

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2016050028401**

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

**RE:** Jermaine Joseph, Respondent  
Former Registered Representative  
CRD No. 6056737

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**

Respondent Jermaine Joseph ("Joseph") was registered with PFS Investments, Inc. ("PFS" or "the Firm") as a Limited Representative (Series 6) from March 2013 through February 2015 and again from June 2015 through May 2016. While registered with PFS (and during the gap in his registration), Joseph was also employed as a life insurance agent with PFS's affiliated insurance company. PFS terminated Joseph's registration by means of a Form U5 filed on May 17, 2016. Although Joseph is no longer associated with a FINRA member firm, FINRA retains jurisdiction over him pursuant to Article V, Section 4, of FINRA's By-Laws.

**OVERVIEW**

Joseph, contrary to Firm policy and procedures, served as the personal representative of a customer (the "Customer") in wills dated September 2015 and April 2016 and served as a representative payee with the Social Security Administration for a second individual who was not a PFS customer (the "Non-

Customer”) from at least June 2015 through May 2016. In March 2016, Joseph commingled more than \$30,000 of the Customer’s funds with his own funds by depositing a check from the Customer into an account he controlled. In April 2016, Joseph made false statements to PFS in connection with the Firm’s investigation of his relationship with the Customer. In November 2013, Joseph failed to disclose the existence of an outside securities account he opened and in which he traded. And, in January 2014, Joseph submitted a false compliance attestation to PFS in which he attested that he had opened no outside securities accounts. By virtue of the foregoing, Joseph violated FINRA Rule 2010 and NASD Rule 3050(c).<sup>1</sup>

### **FACTS AND VIOLATIVE CONDUCT**

#### **1. Serving As Personal Representative Contrary to Firm Policy**

PFS’s written supervisory procedures (“WSPs”) provided that, except in limited circumstances not applicable here, associated persons were prohibited from serving as a trustee, custodian, executor, or power of attorney for any other person without prior written notice to, and permission from, the Firm. Contrary to this policy and without notice to or permission from the Firm, in September 2015 and April 2016, Joseph served as personal representative in two wills executed by the Customer; and, from at least June 2015 through April 2016, Joseph served as a representative payee for the Non-Customer with the Social Security Administration, meaning that he received payments on behalf of the Non-Customer.

FINRA Rule 2010 requires associated persons to observe high standards of commercial honor and just and equitable principles of trade. Circumventing firm procedures by failing to disclose fiduciary and beneficiary appointments is a violation of Rule 2010.

By virtue of the conduct described above, Joseph violated FINRA Rule 2010.

#### **2. Commingling Customer Funds**

On March 30, 2016, Joseph deposited a \$30,000 check from the Customer for an investment into an account he was using as his personal checking account and which contained his own funds. Although the Customer knew of and consented to the deposit, commingling customer funds with personal funds violates FINRA Rule 2010.

By virtue of the conduct described above, Joseph violated FINRA Rule 2010.

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<sup>1</sup> NASD Rule 3050 was superseded by FINRA Rule 3210, effective April 3, 2017.

**3. Making False Statements to His Firm**

On or about April 21, 2016, while being questioned by PFS about his relationship with the Customer, Joseph denied serving as her executor or personal representative and said that none of the \$30,000 check she gave him had been spent. These statements were false. Joseph was listed as personal representative on the Customer's April 16, 2016 will, and \$2,000 of the Customer's money had been spent.

By making false statements to his Firm, Joseph violated FINRA Rule 2010.

**4. Failing to Disclose Outside Securities Account**

While associated with PFS, Joseph opened a securities account at another FINRA member firm on November 7, 2013. He began trading in that account on December 2, 2013. He did not report the opening of this account to PFS prior to opening the account or his initial order to purchase securities.

NASD Rule 3050(c) provided, in relevant part, that associated persons were required to notify in writing their employing members prior to opening an account or placing an initial order for the purchase or sale of securities with another member.

By failing to provide the required notice to the Firm, Joseph violated NASD Rule 3050(c) and FINRA Rule 2010.

**5. Submitting False Compliance Attestation**

On January 3, 2014, Joseph completed a PFS Attestations and Representations for Registered Representatives ("Compliance Attestation"). In that Compliance Attestation, Joseph answered "No" to a question asking, "Have you opened an outside Brokerage Account for which PFSI has not been notified?" This attestation was false, because, as described above Joseph had opened a brokerage account with another FINRA member on November 7, 2013 and had not notified the Firm of its opening.

By virtue of the conduct described above, Joseph violated FINRA Rule 2010.

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

A bar from associating with any FINRA member in any capacity.

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. A bar or expulsion shall become effective upon approval or acceptance of this AWC.

## **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**

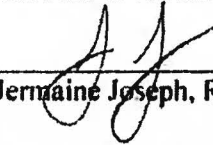
I understand that:

- 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.

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 understand and acknowledge that FINRA does not represent or advise me and I cannot rely on FINRA or FINRA staff members for legal advice; 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.

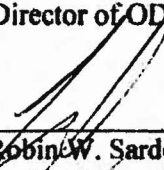
12/01/2017  
Date (mm/dd/yyyy)

  
Jermaine Joseph, Respondent

Accepted by FINRA:

12/1/17  
Date

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

  
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