

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2019063945301**

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

RE: Theodore M. Serure  
General Securities Representative  
CRD No. 419023

Pursuant to FINRA Rule 9216, Respondent Theodore M. Serure 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 accepts and consents to the following findings by FINRA without admitting or denying them:

**BACKGROUND**

Serure entered the securities industry in 1968. He was associated as a general securities representative with J.P. Morgan Securities, LLC (“JPMS”) from October 1979 until his involuntary termination in September 2019. On September 13, 2019, Serure registered with FINRA as a general securities representative through an association with Jefferies LLC, where he remains employed today.<sup>1</sup>

**OVERVIEW**

Between 2014 and 2020, Theodore Serure borrowed a substantial amount of money from sixteen of his customers without providing notice to and receiving pre-approval from his member firms in violation of FINRA Rules 3240 and 2010. All of the customers were wealthy and financially sophisticated and had been his close friends for decades.

**FACTS AND VIOLATIVE CONDUCT**

This matter originated from a cause exam triggered by the Uniform Termination Notice for Securities Industry Registration (Form U5) filed by JPMS.

FINRA Rule 3240(a) prohibits an associated person from borrowing money from his customer unless his member firm has written procedures allowing customer loans and the

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<sup>1</sup> For more information about the respondent, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

loan meets one of five specified conditions. One of those conditions is set forth in FINRA Rule 3240(a)(2)(D), which permits customer loans where “the lending arrangement is based on a personal relationship with the customer, such that the loan would not have been solicited, offered, or given had the customer and the registered person maintained a relationship outside of the broker-customer relationship” as long as the registered representative notifies his broker-dealer employer and receives written approval before entering into the loan. A violation of FINRA Rule 3240 also constitutes a violation of Rule 2010, which requires associated persons to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

Between 2014 and 2020, Serure borrowed a total of approximately \$7.3 million from sixteen of his customers, without providing notice to or receiving prior written approval from JPMS or Jefferies LLC. Serure was never indebted to his customers at any time for more than \$2 million since he used some of the loan proceeds to pay off earlier customer loans. Serure repaid all of the customer loans, and none of the customers complained.

All of the customers from whom Serure borrowed money were wealthy and financially sophisticated. For example, one is a billionaire, another is a Nobel Prize winner, and a third is the former CEO of a major financial institution. Serure had been close friends with each customer for decades, some since childhood. Given his personal relationship with each of the customers, the loans fell within FINRA Rule 3240(a)(2)(D), but Serure failed to notify his firms of or obtain their approval for the loans.

By virtue of the foregoing, Serure violated FINRA Rules 3240 and 2010.

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

- a four-month suspension from associating with any FINRA member in all capacities and
- a \$20,000 fine

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed. Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

## 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 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 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:

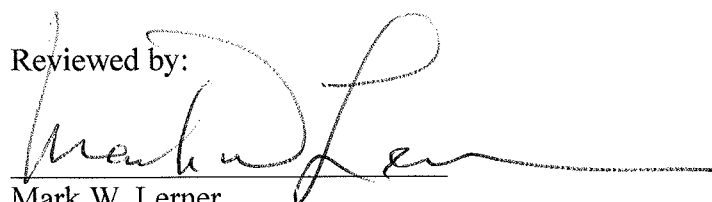
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not 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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.
- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he 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.

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 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.

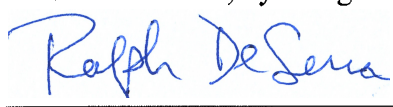
10/20/22  
Date

  
Theodore M. Serure  
Respondent

Reviewed by:  
  
Mark W. Lerner  
Counsel for Respondent  
Kasowitz Benson Torres LLP  
1633 Broadway  
New York, NY 10019

Accepted by FINRA:

November 9, 2022  
Date

Signed on behalf of the  
Director of ODA, by delegated authority  
  
Ralph DeSena  
Director  
FINRA  
Department of Enforcement  
Brookfield Place  
200 Liberty Street  
New York, NY 10281