

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

Department of Enforcement,

Complainant,

v.

John K. Marrone (CRD No. 4625680),

Respondent.

DISCIPLINARY PROCEEDING

No. 20090196577-02

Hearing Officer: LBB

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: May 15, 2013

INTRODUCTION

Disciplinary Proceeding No. 20090196577-02 was filed on October 15, 2012, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent John K. Marrone submitted an Offer of Settlement (Offer) to Complainant dated May 2, 2013. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint (as amended by the Offer of Settlement), 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, to the entry of findings and violations consistent with the allegations of

the Complaint (as amended by the Offer of Settlement), and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

1. John K. Marrone entered the securities industry in January 2003 as an associated person of a FINRA member firm. He became registered as an Investment Company / Variable Contracts Representative in February 2003. From February 29, 2008, until September 10, 2009, he was registered through Hartford Securities Distribution Company, Inc. ("the Firm") as an Investment Company / Variable Contracts Representative. From April 13, 2010, until February 25, 2011, he was registered through another member firm, initially as an Investment Company / Variable Contracts Representative and, beginning on or about May 14, 2010, as a General Securities Representative.
2. On or about February 25, 2011, the member firm through which Respondent Marrone had been registered filed a Uniform Termination Notice for Securities Registration (Form U5) on his behalf, disclosing that he had voluntarily terminated his registration on February 24, 2011.
3. Although Respondent Marrone is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) the Complaint was filed within two years after the effective date of termination of Respondent's registration with a member firm, namely, February 25, 2011, and (2) the Complaint charges him with misconduct committed while he was registered or associated with a

FINRA member.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

SUMMARY

4. During the period from May 2008 until June 2009, Respondent John K. Marrone submitted inaccurate expense reports to his employer firm and thereby obtained approximately \$2,746.82 in expense reimbursements that he was not entitled to receive. Respondent Marrone knew or should have known that he was not entitled to receive reimbursement for the expenses and amounts he reported.

FIRST CAUSE OF ACTION

Submission of Inaccurate Expense Reports (NASD Conduct Rule 2110 and FINRA Rule 2010)

5. During the period from May 19, 2008, until June 8, 2009, Respondent Marrone submitted expense reports to the Firm in which he purported to list travel and entertainment expenses that he had incurred while conducting the Firm's business and sought reimbursement for those expenses.
6. The Firm's travel and expense policy stated that employees could not be reimbursed for any personal expenses. The Firm's Code of Ethics and Business Conduct required employees to ensure that their reporting of travel and entertainment expenses was honest, accurate and timely.
7. Some of the expense reports submitted by Respondent Marrone contained inaccurate information. In those reports, Respondent Marrone sought reimbursement for personal expenses, submitted duplicate requests for reimbursement of the same

expenses, and submitted requests for reimbursement in amounts greater than the actual amounts of the expenses he incurred. As a result, he improperly obtained reimbursements from the Firm to which he was not entitled.

Reimbursements for Personal Expenses

8. During the period from on or about May 19, 2008, until on or about June 8, 2009, Respondent Marrone requested and received reimbursement from the Firm for the following personal expenses:

Date Expense Incurred	Personal Expense	How Paid	Date of Reimbursement Request	Description of Expense in Request	Reimbursement Amount Received
Apr. 28, 2008	Auto rental for personal trip, San Francisco	Corp. Card	May 19, 2008	Auto Rental – Meeting	\$86.18
June 5, 2008	Movie Rental, hotel	Corp. Card	June 11, 2008	Parking Fees	\$14.99
June 15, 2008	Taxi – Boston – personal trip to Boston and Cape Cod	Unknown	July 16, 2008	Taxi/Limousine	\$39.20
June 16, 2008	Taxi/limousine to Logan Airport, Boston – personal trip to Boston and Cape Cod	Corp. Card	July 16, 2008	Taxi/Limousine	\$50.00
June 16, 2008	Airline ticket – Boston to Seattle – return from personal trip to Boston and Cape Cod	Corp. Card	July 16, 2008	Airline tickets	\$459.50
June 16, 2008	Airport parking – Seattle – personal trip to Boston and	Corp. Card	July 16, 2008	Auto Expenses – Other	\$108.00

Date Expense Incurred	Personal Expense	How Paid	Date of Reimbursement Request	Description of Expense in Request	Reimbursement Amount Received
	Cape Cod				
June 19, 2008	Cigarettes and Candy	Personal Debit Card	July 16, 2008	Auto Fuel Expense	\$13.94 (approx.)
July 13, 2008	Cigarettes	Corp. Card	July 16, 2008	Auto Fuel Expense	\$6.85 (approx.)
Aug. 2, 2008	Airline ticket – Boston to Seattle (August 11) – return from personal trip to Boston and Cape Cod	Corp. Card	Oct. 17, 2008	Airline tickets – location Vancouver WA – expense date Aug. 26, 2008	\$339.50
August 11, 2008	Auto rental – Boston – personal trip to Boston and Cape Cod	Corp. Card	Oct. 17, 2008	Auto rental – location Vancouver WA – expense date Aug. 6, 2008	\$337.99
Aug. 12, 2008	Limousine/town car from Seattle airport – return from personal trip to Boston and Cape Cod	Corp. Card	Oct. 17, 2008	Taxi/Limousine	\$60.00
Sept. 28, 2008	Airport parking – Portland – personal trip to San Diego	Card	Oct. 17, 2008	Parking pass – expense date Oct. 4, 2008	\$93.00
May 17, 2009	Airport parking – Portland – personal trip to Oakland	Card	June 8, 2009	Parking fees	\$69.00

9. As a result of the foregoing requests for reimbursement of personal expenses, Respondent Marrone improperly obtained \$1,678.15 in reimbursements from the Firm.

Duplicate Reimbursements

10. During the period from May 19, 2008, until July 16, 2008, Respondent Marrone submitted duplicate requests for reimbursement to the Firm for, and received duplicate reimbursements from the Firm for, the following expenses:

Date Expense Incurred	Expense	How Paid	Date of Reimbursement Request	Description of Expense in Request	Reimbursement Amount Received
May 12, 2008	Product Partner Land Package	Corp. Card	May 19, 2008	Conventions / Conferences – Maritz Travel Co. – location Bend, OR – “ed Jones” – expense date May 12, 2008	\$348.00
			June 11, 2008	Special Events / Other – Edward Jones (Maritz) – location Portland, OR – Summer Event – expense date May 13, 2008	\$348.00
May 14, 2008	Meal, Henry’s 12th Street Tavern (\$38.20)	Corp. Card	May 19, 2008	Meals-Travel – Pacific Coast Restaurant	\$35.25
			May 19, 2008	Meals-Travel – Henrys	\$38.20
June 10, 2008	Hotel charges, Heathman Hotel, Portland (\$365.62)	Corp. Card	June 11, 2008	Hotel/Lodging -- \$159.00, \$43.00, \$159.00, \$4.62 – expense dates June 8 & June 10, 2008	\$365.62
			July 16, 2008	Hotel/Lodging -- \$159.00, \$23.76, \$159.00, \$23.86 – expense dates June 8 & June 9, 2008	\$365.62
June 18, 2008	Meal, Outback Steakhouse	Corp. Card	July 16, 2008	Meals-Business – Evergreen St. Restaurant – expense date June 19, 2008	\$43.80
			July 16,	Meals-Travel – West Coast	\$43.80

Date Expense Incurred	Expense	How Paid	Date of Reimbursement Request	Description of Expense in Request	Reimbursement Amount Received
			2008	Restaurants – expense date June 18, 2008	

11. As a result of the foregoing duplicate requests for reimbursement of expenses, Respondent Marrone improperly obtained \$792.67 in duplicate reimbursements from the Firm.

Excessive Reimbursements for Business Meals

12. On six occasions, Respondent Marrone shared the cost of a business meal with another person or persons. For each meal, he charged his share of the cost to a corporate credit card. During the period from on or about January 7, 1009, until on or about May 14, 2009, Respondent Marrone submitted expense reports in which he requested reimbursement for the meals. To support each expense, he submitted a copy of the restaurant or hotel receipt which showed the total cost of the meal. In each case he requested reimbursement in an amount greater than the amount he had paid.

13. The excessive reimbursements are summarized in the following table:

Date Expense Incurred	Merchant	Invoice Amount	Amount Charged to Card	Date of Reimbursement Request	Amount Requested and Reimbursed	Excess Amount Reimbursed
Dec. 18, 2008	Henry's 12th Street Tavern	\$140.50	\$75.25	Jan. 7, 2009	\$140.50	\$65.25
Mar. 18, 2009	Daily Grill	\$38.85	\$20.45	Mar. 25, 2009	\$38.85	\$18.40
Mar. 24, 2009	Jake's Grill	\$134.54 (\$672.72)	\$67.27	Mar. 25, 2009	\$134.54	\$67.27

		split five ways)				
Apr. 13, 2009	Henry's 12th Street Tavern	\$144.50	\$72.75	Apr. 16, 2009	\$144.50	\$71.75
May 8, 2009	Gustav's Clackamas	\$67.46	\$40.73	May 14, 2009	\$67.46	\$26.73
May 11, 2009	Embassy Suites	\$78.20	\$39.60	May 14, 2009	\$66.20	\$26.60

14. As a result of submitting expense reports seeking reimbursements in excessive amounts, Respondent Marrone improperly obtained excessive reimbursements from the Firm in the amount of \$276.00.

15. When he requested reimbursements for the expenses described in paragraphs 8 through 14 above, Respondent Marrone knew or should have known that he was not entitled to such reimbursements. As a result, he improperly obtained reimbursements from the Firm in the total amount of approximately \$2,746.82.

Based on the foregoing, during the period before December 15, 2008, Respondent Marrone violated NASD Conduct Rule 2110; and during the period on and after December 15, 2008, he violated FINRA Rule 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be suspended from associating with any member firm in any capacity for a period of one year and that he be fined \$5,000.

The fine shall be due and payable either immediately upon reassociation with a member

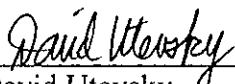
firm following the one-year suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

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

SO ORDERED.

FINRA

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



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