

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

RONALD LYLE JOHNSON,
(CRD No. 1969599),

Respondent.

Disciplinary Proceeding
No. 2011027497101

Hearing Officer—David R. Sonnenberg

DEFAULT DECISION

May 28, 2013

Respondent is barred from associating with any FINRA member firm in any capacity for failing to respond to requests for information and documents, in violation of FINRA Rules 8210 and 2010. In light of the bar, no additional sanctions are imposed for borrowing funds from a customer, in violation of NASD Rules 2370 and 2110.

Appearances

For the Department of Enforcement, Complainant, William Brice La Hue, Esq., and David B. Klafter, Esq.

For Ronald Lyle Johnson, Respondent, no appearance.

DECISION

Ronald Lyle Johnson was formerly registered with FINRA and associated with LPL Financial LLC. On Johnson's behalf, LPL Financial filed an amendment to his Uniform Termination Notice for Securities Industry Registration ("Form U5"). The amendment disclosed a civil action brought against Johnson by his former customer alleging that, while Johnson was associated at LPL Financial, Johnson borrowed funds from him but did not repay the loan. As a result of the amendment, FINRA staff began investigating the allegations in the civil action. During the investigation, Johnson failed to respond to certain requests for information and documents that the staff sent to him pursuant to Rule 8210. Additionally, the staff concluded that

Johnson had borrowed funds from the customer in violation of NASD Rules. Accordingly, Enforcement filed a complaint against Johnson with the Office of Hearing Officers.

The Complaint charged Johnson with violating FINRA Rules 8210 and 2010. FINRA Rule 8210 grants FINRA staff the right to require a person subject to FINRA's jurisdiction to provide information with respect to any matter involved in an investigation, complaint, examination, or proceeding. FINRA Rule 2010 requires associated persons to observe high standards of commercial honor and just and equitable principles of trade. The Complaint also charged Johnson with violating NASD Rule 2370, which prohibited an associated person from borrowing funds from a customer except in certain situations, and with violating NASD Rule 2110 (the predecessor of FINRA Rule 2010).¹

Johnson did not answer or otherwise respond to the Complaint. Accordingly, Enforcement filed a motion for entry of a default decision. The motion is supported by the sworn declaration of William Brice La Hue, Esq., and four exhibits. Johnson did not file a response to Enforcement's motion. For the reasons discussed below, the Hearing Officer grants Enforcement's motion, concludes that Johnson violated the rules as charged, and bars him from associating with any FINRA member firm in any capacity.

I. Jurisdiction

Johnson was last registered with FINRA as a General Securities Representative and a General Securities Principal with a FINRA member firm on February 2, 2011.² Although he is not currently registered with FINRA or associated with a FINRA member firm, FINRA has

¹ As of July 30, 2007, NASD consolidated with the member regulation and enforcement functions of NYSE Regulation and began operating under a new corporate name, the Financial Industry Regulatory Authority (FINRA). Following consolidation, FINRA began developing a new Consolidated Rulebook. The first phase of the new consolidated rules became effective on December 15, 2008. See *Regulatory Notice 08-57* (Oct. 2008). This Decision relies on the NASD and FINRA Rules in effect at the time of the alleged misconduct. The applicable rules are available at www.finra.org/rules.

² CX-1, at 5.

jurisdiction over this disciplinary proceeding pursuant to Article V, Section 4 of FINRA's By-Laws³ because (1) the Complaint was filed within two years after Johnson's last registrations with FINRA terminated, and (2) the Complaint charges him with violations that occurred while he was associated with a member firm and with failing to comply with requests for information and documents that FINRA staff issued during the two-year period following the termination of his FINRA registrations.

II. Enforcement's Motion for Entry of a Default Decision is Granted

Enforcement filed the attached Complaint with the Office of Hearing Officers on January 8, 2013. That same day, Enforcement served Johnson with a copy of the Notice of Complaint and Complaint by certified mail at his residential address recorded in the Central Registration Depository located in Amarillo, Texas ("CRD Address"), and at two alternate addresses, one also located in Amarillo, Texas ("Amarillo Address"), and the other located in Pampa, Texas ("Pampa Address") (collectively, the "Alternate Addresses").⁴

Respondent did not file an Answer to the Complaint by February 5, 2013, the deadline set in the Notice of Complaint.⁵ Therefore, on February 6, 2013, Enforcement served Johnson with a

³ See Article V, Sec. 4(a), FINRA By-Laws, *available* at www.finra.org/rules (then follow "FINRA Manual" hyperlink to "Corporate Organization: By-Laws").

⁴ Declaration Supporting Motion for Entry of Default Decision by William Brice La Hue ("Decl." or "Declaration") ¶ 7. The certified mailings to the CRD and Amarillo Addresses were returned, unclaimed. Decl. ¶ 7; CX-3. The return receipt for the mailing to the Pampa Address was returned, bearing the signature: "Ronnie Johnson," Johnson's father. *Id.* The staff obtained the Alternate Addresses by conducting a computer-based search before sending out the Rule 8210 requests that form the basis for the Rule 8210 charge in the Complaint. Compl. ¶ 21; Decl. ¶ 29. A later computer-based search by Enforcement did not yield a more current address than the CRD and Alternate Addresses. Decl. ¶ 11.

⁵ Decl. ¶ 8.

copy of the Second Notice of Complaint and Complaint by certified mail at his CRD and Alternate Addresses.⁶

The Second Notice of Complaint required Johnson to file an Answer with the Office of Hearing Officers on or before February 25, 2013.⁷ To date, Johnson has not answered or otherwise responded to the Complaint.⁸

On April 2, 2013, Enforcement filed a Motion for Entry of Default Decision with the Office of Hearing Officers. The motion was supported by a Declaration Supporting Motion for Entry of Default Decision by William Brice La Hue and four exhibits. Johnson did not respond to the motion.

The Hearing Officer concludes that Johnson received valid constructive service of this proceeding in accordance with the provisions of FINRA Rules 9134(a)(2) and (b)(1) and that he defaulted by failing to answer the Complaint. Accordingly, the Hearing Officer grants Enforcement's Motion for Entry of Default Decision.

III. Findings of Fact

The Hearing Officer treats the allegations in the attached Complaint as admitted, pursuant to FINRA Rules 9215(f) and 9269(a).

⁶ *Id.* The Declaration states that according to the United States Postal Service ("USPS") website, the certified mailings to the CRD and Amarillo Addresses were unclaimed but had not yet been returned. Decl. ¶ 9; CX-4. The Declaration further states that according to the USPS website, the mailing sent to the Pampa Address was delivered, but the receipt had also not been returned. *Id.* Exhibit CX-4 is a three-page printout from the USPS's website. It reflects two unclaimed mailings to Amarillo. CX-4, at 1–2. It does not reflect delivery to any other location. CX-4, at 3.

⁷ Decl. ¶ 10.

⁸ *Id.*

A. Ronald Lyle Johnson

Johnson first entered the securities industry in June 1989 and became registered the next month.⁹ On July 31, 1990, Johnson became registered as a General Securities Representative with FINRA member firm LPL Financial.¹⁰ And on September 28, 1990, he became registered as a General Securities Principal at that firm.¹¹ LPL Financial terminated his registrations on November 13, 2007. Thereafter, Johnson was registered with another firm until February 2, 2011, when he was terminated for failing to complete firm-required continuing education.¹² Johnson is not currently associated with a FINRA-registered firm.¹³

On April 1, 2011, LPL Financial filed an amendment to the Form U5 on Johnson's behalf, disclosing that one of his former customers had filed a civil action against him.¹⁴ In the civil action, the former customer alleged that while he was an LPL Financial customer, and Johnson was associated with the firm, Johnson had borrowed \$120,000 from him but had not repaid over \$100,000 of the loan.¹⁵ After LPL Financial filed the Form U5 amendment, FINRA staff opened an investigation into the allegations disclosed in the amendment.¹⁶

⁹ CX-1, at 6.

¹⁰ *Id.*

¹¹ CX-1, at 5.

¹² *Id.*

¹³ CX-1, at 5; Compl. ¶ 2.

¹⁴ CX-2; Compl. ¶¶ 16-17; Decl. ¶ 5.

¹⁵ Compl. ¶ 17; Decl. ¶ 12.

¹⁶ Compl. ¶ 18; Decl. ¶ 12.

**B. Johnson Failed to Respond to Requests for Information and Documents
(Second Cause of Action)**

In connection with its investigation, FINRA staff requested and obtained from Johnson a written statement regarding the disclosures in the amendment to his Form U5.¹⁷ Concluding that it needed additional information and documents from Johnson, on September 10, 2012, FINRA staff sent him, pursuant to Rule 8210, a request seeking a detailed written statement and documents regarding the allegations in the civil action ("First Request").¹⁸ The staff mailed the First Request to Johnson's CRD Address and the Alternate Addresses.¹⁹

Johnson failed to respond by the deadline of September 24, 2012, contained in the First Request.²⁰ Accordingly, on September 26, 2012, FINRA staff mailed Johnson another letter, pursuant to Rule 8210, again requesting that he submit a written statement and documents ("Second Request").²¹ FINRA staff sent the Second Request to Johnson's CRD and Alternate Addresses.²² Johnson failed to respond by the October 10, 2012, deadline contained in the Second Request.²³ To date, he has not responded to either the First or Second Request.²⁴

C. Johnson Borrowed Funds from a Customer (First Cause of Action)

While Johnson was associated with LPL Financial, E.W. was his customer.²⁵ LPL Financial's written procedures prohibited registered representatives from borrowing funds from

¹⁷ Compl. ¶¶ 18–19; Decl. ¶¶ 26–27. The Complaint and Declaration are silent as to whether the staff sent this initial request pursuant to Rule 8210.

¹⁸ Compl. ¶¶ 20, 22–23; Decl. ¶¶ 28, 30–31.

¹⁹ Compl. ¶ 22; Decl. ¶ 30.

²⁰ Compl. ¶ 25; Decl. ¶ 33.

²¹ Compl. ¶ 27; Decl. ¶ 35.

²² Compl. ¶ 26; Decl. ¶ 34.

²³ Compl. ¶ 28; Decl. ¶ 36.

²⁴ Compl. ¶ 29; Decl. ¶ 37.

²⁵ Compl. ¶ 6; Decl. ¶ 14.

customers.²⁶ Nevertheless, on March 7, 2007, Johnson borrowed \$120,000, on a secured basis, from E.W.²⁷ Johnson neither informed LPL Financial of the loan nor obtained the firm's approval of it.²⁸ Johnson made payments on the loan, but did not repay the entire loan amount of \$120,000.²⁹

IV. Conclusions of Law

A. Johnson Violated FINRA Rules 8210 and 2010 by Failing to Respond to Two Rule 8210 Requests for Information and Documents (Second Cause of Action)

FINRA Rule 8210 requires FINRA members and their associated persons to cooperate with FINRA investigations by providing information when requested by FINRA staff. Pursuant to Rule 8210, FINRA may require an associated person "to provide information orally, in writing, or electronically . . . and to testify at a location specified by FINRA staff, under oath or affirmation" in connection with any investigation. The Rule is crucial to FINRA's ability to oversee and regulate member firms and associated persons because FINRA does not have subpoena power. Instead, FINRA must depend on member firms and associated persons to cooperate fully and promptly with requests for information.³⁰ A failure to cooperate in an investigation frustrates FINRA's ability to detect misconduct and protect investors and markets.³¹

²⁶ Compl. ¶ 9; Decl. ¶ 17.

²⁷ Compl. ¶¶ 7-8, 11; Decl. ¶¶ 15-16, 19.

²⁸ Compl. ¶ 10; Decl. ¶ 18.

²⁹ Compl. ¶ 12; Decl. ¶ 20.

³⁰ See, e.g., *Dep't of Enforcement v. Valentino*, No. FPI010004, 2003 NASD Discip. LEXIS 15, at *12 (NAC May 21, 2003), *aff'd*, 2004 SEC LEXIS 330 (Feb. 13, 2004) ("It is well established that because NASD [FINRA's predecessor] lacks subpoena power over its members, a failure to provide information fully and promptly undermines NASD's ability to carry out its regulatory mandate.") (citation omitted). See also *Morton Bruce Erenstein*, 316 Fed. App'x 865, 871, 2008 U.S. App. LEXIS 19746, at *13 (11th Cir. Sept. 16, 2008) ("[I]t is critically important to the self-regulatory system that members and associated persons cooperate with NASD investigations, especially because the NASD lacks subpoena power.").

³¹ *PAZ Sec., Inc.*, 2008 SEC LEXIS 820, at *13 (Apr. 11, 2008), *petition denied sub nom. Paz Sec., Inc. v. SEC*, 566 F.3d 1172, 2009 U.S. App. LEXIS 11500 (D.C. Cir. May 29, 2009).

It is well established that a violation of the duty to cooperate and provide information pursuant to Rule 8210 also constitutes a violation of Rule 2010.³²

In this case, Enforcement sent Johnson the First and Second Requests to obtain information and documents pursuant to FINRA Rule 8210. Johnson is deemed to have received those requests³³ but did not comply with them. Accordingly, the Hearing Officer concludes that Johnson failed to comply with the Rule 8210 request letters, thereby violating FINRA Rules 8210 and 2010.

B. Johnson Violated NASD Conduct Rules 2370 and 2110 by Borrowing \$120,000 from Customer E.W. (First Cause of Action)

At the time of the alleged misconduct, NASD Conduct Rules 2370 and 2110 were in effect. Rule 2370 governed borrowing and lending relationships between registered representatives and customers and allowed a registered representative to borrow money from a customer only in specific limited circumstances. As a threshold matter, the Rule required that for an associated person to borrow funds from a customer, the firm needed written procedures allowing such lending relationships.³⁴ In this case, while Johnson was associated with LPL Financial, he borrowed funds from a customer notwithstanding that his firm's written procedures prohibited its representatives from doing so. Accordingly, the Hearing Officer concludes that Johnson violated NASD Rules 2370 and 2110³⁵ when he borrowed \$120,000 from customer E.W.

³² See *CMG Inst. Trading, LLC*, Exchange Act Rel. No. 59325, 2009 SEC LEXIS 215, at *30 (Jan. 30, 2009).

³³ See Rule 8210(d).

³⁴ Rule 2370(a).

³⁵ Because a violation of an NASD rule is inconsistent with just and equitable principles of trade, accepting a loan in violation of Rule 2370 also constitutes a violation of Rule 2110. See *John Edward Mullins*, Exchange Act Rel. No. 66373, 2012 SEC LEXIS 464, at *44, n.45 (Feb. 10, 2012).

V. Sanctions

In connection with the Rule 8210 violation, Enforcement relies upon the Sanction Guidelines pertaining to complete failures to respond and seeks a bar, given Johnson's complete failure to respond to the First and Second Requests.³⁶ Enforcement's position, however, fails to take into account Johnson's cooperation at the early stage of the investigation. Before it sent Johnson the First and Second Requests, FINRA staff requested a written statement from him concerning the allegations in the civil action. Johnson provided a brief handwritten statement in response to the request.³⁷ That request and his response were part of the same investigation in which the staff issued the First and Second Requests and related to the same subject matter as those two requests. Therefore, the Hearing Officer concludes that the Sanction Guidelines governing partial but incomplete responses are applicable to Johnson's Rule 8210 violations.³⁸

The Sanction Guidelines provide that, for violating Rule 8210, a bar is appropriate when an individual provides a partial but incomplete response unless the person demonstrates that the information provided substantially complied with all aspects of the request.³⁹ The Guidelines further provide that where mitigation exists, the adjudicator can consider a suspension of up to two years.⁴⁰ Finally, the Guidelines identify several Principal Considerations when the respondent has provided a partial but incomplete response—the importance, from FINRA's perspective, of the information not provided; whether the information provided was relevant and responsive to the request; the number of requests the staff made; the time respondent took to

³⁶ Motion 7–8.

³⁷ Compl. ¶¶ 18–19; Decl. ¶¶ 26–27.

³⁸ See *Kent M. Houston*, Exchange Act Rel. No. 66014, 2011 SEC LEXIS 4491, at *24–26 (Dec. 20, 2011), modified on remand, sub nom. *Dep't of Enforcement v. Houston*, No. 2006005318801, 2013 FINRA Discip. LEXIS 3 (NAC Feb. 22, 2013).

³⁹ FINRA Sanction Guidelines 33 (2011), available at www.finra.org/sanctionguidelines.

⁴⁰ *Id.*

respond; the degree of regulatory pressure required to obtain a response; and whether the respondent gave valid reasons for the response's deficiencies.⁴¹

Applying the relevant considerations to this case, a bar is the appropriate sanction. According to FINRA staff, the information that was requested but not produced in response to the First and Second Requests was important. Specifically, Johnson's failure to respond impeded the investigation and prevented FINRA from investigating fully the potential rule violations.⁴² Further, no mitigation exists that warrants a sanction less than a bar. Accordingly, the Hearing Officer concludes that the appropriate sanction is a bar.

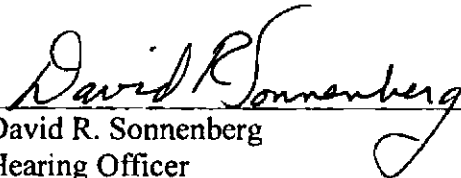
VI. Order

Ronald Lyle Johnson is barred from associating with any member firm in any capacity for failing to comply with FINRA's requests for information and documents, in violation of Rules 8210 and 2010. The bar shall become effective immediately if this Default Decision becomes FINRA's final action in this disciplinary proceeding.

⁴¹ *Id.*

⁴² Decl. ¶ 38. The record is silent as to whether the initial information provided by Johnson was relevant and responsive to the request.

Regarding the violation of NASD Conduct Rules 2370 and 2110, Enforcement does not seek a bar for these violations, and the record does not provide a sufficient basis for determining whether a bar is warranted. Accordingly, in light of the bar imposed for violations of Rules 8210 and 2010, no additional sanctions are imposed for Johnson's violations of NASD Conduct Rules 2370 and 2110.⁴³


David R. Sonnenberg
Hearing Officer

Copies to:

Ronald Lyle Johnson (*via overnight courier and first-class mail*)
William Brice La Hue, Esq. (*via electronic and first-class mail*)
David B. Klafter, Esq. (*via electronic mail*)
Mark P. Dauer, Esq. (*via electronic mail*)
Jeffrey D. Pariser, Esq. (*via electronic mail*)

⁴³ In addition to a suspension and fine for the NASD Rule 2370 violation, Enforcement seeks an order requiring Johnson to make restitution with interest to E.W. in the amount of \$100,000. Motion 7. Enforcement does not include a description of the method it used to calculate this amount. The Hearing Officer declines to order restitution for two reasons. First, the record does not contain sufficient facts for the Hearing Officer to calculate E.W.'s actual loss, as required by the Sanction Guidelines. Sanction Guidelines 4. Second, in deciding whether to order restitution, an adjudicator may consider that other avenues are available to injured customers as a means to redress grievances. *Id.* at n.3. Here, E.W. has sought redress in court, which will be able to adjudicate the amount due him. Accordingly, the Hearing Officer refrains from ordering Enforcement to submit additional evidence of this amount.

**FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

RONALD LYLE JOHNSON,
(CRD No. 1969599)

Respondent.

Disciplinary Proceeding
No. 2011027497101

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. In March 2007, while registered with a FINRA member firm, Ronald Lyle Johnson (Johnson or Respondent) borrowed \$120,000 from a customer, in violation of NASD Conduct Rules 2370 and 2110. Additionally, during the course of FINRA's investigation, Johnson failed to produce documents requested by FINRA, pursuant to FINRA Rule 8210, in violation of FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Johnson entered the securities industry in June 1989, when he was employed by a FINRA member firm. Johnson was registered as a general securities representative in July 1989. In July 1990, Johnson was employed by FINRA member firm LPL Financial, LLC (LPL). In September 1990, while registered by LPL, Johnson further became registered as a general securities principal. Johnson remained with LPL until October 2007. Johnson was then registered by another FINRA member firm as a general securities representative and

principal from November 2007 until February 2011. Johnson is not currently registered by a FINRA member firm.

3. Although Johnson 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 upon which he ceased to be associated with a FINRA member, namely, February 2, 2011 and (2) the Complaint charges him 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 he ceased to be registered or associated with a FINRA member.

**FIRST CAUSE OF ACTION
NASD CONDUCT RULES 2370 AND 2110
(BORROWING FROM CUSTOMERS)**

4. The Department realleges and incorporates by reference paragraphs 1 through 3 above.
5. NASD Conduct Rule 2370 prohibits an associated person from borrowing funds from a customer, except in certain situations including, but not limited to, instances where his or her employing member firm has written procedures allowing such borrowing and has approved such borrowing in writing.
6. E.W. is an elderly gentleman in his late 70s. E.W. was a customer of Johnson while he was associated with LPL.
7. In early 2007, customer E.W. loaned Johnson \$120,000. Specifically, on March 7, 2007, E.W. gave Johnson a check in the amount of \$120,000.
8. In exchange, on March 7, 2007, Johnson signed a Mortgage Note on his residence in favor of customer E.W. The Mortgage Note in favor of customer E.W. was extended in September

2008, through an Extension of Note and Lien Agreement in the principal amount of \$120,000.

9. LPL had written procedures prohibiting its registered representatives from borrowing funds from customers.
10. Johnson did not provide notice to LPL that he had borrowed \$120,000 from customer E.W. or obtain LPL's approval to borrow such funds from customer E.W.
11. Johnson admitted to FINRA that he borrowed \$120,000 from customer E.W.
12. Johnson has not repaid customer E.W. the entire loan amount of \$120,000, but made some payments to customer E.W. Customer E.W. claimed in a civil action that Johnson owes him in excess of \$100,000.
13. Johnson, while registered with LPL, a FINRA member firm whose written procedures prohibited its representatives from borrowing from customers, borrowed \$120,000 from customer E.W.
14. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 2370 and 2110 by Respondent Johnson.

**SECOND CAUSE OF ACTION
FINRA RULES 8210 AND 2010
(FAILURE TO RESPOND TO REQUESTS FOR INFORMATION)**

15. The Department realleges and incorporates by reference paragraphs 1 through 14 above.
16. On April 1, 2011, LPL filed an amended Uniform Termination Notice for Securities Industry Registration (Form U5) on behalf of Johnson.
17. The amended Form U5 filed by LPL disclosed that customer E.W. had filed a civil action, (*E.W. v. Ronald Lyle Johnson et. al.*, Case No. 63386B, 181st District Court for Randall

County, Texas) alleging, among other things, that he loaned Johnson \$120,000 and that Johnson had failed to repay the loan.

18. FINRA initiated an investigation into the allegations on the amended Form U5 filed by LPL and requested a written statement from Johnson.

19. Johnson initially responded to FINRA and provided FINRA with a brief handwritten statement.

20. FINRA determined, during the course of its investigation that it needed additional information from Johnson regarding the allegations listed in the civil action filed by E.W. as well as his bank records.

21. On September 10, 2012, Enforcement conducted a computer-based search in an attempt to locate any addresses for Johnson other than his residential address as listed in the Central Registration Depository (CRD). The computer-based search found two alternate addresses for Johnson, one address was located in Pampa, Texas and the other address was located in Amarillo, Texas.

22. Therefore, on September 10, 2012, FINRA sent a letter to Johnson via first class and certified mail addressed to Johnson's residential CRD address and to the two alternate addresses, located in Pampa, Texas and Amarillo, Texas.

23. The September 10, 2012 letter requested, pursuant to FINRA Rule 8210, that Johnson submit a detailed written statement and documents in connection with FINRA's investigation into the allegations listed in a civil action filed by customer E.W.

24. The September 10, 2012 letter requested that the written statement and documents be submitted no later than September 24, 2012.

25. The September 10, 2012 letters sent by first class mail to Johnson were not returned. The September 10, 2012 letter sent by certified mail to Johnson's residential CRD address was returned unclaimed. A receipt for the September 10, 2012 letter sent by certified mail to Johnson at the Pampa, Texas address was returned and appears to be signed by "Ronnie Johnson," Johnson's father. The September 10, 2012 letter sent by certified mail to Johnson's at the Amarillo, Texas address was returned unclaimed. Johnson failed to provide the requested information by the September 24, 2012 deadline.
26. Therefore, on September 26, 2012, FINRA sent a second letter to Johnson via first class and certified mail to Johnson's residential CRD address and to the two alternate addresses.
27. The September 26, 2012 letter once again requested, pursuant to FINRA Rule 8210, that Johnson submit a written statement and documents to FINRA and requested that the statement and documents be submitted no later than October 10, 2012.
28. The September 26, 2012 letters sent by first class mail to Johnson were not returned. The September 26, 2012 letter sent by certified mail to Johnson's residential CRD address was returned unclaimed. The September 26, 2012 letter sent by certified mail to Johnson's at the Amarillo, Texas address was returned unclaimed. The September 26, 2012 letter sent by certified mail to Johnson at the Pampa, Texas address was returned and appears to be signed by "Ronnie Johnson," Johnson's father. Johnson failed to provide the requested information by the October 10, 2012 deadline.
29. As of the date hereon, Johnson has not responded to FINRA's requests for a detailed written statement regarding the allegations in E.W.'s civil action or produced the requested documents.

30. Johnson's failure to provide a written statement and the requested documents impeded FINRA's investigation, and prevented FINRA from completing its regulatory responsibility to fully investigate potential rule violations.

31. By failing to provide a written statement and documents as requested by FINRA on September 10, 2012 and September 26, 2012, Johnson violated FINRA Rules 8210 and 2010.

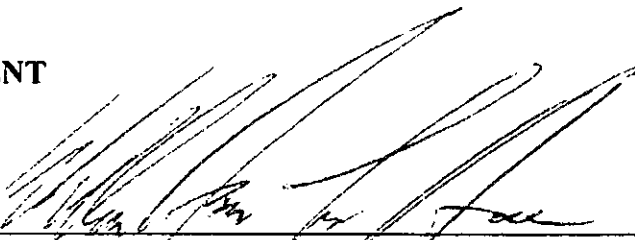
RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. Make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein.
- B. Order that one or more of the sanctions provided under FINRA Rule 8310(a) be imposed, including that the Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest.
- 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: 1/8/2013



William Brice La Hue, Senior Regional Counsel
FINRA Department of Enforcement
Atlanta District Office
One Securities Centre, Suite 500
3490 Piedmont Road, N.E.
Atlanta, Georgia 30305
Phone: (404) 239-6111; Fax: (404) 264-1586
E-Mail: brice.lahue@finra.org
and teresa.reich@finra.org (senior paralegal)

David B. Klafter, Acting Regional Chief Counsel
FINRA - Enforcement Department
Crystal Corporate Center
2500 N. Military Trail, Suite 302
Boca Raton, Florida 33431-6324
Phone: (561) 443-8110; Fax: (561) 443-7998
E-Mail: david.klafter@finra.org

Authorized House Counsel
Admitted in NY and NJ Only