

Loss Event

JPMorgan Chase & Co.
EL0302 - Safe Workplace Environment
US - United StatesBL0801 - Retail Brokerage
USD 1,250,000.00 | US Dollar
North America

Banking

JPMorgan fined USD 1.3 million by FINRA for failing to fingerprint non-registered associates

On 21 November 2017, the US Financial Industry Regulatory Authority (FINRA) announced that it had fined JPMorgan Securities USD 1.3 million (EUR 1 million) for failing to fingerprint or timely fingerprint approximately 8,600 of its non-registered associates in violation of various federal securities regulations.

Broker-dealers are required, by law, to fingerprint most non-registered associates, as part of their background check process to help determine whether a prospective associate has been convicted of crimes that would disqualify them from being associated with a firm.

FINRA found that, between 1 January 2009 and May 2017, JPMorgan failed to fingerprint 2,036 non-registered associates prior to their employment, despite the fact that its policies and procedures required them to do so. Around 1,880 non-registered associates were not fingerprinted until after the start of the firm's remediation process and 156 individuals were not fingerprinted until after they commenced their employment with JPMorgan.

During the same period, although JPMorgan fingerprinted 6,634 non-registered associates, it limited its screening to criminal convictions specified in banking laws and an internally created list.

The regulator further found that JPMorgan had failed to seek required regulatory approval for four non-registered associates who were convicted or who had been subject to statutory disqualification. Two individuals, for example, remained with the firm for eight and 10 years whilst disqualified. This was in violation of FINRA bylaws and FINRA Rule 2010.

JPMorgan was censured and ordered to pay USD 1,250,000.00. The firm is also required to conduct a review of its systems regarding the identification, fingerprinting, and screening of non-registered associated persons to ensure its systems and procedures are reasonably designed to comply with federal securities regulations.

JPMorgan has neither admitted nor denied FINRA's charges but has accepted and consented to FINRA's findings.

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Source(s)**Related links**

http://www.finra.org/sites/default/files/jp_morgan_awc_112117.pdf
 ,
<http://www.finra.org/newsroom/2017/finra-fines-jp-morgan-125-million-failing-sc...>
 ,
<https://advisorhub.com/j-p-morgan-stung-finra-fingerprint-failure/>

Event

Published In Media	Date of Occurrence - From	Date of Occurrence - To	Discovery Date	Date of Recognition/Settlement
21 November 2017	01 January 2009	31 May 2017		21 November 2017
Loss Amount USD 1,250,000.00	Loss Amount EURO 1,063,637.50	Provision No		Boundary Risk Other Risk
Industry Event	Scenario SC0005 - Improper Business Practice	Product PD9900 - Not Product-Related		Process PC0901 - HR Management
Event Closed No	ORX Member Yes	Role of Firm LS0307 - Position Taking (Principal)		
Cause 1 CS0403 - Inadequate Policy / Procedure	Cause 2	Cause 3		
Jurisdiction / Choice of Law LS0101 - United States of America	Counterparty LS0211 - Regulator	Environmental Volatility LS0406 - Not Identifiable		