

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO.20100212248-02**

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

RE: Jason Christopher Dayton ("Dayton"), Respondent
CRD No. 4504624

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, 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

Dayton entered the securities industry in February 2002 with MetLife Securities Inc. ("MetLife" or the "Firm") and remained with them until he resigned on December 7, 2009. He served as an assistant operations manager in 2005 and 2006. In October 2006, Dayton began to work as a sales manager. In June 2008, he left the sales manager position and worked as a financial services representative until his resignation in December 2009. Dayton held Series 6, Series 7, Series 24 and Series 66 licenses during his employment with MetLife. On October 5, 2010, Dayton began a temporary position in MetLife's Orlando, Florida branch office. He completed the temporary assignment on April 25, 2011.

Although Dayton is not currently registered or associated with any member firm, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4, of FINRA's By-Laws until at least December 6, 2011.

RELEVANT DISCIPLINARY HISTORY

Dayton has no prior disciplinary history.

OVERVIEW

Dayton failed to properly review and supervise a joint brokerage account application shared by a registered representative employed at the Firm and a Firm customer and approved the opening of the account although it violated Firm policies and procedures that prohibited such joint accounts.

FACTS AND VIOLATIVE CONDUCT

NASD Rule 3010 states, in pertinent part that, "Each member shall establish and maintain a system to supervise the activities of each registered representative, registered principal and other associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable NASD rules."

NASD Rule 2110¹ provides that a member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade.

In March 2005, Firm customer, MR, was 82 years old. She had two accounts with the Firm -- one was a trust account and the other a joint brokerage account that she shared with AL, a registered representative employed at the Firm. The trust account was opened in 2004 under only MR's name. The joint brokerage account between MR and AL was opened in March 2005. On or about September 9, 2009, MR passed away. MR had no known relatives or family members. On December 1, 2009, the Firm received a letter from a trustee representing the trust account. The trustee was concerned about the rate of withdrawals out of the trust account that occurred over a period of approximately 10 months from December 2008 through September 2009.

In December 2009, the Firm conducted an investigation and discovered that the assigned registered representative for the joint account, EK, did not adequately review the account application submitted by MR and AL and improperly requested the opening of the joint account despite Firm policies and procedures which prohibited registered employees from sharing directly or indirectly in profits or losses in a non-family customer account.²

As a registered principal of the Firm, Dayton was responsible for supervising the opening of new accounts for EK and periodically reviewing the accounts handled by EK to ensure that they were in compliance with the Firm's policies and procedures. Dayton admitted that he signed and approved the application for the joint brokerage account for MR and AL as both a field supervisor and registered principal. Dayton acknowledged that Firm policies and procedures prohibited joint accounts between customers and any registered representatives of the Firm

¹ FINRA Rule 2010 replaced NASD Rule 2110 on December 15, 2008. As such, Dayton's actions prior to December 15, 2008 are violations of NASD Rule 2110.

² See also FINRA Rule 2150(c).

unless they were family members. Dayton stated that he could grant approval for joint accounts between non-family customers and the Firm's registered representatives under exceptional circumstances, but that was not done in this instance. He also admitted that he did not examine any documentation prior to the opening of the joint account between MR and AL. Dayton stated that since he was the registered principal, it was his responsibility to verify the completeness of the application, to ensure that the investment objectives and risk tolerance were acceptable and that all required signatures were included on the application. Dayton admitted that he did not review the application carefully and acknowledged that the joint brokerage account application which he approved was in violation of Firm prohibitions contained in MetLife's policies and procedures.

From at least March 2005 through January 2009, the Firm had written policies and procedures regarding the sharing of joint brokerage accounts by Firm customers and its registered representatives. The Firm's policies and procedures prohibited registered representatives or principals from "sharing directly or indirectly in profits or losses in an individual's account." The Firm and Dayton both acknowledged that this policy implicitly prohibited its registered representatives from sharing a joint account with a non-family customer. In January 2009, the Firm amended its policies and procedures to explicitly state that "registered representatives may not be the owner or beneficiary of an individual's contract, policy or account, including but not limited to an insurance policy, investment account, annuity contract or bank account, except for family members and other insurable interest such as business partners, regardless of whether the individual is a client or where the contract is held. This prohibition included any co-ownership, beneficiary or joint ownership beneficiary capacity." In addition, the Firm's policies and procedures outlined the responsibilities of registered principals as being responsible for ensuring that registered representatives and associated personnel comply with the MetLife policies and procedures, including the opening of new accounts and supervision of such accounts. Despite the prohibition of such joint accounts and responsibility of ensuring compliance with the policies and procedures, Dayton allowed the joint account between MR and AL to be opened and remain active while he worked in a principal capacity through October 2006. Dayton permitted the account to remain open even though he was responsible for the supervision of the account and EK, and the account had been marked as a joint account between a Firm customer and a Firm registered representative who were not related.

By virtue of the foregoing, Dayton violated NASD Rules 3010 and 2110 in that he failed to adequately supervise the opening of an account between a Firm customer and a Firm registered representative who were not related, and failed to adequately supervise EK who handled the joint account, which was marked as a joint account between a Firm customer and a Firm registered representative who were not related.

B. I also consent to the imposition of the following sanctions:

- a suspension from association with any FINRA member firm in all capacities for 20 business-days; and
- a \$5,000 fine, payable upon re-entry into the securities industry.

I understand that if I am barred or suspended from associating with any FINRA member, I become 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, I 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 fine shall be due and payable either immediately upon re-association with a member firm following the 20 business-day 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.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- 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, I specifically and voluntarily waive 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.

I further specifically and voluntarily waive 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

I understand 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 me; and
- C. If accepted:
 - 1. This AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 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. I 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. I 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.
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with

the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have 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 me to submit it.

November 10, 2011
Date


Respondent

Accepted by FINRA:

11/30/11
Date

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


Richard R. Best
Chief Counsel
FINRA Department of Enforcement
14 Wall Street, 14th Floor
New York, NY 10005
Tel: (646) 315-7308
Fax: (202)689-3424