

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

RYAN LINCOLN RAYFORD
(CRD No. 6103871),

Respondent.

Disciplinary Proceeding
No. 2013037336401

Hearing Officer—Andrew H. Perkins

DEFAULT DECISION

April 28, 2015

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

Appearances

Christina Stanland, Esq. for the Department of Enforcement.

No appearance by or for Respondent Ryan Lincoln Rayford.

DECISION

Respondent Ryan Lincoln Rayford was a personal banker with J.P. Morgan Chase Bank, N.A. (“Chase Bank”). He also was associated with J.P. Morgan Securities LLC (“JP Morgan”), which is a FINRA regulated broker-dealer. In May 2013, both firms discharged Rayford after he admitted that he had deposited checks from one account to another without funds being available.

JP Morgan reported the reason for Rayford’s termination to FINRA by filing a Uniform Termination Notice for Securities Industry Registration (“Form U5”). Following receipt of the Form U5, FINRA staff began an investigation into the circumstances surrounding Rayford’s discharge from JP Morgan to determine if he had violated any FINRA rules. In the course of that investigation, FINRA staff requested Rayford to provide information and documents regarding the reasons he was discharged. Rayford failed to cooperate with FINRA’s investigation. He did not produce any of the requested information and documents. Accordingly, FINRA’s Department of Enforcement initiated this disciplinary proceeding against Rayford.

Enforcement filed the attached Complaint with the Office of Hearing Officers on December 3, 2014. The Complaint alleges that Rayford violated FINRA Rules 8210 and 2010 by failing to respond to the staff's requests for information and documents. FINRA Rule 8210(a) authorizes FINRA staff, for purposes of an investigation, to require a person subject to FINRA's jurisdiction to provide information and documents with respect to any matter involved in the investigation. Rayford did not file an Answer to the Complaint.

On February 27, 2015, Enforcement filed a Motion for Entry of Default Decision and Imposition of Sanctions with the Office of Hearing Officers. The motion is accompanied by a memorandum of law, the Declaration of Christina Stanland, and 13 exhibits.¹ Rayford did not respond to the motion.

I. Findings of Fact and Conclusions of Law

A. Background

In July 2012, Rayford associated with Chase Investment Services Corp. ("Chase Investment"), a FINRA regulated broker-dealer. In September 2012, he completed a Uniform Application for Securities Industry Registration or Transfer ("Form U4"), which Chase Investment filed with FINRA. Rayford applied for a Series 6 securities license, but he failed the licensing examination. In October 2012, he became associated with JP Morgan in connection with a mass transfer of employees from Chase Investment.²

On June 18, 2013, JP Morgan filed a Form U5 on Rayford's behalf with FINRA, which disclosed that Rayford had been discharged because he had deposited checks from one account to another when there were insufficient funds in the first account to cover the amount of the checks.³

B. Jurisdiction

FINRA has jurisdiction over Rayford 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 association with JP Morgan, and the Complaint charges him with failure to comply with FINRA Rule 8210 while he was subject to FINRA's jurisdiction. FINRA staff issued the subject requests for information and documents within two years after JP Morgan discharged Rayford.

C. Rayford Defaulted by Failing to Answer the Complaint

Enforcement served Rayford with the Complaint, Notice of Complaint, and Second Notice of Complaint in accordance with FINRA Rules 9131 and 9134. Enforcement served the

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

² CX-1.

³ CX-2.

Complaint and Notice of Complaint on December 3, 2014, and the Complaint and Second Notice of Complaint on January 7, 2015.⁴ In each case, Enforcement served Rayford by both first-class mail and first-class, certified mail addressed to his current residential address recorded in the Central Registration Depository (“CRD”). Thus, Rayford received valid constructive notice of this proceeding.⁵ Pursuant to Rule 9215, Rayford’s Answer was due on January 26, 2015.

Rayford did not respond to the Complaint and Second Notice of Complaint. Thus, Rayford is in default.⁶

D. Rayford Failed to Respond to the Staff’s Rule 8210 Requests for Information and Documents

After receiving the Form U5 that JP Morgan Stanley filed on Rayford’s behalf, FINRA staff began an investigation to determine the facts and circumstances surrounding his dismissal from JP Morgan and Chase Bank. In furtherance of the investigation, FINRA staff sent him four written requests for information pursuant to Rule 8210(a). The requests were dated June 27, 2013,⁷ July 19, 2013,⁸ August 5, 2013,⁹ and July 28, 2014.¹⁰ 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.

Rayford received notice of each request. FINRA staff mailed the first two requests to his CRD address by first-class mail and first-class certified mail.¹¹ In addition, Rayford received personal service of the second, third, and fourth requests.¹² The fourth request also was sent by

⁴ Stanland Decl. ¶¶ 26, 29.

⁵ See, e.g., *Dep’t of Enforcement v. Evansen*, No. 2010023724601, 2014 FINRA Discip. LEXIS 10, at *20 n.21 (NAC June 3, 2014), *appeal docketed*, SEC Admin. Proc. No. 3-15964 (July 3, 2014).

⁶ Rayford is notified that he may move to set aside the default pursuant to FINRA Rule 9269(c) upon a showing of good cause.

⁷ CX-3.

⁸ CX-4.

⁹ CX-5.

¹⁰ CX-7.

¹¹ Stanland Decl. ¶¶ 9-10, 12-13; CX-3; CX-4.

¹² Stanland Decl. ¶ 15; CX-6; CX-9.

email, to which Rayford replied.¹³ Nonetheless, Rayford did not respond to any of the Rule 8210 requests.¹⁴ Thus, Rayford violated FINRA Rules 8210 and 2010.¹⁵

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.¹⁶ Enforcement's requests for information asked Rayford for information about the circumstances surrounding his discharge from Chase Bank and JP Morgan. The conduct under investigation (potential check-kiting¹⁷) was serious. Moreover, there are no mitigating factors present in this case. Thus, I conclude that the appropriate sanction is a bar in all capacities.

III. Order

Ryan Lincoln Rayford is barred from associating with any FINRA member firm in any capacity for violating FINRA Rules 8210 2010. The bar shall become effective immediately if this Default Decision becomes FINRA's final disciplinary action.



Andrew H. Perkins
Hearing Officer

Copies to:

Ryan L. Rayford (via first-class mail)
Christina Stanland, Esq. (via email and first-class mail)
Gino F. Ercolino, Esq. (via email)
Richard Chin, Esq. (via email)
Jeffrey D. Pariser, Esq. (via email)

¹³ Stanland Decl. ¶¶ 18-20; CX-8; CX-9.

¹⁴ Compl. ¶ 20.

¹⁵ 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).

¹⁶ FINRA Sanction Guidelines at 33 (2013), www.finra.org/Industry/Sanction-Guidelines.

¹⁷ Check-kiting is a crime involving an account holder (i) writing a check on an account (Account A) knowing that there are insufficient funds available to cover the check amount, (ii) depositing the check in a second account (Account B), and then (iii) withdrawing the funds from Account B before the bank has time to clear the check written on Account A.

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

Department of Enforcement,

Complainant,

v.

Ryan Lincoln Rayford (CRD No. 6103871),

Respondent.

DISCIPLINARY PROCEEDING
No. 2013037336401

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. On May 23, 2013, Ryan Lincoln Rayford ("Rayford") was terminated by his FINRA regulated broker-dealer for allegedly engaging in a check kiting scheme. After initiating an investigation, FINRA requested pursuant to FINRA Rule 8210 that Rayford provide certain documents and information. From August 2013 to the present, Rayford failed to comply with these repeated requests in violation of FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Rayford worked at J.P. Morgan Chase Bank, N.A. ("Chase Bank") as a personal banker. Rayford entered the securities industry in July 2012, when he became associated with Chase Investment Services Corp. ("Chase Investment"), a FINRA regulated broker-dealer. In September 2012, a Uniform Application for Securities

Industry Registration ("Form U4") was filed on his behalf by Chase Investment. Rayford registered and sat for the Series 6 exam in September 2012 but did not pass. In October 2012, Rayford became associated with J.P. Morgan Securities LLC ("JP Morgan"), another FINRA regulated broker-dealer, after Chase Investment Services Corp. transferred Rayford's registration to J.P. Morgan as part of a mass transfer. In January 2013, an amended Form U4 was filed on Rayford's behalf by JP Morgan. On June 18, 2013, JP Morgan filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") disclosing that Rayford was discharged on May 23, 2013, after admitting to JP Morgan's affiliate bank "to depositing checks from one account to another without funds being available."

3. Although Respondent is no longer registered or associated with a FINRA regulated broker-dealer, 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 date upon which he ceased to be associated with a FINRA member, namely, May 23, 2013 ; 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 regulated broker-dealer.

FIRST CAUSE OF ACTION

Failure to Cooperate (FINRA Rules 8210 and 2010)

4. The Department realleges and incorporates by reference paragraphs 1-3 above.
5. FINRA Rule 8210(a)(1) requires "a member, person associated with a member, or person subject to FINRA's jurisdiction to provide information orally, in writing, or

electronically (if the requested information is, or is required to be, maintained in electronic form) 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.” Failure to comply with FINRA Rule 8210 is a violation of FINRA Rule 2010.

- 6. FINRA opened an investigation into Rayford on June 19, 2013, after receiving a Form US from JP Morgan. As part of its investigation, FINRA’s Preliminary Investigations Unit (“PIU”) sent three letters to Rayford, requesting pursuant to FINRA Rule 8210 that Rayford submit, among other things, information relating to his admission to JP Morgan that he had deposited checks from one account to another without funds being available.**
- 7. PIU sent the first letter on June 27, 2013 by first class and certified mail return receipt requested to Rayford’s residential address in Missouri City, Texas as indicated in the Central Registration Depository (“the CRD address”).**
- 8. The June 27, 2013 letter sent by certified mail return receipt requested was delivered on July 2, 2013 and signed for by “RR”. The June 27, 2013 letter sent by first class mail was not returned to FINRA.**
- 9. The June 27, 2013 letter requested that Rayford provide the requested information by July 11, 2013. Rayford failed to provide the requested information by that date.**
- 10. PIU sent the second 8210 letter on July 19, 2013 by first class and certified mail return receipt requested to Rayford’s CRD address.**

11. According to the United States Postal Service, notification regarding the July 19, 2013 letter sent by certified mail return receipt requested was left at the CRD address on July 25, 2013 at 1:57 pm. The July 19, 2013 letter sent by first class mail was not returned to FINRA.
12. The July 19, 2013 letter requested that Rayford provide the requested information by August 2, 2013. Rayford failed to provide the requested information by that date.
13. By letter dated August 5, 2013, PIU sent via personal service to Rayford at his CRD address a third request pursuant to FINRA Rule 8210 that Rayford provide the information requested in the June 27, 2013 and July 19, 2013 letters. The August 5, 2013 letter was delivered to Rayford's CRD address on August 11, 2013 at 9:10 a.m. by a duly registered process server. The process server served the August 5, 2013 letter by delivering and leaving a copy with Rayford.
14. The August 5, 2013 letter requested that Rayford provide the requested information by August 26, 2013. Rayford again failed to provide the requested information by that date.
15. After this matter was referred to Enforcement, Enforcement staff confirmed with Rayford via telephone that his CRD address was still his current residence.
16. By letter dated July 28, 2014, Enforcement requested pursuant to FINRA Rule 8210 that Rayford provide the information requested in the June 27, 2013, July 19, 2013 and August 5, 2013 letters, as well as additional information and documents. Enforcement sent the July 28, 2014 letter by personal service to Rayford's CRD address and by email.

17. The July 28, 2014 letter sent by email was sent to Rayford's personal Gmail account on July 28, 2014 at 1:59 p.m. Rayford replied to that email on August 8, 2014 at 11:12 a.m., indicating his receipt of the email.
18. The July 28, 2014 letter sent by personal service was delivered to Rayford's CRD address on August 14, 2014 at 6:20 p.m. by a duly registered process server. The process server served the July 28, 2014 letter by delivering and leaving a copy with Rayford.
19. The July 28, 2014 letter requested that Rayford provide the requested information by August 8, 2014. Rayford then requested an extension, which was granted, to respond by August 15, 2014. Rayford failed to provide the requested information by that date.
20. FINRA has sent multiple requests for information pursuant to FINRA Rule 8210 to Rayford's CRD address, as described above. To date, Rayford has failed to provide any response to these FINRA Rule 8210 requests for information.
21. The acts, practices, and conduct described above demonstrate Rayford's failure to cooperate with this investigation and constitute violations of FINRA Rules 8210 and 2010.

RELIEF REQUESTED

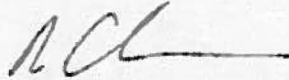
WHEREFORE, the Department respectfully requests that the Panel:

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

- 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: 12/3/14



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