



1 at Nationwide Investment Services Corporation, Donahue Securities, Inc., and then Brecek & Young  
2 Advisors, Inc. from August 26, 1996 to January 23, 2009. Jackson's Central Registration Depository (CRD)  
3 number is 2784958.

#### 4 Nature of the Conduct

##### 5 *Overview*

6 2. In July 2016, Jackson advised a client to open a new brokerage account at a broker-dealer  
7 unrelated to the broker-dealer that Jackson was registered with, and to transfer funds to the new account.  
8 Jackson did not disclose the client's new account to his firm. Jackson then engaged in a speculative trading  
9 strategy and excessive trading in the client's account, resulting in the loss of the client's funds.

##### 10 *Conduct*

11 3. In mid-July 2016, one of Jackson's clients contacted him regarding an advisory account that  
12 Jackson managed for the client. The client was upset because the account had realized a loss of about \$95,000  
13 in January 2016, and the value of the account was continuing to decline.

14 4. On July 24, 2017, Jackson met with the client to discuss the loss of value in the account.  
15 Jackson told the client that a fix for her recent losses would be to transfer \$10,000 from her advisory account  
16 at Securities America, Inc. to an account at TD Ameritrade. TD Ameritrade, Inc. is a broker-dealer that is  
17 unaffiliated with Securities America, Inc. or Securities America Advisors, Inc. Jackson told the client that  
18 transferring the \$10,000 would allow Jackson to use credit spread options to build value in the account and  
19 offset some of the losses in the client's advisory account.  
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21 5. The client took Jackson's advice, and Jackson helped the client set-up an account at TD  
22 Ameritrade. He also helped the client transfer \$10,000 to the new account.  
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1           6.       Jackson did not notify his firm that he advised his client to transfer funds to an account at TD  
2 Ameritrade, or that Jackson would be managing funds at an account away from the firm. Jackson did not  
3 notify his firm because he thought his firm would not allow the transfer.

4           7.       Over about seven months, Jackson placed dozens of trades in the client's account at TD  
5 Ameritrade. Jackson accessed the client's account using the username and password assigned to his client.  
6 Jackson did not contact the client before making any of the trades, even though he did not obtain written  
7 permission from the client to exercise discretion in her account.

8           8.       Jackson engaged in an unsuitable, speculative strategy in the client's account at TD  
9 Ameritrade. Jackson's strategy was to buy and sell options based on predictions of whether a market or  
10 security was going to increase or decrease in value. When Jackson first began trading in the TD Ameritrade  
11 account, he traded credit spreads, which have a finite profit or loss. After about two months of trading, the  
12 value of the account began to decrease. As a result, Jackson began trading open-ended put and call options  
13 because of their increased profit potential. These options are riskier than credit spreads because the increased  
14 profit potential comes with a substantially increased potential for loss.

15           9.       Jackson's client had a moderate risk tolerance: she wanted her funds to grow without taking  
16 any big risks. Jackson did not have the client complete suitability paperwork for the TD Ameritrade account.  
17 However, in the client's account documents at Securities America, Inc., Jackson listed the client's risk  
18 tolerance as aggressive so that Jackson could invest about 5% or 10% of the client's funds in an aggressive  
19 strategy. The speculative options strategy that Jackson used in the client's TD Ameritrade account was  
20 unsuitable for the client's moderate to aggressive risk tolerance.  
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22           10.       Jackson engaged in excessive trading in the client's TD Ameritrade account. Over the seven  
23 months that Jackson traded in the account, Jackson used his discretion to make about 80 trades, which had  
24 costs totaling \$1716.19. Jackson would have had to earn a rate of return of more than 17% in the account just  
25

1 to cover the costs of trading. These comparably high costs indicate that Jackson's trading was excessive in  
2 frequency in relation to the size of the TD Ameritrade account.

3 11. By May 2017, Jackson's trading in the client's account had resulted in a loss of almost all of  
4 the funds in the account. A balance of \$2.17 remained. Jackson's client filed a complaint with the firm stating  
5 that Jackson had mismanaged her accounts. After investigation, Jackson's employment was terminated.

6 12. On December 17, 2018, Jackson entered into a letter of Acceptance, Waiver, and Consent  
7 (AWC) with the Financial Industry Regulatory Authority (FINRA) for the actions described above. In the  
8 AWC, Jackson agreed to a suspension from association with any member of FINRA in any capacity for a  
9 period of 6 months, and a fine of \$10,000.

10 Based upon the above Findings of Fact, the following Conclusions of Law are made:

11 **CONCLUSIONS OF LAW**

12 1. Michael Dennis Jackson violated RCW 21.20.035 by, as set forth in the Tentative Findings of  
13 Fact, engaging in excessive trading in a client's account. Such conduct is grounds for the denial of any future  
14 investment adviser, investment adviser representative, securities salesperson, or broker-dealer registration  
15 applications by Jackson pursuant to RCW 21.20.110(1)(b).  
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17 2. Michael Dennis Jackson violated RCW 21.20.020(1)(c) by, as set forth in the Tentative  
18 Findings of Fact, engaging in dishonest or unethical practices as defined by WAC 460-24A-220(1)-(3) when  
19 Jackson recommended an unsuitable, speculative trading strategy to a client, exercised discretion in a client's  
20 account without written authority to do so, and induced trading in a client's account that was excessive in  
21 relation to the account's size. Such conduct is grounds for the denial of any future investment adviser,  
22 investment adviser representative, securities salesperson, or broker-dealer registration applications by Jackson  
23 pursuant to RCW 21.20.110(1)(b) and RCW 21.20.110(1)(g).  
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1 3. Michael Dennis Jackson violated RCW 21.20.020(1)(c) by, as set forth in the Tentative  
2 Findings of Fact, engaging in dishonest or unethical practices as defined by WAC 460-24A-220 when Jackson  
3 intentionally failed to disclose to his firm that he was managing funds in an account away from the firm, and  
4 when Jackson accessed an investment account using a username and password that was not assigned to him.  
5 Such conduct is grounds for the denial of any future investment adviser, investment adviser representative,  
6 securities salesperson, or broker-dealer registration applications by Jackson pursuant to RCW 21.20.110(1)(b)  
7 and RCW 21.20.110(1)(g).

8 **NOTICE OF INTENT TO ORDER RESPONDENT TO CEASE AND DESIST**

9 Pursuant to RCW 21.20.390(1), and based upon the above Tentative Findings of Fact and Conclusions  
10 of Law, the Securities Administrator intends to order that Respondent Michael Dennis Jackson shall cease  
11 and desist from violations of RCW 21.20.020 and RCW 21.20.035.

12 **NOTICE OF INTENT TO DENY FUTURE REGISTRATIONS**

13 Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and Conclusions  
14 of Law, the Securities Administrator intends to order that any future investment adviser, investment adviser  
15 representative, securities salesperson, or broker-dealer registration applications filed by Respondent Michael  
16 Dennis Jackson with the Securities Division be denied.

17 **NOTICE OF INTENT TO IMPOSE A FINE**

18 Pursuant to RCW 21.20.110(1) and RCW 21.20.395(1), and based upon the above Tentative Findings  
19 of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent Michael Dennis  
20 Jackson shall be liable for and pay a fine of \$10,000.

21 **NOTICE OF INTENT TO CHARGE COSTS**

22 Pursuant to RCW 21.20.110(7) and RCW 21.20.390(5), and based upon the above Tentative  
23 Findings of Facts and Conclusions of Law, the Securities Administrator intends to order that Respondent  
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1 Michael Dennis Jackson shall be liable for and shall pay the costs, fees, and other expenses incurred in the  
2 administrative investigation and hearing of this matter, in an amount not less than \$2,500.

3 **AUTHORITY AND PROCEDURE**

4 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is  
5 subject to the provisions of Chapter 34.05 RCW. The respondent, Michael Dennis Jackson, may make a  
6 written request for a hearing as set forth in the NOTICE OF OPPORTUNITY FOR HEARING  
7 accompanying this Order. If a respondent does not make a hearing request in the time allowed, the  
8 Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as  
9 final and enter a permanent order to cease and desist as to that respondent, to deny any future registrations,  
10 to impose any fines sought against that respondent, and to charge any costs sought against that respondent.  
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13 Signed and Entered this 13th day of March 2020.

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18 William M. Beatty  
19 Securities Administrator

20 Approved by:

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23 \_\_\_\_\_  
24 Suzanne Sarason  
25 Chief of Enforcement

Presented by:

21 

22  
23 \_\_\_\_\_  
24 Holly Mack-Kretzler  
25 Financial Legal Examiner

STATEMENT OF CHARGES AND NOTICE OF INTENT  
TO ENTER ORDER TO CEASE AND DESIST, TO DENY  
FUTURE REGISTRATIONS, TO IMPOSE A FINE, AND  
TO CHARGE COSTS

DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
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Reviewed by:



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Brian Guerard  
Financial Legal Examiner Supervisor

STATEMENT OF CHARGES AND NOTICE OF INTENT  
TO ENTER ORDER TO CEASE AND DESIST, TO DENY  
FUTURE REGISTRATIONS, TO IMPOSE A FINE, AND  
TO CHARGE COSTS

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