

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

Department of Enforcement,

Complainant,

v.

John Michael Chapman (CRD No. 5443581),

Respondent.

Disciplinary Proceeding
No. 2010023968502

Hearing Officer - LBB

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: March 16, 2012

INTRODUCTION

Disciplinary Proceeding No. 2010023968502 was filed on December 21, 2011, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent John Michael Chapman submitted an Offer of Settlement (Offer) to Complainant dated March 5, 2012. 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, 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, except that this Order

does not include Respondent's residential and e-mail addresses and telephone number, 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

Respondent was associated with FINRA member Barclays Capital Inc. (the Firm) from September 22, 2008 to August 19, 2010. He was registered as a General Securities Representative. He entered the securities industry in 2007, and was previously associated with another member firm.

FINDINGS AND CONCLUSIONS

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

CAUSE OF ACTION

FINRA staff issued two letters to Respondent pursuant to FINRA Rule 8210 as part of an investigation concerning the circumstances of his termination by the Firm, specifically that he "failed to follow firm policy with respect to the handling of confidential information" as set forth in a Form U5 filed by the firm on or about August 19, 2010.

On or about September 22, 2010, FINRA's CRG staff issued the first Rule 8210 request for information and documents to Respondent. The letter was sent by first class and certified mail to Respondent's CRD residential address. The letter contained a response due date of October 22, 2010. The first class and certified mail letters were returned to the staff marked "Forward Time Exp. Rtn. to Send., Chapman, [New York, NY 10016-6525]." Respondent did not respond to the September 22, 2010 letter by the due date of October 22, 2010.

On or about October 26, 2010, FINRA's CRG staff issued the second Rule 8210 request for information and documents to Respondent. The letter was sent by first class and certified mail to Respondent's CRD address and to an alternate address identified by the staff. The letter contained a response due date of November 9, 2010. The first class and certified mail letters sent to the CRD address were returned marked "Forward Time Exp. Rtn. to Send., Chapman, [New York, NY 10016-6525]." The first class mailing to the alternate address was not returned. The certified mail receipt for the letter sent to the alternate address was signed and marked "Security", but the signature was illegible.

On November 9, 2010, Respondent sent an e-mail to a CRG staff member. In the e-mail, Respondent thanked the staff member for sending the Rule 8210 letter to his "new address." He stated that he was "a bit delayed" in sending a signed statement to the staff but that he would "send it over as soon as possible." Finally, he asked whether it was sufficient "to cover the inquiry with my signed statement" as he did not have any responsive documents other than the Form U5.

In response to Respondent's November 9 e-mail, on or about November 17, November 29, December 3, and December 7, 2010, the CRG staff member attempted to reach Respondent by telephone at a number previously provided by him and left voice mail messages asking Respondent to contact him. Respondent did not contact the staff nor did he respond to the October 26, 2010 letter by the due date of November 9, 2010.

As a result of Respondent's failure to respond to the staff's two Rule 8210 request letters, on February 14, 2011, the staff initiated a Rule 9552 proceeding against Respondent. The Notice of Suspension was served by FedEx and first class mail on Respondent's CRD address, on the alternate address, and by e-mail.

The Notice of Suspension stated, among other things, that Respondent would be suspended from associating with any FINRA member in any capacity unless he complied with the Rule 8210 requests of September 22 and October 26, 2010, prior to the suspension date of March 10, 2011.

On or about March 10, 2011, the staff served a Suspension from Association letter on Respondent by FedEx and first class mail on Respondent's CRD address, on the alternate address, and by e-mail. The letter stated, among other things, that if Respondent failed to request termination of the suspension within three months of the date of the Notice of Suspension, he would be barred on May 17, 2011, from associating with any FINRA member in any capacity.

On or about May 12, 2011, Respondent sent his unsigned response to the Rule 8210 requests to the staff by e-mail and overnight mail.

By failing to timely respond to the Rule 8210 requests, Respondent violated FINRA Rules 8210 and 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 for six months from associating with any FINRA member in any capacity and fined in the amount of \$5,000.00.

The fine shall be due and payable either immediately upon reassociation with a member firm following the six-month suspension noted above, or prior to any application or request for

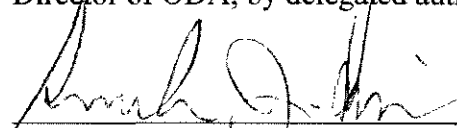
relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

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

A handwritten signature in black ink, appearing to read 'Sandra J. Harris', is written over a horizontal line.

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