

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Jonathan E. Best
CRD No. 2225091,

Respondent.

Disciplinary Proceeding
No. 2020068641501

Hearing Officer—MJD

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: March 3, 2025

INTRODUCTION

Disciplinary Proceeding No. 2020068641501 was filed on December 13, 2024, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA or Complainant). Respondent Jonathan E. Best submitted an Offer of Settlement (Offer) to Complainant dated February 25, 2025. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, 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, to the entry of findings and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of

Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Best first registered with FINRA as an Investment Company and Variable Contracts Products Representative through a member firm in 1992. He became registered as a General Securities Representative (GS) through that same firm in 1993. Between January 2001 and January 2025, Best was registered with FINRA as a GS and General Securities Principal (GP) through Raymond James.

Although Best is no longer registered with FINRA, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) he was registered with FINRA and subject to FINRA's jurisdiction when the Complaint was filed on December 13, 2024, and (2) his misconduct was committed while he was registered with FINRA through his association with Raymond James.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

SUMMARY

Between December 2017 and December 2019, while he was associated with Raymond James Financial Services, Inc. (CRD No. 6694), Respondent Jonathan E. Best violated FINRA Rule 2010 by effecting 71 unauthorized trades in the account of a senior customer with diminished capacity (Customer A).

In addition, Best violated FINRA Rule 2010 by submitting two false compliance attestations to Raymond James. In January 2018 and January 2019, Best falsely attested "no" to the firm's question asking if he had "any senior investors or other vulnerable adults for which [he

was] concerned with their capacity to make sound decisions.” Best’s attestations were false because he knew since at least October 2014 that Customer A could not understand or authorize trades for her account due to her diminished capacity.

FACTS

Best’s Unauthorized Trading in Customer A’s Account

At all relevant times, Customer A was a widow with a net worth exceeding \$16 million.

Best met Customer A in 1985, when she was 56 years old. Between 1985 and 2001, Best serviced Customer A’s trust account at a bank that was not registered with FINRA.

In January 2001, when Best became associated with Raymond James, Customer A transferred her trust account to Raymond James with Best as the registered representative of record.

In March 2005, Customer A opened a second account at Raymond James with Best as the representative of record (Primary Account). The new account documents for the Primary Account stated that Customer A’s annual income was between \$500,001 and \$1,000,000, and also stated that her net worth was over \$5,000,000. The new account documents further stated that Customer A’s primary investment objective was “income” and her risk tolerance was “high.”

At all relevant times, Customer A was the only person authorized to transact in the Primary Account, and the account was non-discretionary.

Raymond James prohibited discretionary trading in retail brokerage accounts, including Customer A’s Primary Account.

From 2005 until 2014, the funds in Customer A’s Primary Account were invested in municipal bonds and various bond funds. As bonds matured or were redeemed, the funds in the

Primary Account were reinvested in additional bonds. During this time period, Customer A understood and authorized these investments after discussing them with Best.

On February 15, 2013, when Customer A was 84 years old, she executed estate planning documents. One of the estate planning documents provided that Best and Customer A's accountant would be granted co-power of attorney in the event that two physicians provided written statements, under oath, that they deemed Customer A to be incapacitated.

Raymond James prohibited representatives from serving as power of attorney for customers unless, in exceptional cases, approval was granted by the representative's supervisor and the firm's central compliance department.

Beginning in 2014, Best became aware that Customer A was exhibiting signs of diminished capacity, including the following:

- In 2014, Best received multiple telephone calls from one of Customer A's neighbors, reporting that she was wandering alone, late at night, in the neighborhood outside her home. Best did not report any of these calls to Raymond James at any point.
- In April 2014, Customer A was evaluated by a physician who diagnosed her with early Alzheimer's disease. The physician's evaluation stated that she was no longer able to care for herself. Best received a copy of the physician's evaluation in April 2014.
- In late 2014, Customer A's sister-in-law, Relative B, informed Best that Relative B had been appointed medical power of attorney for Customer A due to Customer A's Alzheimer's diagnosis, inability to care for herself, and diminished capacity. Relative B also informed Best that Customer A was moving to a full-time, residential memory care facility.

- Best visited Customer A at her memory care facility in 2014 and 2015 and observed Customer A's state of diminished capacity.
- By October 2014, all reinvestment of funds in Customer A's Primary Account had stopped, and Customer A was no longer able to provide Best with the authorization to execute transactions.

In or around June 2015, Best informed Relative B that he could not effect any transactions in Customer A's Primary Account due to her diminished capacity. In addition, he requested Relative B to obtain a second physician's letter deeming Customer A incapacitated in order to trigger his appointment as Customer A's co-power of attorney pursuant to the estate planning documents that Customer A had executed in February 2013.

In or around November 2015, Best called Relative B to discuss the cash position in Customer A's Primary Account. Best told Relative B that he believed the cash proceeds of matured and called bonds should be reinvested, and he again explained that he could not do so since Customer A was the only person authorized to transact in the account. In addition, Best renewed his request for Relative B to obtain a second physician's letter and thereby trigger his appointment as Customer A's co-power of attorney. Relative B did not obtain a second physician's letter at any point in 2015.

In or around June 2016, Best again called Relative B urging her to seek a second physician's letter deeming Customer A incapacitated so that he could become her co-power of attorney and trade in the Primary Account. Relative B did not obtain a second physician's letter at any point in 2016.

By year end 2016, the cash position in Customer A's Primary Account was over \$4.5 million, representing approximately 27 percent of her total portfolio.

Prior to November 2016, Best did not report to anyone at Raymond James that Customer A (1) had diminished capacity, (2) was unable to care for herself, (3) had been diagnosed with Alzheimer's disease, (4) was living in a memory care facility, or (5) was unable to discuss and understand investments. During this period Best also failed to report to anyone at Raymond James that he determined that he could no longer obtain authority to effect any trades in the Primary Account.

In November 2016, Best submitted an outside business activity (OBA) request to Raymond James for approval to serve as Customer A's future co-power of attorney.

In connection with his OBA request, on April 17, 2017, Best provided his supervisor (Supervisor C) a copy of the document Customer A executed on February 15, 2013, that appointed Best as future co-power of attorney under certain conditions.

In connection with his OBA request, Best informed Supervisor C that Customer A had been diagnosed with early-stage Alzheimer's disease in 2014. However, Best failed to inform Supervisor C that Customer A was unable to care for herself, was living in a memory care facility, and was unable to discuss and understand investments. Best also never alerted Supervisor C to the growing cash position in Customer A's Primary Account as a result of Customer A's inability to authorize transactions.

On May 12, 2017, Supervisor C rejected Best's OBA request to serve as Customer A's future co-power of attorney. Supervisor C further instructed Best to formally recuse himself from the appointment and provide documentation of the recusal. Best never provided such documentation.

In May 2017, Raymond James implemented a new policy requiring all registered representatives to immediately escalate any concerns of a customer with diminished capacity to

the firm's Senior and At-Risk Investors Group. Best was aware of this new policy. Nonetheless, Best did not escalate concerns to Raymond James related to Customer A's capacity or her resulting inability to authorize Best to effect transactions in her account.

As of November 30, 2017, over \$7.8 million of cash from called and matured bonds had accumulated in Customer A's Primary Account, representing approximately 46 percent of her total portfolio.

Between December 19, 2017 and December 3, 2019, Best effected the purchase of 71 laddered brokered certificates of deposit (CDs) in Customer A's Primary Account with the cash proceeds from matured and called bonds. Best never sought authorization for these trades from Customer A.

Best placed 55 of the trades himself and directed his assistant to place the remaining 16 trades.

The principal value of the unauthorized trades in Customer A's Primary Account totaled \$14,199,847. Best earned \$10,760.88 in compensation by placing these trades.

Best's False Compliance Attestations

On January 30, 2018 and January 23, 2019, respectively, Best submitted two compliance attestations to the firm.

Both compliance attestations required Best to answer the following question: "do you have senior investors or other vulnerable adults for which you are concerned with their capacity to make sound decisions?"

Best falsely answered "no" to this question on both compliance attestations, despite his knowledge that Customer A had diminished capacity, was not able to care for herself, was not

able to discuss and understand investments, had been diagnosed by a doctor with early Alzheimer's disease in April 2014, and had been living in a memory care facility since late 2014.

FIRST CAUSE OF ACTION
Unauthorized Trading
(Violation of FINRA Rule 2010)

FINRA Rule 2010 requires registered representatives, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

Unauthorized trading occurs when a registered representative effects trades in a customer's non-discretionary account without first obtaining the customer's authorization or consent.

Unauthorized trading is a breach of the duty to observe high standards of commercial honor and just and equitable principles of trade and, thus, is a violation of FINRA Rule 2010.

At all relevant times, Raymond James prohibited discretionary trading in retail brokerage accounts, such as Customer A's Primary Account.

Customer A's Primary Account at the firm was non-discretionary.

Best effected 71 trades in Customer A's Primary Account without first obtaining Customer A's required authorization or consent or the authorization or consent of someone authorized to act on Customer A's behalf.

As a result of the foregoing misconduct, Best violated FINRA Rule 2010.

SECOND CAUSE OF ACTION
False Compliance Attestations
(Violation of FINRA Rule 2010)

It is a violation of FINRA Rule 2010 for a registered person to make misrepresentations to his employing firm, including by submitting false statements on a firm compliance attestation.

Best attested “no” to the following question on both his 2018 and 2019 compliance attestations: “[d]o you have any senior investors or other vulnerable adults for which you are concerned with their capacity to make sound decisions?”

The 2018 and 2019 compliance attestations were false because Best knew that Customer A had diminished mental capacity, and he had concerns that she could neither understand nor authorize trades for her Primary Account.

Based on the foregoing, Respondent violated FINRA Rule 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be suspended from association with any FINRA member in all capacities for three months; fined \$12,500; and pay disgorgement of \$10,760.88 plus pre-judgment interest.

The fine shall be due and payable either immediately upon re-association with a member firm or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

Disgorgement of the compensation Respondent received from each unauthorized trade is ordered to be paid to FINRA in the amount of \$10,760.88, plus pre-judgment interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. § 6621 from December 3, 2019 until the date this Offer is accepted by the National Adjudicatory Council (NAC). Disgorgement shall be due and payable either immediately upon re-association with a member

firm or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

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, Respondent 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 herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA

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

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