

**FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

COMPLAINANT,

v.

Jessica M. Jackson,
(CRD ID 4259060),

RESPONDENT.

DISCIPLINARY PROCEEDING

NO. 20070094211

HEARING OFFICER: Andrew H. Perkins

ORDER ACCEPTING

OFFER OF SETTLEMENT BY

JESSICA M. JACKSON

INTRODUCTION

Disciplinary Proceeding No. 20070094211 was filed on May 7, 2008, by the Department of Enforcement of the Financial Industry Regulatory Authority ("FINRA"). Respondent, Jessica M. Jackson, submitted a signed Offer of Settlement ("Offer") dated July 12, 2008 to Complainant on July 28, 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 untested Offer. Accordingly, this Order -- now is issued pursuant to NASD Rule 9270(e)(3). The findings, conclusions and sanctions set forth in the 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 proceeding brought by or on behalf of FINRA, or to which FINRA is a party, to the entry of findings of 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

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Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Jackson was born in [REDACTED]. From July 31, 2000 to September 6, 2006, Jackson was a non-registered sales-assistant employed in the operations department of the Firm's Charleston, South Carolina branch office. Jackson is not currently employed in the securities industry in a capacity known to FINRA.

On August 10, 2008, an Order Accepting Offer of Settlement was entered, pursuant to which Jackson consented, without admitting or denying the allegations, to findings that she had violated NASD Conduct Rules 2110 and 8210 for, respectively, misappropriating Firm funds and failing to respond to Enforcement's multiple requests for information. Jackson consented to a bar from association with any member of FINRA in any capacity.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:¹

I. Misappropriation

On or about August 11, 2006, Wachovia Securities, LLC ("Wachovia" or the "Firm"), identified a series of "questionable accounting entries" originating from the Firm's Charleston, South Carolina branch office. From June 29, 2006 through August 29, 2006, Jackson made the following eight unauthorized and fictitious accounting entries in the Firm CAP account of her then boyfriend, [REDACTED] ("Account # [REDACTED]" or the "[REDACTED] Account"):

¹ The findings herein are pursuant to Respondent Jackson's Offer of Settlement and are not binding on any other person or entity named as a respondent in this or any other proceeding.

	<u>Transaction Type</u>	<u>Description</u>	<u>Amount</u>
	Journal	Client Reimbursement	\$200.00
	Journal	Check Fee Reimburse	\$90.00
	Journal	Transfer Fee Anther	\$100.00
	Journal	Reimbursement	\$100.00
	Journal	Asst Sent Wrrt \$ Amount	\$150.00
	Journal	Close Account No Contact	\$270.00
	Journal	Old Account Close	\$350.00
	Journal	Closing Account	\$602.75
		Subtotal	\$1,862.75

In addition, Jackson made the following accounting entry on June 29, 2006 in her Firm CAP account (Account # [REDACTED] or the "Jackson Account"):

	<u>Transaction Type</u>	<u>Description</u>	<u>Amount</u>
	Journal	Trans Fee	\$50.00

Jackson also journaled another entry on June 29, 2006 in a joint Firm CAP account that she shared with an individual named [REDACTED] ("Account # [REDACTED] or the "[REDACTED] Jackson Account"):

	<u>Transaction Type</u>	<u>Description</u>	<u>Amount</u>
	Journal	Client Tran Fee	\$100.00

Total	\$2012.75
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Douglas Lowe ("Lowe"), the Firm's Complex Administration Manager² and the individual who initially detected the accounting irregularities, oversaw the Firm's internal investigation of Jackson. Lowe discovered that Jackson, in addition to her duties as sales-assistant, was also the

² The Complex consists of Wachovia's Myrtle Beach, Florence, Charleston and Columbia branch offices. Lowe, in his role as Complex Administration Manager, managed the profit and loss statements for the branches and also oversaw the branches' compliance and human resources departments.

"back-up cashier"³ at the Charleston, South Carolina branch office. In her capacity as back-up cashier, Jackson had access to the Firm's account. Accordingly, Jackson used her access to the Firm's account to debit the Firm account and credit the Jackson, [REDACTED] and [REDACTED]/Jackson Accounts. In essence, Jackson transferred funds from the Firm's account to the Jackson, [REDACTED] and [REDACTED]/Jackson Accounts and generated fictitious accounting entries in order to make it appear that the respective debits (to the Firm) and credits (to the Jackson, [REDACTED] and [REDACTED]/Jackson Accounts) were legitimate and appropriate expenditures by the Firm. Jackson's accounting entries had the effect of transferring \$2012.75 from the Firm account to the Jackson [REDACTED] and [REDACTED]/Thomas accounts.

Within a week of the date that the accounting entries were discovered by Lowe, August 11, 2006, the Firm traced the entries to Jackson. Wachovia had assigned Jackson a three-digit internal identifier code ("WHO Code"). Jackson's WHO Code was "2J3." Each customer credit entry identified as "questionable" with the exception of the 8/29/06 entry was entered by "2J3." The 8/29/06 entry originated from a different WHO Code, namely, "2J2."⁴

On August 30, 2006, Lowe confronted Jackson with his findings and she admitted that she executed all of the unauthorized accounting entries and, in essence, transferred funds from the Firm account to the Jackson, [REDACTED] and [REDACTED]/Jackson Accounts. Jackson admitted that she made approximately eight unauthorized and fictitious accounting entries in the [REDACTED]

³ When the full-time cashier was not unavailable (i.e., at lunch or vacation), the back-up cashier would process various transactions for the Firm including printing Wachovia checks, processing deposits and offsetting and crediting various accounts.

⁴ Lowe had suspected, based upon Jackson's ability to access the Firm's account, that Jackson was the author of the 8/29/06 entry. When Lowe confronted Jackson on August 30, 2006, she admitted that, in addition to the other entries with her WHO code, she also made the 8/29/06 entry while using another employee's WHO code.

Account in order to offset various bad checks that were written by [REDACTED]. Jackson also admitted to the Firm that she made unauthorized and fictitious accounting entries in the Jackson and [REDACTED]/Jackson Accounts.

In addition, in a letter to the Firm dated August 30, 2006 (the "August 30 Letter"), Jackson acknowledged that "[REDACTED] did not have the funds to cover the checks, which caused debits." The Firm informed Enforcement that Jackson wrote the August 30 Letter at the Firm's behest. In the August 30 Letter, Jackson admitted that she "wr[ote] off the debits" by journaling "several" accounting entries in [REDACTED] account. Specifically, Jackson recalls "writing off" two checks totaling \$1,000.00 that had been made payable to her. The Firm stated that the reference in the August 30 Letter refers to her improperly crediting the [REDACTED] Account \$602.75 on August 29, 2006 in order to "cover" two personal checks written to her by [REDACTED] in the amounts of \$100.00 on August 2, 2006 and \$500.00 on August 9, 2006.

In the August 30 Letter, Jackson expressly admitted that what she "did was wrong" and promised to "pay back every penny" that she had improperly journaled.

The Firm placed Jackson on administrative leave on August 30, 2006 and terminated her employment on September 7, 2006.

Based on the foregoing, Respondent engaged in conduct that violated NASD Conduct Rule 2110.

II. Failure to Cooperate

On November 1, 2006, in accordance with Rule 477⁵ of the New York Stock Exchange LLC ("NYSE") the Preliminary Investigations Unit⁶ (the "P.I. Unit") of Enforcement sent a letter (the "November 1 Letter"), by certified mail, return receipt requested, to Jackson at her residential address as reflected in CRD requesting a written explanation in response to the allegation that Jackson was terminated "for misuse of the Firm's assets in connection with a customer account." The November 1 Letter instructed Jackson to respond on or before December 1, 2006. The letter was returned by the United States Postal Service (the "Post Office") to Enforcement marked "attempted – not known."

On April 10, 2007 (the "April 10 Letter"), by certified mail, return receipt requested, Enforcement sent Jackson another letter to her residential address, as reflected in CRD. The April 10 Letter notified Jackson that Enforcement was investigating the allegations specified in the Form 275 filed on October 5, 2006. The April 10 Letter also advised Jackson that, in accordance with NYSE Rule 477, her failure to supply the requested detailed written explanation of the specified allegations might result in the initiation of formal disciplinary action against her. Jackson was instructed to submit a response within twenty days of the date of the April 10 Letter. On May 1, 2007, the April 10 Letter was returned to Enforcement by the Post Office marked "unclaimed."

⁵ NYSE Rule 477 *Retention of Jurisdiction – Failure to Cooperate* provides that any person within NYSE's jurisdiction must fully cooperate with Enforcement and that the failure to do so may lead to the institution of formal disciplinary proceedings resulting in sanctions including, but not limited to, a permanent bar from membership, allied membership, approved person status, and from employment or association in any capacity with any member or member organization.

⁶ The P.I. Unit's role was to perform a preliminary investigation to determine the viability of the allegations at issue. If the P.I. Unit determined that an investigation required "further review," it would then refer the matter to Enforcement. After the P.I. Unit did not receive a response to its November 1, 2006 letter, the matter was referred to Enforcement for further review.

On May 11, 2007, by first class mail, Enforcement sent a copy of the April 10 Letter (the "May 11 Letter") to Jackson at her residential address, as reflected in CRD. The May 11 Letter requested as did the April 10 Letter, that Jackson submit a written explanation in response to the allegations contained in the Form U-5 before a specific deadline, namely, May 21, 2007.

Jackson was again instructed, in accordance with NYSE Rule 477, that the failure to supply the requested detailed written explanation of the specified allegations might result in the initiation of a formal disciplinary action against her. The May 11 Letter was not returned to Enforcement.

On September 20, 2007 (the "September 20 Letter"), subsequent to the creation of FINRA, by first class mail to Jackson, Enforcement renewed, pursuant to NASD Rule 8210, its requests for the information contained in the April 10 and May 11 Letters. Specifically, in the September 20 Letter, Enforcement requested that Jackson submit a written explanation in response to the allegations contained in the Form U-5 before October 10, 2007. Jackson was again instructed that the failure to supply the requested detailed written explanation of the specified allegations might result in the initiation of a formal disciplinary action against her. The September 20 Letter was not returned to Enforcement.

Based on the foregoing, it is evident that Jackson was properly served with multiple requests for information, at the address listed on the CRD, concerning the allegations that gave rise to the instant investigation and that she failed to respond to any of those requests. Accordingly, Jackson violated NASD Rule 8210 and Conduct Rule 2110.

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:

1. barred from association with any member of FINRA in any capacity.

The sanction imposed herein shall be effective on a date set by FINRA staff.

SO ORDERED.

Dated: August 21, 2008

FINRA

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



Thomas B. Lawson

Vice President

FINRA Department of Enforcement

1801 K Street, N.W.

Washington, DC 20006

(202) 974-2800

FAX: (202) 974-2805