

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130375318**

TO: Department of Enforcement
Financial Industry Regulatory Authority (“FINRA”)

RCVD 2013NOV25PM4:57

RE: Fernando Arevalo, Respondent
Investment Company and Variable Contracts Products Representative
CRD No. 5884590

Pursuant to FINRA Rule 9216 of FINRA’s Code of Procedure, Fernando L. Arevalo (“Arevalo”) 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 Arevalo 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

Arevalo became employed at a retail bank (the “Retail Bank”) as a personal banker in June 2010. Arevalo became associated with the securities industry on February 16, 2011, when he obtained his Series 6 license (investment-company and variable contracts products representative). Arevalo became dually associated with the Retail Bank and JPMorgan Securities, LLC (“JPMorgan” or the “Firm”), as a registered representative. At all relevant times, the Retail Bank was (and continues to be) affiliated with JPMorgan. On July 31, 2013, the Firm filed a Uniform Termination Notice for Securities Industry Registration (“Form U5”) stating that on July 1, 2013, Arevalo voluntarily resigned from both the Retail Bank and the Firm “while under internal review for allegedly receiving a cashier’s check made payable to [Arevalo] from a bank account for customer established at another financial institution.” Arevalo is not currently associated with a FINRA-registered entity. Pursuant to Article V, Section 4 of the FINRA By-Laws, FINRA retains jurisdiction over Arevalo until at least February 23, 2015.

RELEVANT DISCIPLINARY HISTORY

Arevalo has no prior relevant disciplinary history.

OVERVIEW

Between April and July 2013 (the "Relevant Period"), Arevalo, along with another Firm registered representative, JEC, misappropriated approximately \$320,000 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 Arevalo. 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 third-party bank account (the "Third-Party Bank Account") held jointly by JEC and the Customer. JEC had not disclosed the joint account with the Customer to the Firm. The funds in the Third-Party Bank Account were depleted through numerous cashier's checks made payable to Arevalo, as well as point of sale ("POS") transactions made by Arevalo and JEC.

Arevalo also failed to appear and provide testimony 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 April 10, 2013, Arevalo assisted the Customer in opening an account at the Retail Bank where Arevalo worked. 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 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, JEC deposited the aforementioned cashier's checks into the Third-Party Bank Account. JEC did not make any other deposits into the Third-Party Bank Account.

Initially, the third-party bank questioned the deposits made by JEC and required further confirmation before it would clear the Retail Bank check deposits. As such, despite signs of the Customer's diminished mental capacity, Arevalo drove the Customer to the third-party bank to confirm the source of the funds for the cashier's checks from the Retail Bank.

Between May 29, 2013 and July 2013, the majority of the funds in the Third-Party Bank Account were withdrawn through the issuance of cashier's checks to Arevalo. In addition, Arevalo and JEC engaged in numerous POS transactions from the Third-Party

Bank Account for their personal expenses, including payments on a real estate loan, car loan, and to retail vendors.

Although the Customer was aware that JEC 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. Further, the Customer was not aware of any withdrawals or POS transactions made from the Third-Party Bank Account, and did not authorize the payment of funds from the Third-Party Bank Account to Arevalo or JEC, or the use of funds from the Third-Party Account for their respective personal expenses.

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

Failure to Provide Testimony

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... and to testify at a location specified by FINRA Staff, under oath or affirmation administered by a court reporter or a notary public if requested, with respect to any matter involved in the investigation, complaint, examination, or proceeding.

By letter dated October 4, 2013, FINRA requested pursuant to FINRA Rule 8210, that Arevalo appear and provide on-the-record testimony on October 29, 2013. On that date, Arevalo failed to appear for testimony. Arevalo has further advised FINRA that he will not provide any additional information to FINRA or appear and provide testimony.

By failing to appear and provide testimony, and by advising FINRA that he will not provide any additional information, Arevalo violated FINRA Rules 8210 and 2010.

B. Arevalo 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:

- A. To have a Complaint issued specifying the allegations against me;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. 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
- D. 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 prejudice 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.

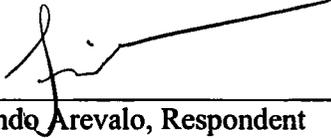
OTHER MATTERS

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.

11/14/13
Date (mm/dd/yyyy)

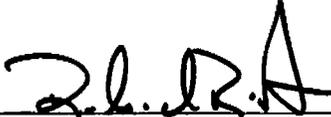


Fernando Arevalo, Respondent

Accepted by FINRA:

11-29-13
Date

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



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