

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015044540701**

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

RE: Robert S. Stewart, Respondent
CRD No. 5746657

Pursuant to FINRA Rule 9216 of FINRA’s Code of Procedure, I submit 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 me 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

Robert S. Stewart entered the securities industry in January 2010, when he became associated with a FINRA member firm as a General Securities Representative. On October 1, 2012, he became registered in the same capacity with J.P. Morgan Securities LLC (“JPMS”). On February 20, 2015, JPMS filed a Form U5 terminating his registrations. Stewart is not currently registered in any capacity with a FINRA member firm, but remains subject to FINRA jurisdiction pursuant to Article V, Section 4 of FINRA’s By-Laws. Stewart has no prior relevant disciplinary history.

OVERVIEW

Stewart violated FINRA Rules 2010 and 4511 by obtaining customer signatures on blank account transfer forms and attaching photocopies of the corresponding signature pages to other account transfer forms he completed and submitted to JPMS. In addition, Stewart exercised discretion in violation of NASD Rule 2510(b) and FINRA Rule 2010 by entering trade instructions received from

unauthorized third-party bank employees without confirming the transactions with the customers.

FACTS AND VIOLATIVE CONDUCT

Stewart Copied Customer Signatures for Account Transfers

FINRA Rule 4511 requires member firms to make and preserve books and records as required under the FINRA rules, the Securities Exchange Act of 1934 and the applicable Exchange Act rules. FINRA Rule 2010 requires associated persons to observe high standards of commercial honor and just and equitable principles of trade. Falsification of a firm's books and records, such as affixing a non-genuine signature to a firm document, violates FINRA Rules 4511 and 2010.

During the period of February 2014 to November 2014, Stewart submitted to JPMS at least sixteen account transfer forms (for at least ten customers) that contained photocopied signatures. Stewart had asked each of the customers to sign blank transfer forms when meeting to complete new account documents. For each customer, Stewart then completed the transfer forms electronically and added a photocopy of the original signature page to the electronically completed document. Where multiple accounts were transferred, Stewart made multiple copies of the original, blank account form's signature page. Thus, Stewart submitted to JPMS customer account transfer forms that these customers did not actually sign (or review), and he caused JPMS to maintain documents that inaccurately appeared to have been signed by customers when, in fact, the documents had not been signed.

By submitting customer account transfer forms using photocopied signatures as described above, Stewart falsified documents in violation of FINRA Rule 2010 and caused JPMS to have inaccurate books and records in violation of FINRA Rules 4511 and 2010.

Stewart Accepted Orders from Unauthorized Third-Parties

NASD Rule 2510(b) forbids a registered representative from exercising discretionary power in a customer's account unless such customer has given prior written authorization to a stated individual and the account has been accepted by the member firm as discretionary. Absent specific written authorization, the placement of transactions by a representative without obtaining same-day, prior authorization from the customer constitutes the exercise of discretion in violation of NASD Rule 2510(b) and FINRA Rule 2010.

On several occasions, Stewart received trading instructions concerning customer accounts via email from non-FINRA registered employees of the banking affiliate of JPMS. Stewart placed the trades relayed without contacting the respective customers to confirm. On one such occasion, this resulted in duplicate orders

being placed in a customer account. Stewart did not have written discretionary authority over the customer accounts at issue, and the bank employees were not authorized third-parties on the customer accounts.

Consequently, by accepting the instructions of unauthorized third-parties and failing to confirm the customer orders, Stewart exercised discretion in violation of NASD Rule 2510(b) and FINRA Rule 2010.

B. I also consent to the imposition of the following sanctions:

- A suspension of four months from association with any FINRA registered broker-dealer in any capacity;
- A fine in the amount of \$7,500.

The fine shall be due and payable either immediately upon reassociation with a member firm, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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.

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 Chief Legal Officer, 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:

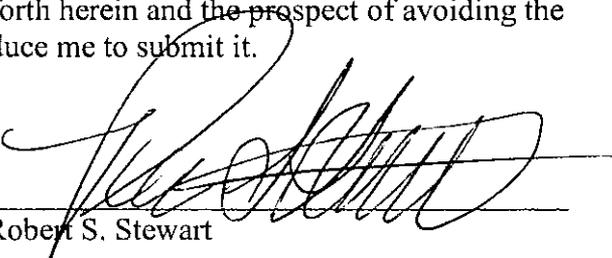
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (“ODA”), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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 accordance with FINRA Rule 8313;
 - 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 understand and acknowledge that FINRA does not represent or advise me and I cannot rely on FINRA or FINRA staff members for legal advice; 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.

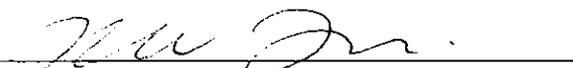
1-27-2017
Date (mm/dd/yyyy)


Robert S. Stewart

Accepted by FINRA:

2/2/17
Date

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


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