

FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

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REGISTRATION & DISCLOSURE

DEPARTMENT OF ENFORCEMENT,

COMPLAINANT,

v.

STEPHEN PAUL GRANTHAM,
CRD No. 4673736,

RESPONDENT.

DISCIPLINARY PROCEEDING
No. 2008012871301

Hearing Officer-MC

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: September 17, 2009

INTRODUCTION

Disciplinary Proceeding No. 2008012871301 was filed on July 7, 2009, by the Department of Enforcement of the Financial Industry Regulatory Authority ("FINRA"). Respondent Stephen Paul Grantham submitted an Offer of Settlement ("Offer") to FINRA on August 14, 2009. Pursuant to FINRA Rule 9270(e), FINRA 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 FINRA 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 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

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

BACKGROUND

Stephen Paul Grantham entered the securities industry in June 2003 when he became associated with a FINRA member firm. Grantham, who currently holds Series 7 and 66 licenses, became registered with FINRA on June 12, 2003, when a Form U4 was submitted on his behalf. Grantham's registrations were terminated on February 25, 2008, when Chase Investment Services Corp. terminated Grantham's association with the firm and filed a Form U5 on his behalf.

FINRA retains jurisdiction to file the Complaint against Grantham pursuant to Article V, Section 4 of the FINRA By-Laws, which provides that FINRA shall retain jurisdiction over a formerly associated person for two years after the effective date of termination of registration. Based on his termination date from Chase Investment Services Corp., FINRA retains jurisdiction over Grantham until February 24, 2010.

FINDINGS AND CONCLUSIONS

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

First Cause of Action

Stephen Grantham was employed by JPMorgan Chase Bank, N.A. as a Vice President and Banking Center Manager at the Jenks, Oklahoma branch. In addition to his supervisory duties at the retail bank, Grantham was a registered representative of Chase Investment Services Corp.

On February 25, 2008, Chase Investment Services Corp. reported that Grantham had been discharged after an affiliate bank discovered Grantham's conversion of \$11,663.76 of bank customers' funds to his personal use.

JP Morgan Chase Bank, responding to a complaint from a bank customer, investigated the activities of Grantham and concluded that beginning on August 7, 2006 and ending on February 12, 2008, Grantham misappropriated \$11,663.76 of bank customers' funds by withdrawing the monies from three separate IRA accounts.

As part of the investigation, Chase Bank interviewed Grantham, during which interview he prepared and signed a written statement regarding his thefts. In his signed statement, Grantham confessed that he had misappropriated the customers' funds, converted the funds to his personal use and acknowledged that the withdrawals had been made without the customers' consent.

Second Cause of Action

By a letter dated June 12, 2008, FINRA staff requested, pursuant to NASD Procedural Rule 8210, that Grantham provide written information to FINRA regarding his conversion of bank customer funds to his personal use while employed as a registered representative at Chase Investment Services Corp. The June 12, 2008 letter was sent, via certified and regular mail, to Grantham at his CRD address of record: 5712 E 64th Street; Tulsa, Oklahoma 74136. The letter sent by regular mail was not returned and the certified letter was returned marked as undeliverable and unable to forward.

Pursuant to the request for information, Grantham was required to respond on or before June 26, 2008. Grantham did not respond to the staff's June 12, 2008 request to provide information.

After Grantham failed to respond to the staff's first request, by a letter dated September 16, 2008, FINRA staff made a second request, again pursuant to NASD Procedural Rule 8210, that Grantham provide information to FINRA regarding his conversion of bank customer funds to his own personal use while employed as a registered representative at Chase Investment Services Corp. The September 16, 2008 letter was again sent, via certified and regular mail, to Grantham at his CRD address of record: 5712 E 64th Street; Tulsa, Oklahoma 74136. The letter sent by regular mail was not returned and the certified letter was returned marked as undeliverable and unable to forward. Pursuant to the request for information, Grantham was required to respond on or before September 30, 2008. Grantham did not respond to the staff's September 16, 2008 request to provide information.

FINRA staff has no knowledge of a residential address for Grantham that is more current than the address to which the letters set forth above were sent and has no knowledge of a current business address for Grantham.

To the date of this Complaint, Grantham has not provided FINRA staff any of the information or documents it requested pursuant to NASD Procedural Rule 8210.

Based on the foregoing, Respondent Grantham violated NASD Conduct Rule 2110, as alleged in the First Cause of Action, and NASD Conduct Rule 2110 and NASD Procedural Rule 8210, as alleged in the Second Cause of Action.

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.

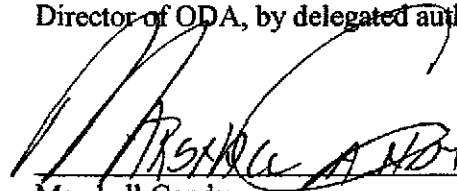
SANCTIONS

It is ordered that Respondent be barred from association with any FINRA member in any capacity. The sanctions imposed herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA

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

A handwritten signature in black ink, appearing to read 'MARSHALL GANDY', is written over a horizontal line.

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