

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

QUINTON JEFFRIES-HERNANDEZ
(CRD No. 5307204),

Respondent.

Disciplinary Proceeding
No. 2008015002801

Hearing Officer – RSH

DEFAULT DECISION

June 1, 2010

Respondent violated Conduct Rule 2110 by converting funds from his employer, Procedural Rule 8210 and Conduct Rule 2110 by failing to respond to requests for information, and Procedural Rule 8210 and Conduct Rule 2010 by failing to appear for testimony. For these violations, Respondent was barred from associating with any member firm in any capacity.¹

Appearances

Rodney W. Turner, Principal Counsel, Carolyn Craig, Director, Washington, D.C., for the Department of Enforcement.

No appearance by or for the Respondent.

DECISION

I. Introduction

The Department of Enforcement for the Financial Industry Regulatory Authority (“FINRA”) filed a Complaint on December 4, 2009. The Complaint alleges that Respondent Quinton Jeffries-Hernandez violated Conduct Rule 2110 by converting approximately \$1,000 from his employer, JP Morgan Chase Bank, N.A. (“Chase Bank”). The Complaint also

¹ The FINRA Rules, which include NASD Procedural and Conduct Rules, are available at www.finra.org/Rules. On December 15, 2008, the first phase of new consolidated FINRA Rules went into effect. See, Regulatory Notice 08-57. In that process, Conduct Rule 2110 was renumbered as 2010.

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alleges that Jeffries-Hernandez subsequently violated Procedural Rule 8210 and Conduct Rules 2110 and 2010 by failing to respond to FINRA requests for information and failing to appear to testify.

Jeffries-Hernandez did not answer or otherwise respond to the Complaint. Consequently, on March 31, 2010, Enforcement filed a Motion for Entry of Default Decision, supported by the Declaration of Rodney W. Turner ("Turner Decl.") and 4 exhibits. Jeffries-Hernandez did not reply to the motion.²

II. Findings of Fact and Conclusions of Law

A. Respondent's Default

The Hearing Officer finds that Enforcement properly served Jeffries-Hernandez with the Complaint by mailing the Complaint and the First and Second Notices of Complaint to his last known residential address as shown in FINRA's Central Registration Depository (the "CRD Address"), in accordance with FINRA Procedural Rule 9134(b)(1).

Enforcement mailed the Complaint and First Notice of Complaint to Jeffries-Hernandez's CRD Address by first-class and certified mail on December 4, 2009. The U.S. Postal Service reported that the certified mailing was "undeliverable as addressed;" however, the first-class mailing was not returned to Enforcement.³

Enforcement mailed the Complaint and Second Notice of Complaint to Jeffries-Hernandez's CRD Address by first-class and certified mail on January 15, 2010. As before, the U.S. Postal Service reported that the certified mailing was "undeliverable as addressed;" however, the first-class mailing was not returned to Enforcement.⁴ The Second Notice of

² The factual determinations in this decision are based on the allegations of the attached Complaint, which are deemed admitted, as well as additional materials filed by Enforcement.

³ Turner Decl., ¶ 8; Complainant's Exhibit ("CX")-3.

⁴ Turner Decl., ¶ 9; CX-4.

Complaint stated that Jeffries-Hernandez was required to answer the Complaint by February 10, 2010. To date, Jeffries-Hernandez has not filed an answer with the Office of Hearing Officers or otherwise responded to the Complaint.⁵ FINRA staff has no knowledge of any address for Jeffries-Hernandez, other than the CRD Address.⁶

Jeffries-Hernandez defaulted by failing to answer the Complaint.⁷ Accordingly, pursuant to Procedural Rules 9215(f) and 9269(a)(2), the Hearing Officer deems the allegations in the attached Complaint admitted and grants Enforcement's motion for entry of a default decision.

B. Jurisdiction

On May 4, 2007, Jeffries-Hernandez became registered with FINRA as an Investment Company Products/Variable Contracts Limited Representative through FINRA member firm Chase Investment Services Corp. ("Chase Investment"). He remained continuously registered with Chase Investment until on or about September 19, 2008.⁸ Although Jeffries-Hernandez has not been registered with FINRA since September 19, 2008, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's Bylaws, because (1) the Complaint was filed within two years following the termination of his registration with FINRA, and (2) the Complaint charges him with misconduct committed while he was registered with a FINRA member firm and with

⁵ Turner Decl., ¶ 13; CX-5.

⁶ Turner Decl., ¶ 12.

⁷ *Department of Enforcement v. Reynolds Verdiner*, No. CAF020004, 2003 NASD Discip. LEXIS 42, at *5 (N.A.C. Dec. 9, 2003) (NASD Procedural Rule 9134(b)(1) allows for constructive notice by mailing a complaint to the respondent's most recent CRD address) (quoting *Lubeck v. SEC*, 1998 U.S. App. LEXIS 18849, at *20 (9th Cir. Aug. 12, 1998)).

⁸ CX-2, p. 3.

failing to respond to FINRA's requests for information made during the two-year period following the termination of his registration.⁹

C. Conversion of Funds

The First Cause of Action in the Complaint alleges that Jeffries-Hernandez violated Conduct Rule 2110 by converting funds from his employer. The Complaint alleges that between July 1, 2008, and August 1, 2008, Jeffries-Hernandez, while working as a personal banker at Chase Bank, caused referral bonuses to be credited to the accounts of approximately six bank customers. These referral bonuses were to be given to customers as a reward for referring potential customers to Chase Bank to open accounts; however, the customers had not actually referred customers to the bank and were not entitled to the referral bonuses. Jeffries-Hernandez caused the customers' accounts to be credited with as much as \$125 each in referral bonus money. He then issued ATM cards for the accounts and used the ATM cards to withdraw the referral bonus funds from the customers' accounts. He used the funds for his own personal use, without the customers' or Chase Bank's knowledge or authorization.

Following a Chase Bank customer's complaint about unauthorized activity in her account, Chase Bank investigated. Eventually, Jeffries-Hernandez admitted to crediting customer accounts with referral bonuses and using ATM cards to withdraw as much as \$1,000 of Chase Bank's funds from the accounts without the bank's knowledge or consent.

The Hearing Officer finds that the allegations in the First Cause of Action are sufficient to establish, for purposes of this default decision, that Jeffries-Hernandez violated Conduct Rule 2110.

⁹ Article V, Sec. 4(a), FINRA By-Laws, available at www.finra.org/rules (then follow "FINRA Manual" hyperlink to "Corporate Organization: Bylaws").

D. Failure to Respond to Requests for Information and Testimony

The Second Cause of Action alleges that Jeffries-Hernandez failed to respond to two written requests, made pursuant to Rule 8210, that he provide information to FINRA Staff concerning allegations that he had converted funds from Chase Bank. The Staff sent each request by first-class and certified mail to Jeffries-Hernandez at his CRD Address. The first request was sent on September 26, 2008, and the second request was sent on October 29, 2008. The first-class mailings were not returned; however, both of the certified mailings were returned, unclaimed. Jeffries-Hernandez did not respond to either request for information.

The Third Cause of Action alleges that Jeffries-Hernandez failed to appear to give on-the-record testimony ("OTR"), as requested by FINRA staff pursuant to Rule 8210. The letter scheduling Jeffries-Hernandez' OTR was sent on March 17, 2009, to his CRD Address by first-class and certified mail. The certified letter was returned, undeliverable; however, the first-class letter was not returned. The letter requested that Jeffries-Hernandez appear for his OTR on March 31, 2009. He did not appear to testify and did not notify FINRA staff to explain his absence. FINRA sent Jeffries-Hernandez a second request for his OTR on March 31, 2009, requesting that he appear for testimony on April 23, 2009. The second letter was sent by certified and first-class mail. Once again, the certified letter was returned to FINRA, unclaimed, and the first-class letter was not returned. Still, Jeffries-Hernandez did not appear to testify and did not contact FINRA.

The Hearing Officer finds that the allegations in the Second and Third Causes of Action are sufficient to establish, for purposes of this default decision, that Jeffries-Hernandez violated Procedural Rule 8210. A violation of Rule 8210 is also a violation of

Rule 2110 (for the requests for information, issued before December 15, 2008) and 2010 (for the requests for OTR, issued after December 15, 2008).¹⁰

III. Sanctions

A. Conversion of Funds

For conversion, defined as “an intentional and unauthorized taking of and/or exercise of ownership over property by one who neither owns the property nor is entitled to possess it,” FINRA Sanction Guidelines (“Guidelines”) provide that a bar is standard.¹¹ Jeffries-Hernandez admitted taking for his own use funds to which he was not entitled. There is no evidence of mitigation. Therefore, the Hearing Officer finds that Jeffries-Hernandez should be barred from associating with any member firm in any capacity.

B. Failure to Respond to Requests for Information

A violation of Rule 8210 is serious because Rule 8210 is a key element in FINRA’s oversight function and allows FINRA to carry out its regulatory functions without subpoena power.¹² When an individual fails to provide information or testimony, FINRA’s ability to perform its regulatory functions is subverted.¹³ For these reasons, the Guidelines recommend a bar when a respondent fails to respond in any manner to a request for testimony issued pursuant to Rule 8210.¹⁴ Jeffries-Hernandez failed to respond to two requests for information and also failed to appear for scheduled testimony. There is no evidence of any mitigating facts that would justify a sanction less than a bar. Accordingly, the Hearing Officer finds that

¹⁰ *Department of Enforcement v. Hoeper*, No. C02000037, 2001 NASD Discip. LEXIS 37, at *5 (N.A.C. Nov. 2, 2001).

¹¹ *FINRA Sanction Guidelines* 38 (2007 ed.).

¹² *Howard Brett Berger*, Exchange Act Rel. No. 58950, 2008 SEC LEXIS 3141 (Nov. 14, 2008); *Joseph G. Chiulli*, Exchange Act Rel. No. 42,359, 2000 SEC LEXIS 112, at *16 (Jan. 28, 2000).

¹³ *Joseph P. Hannan*, Exchange Act Rel. No. 40,438, 1998 SEC LEXIS 1955, at *9 (Sept. 14, 1998).

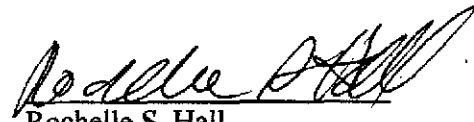
¹⁴ *FINRA Sanction Guidelines* 35 (2007).

Jeffries-Hernandez should be barred from associating with any FINRA member in any capacity.

IV. Order

Quinton Jeffries-Hernandez is barred from associating with any FINRA member firm in any capacity for converting funds, in violation of Conduct Rule 2110, for failing to respond to requests for information, in violation of Procedural Rule 8210 and Conduct Rule 2110, and for failing to appear for testimony, in violation of Procedural Rule 8210 and Conduct Rule 2010. The bars will become effective immediately if this Default Decision becomes FINRA's final disciplinary action in this proceeding.

SO ORDERED.


Rochelle S. Hall
Hearing Officer

Copies to:

Quinton Jeffries-Hernandez (*via overnight courier and first-class mail*)
Rodney W. Turner, Esq. (*via electronic and first-class mail*)
Mark P. Dauer, Esq. (*via electronic mail*)
David R. Sonnenberg, Esq. (*via electronic mail*)

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

**Quinton Jeffries-Hernandez
(CRD No. 5307204),**

Respondent.

**DISCIPLINARY PROCEEDING
No. 2008015002801**

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. During July 2008, Respondent Quinton Jeffries-Hernandez ("Jeffries-Hernandez"), a personal banker with JP Morgan Chase Bank, N.A. ("Chase Bank") caused multiple \$25 referral bonuses to be credited to approximately six bank customer accounts even though the customers had not earned the bonuses. Without the knowledge or authorization of the customers or Chase Bank, Jeffries-Hernandez withdrew the referral bonuses from the customer accounts using secondary ATM cards that he had created for each account. During an internal investigation by Chase Bank, Jeffries-Hernandez admitted to crediting referral bonuses to customers' accounts and withdrawing as much as \$1,000 in referral bonus money from the customers' accounts. Jeffries-Hernandez was terminated by Chase Bank as a result of this conduct. By virtue of this conduct, Jeffries-Hernandez violated NASD Conduct Rule 2110.

2. On two separate occasions following his termination from Chase Bank, FINRA staff requested information from Jeffries-Hernandez, pursuant to NASD Rule 8210, regarding his alleged theft of referral bonus money. Although properly served with the requests, Jeffries-Hernandez did not respond to the requests for information. By virtue of this conduct, he violated NASD Rules 8210 and 2110.

3. In addition, on two separate occasions following his termination from Chase Bank, FINRA staff members requested that Jeffries-Hernandez appear to provide testimony, pursuant to FINRA Rule 8210. Again, although properly served with the requests, Jeffries-Hernandez never appeared to testify. By virtue of this conduct, Jeffries-Hernandez violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

4. Respondent Jeffries-Hernandez (CRD No. 5307204) first became registered as an Investment Company & Variable Products Representative in May of 2007 with member firm Chase Investment Services Corp. (CISC). During all relevant times herein, Jeffries-Hernandez was employed as a personal banker with Chase Bank. In August 2008, Jeffries-Hernandez was terminated from Chase Bank for improperly issuing ATM cards for bank customer accounts and improperly withdrawing approximately \$1,000 from the accounts. Jeffries-Hernandez has not been associated with any FINRA member or registered with FINRA in any capacity since his termination from Chase Bank. However, he remains within FINRA's jurisdiction pursuant to Article V, Section 4 of the NASD By-Laws.

FIRST CAUSE OF ACTION

**CONVERSION OF EMPLOYER'S FUNDS
(VIOLATION OF NASD CONDUCT RULE 2110)**

5. The Department re-alleges and incorporates by reference paragraphs 1 through 4, above.

6. Between July 1, 2008 and August 1, 2008, Respondent Jeffries-Hernandez, while working as a personal banker for Chase Bank at a branch in New York City, caused referral bonuses to be credited to the accounts of approximately six bank customers – customers who had not referred customers to the bank and were not entitled to earn the referral bonuses or have them credited to their accounts.

7. These referral bonuses were to be given to customers as a reward for referring potential customers to Chase Bank to open bank accounts.

8. Although the customers had not earned the referral bonuses, Jeffries-Hernandez caused their accounts to be credited with as much as \$125 in referral bonuses, which were issued in \$25 dollar increments from bank funds identified for use in connection with referral bonuses.

9. After crediting the unearned referral bonuses to the customer accounts, Jeffries-Hernandez issued ATM cards against the accounts. He then used the ATM cards to withdraw the referral bonus funds from the accounts for his own personal use, without the customers' or Chase Bank's knowledge or authorization.

10. Following a customer's complaint about unauthorized credit and withdrawal activity in her account (which related to the crediting and withdrawal of bogus referral bonuses by Jeffries-Hernandez), Chase Bank's internal investigation unit initiated an internal

investigation. As a result of its investigation, the bank discovered that approximately six customer accounts had been credited with bogus referral bonuses by Jeffries-Hernandez. The investigation also revealed that secondary ATM cards were issued by Jeffries-Hernandez and then used by Jeffries-Hernandez to withdraw the referral bonuses from the accounts.

11. Surveillance photographs of the ATM withdrawals from the customer accounts revealed that one Hispanic male, namely, Jeffries-Hernandez, was responsible for all of the withdrawals made using the ATM cards improperly issued by Jeffries-Hernandez.

12. Chase Bank confronted Jeffries-Hernandez with evidence it had gathered regarding the crediting and ATM withdrawals of referral bonuses. Ultimately, Jeffries-Hernandez admitted to crediting customer accounts with referral bonuses and using ATM cards issued against the customer accounts to withdraw as much as \$1,000 of Chase Bank's funds from the accounts without the bank's knowledge or consent.

13. By reason of the foregoing, Respondent Jeffries-Hernandez violated NASD Conduct Rule 2110.

SECOND CAUSE OF ACTION

FAILURE TO PROVIDE INFORMATION TO FINRA (VIOLATION OF NASD RULES 8210 AND 2110)

14. The Department re-alleges and incorporates by reference paragraphs 1 through 13, above.

15. FINRA issued to Jeffries-Hernandez requests for information, pursuant to NASD Procedural Rule 8210, on September 26, 2008 and October 29, 2008. Each request was mailed to Jeffries-Hernandez by first-class mail and certified mail to his residential address as reflected in the Central Registration Depository System ("CRD address"). The first request letter, dated

September 26, 2008, sent by certified mail was returned, unclaimed. The second request letter, dated October 29, 2008, was also returned, unclaimed. The letters sent by first-class mail were not returned. Nevertheless, Jeffries-Hernandez failed to respond to either request letter.

16. By virtue of the foregoing, Jeffries-Hernandez violated NASD Rule 8210. Furthermore, by failing to respond to these regulatory requests, Jeffries-Hernandez also failed to observe high standards of commercial honor and just and equitable principles of trade, in violation of NASD Rule 2110.

THIRD CAUSE OF ACTION

FAILURE TO APPEAR FOR ON-THE-RECORD TESTIMONY (VIOLATION OF FINRA RULES 8210 AND 2010)

17. The Department re-alleges and incorporates by reference paragraphs 1 through 16, above.

18. FINRA issued, pursuant to FINRA Rule 8210, a request for Jeffries-Hernandez to appear to testify on-the-record in FINRA's Department of Enforcement Washington, D.C. office on March 31, 2009.

19. The letter scheduling Jeffries-Hernandez's on-the-record interview, dated March 17, 2009, was sent by first-class mail certified to his CRD address. The certified letter was returned, unclaimed. The first-class letter was not returned. Nevertheless, Jeffries-Hernandez did not appear to testify on March 31, 2009, nor did he contact FINRA staff to explain his absence.

20. In a second letter dated March 31, 2009, also sent by first-class mail and certified mail to Jeffries-Hernandez's CRD address, FINRA scheduled a second date for Jeffries-

Hernandez to testify. This letter was issued pursuant to FINRA Rule 8210 and requested that Jeffries-Hernandez appear to testify on-the-record in FINRA's Department of Enforcement Washington, D.C. office on April 23, 2009. The certified letter was returned, unclaimed. The first-class letter was not returned. Still, Jeffries-Hernandez did not appear to testify on April 23, 2009, nor did he contact FINRA to explain his absence.

21. By virtue of the foregoing, Jeffries-Hernandez violated FINRA Rules 8210 and 2010.

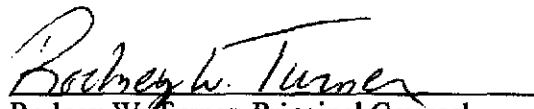
RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. order that one or more of the sanctions provided under FINRA Rule 8310, including a bar against Respondent from associating with any member firm in any capacity, be imposed.
- B. order that Respondent pay restitution to Chase Bank in the amount of \$1,000.
- C. order that the Respondent bear such costs of any proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: December 4, 2009


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