

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

SAM JAKOBS
(CRD No. 6623905),

Respondent.

Disciplinary Proceeding
No. 2023077022402

Hearing Officer–LOM

DEFAULT DECISION

March 20, 2025

Respondent failed to produce information and documents he was required to produce pursuant to FINRA Rule 8210. For violating FINRA Rules 8210 and 2010, he is barred from associating with any FINRA member in any capacity.

Appearances

For the Complainant: Albert A. Starkus, III, Esq., Michael Manly, Esq., and Rebecca Carvalho, Esq., Department of Enforcement, Financial Industry Regulatory Authority

For the Respondent: No appearance

DECISION

I. Introduction

In 2016, Respondent Sam Jakobs was briefly employed in an unregistered capacity by FINRA member firm Innovation Partners LLC (“Innovation” or the “Firm”). He rejoined the Firm in September 2021, still in an unregistered capacity. A few months later, Innovation filed an initial Uniform Application for Securities Industry Registration or Transfer (Form U4) for Respondent and arranged for him to take three examinations, with the expectation that he would become registered with FINRA upon successfully completing the exams. But he failed all three exams. The Firm then filed multiple Form U4 amendments and reopened new examination windows for him. Respondent either failed the rescheduled examinations or was recorded as a “No Show.” Accordingly, Respondent did not become registered with FINRA, and the Firm filed a Uniform Termination Notice for Securities Registration (Form U5) on November 8, 2022, disclosing that Respondent had voluntarily terminated his association with the Firm as of that date.

FINRA staff began an investigation focused on payments totaling more than \$2 million that Respondent and entities affiliated with him had received from a registered representative at the Firm. The concern was that those payments might have constituted compensation for undisclosed activities requiring registration with FINRA. In March 2024, FINRA staff sent Respondent two letters pursuant to FINRA Rule 8210 requesting information and documents relating to that investigation. The letters were sent to Respondent's last known residential address as recorded in the Central Registration Depository ("CRD address").

An attorney contacted FINRA staff on Respondent's behalf (referred to here as "Attorney JS") to discuss the Rule 8210 letters. But neither Respondent nor Attorney JS provided any of the requested information or documents. FINRA staff sent two more Rule 8210 letters to Respondent through Attorney JS, one in April and the other in July 2024. Through the summer and into the fall of 2024, however, neither Attorney JS nor the Respondent provided any of the requested information or documents. In his communications with FINRA staff, Attorney JS expressed doubt that FINRA has jurisdiction over Respondent.

On October 29, 2024, the Department of Enforcement filed and served the Complaint and Notice of Complaint (collectively, "First Notice") on Respondent at his CRD address in New York and to an alternate address in Florida that the staff had learned about. A courtesy copy was also sent to Attorney JS, who was representing Respondent in connection with the investigation. Respondent did not file an Answer or otherwise respond.

On November 27, 2024, Enforcement then filed and served the Complaint and a Second Notice of Complaint (collectively, "Second Notice") in the same manner. Enforcement again copied Attorney JS. Respondent still did not file an Answer or otherwise respond.

On December 23, 2024, I issued an Order Governing Motion for Entry of Default Decision ("Default Order"), which directed Enforcement to file and serve a motion for default by January 22, 2025. Shortly after I issued the Default Order, Attorney JS sent an email to Enforcement and the Office of Hearing Officers saying, "I have told you on multiple occasions that Mr. Jakobs is not subject to FINRA jurisdiction" Attorney JS never filed an appearance or had any other contact with the Office of Hearing Officers. To date, no Answer has been filed.

In compliance with the Default Order, Enforcement served Respondent and filed a motion for entry of default decision ("Default Motion"), together with Enforcement counsel's declaration ("Decl.") in support of the motion, accompanied by supporting exhibits.¹ Enforcement also copied Attorney JS on the motion, with its accompanying documents. Respondent has not responded to the motion.

¹ Each exhibit is marked with the prefix "CX" and its own identifying number; each page of an exhibit is also individually marked. For example, a Form U4 filed by the Firm for Respondent is referred to as "CX-2, at 1-11."

For the reasons set forth below, I find Respondent in default and grant Enforcement's Default Motion. As authorized by FINRA's rules, I deem the allegations of the Complaint admitted and bar Respondent from associating with any FINRA member in any capacity.

II. Findings of Fact and Conclusions of Law

A. Respondent's Background

According to Respondent's professional history contained in CRD, he was briefly employed at the Firm from March 10, 2016, to January 6, 2017, in an unregistered capacity.² During that period, his CRD record shows that he took and failed the Series 6 and Series 63 exams.³

In September 2021, Respondent rejoined the Firm in an unregistered capacity.⁴ On December 2, 2021, the Firm filed a Form U4 for him, opening a window for Respondent to take the Securities Industry Essentials Exam ("SIE"), and the Series 6 and Series 63 exams.⁵ By his electronic signature on the Form U4, Respondent acknowledged that he was applying for registration with FINRA.⁶ He also agreed to submit to FINRA's authority and to abide by its By-Laws, rules, requirements, rulings, orders, directives, and decisions.⁷ He consented to receive notice of any investigation or proceeding by FINRA (an SRO or self-regulatory organization) by personal service or, in addition, "by regular, registered or certified mail" at his home address as

² CX-1, at 4–5. The Firm filed a Non-Registered Fingerprint ("NRF") Initial for Respondent on March 9, 2016. CX-1, at 3. As explained by FINRA on its website, fingerprint cards are maintained by Web CRD for non-registered individuals through NRF filings. *See CRD Quick Reference Guides*, <https://www.finra.org/registration-exams-ce/classic-crd/crd-user-support/crd-quick-reference-guides> >Form NRF.pdf.

³ CX-3, at 1. The CRD record shows that Respondent failed the Series 6 and Series 63 exams on April 8, 2016. As explained by FINRA on its website, the Series 6 is an exam that assesses the competency of an entry-level representative to act as an investment company and variable contracts products representative. *See Series 6 – Investment Company and Variable Contracts Products Representative Exam*, <https://www.finra.org/registration-exams-ce/qualification-exams/series6>. The Series 63 is a North American Securities Administrators Association ("NASAA") exam administered by FINRA. *See Series 63 – Uniform Securities Agent State Law Exam*, <https://www.finra.org/registration-exams-ce/qualification-exams/series63>.

⁴ CX-1, at 3; Decl. ¶ 5; Complaint ("Compl.") ¶ 2.

⁵ CX-2, at 1, 5, 6. The SIE examination is an introductory-level exam that assesses a candidate's knowledge of basic information necessary for working in the securities industry. <https://www.finra.org/registration-exams-ce/qualification-exams/securities-industry-essentials-exam>. Candidates must pass both the SIE and the Series 6 exams to become registered to sell products like mutual funds and variable annuities.

⁶ CX-2, at 2, 10; Decl. ¶ 5.

⁷ CX-2, at 9, 10; Decl. ¶ 5.

reflected in the Form U4.⁸ The Firm said in the Form U4 that it expected Respondent to become fully qualified to be registered with FINRA.⁹

In the ensuing months, Respondent failed various examinations and eventually stopped appearing when scheduled to retake them. He was then marked “No Show,” as indicated below.

- On January 19, 2022, Respondent took and failed the SIE, Series 6, and Series 63 exams.¹⁰
- On July 26, 2022, Respondent took and failed the Series 6 and Series 63 exams.¹¹
- On September 2, 2022, Respondent was marked “No Show” to take the Series 6 and Series 63 exams.¹²
- On October 20, 2022, Respondent was marked “No Show” to take the SIE exam.¹³
- On October 28, 2022, Respondent was marked “No Show” to take the Series 6 exam.¹⁴
- On November 8, 2022, Respondent was shown as withdrawn from taking the SIE and Series 6 exams.¹⁵
- On November 15, 2022, Respondent was again marked “No Show” to take the Series 63 exam.¹⁶ The window for taking the exam expired on December 24, 2022.¹⁷

⁸ CX-2, at 9.

⁹ CX-2, at 10; Compl. ¶ 2.

¹⁰ CX-3, at 1; Decl. ¶ 6.

¹¹ CX-3, at 1; Decl. ¶ 6; Compl. ¶ 2.

¹² CX-3, at 1; Decl. ¶ 6.

¹³ CX-3, at 1; Decl. ¶ 6.

¹⁴ CX-3, at 1; Decl. ¶ 6.

¹⁵ CX-3, at 1.

¹⁶ CX-3, at 1.

¹⁷ CX-3, at 1.

Respondent did not become registered with FINRA, but remained associated with the Firm until November 8, 2022, when the Firm filed a Form U5 disclosing that Respondent had voluntarily terminated his association with the Firm as of that date.¹⁸

B. FINRA’s Jurisdiction

Although Respondent was never registered with FINRA, he was associated with Innovation, a FINRA member firm, when it filed the December 2, 2021 Form U4 for Respondent scheduling him to take various FINRA examinations and saying it expected him to become registered. Through the Form U4, Respondent applied to become registered and sought to qualify by taking and passing relevant exams.¹⁹

Under FINRA’s By-Laws, Art. I, Sec. (rr)(1), a person “associated” with a member firm includes both “a natural person who is registered” and a person “who has applied for registration.” Similarly, FINRA Rule 1011 broadly defines an associated person to include, under 1011(b)(1), a natural person registered under FINRA’s rules and, under Rule 1011(b)(4), “any employee” of a FINRA member firm except for those who function solely in a clerical or ministerial capacity. Rule 1011(b)(7) expands the term associated person to include “any person who will be or is anticipated to be a person described in (1) through (6)” of Rule 1011(b). This means a person who applies to become registered under FINRA’s rules is, under Rule 1011(b)(7), anticipated to become a registered person, and the applicant is an associated person even while not registered.²⁰

Although Respondent is no longer associated with a FINRA member firm, FINRA retains jurisdiction over him pursuant to Article V, Section 4(a) of FINRA’s By-Laws. That provision of the By-Laws provides that FINRA retains jurisdiction for two years over a person whose association with a FINRA member firm has terminated. During the two years of retained jurisdiction, FINRA may file a complaint concerning conduct that occurred while the person was associated with a FINRA member firm. In addition, FINRA may file a complaint if an associated person fails to provide information requested pursuant to FINRA’s rules during the two years of retained jurisdiction. Article V, Section 4(a)(iii) makes plain that retained jurisdiction applies to all associated persons, whether registered or not. It provides that “in the case of an unregistered person” any complaint must be filed within two years after the date that person “ceased to be associated with the member [firm].”

Respondent ceased to be associated with the Firm on November 8, 2022. The Complaint was filed on October 29, 2024, within the two years of retained jurisdiction. It charges him with

¹⁸ CX-1, at 3; CX-6; Decl. ¶ 7; Compl. ¶ 2.

¹⁹ CX-2, at 1–2, 4–5, 9–10.

²⁰ For purposes of mandatory arbitration, FINRA defines an associated person as a natural person who either is registered or has applied for registration under FINRA’s rules. FINRA Rule 12100(b) and (w); and FINRA Rule 13100(b) and (u). Respondent applied for registration and therefore is an associated person under these rules as well.

failing to respond to Rule 8210 requests for information during the two-year period of retained jurisdiction. FINRA has jurisdiction to file the Complaint and initiate this proceeding.

C. Origin and Pursuit of the Investigation

1. Two March 2024 Rule 8210 Requests

In March 2024, FINRA staff in the Department of Member Supervision sent Respondent two letters pursuant to FINRA Rule 8210 requesting information and documents related to payments that he and entities associated with him had received from a registered representative at the Firm. The payments under investigation totaled more than \$2 million, and the staff were concerned that they may have constituted compensation for undisclosed activities requiring registration with FINRA.²¹ The March 2024 Rule 8210 letters sought information and documents about the payments, potential private securities activities, Respondent's financial accounts, cryptocurrency and digital asset accounts he might hold, and his tax filings.²² Both letters were sent to Respondent at the New York residential address shown in CRD and to another address in Florida, which FINRA staff had learned about,²³ via first-class U.S. mail and certified mail, return receipt requested, on March 8, 2024, and March 20, 2024, respectively.²⁴

Respondent did not respond to either letter.²⁵ Instead, on March 27, 2024, Attorney JS contacted FINRA staff via telephone and informed the staff that he was representing Respondent in connection with the Rule 8210 requests.²⁶ After discussing the requests with the staff, Attorney JS said that he would speak to Respondent about the requests.²⁷ The due date for response to the second letter was April 3, 2024, but neither Attorney JS nor Respondent responded.²⁸

2. April 2024 Rule 8210 Request

On April 4, 2024, FINRA Member Supervision staff sent Respondent a request seeking the same information and documents the staff had previously requested.²⁹ The April 4 request

²¹ Compl. ¶¶ 10, 11.

²² Compl. ¶ 11; CX-8, at 6.

²³ In 2023, Respondent moved to quash service in private litigation against him and represented that the Florida address was his primary residence. CX-17. FINRA staff identified that address from a court filing in that matter. Decl. ¶ 23.

²⁴ CX-1, at 1 (showing CRD residential address); CX-7, at 1 (March 8, 2024 letter showing both addresses) and at 6 (March 20, 2024 letter showing both addresses); Decl. ¶ 10; Compl. ¶ 11.

²⁵ Decl. ¶ 11; Compl. ¶ 12.

²⁶ Decl. ¶ 11; Compl. ¶ 12.

²⁷ Compl. ¶ 12.

²⁸ Compl. ¶ 12.

²⁹ CX-8.

was sent in care of Attorney JS via first-class U.S. mail and certified mail, return receipt requested, to the address listed for Attorney JS in the New York State Unified Court System. The due date for a response was April 11, 2024.³⁰

Sometime in April 2024, Enforcement staff became involved,³¹ and, from then through mid-May, an Enforcement attorney joined staff from Member Supervision in correspondence and telephone calls with Attorney JS concerning the April 4 Rule 8210 request.³²

On April 10, 2024, FINRA staff spoke with Attorney JS, who said he was unable to say whether Respondent planned to respond to the Rule 8210 request.³³ On April 17, 2024, FINRA staff spoke to Attorney JS again, who repeated that he was unable to say whether Respondent planned to respond or when he might respond.³⁴ From mid-April 2024 through mid-May 2024, FINRA staff and Attorney JS exchanged multiple communications regarding the April 4 Rule 8210 request. Attorney JS was unable to say that Respondent would respond to the request.³⁵

In response to the April 4 Rule 8210 request, Respondent failed to provide any information or documents.³⁶

3. July 2024 Rule 8210 Request

On July 16, 2024, an Enforcement attorney on FINRA's staff sent another Rule 8210 request asking for the same information and documents as the previous three Rule 8210 requests, which were attached to the July 16 request.³⁷ The July 16 request recounted some of the history of communications with Attorney JS.³⁸ The staff sent the July 16 request via first-class U.S. mail and certified mail, return receipt requested, in care of Attorney JS to the address listed for him in the New York State Unified Court System.³⁹ A copy was also sent via email to the email address that Attorney JS had previously used to communicate with the staff. The due date was July 30, 2024. The request warned that Respondent's failure to respond could result in disciplinary action, including a bar from the securities industry.⁴⁰

³⁰ CX-8; CX-9; CX-12; Compl. ¶ 13.

³¹ CX-11.

³² CX-11, at 1–11.

³³ Decl. ¶ 13; Compl. ¶ 14.

³⁴ Decl. ¶ 14; Compl. ¶ 15.

³⁵ Decl. ¶ 16; Compl. ¶ 17.

³⁶ Decl. ¶ 15; Compl. ¶ 1.

³⁷ CX-12.

³⁸ CX-12, at 1–2.

³⁹ CX-12; CX-9; Decl. ¶ 17.

⁴⁰ CX-12, at 2; Compl. ¶ 18.

On July 23, 2024, Attorney JS sent an email to FINRA staff saying that Respondent was “NEVER a member of FINRA and never held himself out to be so.” He added, “I do question your jurisdiction over him.”⁴¹ Attorney JS and FINRA staff engaged in more communications thereafter, but neither he nor Respondent provided any of the requested information or documents and neither of them requested an extension of time to respond to the July 16, 2024 Rule 8210 request.⁴²

D. Respondent’s Default

FINRA Rule 9131 governs service of a complaint. Rule 9131(a) permits Enforcement to serve a complaint on counsel for a party if counsel agrees to accept service. Attorney JS, however, did not respond to the staff’s inquiry whether he was authorized to accept service of a complaint on Respondent’s behalf.⁴³

Rule 9131(b) instructs that a complaint should be served in accordance with Rule 9134 if an attorney representing a party has not agreed to accept service. FINRA Rule 9134 in turn provides for a variety of methods of service for papers filed in this forum. Rule 9134(a)(2) is focused on service of a complaint. It specifies that “a complaint shall be served upon a Respondent by U.S. Postal Service first class certified mail or Express Mail.” Rule 9134(b) provides, “Papers served on a natural person may be served at the natural person’s residential address, as reflected in the Central Registration Depository.” Accordingly, a complaint can be served by sending it first-class certified mail to a natural person’s residential CRD address.⁴⁴

FINRA staff served the First Notice on Respondent at his CRD address in New York by U.S. postal service first-class certified mail, return receipt requested. That service satisfied FINRA’s rules.⁴⁵ It also was consistent with Respondent’s agreement in his Form U4 to accept service “by regular, registered or certified mail” at his CRD home address.⁴⁶ In addition, the staff sent courtesy copies of the First Notice to Respondent at the New York address via first-class mail, to Respondent’s Florida address by first-class certified mail and first-class mail, and to Attorney JS via email.⁴⁷

⁴¹ CX-13, at 1; Decl. ¶ 18.

⁴² Decl. ¶¶ 18–21; Compl. ¶¶ 19–22.

⁴³ Decl. ¶ 19.

⁴⁴ Rule 9134(b)(1) further provides that where FINRA staff have actual knowledge that a CRD address is out of date copies should be served on a natural person’s last known residential address. This additional provision does not, however, eliminate the requirement for service at the person’s CRD address.

⁴⁵ CX-18, at 1; Decl. ¶¶ 22–26.

⁴⁶ CX-2, at 9.

⁴⁷ CX-18, at 1; Decl. ¶¶ 22–26.

When Respondent failed to file an answer or otherwise respond to the First Notice, Enforcement served the Second Notice in the same way, in compliance with FINRA’s rules.⁴⁸ Because Enforcement properly served Respondent, he received constructive notice of the Complaint and the warning that accompanied it saying that a failure to respond could result in a default.⁴⁹ Enforcement staff sent the same courtesy copies of the Second Notice as well.⁵⁰

Respondent did not file an answer or otherwise respond to the Complaint after receiving the First Notice and the Second Notice.⁵¹ Accordingly, on December 23, 2024, I issued the Default Order, and on January 22, 2025, Enforcement filed its Default Motion with the declaration and exhibits. Respondent has not responded to the default motion.⁵²

I find that Respondent is in default.⁵³ When a respondent has defaulted without filing an answer, FINRA Rule 9269(2) provides that the allegations against the respondent may be deemed admitted. Under that authority, I deem the allegations in the Complaint against Respondent admitted.

E. Respondent’s Violation of FINRA Rules 8210 and 2010

1. Governing Law

The Complaint charges Respondent with violating FINRA Rule 8210. Rule 8210(a)(1) authorizes FINRA staff to require a member firm and any person associated with a member firm or subject to FINRA’s jurisdiction to provide information orally or in writing with respect to any

⁴⁸ CX-22; Decl. ¶¶ 32–35.

⁴⁹ *Rani T. Jarkas*, Exchange Act Release No. 77503, 2016 SEC LEXIS 1285, at *28 n.32 (Apr. 1, 2016) (“FINRA’s service of process on a CRD address generally provides constructive notice to associated persons.”).

The electronic tracking information for the certified mailing of the First Notice to Respondent’s CRD address in New York showed that the mailing was delivered, signed for, and left with an individual at that address on November 2, 2024. CX-20; Decl. ¶ 28. The electronic tracking information for the certified mailing of the Second Notice to Respondent’s CRD address in New York likewise showed that it was delivered, signed for, and left with an individual at that address on December 2, 2024. CX-23; Decl. ¶ 35. The tracking information for the certified mail copies sent to the Florida address showed that those mailings were unclaimed and returned to the sender. The first-class mailings to both addresses were not returned. Decl. ¶¶ 28–29, 35–36.

⁵⁰ CX-22; Decl. ¶¶ 32–35.

⁵¹ Decl. ¶¶ 31, 38.

⁵² After I issued the Default Order, Attorney JS, the attorney who had been representing Respondent during the investigation in connection with the Rule 8210 letters, sent an email to the Office of Hearing Officers and Enforcement saying, “I have told you on multiple occasions that Mr. Jakobs is not subject to FINRA jurisdiction” That attorney has had no other contact with the Office of Hearing Officers and never filed an appearance in this disciplinary proceeding.

⁵³ Respondent is notified that he may move to set aside the default pursuant to FINRA Rule 9269(c) upon a showing of good cause.

matter involved in an investigation, complaint, examination, or proceeding.⁵⁴ Rule 8210(a)(2) authorizes FINRA to “inspect and copy the books, records, and accounts” of any such member firm or person “with respect to any matter involved in [an] investigation . . . that is in such . . . person’s possession, custody or control.” Rule 8210(c) provides that “[n]o member or person shall fail to provide information or testimony or to permit an inspection and copying of books, records, or accounts pursuant to this Rule.”

It is well-established that the obligation to provide information and documents requested pursuant to Rule 8210 is “unequivocal.”⁵⁵ This is because Rule 8210 “is at the heart of the self-regulatory system for the securities industry.”⁵⁶ It “provides a means, in the absence of subpoena power, for [FINRA] to obtain from its members information necessary to conduct investigations.”⁵⁷ Member firms and their associated persons have an obligation to respond to FINRA’s Rule 8210 requests for information “fully and promptly.”⁵⁸ Rule 8210 grants FINRA broad authority to obtain information concerning an associated person’s securities-related business ventures.⁵⁹ It is therefore a violation of Rule 8210 for an associated person to fail to provide information sought by FINRA.⁶⁰

Respondent is also charged with violating FINRA Rule 2010, which requires a FINRA member “in the conduct of its business” to “observe high standards of commercial honor and just and equitable principles of trade.”⁶¹ This Rule applies to persons associated with a member, as they “have the same duties and obligations as a member under the Rules.”⁶² It is well established that “[a] violation of FINRA Rule 8210 constitutes a violation of FINRA Rule 2010.”⁶³

⁵⁴ FINRA Rule 8210(a) and (c).

⁵⁵ *Dep’t of Enforcement v. Gallagher*, No. 2008011701203, 2012 FINRA Discip. LEXIS 61, at *12 (NAC Dec. 12, 2012).

⁵⁶ *Howard Brett Berger*, Exchange Act Release No. 58950, 2008 SEC LEXIS 3141, at *13 (Nov. 14, 2008), *petition for review denied*, 347 F. App’x 692 (2d Cir. 2009).

⁵⁷ *Id.*

⁵⁸ *See, e.g., CMG Inst’l Trading, LLC*, Exchange Act Release No. 59325, 2009 SEC LEXIS 215, at *21 (Jan. 30, 2009).

⁵⁹ *Dep’t of Enforcement v. Gallagher*, No. 2008011701203, 2012 FINRA Discip. LEXIS 61, at *12 (NAC Dec. 12, 2012).

⁶⁰ *See Dep’t of Enforcement v. Felix*, No. 2018058286901, 2021 FINRA Discip. LEXIS 7, at *20 (NAC May 26, 2021) (respondent violated Rule 8210 by failing to produce his Internal Revenue Service wage and income transcript), *sustained in part, set aside in part*, Exchange Act Release No. 101733, 2024 SEC LEXIS 3309 (Nov. 25, 2024).

⁶¹ FINRA Rule 2010.

⁶² FINRA Rule 0140(a).

⁶³ *Dep’t of Enforcement v. DiPaola*, No. 2018057274302, 2023 FINRA Discip. LEXIS 4, at *37 n.18 (NAC Mar. 23, 2023) (citing *Blair C. Mielke*, Exchange Act Release No. 75981, 2015 SEC LEXIS 3927, at *41 n.49 (Sept. 24, 2015)), *appeal docketed*, No. 3-21402 (SEC May 1, 2023).

2. Service of Rule 8210 Requests

a. Service of Two March 2024 Rule 8210 Requests

As detailed above, FINRA staff mailed the two March Rule 8210 requests to Respondent at his CRD address in New York and to him at an alternative address in Florida by U.S. first-class certified mail. Under FINRA Rule 8210(d), if a respondent is no longer associated with a FINRA member firm but was formerly a registered person, then the person may be served Rule 8210 requests by mailing them to the individual's last known residential address as reflected in CRD.

But Respondent here was never registered. He was associated in an unregistered capacity and is now no longer associated in any capacity. Rule 8210(d) provides that a formerly associated but unregistered person shall be deemed to have received notice of Rule 8210 requests if personal service is effected in compliance with FINRA Rule 9134(a)(1). Rule 9134(a)(1) specifies that personal service may be accomplished by handing papers to the person to be served, or by leaving a copy at the person's "dwelling" or "usual place of abode" with a "person of suitable age and discretion" who is then residing in that place.

Mailing to Respondent's CRD address was not personal service. Accordingly, I cannot deem Respondent as having received constructive notice of those two Rule 8210 requests.

However, there is other evidence that he received actual notice of the March Rule 8210 requests. As described above, Attorney JS contacted FINRA staff after the requests were issued and informed the staff that he represented Respondent in connection with the Rule 8210 requests. Evidently, Respondent received one or both Rule 8210 requests and sought counsel on how to deal with them.

b. Service of Rule 8210 Requests in April and July 2024

As set forth above, Attorney JS and the staff continued to have discussions by telephone and email regarding the Rule 8210 requests, but Respondent still did not provide any of the requested information or documents.

Rule 8210(d) provides that if FINRA staff know that a person is represented by counsel "regarding the investigation, complaint, examination, or proceeding that is the subject of the notice, then the notice shall be served upon counsel by mailing or otherwise transmitting the notice to the counsel." Consequently, as discussed above, FINRA staff served the next two Rule 8210 requests, one in April and one in July, by transmitting them to Respondent through his counsel. I find that those two requests were properly served and deem Respondent on notice of his obligation to provide the requested information and documents.

3. Respondent's Failure to Respond to FINRA Rule 8210 Requests

As discussed above, at no time from the sending of the first Rule 8210 request until now, has Respondent or his attorney, Attorney JS, provided any information or documents requested pursuant to FINRA Rule 8210.

4. Respondent's Failed Defense to the Alleged Rule 8210 Violation

The only argument proffered by Respondent's attorney, Attorney JS, to justify Respondent's failure to provide the information and documents sought by the Rule 8210 requests is the argument that FINRA lacks jurisdiction over Respondent. As discussed above, FINRA has jurisdiction, and that defense to the charge of violating Rule 8210 fails.

Thus, I find Respondent violated FINRA Rules 8210 and 2010 by not providing the information and documents he was obligated to provide.

III. Sanctions

FINRA's Sanction Guidelines ("Guidelines") recommend that if an individual does not respond in any manner to a request for information made pursuant to FINRA Rule 8210, a bar should be standard.⁶⁴ The Principal Consideration in determining sanctions for failing to respond in any manner to a request made under Rule 8210 is the "importance of the information requested as viewed from FINRA's perspective."⁶⁵

In this case, the information requested was of "high importance" to Enforcement's investigation of over \$2 million in wire transfers to Respondent and related entities from one of the Firm's registered representatives.⁶⁶ Enforcement sought to learn about Respondent's financial accounts, the purpose of the wire transfers, and any activities Respondent may have engaged in related to the wire transfers. The investigation concerned potential compensation Respondent may have received for potential undisclosed securities related activities.⁶⁷

Considering the foregoing, and because I find there are no mitigating factors, the appropriate sanction is a bar in all capacities.

IV. Order

Enforcement's Default Motion is **GRANTED**, and I find that Respondent Sam Jakobs violated FINRA Rules 8210 and 2010 by failing to provide information and documents as required by FINRA Rule 8210. For violating FINRA Rules 8210 and 2010, Respondent Sam

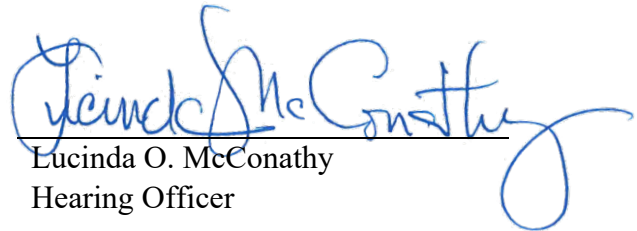
⁶⁴ Guidelines at 93 (Mar. 2024), https://www.finra.org/sites/default/files/Sanctions_Guidelines.pdf.

⁶⁵ *Id.*

⁶⁶ Decl. ¶ 44.

⁶⁷ Decl. ¶ 44.

Jakobs is barred from associating with any FINRA member firm in any capacity. The bar shall become effective immediately if this Default Decision becomes FINRA's final disciplinary action.



Lucinda O. McConathy
Hearing Officer

Copies to:

Sam Jakobs, Respondent (via first-class mail and FedEx)
Albert A. Starkus, III, Esq., FINRA Enforcement (via email)
Rebecca Carvalho, Esq., FINRA Enforcement (via email)
Michael Manly, Esq., FINRA Enforcement (via email)
Jennifer L. Crawford, Esq., FINRA Enforcement (via email)

Courtesy copy to:

Attorney JS (via email)