

FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

JAMES FRANCIS REID
(CRD No. 2197427),

Respondent.

DISCIPLINARY PROCEEDING
No. 2013037842501

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Between April 2, 2013, and May 21, 2013, James Francis Reid ("Reid") converted more than \$21,000 of insurance customer funds intended for property and casualty insurance premiums. Reid thereby violated FINRA Rule 2010.
2. Additionally, Reid failed to provide investigative testimony on three occasions, in violation of FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

3. Reid entered the securities industry in November 1991 and was associated with various FINRA member firms through August 1, 2013.
4. He acquired several securities licenses, including Series 6, 7, 8 and 63.

5. On August 2, 2013, Farmers filed a Form U5 for Reid, terminating his association with the firm as of August 1, 2013.
6. Although Reid 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 effective date of termination of Reid's registration; and (2) the Complaint charges him with misconduct during his period of association and with failing to appear for on-the-record testimony 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
CONVERSION OF FUNDS
FINRA RULE 2010

7. The Department realleges and incorporates by reference paragraphs 1-6 above.
8. Between April 2, 2013, and May 21, 2013, Reid collected cash and check insurance premiums totaling more than \$21,000 from 15 Farmers Insurance customers, but failed to apply the Funds for the customers' benefit. Instead, Reid converted the customer funds for his personal use by depositing them in his personal checking account.
9. By virtue of the foregoing conduct, Reid violated FINRA Rule 2010.

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

10. The Department realleges and incorporates by reference paragraphs 1-9 above.

11. On September 27, 2013, in connection with the investigation of the foregoing allegations and pursuant to FINRA Rule 8210, the staff sent a written request to Reid to provide investigative testimony at the FINRA Dallas, Texas District Offices on October 8, 2013 ("Request for Testimony").
12. The staff sent the Request for Testimony to Reid at his residential address reflected in CRD ("CRD Address"), the most current address the staff had for him, by First Class U.S. Mail. On October 4, 2013, the staff also sent a copy of the Request for Testimony to Reid at the same address by Federal Express Overnight Mail.
13. Reid failed to appear for and provide testimony on October 8, 2013.
14. On October 9, 2013, in connection with the investigation and pursuant to FINRA Rule 8210, the staff sent a written request to Reid to provide investigative testimony at FINRA's Enforcement Offices in Rockville, Maryland on October 22, 2013 ("Second Request for Testimony").
15. The staff sent the Second Request for Testimony to Reid at his CRD Address by both certified mail, return receipt requested, and first class mail.
16. Reid failed to appear for and provide testimony on October 22, 2013.
17. On October 30, 2013, in connection with the investigation and pursuant to FINRA Rule 8210, the staff sent a written request to Reid to provide investigative testimony at FINRA's Enforcement Offices in Rockville, Maryland on November 13, 2013 ("Third Request for Testimony").
18. The staff sent the Third Request for Testimony to Reid at his CRD address by both certified mail, return receipt requested, and first class mail.

19. Reid failed to appear for and provide testimony on November 13, 2013.

20. By virtue of the foregoing, Reid failed to provide testimony on three occasions and thereby violated FINRA Rules 8210 and 2010.

RELIEF REQUESTED

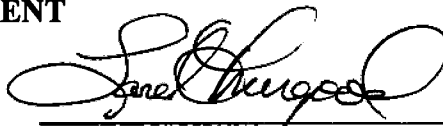
WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent(s) committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed.
- C. order that Respondent(s) 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:

August 15, 2014



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