

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

JON L. COX
(CRD No. 2073950),

Respondent.

Disciplinary Proceeding
No. 2014040234701

Hearing Officer—Andrew H. Perkins

DEFAULT DECISION

April 1, 2015

Respondent is barred from associating with any FINRA registered firm in any capacity for failing to respond to request for information, in violation of Procedural Rule 8210 and Conduct Rule 2010.

Appearances

Roberta Vassallo and Lane Thurgood for the Department of Enforcement.

DECISION

FINRA's Department of Enforcement initiated this disciplinary proceeding against Jon L. Cox after he failed to provide information that FINRA staff requested in connection with an investigation into the reason his former firm, LPL Financial, LLC, terminated his employment. Enforcement filed the attached Complaint with the Office of Hearing Officers on November 25, 2014, alleging that Cox violated FINRA Rules 8210 and 2010 by failing to respond in any manner to three requests for information FINRA staff issued pursuant to Rule 8210. Cox did not file an Answer to the Complaint.

On February 6, 2015, Enforcement filed a Motion for Entry of Default Decision (Motion), with a Declaration of Roberta Vassallo in Support of the Department of Enforcement's Motion (Declaration). Enforcement attached four exhibits to the Declaration.¹ In addition, I took official notice of the Registration Summary from Cox's Central Registration Depository ("CRD") record pursuant to Rule 9145(b). Cox did not respond to the Motion.

¹ Citations to Enforcement's exhibits are noted as "CX-___."

I. Findings of Fact and Conclusions of Law

A. Background

Cox was associated with LPL Financial from May 2001 to until January 2014. On February 20, 2014, LPL Financial filed a Uniform Termination Notice for Securities Industry Registration (Form U5), which disclosed that the firm had discharged him for violating the firm's policy regarding outside business activities.² Cox's FINRA registrations as a General Securities Representative and a General Securities Principal terminated with the filing of the Form U5.

B. Jurisdiction

FINRA has jurisdiction over Cox pursuant to Article V, Section 4(a) of FINRA's By-Laws. Enforcement filed the Complaint within two years after the effective date of termination of his FINRA registrations,³ and the Complaint charges him with failure to respond to Rule 8210 requests for information while he was subject to FINRA's jurisdiction.

C. Cox Defaulted by Failing to Answer the Complaint

Enforcement served Cox with the Complaint, First Notice of Complaint, and Second Notice of Complaint in accordance with FINRA Rules 9131 and 9134. Enforcement served the Complaint and First Notice of Complaint on November 25, 2014, and the Complaint and Second Notice of Complaint on December 29, 2014.⁴ In each case, Enforcement served Cox by both first-class mail and first-class, certified mail addressed to his current residential address recorded in CRD.⁵ Thus, Cox received valid constructive notice of this proceeding.⁶

Pursuant to Rule 9215, Cox's Answer was due within fourteen days of service of the Second Notice of Complaint, plus an additional three days because service was effected by certified mail, or by January 15, 2015. Cox did not respond to the Complaint and Second Notice of Complaint. Thus, Cox is in default.⁷

² CX-1.

³ According to Cox's CRD record, his registrations as a General Securities Representative and a General Securities Principal terminated effective February 20, 2014.

⁴ Vassallo Decl. ¶¶ 7, 10.

⁵ The certified mailing receipts were returned to FINRA "unclaimed." The first-class mailings were not returned to FINRA. Vassallo Decl. ¶¶ 8, 11.

⁶ 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), *appeal docketed*, SEC Admin. Proc. No. 3-15964 (July 3, 2014).

⁷ Cox is notified that he may move to set aside the default pursuant to FINRA Rule 9269(c) upon a showing of good cause.

D. Cox Failed to Respond to Requests for Information

After FINRA staff received the Form U5 that LPL Financial filed on Cox's behalf, the staff began an investigation to determine if Cox had violated FINRA conduct rules by engaging in unauthorized outside business activities. In furtherance of the investigation, FINRA staff sent him written requests for information pursuant to Rule 8210(a) on August 18, 2014, September 4, 2014, and October 23, 2014. FINRA Rule 8210(a) authorizes FINRA staff, for purposes of an investigation, examination, or proceeding, to require a person subject to FINRA's jurisdiction to provide information and documents with respect to any matter involved in the investigation, examination, or proceeding.

Cox received constructive notice of each request. FINRA staff mailed each request to Cox's CRD address by first-class mail and first-class certified mail.⁸ Cox did not respond to any of the Rule 8210 requests.⁹ Thus, Cox violated FINRA Rules 8210 and 2010.¹⁰

II. Sanctions

FINRA's Sanction Guidelines ("Guidelines") recommend that, if an individual did not respond in any manner, a bar in all capacities should be standard.¹¹ Enforcement's requests for information asked Cox for information about the circumstances surrounding his discharge from LPL Financial, as well as other possible violations of FINRA's rules. The conduct under investigation was serious and had the potential of significant customer harm. In addition to investigating his alleged unauthorized outside business activities, FINRA staff sought information regarding his participation in suspected private securities transactions and borrowing from customers. Cox failed to respond in any manner to Enforcement's information requests. There are no mitigating factors present in this case. Thus, I conclude that the appropriate sanction is a bar in all capacities.

III. Order

Jon L. Cox is barred from associating with any FINRA member firm in any capacity for failing to respond to three requests for information, in violation of FINRA Rules 8210 and 2010.

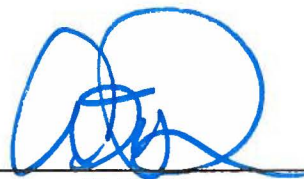
⁸ See FINRA Rule 8210(d) (stating that a notice issued under FINRA Rule 8210 is "deemed received" by a formerly registered person to whom it is sent when mailed to that person's last known residential CRD address); see also *Dep't of Enforcement v. Evansen*, 2014 FINRA Discip. LEXIS 10, at *32-33.

⁹ Compl. ¶¶ 8-22.

¹⁰ A violation of FINRA Rule 8210 constitutes conduct inconsistent with just and equitable principles of trade and therefore also violates FINRA Rule 2010. See, e.g., *CMG Inst. Trading, LLC*, Exchange Act Release No. 59325, 2009 SEC LEXIS 215, at *30 n.36 (Jan. 30, 2009).

¹¹ FINRA Sanction Guidelines at 33 (2013), www.finra.org/Industry/Sanction-Guidelines.

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



Andrew H. Perkins
Hearing Officer

Copies to:

- Jon L. Cox (*via overnight courier*)
- Roberta Vassallo, Esq. (*via email and first-class mail*)
- Lane Thurgood, Esq. (*via email*)
- Jeffrey D. Pariser, Esq. (*via email*)

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Jon L. Cox (CRD No. 2073950),

Respondent.

DISCIPLINARY PROCEEDING
No. 2014040234701

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Between August 18, 2014 and October 30, 2014, Respondent Jon Cox failed to comply with three written requests from FINRA staff that he provide documents and information pursuant to FINRA Rule 8210. Accordingly, Cox violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Cox entered the securities industry in June 1990 with J.J.B. Hilliard, W.L. Lyons, Inc.

3. Cox was registered with J.J.B. Hilliard, W.L. Lyons, Inc. until May 2001 when he joined LPL Financial, LLC ("LPL"). At LPL, Cox was a registered representative and registered principal in Knoxville, Tennessee. LPL terminated Cox on January 22, 2014.

4. On February 20, 2014, LPL filed a Form U5 with FINRA that terminated Cox's registration with FINRA and provided the reason as "violation of firm policy regarding outside business activities."

5. Although Respondent is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) the Complaint was filed within two years after the effective date of termination of Respondent's registration with LPL, namely, February 20, 2014, and (2) the Complaint charges him with failing to respond to FINRA requests for information during the two-year period after the date upon which he ceased to be registered or associated with a FINRA member.

FIRST CAUSE OF ACTION
Failure to Respond to Requests for Information
(FINRA Rules 8210 and 2010)

6. Enforcement realleges and incorporates by reference paragraphs 1–5 above.

7. FINRA staff opened an investigation into whether Cox may have engaged in unauthorized outside business activities, private securities transactions and/or unauthorized customer loans.

8. In order to investigate these allegations, on August 18, 2014, FINRA staff sent a written request for information pursuant to FINRA Rule 8210 with a requested response deadline of September 1, 2014, to Cox at his residential address reflected in the Central Registration Depository ("CRD address").

9. The letter was mailed by First Class and Certified U.S. Mail.

10. The certified letter was delivered on August 20, 2014.

11. The letter sent by first class mail was not returned and is presumed to be delivered.

12. Cox failed to respond to the August 18 request.

13. On September 4, 2014, FINRA staff sent Cox a second request pursuant to FINRA Rule 8210 to Cox's CRD address.
14. This second request letter was sent by First Class and Certified U.S. Mail.
15. The certified letter was returned to Sender as "Unclaimed. Unable to Forward."
16. The First Class letter was not returned and is presumed to be delivered.
17. Cox failed to respond to the second request letter.
18. On October 23, 2014, FINRA staff sent Cox a third request pursuant to FINRA Rule 8210 stating that FINRA staff failed to receive a response from Cox pursuant to FINRA's two previous requests for the same information.
19. This third request letter was sent by First Class and Certified U.S. Mail with a requested response deadline of October 30, 2014.
20. Notice that USPS had attempted to deliver the certified mailing was left at Cox's CRD address on October 27, 2014.
21. The First Class letter was not returned and is presumed to be delivered.
22. Cox failed to respond to the third request.
23. As a result of the foregoing conduct, Cox violated FINRA Rules 8210 and 2010.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

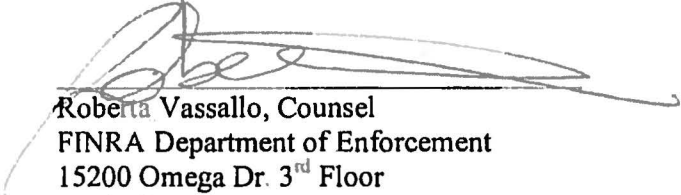
- A. make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including a bar, be imposed;

- C. order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date:

11/25/14



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