

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Jerry Jason Rice (CRD No. 4203426),

Respondent.

DISCIPLINARY PROCEEDING
No. 20080145071

COMPLAINT

The Department of Enforcement ("Enforcement") alleges:

SUMMARY

1. Between approximately June 2008 and July 2008, Respondent Jerry Jason Rice ("Respondent") made material misrepresentations regarding a bond investment to a customer and caused bonds to be purchased in a customer's account without authorization. Respondent also failed to comply with requests by FINRA for information and testimony.
2. By virtue of this conduct, Respondent violated NASD Conduct Rule 2110, FINRA Procedural Rule 8210 and FINRA Conduct Rule 2010.

RESPONDENT AND JURISDICTION

3. In June 2000, Respondent Jerry Jason Rice ("Respondent") entered the securities industry with Waddell & Reed, Inc., and was approved as a registered representative in July 2000. Respondent remained associated with Waddell & Reed, Inc. until the termination of his employment in or about September 2002.

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4. Thereafter, Respondent was employed in registered capacities with Cal Fed Investments from August 2002 to February 2003 and Citicorp Investment Services from February 2003 to August 2006. Rice was unemployed between August 2006 and August 2007.
5. From August 2007 through July 18, 2008, Respondent was employed as a registered representative in Fresno, California banking branch offices of WAMU.
6. On or about July 31, 2008, WAMU filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") reporting the termination of Respondent's employment on July 18, 2008.
7. In Amended Forms U5 filed on July 14, 2009, September 30, 2009, and March 3, 2010, the Firm, for the first time, reported separate customer complaints against Rice. The Amended Forms U-5 included allegations that Respondent may have failed to follow customer instructions, made misrepresentations to customers and engaged in unsuitable trading in a customer's accounts.
8. Respondent is not currently associated with a FINRA regulated entity.
9. Although Respondent is currently not associated with a FINRA regulated entity, he remains subject to the jurisdiction of FINRA pursuant to Article V, Section 4, of the FINRA By-Laws in that the misconduct alleged occurred while Respondent was associated with a member and a Complaint was filed within two years of Respondent's registration termination.
10. In addition, the Complaint charges Respondent with misconduct committed while he was associated with a FINRA regulated entity, failing to respond to FINRA requests for information and failing to appear for on-the-record testimony, during the two-year period

after the date upon which Respondent ceased to be associated with a FINRA regulated entity.

11. Further, the Complaint was filed within two years of the filing of Amended Forms U-5, which reported that Rice may have engaged in conduct actionable under applicable statutes, rules or regulations.

FIRST CAUSE OF ACTION

Unauthorized Transaction

NASD Conduct Rule 2110

12. Enforcement realleges and incorporates by reference paragraphs 3 through 11, and 11. above.
13. On or about July 7, 2008, Respondent purchased 100 Federal Home Loan Mortgage Corporation ("FHLMC") 6% bonds for \$100,000 for Customer EG's account, without Customer EG's knowledge or authorization.
14. As a result of the foregoing conduct, Respondent violated NASD Rule 2110 by causing one or more unauthorized transactions to be executed in a customer's account.

SECOND CAUSE OF ACTION

Failure to Comply with Requests for Information and Testimony

FINRA Procedural Rule 8210 and FINRA Conduct Rule 2010

15. Enforcement realleges and incorporates by reference paragraphs 3 through 11 above.
16. On two occasions, Respondent failed to provide information and/or testimony requested pursuant to FINRA Rule 8210,

17. On February 1, 2010, Enforcement sent a letter to Respondent, requesting that, pursuant to FINRA Rule 8210, he provide a detailed written explanation concerning Enforcement's investigation of misrepresentation and unsuitable trading allegations regarding the securities accounts of Customers TG, EG, and FV. The letter was sent via certified mail and return receipt requested and a copy was sent by first class mail to Respondent at his last known residential address as reflected in the Central Registration Depository: [REDACTED] (the "CRD" Address). Copies of the letter were also sent via certified mail and return receipt requested and by first class mail to an alternate address provided by Respondent's wife: [REDACTED] (the "Alternate Address"). The letter sent to the CRD Address and the copy sent to the Alternate Address by certified mail, were returned to Enforcement. The copies of the letter sent by first class mail to the CRD Address and the Alternate Address, were never returned to Enforcement. To date, Respondent has failed to provide the requested information.

18. On April 8, 2010, Enforcement sent a letter to Respondent, requesting that, pursuant to FINRA Rule 8210, he appear and provide testimony on April 23, 2010 at Enforcement's offices located at 14 Wall Street, 14th Floor, New York, New York 10005. The letter was sent by Express mail and copies were sent by certified mail and return receipt requested and by first class mail to the CRD Address. Copies of the letter were also sent by Express mail, certified mail and return receipt requested, and by first class mail to the Alternate Address. The letter sent by Express mail and the copy sent by certified mail to the CRD Address were returned to Enforcement. The copy of the letter sent by first class mail to the CRD address was not returned to Enforcement. The copies of the letter sent by

Express mail and by certified mail to the Alternate Address were returned to Enforcement.

The copy of the letter sent by first class mail to the Alternate address was not returned.

Respondent failed to appear on April 23, 2010 and provide the requested testimony.

19. To date, Respondent has failed to provide the requested information and testimony.

20. Accordingly, Respondent violated FINRA Procedural Rule 8210 and FINRA Conduct Rule 2010 by failing to provide the requested information and testimony.

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 proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: July 16, 2010



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