

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2018058642601**

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

RE: Steven Jun Lu, Respondent
Investment Company and Variable Contracts Products Representative
CRD No. 6856088

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Steven Jun Lu submits 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, 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

Lu entered the securities industry in September 2017. In October 2017, he became registered with FINRA as an Investment Company and Variable Contracts Products Representatives through an association with J.P. Morgan Chase Securities LLC ("JPMS" or the "Firm"). Lu also worked as a relationship banker for J.P. Morgan Chase Bank, N.A. ("Chase Bank") at its Altadena, California branch. Lu remained with the Firm until his voluntary termination on April 13, 2018. In an Amended Form U5, dated May 11, 2018, JPMS reported that Lu had "voluntarily resigned while under internal review for accompanying an elderly customer to affiliate bank branches, allegedly attempting to open an affiliate bank account with the registered rep as a co-trustee and beneficiary on the account." Although he is no longer associated with a FINRA member firm, Lu remains subject to FINRA's jurisdiction until May 11, 2020, pursuant to Article V, Section 4(a) of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Respondent does not have any disciplinary history with the Securities and Exchange Commission, any state securities regulators, FINRA, or any other self-regulatory organization.

OVERVIEW

Days after meeting by happenstance MP, an elderly woman exhibiting signs of dementia, Lu entered into a power of attorney with MP naming him as attorney-in-fact with broad powers over MP's financial affairs and to appoint him as co-trustee over her assets. In the trust agreement, Lu was also named as the beneficiary of 75 percent of MP's estate. Lu's actions violated the Firm's written supervisory procedures, which prohibited registered representatives from serving as a fiduciary for non-family members. Lu also made multiple attempts to open an account for MP's trust at Chase Bank, an affiliate of the Firm, repeatedly lying to the Firm and bank personnel about his relationship with MP. By engaging in this misconduct, Lu violated FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 2010 states, "[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade." Rule 2010 is a broad ethical provision, and FINRA's authority to pursue discipline for violations of FINRA Rule 2010 encompasses unethical, business-related conduct, regardless of whether it involves a security. An associated person who fails to follow firm procedures or who lies to his firm violates FINRA Rule 2010.

JPMS's written supervisory procedures allowed its registered representatives to act as a fiduciary, including as trustee or personal representative, for only family members. Furthermore, the Code of Conduct for the Firm and Chase prohibited employees from participating in transactions involving anyone with whom the employee or the employee's family had a significant personal connection.

On March 17, 2018, Lu first met MP, an 87-year old retiree living alone, when she entered the Altadena, California, Chase bank branch where he worked. MP was holding account statements from a bank other than Chase and asked to speak to someone because she had questions about her account. At that time, MP was not a customer of the Firm or Chase, and was visibly confused when she met Lu.

Instead of taking MP to a branch of the other bank, calling the bank or otherwise helping her with her account at the other bank, on March 21, 2018, Lu met with another JPMS broker to discuss moving MP's investment accounts at another institution to the Firm. Lu told the other broker that MP was a close family friend who wanted to open an account and to name him as trustee on the account. After conferring with his manager, the other broker declined to open the account.

Lu shortly thereafter took MP to an attorney so she could execute documents giving him power over her financial affairs. While at the attorney's office, with Lu present, MP entered into a durable power of attorney, naming Lu as attorney-in-fact with broad powers to manage MP's financial affairs. The power of attorney included a provision allowing Lu to make gifts to himself of the greater of \$5,000 or five percent of MP's assets. MP also entered into a trust agreement in which she appointed herself and Lu as

co-trustees. The terms of the trust agreement gave Lu the authority to withdraw trust funds from any trust account. Pursuant to the terms of the trust agreement, Lu also stood to inherit 75 percent of the trust assets upon MP's death.

Thereafter, Lu made two attempts to open accounts at Chase for MP's trust that he would control. In his attempts to open the accounts, Lu made multiple misrepresentations to JPMS and Chase employees. Lu twice told JPMS brokers that MP was a close family friend. Lu also told a Firm employee that MP was a good friend of his mother. This was not true.

After a Chase employee questioned him about the nature of his relationship with MP and his Chase supervisor instructed him to stop trying to open a trust account for MP, Lu told his bank supervisor that a Code of Conduct specialist gave him permission to open the account, which was not true. Lu also failed on multiple occasions to tell Firm or Chase employees that he was the 75 percent beneficiary of the trust upon MP's death.

Lu's attempts to open an account for MP were escalated within Chase, and its internal investigations group questioned Lu about his repeated attempts to open trust accounts for MP. During that call, Lu resigned and refused to answer any questions. The investigations group reported the matter to state government authorities, who subsequently appointed a guardian for MP and brought legal action to revoke the power of attorney and trust agreement. Within six months after meeting Lu, MP was diagnosed with Alzheimer's disease.

By virtue of the foregoing, Respondent violated FINRA Rule 2010.

B. Respondent also consents to the imposition of the following sanctions:

- Bar from associating with any FINRA member in any capacity.

The sanctions imposed herein shall be effective on a date set by FINRA staff. A bar shall become effective upon approval or acceptance of this AWC.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, he 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.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against him;
- 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, Respondent specifically and voluntarily waives 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.

Respondent further specifically and voluntarily waives 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

Respondent understands 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 Respondent; and

C. If accepted:

1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
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. Respondent 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. Respondent 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 Respondent's: (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.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's provisions voluntarily; and 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 him to submit this AWC.

04/01/2020

Date



Steven Jun Lu
Respondent

Reviewed by:



Dan E. Chambers
Counsel for Respondent
Chambers Law Firm, P.C.
404 West 4th Street, Suite L
Santa Ana, CA 92701

Accepted by FINRA:

April 7, 2020

Date

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



Kevin E. Pogue
Senior Counsel
FINRA
Department of Enforcement
Brookfield Place, 200 Liberty Street
New York, N.Y. 10281-1003

If you have any questions concerning this matter, please call Kevin E. Pogue at (212) 416-1733.



Kevin E. Pogue
Senior Counsel

Enclosure