

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020066649301**

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

RE: Edward D. Jones & Co., L.P. (Respondent)
Member Firm
CRD No. 250

Pursuant to FINRA Rule 9216, Respondent Edward D. Jones & Co., L.P. (Edward Jones) 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 in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Edward Jones is a full-service retail broker-dealer that has been a member of FINRA or its predecessor since 1939. As of September 2022, Edward Jones had approximately 22,000 registered persons and 15,000 branch offices.¹

OVERVIEW

From May 2017 to March 2021, Edward Jones failed to timely or completely produce certain phone records responsive to FINRA document requests in ten separate FINRA investigations. In certain responses during this period, the firm also inaccurately represented to FINRA that phone records older than 18 months were not available, even though that was not the case. The firm also failed to promptly alert FINRA once it learned of its production failures. By reason of the foregoing, Edward Jones violated FINRA Rules 8210 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from one of the Enforcement investigations described herein.

¹ For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

FINRA Rule 8210(a)(1) requires member firms “to provide information orally, in writing, or electronically . . . with respect to any matter involved in the investigation, complaint, examination, or proceeding.” Rule 8210(a)(2) requires member firms to permit the inspection and copying of the member’s books and records with respect to any matter involved in the investigation, complaint, examination, or proceeding. Rule 8210(c) provides that “[n]o member or person shall fail to provide information . . . or to permit an inspection and copying of books, records, or accounts pursuant to this Rule.” Failing to respond to a Rule 8210 request in a timely manner, providing a partial but incomplete response, or providing an inaccurate response is a violation of Rule 8210.

Rule 8210 is essential to FINRA’s ability to investigate possible misconduct by its members and associated persons. *Scienter* is not a required element of a Rule 8210 violation.

FINRA Rule 2010 requires members to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business. Violating Rule 8210 also violates Rule 2010. In addition, untimely, incomplete, or inaccurate responses to FINRA’s requests for information not sent pursuant to FINRA Rule 8210 separately violate FINRA Rule 2010.

Edward Jones failed to timely, completely, and accurately respond to certain FINRA requests for call detail records.

In February 2017, the firm implemented a policy of purging (*i.e.*, deleting) call detail records older than 18 months from the internal network drive where such records were stored (Location A). The call detail records were logs showing phone calls made to a branch landline, including the number originating or receiving the call, the time and date of the call, and the duration of the call.² Location A was where the firm typically searched for call detail records responsive to regulatory, litigation and arbitration requests.

At the time the firm implemented the purge protocol, the firm was aware that call detail records were also stored in a separate location for use with an analytics tool for business planning, not retention or production, purposes (Location B). Although the firm decided that it would not apply the purge protocol to the call detail records contained in Location B, it did not search, or implement a procedure to search, Location B when responding to document requests for call detail records that went back in time more than 18 months.

From May 2017 to March 2021, Edward Jones received or had pending document requests from FINRA seeking call detail records going back in time more than 18 months in ten separate investigations. Five of the investigations requested the documents pursuant to FINRA Rule 8210, and five of the investigations made requests without citing Rule 8210. The investigations involved allegations of potential misconduct, including unauthorized trading, discretionary trading, and excessive trading. In responding to these

² Call detail records are not required broker-dealer books and records pursuant to Rules 17a-3 and 17a-4 of the Securities Exchange Act of 1934.

requests, the firm failed to search Location B, which contained call detail records older than 18 months and thus housed responsive documents. In addition, in eight of the investigations, the firm inaccurately represented in the text of its responses or in a legend attached to its productions, that records older than 18 months were not available.

In July 2019, members of the firm's group responsible for responding to regulatory requests learned of Location B, realized that Edward Jones should be searching Location B when responding to certain requests for call detail records, and understood that it was likely that some of Edward Jones's past responses to requests from regulators and others were incomplete. Notwithstanding the firm's awareness of this issue in July 2019, the firm failed to fulfill its obligations, as follows:

First, in two of the FINRA investigations, one in 2019 and one in 2020, the firm failed to search Location B for call detail records despite receiving new requests calling for such records after July 2019 that extended back more than 18 months. In both instances, responsive documents that should have been produced were in Location B. In addition, in both instances, the firm continued to include a legend attached to its productions of call detail records stating that only 18 months of phone records were available.

Second, the firm failed to promptly advise FINRA of its production failures, doing so only in March 2020, eight months after learning of the issue, and after FINRA Enforcement staff raised questions about what appeared to be an incomplete production of phone records in another matter it was then investigating.

Third, the firm failed to identify all affected investigations where its responses were likely incomplete until more than a year after discovery of the issue and failed to contact most affected parties until more than two years after discovery of the issue. Notably, five of the FINRA investigations that had called for call detail records greater than 18 months old were still pending in July 2019. Although the firm had an obligation under Rule 8210 to supplement its prior responses once it learned that such responses were incomplete, it failed promptly to do so.

Edward Jones failed to preserve certain responsive call detail records from Location A during the pendency of regulatory requests.

After February 2017, in seven FINRA investigations, the firm also failed to make a complete production of call detail records from Location A, which was the firm's source for production of such records during that time. In these investigations, although the firm received a request for call detail records going back 18 months or more, it did not take action to prevent responsive records from being deleted pursuant to the firm's purge protocol. As a result, call detail records continued to be purged between the time the firm received the request and the time that members of the firm's response team pulled the records from Location A, which resulted in responsive records being deleted and not included in the firm's response.³ Depending on the delays involved, the amount of missing call detail records ranged from several days to several weeks.

³ The documents separately existed in Location B.

By reason of the foregoing, Edward Jones violated FINRA Rules 8210 and 2010.

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

- a censure;
- a \$1.1 million fine; and
- an undertaking that within no later than 90 days of the date of issuance of this AWC, a senior officer of Edward Jones shall certify in writing that, as of the date of the certification, the firm has established and implemented policies, procedures, processes, and internal controls reasonably designed to address and remediate the issues identified in this AWC. The certification should be submitted to Elissa Meth Kestin, Senior Director, FINRA Department of Enforcement, 200 Liberty Street, New York, New York, 10281. Upon written request showing good cause, FINRA staff may extend the procedural date set forth above.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

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 it;
- 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 its acceptance or rejection.

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 its subject matter 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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a

party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it 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.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

December 8, 2022
Date

Edward Jones
Respondent

Print Name: JAMES E. CROWE, III

Title: Principal, Senior Associate General Counsel

Reviewed by:

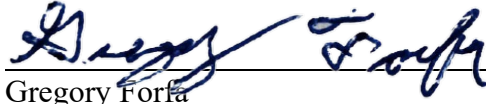
Barry Goldsmith
Barry Goldsmith
Counsel for Respondent
Gibson Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10016

Accepted by FINRA:

12/13/2022

Date

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

A handwritten signature in blue ink, appearing to read "Gregory Foria", is written over a horizontal line.

Gregory Foria

Senior Attorney

FINRA

Department of Enforcement

Financial Industry Regulatory Authority

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