

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090185096 01**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Jon Tadd Roberts, Respondent
CRD No. 5350230

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Jon Tadd Roberts ("Respondent") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, without admitting or denying the findings, 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, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Respondent was born in [REDACTED]. He entered the securities industry on May 14, 2007 with a FINRA-registered firm, where he remained until September 21, 2007. Between May 19, 2008 and May 29, 2009, Respondent was employed as a registered representative by Morgan Stanley & Co., Inc. ("Morgan Stanley" or the "Firm"). Respondent was qualified as a general securities representative through a Series 7 examination in July 2008.¹

On May 29, 2009, Roberts was terminated by the Firm for sending unapproved correspondence to two Firm customers and a potential investor of the Firm in violation of FINRA Rule 2010. FINRA retains jurisdiction over Respondent pursuant to Article V, Section 4 of FINRA's By-Laws.

¹ Respondent was also qualified as a State Securities Agent (Series 63) in June 2007, an Investment Company Products/Variable Contracts Limited Representative (Series 6) in September 2007, a Futures Managed Fund representative (Series 31) in August 2008, and an Investment Advisor (Series 65) in October 2008.

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RELEVANT DISCIPLINARY HISTORY

Respondent does not have any prior disciplinary history in the securities industry.

OVERVIEW

Between May 19, 2008 and May 29, 2009, Respondent was employed as a registered representative with Morgan Stanley. In April 2009, Respondent was informed that he was not meeting the Firm's performance requirements related to the number of new account openings and revenue. Respondent claimed that in order to become more accessible to his clients and develop new business he corresponded with two customers and a potential investor from his home computer via his personal e-mail address.

Respondent sent 17 pieces of unapproved correspondence to two Firm customers and a potential investor between April and May 2009. The unapproved correspondence consisted of nine e-mails sent from Respondent's personal e-mail address that were not authorized by the Firm and eight of these e-mails attached documents containing misrepresentations and misleading statements that he created on his home computer. These documents were written on Firm letterhead and misrepresented that Morgan Stanley would approve the issuance of a line of credit of up to \$10 billion to a Firm customer and a potential investor if certain conditions were met. The Respondent forwarded the unapproved correspondence from his home computer, thereby bypassing the Firm's surveillance systems and preventing review by Respondent's FINRA registered broker-dealer employer in violation of FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

False and Misleading Documents

In May 2009, Respondent sent nine unapproved e-mails from his personal e-mail address, eight of these e-mails attached documents that contained misrepresentations and misleading statements to a Firm customer and a potential investor in violation of FINRA Rule 2010.

Between May 1, 2009 and May 5, 2009, Respondent attached a document to three e-mails he sent to potential investor, DL concerning Morgan Stanley issuing a line of credit up to \$10 billion to Firm customer HR, provided that certain conditions were met.¹ Respondent also attached another document concerning the issuance of a multi-billion dollar line of credit to five additional e-mails he sent to Firm

¹ The documents related to a potential investment by DL for the benefit of HR.

customer, HR during the period from May 9th and May 11th of 2009. The documents Respondent attached to these e-mails were created on Respondent's home computer and appeared on Morgan Stanley letterhead.

The representations contained in these documents, were false and misleading given that the Firm never agreed to offer HR a line of credit or to the terms of the offer as detailed in these documents. Respondent did not provide copies of these documents for review and approval to his FINRA-registered employer firm.

By attaching the eight documents that contained misrepresentations and misleading statements to e-mails sent to a Firm customer and a potential investor, Respondent exposed the Firm to significant potential liability.

Unapproved Correspondence

Between April and May 2009, Respondent sent nine unapproved e-mails from Respondent's personal e-mail address to two Firm customers and a potential investor.

In April 2009, Respondent sent an unapproved e-mail from his personal e-mail address to Firm customer, CW and attached a letter on Firm letterhead with wire transfer instructions in connection with certificate of deposits.

Between May 1, 2009 and May 5, 2009, Respondent also sent three unapproved e-mails from his personal e-mail address to potential investor, DL which contained as attachments the above described false and misleading documents. Further, between May 9, 2009 and May 11, 2009, Respondent sent five additional e-mails from his personal e-mail address to Firm customer, HR which also contained as attachments the above described documents.

Respondent violated FINRA Rule 2010, by sending the nine e-mails from his home computer via his personal e-mail address to two Firm customers and a potential investor that bypassed the Firm's surveillance systems and prevented their review and approval by his FINRA-registered employer firm.

- B. Respondent also consents to the imposition of the following sanctions:

A bar from association with any member of FINRA in any capacity.

Respondent understands that if he is barred or suspended from associating with any FINRA member, Respondent becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, Respondent may not be associated with any FINRA member in any

capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against him;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;**
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against him; and**
- C. If accepted:**
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against him;**
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;**
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and**
 - 4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. He may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.**

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that he has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce him to submit it.

4/5/2011

April 5, 2011

Jon Tadd Roberts

Jon Tadd Roberts, Respondent

Accepted by FINRA:

4/21/11

Date

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

Susan Light

Susan Light
Senior Vice President & Chief Counsel
FINRA Department of Enforcement
14 Wall Street, 14th Floor
New York, NY 10005