

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2014040336501**

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

RE: James Michael Madden, Respondent  
Registered Representative and Registered Principal  
CRD No. 1086380

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**

James Michael Madden ("Madden") became a General Securities Representative with a FINRA-registered firm in October 1982. Madden was registered as a General Securities Principal with Raymond James & Associates, Inc. between March 2009 and February 2014, and is currently registered with another FINRA-registered firm.

**RELEVANT DISCIPLINARY HISTORY**

Madden has no relevant disciplinary history.

**OVERVIEW**

Between March 2010 and February 2014, Madden executed discretionary transactions in the accounts of 15 customers pursuant to their prior verbal authorization, but without prior written authorization from those customers or approval by Raymond James & Associates, Inc.

## **FACTS AND VIOLATIVE CONDUCT**

From March 2010 to February 2014, Madden exercised discretion in executing transactions in the accounts of 15 customers. Madden received prior verbal authorization from his customers for purchases and sales of products consistent with their investment strategies, but exercised his discretion in executing those transactions on future dates. Madden did not obtain written authorization from his customers to exercise discretion in their accounts and Raymond James did not approve these accounts for discretionary trading.

Madden's exercise of discretion in his customers' account violated Raymond James policies and procedures, NASD Rule 2510(b) and FINRA Rules 2010.

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

- a ten (10) business day suspension from association with any FINRA registered firm in any capacity; and
- a \$5,000 fine.

I agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment(s) are due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

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.

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 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 accordance with FINRA Rule 8313;
  - 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.

03/03/2015  
Date (mm/dd/yyyy)

James Michael Madden  
James Michael Madden, Respondent

Reviewed by:

Ronald P. Kane  
Ronald P. Kane  
Counsel for Respondent  
Kane & Fischer, Ltd.  
208 South LaSalle Street, Suite 1800  
Chicago, Illinois 60604  
312-422-7217

Accepted by FINRA:

3/18/15  
Date

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

Christopher Burky  
Christopher Burky  
Senior Regional Counsel  
FINRA Department of Enforcement  
55 West Monroe St., Suite 2700  
Chicago, Illinois 60603  
312-899-4348