

**FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
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

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

This case involves a registered representative who converted bank customer funds to his personal use. The representative also failed to respond to FINRA requests for information.

JURISDICTION

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

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2. FINRA retains jurisdiction to file this 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.

**FIRST CAUSE OF ACTION
CONVERSION
VIOLATION OF NASD Conduct Rule 2110**

3. The Department realleges and incorporates by reference paragraphs 1-2 above.
4. 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.
5. 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.
6. 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.

7. 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.
8. Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 by Stephen Paul Grantham.

SECOND CAUSE OF ACTION
FAILURE TO RESPOND
VIOLATION OF NASD CONDUCT RULE 2110, NASD PROCEDURAL RULE 8210

9. The Department realleges and incorporates by reference paragraphs 1-8 above.
10. 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: [REDACTED] The letter sent by regular mail was not returned and the certified letter was returned marked as undeliverable and unable to forward.
11. 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.

12. 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: [REDACTED]
- [REDACTED] 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.
13. 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.
14. 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.
15. Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 and NASD Procedural Rule 8210 by Stephen P. Grantham.

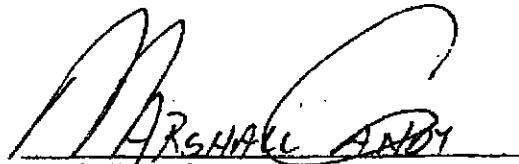
RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed.
- B. order that the Respondent bear such costs of the proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: July 2, 2009

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

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