

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

Department of Enforcement,

Complainant,

v.

Jim Cao,
CRD No. 5196343,

Respondent.

Disciplinary Proceeding
No. 2011027365201

Hearing Officer RLP

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: May 15, 2013

INTRODUCTION

Disciplinary Proceeding No. 2011027365201 was filed on March 21, 2013, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Jim Cao submitted an Offer of Settlement (Offer) to Complainant dated April 20, 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, 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, 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

Between August 3, 2006 and April 25, 2007, Cao was registered as an Investment Company Products/Variable Contracts Limited Representative with PFS Investments, Inc. ("PFS"), a FINRA-registered firm. Cao was registered with another FINRA firm, HBW Securities, LLC ("HBW") in the same capacity from April 26, 2007 until December 22, 2009. Between March 25, 2010 and April 19, 2011, Cao was registered in the same capacity with Packerland Brokerage Services, Inc. ("PBSI"), also a FINRA-registered firm.

Although Respondent 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 date on which HBW filed an amendment to Cao's Form U5, namely, October 26, 2011; and (2) the Complaint charges Cao with misconduct committed while he was registered or associated with a FINRA member and with failing to respond to FINRA requests for information during the two-year period after the date upon which Cao ceased to be 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:

On or about January 30, 2003, Cao incorporated Harmony AV, Inc. under the laws of the State of Michigan. On or about March 27, 2007, Cao caused Harmony AV, Inc. to change its

name to POM Wealth Management. From the date of POM Wealth Management's incorporation through at least April 19, 2011, Cao was the owner and president of POM Wealth Management.

According to POM Wealth Management's website, which was maintained by Cao, POM Wealth Management was a financial services company specializing in portfolio management, investment advice, and financial planning. According to the website, the products marketed by POM Wealth Management included IRAs, Roth IRAs, 401Ks, SEP, Group Annuity Pensions, Education IRAs, Wealth management, Asset management and financial planning. POM Wealth Management's website also stated that POM Wealth Management marketed its own actively managed portfolio.

Cao was registered with PFS from August 3, 2006 through April 25, 2007. During the period that Cao was registered with PFS, Cao failed to provide written notice to PFS of his affiliation with Harmony AV, Inc. and/or POM Wealth Management.

Cao was registered with PBSI from March 25, 2010 through April 19, 2010. During the period that Cao was registered with PBSI, Cao failed to provide written notice to PBSI of his affiliation with POM Wealth Management.

On or about February 21, 2012, FINRA Staff sent Cao a request for information relating to his affiliation with POM Wealth Management pursuant to Rule 8210 (the "February Request"). The February Request was sent to Cao's residential CRD address.

Among other things, the February Request sought the production of: (a) a copy of the tax returns and all accompanying documents for POM Wealth Management, Inc. for 2010 and 2011 (the "POM Wealth Management Tax Records"); and (b) a copy of Cao's 1099s, W-2s and tax returns (and all accompanying documents) for 2010 and 2011 (the "Cao Tax Records").

Cao partially responded to the February Request on or about March 20, 2012. However, he did not produce either the POM Wealth Management Tax Records or the Cao Tax Records as requested.

On March 30, 2012, FINRA Staff sent Cao a letter citing Cao's failure to produce the POM Wealth Management Tax Records or Cao Tax Records in Cao's initial response to the February Request, and reiterating FINRA Staff's requests for those records.

The March 30, 2012 letter was sent to Cao at his residential CRD address via First Class and Certified Mail. The March 30, 2012 letter sent via First Class Mail was not returned. The March 30, 2012 letter sent via Certified Mail was returned with the notations "Unclaimed" and "Unable to Forward." Cao's response to the March 30, 2012 letter was due on or before April 13, 2012.

To date, Cao has not produced to FINRA Staff either the POM Wealth Management Tax Records or the Cao Tax Records that were requested.

Cao's failure to produce the POM Wealth Management Tax Records and the Cao Tax Records impeded FINRA's investigation.

Based on the foregoing, Respondent violated NASD Rules 3030 and 2110, and FINRA Rules 3270, 2010, and 8210.

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

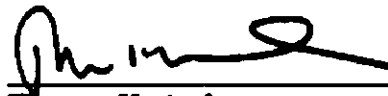
It is ordered that Respondent be barred in all capacities.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this Order.

SO ORDERED.

FINRA

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

A handwritten signature in black ink, appearing to read 'Thomas K. Anderson', is written over a horizontal line.

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