

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014041097901**

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

**RE: James Gregory Nixon, Respondent
General Securities Representative
CRD No. 5284595**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, James Gregory Nixon, 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 Gregory Nixon ("Nixon") first entered the securities industry in January of 2007 with a FINRA-regulated entity and was approved as a General Securities Representative ("GSR") on April 4, 2007. Thereafter, between April of 2007 and May of 2014, Nixon became associated as a GSR with various FINRA-regulated entities.

From October 2012 through April 2014, Nixon was associated as a GSR with J.P. Morgan Securities, LLC ("JP Morgan" or the "Firm") until his termination on April 3, 2014. On May 2, 2014, JP Morgan filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") reporting that Nixon's employment had been terminated for accepting funds from a customer for personal use. Thereafter, Nixon became associated with another FINRA-regulated entity on April 25, 2014. Subsequently, Nixon was terminated from that entity on May 5, 2014 and a Form U5 was filed on May 6, 2014. Nixon has not been associated in any capacity with any FINRA member firm since his

termination in May 2014. Accordingly, pursuant to Article V, Section 4 of FINRA's By-Laws, FINRA maintains jurisdiction over Nixon until at least May 5, 2016.

RELEVANT DISCIPLINARY HISTORY

Nixon has no prior relevant disciplinary history.

OVERVIEW

Between January 2012 and October 2013, Nixon, a former registered representative with JP Morgan, improperly accepted \$5,000 in loans and \$7,000 in monetary gifts from Firm customers. As a result, Nixon violated FINRA Rules 3240 and 2010 by receiving improper loans and gift from customers.

Additionally, during the years 2012 and 2013, Nixon falsely reported on the Firm's annual certification that he had not obtained loans or gifts from customers. Nixon also provided materially false responses and misleading information to the Firm regarding the loans and gifts. Accordingly, Nixon violated FINRA Rule 2010 by providing false and misleading information to the Firm.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 3240(a) prohibits registered persons from lending money to or borrowing money from their customers unless the firm has written procedures allowing such lending arrangements and one or more of the following conditions exists: (1) the customer is a member of such person's immediate family; (2) the lending arrangement is based on a personal relationship with the customer, such that the loan would not have been solicited, offered, or given had the customer and the associated person not maintained a relationship outside of the registered representative/customer relationship; (3) the lending arrangement is based on a business relationship outside of the registered representative-customer relationship; or (4) the customer is a financial institution regularly engaged in the business of providing credit, financing, or loans and is acting in the regular course of business. FINRA Rule 3240(b) also requires registered persons to notify their member firms and obtain written pre-approval of their borrowing arrangements. A violation of FINRA Rule 3240 also constitutes a violation of FINRA Rule 2010, which requires associated persons to observe high standards of commercial honor and just and equitable principals of trade.

Improper Loans and Gifts

The Firm maintained a strict prohibition against borrowing money from clients who were not immediate family members as detailed in JP Morgan's policy manual for registered representatives ("Manual"). Pursuant to the Manual,

representatives were also prohibited from receiving cash gifts from customers and were required to report any such gifts to the Firm.

In or about January 2012, Nixon asked an elderly Firm customer, MK, for a \$5,000 loan. Instead of lending the funds to Nixon, MK gave \$5,000 to Nixon as a gift. Nixon was aware of the Firm's policy against receiving loans and cash gifts, but nevertheless accepted the funds from MK and failed to disclose the gift to or get approval from the Firm.

~~On or about October 11, 2013, Nixon again asked MK for a \$5,000 loan. MK loaned Nixon the money. Pursuant to the loan agreement, Nixon executed an unsecured promissory note and agreed to make payments of \$300 per month. Nixon made \$450 in payments but stopped paying MK on the loan. In February of 2014, Nixon again approached MK for a loan, but this time MK refused. Nixon did not notify the Firm or receive the Firm's approval for the loan from MK.~~

Separately, in October 2012, Nixon received a \$2,000 gift from another Firm customer, SS. Nixon knew and understood the Firm's prohibition against gifts from Firm customers, but failed to report the cash gift to or get approval from the Firm.

False Statements and Misrepresentations to the Firm

Annual Certification

JP Morgan requires its registered representatives to complete an annual certification form ("Annual Certification") to confirm their compliance with the Firm's policies and procedures. In October of 2012, Nixon falsely stated in JP Morgan's Annual Certification that during 2012, he had not received any gifts from Firm customers. In fact, by October 2012, Nixon had accepted \$7,000 in monetary gifts from MK and SS throughout that year.

Likewise, in October 2013, Nixon falsely stated in the Firm's Annual Certification that he had not received any loans that year from Firm customers during 2013. However, by October 2013, Nixon had received a \$5,000 loan from MK that year.

Firm Investigation

In February 2014, Nixon's supervisors were alerted to a \$2,000 transaction with SS after an email written by SS to Nixon's JP Morgan email account was reviewed by the Firm's Central Supervision unit. The email suggested that Nixon may have received a loan from SS and that Nixon had requested a subsequent loan from SS. SS also suggested in the email that Nixon and "AN" discuss their "financial predicament" with someone. The context of the message implied that

"AB" was Nixon's spouse. Nixon's supervisors forwarded the email to the Firm's compliance group.

During the compliance group's review, Nixon was questioned about the email and whether he had accepted loans from Firm customers. In response, Nixon falsely informed the compliance group that the email was sent errantly to him and that it was intended for SS's other advisor at another firm who had the same name. He also falsely stated that he had never made any loan requests or obtained any funds from any Firm customers. When asked his wife's name, Nixon falsely stated that it was "CB" although it was actually "AB" as stated in SS's email.

Nixon also made the same misrepresentations in writing to the Firm's compliance group in a questionnaire dated March 12, 2014. Nixon also reiterated that he knew and understood the Firm's prohibition regarding loans from Firm customers. During the Firm's investigation related to SS, Nixon did not disclose the gift and loan he had received from MK.

The compliance group later determined that Nixon had obtained money from SS and that he had provided materially false responses to its questions. On April 3, 2014, Nixon's employment with the Firm was terminated.

Conclusion

Based on the foregoing, Nixon violated FINRA Rule 2010 by accepting improper gifts from his clients, MK and SS. Nixon also violated FINRA Rules 3240(a) and 2010 by improperly accepting loans from MK. In addition, Nixon violated FINRA Rule 2010 by providing materially false and misleading responses in the Firm's 2012 and 2013 Annual Certifications and by making false written and verbal statements to the Firm.

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

- o a 12-month suspension from associating with any member of FINRA in any capacity;**
- o a fine of \$20,000; and**
- o an order to pay restitution to MK in the amount of \$4,550, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from October 11, 2013, until the date of payment.**

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 twelve-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.

Restitution amounts ordered, pursuant to this disciplinary action, are due and payable ~~immediately upon reassociation with a member firm following the 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. The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies. If for any reason Respondent cannot locate customer MK after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property, or abandoned property fund for the state in which the customer is last known to have resided.

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:

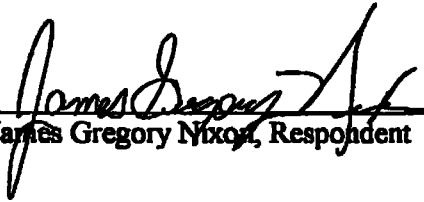
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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 [the Firm] to submit it.

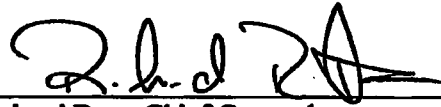
9-26-2014
Date


James Gregory Nixon, Respondent

Accepted by FINRA:

10.15.14
Date

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


Richard Best, Chief Counsel
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