

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

Department of Enforcement,

Complainant,

v.

Sam Jakobs
CRD No. 6623905,

Respondent.

Disciplinary Proceeding
No. 2023077022402

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. On April 4, 2024, and July 16, 2024, FINRA sent Respondent Sam Jakobs request letters pursuant to FINRA Rule 8210, requiring him to provide information and documents related to payments that Jakobs and entities affiliated with Jakobs received from a registered representative. Jakobs failed to provide any information or documents in response to these requests. As a result, Jakobs violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. In September 2021, Jakobs joined FINRA member Innovation Partners LLC in an unregistered capacity. On December 2, 2021, Jakobs associated with Innovation Partners when it filed an initial Uniform Application for Securities Industry Registration or Transfer (“Form U4”) for Jakobs to become registered with FINRA by successfully completing a FINRA registration examination. Innovation Partners thereafter filed multiple Form U4 amendments for Jakobs, two

of which opened new examination windows for Jakobs, including windows to take the Series 6 Examination. Jakobs either failed or did not appear for his scheduled examinations, and he did not become registered with FINRA. On November 8, 2022, Innovation Partners filed a Uniform Termination Notice for Securities Industry Registration (“Form U5”) disclosing that Jakobs had voluntarily terminated his association with the firm as of that date.

3. Although Jakobs was never registered and is no longer associated with a FINRA member, he remains subject to FINRA’s jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA’s By-Laws, because (1) the Complaint was filed within two years after November 8, 2022, which was the date on which he ceased to be associated with a FINRA member, and (2) the Complaint charges Jakobs with failing to respond to FINRA requests for information during the two-year period after the date on which he ceased to be associated with a FINRA member.

CAUSE OF ACTION
Failure to Provide Information
(Violation of FINRA Rules 8210 and 2010)

4. The Department of Enforcement realleges and incorporates by reference all prior paragraphs.

5. FINRA Rule 8210(a)(1) states, in relevant part, that FINRA Staff may require any “person subject to FINRA’s jurisdiction to provide information orally, in writing, or electronically . . . with respect to any matter involved in [a FINRA] investigation.” FINRA Rule 8210(a)(2) states, in relevant part, that FINRA Staff may “inspect and copy the books, records, and accounts of such member or person with respect to any matter involved in the investigation . . . that is in such member’s or person’s possession, custody or control.”

6. FINRA Rule 8210(c) provides that “[n]o member or person shall fail to provide information . . . pursuant to this Rule.”

7. FINRA Rule 8210(d) specifies that, if FINRA Staff knows that the person is represented by counsel regarding the investigation, “then the notice shall be served upon counsel by mailing or otherwise transmitting the notice to the counsel in lieu of the member or person, and any notice served upon counsel shall be deemed received by the member or person.”

8. FINRA Rule 2010 requires persons associated with a FINRA member, in the conduct of their business, to “observe high standards of commercial honor and just and equitable principles of trade.”

9. Conduct that violates FINRA Rule 8210 also violates FINRA Rule 2010.

10. FINRA Staff was investigating wire transfers totaling more than \$2 million that Jakobs and entities affiliated with Jakobs received from a registered representative at Innovation Partners, which may have constituted compensation for undisclosed activities requiring registration with FINRA.

11. In March 2024, FINRA sent two letters pursuant to Rule 8210 to Jakobs requesting information and documents in connection with this investigation. The requests sought information and documents related to entities affiliated with Jakobs, potential private securities activities, the payments Jakobs received from the registered representative, Jakobs’ financial account documents, and his tax filings. The letters were sent to Jakobs via first-class U.S. Mail and Certified Mail, return receipt requested, on March 8, 2024 and March 20, 2024 and requested responses from Jakobs by March 20, 2024 and April 3, 2024.

12. Jakobs did not respond to either letter. Instead, on March 27, 2024, Attorney A contacted FINRA via telephone and informed FINRA Staff that he was representing Jakobs in

connection with the requests. During the conversation, FINRA Staff and Attorney A discussed Staff's March 2024 requests to Jakobs. Attorney A stated that he would speak to Jakobs about whether he would respond to the requests and contact FINRA. Attorney A did not contact FINRA Staff by April 3, 2024.

13. On April 4, 2024, FINRA, in connection with its investigation and pursuant to FINRA Rule 8210, sent Jakobs a request for information and documents seeking the same documents and information FINRA requested in March 2024 (the "April 4, 2024 Request"). The April 4, 2024 Request was sent care of Attorney A via first-class U.S. mail and Certified Mail, return receipt requested, to the address listed for Attorney A in the New York State Unified Court System. The April 4, 2024 Request provided a due date of April 11, 2024.

14. FINRA Staff spoke with Attorney A on April 10, 2024. Attorney A stated that he was recovering from a recent surgery. However, Attorney A was unable to inform Staff whether Jakobs planned to respond and, if so, when he would respond. FINRA Staff and Attorney A agreed to have a call on April 17, 2024.

15. FINRA Staff again spoke to Attorney A on April 17, 2024, but he was unable to answer whether Jakobs planned to respond, and, if so, when he would respond.

16. Jakobs failed to respond to the April 4, 2024 Request by April 17, 2024, and neither he nor Attorney A requested an extension of time to respond.

17. From mid-April 2024 through mid-May 2024, FINRA Staff and Attorney A exchanged multiple communications regarding whether Jakobs would respond to the April 4, 2024 Request. Attorney A was unable to confirm that Jakobs would respond to the April 4, 2024 Request.

18. On July 16, 2024, FINRA, in connection with its investigation and pursuant to FINRA Rule 8210, sent Jakobs another request for the same information and documents requested in the April 4, 2024 Request (the “July 16, 2024 Request”). The July 16, 2024 Request was sent care of Attorney A via first-class U.S. mail and Certified Mail, return receipt requested, to the address listed for Attorney A in the New York State Unified Court System. A copy was also sent via email to the email address Attorney A had previously used to communicate with Staff. The July 16, 2024 Request provided a due date of July 30, 2024, and stated that Jakobs’ failure to respond could result in disciplinary action, including a bar from the securities industry.

19. On July 23, 2024, Attorney A replied to FINRA Staff’s email conveying the July 16, 2024 Request. Attorney A did not provide Staff with information about whether Jakobs would respond to the July 16, 2024 Request.

20. FINRA Staff responded to Attorney A’s July 23, 2024 email on July 25, 2024 seeking information on whether Jakobs would respond to the July 16, 2024 Request. Despite engaging in subsequent communications with Staff, Attorney A did not confirm that Jakobs would respond to the July 16, 2024 Request.

21. Jakobs failed to respond to the July 16, 2024 Request by July 30, 2024, and neither he nor Attorney A requested an extension of time to respond.

22. To date, Jakobs has failed to provide any information or documents in response to the April 4, 2024 Request and the July 16, 2024 Request.

23. These Requests sought material information and documents related to FINRA Staff’s investigation into whether Jakobs was engaged in activities requiring registration and whether he engaged in undisclosed private securities activities.

24. Jakobs' failure to provide the requested information and documents significantly impeded the completion of FINRA's investigation.

25. By failing to provide the information requested in the April 4, 2024 Request and the July 16, 2024 Request, Jakobs violated FINRA Rules 8210 and 2010.

RELIEF REQUESTED

WHEREFORE, the Department of Enforcement respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed; and
- C. order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: October 29, 2024



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