

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011025756301**

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

RE: J.P. Turner & Company, L.L.C., Respondent
Member Firm
CRD No. 43177

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, J.P. Turner & Company, L.L.C. (hereinafter, "J.P. Turner," "Firm," or "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 Respondent 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

J.P. Turner has been a FINRA member since July 21, 1997. The Firm is also a member of Municipal Securities Rulemaking Board. The Firm is currently organized as a Limited Liability Company, maintains a minimum net capital of \$250,000, and clears through a clearing firm on a fully disclosed basis. J.P. Turner engages in the sale of municipal and corporate debt securities, equities, mutual funds, options, oil and gas interests, private placements, variable contracts and direct investments. J.P. Turner employs approximately 422 registered persons that operate from 185 branch offices, and its principal office is in Atlanta, Georgia.

RELEVANT DISCIPLINARY HISTORY

In December 2013, in connection with FINRA Matter No. 2011026098501, pursuant to a Letter of Acceptance, Waiver and Consent, J.P. Turner consented to a sanction consisting of restitution in the amount of \$707,559.53. From January

2008 through August 2009, the Firm failed to establish and maintain a supervisory system reasonably designed to monitor transactions in leveraged, inverse, and inverse-leveraged Exchange-Traded Funds ("Non-Traditional ETFs") in violation of NASD Rules 3010 and 2110 and FINRA Rule 2010. In addition, the Firm violated NASD Rules 2310 and 2110 and FINRA Rule 2010, through certain of its registered representatives, by making unsuitable recommendations of Non-Traditional ETFs to its customers. In addition, from February 2008 through April 2010, the Firm, through certain registered representatives, violated NASD Rules 2310 and 2110, IM-2310-2, and FINRA Rule 2010 by engaging in a pattern of unsuitable mutual fund switching, and the Firm violated NASD Rules 3010 and 2110 and FINRA Rule 2010 by failing to establish and maintain a supervisory system reasonably designed to prevent unsuitable mutual fund switching.

In June 2009, in connection with FINRA Matter No. 2007007138003, pursuant to a Letter of Acceptance, Waiver and Consent, J.P. Turner consented to a sanction consisting of: (1) a fine in the amount of \$525,000; and (2) an undertaking for violating NASD Conduct Rules 2110 and 3011(a), and MSRB Rule G-41. From March 2005 through September 2006, J.P. Turner, acting through the Firm's designated AML Compliance Officer, failed to establish and implement policies and procedures reasonably designed to detect and cause the reporting of suspicious transactions under 31 U.S.C. 5318(g) and the implementing regulations thereunder.

In October 2008, in connection with FINRA Matter No. SAF2004026601, pursuant to a Letter of Acceptance, Waiver and Consent, J.P. Turner consented to a sanction consisting of: (1) a censure; (2) a fine in the amount of \$250,000; and (3) an undertaking to retain an independent consultant to conduct a comprehensive review of the Firm's policies, systems, procedures, and training relating to NASD Conduct Rule 2440 and IM-2440. The Firm violated NASD Conduct Rules 2110 and 3010 in that it failed to have a supervisory system reasonably designed to ensure that its registered representatives charged its customers reasonable markups and commissions on equity securities transactions.

OVERVIEW

J.P. Turner failed to establish, maintain, and enforce reasonable supervisory procedures regarding the monitoring of outside brokerage accounts of its registered representatives in violation of NASD Rule 3010(a) and (b) and FINRA Rule 2010. In addition, the Firm failed to establish an escrow account on one contingency offering and broke escrow on the same offering and a follow-on contingency offering without raising the required minimum in bona fide investments in willful violation of the Section 10(b) of the Securities and Exchange Act of 1934 and Rule 10b-9 and in violation of Section 15(c)(2) of the Securities Exchange Act of 1934 and Rule 15c2-4 and FINRA Rule 2010. Furthermore, in connection with 65 sales of municipal securities, the Firm failed to deliver an official statement ("OS") as required by MSRB Rule G-32.

FACTS AND VIOLATIVE CONDUCT

1. From April 30, 2010 through August 1, 2011, the Firm failed to establish, maintain, and enforce written supervisory procedures reasonably designed to achieve compliance with applicable securities laws and regulations, including laws and regulations prohibiting insider trading and NASD Rule 3050 which requires registered representatives to have duplicate copies of account statements for personal brokerage accounts sent to their employer member firms.

The Firm's written supervisory procedures required the Firm to maintain a restricted list of securities. For securities on the restricted list, no purchases or sales of restricted-list securities were permitted by Firm employees. Also, in order to monitor employee trading for trades in restricted-list securities, the Firm required that any employee opening an account or placing an order for the purchase or sale of securities with any other broker-dealer notify the other broker-dealer of his or her employment by the Firm and request in writing that duplicate confirmations and statements be sent to the Firm. In addition, employees were also required to disclose outside accounts annually on the Firm's "Compliance Acknowledgement Form."

Furthermore, under the Firm's written supervisory procedures, the Firm was to monitor daily firm trading activity reflected on confirmations and statements from outside accounts to determine whether trading had occurred in restricted stocks. The written supervisory procedures required identification of the trading in restricted stocks followed by the following actions: (1) determination of whether the trade was solicited or unsolicited; (2) consideration of the timing or unusual nature of the transaction; and (3) cancellation of the transaction, if necessary.

From April 30, 2010 through August 1, 2011 two registered representatives disclosed outside brokerage accounts, but the Firm failed to monitor the transactions in those accounts. In both instances, the Firm failed to receive any confirmation or account statements related to the outside brokerage accounts. The Firm, however, had no procedures in place to track whether it was receiving statements for disclosed accounts and remained unaware of the missing statements.

As a result of the foregoing conduct, J.P. Turner violated NASD Rule 3010(a) and (b) and FINRA Rule 2010.

2. Pacific Pavilion Investors, LLC ("PacI Offering") was a \$3.9 million contingency offering for which J.P. Turner served as the placement agent. The offering memorandum for the PacI Offering provided that if \$3.9 million was not raised by December 30, 2010, the offering would not close and the funds would be returned to prospective investors without investment. The subscription agreement provided for establishment of an escrow account and for investors to wire their

investments to the escrow account. Despite these representations in the offering documents, no escrow account was established. Instead, investor funds were wired directly from their accounts to the title company handling the closing of the transaction. By December 30, 2010, investors had wired only \$1.825 million to the title company. Despite the fact that the Pac1 Offering had not received the \$3.9 million in bona fide investments required to close, J.P. Turner closed the offering and caused the title company to release the deposited funds to the issuer.

Pacific Pavilion Investors, LLC ("Pac2 Offering") was a contingency offering with a minimum amount of \$2.5 million and a maximum amount of \$4.88 million. J.P. Turner also served as placement agent for the Pac2 Offering. The offering memorandum for Pac2 provided that investor funds would not be distributed from escrow to the issuer and others unless and until the requisite \$2.5 million minimum had been collected. On May 16, 2011, only \$1.489 million of bona fide investments had been deposited into the Pac2 Offering escrow account. Despite the fact that the requisite \$2.5 million had not been collected, on May 16, 2011, J.P. Turner caused the escrow agent to prematurely disburse the funds from the escrow account.

As a result of the foregoing conduct, J.P. Turner willfully violated Section 10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-9 and violated Section 15(c)(2) of the Securities Exchange Act of 1934 and Rule 15c2-4, and FINRA Rule 2010.

3. MSRB Rule G-32(a) requires firms to deliver an OS prior to settlement date in connection with the sale of offered municipal securities. In lieu of physical delivery of the OS, Rule G-32(a)(iii)(B) allows firms to provide notice to the customer advising: (i) how to obtain the OS from the EMMA system and (ii) that the firm will provide a copy of the OS upon request.

Between June 20, 2011 and June 22, 2012, J.P. Turner executed 65 sales of offered municipal securities. J.P. Turner did not deliver an OS in connection with these sales. Instead, the Firm included a statement in the trade confirmations it issued advising the customers that, "complete information will be provided upon request." Such notice does not satisfy the requirements of Rule G-32(a)(iii)(B). Consequently, J.P. Turner failed to satisfy the OS-delivery requirements of G-32(a) in connection with 65 sales of offered municipal securities.

As a result of the foregoing conduct, J.P. Turner violated MSRB Rule G-32.

- B. J.P. Turner also consents to the imposition of the following sanctions:

A censure and a \$65,000 fine (\$20,000 of which pertains to the violations of MSRB Rule G-32).

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which the Firm proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The Firm understands that this settlement includes a finding that it willfully violated Section 10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-9 and that under Article III, Section 4 of FINRA's By-Laws, this makes the Firm subject to a statutory disqualification with respect to membership.

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

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against it;
- 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, J.P. Turner 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.

J.P. Turner 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

J.P. Turner 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 it; and
- C. If accepted:
 - 1. this AWC will become part of the Firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against it;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about J.P. Turner'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. J.P. Turner 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. The Firm 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 J.P. Turner's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. J.P. Turner may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Firm understands that it 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.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that the Firm 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 the Firm to submit it.

04/17/2014
Date (mm/dd/yyyy)

J.P. Turner & Company, L.L.C., Respondent

By: DEAN VERONICA

Title: C.O.O.

Reviewed by:

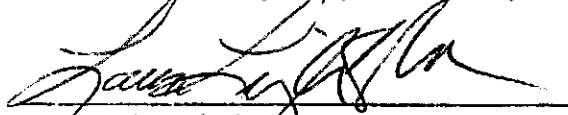
[Signature]
Attorney Name JOHN H. HARRIS
Counsel for Respondent
Firm Name J.P. TURNER & COMPANY, L.L.C.
Address 1000 PINEAPPLE RD NW, 11th Floor
City/State/Zip ATLANTA GA 30305
Phone Number 404 479 8800

Accepted by FINRA:

April 21, 2014

Date

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

A handwritten signature in black ink, appearing to read "Laura Leigh Blackston", written over a horizontal line.

Laura Leigh Blackston
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