

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

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REGISTRATION & DISCLOSURE

Department of Enforcement,

Complainant,

v.

Jon H. Josephson
CRD No. 2959512,

Respondent.

Disciplinary Proceeding
No. 2007008238101

Hearing Officer: MC

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: May 27, 2009

INTRODUCTION

Disciplinary Proceeding No. 2007008238101 was filed on December 31, 2008, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Jon H. Josephson submitted an Offer of Settlement (Offer) to Complainant on May 20, 2009. Pursuant to FINRA 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 FINRA 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

Jon H. Josephson entered the securities industry in April 1988 as an associated person of Northwestern Mutual Investment Services, LLC ("NMIS") and another member of FINRA. From on or about May 14, 1998, until on or about July 10, 2006, he was registered through NMIS as an Investment Company / Variable Contracts Representative.

On or about July 10, 2006, March 19, 2007, a Uniform Termination Notice for Securities Industry Registration ("Form U5") was filed by NMIS on behalf of Respondent Josephson. The Form U5 disclosed that Josephson had voluntarily terminated his registration on July 10, 2006.

On or about February 26, 2007, an Amended Form U5 was filed by NMIS on behalf of Respondent Josephson. The Amended Form U5 disclosed receipt of a complaint by customer DRJ against Respondent Josephson. By reason of the Amended Form U5, FINRA had jurisdiction to issue the Complaint in this disciplinary proceeding.

Respondent Josephson is not currently registered or associated with any member firm; however, pursuant to Article V, Section 4 of the FINRA By-Laws, FINRA retains jurisdiction over him for purposes of this disciplinary proceeding.

FINDINGS AND CONCLUSIONS

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

During the period from on or about December 6, 1999, until on or about June 20, 2003, while Respondent Josephson was registered through NMIS, his wife DRJ was the sole owner of a variable annuity held through NMIS. Respondent Josephson was the registered representative responsible for DRJ's variable annuity account.

During that time period, without the knowledge or consent of DRJ, and in the absence of written or oral authorization to exercise discretion in connection with her variable annuity, Respondent Josephson submitted thirteen surrender or withdrawal requests through NMIS to the issuer of DRJ's variable annuity, and thereby caused the liquidation of \$48,716.81 from her variable annuity account. The withdrawals are listed in Schedule A, attached hereto and incorporated herein by this reference.

As a result of the unauthorized partial liquidations of DRJ's variable annuity account, Respondent Josephson received thirteen checks payable to DRJ in the total amount of \$45,230.15, after deduction of withholding taxes, surrender charges and other fees.

Respondent Josephson negotiated the checks and spent the funds without the knowledge or consent of DRJ, and in a manner not intended or authorized by DRJ.

During the period from on or about December 6, 1999, until on or about June 20, 2003, without the knowledge or consent of customer DRJ and in order to effect partial liquidations of DRJ's variable annuity account, Respondent Josephson affixed, or caused to affixed, the signatures of DRJ to thirteen surrender or withdrawal request forms.

During the period from on or about December 9, 1999, until on or about June 26, 2003, without the knowledge or consent of customer DRJ and in order to make improper use of DRJ's funds, Josephson affixed the signatures of DRJ as endorsements to thirteen checks payable to DRJ.

Respondent Josephson's residential address as reflected in FINRA's Central Registration Depository ("CRD") is [REDACTED] ("the CRD Address"). The FINRA staff also obtained a more recent mailing address for Respondent Josephson, [REDACTED] ("the Portland Address").

On October 31, 2008, the staff sent a letter to Respondent Josephson pursuant to NASD Procedural Rule 8210, requesting that he appear for an on-the-record interview on November 25, 2008, at the FINRA District Office in Seattle, Washington. The letter was sent to the CRD Address and the Portland Address, via U.S. Postal Service first class mail and certified mail, return receipt requested.

The envelope sent to the CRD Address via first class mail on October 31, 2008, was returned by the U.S. Postal Service, marked "Return to sender, not deliverable as addressed, unable to forward." For the envelope sent to the CRD Address via certified mail, the staff received a Domestic Return Receipt bearing the signature of ML as "agent." Subsequently, the envelope was returned by the U.S. Postal Service, marked "Return to sender, not deliverable as addressed, unable to forward."

The envelope sent to the Portland Address via first class mail on October 31, 2008, was not returned by the U.S. Postal Service. For the envelope sent to the Portland Address via certified mail, the staff received a Domestic Return Receipt bearing the signature of FM.

Respondent Josephson did not respond to the staff's letters.

On November 25, 2008, Respondent Josephson did not appear in the FINRA District Office in Seattle, Washington, or provide testimony as requested by the staff in its letter of October 31, 2008.

Based on the foregoing, Respondent committed separate and distinct violations of NASD Conduct Rules 2110 and 2330(a) and NASD Procedural Rule 8210.

Based on these considerations, the sanction hereby imposed by the acceptance of the Offer is in the public interest, is sufficiently remedial to deter Respondent from any future misconduct, and represents 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 member of FINRA in any capacity.

The sanction imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(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



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