitrations, against Bello.[130]

C. Proposed Plan of Supervision

The Firm has agreed to the following heightened supervision plan ("Supervision Plan" or "Plan") of Murray:[131]

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[122] *Id*. at p. 4.

[123] *Id*. at p. 8.

[124] *Id.* at pp. 4-7.

[125] Bello was discharged from this Firm by mutual agreement.

[126] *Id*. at p. 7.

[127] *Id*.

[128] *Id*.

[129] *Id*.

[130] *Id*. at p. 10.

[131] Pursuant to FINRA Rule 9523(b)(1), the Firm executed a Plan of Heightened Supervision. *See* Exhibit 6.

Michael Murray is subject to statutory disqualification as that term is defined by Securities Exchange Act of 1934 Section 3(a)(39)(F), incorporating by reference Section 15(b)(4)(H)(i), due to a May 9, 2024 Maryland Securities Commissioner Consent Order ("Consent Order") in which Murray's registration with the State of Maryland was terminated and Murray agreed not to apply or reapply for registration as a broker-dealer agent, investment adviser, or investment adviser representative with the State of Maryland. Laidlaw & Company (UK) Ltd. (the "Firm") seeks to continue its association with Murray as a General Securities Representative and Investment Banking Representative.

In consenting to this Plan of Heightened Supervision ("Plan"), the Firm agrees to the following:

1. The Firm will amend its written supervisory procedures to state that Charles Smulevitz, CRD No. 5099387 ("Smulevitz'") is the primary supervisor responsible for supervising Murray. If at any time Smulevitz is not available to perform his supervisory functions, his responsibilities shall be performed by James Bello, CRD No. 2844016 ("Bello"), who has been designated as Murray's alternate supervisor.

2. If Smulevitz plans to be absent from the Firm for three or more consecutive business days, prior to the start of the absent period, Smulevitz will communicate with Bello to ensure Bello understands his supervisory responsibilities and will be provided any documents or information needed to execute those responsibilities.

3. If Bello performs any supervisory functions under this Plan in Smulevitz's absence, upon Smulevitz's return, Smulevitz will review the supervisory activities conducted by Bello in order to confirm that Bello performed the required supervision and to identify whether Murray's activity that was supervised by Bello raises any red flags.

4. Smulevitz will supervise Murray in-person at Laidlaw's Branch/OSJ location at 521 Fifth Avenue, 12th Floor, New York, New York 10175 at least one day per week. When Smulevitz is not supervising Murray in-person, he will be supervising Murray remotely. Unless otherwise stated, all of the provisions of this Plan must be performed regardless of whether the supervision is occurring in-person or remotely.

5. The Firm shall not permit Murray to engage in any FINRA registered capacity apart from those of a general securities representative and an investment banking representative.

6. The Firm shall not permit Murray to maintain discretionary accounts for broker-dealer customers.

7. The Firm shall not permit Murray to act in a supervisory capacity.

8. Smulevitz will review and pre-approve all of Murray's new securities accounts (including customer, familial, and personal) prior to the opening of the account. Paperwork relating to the opening of such accounts will be documented as approved with a date and signature. Copies of all such documents will be maintained by the Firm in a readily accessible place for ease of review by FINRA Staff.

9. The Firm will maintain a software surveillance system that is configured to provide Smulevitz with alerts and/or reports related to the trading in Murray's customer accounts. The surveillance system will be configured, to the extent it is not already, to provide those alerts and/or reports to Smulevitz daily when certain thresholds relating to potential excessive trading are met, including thresholds related to commissions generated and cost-to-equity ratios. When Smulevitz receives such an alert and/or report from the surveillance system, he will review it within one business day and document his review. Evidence of such review and the outcome thereof will be maintained by the Firm in a readily accessible place for ease of review by FINRA Staff.

10. Each week, Smulevitz will review all of Murray's prior week's securities transactions. In reviewing such transactions, Smulevitz will review the customer's investor profile, the prior transactions in the customer's account, and the amount of commission being charged on each transaction, to confirm whether the proposed transaction is in the best interest of the customer. Evidence of such review and the outcome thereof will be maintained by the Firm in a readily accessible place for ease of review by FINRA Staff.

11. Each week, Smulevitz will review all trade surveillance exception reports generated by the Firm's surveillance system for Murray's customers. Evidence of this review and the outcome thereof will be maintained by the Firm in a readily accessible place for ease of review by FINRA Staff.

12. On a monthly basis, Smulevitz will review the monthly active account reports for Murray's customers to confirm that the recommended transactions in securities, in the aggregate, are in the customers' best interest. Evidence of such review and the outcome thereof will be maintained by the Firm in a readily accessible place for ease of review by FINRA Staff.

13. If there are any transactions or accounts identified via the processes described in Paragraphs 8 through 11 above that Smulevitz flags for further review, Smulevitz will make notations concerning his review and the outcome thereof. Evidence of such review will be maintained by the Firm in a readily accessible place for ease of review by FINRA Staff.

14. Two days per week, on non-consecutive calendar days, Smulevitz and Murray will meet in-person or via video conference to discuss the trading activity in Murray's customer accounts and any alerts and/or reports triggered by that activity. Smulevitz will document the occurrence of these meetings and keep notes of the trading activity that was discussed. This documentation will be maintained in a readily accessible place for ease of review by FINRA Staff.

15. Each week, Smulevitz will review Murray's hard copy and electronic correspondence with customers, including text messages and WhatsApp messages. Evidence of such review will be maintained in a readily accessible place for ease of review by FINRA Staff.

16. Murray will not be permitted to use any email addresses for business communications other than a Laidlaw email address. If Murray receives a business-related email in another email account other than a Firm email account, he will immediately notify Smulevitz and forward that message to his Laidlaw email account. In addition, Murray will inform Laidlaw of all outside email accounts which he maintains and will provide Laidlaw with access to the email accounts upon request.

17. All complaints pertaining to Murray, whether verbal or written, will be immediately referred to Smulevitz, and then to the Compliance Department. Smulevitz shall investigate all such complaints according to Firm policy.

18. On a quarterly basis, Smulevitz must certify to Laidlaw's Compliance Department that Laidlaw and Murray are following the conditions set forth in this Plan.

19. The Firm must obtain written approval from FINRA's Statutory Disqualification Group prior to changing any provision of this Plan, including replacement of either Smulevitz or Bello as supervisors.

20. The Firm must submit any proposed changes or other requested information under this Plan to FINRA's Statutory Disqualification Group at SDMailbox@FINRA.org.

V. Discussion

A. Laidlaw's Challenge to FINRA's Statutory Disqualification Determination.

In reviewing the Firm's Application, Member Supervision considered Laidlaw's challenge to FINRA's statutory disqualification determination. Laidlaw argues that Murray is not statutorily disqualified because the Maryland Consent Order does not use the word "bar" in the "Ordered" section; rather, the "Ordered" section states that Murray's "agent registration with the State of Maryland is terminated as of the date of this Consent Order" and he "agrees not to apply or reapply for registration…."[132]

The Maryland Consent Order subjects Murray to disqualification under Exchange Act Section 15(b)(4)(H)(i) which states that "a person is subject to a statutory disqualification … if such person … is subject to any final order of a State securities commission … that bars such person from association with an entity regulated by such commission … or from engaging in the business of securities."[133]

An order which has the "practical effect of a bar" is considered a bar for the purposes of Section 15(b)(4)(H)(i), even if it does not use the word "bar." *See In re Meyers Associates, L.P., and Bruce Meyers*, Exchange Act Release No. 81778, 2017 SEC LEXIS 3096, *16-23 (Sept. 29, 2017) (Connecticut consent order requiring the broker to withdraw his state registration and not reapply

[132] *See* Exhibit 1 at FINRA 00209. *See also* Exhibit 3 at FINRA pp. 2-3.

[133] 15 U.S.C. § 78o(b)(4)(H)(i).

for three years constituted a bar from engaging in securities activity requiring registration in the state, even though the order did not use the word "bar"); *In re Ronald M. Berman*, SD-1997, *3 (FINRA NAC Dec. 11, 2014) (Vermont consent order requiring the broker to withdraw his state registration and not reapply for five years constituted a bar). Here, the Maryland Consent Order at issue has the practical effect of barring Murray from conducting securities business in Maryland, so it causes Murray's statutory disqualification under Section 15(b)(4)(H)(i), even though it does not use the word "bar."

B. Member Supervision's Approval

After a careful review of the entire record in this matter, FINRA approves Laidlaw's Application to continue its association with Murray, subject to the supervisory terms and conditions outlined herein.

In approving the Firm's Application, Member Supervision considers whether it is consistent with public interest and does not create an unreasonable risk of harm to the market or investors to permit a disqualified person's continued association with a member firm. *See* FINRA By-Laws, Art. III, Sec. 3(d); *cf. Frank Kufrovich*, 55 S.E.C. 616, 624 (2002) (holding that FINRA "may deny an application by a firm for association with a statutorily-disqualified individual if it determines that employment under the proposed plan would not be consistent with the public interest and the protection of investors"). Typically, factors that bear on FINRA's assessment include, among other things, the nature and gravity of the disqualifying event, the length of time that has elapsed since the disqualifying event, whether any intervening misconduct has occurred, whether the disqualified person has other regulatory history, any other mitigating or aggravating circumstances that may exist, the nature of the securities-related activities proposed in the application, and the disciplinary history and industry experience of both the member firm and the proposed supervisor of the disqualified person.

FINRA recognizes that Murray engaged in serious misconduct that resulted in him being barred from engaging in securities activity in Maryland. However, Member Supervision is cognizant of the fact that the SEC also already considered the exact same conduct at issue in the Maryland Consent Order and chose not to suspend or bar Murray from the securities industry.[134] In similar situations, where the Commission has addressed an individual's misconduct through its administrative process that gave rise to a statutory disqualification and did not result in the individual's suspension or bar, in the absence of new information reflecting adversely on the individual's ability to function in their proposed employment, it is "inconsistent with the remedial purposes of the Securities and Exchange Act [of 1934]" and unfair to deny an application for re-entry into the securities industry. *See In re Paul Edward Van Dusen*, 1981 SEC LEXIS 270, 47 S.E.C. 668 (Jan. 1, 1981). Importantly, *Van Dusen* dictates that Member Supervision should not reconsider events the Commission has already considered in addressing the misconduct that gave rise to the disqualification and should not deny an application for reentry solely because of the same misconduct. However, *Van Dusen* does not require the automatic reentry after a time period has elapsed. Instead, the Commission instructed that other factors must be carefully weighed and considered such as other misconduct in which the applicant may have engaged, the nature and

[134] *See* Exhibit 4.

disciplinary history of a prospective employer, and the supervision to be accorded the applicant. *Id*.

The principles of *Van Dusen* are influential in this matter, even though it does not fall squarely within *Van Dusen*'s framework. Although the disqualifying event that caused the Application is the Maryland Consent Order, not the Murray SEC Order, the Maryland Consent Order is based on the exact findings articulated in the Murray SEC Order. The SEC already punished the misconduct with something less than a bar. Accordingly, while the Maryland Consent Order does not squarely fall within the *Van Dusen* construct, Member Supervision views the Maryland Consent Order (including the egregiousness of the misconduct) within the spirit of *Van Dusen*.

Despite the egregiousness and recency of the disqualifying event, Member Supervision approves the Firm's Application because Murray has not been the subject of any additional disciplinary events, 2) the Firm has taken steps to address the deficiencies identified in its recent regulatory/disciplinary history, and 3) the Firm proposed a stringent Supervision Plan and suitably qualified/experienced supervisors to supervise Murray's activities.

Murray's limited disciplinary history weighs in favor of approval. Murray has not been the subject of any other disciplinary actions during his 20 years in the industry, besides the Maryland Consent Order and the Murray SEC Order, which are based on the same instance of misconduct. Member Supervision acknowledges that one of Murray's customers recently filed an arbitration against Laidlaw, but that arbitration is still pending and does not personally name Murray as a respondent.

In its evaluation of the Firm's Application, FINRA acknowledges the Firm's recent regulatory and disciplinary history, including its own disqualifying events. However, those events do not prevent the approval of the Application. Corrective measures taken by firms to address deficiencies are weighed in determining whether to approve applications. *See In the Matter of the Association of X with the Sponsoring Firm*, SD11007 (FINRA NAC Jan. 1, 2011) (where a firm's corrective actions negated Member Regulation's assertion that the firm failed to appreciate or respect securities rules and regulations). FINRA has also previously approved applications for continued membership where the firms had extensive regulatory history, including disqualifying events. *See In the Matter of the Continued Membership of Deutsche Bank Securities, Inc.*, SD-2190 (FINRA Jan. 14, 2020) and *In the Matter of the Continued Membership of Citigroup Global Markets, Inc.*, SD-2082 (FINRA May 2, 2017) (approving continued membership where the firms had extensive regulatory history, including recent disqualifying events).

While FINRA found several exceptions/deficiencies in recent examinations of the Firm, the Firm took steps to remedy the deficiencies identified in each of those matters, including updating various policies and procedures. Member Supervision also notes that, as of the date of this Notice, the Firm has paid all fines and complied with all undertakings ordered by regulators. None of these matters would prevent the continued association of Murray with the Firm.

Notably, Member Supervision already considered the Firm's recent disciplinary events when determining to approve Laidlaw's application to remain a FINRA member firm despite itself being statutorily disqualified. In June 2024, FINRA approved Laidlaw's MC-400A application largely

because of the significant remedial measures the Firm undertook throughout 2023 to stem further misconduct, including implementing new surveillance systems, retaining an independent compliance consultant, and shifting business away from commission-based models.[135] FINRA's decision to approve the Firm's continued membership was also influenced by the stringent Plan of Heightened Supervision that the Firm agreed to implement in conjunction with that June 2024 19h-1 Notice, which took effect in July 2024.[136] That supervision plan required Laidlaw to review and document all active account reports within a certain amount of time, to circulate an internal compliance bulletin annually related to the topic of excessive trading, and to implement mandatory training related to excessive trading.[137] That supervision plan was implemented on top of the recommendations made by the Firm's compliance consultant related to the same topic of excessive trading.[138] FINRA remains confident that the Firm has recently implemented significant remedial measures that have addressed its recent regulatory issues related to excessive trading and will prevent the Firm and its representatives from engaging in future similar misconduct.

In addition to the Firm's remedial measures and the Plan of Heightened Supervision it began implementing in July 2024, the Firm has further committed to stringently supervise Murray. When employing a disqualified individual, a firm must prove that it will be able to adequately supervise that individual. To do so, the firm must establish a stringent plan of heightened supervision and show that it will be able to effectively implement such plan. *See Timothy H. Emerson, Jr.*, Exchange Act Release No. 60328, 2009 SEC LEXIS 2417 (July 17, 2009). In the instant case, the Firm is proposing supervision of Murray by qualified and experienced individuals, with relatively clean regulatory history and disciplinary records. Collectively, Smulevitz and Bello have over 48 years of industry experience, and Smulevitz has been supervising Murray over the last six months under the terms of an interim plan of heightened supervision in compliance with FINRA Rule 9522(f).[139]

Upon approval of the Application, the Firm has committed to ensuring Murray's future compliance in the securities industry by implementing a stringent Supervision Plan to oversee his activities.[140] The supervision will be conducted in-person at least once per week, with Murray meeting with his supervisor at least twice per week to discuss the week's trades. Murray's supervisor will continue to review his trades daily, weekly, and monthly, using the same methods implemented in the interim plan. These multi-layered surveillance methods will help detect any individual trades that may not be in the customer's best interest, as well as any trading strategies or patterns that appear improper. This will allow the Firm to quickly address any red flags and potentially reverse trades before significant customer harm occurs. In addition, Murray's supervisor will review all of

[135] *See* Exhibit 22 at FINRA pp. 3-4.

[136] *Id*. at FINRA pp. 10-12.

[137] *Id*.

[138] *Id*. at FINRA p. 3.

[139] *See* Murray Interim Plan of Heightened Supervision, attached as Exhibit 29.

[140] *See* Exhibit 6.

Murray's correspondence, including emails and text messages, on a weekly basis, which will help the Firm determine whether customers are aware of the trades taking place, particularly in accounts where trading is frequent. The supervisor will also keep detailed records of his analysis of Murray's trades, his discussions with Murray, and any red flags detected, which will allow regulators to check on Murray's compliance. The Firm's willingness to place Murray under such stringent individual supervision, in addition to the Firm-wide heightened supervisory procedures that Laidlaw implemented in July 2024, indicates that the Firm understands the seriousness of Murray's misconduct.

Further, FINRA is approving the Application pursuant to FINRA Rule 9523(b) which authorizes Member Supervision to accept the association of a disqualified person pursuant to a supervisory plan where the sponsoring member consents to the imposition of such a plan. Upon this approval, Murray and the Firm will be subject to routine FINRA examinations to ensure their ongoing compliance and FINRA will also utilize its surveillance processes to further monitor Murray and the Firm.

VI. Conclusion

FINRA approves Laidlaw's Application for the continuing association of Murray as a General Securities Representative and Investment Banking Representative with the Firm for the following reasons:

- Murray was not entirely barred from the securities industry by the SEC when it considered the same misconduct at issue in the Maryland Consent Order;
- The Department is not aware of any intervening misconduct by Murray since the issuance of the disqualifying order;
- FINRA recently approved the Firm to continue in membership with FINRA despite its statutory disqualification that stemmed from the Firm's own recent disciplinary events, due largely to the significant remedial measures the Firm undertook, including implementation of a Plan of Heightened Supervision in July 2024 aimed at preventing excessive trading;
- Murray and the proposed supervisors have relatively clean recent disciplinary records;
- The Firm has proposed qualified and experienced supervisors to supervise Murray;
- The Supervision Plan is stringent and specifically tailored to Murray's misconduct, which provides another layer of stringent supervision related to excessive trading, in addition to the measures in place via the Firm's July 2024 Plan of Heightened Supervision; and
- Murray and the Firm will be subject to routine FINRA examinations and surveillance processes to ensure the Plan's ongoing compliance.

FINRA states that, to its knowledge, Murray meets all applicable requirements for the proposed employment and the Firm represents that Murray, Smulevitz, and Basis are not related by blood or marriage. Pursuant to Rule 9523(b)(1), the Firm has submitted an executed letter consenting to the Supervision Plan and waiving certain rights, as detailed in the Rule.

The Department concludes that it would not constitute unreasonable risk of harm to the market and investors to permit Murray's continuing association with Laidlaw in the capacity of General Securities Representative and Investment Banking Representative.

In conformity with the provisions of Rule 19h-1, the continuing association of Murray with Laidlaw will become effective within 30 days of receipt of this Notice by the Commission, unless otherwise notified by the Commission.

On Behalf of FINRA,

Marcia Asquith
Executive Vice President & Corporate Secretary

Appendix A
Statutorily Disqualified Individuals
Associated with the Firm

[redacted]

[redacted]

[redacted]

[redacted] is not conducting business, is not allowed on Firm premises, and has no access to Firm email.

Exhibits

1. MC-400 and related attachments compiled by CRED, with a cover memorandum dated August 1, 2024.

2. Firm Discovery Responses dated August 27, 2024 and December 12, 2024.

3. Maryland Consent Order, *In re Michael J. Murray*, File No. BD20230512, Docket No. 2023-0369 (Md. Sec. Comm'n May 9, 2024).

4. Murray SEC Order, *In re Richard Michalski and Michael Murray*, Exchange Act Release No. 98984 (Nov. 20, 2023).

5. Affidavit of Theologos S. Basis dated December 14, 2023 with proof of payment.

6. Letter of Consent to Heightened Supervision Plan, executed March 24, 2025.

7. CRD Snapshot for Murray.

8. CRD Occurrence Composite for Occurrence 2364524.

9. CRD Snapshot for Laidlaw.

10. CRD Excerpts: Types of Business and Other Business Descriptions.

11. Disposition Letter for Examination No. 20230770612 dated February 26, 2024, Examination Report dated December 15, 2023, and Firm Response dated January 16, 2024.

12. CAL for Examination No. 20200656833 dated November 13, 2023.

13. Disposition Letter for Examination No. 20220732975 dated March 14, 2023, Examination Report dated December 27, 2022, and Firm Response dated January 25, 2023.

14. CAL for Examination No. 20190606468 dated February 17, 2023.

15. Disposition Letter for Examination No. 20190606468 dated April 6, 2020, Examination Report dated December 20, 2019, and Firm Response dated February 26, 2020.

16. FINRA AWC No. 2019060646801 dated February 17, 2023.

17. CAL for Examination No. 20220753347 dated November 21, 2024.

18. CAL for Examination No. 20230796584 dated December 20, 2023.

19. CRD Disclosure Composite for Occurrence 2257973.

20. Correspondence from Richard Babnick Jr. to FINRA dated April 18, 2023.

21. Connecticut Consent Order, *In re Laidlaw & Company (UK) Ltd*., Matter No. CO-22-202018-S (Conn. Dept. of Banking Jan. 23, 2023).

22. Prior 19h-1 Notice, *In re Laidlaw & Company (UK) Ltd.*, SD-2359, (FINRA June 14, 2024), and the SEC's Letter of Acknowledgement dated July 12, 2024.

23. Correspondence from Laidlaw to the Connecticut Department of Banking dated January 19, 2023 with accompanying check.

24. Laidlaw SEC Order, *In re Laidlaw and Company (UK) Ltd*., Exchange Act Release No. 98983 (Nov. 20, 2023).

25. Affidavit of Theologos S. Basis dated January 22, 2024 and accompanying proof of payment.

26. CRD Snapshot for Smulevitz.

27. Order Accepting Offer of Settlement, *Department of Enforcement v. Aegis Capital Corp., Charles D. Smulevitz, and Kevin C. Mckenna*, Disciplinary Proceeding No. 2011026386001 (OHO Aug. 3, 2015).

28. Firm Discovery Responses dated February 21, 2025.

29. CRD Snapshot for James Bello.

30. Murray Interim Plan of Heightened Supervision.