

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

Department of Enforcement,

Complainant,

v.

Jeffrey E. Rodgers (CRD No. 4965478),

Respondent.

Disciplinary Proceeding
No. 2013036836801

Hearing Officer - DRS

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: March 24, 2016

INTRODUCTION

Disciplinary Proceeding No. 2013036836801 was filed on September 28, 2015, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent, Jeffrey E. Rodgers submitted an Offer of Settlement (Offer) to Complainant dated March 18, 2016. 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, as amended by the Offer of Settlement, 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, as amended by the Offer of Settlement, 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

Respondent entered the securities industry in May 2005 as a Financial Advisor trainee with a FINRA-member broker-dealer and remained there until September 2010 when he became associated with Morgan Stanley. Respondent obtained his Series 7 securities license (General Securities Representative) and a Series 66 securities license (NASAA Uniform Combined State Law Examination) in August 2005 and September 2005, respectively.

From September 2010 through April 2013, Respondent was employed as a registered representative with Morgan Stanley. Morgan Stanley terminated Respondent's employment on or about April 9, 2013. On May 2, 2013, the Firm filed a Form U5 reporting that Respondent was terminated for accepting funds pursuant to "unapproved personal loans from a client in 2012." Subsequently, on October 1, 2013, the Firm filed an Amended Form U-5 reporting its receipt on September 19, 2013, of a customer complaint against Rodgers. The customer complaint alleged that Respondent had not repaid funds that he accepted from the customer, BU.

Although Respondent is no longer registered or 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 of the October 1, 2013 filing of an amended Form U5 that disclosed that Respondent may have engaged in actionable misconduct, and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member and with failing to

appear for on-the-record testimony during the two-year period after the date upon which he ceased to be registered or associated with a FINRA member.

FINDINGS AND CONCLUSIONS

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

SUMMARY

From in or about January 2011 through in or about December 2012, Respondent accepted several loans from one of his customers totaling \$33,800 – BU – who held a brokerage account with his FINRA-member broker-dealer employer. Respondent received these loans in contravention of the written procedures established by his FINRA-member broker-dealer employer and in violation of FINRA Rules 3240 and 2010.

While employed by a FINRA-member broker-dealer from in or about March 2012 through in or about April 2013, Respondent also engaged in unapproved outside business activities by working as a Senior Business Developer/software salesman/consultant for an information technology and business consultancy company. Respondent received compensation in connection with these activities but failed to provide written notice to his FINRA-member broker-dealer employer prior to participating in this business in contravention of FINRA Rules 3270 and 2010.

In or about June 3, 2011 and again in or about April 26, 2012, Respondent inaccurately represented to his FINRA-member broker-dealer employer that he had not borrowed money from a client of his FINRA-member broker-dealer employer.

Also in or about April 26, 2012, Respondent inaccurately represented to his FINRA-member broker-dealer employer that he was not currently engaged in any outside business interests or affiliations that required disclosure.

On several occasions during the period from August 2013 through April 2015, Respondent failed to provide complete documents and information and appear to complete giving testimony as required by FINRA pursuant to FINRA Rule 8210.

I. UNAUTHORIZED CUSTOMER LOANS

FINRA Rule 3240 prohibits registered persons from borrowing money from or lending money to any customer unless: (1) the representative's employing firm has written procedures allowing borrowing from or lending to customers; (2) the borrowing or lending meets at least one of the conditions specified in Rule 3240(a)(2); and (3) the registered person notifies the firm of the borrowing or lending arrangement and obtains pre-approval in writing.

FINRA Rule 2010 provides that, "A member, in the conduct of [his] business, shall observe high standards of commercial honor and just and equitable principles of trade."

Morgan Stanley had written policies prohibiting its associated persons from borrowing money or securities from a customer unless the customer was an immediate family member of the registered representative. Even then, Morgan Stanley allowed such borrowing only after Firm approval.

Loan From BU

From September 2010 through at least April 2013, BU maintained an account at Morgan Stanley for which Respondent was the registered representative. Rodgers and BU were not members of the same family. On several occasions from in or about January 2011 through in or about December 2012 BU loaned varying sums of money to Respondent totaling approximately \$33,800. Between in or about August 25, 2011 through in or about March 22, 2013, Respondent repaid to BU a portion of the sum he borrowed, totaling approximately \$5,685.

Morgan Stanley subsequently reimbursed BU in the amount of \$10,500. Respondent neither sought nor obtained approval from Morgan Stanley to accept the loan from BU. The circumstances of BU's loan to Respondent did not satisfy any of the conditions set forth in FINRA Rule 3240(a)(2).

The acts, practices and conduct described above constitute separate and distinct violations of FINRA Rules 3240 and 2010.

II. OUTSIDE BUSINESS ACTIVITIES

FINRA Rule 3270 prohibits any registered person from being an employee, independent contractor, sole proprietor, officer, director or partner of another person, or being compensated, or having the reasonable expectation of compensation, from another person as a result of any business activity outside the scope of the relationship with his FINRA-regulated broker dealer employer, unless he or she has provided prior written notice to his FINRA-regulated broker dealer employer.

From in or about March 2012 through April 2013, Respondent worked as a Senior Business Developer/software salesman/consultant for an information and technology business consultancy company called NW. Respondent's NW-related business activities were outside the scope of his relationship with Morgan Stanley.

During 2012 and 2013, Respondent participated in business activities related to NW as described above without first providing written notice to the Firm of his participation in those activities. From in or about March 2012 through April 2013, Respondent received compensation totaling approximately \$75,000 in connection with his NW-related activities.

The acts, practices and conduct described above constitute a violation of FINRA Rules 3270 and 2010.

III. INACCURATE STATEMENTS ON ANNUAL COMPLIANCE QUESTIONNAIRES

Morgan Stanley required its registered associates to complete annually a Sales Questionnaire. In or about June 3, 2011, Respondent completed his 2011 Sales Questionnaire (the "2011 Questionnaire"). In or about April 26, 2012, Respondent completed his 2012 Sales Questionnaire (the "2012 Questionnaire").

Prior to June 3, 2011, Respondent had received loans of money from BU. Prior to April 26, 2012, Respondent had received additional loans of money from BU. On April 26, 2012, Respondent participated in outside business activities with NW and had received or expected to receive compensation in connection with those activities.

One question posed in both the 2011 Questionnaire and the 2012 Questionnaire asked, "Have you borrowed from or loaned money/securities to clients and/or family members who have account(s) at Morgan Stanley Smith Barney?" In response to this question, in both the 2011 Questionnaire and the 2012 Questionnaire, Respondent checked the box indicating, "No," which was not true.

Another question posed in the 2012 Questionnaire asked "Do you participate in any outside business interests or affiliations that require disclosure?" In response to this question in the 2012 Questionnaire, Respondent checked the box indicating, "No," which was not true.

The act, practices and conduct described above, constitute violations of FINRA Rule 2010.

IV. PARTIAL FAILURES TO PROVIDE DOCUMENTS, INFORMATION AND TESTIMONY

FINRA Rule 8210(a) provides, in relevant part, that FINRA “shall have the right to require a member, person associated with a member, or person subject to FINRA’s jurisdiction to provide information orally, in writing or electronically . . . and to testify at a location specified by FINRA staff . . . with respect to any matter involved in the investigation, complaint, examination, or proceeding.” FINRA Rule 8210(c) states that “no member or person shall fail to provide information or testimony or to permit an inspection and copying of books, records, or accounts pursuant to this Rule.”

During the pendency of the investigation in this matter, Respondent failed to fully comply with various FINRA Rule 8210 requests directing him to provide certain documents, information and testimony as described below.

Failure to Provide Documents and Information

During the pendency of the investigation in this matter, Respondent received six requests, each made pursuant to FINRA Rule 8210, to provide certain documents and information. Respondent failed to provide documents and information in response to five of those FINRA Rule 8210 requests, all for the same material, as described below.

By letter dated July 31, 2013 (the “July 31, 2013 Letter”), Enforcement requested pursuant to FINRA Rule 8210 that Respondent provide various documents and information, among other things, (i) identification of all banking accounts Rodgers maintained or exercised control over; (ii) monthly account statements for each of Rodgers’ bank accounts; (iii) identification of all personal e-mail addresses and telephone numbers; and (iv) copies of certain electronic communications relevant to the charges in this matter. (collectively the “Requested Materials”).

Enforcement sent the July 31, 2013 Letter to Respondent's residential address as listed in the Central Registration Depository (the "CRD Address") by certified mail, return receipt requested and by first class mail. The July 31, 2013 Letter directed that production be made on or before August 14, 2013. During a telephone conversation with Enforcement Staff on August 9, 2013, Rodgers confirmed receipt of the July 31, 2013 Letter. Respondent did not provide the Requested Materials on or before August 14, 2013.

On or before September 3, 2013, Respondent communicated to Enforcement that mailings to him should be sent to 70 Southwest Century Drive, Suite 100-174, Bend, Oregon 97701 (the "Southwest Address").

By letter dated September 3, 2013 (the "September 3, 2013 Letter"), Enforcement once again requested pursuant to FINRA Rule 8210 that Respondent provide the Requested Materials. Enforcement sent a total of four copies of the September 3, 2013 Letter: (1) to the CRD Address by certified mail, return receipt requested; (2) by first class mail to the CRD Address; (3) by certified mail, return receipt requested to the Southwest Address; and (4) by first class mail to the Southwest address. The September 3, 2013 Letter directed that production be made on or before September 17, 2013.

The certified mail receipt corresponding to the September 3, 2013 Letter for the CRD Address was returned to Enforcement indicating that delivery had been made on September 4, 2013. A United States Postal Service Track & Confirm Report indicated that the September 3, 2013 Letter sent by certified mail to the Southwest Address was delivered on September 6, 2013. The September 3, 2013 Letters sent by first class mail to the CRD Address and the Southwest Address have not been returned to Enforcement. Respondent did not provide the Requested Materials on or before September 17, 2013.

By letter dated September 18, 2013 (the "September 18, 2013 Letter"), Enforcement once again requested pursuant to FINRA Rule 8210 that Respondent provide the Requested Materials. As with the September 3, 2013 Letter, Enforcement sent the September 18, 2013 Letter to the CRD Address and the Southwest Address by certified mail, return receipt requested and by first class mail. The September 18, 2013 Letter directed that production be made on or before October 2, 2013.

A United States Postal Service Track & Confirm Report indicated that the September 18, 2013 Letter sent by certified mail to the CRD Address was delivered on October 4, 2013. The certified mail receipt corresponding to the September 18, 2013 Letter for the Southwest Address was returned to Enforcement indicating that delivery had been made on September 21, 2013. The September 18, 2013 Letters sent by first class mail to the CRD Address and the Southwest Address have not been returned to Enforcement. Respondent did not provide the Requested Materials on or before October 2, 2013.

By letter dated August 18, 2014 (the "August 18, 2014 Letter"), Enforcement requested pursuant to FINRA Rule 8210 that Respondent provide the Requested Materials. As before, Enforcement sent the August 18, 2014 Letter to the CRD Address and the Southwest Address by certified mail, return receipt requested and by first class mail. The August 18, 2014 Letter directed that production be made immediately.

The August 18, 2014 Letter sent by certified mail to the CRD Address was returned to Enforcement marked "Forward time Exp – Return to Sender." The August 18, 2014 Letter sent by certified mail to the Southwest Address was returned to Enforcement marked, "Undeliverable." The August 18, 2014 Letter sent by first class mail to the CRD Address and

the Southwest Address were not returned to Enforcement. Respondent did not provide the Requested Materials in response to the August 18, 2014 Letter.

By letter dated April 2, 2015 (the "April 2, 2015 Letter"), Enforcement once again requested pursuant to FINRA Rule 8210 that Respondent provide the Requested Materials.

Enforcement sent the April 2, 2015 Letter to the CRD Address by certified mail, return receipt requested and by first class mail. The April 2, 2015 Letter directed that production be made on or before April 10, 2015.

The April 2, 2015 Letter sent by certified mail was returned to Enforcement with a notation that read, "Return to Sender – Unclaimed – Unable to Forward – Return to Sender." The April 2, 2015 Letter sent by first class mail was not returned to Enforcement. Respondent did not provide the Requested Materials on or before April 10, 2015.

The acts, practices and conduct described above constitute a violation of FINRA Rules 8210 and 2010.

Failure to Provide Testimony

In addition, during the pendency of the investigation in this matter, Respondent received various requests, each made pursuant to FINRA Rule 8210, to provide testimony. Respondent failed to fully comply with the FINRA Rule 8210 requests to provide testimony as described below.

By letter dated October 8, 2013 (the "October 8, 2013" Letter), Enforcement requested pursuant to FINRA Rule 8210 that Respondent appear and testify at a facility located in Bend, Oregon on November 25, 2013, in connection with the investigation of the misconduct alleged herein. Enforcement sent the October 8, 2013 Letter by certified mail, return receipt requested and by first class mail to the CRD Address and the Southwest Address.

On November 25, 2013 Respondent appeared as directed in the October 8, 2013 Letter and gave testimony for approximately two hours. After the two hours had passed, Respondent indicated he would not proceed with his testimony. Enforcement was unable to pose questions regarding the subject matter of all the contemplated charges during this two hour interval.

By letter dated January 6, 2014 (the "January 6, 2014 Letter"), Enforcement requested pursuant to FINRA Rule 8210 that Respondent appear and provide continued testimony at a facility located in Bend, Oregon on February 20, 2014, in connection with the investigation of the misconduct alleged herein. The January 6, 2014 Letter requested that Respondent allocate eight hours for the scheduled proceeding. Enforcement sent the January 6, 2014 Letter by certified mail, return receipt requested and by first class mail to the CRD Address and the Southwest Address.

On February 20, 2014 Respondent appeared as directed in the January 6, 2014 Letter and gave testimony for approximately 28 minutes. After the 28 minutes had passed, Respondent terminated his testimony. The testimony was adjourned. Enforcement was unable to pose any substantive questions regarding the unauthorized loans during this 28 minute interval.

By letter dated March 5, 2014 (the "March 5, 2014 Letter"), Enforcement requested pursuant to FINRA Rule 8210 that Respondent appear and testify at a facility located in Bend, Oregon on March 20, 2014, in connection with the investigation of the misconduct alleged herein. Enforcement sent the March 5, 2014 Letter by certified mail, return receipt requested and by first class mail to the CRD Address and the Southwest Address.

On March 18, 2014 Respondent informed Enforcement Staff that he had retained counsel and requested an adjournment of the continued testimony to April 3rd or 4th, 2014. Respondent

refused Enforcement's request to provide the name and contact information for his counsel.

Nonetheless, Enforcement granted Respondent's request for an adjournment.

By letter dated March 20, 2014 (the "March 20, 2014 Letter"), Enforcement requested pursuant to FINRA Rule 8210 that Respondent appear and provide continued testimony at a facility located in Bend, Oregon on April 3, 2014, in connection with the investigation of the misconduct alleged herein. Enforcement sent the March 20, 2014 Letter by certified mail, return receipt requested and by first class mail to the CRD Address and the Southwest Address.

On April 3, 2014 Respondent appeared as directed in the March 20, 2014 Letter and gave testimony for approximately four hours. He was not accompanied by counsel at the time. After the four hours had passed, Respondent indicated he would not proceed with his testimony. Enforcement was unable to complete its questioning regarding the unauthorized loans to BU.

By letter dated April 2, 2015 (the "April 2, 2015 Letter"), Enforcement requested pursuant to FINRA Rule 8210 that Respondent appear and provide continued testimony at a facility located in Bend, Oregon on April 17, 2015, in connection with the investigation of the misconduct alleged herein. Enforcement sent the April 2, 2015 Letter by certified mail, return receipt requested and by first class mail to the CRD Address.

The April 2, 2015 Letter sent by certified mail to the CRD Address was returned to Enforcement marked, "Return to Sender – Unable to Forward." The April 2, 2015 Letter sent to the CRD Address by first class mail was not returned to Enforcement. Respondent did not appear and give continued testimony at the identified facility in Bend, Oregon on April 17, 2015.

The acts, practices and conduct described above constitute a violation of FINRA Rules 8210 and 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 receive a two year suspension from association with any FINRA member in any capacity.

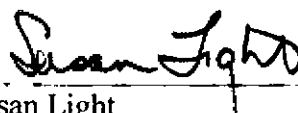
Respondent has submitted a sworn financial statement and demonstrated an inability to pay. In light of the financial status of Respondent, no monetary sanctions have been imposed.

The sanctions imposed 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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