

FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Stephen Yarkpazuo Jensen
(CRD No. 4400624),

Respondent.

DISCIPLINARY PROCEEDING

No. 2010024062601

HEARING OFFICER: SNB

AMENDED COMPLAINT

The Department of Enforcement (the “Department”) alleges:

SUMMARY

1. Between March 30, 2007, and February 26, 2009 (the “relevant period”), while registered with a FINRA member firm, Respondent Stephen Yarkpazuo Jensen (“Jensen”) misappropriated approximately \$12,500 from his customer P.K. Jensen misappropriated the money by submitting four fraudulent loan applications, without P.K.’s knowledge or consent, to borrow against her life insurance policy. He then forged P.K.’s signature to the back of each of the four insurance loan checks and cashed the checks. By virtue of this conduct, Jensen violated NASD Rule 2110 and FINRA Rule 2010. In addition, during the course of FINRA’s investigation, Jensen violated FINRA Rule 8210 by failing to provide copies of his bank records that FINRA staff requested pursuant to FINRA Rule 8210.

RESPONDENT AND JURISDICTION

2. Jensen first became associated with a FINRA member firm (“the Firm”) in May 2001. He became registered with the Firm as an Investment Company Products (Series 6)/Variable Contracts Limited Representative (Series 63) in October 2001. As a result of the conduct described herein, the Firm terminated Jensen’s registrations on October 29, 2010. He has not been registered with a FINRA member firm since that date.
3. Although Jensen 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) this Complaint was filed within two years after the effective date of termination of Jensen’s registration with a FINRA member firm, and (2) this Complaint charges him with misconduct committed while he was registered or associated with a FINRA member.

FIRST CAUSE OF ACTION

MISAPPROPRIATION OF FUNDS

(Violations of NASD Rule 2110 and FINRA Rule 2010)

4. The Department re-alleges and incorporates by reference paragraphs 1 through 3 above.
5. In February 1998, Jensen assisted customer P.K. with obtaining a Universal Life Insurance Policy from the insurance company affiliated with the FINRA-member firm (P.K.’s Policy).
6. On or about March 30, 2007, Jensen applied for a loan against the P.K.’s Policy without P.K.’s knowledge or consent. When P.K. received the loan check at her

home, she immediately delivered it to Jensen's office and asked him to return it to the insurance company. Rather than sending the check back to the insurance company, Jensen forged P.K.'s signature on the check and cashed it without her knowledge or consent. P.K. did not receive any of the loan proceeds or benefits flowing therefrom.

7. Thereafter, without P.K.'s knowledge or consent, Jensen changed the mailing address for P.K.'s Policy to his office address.
8. On or about January 7, 2008, Jensen applied for a second loan in the amount of \$4,700 against P.K.'s Policy. Jensen received the loan check at his office, endorsed the loan check with P.K.'s name, and cashed the check using the cash drawer in his office. P.K. did not know about the loan and did not receive any of the loan proceeds or benefits flowing therefrom.
9. On or about February 21, 2008, Jensen submitted a third loan application in order to request a loan in the amount of \$2,400 against P.K.'s Policy. Here again, Jensen received the \$2,400 check at his office, endorsed the check with P.K.'s name and cashed the check using the cash drawer in his office. P.K. did not know about the loan and did not receive any of the loan proceeds or benefits flowing therefrom.
10. On or about February 26, 2009, Jensen submitted a fourth loan application in order to request a loan in the amount of \$1,900 against P.K.'s Policy. Jensen received the check at his office, endorsed the loan check with P.K.'s name and cashed the \$1,900 loan check using the cash drawer in his office. P.K. did not know about the loan and did not receive any of the loan proceeds or benefits flowing therefrom.

11. The foregoing conduct constituted misappropriation and a failure to observe high standards of commercial honor and just and equitable principles of trade.
12. As a result of the foregoing conduct, Jensen violated NASD Rule 2110 for the first three misappropriations alleged in paragraphs 6, 8 and 9, and FINRA Rule 2010 for the fourth misappropriation alleged in paragraph 10.

SECOND CAUSE OF ACTION

FORGERY

(Violations of NASD Rule 2110 and FINRA Rule 2010)

13. The Department re-alleges and incorporates by reference paragraphs 1 through 12 above.
14. As stated above, Jensen signed P.K.'s name each time he cashed the four loan checks without P.K.'s knowledge or consent. The foregoing conduct constituted forgery and a failure to observe high standards of commercial honor and just and equitable principles of trade.
15. In addition, the Firm's policies and procedures in effect during the relevant period strictly prohibited Jensen from signing a customer's name to any document, whether authorized by the customer or not and clearly stated that such activity constituted forgery.
16. As a result of the foregoing conduct, Jensen violated NASD Rule 2110 for the first three forgeries alleged in paragraphs 6, 8 and 9, and FINRA Rule 2010 for the fourth forgery alleged in paragraph 10.

THIRD CAUSE OF ACTION

FAILURE TO RESPOND TO FINRA RULE 8210 REQUESTS FOR DOCUMENTS AND INFORMATION

(Violations of FINRA Rules 8210 and 2010)

17. The Department realleges and incorporates by reference paragraphs 1 through 16 above.
18. On or about March 15, 2012, FINRA staff sent Jensen, through counsel, a request for documents and information pursuant to Rule 8210. The request sought both personal and business banking and credit records for Respondent dating back to 2007, when the first loan was made. Jensen's response was due by March 29, 2012. On March 26, FINRA staff emailed Jensen's counsel to inquire on the status of the request. At the time, Jensen's counsel sought an extension to respond to April 30, 2012. Jensen failed to respond to the request by April 30, 2012, or anytime thereafter.
19. On or about June 15, 2012, FINRA staff sent Jensen, through counsel, a second request for the same documents and information, pursuant to Rule 8210. This response was due by July 2, 2012. On July 20, 2012, Jensen's counsel stated in a letter to FINRA staff that Respondent "does not have any record of the banking information that you are requesting."
20. While Jensen may not have possessed the documents, he had control over his banking records and was able to obtain and produce them. As recently as November 2011, Jensen provided documents to FINRA staff that he asserted he obtained from his bank.

21. Subsequent to the filing of the Complaint, on September 7, 2012, FINRA staff once again renewed its request for the bank records, pursuant to FINRA Rule 8210, and provided a deadline of September 21, 2012.

22. During the September 19, 2012 Initial Pre-hearing Conference, FINRA staff raised the issue of the outstanding 8210 request with the Hearing Officer. At that time, Jensen's counsel stated:

I will comply with anything within 30 days. We need more time and then we have to file an objection because the documents relating to Mr. Jensen's business we have to see how to get them. All these bank accounts have been closed, so we don't know if it is a possibility to get them, but if we can, we will.¹

23. On October 19, 2012, FINRA staff called Jensen's counsel to inquire as to the status of the documents. At that time counsel stated that he had made no efforts to obtain the documents from Jensen. On October 24, 2012, Jensen began to produce some of the requested bank records that were first requested on March 15, 2012. To date, he has only produced certain statements for some, but not all, of his bank accounts; and virtually all of the bank records produced have had relevant pages missing. Moreover, the bank statements that he has produced make reference to additional accounts for which no statements have been produced. As such, Jensen has not fulfilled his obligations under FINRA Rule 8210.

24. As a result of the foregoing conduct, Jensen violated FINRA Rules 8210 and 2010.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

A. make findings of fact and conclusions of law that Respondent committed the

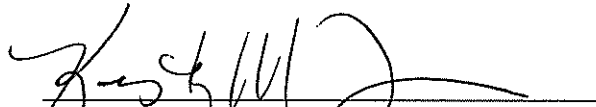
¹ See September 19, 2012 Initial Pre-hearing Conference transcript at 16-17.

violations charged and alleged herein;

- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including a bar from association with any FINRA registered firm in any capacity, be imposed;
- C. order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: October 26, 2012



Kristy M. Tillman, Principal Counsel
Carolyn Craig, Director
Samuel L. Israel, Chief Counsel
FINRA Department of Enforcement
15200 Omega Drive, Third Floor
Rockville, MD 20850
(ph) 301-258-8524
(fax) 202-721-8388
Kristy.Tillman@finra.org