

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012031611301**

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

RE: Edward D. Jones & Co., L.P., Respondent
FINRA Member Firm
BD No. 250

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Edward D. Jones & Co., L.P. ("Edward Jones" or the "Firm") 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

Edward Jones has been a member of FINRA and its predecessor entities since October 1939. Edward Jones is a full service firm with more than 15,000 registered individuals. The Firm's home office is located in St. Louis, Missouri; however, its registered representatives operate from approximately 11,000 branch office locations nationwide, typically one-person offices.

OVERVIEW

Between August 2008 and June 2013, Edward Jones failed to develop and implement adequate anti-money laundering ("AML") procedures for reviewing deposits and liquidations of third-party stock certificates in customer accounts. As a result, on approximately 87 occasions during that period, certain Firm customers deposited and liquidated various third-party stock certificates that were beneficially owned by individuals who were either previously denied their own

account with Edward Jones or who were otherwise ineligible to establish an account at the Firm. Edward Jones failed to obtain any information regarding the relationship between the stockholder and the account holder in such instances and failed to have procedures by which to track or investigate situations where third-party stock certificates were deposited into a Firm account. The foregoing conduct violates NASD Rules 3011(a) (for conduct occurring before January 1, 2010) and 2110 (for conduct occurring before December 15, 2008) and FINRA Rules 3310(a) (for conduct occurring on or after January 1, 2010) and 2010 (for conduct occurring on or after December 15, 2008).

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 3310(a), which went into effect on January 1, 2010, requires that:

Each member shall develop and implement a written anti-money laundering program reasonably designed to achieve and monitor the member's compliance with the requirements of the Bank Secrecy Act (31 U.S.C. 5311, et seq.), and the implementing regulations promulgated thereunder by the Department of the Treasury. Each member's anti-money laundering program must be approved, in writing, by a member of senior management. The anti-money laundering programs required by this Rule shall, at a minimum: (a) Establish and implement policies and procedures that can be reasonably expected to detect and cause the reporting of transactions required under 31 U.S.C. 5318(g) and the implementing regulations thereunder.

NASD Rule 3011(a), which was adopted in April 2002, was the predecessor to FINRA Rule 3310(a) and contained the same requirements. Notice to Members ("NTM") 02-21 advised members that they "must establish and implement controls and written procedures that explain the procedures that must be followed, the person responsible for carrying out such procedures, how frequently such procedures must be performed, and how compliance with the procedures should be documented and tested."

In NTM 02-47, FINRA reminded members of the obligation to look for red flags and report suspicious AML activity. FINRA has since issued frequent guidance on what constitute "red flags" for suspicious AML activity. For example, in the Small Firm Template for AML Compliance and Supervisory Procedures, updated in January 2010, the following were included in the list of red flags:

- Customer transactions include a pattern of receiving stock in physical form or the incoming transfer of shares, selling the position and wiring out proceeds.
- Physical certificate is titled differently than the account.
- Customer's explanation of how he or she acquired the certificate does not make sense or changes.

- Customer deposits the certificate with a request to journal the shares to multiple accounts, or to sell or otherwise transfer ownership of the shares.

Between August 2008 and June 2013, Edward Jones did not have procedures to address the deposit and liquidation of third-party stock certificates in client accounts. The Firm did not gather information regarding the relationship between the stock owner and the account holder, nor did the Firm document the reason for a stock's change of ownership from the original owner to an Edward Jones account holder.

Because of the Firm's inadequate procedures, one of its registered representatives was able to facilitate the sale of stock for individuals who had received the stock as compensation from their employer but who were ineligible to open an Edward Jones account because they did not have either a valid Social Security number or United States permanent resident card. The registered representative deposited approximately 80 third-party stock certificates into approximately 50 customer accounts between August 2008 and December 2011. The firm discovered the conduct in December 2011 and terminated the registered representative. Two other registered representatives also deposited and sold shares linked to seven additional third-party stock certificates, all involving shares of this employer, in six additional customer accounts.

As a result of the foregoing, Edward Jones violated NASD Rules 3011(a) (for conduct occurring before January 1, 2010) and 2110 (for conduct occurring before December 15, 2008) and FINRA Rules 3310(a) (for conduct occurring on or after January 1, 2010) and 2010 (for conduct occurring on or after December 15, 2008).

B. Respondent also consents to the imposition of the following sanctions:

A censure and a \$100,000 fine.

Respondent agrees to pay the monetary sanctions 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 it 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 sanctions imposed in this matter.

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, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, 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.

Respondent 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

Respondent 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 Respondent; and

C. If accepted:

1. This AWC will become part of Respondent's permanent disciplinary records 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 Respondent's disciplinary records;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
4. Respondent 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. Respondent 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 Respondent'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. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent 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.

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

Date

9/22/14

Reviewed by:

D. E. Wilson, Jr.
D. E. Wilson, Jr., Esq.
Venable LLP
575 7th Street, NW
Washington, DC 20004
Phone: 202-344-4819
Facsimile: 202-344-8300
dewilsonjr@venable.com

Edward D. Jones & Co., L.P.

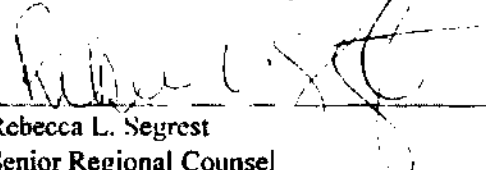
By:

David B. Holmen
DAVID B. HOLMEN
Principal & Assoc General Counsel

Accepted by FINRA:

Oct. 10, 2014
Date

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



Rebecca L. Segrest

Senior Regional Counsel

FINRA Department of Enforcement

3490 Piedmont Road, N.E., Suite 500

Atlanta, Georgia 30305

Phone: 404-239-6125

Facsimile: 404-264-1586

rebecca.segrest@finra.org

Corrective Action Statement of Edward D. Jones & Co., L.P.
Letter of Acceptance, Waiver and Consent No. 20120316113

Edward D. Jones & Co., L.P. (the "Firm") submits this Corrective Action Statement to accompany the Letter of Acceptance, Waiver and Consent ("AWC") referenced above. The summary below identifies relevant remedial measures taken by the Firm prior to and during FINRA's investigation to further the Firm's ongoing commitment to establishing and maintaining supervisory systems reasonably designed to ensure compliance with applicable laws and FINRA rules.

Corrective Actions Taken

The Firm investigated and terminated a registered representative for the conduct summarized in the AWC prior to the initiation of FINRA's investigation. In addition to terminating the registered representative, the Firm also commenced a review of its third party stock certificate policies and procedures, as well as a review of individual transactions involving such certificates. Following this review, in June 2013, the Firm updated its policies and procedures to prohibit the deposit of stock certificates unless the registered holder has a Firm account. Financial advisors of the Firm are therefore prohibited from depositing stock certificates to customer accounts on behalf of third parties. At the same time, the Firm informed all financial advisors of the risk in depositing certificates on behalf of third parties and of the potential for disciplinary actions for failure to comply with the Firm's policies.

Conclusion

Consistent with its longstanding practice, the Firm cooperated fully throughout the FINRA investigation. The Firm took prompt and comprehensive action to address the issues covered by the AWC and remains committed to compliance with the laws and FINRA regulations governing its business. The Firm thanks the FINRA staff for its professionalism throughout this matter and looks forward to a continued constructive relationship with FINRA.

This Corrective Action Statement is submitted by the Respondent. It does not constitute factual or legal findings by FINRA, and does not reflect the views of FINRA, or its staff.