

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2019062425701**

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

RE: Jonathan H. Dudley (Respondent)
Former Investment Company and Variable Contracts Products Representative
CRD No. 5413469

Pursuant to FINRA Rule 9216, Respondent Jonathan H. Dudley 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 hereby accepts and consents, 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

Since September 2007, Dudley has been associated with six different FINRA member firms. From April 2018 to April 2019, Dudley was registered with FINRA as an Investment Company and Variable Contracts Products Representative through his association with Centaurus Financial, Inc. (Centaurus or the Firm), a FINRA member firm. In a Uniform Termination Notice for Securities Industry Registration (Form U5) dated April 25, 2019, Centaurus reported that Dudley was permitted to resign while “the subject of an internal review as a result of a customer complaint that was initiated based on a personal business transaction with a customer.”

Although Dudley is not currently associated with a FINRA member firm, he remains subject to FINRA’s jurisdiction pursuant to Article V, Section 4(a) of FINRA’s By-Laws.

Respondent does not have any relevant disciplinary history.

OVERVIEW

In December 2020, Dudley violated FINRA Rules 8210 and 2010 by refusing to provide documents and information and on-the-record testimony requested pursuant to FINRA Rule 8210 in connection with Enforcement’s investigation concerning Dudley’s potential conversion of funds from, and participation in undisclosed outside business activities with, his Firm customer.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's review of the April 25, 2019 Form U5.

FINRA Rule 8210(a)(1) and (2) state, in relevant part, that FINRA has the right to "require a ... person associated with a member, or any other person subject to FINRA's jurisdiction to provide information orally, in writing, or electronically ... and to testify at a location specified by FINRA staff, under oath or affirmation ... with respect to any matter involved in the investigation, complaint, examination or proceeding." FINRA Rule 8210(c) provides that "[n]o member or person shall fail to provide information or testimony ... pursuant to this Rule."

A failure to comply with requests for documents and information or testimony pursuant to FINRA Rule 8210 is also a violation of FINRA Rule 2010, which requires associated persons to "observe high standards of commercial honor and just and equitable principles of trade."

Following Dudley's resignation, Enforcement commenced an investigation into allegations that Dudley converted funds he received from his Firm customer for use in furtherance of a joint outside business venture Dudley did not disclose to Centaurus. On October 30, 2020, Enforcement sent Dudley a letter pursuant to FINRA Rule 8210 (the Rule 8210 Request) requesting the production of documents and information by November 13, 2020, and that Dudley appear and provide on-the-record testimony on November 18, 2020. The Rule 8210 Request informed Dudley that a failure to produce the requested documents and information or appear for on-the-record testimony constitutes a violation of FINRA Rule 8210 exposing him to sanctions, including a bar from the securities industry.

As stated in his email to Enforcement dated December 9, 2020, and by this agreement, Dudley acknowledges that he received the Rule 8210 Request and will not produce the requested documents and information or appear for on-the-record testimony at any time.

By refusing to produce the documents and information and to appear and provide testimony as requested pursuant to FINRA Rule 8210, Dudley violated FINRA Rules 8210 and 2010.

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

- A bar from associating with any FINRA member in any capacity.

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, he 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 imposed in this AWC shall be effective on a date set by FINRA. A bar or expulsion shall become effective upon approval or acceptance of this AWC.

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 him;
- 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:

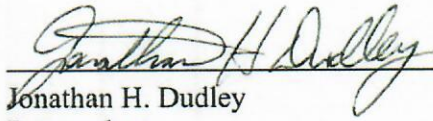
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not 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 testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent understands and acknowledges that FINRA does not represent or advise him and Respondent cannot rely on FINRA for legal advice. Respondent has agreed to the AWC's provisions voluntarily; and 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 him to submit this AWC.

12/11/2020

Date




Jonathan H. Dudley
Respondent

Accepted by FINRA:

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

1/11/2021

Date



Sean Heikkila
Counsel
FINRA Department of Enforcement
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