

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 101352 / October 16, 2024**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 6750 / October 16, 2024**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-22255**

**In the Matter of**

**A.G.P./ALLIANCE GLOBAL  
PARTNERS, LLC,**

**Respondent.**

**ORDER INSTITUTING  
ADMINISTRATIVE AND CEASE-AND-  
DESIST PROCEEDINGS, PURSUANT  
TO SECTIONS 15(b), 15B(c) AND 21C  
OF THE SECURITIES EXCHANGE  
ACT OF 1934 AND SECTION 203(e) OF  
THE INVESTMENT ADVISERS ACT  
OF 1940, MAKING FINDINGS, AND  
IMPOSING REMEDIAL SANCTIONS  
AND A CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b), 15B(c) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(e) of the Investment Advisers Act of 1940 (“Advisers Act”) against A.G.P./Alliance Global Partners, LLC (“Alliance” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 15(b), 15B(c) and 21C of the Securities Exchange Act of 1934 and Section 203(e) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

#### Summary

Between February 2019 and February 2021, Alliance published quotes on a daily basis for between 4,300 and 6,500 different municipal bonds at above-market prices on several electronic municipal bond platforms. Alliance published the quotes for a customer (the "Customer") that was a Sophisticated Municipal Market Professional ("SMMP") without independently evaluating the fair market value of the bonds at the time it made the quotations. It instead improperly relied on the Customer's status as a SMMP and the Customer's values for the bonds. Additionally, on 204 occasions, Alliance, acting in a principal capacity, facilitated sales of the bonds attributable to the quotes without evaluating the prevailing market prices for the bonds. As a result, Alliance purchased the bonds from the Customer at above-market prices and, on 193 occasions, sold the bonds to other dealers at higher prices. The dealers, in turn, sold the bonds to investors, or other dealers that sold the bonds to investors, at even higher prices. Alliance and the other dealers reported these transactions to the Municipal Securities Rulemaking Board's ("MSRB's") Real-time Transaction Reporting System ("RTRS") for display to the public on the MSRB's Electronic Municipal Market Access ("EMMA") platform. When reporting its transactions to RTRS, on at least 51 occasions, Alliance failed to identify when it purchased the bonds from the Customer at unfair and unreasonable prices as "away from the market" trades. These pricing failures created a risk that other participants in the market relied on the inflated prices to price or value the same or similar bonds.

By distributing and publishing price quotes for municipal securities that did not reflect the fair market value of the securities, Alliance violated MSRB Rule G-13(b)(ii). By purchasing municipal securities from a customer at unfair and unreasonable prices for its own account, Alliance violated MSRB Rule G-30(a). Alliance violated MSRB Rule G-14(b)(i) when it reported the purchase transactions in municipal securities executed at unfair and unreasonable above-market prices to RTRS but failed to identify the trades as away from the market. Alliance also violated MSRB Rule G-17, requiring dealers in the conduct of their municipal securities activities to deal fairly with all persons. Additionally, Alliance violated MSRB Rules G-27(b) and (c) because it lacked a system of supervision and written supervisory procedures reasonably designed to ensure compliance with these MSRB rules. Alliance violated Section 15B(c)(1) of the Exchange Act by violating MSRB rules.

## **Respondent**

1. Alliance, incorporated in New York and headquartered in Westport, Connecticut, is registered with the Commission as a broker-dealer and investment adviser. Alliance is registered with the MSRB as a broker-dealer.

## **Background**

2. The municipal securities market largely functions as an over-the-counter market where investors, or investment advisers on behalf of their clients, place orders directly with dealers. In contrast to other securities markets, the relatively illiquid nature of the municipal securities market under certain circumstances and the mostly buy-and-hold investor positions makes the ability to locate a counterparty to trade municipal securities more difficult. Consequently, dealers execute virtually all customer transactions in municipal securities in a principal, rather than an agency, capacity.

3. Dealers that effect transactions in municipal securities in a principal capacity with customers must do so in accordance with MSRB Rule G-30 which, in relevant part, states that “[n]o ... dealer ... shall purchase municipal securities for its own account from a customer, or sell municipal securities for its own account to a customer, except at an aggregate price (including any mark-up or mark-down) that is fair and reasonable.” *MSRB Rule G-30(a)*. MSRB Rule G-30 protects investors by requiring dealers to exercise diligence in establishing the market value of a security and the reasonableness of the compensation received on the transaction.

4. Dealers must also distribute and publish quotes relating to municipal securities in accordance with MSRB Rule G-13 which, in relevant part, prohibits dealers from distributing or publishing “any quotation relating to municipal securities, unless the price stated in the quotation is based on the best judgment of such ... dealer ... of the fair market value of the securities which are the subject of the quotation at the time the quotation is made.” *MSRB Rule G-13(b)(ii)*. Further, if a dealer is distributing or publishing a quotation on behalf of another dealer, MSRB Rule G-13 provides that the dealer “shall have no reason to believe that the price stated in the quotation is not based on the best judgment of the fair market value of the securities” of the dealer on whose behalf such dealer is distributing or publishing the quotation. *Id.* When disseminating or publishing quotes for SMMPs, dealers shall “apply the same standards regarding quotations described in Rule G-13(b) as if such quotations were made by another... dealer.” *MSRB Rule G-48(d)*.

### **Alliance Published Quotes for Municipal Bonds at Above-Market Prices on Behalf of a Customer**

5. Between February 2019 and February 2021, Alliance published daily quotes for 4,300 to 6,500 different municipal bonds on one or more electronic municipal bond platforms on behalf of the Customer.

6. Alliance generated the quotes using trade data supplied by the Customer that it uploaded to its order management system. The data supplied by the Customer included CUSIPs for certain bonds under the Customer's management, the aggregate quantity of each bond managed by the Customer and the minimum quantity of each bond that the Customer was willing to sell. The data supplied also included an adjustment expressed in basis points to the reference point yield on the Municipal Market Data AAA Yield Curve (MMD AAA) for each bond (the "Adjustment").

7. Alliance's order management system arrived at the daily offer levels for the bonds on a yield basis using the Adjustments. The system determined the yields by applying the Adjustments to the existing reference point yields on the MMD AAA for the bonds and then calculated the prices that corresponded to the adjusted yields. After establishing the offering levels for the bonds, Alliance, again using its order management system, published the quotes on the selected electronic municipal bond platforms.

8. Alliance published the quotes relying on the Customer's status as a SMMP and deferring to the Customer's evaluation of the fair market value of the bonds. This was improper because Alliance knew that the Adjustments produced quotes for the bonds at above-market prices and that the Customer was using the quotes to generate sales of the bonds at prices that were higher than the evaluated prices disseminated by the industry-recognized pricing service that the Customer used to measure its performance (the "Pricing Service"). When Alliance conveyed bids to the Customer, it often compared the quoted levels to the evaluated prices for the bonds published by the Pricing Service and the corresponding yields for the evaluated prices. Moreover, the Customer explicitly informed Alliance in instant messages and other communications that the quoted yields had to be, at a minimum, 25 to 30 basis points lower than the yields corresponding to the Pricing Service's evaluated prices for the bonds, thereby ensuring that the quoted prices would be higher than the evaluated prices for the bonds. Alliance should therefore have independently evaluated the fair market value of the bonds at the time it published the quotes. However, it failed to do so because it lacked a system of supervision and adequate written supervisory procedures ("WSPs") in accordance with MSRB Rules G-27(b) and (c) reasonably designed to ensure that it distributed and published quotes for municipal securities in compliance with MSRB Rule G-13(b)(ii).

#### **Alliance Paid a Customer Above-Market and Unfair and Unreasonable Prices for Municipal Bonds**

9. Alliance facilitated sales of the bonds attributable to the quotes for the Customer on 204 occasions. On each occasion, Alliance facilitated the sales in a principal capacity, buying and selling the bonds for its own account, with the Customer typically giving up one to two basis points in yield to Alliance for facilitating the sales.

10. When Alliance purchased the bonds from the Customer, it accepted the market values for the bonds established by the Customer and did not separately evaluate the prevailing market prices ("PMP") for the bonds or determine if the aggregate prices that it was paying the Customer for the bonds were fair and reasonable. Alliance failed to take these steps because it lacked a system of supervision and adequate WSPs in accordance with MSRB Rules G-27(b) and (c)

reasonably designed to ensure that it bought and sold municipal securities with customers, including SMMPs, for its own account in compliance with MSRB Rule G-30(a). As a result, Alliance purchased the bonds from the Customer at above-market prices and, on 193 occasions, sold the bonds that it bought from the Customer to other dealers at higher prices. These dealers, in turn, sold the bonds to their customers, or to other dealers that sold the bonds to their customers, at even higher prices.

11. On at least 51 of the 204 occasions that Alliance purchased the bonds from the Customer, it violated MSRB Rule G-30(a) by paying the Customer aggregate prices for the bonds that were unfair and unreasonable. A fair and reasonable price for a municipal security is a price that bears a reasonable relationship to the PMP of the municipal security. *MSRB Rule G-30, Supplementary Material .01(c)*. MSRB Rule G-30 specifies the information that dealers must consider when determining PMP and the order in which they may consider that information. *MSRB Rule G-30, Supplementary Material .06(a)*. Based on information enumerated in MSRB Rule G-30 and still available, the prices that Alliance paid the Customer for the bonds on 51 occasions did not bear a reasonable relationship to the PMP at the time of the trades.

12. The PMP for a municipal security is presumptively the contemporaneous cost incurred, or contemporaneous proceeds obtained, by a dealer in municipal securities. *MSRB Rule G-30, Supplementary Material .06(a)(i)*. However, other pricing information can be considered if the dealer's contemporaneous costs or contemporaneous proceeds are not indicative of PMP. *See MSRB Rule G-30, Supplementary Material .06(a)(ii)*. Here, the proceeds Alliance obtained from the sales of the bonds were not indicative of the PMP for the bonds because the prices at which it sold the bonds to the other dealers were based on the Customer's trading objectives rather than the market for the bonds at the time of sale. The prices at which Alliance and the other dealers traded the bonds were always at or near the quoted prices produced by the Customer's Adjustments, which were specifically devised and intended to generate sales of the bonds at above-market prices. The dealers that bought the bonds from Alliance could apply markups to whatever price they paid to acquire the bonds directly or through inter-dealer trades from Alliance.

13. On 21 occasions, Alliance violated MSRB Rule G-30(a) by paying the Customer prices for the bonds that were not reasonably related to prices of contemporaneous inter-dealer transactions in the same bonds. *See MSRB Rule G-30, Supplementary Material .06(a)(v)(A)*. The prices that Alliance paid the Customer, after accounting for changes in interest rates between the dates of the transactions, exceeded the prices for the inter-dealer trades by \$2.00 or more (i.e., \$20 or more per bond assuming \$100 par per bond). Moreover, the yields at which Alliance and the Customer traded the bonds were 0.237% to 1.292% lower than the yields at which the dealers had traded the bonds. *See MSRB Rule G-30, Supplementary Material .02(a)* (the "most important" factor in determining whether the aggregate price of a municipal security is fair and reasonable is "that the yield should be comparable to the yield on other securities of comparable quality, maturity, coupon rate, and block size then available in the market").

14. On another 30 occasions, Alliance violated MSRB Rule G-30(a) by paying the Customer prices for the bonds that were not reasonably related to contemporaneous evaluated prices for the bonds derived from the economic model of the Pricing Service. *See MSRB Rule G-30, Supplementary Material .06(a)(vii)*. On these 30 occasions there were no contemporaneous inter-dealer trades in the same bonds or the Pricing Service's evaluated prices for the bonds were higher than the prices of contemporaneous inter-dealer trades in the same bonds, and Alliance purchased the bonds from the Customer at prices that exceeded the Pricing Service's evaluated prices for the bonds by \$2.00 or more (i.e., \$20 or more per bond assuming \$100 par per bond).

15. Moreover, the inflated prices that Alliance paid the Customer is evident when compared to the prices that Alliance paid to purchase bonds from all its customers in transactions that were not attributable to the above-market quotes. *See MSRB Rule G-30, Supplementary Materials .02(b)* (factors relevant to determining the fairness and reasonableness of prices to customers are not finite). Between February 2019 and February 2021, Alliance purchased bonds from customers in 5,907 transactions that were not attributable to the above-market quotes. On average, the prices Alliance paid for these bonds was (-\$0.557) lower than the Pricing Service's evaluated prices for the bonds while the prices Alliance paid for the bonds in transactions attributable to the above-market quotes were \$1.479 higher than the Pricing Service's evaluated prices for the bonds.

**Alliance's Pricing Failures Adversely Affected  
Investors and Other Participants in the Municipal Bond Market**

16. The Customer for whom Alliance disseminated the above-market quotes benefited from the above-market, and in some cases unfair and unreasonable, prices it received from the sale of the bonds. However, the dealers that acquired the bonds directly or through inter-dealer transactions from Alliance passed the inflated prices that they paid for the bonds on to their customers. On 157 occasions, the prices that downstream investors paid for the bonds exceeded the Pricing Service's evaluated prices for the bonds by \$1.00 or more (i.e., \$10 or more per bond assuming \$100 par per bond). On 105 occasions, the prices that downstream investors paid exceeded the Pricing Service's evaluated prices for the bonds by \$2.00 or more and, on 47 occasions, they exceeded the Pricing Service's evaluated prices by \$3.00 or more (i.e., \$20 and \$30, respectively, per bond assuming \$100 par per bond.)

17. The above-market prices where the Customer, Alliance, and the other dealers traded the bonds created a risk to market efficiency and created at least the potential for market distortion when the transactions were reported publicly. As required by MSRB Rules, Alliance and the other dealers reported their purchases and sales of the bonds within fifteen minutes of the transactions to the MSRB's RTRS for public display on the EMMA platform. However, on the 51 occasions when Alliance purchased bonds from the Customer at unfair and unreasonable prices, Alliance did not report the transactions as "away from the market" in accordance with MSRB Rule G-14(b)(i) and as prescribed by the Rule G-14 RTRS Procedures and the RTRS Users' Manual. This information was thereby made available to other dealers and market participants that may have relied on the reported levels to price or value the same or comparable bonds. The MSRB has noted that off-market bids reported to EMMA "will create a misperception in the municipal

marketplace of the true fair market value of the security.” *See Notice to Dealers That Use the Services of Broker’s Brokers* (MSRB, December 22, 2012).

18. MSRB Rule G-17 requires a dealer, “[i]n the conduct of its municipal securities ... activities ... deal fairly with all persons and shall not engage in any ... unfair practice.” As a result of its pricing failures described above, Alliance did not deal fairly with the other dealers that bid and/or purchased the bonds it offered for sale on behalf of the Customer.

### **Violations**

19. As a result of the conduct described above, Respondent willfully<sup>1</sup> violated MSRB Rules G-13, G-14, G-17, G-27, and G-30.

20. As a result of Respondent’s willful violations of MSRB Rules G-13, G-14, G-17, G-27, and G-30, Respondent willfully violated Section 15B(c)(1) of the Exchange Act.

### **Disgorgement**

21. The disgorgement and prejudgment interest ordered in paragraph IV.C is consistent with equitable principals, does not exceed Respondent’s net profits from its violations, and returning the money to Respondent would be inconsistent with equitable principles. Therefore, in these circumstances, distributing disgorged funds to the U.S. Treasury is the most equitable alternative. The disgorgement and prejudgment interest ordered in paragraph IV.C shall be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

### **Respondent’s Remedial Efforts**

22. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent and the cooperation afforded the Commission staff.

## **IV.**

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent’s Offer.

Accordingly, pursuant to Sections 15(b), 15B(c), and 21C of the Exchange Act and Section 203(e) of the Advisers Act, it is hereby ORDERED that:

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<sup>1</sup> “Willfully,” for purposes of imposing relief under Section 15(b) of the Exchange Act, “means no more than that the person charged with the duty knows what he is doing.” *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)).

A. Respondent cease and desist from committing or causing any violations and any future violations of 15B(c)(1) of the Exchange Act, and MSRB Rules G-13, G-14, G-17, G-27, and G-30.

B. Respondent is censured.

C. Respondent shall, within 10 days of the entry of this Order, pay disgorgement of \$11,369.00 and prejudgment interest of \$2,407.38 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

D. Respondent shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$100,000.00 to the Securities and Exchange Commission, of which a total of \$41,667.00 shall be transferred to the MSRB in accordance with Section 15B(c)(9)(A) of the Exchange Act, and of which the remaining \$58,333.00 shall be transferred to the general fund of the United States Treasury in accordance with Exchange Act Section 21F(g)(3). If timely payments is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

E. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Alliance as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Assistant Regional Director Kevin B. Currid, Division of Enforcement, Securities and Exchange Commission, 33 Arch Street, 24<sup>th</sup> Floor, Boston, MA 02110.

F. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman  
Secretary