

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015047381301**

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

RE: Todd Jones, Respondent
Former Registered Representative
CRD No. 5913166

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, 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

Todd Jones entered the securities industry in 2011. He was registered with J.P. Morgan Securities, Inc. ("J.P. Morgan," or "the firm"), from December 2014 until October 2015. J.P. Morgan terminated his registration on October 16, 2015 for the events described herein.

Although Jones is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

OVERVIEW

In July 2015, while registered with J.P. Morgan, Jones exercised discretion without written authority in the accounts of 12 firm customers and mismarked most of the trades as unsolicited. By virtue of this conduct, Jones violated NASD Rule 2510(b) and FINRA Rules 4511 and 2010.

FACTS AND VIOLATIVE CONDUCT

Exercise of Discretion Without Written Authority

On July 6 and 7, 2015, Jones exercised discretion to purchase a total of \$208,714 of VelocityShares 3x Long Crude Oil (UWTI) in the accounts of 12 firm clients. None of the 12 clients, however, had provided Jones with written permission to exercise discretion in their brokerage accounts.

NASD Rule 2510(b) provides in relevant part that, "No . . . registered representative shall exercise any discretionary power in a customer's account unless such customer has given prior written authorization to a stated individual or individuals and the account has been accepted by the member . . ."

FINRA Rule 2010 requires members to observe high standards of commercial honor and just and equitable principles of trade.

By exercising discretion without written authority, Jones violated NASD Rule 2510(b) and FINRA Rule 2010.

Causing the Firm to Maintain Inaccurate Books and Records

J.P. Morgan's policies only permitted the purchase in brokerage accounts of leveraged exchange-traded products such as UWTI on an unsolicited basis. Jones marked most of the July 2015 UWTI purchases as unsolicited. When initially questioned by the firm, Jones claimed incorrectly that the trades were unsolicited; he later admitted that they were not unsolicited.

FINRA Rule 4511 provides in relevant part that, "Members shall make and preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules." By mismarking most of the July 2015 UWTI orders as unsolicited, Jones caused his firm to maintain inaccurate books and records and thereby violated FINRA Rules 4511 and 2010.

B. I also consent to the imposition of the following sanctions:

- a suspension from associating with any FINRA member in any capacity for a period of four months; and
- a fine of \$15,000.

I understand that if I am suspended from associating with any FINRA member, I become 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, I 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 fine shall be due and payable either immediately upon reassociation 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.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- 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, I specifically and voluntarily waive any right to claim bias or prejudice 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.

I further specifically and voluntarily waive 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

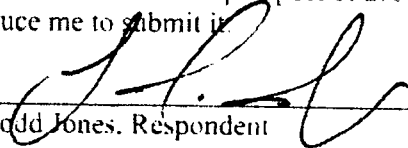
I understand that:

- 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 me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 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. I 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. I 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 my: (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.
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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 or its staff.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I understand and acknowledge that FINRA does not represent or advise me and I cannot rely on FINRA or FINRA staff members for legal advice; that I have agreed to its provisions voluntarily; and that 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 me to submit it.

09/08/2017
Date (mm dd yyyy)

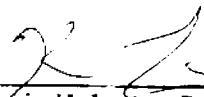


Todd Jones, Respondent

Accepted by FINRA:

9/15/2017
Date

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



Kevin H. Logan, Principal Counsel

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