

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Jonathan A. Francis
(CRD No. 5204602),

Respondent.

DISCIPLINARY PROCEEDING
No. 2013038988301

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Respondent Jonathan A. Francis ("Francis") aided and abetted third parties who converted approximately \$210,000 from bank customers' accounts. During the course of his employment with a bank affiliate of a FINRA member, Francis issued eight ATM cards for seven bank customers' accounts without the customers' knowledge, authorization or consent – indeed, six of the customers were dead. Those ATM cards were used to withdraw and convert approximately \$210,000 in cash from those customers' accounts. By issuing and distributing the unauthorized ATM cards and by knowingly and substantially assisting in the conversion, Francis violated FINRA Rule 2010.
2. Francis also failed to respond fully to FINRA's requests for documents and information and failed to appear for his continued on-the-record ("OTR") testimony.

This prevented FINRA from determining whether he personally converted any of the funds. As a result of the foregoing, Francis violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

3. Francis first became registered with FINRA on April 26, 2010 as an Investment Company Products/Variable Contracts Representative ("IR") through Chase Investment Services Corp. ("Chase"), a FINRA member firm. Francis's IR license was subsequently transferred to J.P. Morgan Securities, LLC ("JPM" or "the Firm") on or about October 1, 2012. Francis also became licensed with JPM as a General Securities Representative ("GS") on December 3, 2012. Francis left JPM on October 11, 2013 and was thereafter briefly registered with another FINRA member firm as an IR and a GS from October 15, 2013 through November 11, 2013. Francis has not re-associated with another FINRA member since November 11, 2013.
4. Although Francis is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction for the purposes of this proceeding, pursuant to Article V, Section 4 of the FINRA By-Laws, because: (1) the Complaint was filed within two years after the effective date of termination of Francis's registration with a FINRA member firm, namely, November 11, 2013; and (2) the Complaint charges him with misconduct committed while he was registered with a FINRA member and with failing to respond to FINRA requests for information and to appear for an 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
(UNETHICAL BUSINESS-RELATED CONDUCT)
FINRA Rule 2010**

5. The Department realleges and incorporates by reference paragraphs 1 through 4 above.
6. While Francis was registered with Chase and JPM, he was also employed by Chase and JPM's affiliated bank ("the Bank") as a Relationship Banker.
7. Francis had authority from the Bank to issue ATM and debit cards to retail bank customers.
8. In his capacity as a Relationship Banker and while registered with Chase or JPM, Francis issued seven ATM cards in six dead customers' accounts, as set forth below.

Customer	Date of Card Issuance	Date of Customer's Death
A	August 23, 2012	January 21, 2000
C	September 27, 2012	February 17, 1998
F	June 26, 2013	August 8, 2007
G	July 19, 2013 August 19, 2013	May 27, 2004
K	August 29, 2013	May 26, 2007
M	September 6, 2012	March 14, 1994

9. Francis also issued an ATM card on September 6, 2012 for the account of customer B, who subsequently complained of an unauthorized withdrawal of funds from his account.
10. After Francis issued the ATM cards, between approximately August 2012 and September 2013, the cards were used to withdraw approximately \$210,000 from the accounts without the customers' authorization. The cards were used by individuals whose identities are unknown.

11. Francis knew that the issuance and distribution of the unauthorized ATM cards was part of an overall scheme to convert funds from Bank customers, and he also knew that this conduct was improper and illegal.
12. Francis resigned from the Bank and JPM shortly after the Bank began an investigation into this conduct, but before the Bank could interview him about it.
13. By abusing his position at the Bank, JPM and Chase to issue and distribute the eight unauthorized ATM cards as part of a scheme to convert customer funds, Francis engaged in unethical business-related conduct that is inconsistent with high standards of commercial honor and just and equitable principles of trade. As a result of the foregoing, Francis violated FINRA Rule 2010.

**SECOND CAUSE OF ACTION
(FAILURE TO FULLY RESPOND TO REQUESTS FOR INFORMATION AND DOCUMENTS)
FINRA Rules 8210 and 2010**

14. The Department realleges and incorporates by reference paragraphs 1 through 13 above.
15. In January, February and March 2014, Francis responded to three FINRA Rule 8210 requests regarding the issuance of unauthorized ATM cards and the subsequent conversion of funds.
16. By letter dated April 17, 2014, FINRA staff issued an additional request for information to Francis, requesting documents and information pursuant to FINRA Rule 8210. FINRA requested the documents and information to enable it to investigate whether Francis had converted any of the funds withdrawn from the seven customers' bank accounts as set forth in paragraph 10 above.

17. The request was sent by first class mail and email to Francis's attorney with a due date of April 24, 2014.
18. On April 21, 2014, counsel for Francis, who acknowledged receipt of the Rule 8210 request, requested an extension of time for Francis's response until May 1, 2014, which FINRA granted. Counsel subsequently withdrew representation of Francis on May 9, 2014. As of May 9, 2014, Francis had not provided any of the documents or information requested in the April 17, 2014 letter.
19. On May 13, 2014, FINRA staff re-sent the April 17, 2014 Rule 8210 request directly to Francis, who was not represented by counsel at that time. FINRA sent the request by e-mail, first class and certified mail to Francis' residential address as listed in the Central Registration Depository ("CRD Residential Address"). The May 13, 2014 letter stated that FINRA required a response by May 19, 2014. On May 19, 2014, Francis acknowledged receipt of the May 13, 2014 letter by sending an e-mail to FINRA staff asking for an extension of time until May 23, 2014, which FINRA granted.
20. On May 28, 2014 and May 29, 2014, Francis produced some, but not all, of the documents and information requested in the April 17, 2014 letter.
21. The relevant requests which Francis failed to respond to were:
- Item 4. In connection with the loan you provided to ED, provide the following:
 - a. Copy of the loan agreement;
 - b. Documents in support of the \$3,000 you loaned to ED;
 - c. Copy of the check that ED paid to you that bounced; and
 - d. Documents evidencing the \$11,000 that ED paid to you.

Item 6. State whether you filed a police report in connection with the car accident.

a. If yes, identify the police department where you filed the police report of [sic] the accident report.

Item 7. State whether you received medical attention in connection with your car accident.

If yes provide the dates you received medical attention;

a. State whether you visited a hospital in connection with your car accident; and

b. If yes, state the name of the hospital and the dates you visited the hospital in connection with your car accident.

Item 9. In connection with your outside business "DV" provide the following:

a. For the tax years 2012 and 2013 provide records of your expenses; and

b. The amount of income earned by DV during 2012 and 2013.

22. Due to his failure to fully comply and provide documents and information relating to explanations he provided in his earlier testimony concerning funds deposited into his bank account, FINRA staff was not able to complete its investigation into whether Francis had converted funds into his bank account. Specifically, FINRA staff was unable to determine whether certain deposits into Francis's bank accounts were derived, as he testified, from funds ED paid to him or from income earned by his company DV. Moreover, Francis did not provide his 2013 tax return (or a request for an extension) as requested by FINRA staff in the April 17, 2014 letter, so FINRA could not verify his income in 2012 or his testimony regarding income sources. In addition, Francis did not provide documents relating to time he may have spent in the hospital, so FINRA could not test his alibi for times when unauthorized withdrawals

occurred. Francis did not explain why he did not provide the missing documents and information.

23. On May 29, 2014 and June 3, 2014, FINRA staff sent e-mails to Francis inquiring as to the status of the documents and information he had not produced as requested.

Francis did not provide the remaining documents and information.

24. By failing to provide all requested documents and information, Francis violated FINRA Rules 8210 and 2010.

**THIRD CAUSE OF ACTION
(FAILURE TO PROVIDE TESTIMONY)
FINRA Rules 8210 and 2010**

25. The Department realleges and incorporates by reference paragraphs 1 through 24 above.

26. On March 11, 2014, Francis provided initial sworn testimony to FINRA pursuant to a FINRA Rule 8210 request. Subsequently, FINRA staff determined it needed to further question Francis, primarily concerning numerous cash deposits into his bank account, in order to further investigate whether he converted funds taken from the accounts of the seven bank customers referenced in paragraph 10 of the Complaint.

27. Accordingly, on June 27, 2014, FINRA staff sent a letter requesting that Francis appear and provide testimony pursuant to FINRA Rule 8210. The letter was sent to Francis's CRD Residential Address, which FINRA understood to be current. The letter was sent to the CRD Residential Address via U.S. Postal Service certified mail, return receipt requested, first class mail and Federal Express overnight mail. The letter requested Francis to appear for testimony on July 17, 2014 in FINRA's office in New York City.

28. The scheduling letter requested Francis to appear on **"Thursday, July 17, 2014."**

This language was highlighted in bold. However, later in the same letter, FINRA staff said "[o]n July 8, we request that you report to the above referenced address on the 12th Floor, where you will be escorted to the room in which your OTR will be conducted." This language was not in bold. Francis did not call FINRA seeking clarification on the date he was required to appear

29. The return receipt attached to the letter FINRA sent to Francis's CRD address was not returned to FINRA staff. The USPS website indicated a notice was left on June 30, 2014 and that "no authorized recipient" was available. The Federal Express letter was left at the front door on June 30, 2014. The first class mailing was not returned to FINRA.

30. Francis did not appear for testimony on July 17, 2014. Moreover, Francis did not contact the staff concerning the request that he appear.

31. FINRA staff gave Francis another opportunity to appear to testify. On July 17, 2014, FINRA staff sent Francis another letter requesting testimony pursuant to FINRA Rule 8210. The letter was sent to Francis's CRD Residential Address via U.S. Postal Service certified mail, return receipt requested, first class mail and Federal Express overnight mail. The letter instructed Francis to appear for testimony on July 23, 2014 in FINRA's office in New York City.

32. The Federal Express letter was delivered on July 18, 2014. The return receipt attached to the certified letter FINRA sent to Francis's CRD address was not returned to FINRA staff. The USPS website indicated that as of August 22, 2014 the certified

mailing was out for delivery, but had not yet been delivered. The first class mailing was not returned to FINRA.

33. Francis did not appear for testimony on July 23, 2014. Moreover, Francis did not contact the staff concerning the request that he appear. By failing to appear for and provide testimony, Francis prevented FINRA from completing its investigation into whether Francis had converted bank customer funds.

34. By failing to appear and provide testimony, Francis 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), including monetary sanctions, be imposed;
- 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: 9-2-14


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