

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

JI JUN YANG  
(CRD No. 6084289),

Respondent.

Disciplinary Proceeding  
No. 2019061187102

Hearing Officer–BEK

**DEFAULT DECISION**

July 8, 2021

**Respondent is barred from associating with any FINRA member firm in any capacity for (1) converting firm funds by causing the firm to pay fictitious credit card charges, (2) falsifying firm documents, and (3) failing to provide documents and information requested by FINRA, in violation of FINRA Rules 8210 and 2010.**

*Appearances*

For the Complainant: John R. Baraniak, Jr., Esq., and Maya Krugman, Esq., Department of Enforcement, Financial Industry Regulatory Authority

For the Respondent: Pro se

**DECISION**

**I. Introduction**

On November 16, 2020, FINRA’s Department of Enforcement filed a three-cause Complaint alleging that Respondent Ji Jun Yang converted approximately \$41,000 from his FINRA member firm and failed to respond to Enforcement’s requests for documents and information, in violation of FINRA Rules 8210 and 2010.

After belatedly filing an Answer to the Complaint, Yang missed filing deadlines and telephone pre-hearing conferences (“PHCs”), and he repeatedly failed to comply with FINRA’s Code of Procedure. He was given numerous chances to make up for his failures, but recently failed to appear by telephone at a PHC scheduled to enable him to show cause why he should not be held in default.

Accordingly, Enforcement was directed to file a motion for entry of default decision (“Default Motion”).<sup>1</sup> The Default Motion is supported by the declaration of Enforcement counsel John R. Baraniak, Jr., Esq. (“Baraniak Decl.”) and accompanying exhibits.

For the reasons given below, I find Yang in default for failing to appear at pre-hearing conferences. The allegations in the Complaint are deemed admitted pursuant to FINRA Rules 9241(f) and 9269(a), and Yang is barred from associating in any capacity with any FINRA member firm.

## **II. Findings of Fact and Conclusions of Law**

### **A. Yang’s Background**

Yang first associated with FINRA member firm RBC Capital Markets, LLC (“RBC”) in July 2013, where he worked in its investment banking department.<sup>2</sup> In October 2016, he became registered as an Investment Banking Representative and remained associated with RBC until his termination on December 10, 2018.<sup>3</sup> RBC terminated Yang based on an internal review that found, among other things, that “over a period of approximately four years, [Yang]: (1) created several fake food vendors and submitted meal receipts from those vendors for reimbursement.”<sup>4</sup>

### **B. FINRA’s Jurisdiction**

Although Yang is no longer registered or associated with a FINRA member firm, he remains subject to FINRA’s jurisdiction for purposes of this proceeding pursuant to Article V, Section 4(a) of FINRA’s By-Laws. This is because (1) the Complaint was filed within two years after January 9, 2019, which was the effective date of termination of Yang’s registration, and (2) the Complaint charges Yang with misconduct committed while he was associated with a FINRA member firm, and with failing to respond to FINRA requests for documents and information during the two-year period after the date on which he ceased to be registered or associated with a FINRA member firm.

### **C. Origin of the Investigation**

Based on the Uniform Termination Notice for Securities Industry Registration (Form U5) filed by RBC and the reported reason for Yang’s termination, FINRA staff opened an investigation into this matter in early 2019.<sup>5</sup> The investigation revealed evidence of fictitious credit card charges, receipts, and expense reports that resulted in RBC either paying the credit

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<sup>1</sup> Enforcement filed a Default Motion on June 21, 2021 and filed an amended version on June 25.

<sup>2</sup> Complaint (“Compl.”) ¶ 4; Baraniak Decl. ¶ 11; Exhibits to Decl. (“Ex.”) 3.

<sup>3</sup> Compl. ¶¶ 5-6; Ex. 4.

<sup>4</sup> Compl. ¶ 7.

<sup>5</sup> Baraniak Decl. ¶ 4.

card issuer or reimbursing Yang for fictitious expenses.<sup>6</sup> Additionally, in connection with this investigation, Yang failed to provide information and documents requested by FINRA.<sup>7</sup>

#### **D. Yang's Default**

Enforcement properly served Yang with two Notices of Complaint and the Complaint.<sup>8</sup> Yang did not file an Answer to the Complaint. Enforcement was ordered to file a Default Motion. Before Enforcement filed the Default Motion, however, Yang contacted the Office of Hearing Officers Case Administrator assigned to this proceeding expressing confusion with the disciplinary process and stating his understanding that he had settled this matter. He was given additional time to file an Answer,<sup>9</sup> which he ultimately did.<sup>10</sup>

Yang's participation in these proceedings has been spotty at best. Although he belatedly filed an Answer to the Complaint, he has missed filing deadlines and telephone PHCs, and he has repeatedly failed to comply with FINRA's Code of Procedure.<sup>11</sup> Yang has been given repeated chances to make up for his failures.<sup>12</sup>

On June 2, 2021, the Case Administrator received an email from Yang. In his email, Yang identified medical issues that he asserted will make it difficult for him to fully participate in this disciplinary proceeding.<sup>13</sup> Yet, Yang failed to file a motion seeking to change the pre-hearing and hearing schedule in this case and provided no documentation to support the alleged medical condition that he claimed prevented his participation in the proceeding.<sup>14</sup>

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<sup>6</sup> Compl. ¶¶ 26, 28, 30, 32.

<sup>7</sup> Compl. ¶¶ 37, 41, 46.

<sup>8</sup> Baraniak Decl. ¶¶ 20-22, 29-30.

<sup>9</sup> See January 15, 2021 Order Extending Time to File Answer and Staying Order Governing Motion for Entry of Default Decision (noting that Yang purportedly thought he had signed a completed Letter of Acceptance, Waiver and Consent and lacked an understanding of the disciplinary process).

<sup>10</sup> Yang's Answer outlined his view of the facts. Answer ("Ans.") 1-13. He provided a more thorough Answer at a March 3, 2021 show-cause hearing, during which he orally responded to each allegation in the Complaint. See Transcript of March 3, 2021 Show-Cause Hearing.

<sup>11</sup> See May 21, 2021 Order Directing Respondent to Comply with FINRA's Code of Procedure (detailing Yang's failures to timely file pleadings and participate in PHCs, and directing him to follow the Code of Procedure).

<sup>12</sup> *Id.* (noting the rescheduled PHCs and additional time to file pleadings that Yang has been given).

<sup>13</sup> June 3, 2021 Order Setting Pre-Hearing Conference (noting Yang's asserted inability to participate in this proceeding because of a medical issue).

<sup>14</sup> The May 21, 2021 Order Directing Respondent to Comply with FINRA's Code of Procedure notes the multiple times that the Office of Hearing Officers notified Yang of the need to file a motion to change pre-hearing and hearing dates and to provide documentation to support his alleged medical condition.

On June 3, 2021, Yang was ordered to attend a PHC to be held by telephone on June 8, 2021.<sup>15</sup> The purpose of the PHC was to allow Yang to address his medical concerns and his purported inability to participate in these proceedings.<sup>16</sup> Yang was cautioned in the Order Setting Pre-Hearing Conference that a failure to attend the PHC may be deemed a default.<sup>17</sup> This Order was served on Yang by email and overnight courier. Yang failed to appear at the scheduled time on June 8. The Case Administrator emailed and called him to alert him to attend, to no avail.<sup>18</sup> Yang did not appear for the PHC. Rather, he later sent an email to the Case Administrator again stating his inability to participate but providing no supporting documentation.

Because Yang failed to participate in the June 8 PHC, and because his assertions of inability to participate remained unsupported, he was ordered to participate by telephone in a show-cause hearing on June 15, 2021.<sup>19</sup> The purpose of the show-cause hearing was for Yang to demonstrate why he should not be held in default.<sup>20</sup> The Show-Cause Order was served on Yang by email and overnight courier.

On June 13, 2021, Yang emailed the Case Administrator again stating that his medical issues prevented him from participating. The Case Administrator advised Yang, as she previously had, that if he wanted to postpone the proceedings, he had to file a motion and attach a letter or other proof from his caregiver supporting his asserted medical condition and related inability to participate in these proceedings. Yang made no such filing.

Yang failed to appear for the show-cause hearing. The Case Administrator emailed and called Yang to alert him to attend, to no avail.<sup>21</sup> Yang also has not filed a motion seeking a postponement of these proceedings and has not provided proof of his alleged medical condition.

Enforcement filed a Default Motion on June 25, 2021. Yang continued to email the Case Administrator restating his inability to participate, but he failed to file a motion for continuance or submit any medical verification of his asserted inability to participate. He filed no response to Enforcement's Default Motion.

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<sup>15</sup> June 3, 2021 Order Setting Pre-Hearing Conference.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> June 8, 2021 PHC Transcript ("Tr.") at 3-4.

<sup>19</sup> June 8, 2021 Order to Show Cause Why Respondent Should Not be Held in Default.

<sup>20</sup> *Id.*

<sup>21</sup> June 15, 2021 Show-Cause hearing Tr. at 3-4.

In light of Yang's failure to attend the June 8 PHC and the June 15 PHC to show cause why Yang should not be held in default, I find him in default. The Default Motion is granted, and the allegations in the Complaint are deemed admitted.<sup>22</sup>

## **E. False Receipts and Expense Reports**

### **1. RBC's Policies for Meal and Taxi Expenses**

Per RBC's travel and expense policies, employees generally were required to use their corporate credit card for reimbursable business expenses.<sup>23</sup> For all or most of the relevant times herein, the firm permitted employees to expense up to \$25 per day for overtime meals, up to \$50 per day for weekend meals, and up to \$75 per day for travel meals, subject to certain conditions.<sup>24</sup> In addition, employees were permitted to expense taxi fare from the office to their homes if they worked past 9:00 p.m., as well as when they were travelling.<sup>25</sup>

### **2. Yang Created and Controlled Square and PayPal Accounts**

Yang created online payment accounts on Square and PayPal in the names of fictitious vendors;<sup>26</sup> i.e., "Steak and Rice," "KOGITRUCK," "Yoshi's," "PHILSSTEAK," "SOMASRTFOOD," "Odang Udon," "Yellow Cab Cooperative," and "San Francisco Taxi Co."<sup>27</sup> Yang controlled these accounts, which were linked to his personal bank account.<sup>28</sup> These accounts were not associated with any actual food vendors or taxi companies. The credit card company paid the fictitious vendors and Yang caused the payments to be transferred to his personal bank account.<sup>29</sup>

### **3. Yang Charged Fictitious Expenses to RBC**

Yang had a firm-issued corporate credit card.<sup>30</sup> To ensure that his reimbursable business expenses would be paid by the firm, Yang had to submit an expense report through the firm's

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<sup>22</sup> See FINRA Rule 9241(f) (authorizing a default decision against any party who fails to appear at a pre-hearing conference of which the party has due notice). See also FINRA Rule 9269 (authorizing a default decision against a party who fails to appear at any hearing that a party is required to attend and of which the party has due notice, and authorizing the allegations against Respondent to be admitted). Yang is hereby notified that he may move to set aside the default decision pursuant to FINRA Rule 9269(c) upon a showing of good cause.

<sup>23</sup> Compl. ¶ 14.

<sup>24</sup> Compl. ¶ 15.

<sup>25</sup> Compl. ¶ 16.

<sup>26</sup> Compl. ¶ 20.

<sup>27</sup> Compl. ¶ 21.

<sup>28</sup> Compl. ¶ 22.

<sup>29</sup> Compl. ¶¶ 25, 50.

<sup>30</sup> Compl. ¶ 13.

travel and expense (“T&E”) system in which he described and provided details of each expense, as well as an original vendor receipt when required.<sup>31</sup> The firm would then review the submitted expense report.<sup>32</sup> If the firm approved the expenses, it would pay the credit card company for the outstanding balance on the corporate credit card and reimburse Yang for any expenses for which he paid out of pocket.<sup>33</sup>

From September 2015 through November 2018, Yang used his corporate credit card to charge approximately \$41,000 to the Square and PayPal accounts described above.<sup>34</sup> The credit card company paid these fictitious Square and PayPal accounts, and Yang caused the payments to be transferred from these online payment accounts (minus fees charged by Square) to his personal bank account.<sup>35</sup>

#### **4. Yang Submitted False Expense Reports and Receipts**

To cause the firm to pay the credit card company for the fictitious charges, Yang submitted, or caused to be submitted, expense reports to the firm through its T&E system in which he mischaracterized the payments as business expenses for work-related meals and taxi rides.<sup>36</sup> According to Yang’s expense reports, all, or nearly all, of his purported individual meals from “Steak and Rice,” “KOGITRUCK,” “Yoshi’s,” “PHILSSTEAK,” “SOMASRTFOOD,” “Odang Udon,” cost less than \$25 each—just under the firm’s daily limit for overtime meals.<sup>37</sup>

From October 2015 through October 2018, Yang submitted 65 false expense reports to RBC.<sup>38</sup> The expense reports were false because Yang claimed that payments he made with his firm credit card to the above vendors were for work-related meals, when in fact the payments were made to accounts created by Yang and under his control; they were not real food vendors.<sup>39</sup> In addition, Yang claimed that payments he made with his firm credit card to “Yellow Cab Cooperative” and “San Francisco Taxi Co.” were for work-related taxi rides, when in fact the payments were made to accounts created by Yang and under his control that were not real taxi vendors.<sup>40</sup>

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<sup>31</sup> Compl. ¶ 17.

<sup>32</sup> Compl. ¶ 18.

<sup>33</sup> Compl. ¶ 19.

<sup>34</sup> Compl. ¶ 24.

<sup>35</sup> Compl. ¶ 25.

<sup>36</sup> Compl. ¶¶ 26, 51.

<sup>37</sup> Compl. ¶ 27.

<sup>38</sup> Compl. ¶ 58.

<sup>39</sup> Compl. ¶ 59.

<sup>40</sup> Compl. ¶ 60.

Along with his expense reports, Yang submitted, or caused to be submitted, receipts generated from the online accounts.<sup>41</sup> The receipts appeared to be for actual meals and actual taxi rides provided by vendors.<sup>42</sup> The vendors, and the meals and taxi rides they supposedly provided as reflected in the receipts, were fictitious.<sup>43</sup>

For example, in an expense report that Yang submitted to RBC on April 27, 2017, Yang claimed that a \$24.78 corporate credit card charge on March 27, 2017, was payment for an individual overtime meal from Odang Udon.<sup>44</sup> Yang's expense submission to RBC included a Square receipt dated March 27, 2017, reflecting a \$24.78 purchase from Odang Udon.<sup>45</sup> After reviewing Yang's submission, RBC approved and paid the \$24.78 fictitious meal charge.<sup>46</sup> RBC regularly paid the credit card company for the outstanding balances on Yang's corporate credit card based on Yang's false expense submissions.<sup>47</sup>

In a handful of instances, Yang also sought and received reimbursement for purported meals from Yoshi's, one of the fictitious places described above, which he paid with his personal credit card.<sup>48</sup> Yang attributed certain fictitious expenses in his expense reports to firm clients.<sup>49</sup> After discovering Yang's misconduct, RBC reimbursed the clients who had been billed and paid for Yang's fictitious expenses.<sup>50</sup> Yang has not repaid the firm for the funds he received through his false expense submissions.<sup>51</sup> In total, Yang caused the firm to pay the credit card company approximately \$41,000 related to his fictitious expense reports and receipts.<sup>52</sup>

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<sup>41</sup> Compl. ¶ 28.

<sup>42</sup> Compl. ¶ 29.

<sup>43</sup> *Id.*

<sup>44</sup> Compl. ¶ 31.

<sup>45</sup> *Id.*

<sup>46</sup> *Id.*

<sup>47</sup> Compl. ¶¶ 30, 52.

<sup>48</sup> Compl. ¶ 32.

<sup>49</sup> Compl. ¶ 33.

<sup>50</sup> Compl. ¶ 34.

<sup>51</sup> Compl. ¶ 35.

<sup>52</sup> Compl. ¶¶ 36, 52, 55.

**F. Yang's Actions Constitute Conversion and a Violation of FINRA Rule 2010 (Cause One)**

FINRA Rule 2010 requires members and associated persons, in the conduct of their business, to “observe high standards of commercial honor and just and equitable principles of trade.” Conversion is an “intentional and unauthorized taking of and/or exercise of ownership over property by one who neither owns the property nor is entitled to possess it.”<sup>53</sup> Conversion is inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of Rule 2010.<sup>54</sup>

Yang's Answer reflects his view that he actually incurred business-related meal and taxi expenses in the amounts stated in his false expense reports and false receipts. Even if Yang had incurred those expenses, an assertion that Yang has not proven, he was entitled to reimbursement only if he followed RBC's expense reimbursement process. Instead, Yang charged fictitious meals and transportation expenses on his corporate credit card, causing the credit card company to pay the fictitious vendors, which funds were then transferred by Yang to his personal account. Yang then created fictitious receipts and submitted them with false expense reports to RBC, thereby causing RBC to make payments for these fabricated expenses to the credit card company, all to the ultimate benefit of Yang. Yang's actions constitute conversion.<sup>55</sup>

**G. Yang's Falsification of Firm Documents Violated FINRA Rule 2010 (Cause Two)**

Falsification of firm documents, including expense reports, is conduct inconsistent with FINRA Rule 2010's requirement that all individuals associated with FINRA member firms observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.<sup>56</sup>

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<sup>53</sup> FINRA Sanction Guidelines at 36 n.2 (2020), <http://www.finra.org/sanctionguidelines>.

<sup>54</sup> *Denise M. Olson*, Exchange Act Release No. 75838, 2015 SEC LEXIS 3629, at \*6-7 (Sept. 3, 2015) (“Falsification of expense reports and conversion are inconsistent with” FINRA Rule 2010.); *see also Dep't of Enforcement v. Vedovino*, No. 2015048362402, 2019 FINRA Discip. LEXIS 20, at \*13 (NAC May 15, 2019) (finding that conversion violates FINRA Rule 2010).

<sup>55</sup> *Olson*, 2015 SEC LEXIS 3629 (sustaining finding by FINRA that submission of false expense report seeking reimbursement for personal expenses is conversion, notwithstanding respondent's entitlement to reimbursement for other business expenses). *See also Dep't of Enforcement v. Mellon*, No. 2017052760001, 2019 FINRA Discip. LEXIS 28, at \*31 (OHO July 11, 2019), *appeal docketed* (NAC July 16, 2019) (rejecting defense that fictitious expenses were offset by other business expenses for which the respondent claims she could have received, but did not seek reimbursement and finding conversion); *Dep't of Enforcement v. Chen*, No. 2013036678201, 2016 FINRA Discip. LEXIS 4 (OHO Feb. 12, 2016) (finding that reimbursement obtained for personal items constituted conversion even though respondent claimed she was owed the funds for different reasons).

<sup>56</sup> *Olson*, 2015 SEC LEXIS 3629, at \*6-7.



Yang's falsifications were inconsistent with high standards of commercial honor and just and equitable principles of trade. As a result, Yang violated FINRA Rule 2010.

#### **H. Yang Failed to Respond to Requests for Information in Violation of FINRA Rules 8210 and 2010 (Cause Three)**

FINRA Rule 8210 requires anyone subject to FINRA jurisdiction to provide the information requested by FINRA staff and "is at the heart of the self-regulatory system for the securities industry."<sup>57</sup> Because FINRA lacks subpoena power, it relies on Rule 8210 to obtain information necessary to conduct "its investigations and fulfill its regulatory mandate."<sup>58</sup> Rule 2010 charges FINRA members with "observ[ing] high standards of commercial honor and just and equitable principles of trade," and a "violation of FINRA Rule 8210 constitutes a violation of FINRA Rule 2010."<sup>59</sup>

Pursuant to FINRA Rule 8210, Enforcement staff sent requests for documents and information on October 1 and 20, 2020, to Yang by Federal Express and first-class mail at his address as reflected in the Central Registration Depository ("CRD Address").<sup>60</sup> Neither of the first-class mailings was returned.<sup>61</sup> Both Federal Express mailings were delivered to Yang's CRD Address,<sup>62</sup> and "J. Yang" signed for the second one.<sup>63</sup> Yang failed to reply or otherwise produce the requested documents and information, which concerned, in part, his personal credit card and bank accounts.<sup>64</sup>

Thus, Respondent violated FINRA Rules 8210 and 2010.

#### **III. Sanctions**

Citing FINRA's Sanctions Guidelines ("Guidelines"), Enforcement seeks to bar Yang from associating with any FINRA member in any capacity.<sup>65</sup> As discussed below, and to protect

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<sup>57</sup> *Dep't of Enforcement v. Merrimac Corp. Sec., Inc.*, No. 2011027666902, 2017 FINRA Discip. LEXIS 16, at \*10-11 (NAC May 26, 2017), *aff'd in part and remanded*, Exchange Act Release No. 86404, 2019 SEC LEXIS 1771 (July 17, 2019), *modified*, No. 2011027666902r, 2020 FINRA Discip. LEXIS 28 (NAC Mar. 27, 2020) (internal quotations omitted).

<sup>58</sup> *Id.*

<sup>59</sup> *Id.*

<sup>60</sup> Compl. ¶¶ 37, 42.

<sup>61</sup> Compl. ¶¶ 39, 44.

<sup>62</sup> *Id.*

<sup>63</sup> Compl. ¶ 44.

<sup>64</sup> Compl. ¶¶ 37, 41, 42, 46.

<sup>65</sup> Default Motion, at 15. Guidelines at 1. Although Enforcement sought disgorgement in its Complaint, it seeks only a bar in its Default Motion. Accordingly, disgorgement was not considered.

the investing public,<sup>66</sup> deter future misconduct,<sup>67</sup> and remediate misconduct,<sup>68</sup> the imposition of the suggested sanction is appropriate in this case.

#### **A. Conversion (Cause One) and Falsification of Firm Documents (Cause Two)**

One of the General Principles for Consideration in All Sanction Determinations is the aggregation of similar violations, such that when a violation is attributable to a common underlying cause, a unitary sanction may be proper.<sup>69</sup> Here, the submission of false documents is the basis of Yang's conversion, and a unitary sanction is appropriate.

The Guidelines for conversion recommend a bar as the standard sanction regardless of the amount converted. "This approach reflects the judgment that absent mitigating factors, conversion poses so substantial a risk to investors and/or the markets as to render the violator unfit for employment in the securities industry."<sup>70</sup> "Indeed, conversion is antithetical to the basic requirement that customers and firms must be able to trust securities professionals with their money."<sup>71</sup>

With regard to falsifying records, in the absence of other violations or customer harm, the Sanction Guidelines recommend suspending the respondent for a period of two months to two years.<sup>72</sup> Where a respondent falsifies a document in furtherance of another violation resulting in customer harm or accompanied by significant aggravating factors, a bar is standard.<sup>73</sup>

#### **1. There are Numerous Aggravating Factors**

Yang's actions caused RBC to make payments for fictitious expenses to fictitious vendors and his actions were intentional,<sup>74</sup> concealed,<sup>75</sup> and numerous.<sup>76</sup> Furthermore, Yang's

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<sup>66</sup> Guidelines at 1 ("The regulatory mission of FINRA is to protect investors and strengthen market integrity....").

<sup>67</sup> Guidelines at 2 (General Principle No. 1).

<sup>68</sup> Guidelines at 5 (General Principle No. 6).

<sup>69</sup> Guidelines at 4 (General Principle No. 4.); *see also Dep't of Enforcement v. Respondent Firm I*, No. C8A990071, 2001 NASD Discip. LEXIS 6, at \*30-31 (NAC Apr. 19, 2001) (approving a unitary sanction for violations with a common underlying cause).

<sup>70</sup> *Olson*, 2015 SEC LEXIS 3629, at \*9 (internal quotation omitted).

<sup>71</sup> *Id.*

<sup>72</sup> Guidelines at 37.

<sup>73</sup> Guidelines at 37.

<sup>74</sup> Guidelines at 8 (Principal Consideration No. 13).

<sup>75</sup> Guidelines at 7 (Principal Consideration No. 10).

<sup>76</sup> Guidelines at 7 (Principal Consideration No. 8).

misconduct occurred over several years<sup>77</sup> and involved a substantial sum of money.<sup>78</sup> And Yang has not paid restitution.<sup>79</sup> These are all aggravating factors.

## **2. There are no Mitigating Factors**

As noted above, Yang asserts in his Answer that he actually incurred the expenses for which he submitted false documentation and that the incurred expenses were business related. Even if Yang had participated in these proceedings and demonstrated that he had incurred those expenses, it would, at best be a mitigating factor, and not a defense to conversion.<sup>80</sup>

Yang also asserts in his Answer that it took a lot of time to complete the proper forms for reimbursement or that he incurred late fees waiting for reimbursement when he did follow proper procedures, which is why he states that he created his fictitious method to reimbursement. Yang's reasons for creating a false method of securing payments from his firm, however, are hardly a mitigating factor. Finally, Yang largely admitted in his Answer that the expense reports and receipts he submitted to RBC were fictitious, indicating acceptance of responsibility for his actions,<sup>81</sup> but this acceptance of responsibility occurred after he was caught and his employment was terminated. His acceptance of responsibility therefore is not considered mitigating.<sup>82</sup>

Additionally, Enforcement perceives no mitigating factors,<sup>83</sup> and none are discerned from the record.

## **3. A Bar in all Capacities is Warranted**

The totality of Yang's actions in falsifying documents and converting funds are predominated by aggravating factors, and he has demonstrated that he cannot be trusted with a member firm's or a customer's money. Accordingly, a bar in all capacities is warranted.<sup>84</sup>

### **B. Failure to Provide Information (Cause Three)**

FINRA's Sanction Guidelines recommend that, if an individual did not respond in any manner, a bar in all capacities should be standard.<sup>85</sup> The misconduct in this case was serious, involving the creation of fraudulent accounts and the submission of fraudulent receipts and

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<sup>77</sup> Guidelines at 7 (Principal Consideration No. 9).

<sup>78</sup> Guidelines at 8 (Principal Consideration No. 16).

<sup>79</sup> Guidelines at 8 (Principal Consideration No. 16).

<sup>80</sup> *Olsen, Mellon, and Chen*, all *supra* at n.55; Guidelines at 7 (Principal Consideration No. 16).

<sup>81</sup> Ans. 5.

<sup>82</sup> Guidelines at 8 (Principal Consideration No. 16).

<sup>83</sup> Baraniak Decl. ¶ 47.

<sup>84</sup> A fine is not sought nor generally appropriate when a bar is imposed. Guidelines at 10.

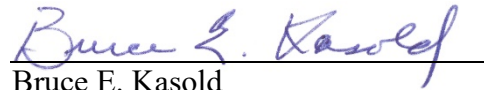
<sup>85</sup> *Id.* at 33.

expense reports leading to a conversion of funds, and the requested information was highly relevant thereto.<sup>86</sup> Moreover, as previously noted, there are no mitigating factors present in this case. Thus, the appropriate sanction is a bar in all capacities.

#### IV. Order

Respondent Ji Jun Yang is barred from associating with any FINRA member firm in any capacity for each of the following: (1) conversion and creating false accounts, and falsifying receipts and expense reports as alleged in the first and second causes of action, and (2) failing to provide documents and information as alleged in the third cause of action, in violation of FINRA Rules 8210 and 2010.

The bar shall become effective immediately if this Default Decision becomes FINRA's final disciplinary action.

  
Bruce E. Kasold  
Hearing Officer

Copies to:

Ji Jun Yang (via email, overnight courier, and first-class mail)  
John R. Baraniak, Jr., Esq. (via email)  
Maya Krugman, Esq. (via email)  
Jennifer L. Crawford, Esq. (via email)

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<sup>86</sup> Guidelines at 33 (noting the importance of the requested information from FINRA's perspective as a specific consideration related to a failure to provide information.); *see also* Guidelines at 1 (noting the mission of FINRA as protecting investors and strengthening market integrity).