

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013038502601**

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

RE: Benjamin Doyle Maleche ("Maleche" or "Respondent")
CRD No. 5573340

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, 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

Maleche entered the securities industry in July 2008 with a FINRA member firm as a registered representative and investment adviser representative ("IAR"). In April 2010, Maleche became licensed as a general securities representative ("GSR") with Chase Investment Services Corp. (BD No. 25574), which later merged with JP Morgan Securities, Inc. (BD No. 79) ("JP Morgan" or the "Firm"). On November 27, 2012, the Firm filed a Form U5 Uniform Termination Notice for Securities Industry Registration (the "Form U5") with FINRA disclosing that Maleche's employment was terminated on November 9, 2012.

In January 2013, Maleche became associated as a GSR with another FINRA member firm. On October 3, 2013, JP Morgan filed an amended Form U5 which disclosed that: "[Maleche] allegedly solicited an unapproved outside investment product while employed by the Firm. Investigation is ongoing."

On May 16, 2014 the Firm filed a second amended Form U5 reporting that the Firm's investigation into Maleche's solicitation of outside investments was completed and the Firm had "... concluded the... events occurred."

On June 19, 2014, Maleche's most recent FINRA member firm employer filed a Form U5 disclosing that Maleche's employment had been terminated on May 29, 2014. The Form U5 cited the following as the reason for termination: "... closure of an internal review by previous firm related to their allegations he solicited unapproved outside investment product."

Maleche is not currently employed by a FINRA member firm, but remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Maleche has no prior relevant disciplinary history.

OVERVIEW

Between March 23, 2012 and April 11, 2012, Maleche participated in the sale of private securities transactions by referring four Firm customers to invest in a pre-IPO fund offered by TT, an investment company, without the knowledge or consent of JP Morgan, in violation of NASD Rule 3040 and FINRA Rule 2010. In addition, between August 2010 and April 2011, Maleche had JP Morgan customers sign blank and incomplete Firm documents in violation of FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

A. Selling Away Activity:

Between March 23, 2012 and April 11, 2012 (the "Relevant Period"), while a registered representative at JP Morgan, Maleche referred four Firm customers to TT, an investment company that offered investments in a fund composed of pre-IPO shares (the "Fund"). Maleche endorsed TT as a viable investment entity and recommended that these four customers invest in the Fund. In furtherance of Maleche's recommendation and to facilitate the investments, Maleche emailed Customer CL on March 27, 2012 expressly endorsing the Fund. Maleche also provided Customer CL with the subscription agreement and power of attorney forms needed to purchase shares in the Fund.

JP Morgan was not aware that Maleche referred these four Firm customers to TT for the purpose of purchasing shares in the Fund.¹ JP Morgan's policies and procedures prohibit its registered representatives from participating in private securities transactions without prior written approval of the Firm.

During the Relevant Period, Customer CL invested \$55,600, Customer JL invested \$55,000, Customer WL invested \$285,000 and Customer DS invested \$140,000 in the Fund as a result of Maleche's recommendations. Maleche never informed JP Morgan of his participation in the customers' investments with TT.

¹ In the 2012 Annual Compliance Certification, the Firm posed the following question to Maleche: "Have you participated in a private securities transaction or solicited the sale of any non-JPMS sponsored product, service or investment?" On October 17, 2012, in response to this question, Maleche answered "No."

NASD Conduct Rule 3040 prohibits an associated person from "participat[ing] in any manner in a private securities transaction" unless, prior to participating in the transaction, the associated person provides "written notice to the member with which he is associated describing in detail the proposed transaction and the person's proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction." A "private securities transaction" is defined in Rule 3040(e)(1) as "any securities transaction outside the regular course or scope of an associated person's employment with a member..."

FINRA Rule 2010 provides that "[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade."

Maleche violated NASD Rule 3040 and FINRA Rule 2010 because, during his employment with JP Morgan, he participated in private securities transactions by referring four Firm customers to invest in the Fund without the knowledge or consent of JP Morgan.

B. Document Integrity

Between August 2010 and April 2011, while employed at JP Morgan, Maleche had one customer sign an incomplete switch letter form and arranged for three other customers to sign four blank securities business-related forms.

During the time period in question, the Firm's policies and procedures prohibited its registered representatives from accepting or retaining "signed blank or incomplete applications or forms from a client." At the time of the events in question, Maleche was aware of the Firm's prohibition against the misconduct detailed herein.

Maleche, by having four customers sign blank and incomplete Firm documents, violated FINRA Rule 2010 in that he failed to adhere to high standards of commercial honor and just and equitable principles of trade.

OTHER FACTORS

B. I also consent to the imposition of the following sanction:

1. A suspension from association with any FINRA member for a period of nine months; and
2. A fine in the amount of \$5,000.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in

Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The fine shall be due and payable either immediately upon reassociation with a member firm following the nine month suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- 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, I specifically and voluntarily waive 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.

I further specifically and voluntarily waive 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.

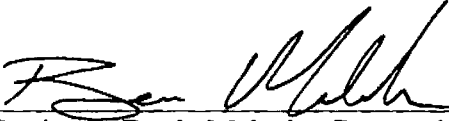
OTHER MATTERS

I understand 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 me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. I 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. I 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 my: (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. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have 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 me to submit it.

August 27th, 2014
Date


Benjamin Doyle Maleche, Respondent

By: _____

Reviewed by:

 8/27/14
Roger D. Mellem, Esq.
Ryan, Swanson & Cleveland, PLLC
1201 Third Avenue, Suite 3400
Seattle WA 98101-3034
Tel: 206.654.2234

Accepted by FINRA:

10/10/14
Date

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


Susan Schroeder
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