

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2015047008702**

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

RE: Jeffrey D. Jacobson, Respondent
CRD No. 1976541

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

Jacobson entered the securities industry in 1992. He has been registered with FINRA or its predecessor as a general securities representative since 1993, a general securities principal since 2001, and an operations professional since 2011. Since 2002 he has been associated with Dougherty & Company, LLC (CRD No. 7477) ("Dougherty").

RELEVANT DISCIPLINARY HISTORY

Jacobson does not have any relevant disciplinary history.

OVERVIEW

For more than four years, Jacobson did not adequately supervise a representative who initiated hundreds of trades for two elderly customers without contacting them, and unsuitably recommended dozens of transactions to those customers. As a result, Jacobson violated NASD Rule 3010 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

From 2010 until June 2014, one of Dougherty's top producers ("Representative") initiated trades for two elderly customers without contacting them on hundreds of occasions, and Representative recommended unsuitable trading strategies—short-term trading in corporate and municipal bonds and unnecessary uses of margin—to those customers on dozens of occasions.

Jacobson was primarily responsible for supervising Representative's trading activity, although he was not responsible for approving Representative's trades of municipal bonds. Jacobson did not adequately investigate warning signs, such as the customers' repeated appearances on certain monthly exception reports addressing accounts with high levels of trading activity. He never communicated with one of the customers in any way, and he never spoke with the other customer, relying instead on "activity letters" that did not adequately describe Representative's trading activity or adequately inform the customer about the concerns that prompted the letters. He also did not alert any other supervisory personnel about Representative's trading activity.

Before December 1, 2014, NASD Rule 3010(a)(5) required firms to assign "each registered person to an appropriately registered representative(s) and/or principal(s) who shall be responsible for supervising that person's activities." Violating NASD Rule 3010 also violates FINRA Rule 2010, which provides that "[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade" and applies to people who are associated with a member.

By failing to adequately supervise Representative's trading activity, Jacobson violated NASD Rule 3010 and consequently FINRA Rule 2010.

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

- Suspension of fifteen business days in a principal capacity
- Fine of \$7,500

I understand that if I am suspended from associating with any FINRA member in a principal capacity, 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 a principal capacity during the period of the suspension (see FINRA Rules 8310 and 8311). Furthermore, because I am subject to a statutory disqualification during the suspension, if I remain associated with a member firm in a non-suspended capacity, an application to continue that association may be required.

I agree to pay the fine imposed in this matter upon notice that this AWC has been accepted and that such payment is due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the fine.

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.

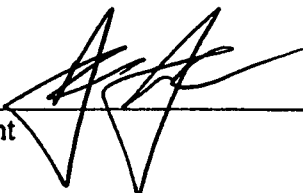
OTHER MATTERS

I understand that:

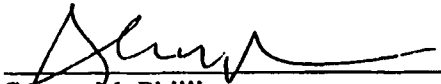
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will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

08/19/ 2016
Date (mm/dd/yyyy)


Respondent

Reviewed by:



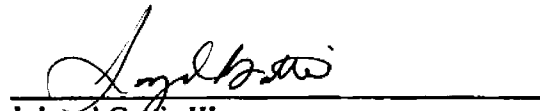
Steven M. Phillips

Counsel for Respondent
Anthony Ostlund Baer & Louwagie
90 South Seventh Street, Suite 3600
Minneapolis, Minnesota 55402
612-349-6969

Accepted by FINRA:

10/18/2016
Date

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



J. Loyd Gattis III
Principal Regional Counsel
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