

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

ERIC DEWAYNE JONES
(CRD No. 4214311),

Respondent.

Disciplinary Proceeding
No. 2011029939801

Hearing Officer—MAD

DEFAULT DECISION

November 22, 2013

Respondent is barred from associating with any FINRA registered firm in any capacity for: (1) forging a customer's signature, in violation of NASD Conduct Rule 2110; (2) converting funds from a customer, in violation of NASD Conduct Rule 2110; and (3) failing to provide testimony and requested information, in violation of FINRA Procedural Rule 8210 and FINRA Conduct Rule 2010.

Appearances

C. Anthony Trambley, Esq. for the Department of Enforcement.

No appearance by or on behalf of Eric DeWayne Jones.

DECISION

I. Introduction

The FINRA Department of Enforcement filed the attached Complaint against Eric DeWayne Jones ("Respondent") with the Office of Hearing Officers. The Complaint contains three causes of action, charging Respondent with: (1) forging a customer's signature on bank withdrawal forms that he used to withdraw the customer's funds without the customer's authorization, in violation of Conduct Rule 2110; (2) converting \$8,500 from a customer, in

violation of Conduct Rule 2110; and (3) failing to provide testimony and requested information to FINRA Staff, in violation of Procedural Rule 8210 and Conduct Rule 2010.¹

Respondent did not answer or otherwise respond to the Complaint. Accordingly, on October 2, 2013, Enforcement filed a Motion for Entry of Default Decision (“Default Motion”), together with the declaration of Anthony Trambley, Esq. (“Decl.”) and five exhibits.²

II. Procedural History

On July 12, 2013, Enforcement served the Complaint and the First Notice of Complaint on Respondent by mailing them to his residential address recorded in the Central Registration Depository (“CRD”).³ Enforcement mailed the Complaint and First Notice of Complaint by first-class and certified mail.⁴ The United States Postal Service (“USPS”) returned the unopened certified mailing marked “unclaimed.”⁵ The mailing sent by first-class mail was not returned.⁶ Respondent did not answer or otherwise respond to the Complaint.⁷

On August 12, 2013, Enforcement served a Second Notice of Complaint on Respondent. Enforcement mailed the Second Notice of Complaint in the same manner as the First Notice of Complaint.⁸ Again, the USPS returned the unopened certified mailing to Enforcement marked

¹ The FINRA Rules, which include NASD Procedural and Conduct Rules, are available at www.finra.org/rules. Following the consolidation of NASD and the member regulation, enforcement, and arbitration functions of NYSE Regulation into FINRA, FINRA began developing a new “Consolidated Rulebook” of FINRA Rules. The first phase of the new consolidated rules became effective on December 15, 2008. *See* FINRA Regulatory Notice 08-57 (Oct. 2008). Because the Complaint in this case was filed after December 15, 2008, the FINRA procedural rules apply. The conduct rules that apply are those that existed at the time of the conduct at issue. In the rule consolidation, NASD Rule 2110 was renumbered to FINRA Rule 2010, which is identical to Rule 2110.

² Enforcement’s exhibits are labeled CX-1 through CX-5.

³ Decl. ¶ 15.

⁴ *Id.*

⁵ *Id.* ¶ 17.

⁶ *Id.*

⁷ *Id.* ¶ 18.

⁸ *Id.* ¶ 19.

“unclaimed.”⁹ The first-class mailing was not returned.¹⁰ Respondent did not respond to the Second Notice of Complaint.¹¹

The Hearing Officer found that Enforcement properly served the Complaint, Notice of Complaint, and Second Notice of Complaint on Respondent in accordance with Rule 9134 and that Respondent defaulted by failing to file an answer or other response to the Complaint with the Office of Hearing Officers. Accordingly, the Hearing Officer deemed the allegations in the attached Complaint admitted pursuant to Rules 9215(f) and 9269(a) and granted Enforcement’s Default Motion.

III. Findings of Fact and Conclusions of Law

A. Background

Respondent was first employed with a FINRA registered broker-dealer in June 2000.¹² From July 6, 2005, to January 16, 2009, Respondent was registered with FINRA as a General Securities Representative through his association with FINRA member Chase Investment Services Corp.¹³ He was employed as a personal banker by its affiliate JP Morgan Chase Bank, N.A. (“Chase”).¹⁴

From March 10, 2009, to October 7, 2010, Respondent was registered with FINRA as a General Securities Representative through his association with FINRA member The Huntington Investment Company (“Huntington”), and employed by its affiliate The Huntington National

⁹ *Id.* ¶ 21.

¹⁰ *Id.*

¹¹ *Id.* ¶ 22.

¹² CX-1, at 3.

¹³ Decl. ¶ 6; CX-1.

¹⁴ Decl. ¶ 6; CX-1.

Bank.¹⁵ On October 7, 2010, Huntington National Bank terminated Respondent after it investigated allegations of misconduct, which occurred when Respondent was employed by Chase.¹⁶ Huntington filed a Uniform Termination Notice for Securities Industry Registration (Form U5) for Respondent on January 12, 2011, stating that Respondent was terminated “due to unsatisfactory attendance.”¹⁷ Huntington filed an amended Form U5 for Respondent on October 18, 2011.¹⁸ In the amended Form U5, Huntington provided a different reason for Respondent’s termination. Huntington disclosed that Respondent was terminated “based on our investigations into accusations from a previous employer,” and stated that its initial Form U5 for Respondent had mistakenly disclosed the termination information for a different individual also named Eric Jones.¹⁹

Respondent has not been registered or associated with a FINRA member since he was terminated by Huntington National Bank.²⁰

B. Jurisdiction

FINRA has jurisdiction over this disciplinary proceeding pursuant to Article V, Section 4 of FINRA’s By-Laws.²¹ Enforcement filed the Complaint with the Office of Hearing Officers within two years after Huntington filed the amended Form U5, disclosing its investigation into

¹⁵ Decl. ¶ 7; CX-1.

¹⁶ Decl. ¶ 7; CX-1, CX-2.

¹⁷ Decl. ¶ 7; CX-2.

¹⁸ Decl. ¶ 8; CX-3. Enforcement commenced the investigation that led to this proceeding following receipt of the amended Form U5. Decl. ¶ 12.

¹⁹ Decl. ¶ 8; CX-3.

²⁰ Decl. ¶ 9.

²¹ See Article V, Sec. 4, FINRA By-Laws, *available* at www.finra.org/rules (then follow “FINRA Manual” hyperlink to “Corporate Organization: By-Laws”).

the accusations from Respondent's previous employer.²² And, the Complaint charges Respondent with misconduct that occurred while he was associated with a FINRA registered firm, and with failing to respond to Enforcement's requests for information made during the two-year period following the termination of his FINRA registration.

C. Forgery

The First Cause of Action alleges that Respondent forged the signature of a Chase customer on bank withdrawal forms and cashier's checks to withdraw funds from the customer's account without the customer's knowledge or consent. On December 22, 2007, Respondent forged the customer's name on a withdrawal slip and withdrew \$2,000 from the customer's IRA account at the bank.²³ That same day, Respondent used the \$2,000 to obtain a cashier's check in the customer's name.²⁴ Respondent then forged the customer's name on the cashier's check and deposited the check into his personal bank account.²⁵

On December 28, 2007, Respondent forged the same customer's name on a withdrawal slip and withdrew \$500 from the customer's IRA account.²⁶ Five days later, Respondent deposited the \$500 into his personal bank account.²⁷

On January 11, 2008, Respondent forged the customer's name on a withdrawal slip and withdrew \$3,000 from the customer's IRA account.²⁸ On the withdrawal slip, Respondent

²² Decl. ¶ 10. FINRA's jurisdiction over Respondent is measured from October 18, 2011, the date of the amended Form U5. *See* Article V, Sec. 4(a)(i), FINRA By-Laws. The amended Form U5 contained previously undisclosed information regarding Respondent's termination, which indicated that Respondent "may have engaged in conduct actionable" under FINRA Rules. *See id.*; CX-3.

²³ Compl. ¶ 10.

²⁴ *Id.* ¶ 11.

²⁵ *Id.*

²⁶ *Id.* ¶ 12.

²⁷ *Id.* ¶ 13.

²⁸ *Id.* ¶ 14.

directed that the \$3,000 be transferred to a new checking account opened in the customer's name.²⁹ Once the money was transferred to the new checking account, Respondent withdrew the \$3,000 from the checking account.³⁰

On October 28, 2008, Respondent forged the customer's name on a withdrawal slip and withdrew \$3,000 from the customer's IRA account.³¹ Using the \$3,000, Respondent purchased a cashier's check in the customer's name.³² The following day, Respondent signed the customer's name on the cashier's check and deposited \$3,000 into his personal bank account.³³

As set forth above, by forging the Chase customer's signature, Respondent withdrew a total of \$8,500 from the customer's account, and took personal possession of the funds without the customer's knowledge or consent.³⁴ The Hearing Officer finds that the facts alleged in the Complaint establish that Respondent forged withdrawal forms and cashier's checks in connection with his conversion of customer funds, in violation of Conduct Rule 2110.

D. Conversion of Customer Funds

The Second Cause of Action alleges that Respondent converted \$8,500 from a Chase customer. Respondent did not reimburse the customer; however, Huntington National Bank paid full restitution to the customer.³⁵ The Hearing Officer finds that the facts discussed above in connection with the forgery violation also establish that Respondent converted \$8,500 from the customer in violation of Conduct Rule 2110.

²⁹ *Id.*

³⁰ *Id.*

³¹ *Id.* ¶ 15.

³² *Id.* ¶ 16.

³³ *Id.*

³⁴ *Id.* ¶¶ 10-17.

³⁵ *Id.* ¶ 17; Decl. ¶ 28.

E. Failure to Provide Testimony and Information

The Third Cause of Action alleges that Respondent failed to provide testimony and requested information to FINRA in violation of FINRA Rules 8210 and 2010.

On November 13, 2012, pursuant to Rule 8210, FINRA Staff (the “Staff”) sent two letters to Respondent.³⁶ The first letter requested that Respondent produce certain documents and information.³⁷ The second letter requested that Respondent appear and provide testimony on December 5, 2012.³⁸ The Staff sent both letters by certified mail to Respondent’s CRD address.³⁹ The Staff also sent the letters to Respondent by email on November 13, 2012.⁴⁰ On November 26, 2012, Respondent emailed the Staff acknowledging receipt of the letters and requesting an extension of time to respond.⁴¹

On December 13, 2012, the Staff left Respondent a telephone message, and sent him an email, stating that he was no longer required to respond to FINRA’s requests in light of ongoing settlement discussions.⁴² The Staff explained that in the event that Respondent and FINRA did not reach a settlement, Respondent would be required to respond to the Rule 8210 requests, subject to new response dates.⁴³ Thereafter, Respondent did not respond to the Staff’s efforts to settle the matter.⁴⁴

³⁶ Compl. ¶ 18.

³⁷ *Id.*

³⁸ *Id.*

³⁹ *Id.* ¶ 19.

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.* ¶ 20.

⁴³ *Id.*

⁴⁴ *Id.* ¶ 21.

On May 10, 2013, pursuant to FINRA Rule 8210, the Staff reinstated its original requests dated November 13, 2012, requiring Respondent to produce documents and information and appear for testimony.⁴⁵ The Staff sent the May 10 letter by certified mail to Respondent's CRD address, and Respondent signed the return receipt on May 13.⁴⁶ The letter required Respondent to: (1) produce the requested documents and information by May 24, and (2) appear for testimony on May 30, 2013.⁴⁷ Respondent failed to produce the requested information or to appear for his scheduled testimony on May 30.⁴⁸

On May 30, 2013, pursuant to FINRA Rule 8210, the Staff requested that Respondent immediately produce documents and information.⁴⁹ The Staff sent the May 30 letter by certified mail to Respondent's CRD address,⁵⁰ as well as by email.⁵¹ Respondent did not respond to FINRA's Rule 8210 requests for documents, information, or testimony dated May 10, 2013, and May 30, 2013.⁵²

The Hearing Officer finds that the facts alleged in the Complaint establish that Respondent violated FINRA Rules 8210 and 2010 by failing to appear and provide testimony and respond to requests for information.

IV. Sanctions

The Hearing Officer bars Respondent from associating with any FINRA registered firm in any capacity for each violation alleged in the Complaint. A bar for each violation is consistent

⁴⁵ *Id.* ¶ 22.

⁴⁶ *Id.* ¶ 23.

⁴⁷ *Id.* ¶¶ 24-25.

⁴⁸ *Id.* ¶¶ 26-27. Respondent did not seek an extension of time to respond. *Id.* ¶ 26.

⁴⁹ *Id.* ¶ 28.

⁵⁰ *Id.* ¶ 29.

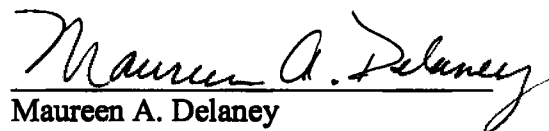
⁵¹ *Id.* ¶ 29.

⁵² *Id.* ¶ 30. He has not offered any explanation for his failure to cooperate. *Id.*

with the FINRA Sanction Guidelines ("Sanction Guidelines"). The Sanction Guidelines for forgery and falsification of documents provide that a bar should be considered in egregious cases.⁵³ Respondent's conduct was egregious. The facts alleged in the Complaint demonstrate that Respondent forged the customer's signature on several occasions over a 10-month period and converted \$8,500 from the customer. The Sanction Guidelines state that a bar is standard for conversion and for failure to respond in any manner to a Rule 8210 request for information and testimony.⁵⁴ There is no evidence of any mitigating factors that would justify allowing Respondent to continue in the securities industry.⁵⁵

V. Order

Respondent is barred from associating with any member firm in any capacity for: (1) forging a customer's signature on bank withdrawal forms and cashier's checks, in violation of Conduct Rule 2110; (2) converting customer funds, in violation of Conduct Rule 2110; and (3) failing to provide testimony and requested information, in violation of Procedural Rule 8210 and Conduct Rule 2010. The bars shall become effective immediately if this Default Decision becomes the final disciplinary action of FINRA.


Maureen A. Delaney
Hearing Officer

Copies to:

Eric DeWayne Jones (*via overnight courier and first-class mail*)
C. Anthony Trambley, Esq. (*via electronic and first-class mail*)
Jeffrey Pariser, Esq. (*via electronic mail*)

⁵³ FINRA Sanction Guidelines 37 (2011), www.finra.org/Industry/Enforcement/sanctionguidelines.

⁵⁴ Sanction Guidelines 33, 36.

⁵⁵ The Hearing Officer has not ordered restitution because Enforcement represented that Huntington National Bank paid restitution to the customer. Decl. ¶ 28.