

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130372958**

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

**RE: Jimmy E. Caballero, Respondent
Investment Company and Variable Contracts Products Representative
CRD No. 5727054**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Jimmy E. Caballero ("Caballero") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Caballero alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

On or about October 1, 2009, Caballero became employed as a personal banker at a retail bank (the "Retail Bank") that, at all relevant times, was affiliated with JPMorgan Securities, LLC ("JPMorgan" or the "Firm") (formerly Chase Investment Services Corp.). On or about December 18, 2009, Caballero became associated with the Firm as a financial advisor when he obtained his Series 6 license (investment-company and variable contracts products representative) and became dually associated with the Retail Bank and the Firm. On July 19, 2013, the Firm filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") stating that on June 12, 2013, Caballero voluntarily resigned from both the Retail Bank and the Firm. In response to the Form U5 Disclosure Question 7B, which asks whether Caballero was under internal review for fraud or wrongful taking of property or violating investment related statutes, regulations, rules or industry standards of conduct, the Firm responded "yes." Caballero is not currently associated with a FINRA-registered entity. Pursuant to Article V, Section 4 of the FINRA By-Laws, FINRA retains jurisdiction over Caballero until at least July 11, 2015.

RELEVANT DISCIPLINARY HISTORY

Caballero has no prior relevant disciplinary history.

OVERVIEW

Between April and July 2013 (the "Relevant Period"), Caballero, along with another Firm registered representative, FLA, converted approximately \$300,000 from an elderly Firm and Retail Bank customer (the "Customer"). Specifically, the Customer liquidated two annuities and deposited the proceeds totaling approximately \$300,000 into a Retail Bank account opened for her by FLA. Those funds were withdrawn shortly thereafter from the Retail Bank account via two cashier's checks made payable to the Customer, and then deposited into a bank account (the "Third-Party Bank Account") held jointly by Caballero and the Customer at Third-Party Bank, which was opened by Caballero. Caballero had not disclosed the existence of the Third-Party Bank Account to the Firm. The funds in the Third-Party Bank Account were depleted by Caballero and FLA through numerous cashier's checks made payable to FLA, as well as point of sale ("POS") transactions made by Caballero and FLA. Based on the foregoing, Caballero violated FINRA Rule 2010.

Caballero also failed to provide documents and information to FINRA pursuant to FINRA Rule 8210.

FACTS AND VIOLATIVE CONDUCT

Conversion

FINRA Rule 2010 requires members and associated persons to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

On or about April 18, 2013, the Customer liquidated two annuities totaling over \$300,000. The proceeds of the liquidation were initially deposited into the Customer's Retail Bank account. On or about May 1, 2013, Caballero opened the Third-Party Bank Account with himself and the Customer as joint account holders and listed Caballero's home address as the main address on the account. On May 29, 2013, two cashier's checks were issued from the Customer's Retail Bank account payable to the Customer totaling nearly \$300,000, bringing the Retail Bank Account balance to zero. On or about the same day, Caballero deposited the aforementioned cashier's checks into the Third-Party Bank Account. Caballero did not make any other deposits into the Third-Party Bank Account.

Initially, Third-Party Bank questioned the deposits made by Caballero and required further confirmation from the Customer before it would clear the Retail Bank deposits. As such, despite signs of the Customer's diminished mental capacity, FLA drove the

Customer to Third-Party Bank to confirm the source of the funds for the cashier's checks from the Retail Bank. Third-Party Bank approved the deposits after the confirmation.

Between May 29, 2013 and July 2013, the majority of the funds in the Third-Party Bank Account were converted by Caballero and FLA through the issuance of cashier's checks to FLA. In addition, Caballero and FLA converted the remaining funds in the Third-Party Bank Account by engaging in numerous POS transactions from the Third-Party Bank Account for their personal expenses, including payments on a real estate loan, car loan, and purchases at retail vendors.

Although the Customer was aware that Caballero had opened the Third-Party Bank Account on her behalf and that the account would be funded by proceeds from the Customer's Retail Bank account, she believed that she was the sole holder of the Third-Party Bank Account and that it was not a joint account. The Customer was not aware of any withdrawals via cashier's checks or POS transactions made from the Third-Party Bank Account, did not authorize the payment of funds from the Third-Party Bank Account to Caballero or FLA, and did not authorize the use of funds from the Third-Party Account for Caballero's or FLA's respective personal expenses.

As a result of the foregoing, Caballero violated FINRA Rule 2010.

Failure to Provide Documents and Information

FINRA Rule 8210(a) states, in pertinent part:

For the purpose of an investigation, complaint, examination or proceeding authorized by the FINRA By-Laws or rules, an Adjudicator or FINRA Staff shall have the right to: (1) require a member, person associated with a member, or person subject to FINRA's jurisdiction to provide information orally, in writing, or electronically...

By letter dated November 12, 2013 FINRA requested, pursuant to FINRA Rule 8210, that Caballero provide certain documents and information. On November 19, 2013, Caballero provided an incomplete response to FINRA's request. On November 20, 2013, Caballero advised FINRA that he would not provide any additional information to FINRA.

By failing to provide all documents and information requested by FINRA staff, and by advising FINRA that he will not provide any additional information, Caballero violated FINRA Rules 8210 and 2010.

B. Caballero consents to the imposition of the following sanctions:

- **A bar from association with any FINRA member in any capacity.**

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- To have a Complaint issued specifying the allegations against me;**
- To be notified of the Complaint and have the opportunity to answer the allegations in writing;**
- To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and**
- To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.**

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

I understand that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

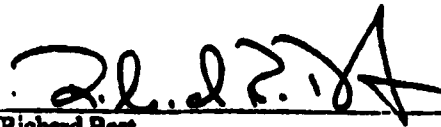
11/22/2013
Date (mm/dd/yyyy)


Jimmy E. Caballero, Respondent

Accepted by FINRA:

12.2.13
Date

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


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