

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

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REGISTRATION & DISCLOSURE

Department of Enforcement,

Complainant,

v.

Jeffrey M. Stebbins,
CRD No. 2575152,

Respondent.

Disciplinary Proceeding
No. 2006004969703

Hearing Officer - AWH

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: November 21, 2008

INTRODUCTION

Disciplinary Proceeding No. 2006004969703 was filed on September 3, 2008, by the Department of Enforcement of the Financial Industry Regulatory Authority ("FINRA"). ("Complainant"). Respondent Jeffrey M. Stebbins submitted an Offer of Settlement ("Offer") to Complainant on November 5, 2008. Pursuant to NASD Rule 9270(e), the Complainant and the National Adjudicatory Council ("NAC"), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA") have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to NASD Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, and solely for the purposes of this proceeding and any other

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proceeding brought by or on behalf of FINRA, or to which FINRA is a party, to the entry of findings and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Respondent Stebbins first became associated with a FINRA member in November 1994. Thereafter, he associated with four member firms before becoming registered with FINRA through Berry-Shino Securities, Inc. as a general securities representative on September 10, 2001. His association with Berry-Shino ended on November 29, 2005. In or about December 2005, Stebbins became associated with Times Securities, Inc. On August 18, 2006, Times filed a Form U4 on Stebbins' behalf and he became registered with FINRA through Times as a general securities representative on October 25, 2006. Stebbins's association and registration through Times terminated on June 8, 2007. The conduct which is the subject of this Complaint occurred while Stebbins was associated with Berry-Shino and Times. Although Stebbins is not presently associated with a member, FINRA has jurisdiction to issue this Complaint pursuant to Article V, Section 4 of its By-laws.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

Failure to Provide Testimony

On August 23, 2007, pursuant to and in accordance with Procedural Rule 8210, FINRA requested that Stebbins appear for an on-the-record interview (OTR) on September 11, 2007, at FINRA's

Denver office. On September 4, 2007, Stebbins responded to the August 23rd request through counsel, who asked that the OTR be rescheduled, to which FINRA agreed. On September 7, 2007, counsel confirmed to FINRA in writing that the OTR had been rescheduled for October 4 and 5, 2007 at FINRA's Denver office. Stebbins did not appear for his OTR on October 4, 2007.

On October 17, 2007, pursuant to and in accordance with Procedural Rule 8210, FINRA staff sent to Stebbins a written request for his appearance at an OTR on November 8 and 9, 2007 in FINRA's Denver Office. On November 1, 2007, pursuant to and in accordance with Procedural Rule 8210, FINRA staff sent Stebbins a written reiteration of its October 17, 2007 request that Stebbins appear for testimony on November 8 and 9, 2007. Stebbins did not appear for his OTR in Denver on November 8, 2007.

By failing to appear for his OTRs on October 4, 2007, and November 8, 2007, Stebbins violated NASD Procedural Rule 8210 and NASD Conduct Rule 2110.

Failure to Provide Information and Documents

On October 18, 2007, pursuant to and in accordance with Procedural Rule 8210, FINRA sent a written request for information to Stebbins via certified and first class mail to his two residential CRD addresses. The requested information included, among other things, a description of Stebbins's interest in four different stocks; the disposition of \$3,000,000.00 expended from a bank account that FINRA staff believed he controlled; an explanation and documentation of his dealings with a certain issuer; and a description of the roles of various individuals in the operation of the branch offices of Times Securities, Inc., the FINRA member with which he was

most recently associated. The information was requested by no later than October 26, 2007.

Stebbins did not provide the information requested in the October 18, 2007 letter.

On November 1, 2007, pursuant to and in accordance with Procedural Rule 8210, FINRA sent a letter via certified and first class mail to Stebbins at his residential CRD addresses stating that FINRA had not received a response to the letter dated October 18, 2007. In that letter, FINRA staff reiterated, pursuant to Procedural Rule 8210, its request that he provide the material and information requested in the October 18, 2007 letter. The staff requested this information on or before November 8, 2007. Stebbins did not provide the information requested in the letter dated November 1, 2007. By failing to provide the information properly requested by FINRA staff on October 18, 2007, and November 1, 2007, Stebbins violated NASD Procedural Rule 8210 and NASD Conduct Rule 2110.

Provision of False and Misleading Information to FINRA

Stebbins provided information to FINRA staff that was false and misleading. On November 15, 2006 and November 16, 2006, pursuant to and in accordance with the provisions of NASD Procedural Rule 8210, FINRA sent Stebbins two requests for information in connection with its investigation of Stebbins's conduct. The request dated November 15, 2006 related to a company called SI and the request dated November 16, 2006 related to a branch examination of Times Securities Inc. Stebbins responded to both letters on November 28, 2006.

Stebbins knowingly provided false and/or misleading information in response to both letters.

Stebbins knew that the information was false and misleading because he had personal knowledge of information, including information about his own conduct, that contradicted the

representations he made to FINRA staff in response to the Rule 8210 requests. By providing information he knew to be false and misleading in response to a Rule 8210 request, Stebbins violated Procedural Rule 8210 and Conduct Rule 2110.

Violations of NASD Membership and Registration Rules

From approximately December 2005 through June 2007, Stebbins engaged in the investment banking and securities business of Times in capacities requiring registration as a representative and principal. He engaged in the management and operations of Times's business by devising and directing representatives to implement sales and trading strategies, including covered call writing in customer accounts of the firm. In addition, he recruited people to work for Times. Moreover, he represented Times in discussing and negotiating investment banking deals with various issuers and in providing assistance to an issuer in the raising of capital through the issuance of securities.

Stebbins was not registered with FINRA, through Times, in any capacity until October 26, 2006; from that date until his termination in June 2007, he was registered only as a general securities representative. Stebbins was never registered through Times as a general securities principal although his involvement in the day-to-day management and direction of the firm's business required such registration. Engaging in the investment banking and securities business of Times in capacities requiring registration as a representative and principal, without the benefit of such registrations, constitute separate and distinct violations of NASD Membership and Registration Rules 1021, 1031 and NASD Conduct Rule 2110 by Stebbins.

Outside Business Activity

In or about April 2006, Stebbins formed SIF. According to Stebbins, SIF was formed to provide assistance in SI financings. Stebbins accepted compensation from SIF for business activity outside the scope of his relation with Times from at least October 2006 through May 2007. During this time period, while registered with FINRA through Times Securities, Stebbins was employed by SIF as the company's manager. SIF had an active bank account during this same time period. Checks written by customers of Times were deposited into this bank account. Stebbins wrote checks from the bank account to himself for approximately \$545,900.00 during this same period. Thus, he received compensation from SIF. Stebbins did not provide written notice of his involvement with SIF to his employer firm, Times Securities, at any time during the period that he was registered with Times.

The failure to provide prompt written notice to Times of his employment with SIF and the acceptance of compensation paid by SIF constituted a violation of NASD Conduct Rules 3030 and 2110 by Stebbins.

Failure to Provide Written Notification of Financial Interest in Outside Securities Accounts

Stebbins had a beneficial interest in six securities accounts maintained at firms other than his employing-member firms, as evidenced by his receipt of approximately \$721,980.00 from these accounts. Five of the accounts were held in the name of his younger brother, ES. One account was held in the name of JT, the brother-in-law of CJ, a registered representative who worked closely with Stebbins at Berry-Shino and Times. The funds paid to Stebbins represented partial proceeds from the sale of securities in the accounts. These securities sold were securities that

registered representatives at Times and Berry-Shino were recommending for purchase by their customers at the same time as the sales.

While associated with Berry-Shino, Stebbins received approximately \$274,980.00 from accounts at two broker-dealers in approximately 70 disbursements over a period of 13 months. While associated with Times, Stebbins received approximately \$447,000.00 from accounts at two broker-dealers in approximately 30 disbursements over a period of approximately 16 months.

Under the circumstances present here, the regular receipt of funds from the securities accounts described above constituted a beneficial financial interest in such accounts for purposes of Conduct Rule 3050. Therefore, Stebbins was required, but failed, to disclose to the carrying broker-dealers that he was associated with FINRA members Berry-Shino and Times. Stebbins was further required, but failed, to give Berry-Shino and Times written notification that he had a financial interest in securities accounts with the carrying broker-dealers.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be

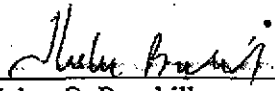
Barred from associating with any FINRA member in any capacity.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to IM-8310-3(e), a bar or expulsion shall become effective upon approval or acceptance of this Order.

SO ORDERED.

FINRA

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


Helen G. Barnhill
Senior Regional Counsel
FINRA Department of Enforcement
4600 S. Syracuse St., Suite 1400
Denver, CO 80237
(303) 446-3111; Fax: (303) 446-3145
Helen.barnhill@finra.org