

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Robbi J. Jones
(CRD No. 1797418)

and

Kipling Jones & Company, Ltd.
(CRD No. 144730),

Respondent.

Disciplinary Proceeding
No. 2015044782401

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Between April 22, 2014 and February 3, 2016, Respondent Robbi J. Jones ("Jones"), President and CEO of FINRA member Respondent Kipling Jones & Company, Ltd. (hereinafter, "KJC" or "the Firm"), filed, or caused to be filed, materially inaccurate Financial and Operational Combined Uniform Single Reports Part IIA (hereinafter, "FOCUS Report(s)") in which she reported a \$70,000 certificate of deposit ("CD") as an "allowable" asset of the Firm, when in fact the CD had been cancelled by the issuing bank, CNB, on March 5, 2014, when Jones defaulted on a personal line of credit for which she had pledged the CD as security. Jones also did not record the cancellation of the CD in KJC's financial books and records and, instead, continued to reflect the CD as a current asset in the Firm's general ledger and net-capital

computations, causing KJC's financial books and records to be inaccurate. As a result of this conduct, Jones violated FINRA Rules 4511 and 2010 and caused KJC to willfully violate Section 17(a) of the Securities Exchange Act of 1934 ("Exchange Act"), Exchange Act Rules 17a-3 and 17a-5 thereunder, and FINRA Rules 4511 and 2010.

2. In October 2014 FINRA commenced a scheduled cycle examination of KJC. In connection with that examination, FINRA staff reviewed KJC's financial books and records and FOCUS Report filings and, in the course of that review, requested that Jones provide various information and documents regarding the aforementioned CD. In particular, FINRA staff requested documentary support for the \$70,313 balance that KJC had reported for the CD as of September 30, 2014. In response to those requests Jones provided inaccurate and misleading information and documents to FINRA staff in an attempt to conceal that the CD had been cancelled on March 5, 2014. Jones also falsely testified at an on-the-record interview ("OTR") that the CD was "in place" from the date of its acquisition, December 30, 2011, through December 30, 2014, and that the CD had never been pledged as security for a loan. As a result of this conduct, Jones violated FINRA Rules 2010 and 8210.

3. Finally, in the course of the 2014 cycle examination of KJC, FINRA staff learned that Jones had recently been questioned by the City of Houston, a client of KJC, concerning possible unauthorized use of a City of Houston credit card to purchase airline tickets. FINRA staff requested that Jones provide information and documents relating to that inquiry. In response to those requests, Jones provided inaccurate and misleading information and documents to FINRA staff, including not initially disclosing that the inquiry by the City of Houston was actually an investigation by the City of Houston's Office of Inspector General ("OIG") and misrepresenting which airline tickets were the subject of the investigation. In addition, Jones

falsely testified at an OTR that she had received no correspondence or documents from the OIG indicating whether it had made any determination concerning the airline-ticket purchases, when in fact the OIG had sent Jones a letter informing her that it had determined that she was responsible for unauthorized use of a City of Houston credit card. In addition, during the OTR, Jones refused to answer certain questions relating to her assertion that she had purchased the airline tickets at issue using her mother's credit card. As a result of this conduct, Jones violated FINRA Rules 2010 and 8210.

RESPONDENT AND JURISDICTION

4. Jones first became registered with FINRA in December 1991 as a Municipal Securities Representative.

5. From December 1991 through August 2007, Jones associated with several FINRA members and obtained the following FINRA licenses: Series 7 (General Securities Representative); Series 24 (General Securities Principal); Series 28 (Introducing Broker/Dealer Financial and Operations Principal); Series 52 (Municipal Securities Representative); and Series 53 (Municipal Securities Principal).

6. On September 18, 2007, Jones became associated with KJC.

7. Since September 18, 2007, Jones has served as KJC's President, CEO, and Chief Compliance Officer ("CCO").

8. Since May 23, 2013, Jones has served as KJC's Financial and Operations Principal ("FINOP").

9. Jones is subject to FINRA's jurisdiction for purposes of this proceeding pursuant to Article V, Section 2 of FINRA's By-Laws, because: (i) Jones is currently associated with a

FINRA member; and (ii) the Complaint charges Jones with misconduct that occurred while she was associated with a FINRA member.

10. KJC has been a member of FINRA and the MSRB since 2007. The Firm is also registered with the SEC as a municipal advisor. KJC currently has seven registered representatives, and its main office is located in Houston, Texas. KJC derives its revenue primarily from municipal advisor activities.

11. At all times relevant to this Complaint, KJC was a member of FINRA. As a current member, FINRA has jurisdiction over KJC pursuant to Article IV of FINRA's By-Laws.

STATEMENT OF FACTS

12. At all times relevant to this Complaint, Jones was the President, CEO, CCO, and FINOP of KJC.

13. At all times relevant to this Complaint, KJC's written supervisory procedures designated the FINOP as the individual responsible for preparing and maintaining KJC's financial books and records.

14. At all times relevant to this Complaint, KJC's written supervisory procedures designated the FINOP as the individual responsible for preparing and filing all required financial reports for KJC.

Jones borrowed \$70,000 through a personal line of credit to purchase a CD for KJC and pledged the CD as security for the line of credit.

15. On December 30, 2011, Jones established a personal line of credit with CNB. The line of credit allowed her to borrow up to \$70,150.

16. On December 30, 2011, Jones acquired a CD from CNB in the principal amount of \$70,000, using funds drawn from the line of credit.

17. The CD was issued on December 30, 2011 to “Kipling Jones & Co., Ltd. or Robbi J. Jones” and designated, CD No. XXXX0331.

18. CD No. XXXX0331 paid a fixed interest rate of 0.41 percent (per annum) and had a twelve-month term with provision for automatic renewal upon maturity.

19. On December 30, 2012, Jones extended the expiration date of her personal line of credit to December 30, 2013 and, at that time, signed a new promissory note wherein she assigned CD No. XXXX0331 as security for the line of credit.

20. On December 30, 2012, CD No. XXXX0331 was renewed for another twelve-month term.

CNB cancelled CD No. XXXX0331 on March 5, 2014 after Jones defaulted on her line of credit.

21. On October 28, 2013, CNB notified Jones that her line of credit was scheduled to expire on December 30, 2013 and that, by that date, Jones had to pay the outstanding balance of the loan, or apply for a renewal of the line of credit.

22. Jones did not pay the outstanding balance of the loan or renew the line of credit on or before December 30, 2013.

23. On February 19, 2014, CNB notified Jones that if she did not renew the line of credit or pay the outstanding balance of the loan by February 21, 2014, CNB would consider the loan to be in default and would apply the funds from CD No. XXXX0331 to satisfy the outstanding balance.

24. Jones did not pay the outstanding balance or renew the line of credit on or before February 21, 2014.

25. On or about March 5, 2014, CNB cancelled CD No XXXX0331 and applied the deposit funds to pay the outstanding balance of the expired line of credit.

26. On December 31, 2014, Jones borrowed \$70,000 from CNB through a personal loan and used the proceeds to acquire a new CD from CNB.

27. The new CD was issued on December 30, 2014 to "Kipling Jones & Co., Ltd. or Robbi Jones" and designated, CD No. XXXX0577.

28. CD No. XXXX0577 paid a fixed interest rate of 0.31 percent (per annum) and had a two-year maturity.

29. On December 31, 2014, in connection with the personal loan from CNB, Jones executed a promissory note wherein she assigned CD No. XXXX0577 as security for the loan.

After March 5, 2014, Jones continued to report CD No. XXXX0331 as an asset of KJC in the Firm's FOCUS Reports and financial books and records.

30. After CD No. XXXX0331 was cancelled on March 5, 2014, Jones continued to list the CD as an "allowable" asset in KJC's financial books and records, including the Firm's general ledger and net-capital computations.

31. Jones removed CD No. XXXX0331 from KJC's financial books and records only after she acquired CD No. XXXX0577 on December 30, 2014.

32. Additionally, after March 5, 2014, Jones continued to report the pre-cancellation balance of CD No. XXXX0331 (\$70,313) as the value of "exempted" securities owned by the Firm in KJC's FOCUS Report filings for 2014 as follows:

- (a) On April 22, 2014, Jones filed, or caused to be filed, a FOCUS Report on behalf of KJC for the reporting period, January 1, 2014 through March 31, 2014. The FOCUS Report reflected that, as of March 31, 2014, KJC had "allowable" assets of \$261,262,

consisting of \$34,475 in cash, \$156,474 in receivables, and \$70,313 in “exempted” securities. The reported value for “exempted” securities was based solely on the purported balance of CD No. XXXX0331 as of March 31, 2014.

- (b) On May 22, 2014, Jones filed, or caused to be filed, a FOCUS Report on behalf of KJC for the reporting period, April 1, 2014 through April 30, 2014. The FOCUS Report reflected that, as of April 30, 2014, KJC had “allowable” assets of \$227,990, consisting of \$16,202 in cash, \$141,475 in receivables, and \$70,313 in “exempted” securities. The reported value for “exempted” securities was based solely on the purported balance of CD No. XXXX0331 as of April 30, 2014.
- (c) On June 23, 2014, Jones filed, or caused to be filed, a FOCUS Report on behalf of KJC for the reporting period, May 1, 2014 through May 31, 2014. The FOCUS Report reflected that, as of May 31, 2014, KJC had “allowable” assets of \$199,690, consisting of \$26,152 in cash, \$103,225 in receivables, and \$70,313 in “exempted” securities. The reported value for “exempted” securities was based solely on the purported balance of CD No. XXXX0331 as of May 31, 2014.
- (d) On July 23, 2014, Jones filed, or caused to be filed, a FOCUS Report on behalf of KJC for the reporting period, April 1, 2014 through June 30, 2014. The FOCUS Report reflected that, as of June 30, 2014, KJC had “allowable” assets of \$177,933, consisting of \$4,395 in cash, \$103,225 in receivables, and \$70,313 in “exempted” securities. The reported value for “exempted” securities was based solely on the purported balance of CD No. XXXX0331 as of June 30, 2014.
- (e) On August 25, 2014, Jones filed, or caused to be filed, a FOCUS Report on behalf of KJC for the reporting period, July 1, 2014 through July 31, 2014. The FOCUS Report

reflected that, as of July 31, 2014, KJC had “allowable” assets of \$170,617, consisting of a cash debit balance of \$2,921, \$103,225 in receivables, and \$70,313 in “exempted” securities. The reported value for “exempted” securities was based solely on the purported balance of CD No. XXXX0331 as of July 31, 2014.

- (f) On September 24, 2014, Jones filed, or caused to be filed, a FOCUS Report on behalf of KJC for the reporting period, August 1, 2014 through August 31, 2014. The FOCUS Report reflected that, as of August 31, 2014, KJC had “allowable” assets of \$171,883, consisting of a cash debit balance of \$1,591, \$103,161 in receivables, and \$70,313 in “exempted” securities. The reported value for “exempted” securities was based solely on the purported balance of CD No. XXXX0331 as of August 31, 2014.
- (g) On October 6, 2014, Jones filed, or caused to be filed, an amended FOCUS Report on behalf of KJC for the reporting period, August 1, 2014 through August 31, 2014. The amended FOCUS Report reflected that, as of August 31, 2014, KJC had “allowable” assets of \$170,047, consisting of a cash debit balance of \$1,591, \$101,325 in receivables, and \$70,313 in “exempted” securities. The reported value for “exempted” securities was based solely on the purported balance of CD No. XXXX0331 as of August 31, 2014.
- (h) On October 23, 2014, Jones filed, or caused to be filed, a FOCUS Report on behalf of KJC for the reporting period, July 1, 2014 through September 30, 2014. The FOCUS Report reflected that, as of September 30, 2014, KJC had “allowable” assets of \$161,623, consisting of \$28,235 in cash, \$63,075 in receivables, and \$70,313 in “exempted” securities. The reported value for “exempted” securities was based solely on the purported balance of CD No. XXXX0331 as of September 30, 2014.

- (i) On November 24, 2014, Jones filed, or caused to be filed, a FOCUS Report on behalf of KJC for the reporting period, October 1, 2014 through October 31, 2014. The FOCUS Report reflected that, as of October 31, 2014, KJC had “allowable” assets of \$144,876, consisting of \$11,488 in cash, \$63,075 in receivables, and \$70,313 in “exempted” securities. The reported value for “exempted” securities was based solely on the purported balance of CD No. XXXX0331 as of October 31, 2014.
- (j) On December 23, 2014, Jones filed, or caused to be filed, a FOCUS Report on behalf of KJC for the reporting period, November 1, 2014 through November 30, 2014. The FOCUS Report reflected that, as of November 30, 2014, KJC had “allowable” assets of \$136,752, consisting of \$3,364 in cash, \$63,075 in receivables, and \$70,313 in “exempted” securities. The reported value for “exempted” securities was based solely on the purported balance of CD No. XXXX0331 as of November 30, 2014.
- (k) On March 25, 2015, Jones filed, or caused to be filed, a FOCUS Report on behalf of KJC for the reporting period, October 1, 2014 through December 31, 2014. The FOCUS Report reflected that, as of December 31, 2014, KJC had “allowable” assets of \$179,365, consisting of a cash debit balance of \$1,958, \$111,010 in receivables, and \$70,313 in “exempted” securities. The reported value for “exempted” securities was based solely on the purported balance of CD No. XXXX0331 as of December 31, 2014.
- (l) On July 15, 2015, Jones filed, or caused to be filed, an amended FOCUS Report on behalf of KJC for the reporting period, October 1, 2014 through December 31, 2014. The amended FOCUS Report reflected that, as of December 31, 2014, KJC had “allowable” assets of \$92,823, consisting of \$22,510 in receivables and \$70,313 in

“exempted” securities. The reported value for “exempted” securities was based solely on the purported balance of CD No. XXXX0331 as of December 31, 2014.

(m) On July 16, 2015, Jones filed, or caused to be filed, a second amended FOCUS Report on behalf of KJC for the reporting period, October 1, 2014 through December 31, 2014. The second amended FOCUS Report reflected that, as of December 31, 2014, KJC had “allowable” assets of \$92,823, consisting \$22,510 in receivables and \$70,313 in “exempted” securities. The reported value for “exempted” securities was based solely on the purported balance of CD No. XXXX0331 as of December 31, 2014.

(n) On February 3, 2016, Jones filed, or caused to be filed, a third amended FOCUS Report on behalf of KJC for the reporting period, October 1, 2014 through December 31, 2014. The third amended FOCUS Report reflected that, as of December 31, 2014, KJC had “allowable” assets of \$22,510, consisting of \$22,510 in receivables, and “non-allowable” assets of \$163,001, consisting of \$88,500 in receivables, \$70,313 in “exempted” securities, and \$4,188 in “other” assets. The reported value for “exempted” securities was based solely on the purported balance of CD No. XXXX0331 as of December 31, 2014.

33. Jones prepared, or supplied the information that was used to prepare, the FOCUS Reports detailed in paragraph number 32, above.

Jones provided inaccurate and misleading information, documents, and testimony to FINRA concerning CD No. XXXX0331.

34. On November 11, 2014, in connection with a FINRA cycle examination of KJC, FINRA staff requested that Jones provide a copy of KJC's general ledger, balance sheet, and trial balance (all for the month of September 2014) and proof of all "allowable" assets claimed.

35. On November 25, 2014, Jones submitted a general ledger, balance sheet, and trial balance. Each falsely listed CD No. XXXX0331 as a current asset with a balance of \$70,313.09 as of September 30, 2014.

36. On December 4, 2014, FINRA staff requested that Jones provide a copy of KJC's general ledger for the time period, January 1, 2012 through October 31, 2014.

37. On December 11, 2014, Jones submitted the requested general ledger, and it falsely listed CD No. XXXX0331 as a current asset with a balance of \$70,313.09 as of October 31, 2014.

38. On or about December 11, 2014, while FINRA staff was meeting with Jones at KJC's office in Houston, Texas, FINRA staff inquired about the \$70,313 "exempted" securities entry in KJC's FOCUS Report for September 2014. Jones falsely stated that the entry represented the current balance of CD No. XXXX0331. During the meeting, FINRA staff asked Jones to provide a bank statement or other such document confirming the \$70,313 balance as of September 30, 2014.

39. On December 18, 2014, Jones sent an email to FINRA staff attaching a copy of the issuing document (hereinafter, "Issuance Form") for CD No XXXX0331.

40. The Issuance Form reflected that CD No. XXXX0331 was issued by CNB on December 30, 2011 for a deposit of \$70,000; paid a fixed interest rate of 0.41 percent (per annum); and had a twelve-month term with provision for automatic renewal upon maturity.

41. Jones represented in her December 18, 2014 email that CNB was unable to provide an official balance or account statement that would reflect the CD's balance on the specific date of September 30, 2014, but that the bank would provide a "screen shot" reflecting that information.

42. Jones omitted mentioning in her December 18, 2014 email that the CD had been cancelled on March 5, 2014 and that is why balance information could not be provided for September 30, 2014.

43. On December 19, 2014 Jones sent an email to FINRA staff attaching what she described to be the "screen shot." The "screen shot" was titled, "Temporary Statement" and was dated January 27, 2014. It reflected the balance of CD No. XXXX0331 on December 30, 2011 (\$70,000.00); December 28, 2012 (\$70,287.79); and December 30, 2013 (\$70,313.09).

44. Although Jones was aware that FINRA staff was seeking confirmation of the CD's purported \$70,313 balance on September 30, 2014, Jones omitted mentioning in her December 19, 2014 email that the CD had been cancelled on March 5, 2014 and that is why balance information could not be provided for September 30, 2014.

45. On or about December 19, 2014, FINRA staff advised Jones that the January 27, 2014 "screen shot" was not sufficient and that she needed to provide documentation reflecting the CD's balance as of September 30, 2014. FINRA staff also informed Jones that the Issuance Form for the CD did not reflect the dollar amount of the applicable early-withdrawal penalty and requested that Jones provide that information.

46. On December 26, 2014, Jones sent an email to FINRA staff stating: "I reached out to [CNB] and was only able to reach the supervisor of the tellers, who wasn't able to answer. I'll call back on Monday morning."

47. Jones omitted mentioning in her December 26, 2014 email that the CD had been cancelled on March 5, 2014, and, thus, CNB would not be able to provide any confirmation for the CD's purported \$70,313 balance as of September 30, 2014.

48. On January 11, 2015, Jones sent an email to FINRA staff falsely stating that KJC had decided in December 2014 not to renew the CD when it matured on December 30, 2014 and, instead, used \$70,000 from the proceeds of the CD to acquire a new CD with a two-year term:

The [CNB] CD rolled over at the end of December [2014]. This year, rather than rolling it over for another year, I requested a two-year maturity. As a result of my request, the bank was not able to automatically roll the CD (since the maturity was different). Since the original CD was technically cancelled, the bank is sending a check for the accumulated interest (which I've not received yet).

49. On February 24, 2015, Jones sent an email to FINRA staff attaching a copy of the "Truth in Savings Disclosure" form for the new CD. She stated in the email:

I must point out that when I asked for some type of documentation describing the pre-payment penalty(ies), the attached document is what I (finally) received. I've requested the same document for the CD which was in place during 2014 but, quite frankly, do not expect to receive it in a timely manner.

50. Jones's claim that the CD was "in place during 2014" was misleading because the CD was cancelled on March 5, 2014 and was not in place between March 5, 2014 and December 31, 2014.

51. On March 2, 2015, FINRA staff sent an email to Jones inquiring whether CNB could provide a "screen shot" reflecting the balance of CD No. XXXX0331 as of September 30, 2014. Jones sent a reply email minutes later stating: "Thanks. I probably won't make it back to my house until late tonight, so realistically I won't be able to reach out to [CNB] until tomorrow morning."

52. Jones omitted mentioning in her March 2, 2015 email that the CD had been cancelled on March 5, 2014 and, thus, CNB would not be able to provide any confirmation for the CD's purported \$70,313 balance as of September 30, 2014.

53. On March 3, 2015, FINRA staff sent an email to Jones inquiring if CNB had provided her the documentation reflecting the balance of CD No. XXXX0331 as of September 30, 2014. Jones sent an email reply a few minutes later, stating: "[CNB employee LP] and I played phone tag this morning, through lunch time. I'll try [LP] again as soon as I [get off a phone call]."

54. Jones omitted mentioning in her March 3, 2015 email that the CD had been cancelled on March 5, 2014 and, thus, CNB would not be able to provide any confirmation for the CD's purported \$70,313 balance as of September 30, 2014.

55. On March 4, 2015, Jones sent an email to FINRA staff stating that she had spoken with LP and that Jones was going to send LP a letter, via overnight courier, requesting that CNB provide a letter stating: (i) the balance of CD No. XXXX0331 as of September 30, 2014, October 31, 2014, and November 30, 2014; (ii) the balance of the successor CD as of January 31, 2015 and February 28, 2015; and (iii) the early-withdrawal penalty language "for the CD that was in place during 2014."

56. Jones omitted mentioning in her March 4, 2015 email that CD No. XXXX0331 had been cancelled on March 5, 2014 and, thus, CNB would not be able to provide confirmation of any positive balance for the CD as of September 30, 2014, October 31, 2014, or November 30, 2014. Jones also omitted mentioning in her March 4, 2015 email that there was no CD "in place" between March 5, 2014 and December 31, 2014.

57. Later on March 4, 2015, Jones sent a second email to FINRA staff attaching a copy of the Issuance Form for CD No. XXXX0577, the CD that was issued on December 30, 2014.

58. Later still on March 4, 2014, Jones sent a third email to FINRA staff claiming that CNB was having technical difficulties supplying a “screen shot” that reflected historic balance information:

I [received a voice message] from one of [LP’s] colleagues, indicating that they are sending me a screen shot as of today for the CD; but they don’t have the ability to retroactively create a screen shot. I am to call her and discuss how I need to revise my request. I am calling her now, and will send another email once I’ve spoken to her.

59. Jones omitted mentioning in her third March 4, 2015 email that CD No. XXXX0331 had been cancelled on March 5, 2014 and, thus, CNB would not be able to provide any confirmation of the CD’s purported \$70,313 balance as of September 30, 2014.

60. On March 6, 2015, FINRA staff sent an email to Jones requesting that she provide, no later than March 10, 2015, documentation from CNB reflecting the balance of CD No. XXXX0331 as of September 30, 2014.

61. A few hours later Jones sent an email to FINRA staff falsely stating that documentation was forthcoming: “Progress again. I still expect to receive a letter [from CNB] for 2015 [values] on Monday [March 9], and a letter for 2014 [values] on Tuesday [March 10]. I don’t think that I will receive any type of statement for the 2014 [values] by Tuesday [March 10].”

62. On Tuesday, March 10, 2015, FINRA staff sent several emails to Jones inquiring about the status of the letters from CNB. In response, Jones falsely stated that she expected to receive both letters on March 11, 2015.

63. On April 23, 2015, FINRA requested that Jones appear and give testimony under oath or affirmation pursuant to FINRA Rule 8210 on May 8, 2015 in FINRA's New Orleans, Louisiana office.

64. On May 8, 2015, Jones appeared for the OTR and was represented by counsel.

65. At the beginning of the OTR, which was conducted under oath or affirmation, FINRA staff advised Jones that her testimony was requested pursuant to FINRA Rule 8210 and that, under FINRA Rule 8210, she was required to answer the staff's questions truthfully and fully, and that her failure to do so could result in disciplinary action against her.

66. During the OTR, Jones falsely testified that:

- (a) CD No. XXXX0331 was purchased in December 2011 and was "rolled over" each year until December 30, 2014;
- (b) KJC elected not to "rollover" CD No. XXXX0331 when it matured on December 30, 2014 and, instead, used the proceeds from that CD to acquire a new CD;
- (c) CD No. XXXX0331 was never pledged or assigned as security for a loan; and
- (d) CD No. XXXX0331 remained in place from December 30, 2011 through December 30, 2014.

67. Immediately following the OTR, FINRA staff asked Jones to sign a letter that FINRA staff had prepared, authorizing CNB to release to FINRA historic balance information for the two CDs.

68. When presented the letter, Jones advised FINRA staff that she wanted to discuss the matter with her attorney in private. A few minutes later, Jones's attorney returned and informed FINRA staff that Jones could not sign the letter because CD No. XXXX0331 did not

exist as of September 30, 2014. Jones and her attorney provided no additional information concerning either CD at that time.

69. On June 15, 2015, FINRA staff sent a letter to Jones's attorney requesting, pursuant to FINRA Rule 8210, that Jones provide information concerning the liquidation or cancellation of CD No. XXXX0331.

70. In a letter to FINRA staff dated June 30, 2015, Jones provided the following inaccurate and misleading statement concerning the liquidation/cancellation of CD No. XXXX0331:

In March 2015, while trying to obtain information and documentary evidence from [CNB] to respond to requests from the [FINRA staff], Ms. Jones learned for the first time from [TF], the CEO and President of [CNB], that the CD was not in place on September 30, 2014. [TF] informed her that the bank had used those funds to pay off Ms. Jones' personal line of credit because she had missed more than one payment on the line. Up until the time of that conversation, the bank had not notified Ms. Jones that the CD would be or had been used to satisfy her line of credit. In fact, Ms. Jones was unaware that could occur because she understood that the line of credit was unsecured. Ms. Jones continued to make payments on her line of credit, still unaware that her line of credit had been satisfied through the CD's proceeds. Ms. Jones has been unable to obtain needed information from [CNB], confirm [TF's] statements that the CD was indeed not in place on September 30, 2014, or establish, if [TF] is correct, the dates that the CD was affected. In December 2014, Ms. Jones renewed the CD with the bank. At that time, she was still unaware the CD had been used to satisfy the loan. At no time between September 30 and December 31, 2014 was Ms. Jones aware the CD had been used to satisfy her loan and did not exist for some period of time. Ms. Jones still does not know exactly when the CD was used to satisfy the loan or exactly when it was replaced and has been unable to obtain information or documents from the bank showing any of these transactions.

71. In fact, Jones knew from the outset of FINRA's 2014 examination that she had pledged CD No. XXXX0331 as security for her line of credit and that CNB had cancelled the CD in March 2014 as a result of her defaulting on the line of credit.

Jones provided inaccurate and misleading information to FINRA regarding the City of Houston OIG's investigation.

72. On November 19, 2014, in connection with FINRA's 2014 cycle examination of KJC, FINRA staff requested that Jones provide information regarding an entry that had been made in KJC's general ledger, reflecting a payment of \$2,500 on August 14, 2014 to the law firm of CW&A for "legal services." FINRA staff requested that Jones provide the information no later than November 25, 2014. Jones did not respond by the requested date.

73. On or about December 11, 2014, while meeting with Jones at KJC's office in Houston, Texas, FINRA staff again requested that Jones provide information concerning the legal services expense.

74. During that meeting, Jones represented to FINRA staff that she had retained CW&A to represent her in connection with an inquiry by the City of Houston, a KJC client, concerning two airline tickets for travel by Jones that appeared to have been purchased with a City of Houston credit card. Jones represented that she did not purchase the airline tickets or even travel on the dates of the flights for which tickets were purchased. She also represented that nothing resulted from the city's inquiry.

75. On December 12, 2014, FINRA staff requested that Jones provide the following information and documents regarding the City of Houston's inquiry: (i) a signed, written statement by Jones detailing the facts and events relating to the City of Houston's inquiry; (ii) all documents received from the city relating to the inquiry; and (iii) a letter from CW&A confirming the circumstances of the city's inquiry and the outcome of the inquiry.

76. On December 23, 2014, Jones provided FINRA staff a letter from attorney CW, dated December 19, 2014, stating:

In August 2014, I was retained by [KJC] on behalf of [Jones] to represent her in a potential legal matter involving the City of Houston. An investigation was conducted by the City of Houston regarding two airplane tickets purchased with a City of Houston credit card in the name of Robbi Jones. After a thorough investigation, it was determined that the City of Houston did not suffer any financial loss and Ms. Jones was cleared of any wrongdoing

77. On February 5, 2015, FINRA staff sent a letter to Jones requesting, pursuant to FINRA Rule 8210, a signed, written statement by Jones explaining the circumstances of the City of Houston's inquiry. The letter requested that Jones provide the signed, written statement no later than February 12, 2015.

78. On February 13, 2015, Jones submitted a signed, written statement in which she represented that the City of Houston's inquiry concerned two airline tickets that Jones had purchased for travel that related to City of Houston business, and that she had provided satisfactory documentation to the city demonstrating that Jones paid for the tickets with KJC funds:

The City of Houston noticed that several plane tickets had been purchased in the name of Robbi J. Jones using a City of Houston debit card The tickets corresponded with dates during which I travelled on City of Houston business. I was asked to provide (again) proof that my travel had been paid for with [KJC] funds. I provided the City with the following: a. Southwest airlines receipt[;] b. United Airlines award usage receipt[; and] c. Redacted [KJC] operating account statement (in support of item 4.a.)[.] I engaged [attorney CW] to interact with the City's legal department, as [KJC] was actively engaged in a transaction with the City's Controller's office. I thought that it would be more professional to keep the two issues separate. [CW] has indicated to me that the City is not seeking further documentation from [KJC].

79. In her statement, Jones claimed that the two airline tickets at issue were: (i) a United Airlines roundtrip ticket that Jones purchased on November 27, 2012, for travel to/from Memphis, Tennessee on November 28 and 29, 2012; and (ii) a Southwest Airlines roundtrip

ticket that Jones purchased on April 18, 2013, for travel to/from Newark, New Jersey on April 23 and 26, 2013.

80. Jones represented in her statement that she purchased the United Airlines roundtrip ticket with frequent-flyer points and purchased the Southwest Airlines roundtrip ticket using KJC's operating account debit card. She also represented that she purchased the tickets to attend bond-pricing meetings that were held in connection with municipal securities offerings by the City of Houston for which KJC was serving as a co-manager.

81. Jones provided the following documents with her statement: (i) a Southwest Airlines ticket-purchase confirmation for the roundtrip ticket to/from Newark; (ii) a copy of the e-ticket for the United Airlines roundtrip flight to/from Memphis; (iii) an April 2013 account statement for KJC's operating account reflecting a payment of \$476.30 to Southwest Airlines on April 18, 2013; (iv) a copy of an agenda for the bond-pricing meeting that was held in Memphis; (v) portions of the offering documents for two City of Houston municipal securities offerings; and (vi) a copy of an email from Jones to the City of Houston Controller's Office dated May 8, 2013, reflecting that Jones provided these same documents to the City of Houston in response to its inquiry.

82. On March 4, 2015, FINRA staff spoke with CM, an official with the City of Houston Controller's Office. CM informed FINRA staff that her office had discovered two instances in which an airline ticket was issued to Jones and paid for with the city's credit card, and that the matter had been referred to the City of Houston Office of Inspector General for investigation.

83. On March 17, 2015, FINRA staff initiated a conference call with Jones to follow up on the information and documents she had provided with her February 13, 2015 statement.

During the call, Jones made the following claims regarding the City of Houston's investigation:

- (a) Jones used her mother's credit card to purchase the airline tickets that were the subject of the City of Houston's inquiry;
- (b) the last four digits of her mother's credit card, coincidentally, are the same as the City of Houston's credit card;
- (c) Jones sent a letter to Southwest Airlines requesting the full 16-digit number of the credit card that Jones used to purchase the tickets;
- (d) a competing financial advisor, with a contact in the City of Houston Controller's Office, was responsible for the airline-ticket charges that were made to the city's credit card and the purpose was to put Jones out of business;
- (e) Jones filed a police report for "identity theft" in connection with the incident but does not have a copy of the report she filed; and
- (f) the airline-ticket charges to the City of Houston's credit card were ultimately reversed by the credit card company.

84. On March 17, 2015, shortly after the conference call with FINRA staff, Jones sent an email to FINRA staff attaching a copy of an invoice for a Southwest Airlines one-way ticket for travel from Chicago to Houston on April 13, 2014. The invoice reflected that the ticket was purchased on April 13, 2014 for \$455.90 with a credit card having the last four digits, 2907. The invoice also reflected that the credit card information was "Received From: [GJ]," who is Jones's mother.

85. A few minutes later Jones sent a second email to FINRA staff, attaching a copy of an unsigned letter that she claimed to have sent to the Office of General Counsel of Southwest Airlines on June 6, 2014. In the letter, Jones requests that Southwest Airlines provide her the complete 16 digits of the credit card that was used to purchase the following two tickets: (i) ticket no. 526-2122023165, purchased on September 20, 2012 for travel on September 21 and 23, 2012, and (ii) ticket no. 526-2469122633, purchased on April 13, 2013 for travel on April 13, 2013. Jones stated in her email to FINRA staff that she would provide a signed copy of the letter as soon as possible.

86. Jones did not subsequently provide a signed copy of the letter or any evidence that she had actually sent the letter.

At an OTR, Jones gave false testimony regarding the City of Houston OIG's investigation and refused to answer certain questions relating to her claim, that she used her mother's credit card to purchase the airline tickets that were the subject of the City of Houston OIG's investigation.

87. On April 23, 2015, FINRA requested that Jones appear and give testimony under oath or affirmation pursuant to FINRA Rule 8210 on May 8, 2015 in FINRA's New Orleans, Louisiana office.

88. On May 8, 2015, Jones appeared for the OTR and was represented by counsel.

89. At the beginning of the OTR, which was conducted under oath or affirmation, FINRA staff advised Jones that her testimony was requested pursuant to FINRA Rule 8210 and that, under FINRA Rule 8210, she was required to answer the staff's questions truthfully and fully, and that her failure to do so could result in disciplinary action against her.

90. During the OTR, Jones testified regarding the City of Houston OIG's investigation as follows:

- (a) the OIG inquired about five airline-ticket purchases, which included: (i) a roundtrip ticket on United Airlines purchased on November 28, 2012 for travel to/from Memphis, Tennessee on November 28 and 29, 2012; (ii) a roundtrip ticket on Southwest Airlines purchased on April 18, 2013 for travel to/from Newark, New Jersey on April 23 and 26, 2013; (iii) a one-way ticket on Southwest Airlines purchased on April 13, 2013 for travel from Chicago to Houston on April 15, 2013; (iv) a one-way ticket on Southwest Airlines purchased on April 13, 2013 for travel from Houston to Chicago on or about April 15, 2013; and (v) a roundtrip ticket on Southwest Airlines purchased sometime in 2012 for travel to/from Birmingham, Alabama;
- (b) the OIG's investigation ultimately focused on the Southwest Airlines roundtrip ticket to/from Birmingham and the Southwest Airlines one-way ticket from Chicago to Houston;
- (c) she purchased both of those tickets using her mother's credit card;
- (d) the travel to/from Birmingham and the travel from Chicago to Houston was not related to any business for the City of Houston;
- (e) she was told by the City of Houston OIG that the last four digits of her mother's credit card are the same as the last four digits of the City of Houston's credit card;
- (f) the OIG asked Jones to provide the complete 16 digits of her mother's credit card, in order to confirm that she had in fact purchased the airline tickets with her mother's credit card;

- (g) she was unable to provide a copy of her mother's credit card because her mother destroyed the card when it expired sometime in 2013;
- (h) she was unable to obtain the complete 16 digits of her mother's credit from either Southwest Airlines or the financial institution that had issued her mother's credit card; and
- (i) she did not receive a letter or any documents from the OIG informing her of the outcome of the OIG's investigation.

91. During the OTR, FINRA staff asked Jones if she could obtain copies of the credit card statements that would reflect her purchases of the Southwest Airlines tickets. Jones testified that her mother had retained some statements but not for the months in which Jones had purchased the tickets.
92. FINRA staff then asked Jones whether her mother was still alive. Jones refused to answer the question, stating that she would not answer any "personal" questions about herself or members of her family.
93. FINRA staff explained to Jones the reason for the question: if her mother is still alive, then perhaps she can request from the credit card company copies of the statements for the months in which Jones purchased the airline tickets. FINRA staff then asked Jones, again, whether her mother was still alive. Jones, again, refused to answer the question.
94. Six weeks before Jones's OTR, during a telephone conversation with FINRA staff, Jones made a statement suggesting that her mother had recently died.
95. During the OTR, FINRA staff asked Jones whether she had previously represented to FINRA staff that her mother had died. Jones refused to answer the question, stating that she would not answer any questions about her mother.

96. Jones's testimony at the OTR that she had received no letter or document from the City of Houston OIG indicating the outcome of its investigation was false. The City of Houston OIG sent a letter to Jones on June 16, 2014 informing her that the OIG had completed its investigation and had concluded that Jones was "responsible for unauthorized use of the City's [credit] card on two occasions to book flights . . . for non-City business."

FIRST CAUSE OF ACTION
Materially Inaccurate FOCUS Reports and Inaccurate Books and Records
(Section 17(a) of the Exchange Act, Exchange Act Rules 17a-3 and 17a-5
thereunder, and FINRA Rules 4511 and 2010)
(Respondents Jones and KJC)

97. Paragraph numbers 4 through 33, above, are realleged and incorporated herein by reference.
98. Exchange Act Rule 17a-3 requires member firms to make and keep ledgers reflecting all assets and liabilities, income and expense and capital accounts.
99. Exchange Act Rule 17a-5 requires member firms to make and file periodic FOCUS Reports.
100. FINRA Rule 4511(a) requires that "[m]embers shall make and preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules."
101. 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."
102. At all times relevant to this Complaint, KJC's written supervisory procedures designated Jones as the Firm's FINOP.
103. At all times relevant to this Complaint, KJC's written supervisory procedures designated the FINOP as the individual responsible for preparing and maintaining KJC's financial books and records.
104. At all times relevant to this Complaint, KJC's written supervisory procedures designated the FINOP as the individual responsible for preparing and filing all required financial reports for the Firm.

105. At all times relevant to this Complaint, Jones was aware that CNB had cancelled CD No. XXXX0331 on or about March 5, 2014.
106. Jones did not record the CD's cancellation in KJC's financial books and records but, instead, continued to reflect CD No. XXXX0331 as a current asset of the Firm through December 30, 2014, when Jones acquired CD No. XXXX0577.
107. Jones's failure to record the cancellation of CD No. XXXX0331 in KJC's financial books and records caused KJC's books and records to be inaccurate by including a non-existent asset.
108. In addition, between April 22, 2014 and February 3, 2016, Jones filed, or caused to be filed, materially inaccurate FOCUS Reports in which the cancelled CD No. XXXX0331 was reported as an "exempted" security (an allowable asset) with a current value of \$70,313, which also inflated its reported net capital.
109. As a result of this conduct, Jones violated FINRA Rules 4511 and 2010 and caused KJC to willfully violate Section 17(a) of the Exchange Act, Rules 17a-3 and 17a-5 thereunder, and FINRA Rules 4511 and 2010.

SECOND CAUSE OF ACTION
Providing Inaccurate and Misleading Information and Documents to FINRA
(FINRA Rule 2010)
(Respondent Jones)

110. Paragraph numbers 4 through 96, above, are realleged and incorporated herein by reference.
111. 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."
112. An associated person violates FINRA Rule 2010 by providing inaccurate and misleading information, documents, or testimony to FINRA.
113. At all times relevant to this Complaint, Jones was aware that CNB had cancelled CD No. XXXX0331 on or about March 5, 2014.

114. Jones sought to conceal that fact from FINRA staff by providing inaccurate and misleading information and documents in response to FINRA staff's requests for confirmation of the CD's purported \$70,313 balance as of September 30, 2014 — specifically:

- (a) On November 25, 2014, Jones knowingly provided inaccurate and misleading information and documents to FINRA staff in response to a request that she provide, among other things, proof of all allowable assets claimed by KJC as of September 30, 2014. Specifically, Jones provided a balance sheet and a general ledger in which CD No. XXXX0331 was reflected as a current asset with a balance of approximately \$70,313 as of September 30, 2014.
- (b) On December 11, 2014, Jones knowingly provided inaccurate and misleading information and documents to FINRA staff in response to a request that she provide a general ledger covering the period, January 1, 2012 through October 31, 2014. Specifically, Jones provided a general ledger in which CD No. XXXX0331 was reflected as a current asset with a balance of approximately \$70,313 as of October 31, 2014.
- (c) On or about December 11, 2014, Jones knowingly provided inaccurate and misleading information to FINRA staff in response to a request that she identify the basis for the claimed \$70,313 of "exempted" securities as reported in KJC's FOCUS Report for September 2014. Specifically, Jones falsely represented that the "exempted" securities entry reflected the balance of a CD that currently KJC owned.
- (d) On December 18, 2014, Jones knowingly provided inaccurate and misleading information and documents to FINRA staff in response to a request that she

provide documentation confirming the reported \$70,313 balance of CD No. XXXX0331 as of September 30, 2014. Specifically, Jones represented that CNB could not provide a balance statement for the specific date, September 30, 2014, but that CNB could provide a “screen shot” reflecting that information. However, as Jones knew, CNB could not provide a balance statement, “screen shot,” or any other document that would reflect a balance for CD No. XXXX0331 for any date after March 5, 2014.

- (e) On December 19, 2014, Jones knowingly provided inaccurate and misleading information and documents to FINRA staff in response to a request that she provide documentation confirming the reported \$70,313 balance of CD No. XXXX0331 as of September 30, 2014. Specifically, Jones provided a copy of a “screen shot” that reflected the balance of CD No. XXXX0331 on December 30, 2011, December 28, 2012, and December 30, 2013. CNB could not provide a balance statement, “screen shot,” or any other document that would reflect a balance for CD No. XXXX0331 for any date after March 5, 2014.
- (f) On December 26, 2014, Jones knowingly provided inaccurate and misleading information to FINRA staff in response to a request that she provide documentation confirming the reported \$70,313 balance of CD No. XXXX0331 as of September 30, 2014. Specifically, Jones sent an email to FINRA staff describing steps that she was purportedly taking to obtain information and/or documents from CNB reflecting the balance of CD No. XXXX0331 as of September 30, 2014, but Jones omitted mentioning in her email that the CD had been cancelled on March 5, 2014, and, therefore, CNB could not provide a

statement, "screen shot," or any other document reflecting a balance for CD No. XXXX0331 for any date after March 5, 2014.

- (g) On January 11, 2015, Jones knowingly provided inaccurate and misleading information to FINRA staff concerning CD No. XXXX0331. Specifically, Jones falsely represented in an email to FINRA staff that KJC had elected not to renew CD No. XXXX0331 when it matured in December 2014 and, instead, had decided to use the proceeds of CD No. XXXX0331 to purchase a new CD in the amount of \$70,000, and that CNB was sending KJC a check for the accumulated interest from CD No. XXXX0331 (approximately \$313). In fact, CD No. XXXX0331 did not exist in December 2014, and Jones did not use the proceeds from CD No. XXXX0331 to purchase the second CD on December 30, 2014. The proceeds from CD No. XXXX0331 were used by CNB in March 2014 to satisfy the outstanding balance of Jones's line of credit with CNB on which she had defaulted. Jones purchased the second CD with \$70,000 that she simultaneously borrowed from CNB on December 30, 2014.
- (h) On February 24, 2015, Jones knowingly provided inaccurate and misleading information to FINRA staff in response to a request that she provide information regarding the early-withdrawal penalty provision for the CD that was in place on September 30, 2014. Specifically, Jones sent an email to FINRA staff claiming that she had requested and was awaiting that information from CNB, though Jones was aware that the CD did not exist as of September 30, 2014.
- (i) On March 2, 2015, Jones knowingly provided inaccurate and misleading information to FINRA staff in response to a request that she provide a "screen

shot” reflecting the balance of CD No. XXXX0331 as of September 30, 2014.

Specifically, Jones sent an email to FINRA staff indicating that she would contact CNB about obtaining the requested “screen shot,” though Jones was aware that the CD did not exist as of September 30, 2014.

- (j) On March 3, 2015, Jones knowingly provided inaccurate and misleading information to FINRA staff in response to a request that she provide a “screen shot” reflecting the balance of CD No. XXXX0331 as of September 30, 2014. Specifically, Jones sent an email to FINRA staff describing the efforts that she was making to obtain the requested “screen shot,” though Jones was aware that the CD did not exist as of September 30, 2014.
- (k) On March 4, 2015, Jones knowingly provided inaccurate and misleading information to FINRA staff in response to a request that she provide an update on her efforts to obtain documentation from CNB reflecting the balance of CD No. XXXX0331 as of September 30, 2014. Specifically, Jones sent an email to FINRA staff in which she represented that she was requesting that CNB provide a letter confirming the balance of CD No. XXXX0331 as of September 30, 2014, October 31, 2014, and November 30, 2014, though Jones was aware that the CD had been cancelled on or about March 5, 2014.
- (l) On March 5, 2015, Jones knowingly provided inaccurate and misleading information to FINRA staff concerning her purported efforts to obtain balance information for CD No. XXXX0331. Specifically, Jones sent an email to FINRA staff claiming that CNB was unable to “retroactively” generate a “screen shot” reflecting the balance of the CD on a prior date, when in fact, the reason CNB

could not provide balance information for September 30, 2014 was because the CD did not exist on that date.

- (m) On March 6, 2015 and March 10, 2015, Jones knowingly provided inaccurate and misleading information to FINRA staff in response to a request that Jones provide documentation from CNB reflecting the balance of CD No. XXXX0331 as of September 30, 2014. Specifically, on March 6, 2015 Jones sent an email to FINRA staff falsely stating that she expected to receive on March 9, 2015 a letter from CNB confirming the \$70,313 balance for CD No. XXXX0331 for the months of September, October and November 2014. And on March 10, 2015, Jones sent an email to FINRA staff falsely stating that she expected to receive the letter on March 11, 2015.

115. Jones also provided false and misleading information to FINRA staff in response to requests for information concerning the City of Houston OIG's investigation — specifically:

- (a) on a number occasions prior to March 17, 2015, Jones represented the matter as an inquiry by the City of Houston or the city's Controller's Office, when in fact the matter was an investigation by the City of Houston's OIG;
- (b) on or about December 11, 2014, Jones falsely represented to FINRA staff that she did not travel on the dates of the flights that were the subject of the City of Houston's investigation and that nothing became of that investigation; and
- (c) on December 23, 2014, Jones provided a letter from attorney CW that falsely stated in regards to the City of Houston's investigation that Jones was cleared of any wrongdoing.

116. Additionally, on March 25, 2015, Jones falsely represented to FINRA staff that her mother had recently died.

117. As a result of this conduct, Jones violated FINRA Rule 2010.

THIRD CAUSE OF ACTION
Providing Inaccurate and Misleading Information, Documents, and Testimony in Response
to Requests Made Pursuant to FINRA Rule 8210
(FINRA Rules 2010 and 8210)
(Respondent Jones)

118. Paragraph numbers 4 through 96, above, are realleged and incorporated herein by reference.

119. FINRA Rule 8210 requires member firms and associated persons to respond timely, accurately and truthfully to requests for information and documents.

120. By violating FINRA Rule 8210 an associated person also violates FINRA Rule 2010.

121. On February 5, 2015, FINRA staff requested, pursuant to FINRA Rule 8210, that Jones provide a signed, written statement explaining the circumstances of the City of Houston's inquiry regarding the airline-ticket purchases. In response to that request Jones provided a signed, written statement on February 13, 2015 in which she misrepresented the particular airline tickets that were the subject of the inquiry, and in which she failed to disclose that the City of Houston's inquiry was actually an investigation by the City of Houston OIG and that the OIG had notified Jones on June 16, 2014 that the OIG had completed its investigation and had concluded that Jones was "responsible for unauthorized use of the City's [credit] card on two occasions to book flights . . . for non-City business."

122. On April 23, 2015, FINRA staff requested that Jones appear and give testimony under oath or affirmation pursuant to FINRA Rule 8210 on May 8, 2015 at FINRA's New Orleans, Louisiana office. During that OTR, Jones falsely testified that: (i) CD No. XXXX0331 was "rolled over" each year until December 2014; (ii) KJC had elected not to renew CD No. XXXX0331 when it

matured on December 30, 2014 and, instead, used the proceeds of CD No. XXXX0331 to purchase a new CD; (iii) CD No. XXXX0331 was never pledged as security for a loan; (iv) CD No. XXXX0331 was in place from December 30, 2011 through December 30, 2014; and (v) she had not received any letter or documents from the City of Houston OIG reflecting the outcome of its investigation concerning the airline-ticket purchases.

123. On June 15, 2015, FINRA staff requested, pursuant to FINRA Rule 8210, that Jones provide information regarding the liquidation/cancellation of CD No. XXXX0331. In response to that request, Jones falsely stated that she first learned in March 2015 that: (i) CD No. XXXX0331 was not in place on September 30, 2014 and (ii) her line of credit with CNB was secured by CD No. XXXX0331. She also falsely claimed that, between September 30, 2014 and December 31, 2014 she had no knowledge that CD No. XXXX0331 had been used to satisfy her loan.

124. As a result of this conduct, Jones violated FINRA Rules 2010 and 8210.

FOURTH CAUSE OF ACTION

Refusal to Respond to Requests for Information Made Pursuant to FINRA Rule 8210 (FINRA Rules 2010 and 8210) (Respondent Jones)

125. Paragraph numbers 4 through 9 and 72 through 96, above, are realleged and incorporated herein by reference.

126. On April 23, 2015, FINRA staff requested that Jones appear and give testimony under oath or affirmation pursuant to FINRA Rule 8210 on May 8, 2015 at FINRA's New Orleans, Louisiana office. During that OTR, Jones refused to respond to FINRA staff's requests for information concerning her mother's living status and whether Jones had previously represented to FINRA staff that her mother had recently died.

127. As a result of this conduct, Jones violated FINRA Rule 2010 and 8210.

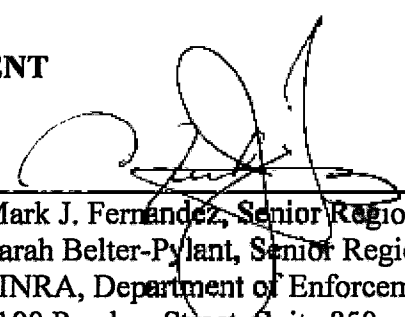
RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondents 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 Respondents bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330; and
- D. make specific findings that Respondent KJC willfully violated Section 17(a) of the Exchange Act and Rules 17a-3 and 17a-5 thereunder.

FINRA DEPARTMENT OF ENFORCEMENT

Date: April 24, 2017



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