

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2007009359901**

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REGISTRATION & DISCLOSURE

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Jonathan Dominic Soranno, Respondent
General Securities Representative
CRD No. 5039149

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Jonathan Dominic Soranno ("Soranno") entered the securities industry in September 2005 as a registered representative trainee with Edward D. Jones & Co. ("Edward Jones" or the "Firm"), and was approved as a registered representative in November 2005. On February 20, 2007, Soranno's employment with the Firm was terminated for cause. Soranno is currently employed in an unregistered capacity by Morgan Stanley & Co., Incorporated, a FINRA member. Soranno has not previously been the subject of formal disciplinary action by FINRA.

RELEVANT DISCIPLINARY HISTORY

Soranno has no relevant disciplinary history.

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OVERVIEW

Between November 2006 and January 2007 (the "Relevant Period"), while associated with Edward D. Jones & Co. ("Edward Jones" or the "Firm") as a registered representative, Soranno executed 29 short-term mutual fund switch transactions in a customer's securities account that were unauthorized and unsuitable. To conceal his conduct, Soranno failed to send trade confirmations and prospectuses to the customer, failed to obtain mutual fund switch letters, and provided misleading responses to Firm inquiries about the propriety of the trading in the customer's account. In addition, in December 2008, Soranno provided misleading information on employment application documents submitted to Morgan Stanley & Co., Incorporated ("Morgan Stanley").

Based on this conduct, Soranno violated NASD Conduct Rules 2110, 2310, 2230, IM 2310-2 and Securities Exchange Act of 1934 Section 10(b) and Rule 10b-10 thereunder ("Exchange Act Rule 10b-10").

FACTS AND VIOLATIVE CONDUCT

Soranno Executed Unauthorized and Unsuitable Mutual Fund Switch Transactions in a Customer Account, Failed to Send Trade Confirmations, and Made Misleading Statements to Member Employers

Misconduct at Edward Jones

During the Relevant Period, Soranno serviced the non-discretionary Individual Retirement Account ("IRA") of LS, at the Firm's Seaford, New York branch office. From its inception in September 2006, Soranno served as the registered representative on LS's account. When LS opened the account, she was 52 years old and married with a dependent child. LS was working part-time, earned approximately \$5,000 annually, and had an approximate net worth of \$450,000. LS was seeking growth and income with a long-term time horizon to provide for retirement and her child's future educational expenses. LS had limited prior investment experience and relied on Soranno for investment recommendations.

In October 2006, Soranno established the account by purchasing investment grade mutual funds from several families of funds. LS approved all these trades and received trade confirmations and prospectuses.

November 2006 Mutual Fund Switch Transactions

On November 29 and November 30, 2006, Soranno executed a pattern of mutual fund switch transactions for LS's account without her knowledge or authorization. Specifically, Soranno executed nine unauthorized mutual funds sale transactions on or about November 29, 2006 totaling \$104,076 which resulted in short-term realized losses of approximately \$3,483.

These switch transactions consisted of the sale of a mixture of Class A shares of domestic growth, growth and income and bond funds with front-end loads and the subsequent purchase of similar Class A shares of domestic and foreign growth, growth and income and bond funds with front-end loads.

On November 30, 2006, Soranno used the proceeds from the November 29, 2006 sales to effect eight unauthorized purchases of mutual funds in LS's account. These unauthorized mutual funds purchases totaled \$104,000 and generated gross commissions totaling \$4,435, of which Soranno received \$1,774.

While at the time, Firm policy delegated the responsibility for sending trade confirmations and prospectuses to the registered representatives, Soranno failed to send the required trade confirmations and prospectuses to LS. Further, Soranno did not obtain a mutual fund switch letter from LS for the seventeen November 2006 mutual fund switch transactions. Soranno failed to perform these required tasks in order to conceal the transactions from LS.

January 2007 Mutual Fund Switch Transactions

Between January 9, 2007 and January 11, 2007, Soranno executed additional mutual fund switch transactions for LS's account without her knowledge or authorization. On January 9, 2006, Soranno sold seven of the eight mutual fund positions purchased for the account on November 30, 2006 without authorization from LS. These positions were held for less than 40 days. The proceeds of the sales totaled \$95,171, and the transactions resulted in realized losses of approximately \$6,929.68 and short-term trade charges of \$173.57.

These switch transactions consisted of the sale of a mixture of Class A shares of domestic and foreign large growth and income funds with front-end loads and the subsequent purchase of Class A shares of primarily domestic and foreign large growth and income funds with front-end loads.

On or about January 11, 2007, Soranno used the proceeds from the January 9, 2007 sales to effect five unauthorized purchases of mutual funds in LS's account. These purchases totaled \$95,300 and generated gross commissions of \$3,765, of which Soranno received \$1,506.

Soranno did not send trade confirmations or prospectuses, nor did he obtain a mutual fund switch letter from LS for the twelve January 2007 mutual fund switch transactions. Soranno failed to take these required steps in order to conceal the transactions from LS.

The short-term nature of the mutual fund switch transactions executed by Soranno in LS's account was unsuitable in view of LS's long-term investment goals and objectives and, caused LS to suffer losses and incur commissions and fees.

In total, Soranno executed 29 mutual fund switch transactions in LS's account between November 29, 2006 and January 11, 2007 and failed to send LS trade confirmations and prospectuses for those transactions. As a result of those transactions, Soranno received \$3,280 in commission payments from the Firm.

Between December 2006 and February 2007, Soranno failed to adequately respond to questions by the Firm regarding the circumstances relating to the short-term mutual fund switch transactions executed in LS's account. Specifically, Soranno implied in response to the Firm's inquiries that the above-mentioned transactions were authorized by LS and omitted the material fact that, in actuality, he did not discuss the trades with LS prior to their execution and concealed them from LS afterward. Soranno's statements were intended to mislead his employer concerning LS's authorization of the mutual fund switch transactions executed in her account.

Misconduct at Morgan Stanley

On December 19, 2008, Soranno applied for a temporary position at Morgan Stanley. In furtherance of his application, he completed and signed a form titled "Statement of Background Information for Verification of Employment." The form specifically requested that Soranno list all employers for the past 10 years and provide the reason for the termination of his employment with each employer. Soranno failed to disclose his prior employment with Edward Jones and further failed to disclose that this employment was terminated because of his discretionary trading in LS's account and failure to send trade confirmations to LS. As a result of this concealment, Soranno failed to timely disclose to Morgan Stanley that he was the subject of a regulatory investigation by FINRA.

Relevant Rules

NASD Conduct Rule 2110 states that "a member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade." NASD Conduct Rule 2310(a) states in relevant part that "in recommending to a customer the purchase, sale or exchange of any security, a member shall have reasonable grounds for believing that the recommendation is suitable for such customer."

IM 2310-2(a)(1) states that "[i]mplicit in all member and registered representatives relationships with customers and others is the fundamental responsibility for fair dealing." IM-2310-2(b)(4)(iii) provides in relevant part, that it is a violation of fair dealing to execute transactions which are unauthorized by customers. Further, IM-2310-2(b)(3) provides, in relevant part, that it is a violation of fair dealing to trade, "in mutual fund shares, particularly on a short-term basis."

Section 10 of the Securities Exchange Act of 1934 and Rule 10b-10 thereunder requires in relevant part that, firms provide customers with written confirmations disclosing, among other things, the date and time of transactions and the identity, price, and number of shares of each security purchased or sold. Similarly, NASD Conduct Rule 2230 requires that firms provide customers with written confirmations disclosing, among other things, the amount of the firm's commission or other remuneration for the transaction.

Based upon the foregoing, Soranno violated NASD Conduct Rule 2110 and IM-2310 by executing 29 unauthorized mutual fund switch transactions in the securities account of a customer of his member employer; NASD Conduct Rules 2110, 2310, and IM 2310-2 by executing short-term mutual fund switch transactions in the securities account of a customer of his member firm employer which were unsuitable; NASD Conduct Rule 2110 by failing to provide material information and misleading two member employers; and caused a violation of Exchange Act Rule 10b-10 and NASD Conduct Rules 2230 and 2110 by causing his member employer to fail to send trade confirmations in connection with 29 mutual fund transactions executed in the securities account of a customer.

B. I also consent to the imposition of the following sanctions:

1. A bar from associating with any member firm in any capacity.

The sanctions 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 AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and

- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

I understand that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is

inconsistent with any part of this AWC. Nothing in this provision affects my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

2/13/09

Date

Accepted by FINRA:

2/18/09

Date



Jonathan Dominic Soranno

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



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