

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

JORDAN PALMER JOHN
(CRD No. 6924720),

Respondent.

Disciplinary Proceeding
No. 2021071672302

Hearing Officer–DDM

DEFAULT DECISION

December 22, 2022

Respondent is barred from associating with any FINRA member firm in any capacity for failing to comply with requests for information and documents during a FINRA investigation, in violation of FINRA Rules 8210 and 2010.

Appearances

For the Complainant: Michael P. Manning, Esq., Loyd Gattis, Esq., and Jennifer Crawford, Esq.,
Department of Enforcement, Financial Industry Regulatory Authority

For the Respondent: No appearance

DECISION

I. Introduction

FINRA investigated Respondent Jordan P. John after TD Ameritrade, Inc. (“Ameritrade”) reported that it had terminated its association with John because of trading activity in John’s brokerage account held at the firm. On multiple occasions and to two separate mailing addresses, FINRA staff sent Respondent requests for information and documents pursuant to FINRA Rule 8210. Respondent never responded to the investigative requests.

The Department of Enforcement properly served John with the Notice of Complaint and Complaint twice. John did not file an Answer to the Complaint. Enforcement filed a Motion for Entry of Default Decision (“Default Motion”) supported by the Declaration of Enforcement counsel Michael P. Manning (“Manning Decl.”) and 14 Complainant’s Exhibits (“CX”). John did not respond to the Default Motion.

For the reasons below, I find John in default. I grant Enforcement’s Default Motion and consider the facts alleged in the Complaint admitted under FINRA Rules 9215(f) and 9269(a). For violating FINRA Rules 8210 and 2010, I bar John from associating with any FINRA member firm in any capacity.

II. Findings of Fact and Conclusions of Law

A. John’s Background

John entered the securities industry in 2018.¹ He was registered with FINRA as a general securities representative through his association with Ameritrade from November 12, 2020, to June 15, 2021.² Ameritrade disclosed on June 15, 2021, by filing a Uniform Termination Notice for Securities Industry Registration (Form U5), that it had terminated its association with John for “behavior that was inconsistent with the firm’s Code of Business Conduct and Ethics related to activity in [John]’s brokerage account held at the firm.”³ Ameritrade also disclosed in the Form U5 that an internal review of John’s “trading activity on unsecured funds” preceded its termination of John’s association with the firm.⁴

Because he did not comply with FINRA’s Rule 8210 requests, Enforcement sent John a notice on October 4, 2021 that FINRA would suspend him under FINRA Rule 9552 on October 18, 2021, if he did not request a hearing or respond to the Rule 8210 requests (“Notice of Suspension”).⁵ Because he neither requested a hearing nor responded to the Rule 8210 requests, John is currently suspended from associating in any capacity with a FINRA member firm.⁶

B. FINRA’s Jurisdiction

John was last registered with FINRA on June 15, 2021.⁷ Although he is not currently associated with a FINRA member firm, FINRA has jurisdiction over this disciplinary proceeding under Article V, Section 4(a) of FINRA’s By-Laws because (i) the Complaint was filed within two years of the effective date of the Form U5 that terminated John’s association with a member firm, and (ii) the Complaint charges him with ignoring requests for information from FINRA staff within two years of the termination of his registration.⁸

¹ Complaint (“Compl.”) ¶ 2; CX-1, at 2.

² Compl. ¶ 2; Manning Decl. ¶ 6; CX-1, at 2.

³ Compl. ¶ 3; Manning Decl. ¶ 7; CX-2, at 1.

⁴ Compl. ¶ 3; Manning Decl. ¶ 7, CX-2, at 5.

⁵ Compl. ¶ 14; CX-13.

⁶ Compl. ¶ 35; Manning Decl. ¶ 5; CX-14.

⁷ Compl. ¶ 2; Manning Decl. ¶ 6; CX-1, at 2.

⁸ Compl. ¶ 4; Manning Decl. ¶ 10.

C. Origin of the Investigation

FINRA began investigating the circumstances of Ameritrade’s termination of John’s association with the firm, including whether he traded on unsecured funds. As part of its investigation, FINRA sought from John a signed, written statement about Ameritrade’s description of his termination in his Form U5.⁹

D. John’s Default

Enforcement served Respondent with the First and Second Notices of Complaint and the Complaint in accordance with FINRA Rules 9131 and 9134.

When Enforcement served the First Notice of Complaint and Complaint (collectively, “First Notice”), Enforcement had actual knowledge that John’s last known residential address recorded in the Central Registration Depository (“CRD Address”) was not current.¹⁰ Before serving the First Notice, Enforcement conducted a Lexis search and identified a current address for John in Omaha, Nebraska (“Nebraska Address”).¹¹ Enforcement served the First Notice on September 7, 2022,¹² and the Second Notice of Complaint and Complaint (collectively, “Second Notice”) on October 6, 2022.¹³ In each case, Enforcement served John by first-class certified mail, return receipt requested, to John’s CRD Address.¹⁴

Because Enforcement knew that John’s CRD Address was outdated, Enforcement also served John with both the First Notice and Second Notice via first-class certified mail, return receipt requested, to John’s Nebraska Address.¹⁵ Enforcement also sent courtesy copies of the First Notice and Second Notices to two email addresses for John.¹⁶

On October 6, 2022, when Enforcement served the Second Notice, John emailed Enforcement.¹⁷ In the email, John asked, “someone please send me the questions I need to answer regarding the Complaint via email or in the mail at [his Nebraska Address].”¹⁸ In an email response, Manning pointed John to the instructions in the Notice of Complaint on how to

⁹ Compl. ¶ 6; Manning Decl. ¶ 38; CX-11.

¹⁰ Manning Decl. ¶ 12.

¹¹ Manning Decl. ¶ 12.

¹² Manning Decl. ¶ 13.

¹³ Manning Decl. ¶ 21.

¹⁴ Manning Decl. ¶¶ 13, 21.

¹⁵ Manning Decl. ¶¶ 14, 22.

¹⁶ Manning Decl. ¶¶ 14, 22.

¹⁷ Manning Decl. ¶ 28; CX-10. John copied on his email the Case Administrator assigned to this case from the Office of Hearing Officers.

¹⁸ Manning Decl. ¶ 28; CX-10. John thus confirmed that the Nebraska Address was current.

answer the Complaint, reminded John of the deadline by which to file an Answer, and offered to schedule a call with John if he had any questions.¹⁹ John thus received constructive and actual notice of this proceeding.²⁰

Under FINRA Rule 9215, John had to file an Answer or respond to the Complaint by October 24, 2022. John did not file an Answer or response to the Complaint. I find that John defaulted.

On October 31, 2022, I issued an Order instructing Enforcement to file a Default Motion. On November 30, 2022, Enforcement filed its Default Motion and served it on John at his CRD Address and Nebraska Address. Enforcement also sent the Default Motion to John by email. John did not respond to the Default Motion. Under FINRA Rules 9215(f) and 9269(a)(2), I grant the Default Motion,²¹ and consider the allegations in the Complaint admitted.

E. John Violated FINRA Rules 8210 and 2010 by Failing to Produce Information and Documents

The Complaint contains one cause of action. It alleges that John violated FINRA Rules 8210 and 2010 by ignoring FINRA staff's requests to produce information and documents. The staff sent John its requests for information under Rule 8210 on at least four separate occasions. The Complaint charges him with failing to respond to the Rule 8210 requests.²²

Rule 8210 requires persons subject to FINRA's jurisdiction to provide information to FINRA upon request. Rule 8210(a)(2) authorizes FINRA to "inspect and copy the books, records, and accounts" of persons subject to its jurisdiction "with respect to any matter involved in [an] investigation ... that is in such ... person's possession, custody, or control." Rule 8210(c) provides that "[n]o member or person shall fail to provide information or testimony or to permit an inspection and copying of books, records, or accounts pursuant to this Rule."

Rule 8210 "is at the heart of the self-regulatory system for the securities industry" and "provides a means, in the absence of subpoena power, for [FINRA] to obtain from its members information necessary to conduct investigations."²³ "FINRA Rule 8210 is unequivocal and grants FINRA broad authority to obtain information concerning an associated person's

¹⁹ Manning Dec. ¶ 29; CX-10.

²⁰ See, e.g., *Dep't of Enforcement v. Evansen*, No. 2010023724601, 2014 FINRA Discip. LEXIS 10, at *20-21 & n.21 (NAC June 3, 2014), *aff'd*, Exchange Act Release No. 75531, 2015 SEC LEXIS 3080 (July 27, 2015).

²¹ John may move to set aside the default under FINRA Rule 9269(c) upon a showing of good cause.

²² Compl. ¶¶ 36-43.

²³ *Howard Brett Berger*, Exchange Act Release No. 58950, 2008 SEC LEXIS 3141, at *13 (Nov. 14, 2008), *petition for review denied*, 347 F. App'x 692 (2d Cir. 2009).

securities-related business ventures.”²⁴ Associated persons must cooperate fully in providing FINRA with information.²⁵ It is therefore a violation of Rule 8210 for a person to fail to provide information sought by FINRA.²⁶

FINRA sent its Rule 8210 request to John for the first time on June 21, 2021.²⁷ In the request, FINRA asked that John provide a written statement about his termination from Ameritrade, and whether he engaged in behavior that was inconsistent with the firm’s Code of Business Conduct and Ethics.²⁸ FINRA sent its Rule 8210 request to John at his CRD Address by certified mail and first-class mail.²⁹

When John failed to respond, FINRA sent its Rule 8210 request to him on July 16, 2021.³⁰ Again, FINRA sent its request to John at his CRD Address by certified mail and first-class mail.³¹

Again, John did not respond to the Rule 8210 request, so on October 4, 2021, Enforcement sent John a Notice of Suspension.³² In the Notice of Suspension, Enforcement told John that he would be suspended on October 28, 2021 under FINRA Rule 9552 if he did not respond to the Rule 8210 requests or request a hearing.³³ The Notice of Suspension attached the Rule 8210 requests to which John had failed to respond.³⁴ To confirm John’s address for the Notice of Suspension, Enforcement conducted a Lexis search, which showed that John’s CRD Address was current.³⁵ The Lexis search did not show any alternate address for John at that

²⁴ *Dep’t of Enforcement v. Gallagher*, No. 2008011701203, 2012 FINRA Discip. LEXIS 61, at *12 (NAC Dec. 12, 2012).

²⁵ See *CMG Inst’l Trading, LLC*, Exchange Act Release No. 59325, 2009 SEC LEXIS 215, at *21 (Jan. 30, 2009) (member firms and their associated persons have an obligation to respond to FINRA’s request for information “fully and promptly”). See also *Dep’t of Enforcement v. Vedovino*, No. 2015048362402, 2019 FINRA Discip. LEXIS 20, at *20 (NAC May 15, 2019) (Rule 8210 “requires associated persons to comply fully with FINRA’s requests for information, testimony, and documents with respect to any matter involved in a FINRA investigation, complaint, examination, or proceeding.”).

²⁶ See *Dep’t of Enforcement v. Felix*, No. 2018058286901, 2021 FINRA Discip. LEXIS 7, at *20 (NAC May 26, 2021) (respondent violated Rule 8210 by failing to produce his Internal Revenue Service wage and income transcript), *appeal docketed*, No. 3-20380 (SEC June 28, 2021).

²⁷ Compl. ¶ 6; CX-13, at 4.

²⁸ CX-13, at 4.

²⁹ Compl. ¶ 7; CX-13, at 4.

³⁰ Compl. ¶ 10; CX-13, at 3.

³¹ Compl. ¶ 11; CX-13, at 3.

³² Compl. ¶ 14; CX-13, at 1-2.

³³ Compl. ¶ 14.

³⁴ CX-13, at 3-12.

³⁵ Compl. ¶ 15.

time.³⁶ Enforcement therefore served the Notice of Suspension by certified mail and first-class mail to John's CRD Address.³⁷

John did not respond to the Rule 8210 requests and did not request a hearing in response to the Notice of Suspension.³⁸ So on October 28, 2021, Enforcement sent John a notice informing him that, as of that date, he was suspended from associating with any FINRA member ("Suspension Letter").³⁹ In the Suspension Letter, Enforcement warned John that the suspension would convert to a bar on January 7, 2022 unless he requested termination of his suspension on the grounds of full compliance with the Notice of Suspension.⁴⁰ Enforcement served the Suspension Letter by sending it to John by certified mail and first-class mail to his CRD Address.⁴¹ Before sending the Suspension Letter, Enforcement re-confirmed through a Lexis search that John's only current address was his CRD Address.⁴² John did not respond to the Suspension Letter, however.⁴³

Several days before John's suspension converted to a bar, Enforcement ran another Lexis search for John's most current address.⁴⁴ This time, the Lexis report showed that John's CRD Address may have been outdated or inaccurate as of November 2021, after FINRA served him with the Suspension Letter.⁴⁵ But the Lexis report did not list any current address for John.⁴⁶ As a result, Enforcement did not bar John.⁴⁷

In March 2022, after another Lexis search, Enforcement identified a potential new address for John, the Nebraska Address.⁴⁸ According to Lexis, the Nebraska Address was current through January 2022.⁴⁹ So on March 28, 2022, Enforcement served additional copies of the Rule 8210 requests, Notice of Suspension, and Suspension Letter on John at the Nebraska

³⁶ Compl. ¶ 15.

³⁷ Compl. ¶ 16.

³⁸ Compl. ¶ 18.

³⁹ Compl. ¶ 19; CX-14.

⁴⁰ Compl. ¶ 19; CX-14.

⁴¹ Compl. ¶ 20.

⁴² Compl. ¶ 20.

⁴³ Compl. ¶ 22.

⁴⁴ Compl. ¶ 23

⁴⁵ Compl. ¶ 23.

⁴⁶ Compl. ¶ 23.

⁴⁷ Compl. ¶ 23.

⁴⁸ Compl. ¶ 24.

⁴⁹ Compl. ¶ 24.

Address by certified mail and first-class mail.⁵⁰ When John did not respond to these materials,⁵¹ Enforcement sent them again on July 19, 2022 both to his Nebraska Address and his CRD Address, by Federal Express overnight and first-class mail.⁵² After the Federal Express overnight mailings to the CRD Address and Nebraska Address were returned as undeliverable,⁵³ Enforcement conducted another Lexis search for John’s potential addresses.⁵⁴ This Lexis report showed John’s CRD Address as active through March 2022, and the Nebraska Address as current from October 2021. But John did not respond to the July 19 mailings.⁵⁵

Rule 8210 required FINRA to serve John with its Rule 8210 requests by mailing them to his “last known residential address of the person as reflected in [CRD].”⁵⁶ Rule 8210 also states that if FINRA staff “has actual knowledge that the address in the [CRD] is out of date or inaccurate,” then FINRA staff must mail the Rule 8210 request to “any other more current address” that is known to the FINRA staff.⁵⁷ Here, FINRA staff mailed their Rule 8210 requests to John at his CRD Address. When FINRA staff mailed the Rule 8210 requests to John’s CRD Address, FINRA staff did not have actual knowledge of a more current address.⁵⁸ In fact, before it sent him a Suspension Letter for not responding to the Rule 8210 requests, Enforcement confirmed through a Lexis report that the CRD Address was current and that there were no alternate addresses listed for John.⁵⁹

According to the Complaint, which I deem admitted, Enforcement did not become aware of the Nebraska Address for John until March 2022.⁶⁰ This was about eight months after FINRA had served John with the Rule 8210 requests at his CRD Address, and after FINRA had served him with the Notice of Suspension and Suspension Letter. Yet once it became aware of the Nebraska Address, Enforcement used that address to send John two more sets of the Rule 8210 requests, Notice of Suspension, and Suspension Letter.⁶¹ Further, in an October 2022 email, John requested that Enforcement send him information on how to answer the Complaint to his

⁵⁰ Compl. ¶ 25.

⁵¹ Compl. ¶ 28.

⁵² Compl. ¶ 29.

⁵³ Comp. ¶ 31. The first-class mailing was not returned. Compl. ¶ 32.

⁵⁴ Compl. ¶ 33.

⁵⁵ Compl. ¶ 34.

⁵⁶ FINRA Rule 8210(d)(1).

⁵⁷ FINRA Rule 8210(d)(2).

⁵⁸ Compl. ¶ 15.

⁵⁹ Compl. ¶ 15.

⁶⁰ Compl. ¶ 24.

⁶¹ Compl. ¶¶ 25, 29.

Nebraska Address,⁶² which is where Enforcement mailed the packages that included the Rule 8210 requests in March 2022 and July 2022.

Based on these facts, I find that FINRA validly served its Rule 8210 requests on John.⁶³ Because John never responded to the Rule 8210 requests, I also find that he violated FINRA Rules 8210 and 2010.⁶⁴

III. Sanctions

According to FINRA's Sanction Guidelines ("Guidelines"), if an individual never responds to a request for information made under Rule 8210, the standard sanction should be a bar.⁶⁵ The Guidelines also provide that, when an individual fails to respond, the principal consideration for sanctions is how important the requested information is to FINRA.⁶⁶

FINRA needed the information it requested from John to perform its regulatory function and fully investigate potential misconduct.⁶⁷ In its Form U5, Ameritrade reported that John engaged in conduct that was inconsistent with the firm's Code of Business Conduct and Ethics and engaged in "trading activity on unsecured funds."⁶⁸ John's failure to respond to regulatory requests deprived FINRA of information and documents, and frustrated FINRA's ability to fulfill its regulatory responsibility to investigate the circumstances of his termination from Ameritrade and whether he improperly traded on unsecured funds.⁶⁹ There is no evident excuse or justification for John's failure to respond to FINRA's requests.

Under these circumstances, there are no mitigating factors. The appropriate sanction is a bar in all capacities. The bar is remedial because it will protect the investing public by encouraging the cooperation essential to the investigation and remediation of industry misconduct. The bar also will deter others from ignoring FINRA's information requests.

⁶² CX-10.

⁶³ See *David Kristian Evansen*, Exchange Act Rel. No. 75531, 2015 SEC LEXIS 3080, at *16 (July 27, 2015) ("[W]hen the Rule 8210 requests and disciplinary complaints were mailed to Evansen's CRD address they were 'deemed to have been received there, whether or not [he] actually receive[d] them.'" (citing *Continuing Obligation to Update NASD Records*, NASD Notice to Members 97-31 (May 1, 1997)).

⁶⁴ A violation of Rule 8210 is also a violation of Rule 2010. *Dep't of Enforcement v. Hoeper*, No. C02000037, 2001 NASD Discip. LEXIS 37, at *5 (NAC Nov. 2, 2001) (addressing predecessor of Rule 2010).

⁶⁵ FINRA Sanction Guidelines at 93 (2022), <http://www.finra.org/industry/sanction-guidelines>.

⁶⁶ *Id.*

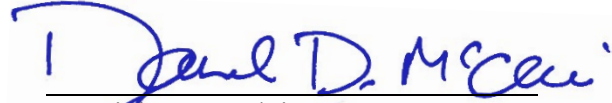
⁶⁷ Manning Decl. ¶ 38.

⁶⁸ Manning Decl. ¶ 7; CX-2.

⁶⁹ *Rooney A. Sahai*, Exchange Act Release No. 55046, 2007 SEC LEXIS 13, at *10 (Jan. 5, 2007) (finding that a member's failure to provide information to FINRA undermines its ability to carry out its regulatory mandate).

IV. Order

By failing to comply with requests for information and documents during a FINRA investigation, Respondent Jordan P. John violated FINRA Rules 8210 and 2010. For this misconduct, John is barred from associating with any FINRA member firm in any capacity. The bar will become effective immediately if this Default Decision becomes FINRA's final disciplinary action.



Daniel D. McClain
Hearing Officer

Copies to:

Jordan Palmer John (via overnight courier, first-class mail, and email)

Michael P. Manning, Esq. (via email)

Loyd Gattis, Esq. (via email)

Jennifer L. Crawford, Esq. (via email)