

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 20090185731**

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

**RE:** Casey W. Smith, Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Casey W. Smith (hereinafter referred to as either "Smith" or the "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 Smith 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 AND JURISDICTION**

Smith was born in [REDACTED] and entered the securities industry in March 2007. From March 5, 2007 to May 20, 2009, Smith was associated with Chase Investment Services Corp. (the "Firm") and, from April 2007 until May 2009, registered with FINRA as an Investment Company/Variable Contracts Products Representative. From March 2007 to May 2009, Smith also was employed at JPMorgan Chase Bank, N.A., an affiliated bank (the "Bank"). In May 2009, Smith was terminated from the Firm and the Bank as a result of the matters discussed in this AWC.

Smith has not been employed in the securities industry since May 20, 2009, but currently remains subject to FINRA's jurisdiction pursuant to FINRA By-law Article V, Section 4.

**RELEVANT DISCIPLINARY HISTORY**

Smith has no disciplinary history.

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### **OVERVIEW**

During the period from February 2008 to May 2009, Smith, while registered with FINRA and working as a bank representative at the Bank, improperly accepted \$15,300 in gifts from a customer and her husband. This created, at a minimum, the appearance of a conflict of interest. Smith failed to observe high standards of commercial honor and just and equitable principles of trade in violation of NASD Rule 2110, and after December 15, 2008, FINRA Rule 2010.<sup>1</sup>

### **FACTS AND VIOLATIVE CONDUCT**

Smith worked as a bank representative responsible for providing product and service recommendations to customers, as well as directing clients to more specialized Bank personnel who assisted customers with particular financial needs. He was licensed with FINRA to sell a limited number of mutual funds and certain fixed annuities.

In August 2007, Smith met and began providing assistance to LM, an elderly customer of the bank, and her husband (the "Ms"). Smith routinely assisted the Ms each time they went to their safe deposit boxes at the Bank. As time went on, Smith developed a personal relationship with the Ms.

In February 2008, Mr. M began giving Smith small payments when they went to their safe deposit boxes. This occurred on about five occasions with Smith receiving a total of about \$100. In January 2009, Mrs. M gave Smith \$200. In March 2009, Mr. M passed away.

From April to May 2009, Smith accepted gifts totaling \$15,000 in cash on three separate occasions from Mrs. M. Specifically, at the end of April 2009, Mrs. M tried to give Smith a \$5,000 gift following a visit to her safe deposit box. Smith initially refused to take the money. However, she persisted and Smith subsequently accepted the money. Approximately two weeks later, Mrs. M gave Smith an additional \$5,000 gift subsequent to visiting her safe deposit box, and Smith accepted that gift. Finally, on May 13, 2009, Smith visited Mrs. M at her home. During their visit, Mrs. M handed him a third \$5,000 gift for Smith's daughter, which he accepted.

At the time when Smith accepted these gifts from the Ms, Smith was aware that the Bank's Code of Conduct prohibited employees from accepting gifts from customers.

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<sup>1</sup> NASD Rule 2110 was superseded by FINRA Rule 2010 on December 15, 2008. The language of the rule remained the same.

This matter came to light when Mrs. M visited the Bank and requested access to her safe deposit box on a day when Smith was out of the office. Another employee assisted her and Mrs. M offered the employee \$500. When the employee refused, Mrs. M folded the money and placed it behind the employee's business cards on his desk. The employee reported the matter to his supervisor. Following Smith's return, he was questioned by his supervisor and admitted to accepting gifts from the Ms. Smith's employment was then terminated.

By virtue of the foregoing conduct, Smith improperly accepted \$15,300 in gifts from a customer and her husband which, at a minimum, created the appearance of a conflict of interest. He thus violated NASD Rule 2110, and after December 15, 2008, FINRA Rule 2010.

### **SANCTION**

- B. Respondent consents to the imposition of a three month suspension and a fine of \$15,000, immediately due and payable upon reapplication or association with a FINRA registrant.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

### **II.**

### **WAIVER OF PROCEDURAL RIGHTS**

Smith 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, Smith 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.**

Smith 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 Smith's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondent;
  - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Smith's 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. Respondent 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

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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 Respondent 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.

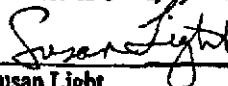
Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, he 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).

5/10/2011  
Date

  
Casey W. Smith, Respondent

Accepted by FINRA:  
5/12/2011  
Date

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

  
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