

FINANCIAL INDUSTRY REGULATORY AUTHORITY

In the Matter of  
the Continued Membership

of

WNJ Capital, Inc.  
(CRD No. 167903)

with

FINRA

Notice Pursuant to  
Rule 19h-1 of the  
Securities Exchange Act  
of 1934

SD-2181

**Date: June 21, 2018**

**I. Introduction**

On January 26, 2018, WNJ Capital, Inc. (“WNJ” or “the Firm”) submitted a Membership Continuance Application (“MC-400A” or the “Application”) to FINRA’s Department of Registration and Disclosure (“RAD”).<sup>1</sup> The Application seeks to permit the Firm to continue in membership with FINRA notwithstanding its statutory disqualification. A hearing was not held in this matter; rather, pursuant to FINRA Procedural Rule 9523(b), FINRA’s Department of Member Regulation (“Member Regulation” or the “Department”) approves the Firm’s Application and is filing this Notice pursuant to Rule 19h-1 of the Securities Exchange Act of 1934 (“Exchange Act”).

**II. The Statutorily Disqualifying Event**

The Firm is subject to a statutory disqualification, as that term is defined in Section 3(a)(39)(E) of the Exchange Act, as a result of its continued association with William Norris Jordan, Jr. (“Jordan”) (CRD No. 1385105), a statutorily disqualified and control person of the Firm.<sup>2</sup> Jordan is subject to disqualification pursuant to Section 3(a)(39)(A),<sup>3</sup> as a result of an amended Hearing Panel Decision issued by FINRA Office

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<sup>1</sup> See WNJ’s MC-400A Application and related attachments, filed on January 26, 2018 (attached as Exhibit 1).

<sup>2</sup> Id at p. 192, Jordan is the 100% owner of the Firm. See also Schedule A/B of WNJ’s Form BD (attached as Exhibit 2).

<sup>3</sup> Jordan is disqualified for two reasons: 1) pursuant to SEA Section 3(a)(39)(A) because of his 1 year suspension from associating with any FINRA member; and 2) pursuant to SEA Section 3(a)(39)(F), which incorporates by reference SEA Section 15(b)(4)(D), due to his willful violation of the federal securities laws (see FINRA OHO Amended Hearing Panel Decision, dated September 26, 2017 at p. 174 (attached as Exhibit 3)). However, Jordan’s disqualification under SEA Section 3(a)(39)(F), would not separately subject the Firm to a disqualification. This Application was filed to address WNJ’s disqualification under

of Hearing Officers (“OHO”) on September 26, 2017 (“September 2017 Decision,”) suspending him from associating with any FINRA member firm in any and all capacities for one year.<sup>4</sup> According to the September 2017 Decision, OHO found that Jordan engaged in a deceptive, dishonest, unfair practice of willfully executing inter-positioning trades in seven municipal transactions as part of a fraudulent scheme. In furtherance of the scheme, Jordan committed omissions of material fact when he did not disclose the trades to purchasers of the bonds. Further, Jordan reported the fraudulent and fictitious transactions to the trade-reporting systems of the Municipal Securities Rulemaking Board (“MSRB”) and provided false information to FINRA regarding his reasons for engaging in inter-positioning of the trades. In addition to his suspension, Jordan was fined \$7,000 and ordered to pay disgorgement of \$25,657 plus prejudgment interest.<sup>5</sup> Jordan’s suspension began on November 13, 2017 and will elapse on November 12, 2018.<sup>6</sup> The Firm was required to file an Application with FINRA because Jordan is the majority owner of WNJ, which subjects the Firm to disqualification. The Firm is seeking to continue as a FINRA member, notwithstanding Jordan’s continued association as the majority owner of the Firm, during his period of suspension.

### **III. Background Information About the Firm**

#### **A. Location of the Firm & Its Business Activities**

WNJ is based in Philadelphia, Pennsylvania and has been a FINRA member since January 2014.<sup>7</sup> The Firm has one Office of Supervisory Jurisdiction (“OSJ”) and no branch offices.<sup>8</sup> The Firm employs two registered principals, three registered representatives and four non-registered employees.<sup>9</sup> Aside from Jordan, the Firm does not employ any statutorily disqualified persons.<sup>10</sup> The Firm operates as a municipal

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SEA Rule 3(a)(39)(E). Therefore, once Jordan’s suspension elapses, he will no longer be subject to disqualification under 3(a)(39)(A) and the Firm will no longer be subject to disqualification.

<sup>4</sup> See Exhibit 3, FINRA OHO Amended Hearing Panel Decision.

<sup>5</sup> See email from FINRA Finance dated April 16, 2018, confirming that Jordan has paid all monies and fines assessed (attached as Exhibit 4).

<sup>6</sup> See OHO Post-Decision Order Revising Suspension Start Date for Respondent, dated October 24, 2017, wherein it’s stated that Jordan’s suspension commenced on November 13, 2017, rather than the date of November 20, 2017, as stated in the September 2017 Order (attached as Exhibit 5).

<sup>7</sup> Exhibit 1 at p. 196.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> Exhibit 1 at p. 197, in response to item three.

securities broker and dealer.<sup>11</sup>

B. Examination History

The two most recent FINRA examinations of the Firm were completed in 2014 and 2016. The 2016 cycle examination (the “2016 examination”) resulted in a Cautionary Action for two of the three exceptions noted therein; no further action was taken with respect to the third exception.<sup>12</sup> These two exceptions relate to the Firm’s failure to evidence its collection of information from certain customers, in violation of MSRB Rule D-15(b) and (c) and the Firm’s failure to ensure that the Firm’s review of electronic correspondence was performed in accordance with its internal procedures in violation of FINRA Rule 3110(b), MSRB Rule G-27(c)(i) and (e)(i).

There were no exceptions noted for the 2014 cycle examination (the “2014 examination”); however a recommendation was made that the Firm enhance its policies and procedures to require timely identification, notification and firm approval of all e-mail addresses utilized by registered representatives for business purposes to ensure principal review and proper retention of all electronic communications pursuant to regulatory requirements.<sup>13</sup>

C. The Firm’s Disciplinary History

The Firm has not been the subject of any regulatory action.

**IV. The Firm’s Proposed Continued Membership with FINRA and Proposed Supervisory Plan**

In light of William Norris Jordan, Jr.’s (“Jordan”) suspension, which is in effect until November 12, 2018, and pursuant to Exchange Act Rule 19h-1(c)(4), the Firm has agreed to the following plan of supervision (the “Supervisory Plan”):<sup>14</sup>

1. The Firm is prohibited from allowing Jordan to access or utilize his email addresses at WNJ or any of its electronic mail systems during the period of his suspension;

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<sup>11</sup> See Types of Businesses for the Firm, from the records of CRD (attached as Exhibit 6).

<sup>12</sup> See FINRA Disposition Letter, dated September 21, 2016 and the Report on the Examination, dated August 4, 2016 (collectively attached as Exhibit 7).

<sup>13</sup> See FINRA Disposition Letter, dated November 5, 2014 and the Report on the Examination (collectively attached as Exhibit 8).

<sup>14</sup> See executed Supervisory Plan, as agreed to by the Firm, dated June 21, 2018 (attached as Exhibit 9).

2. The Firm is prohibited from using Jordan as its executive representative as that term is defined under FINRA By-Laws, Article 4, Sec. 3, during the period of his suspension;
3. For the duration of his suspension, the Firm will remove references of, or to, Jordan from its website;
4. During the period of his suspension, the Firm will prohibit Jordan from the following activities:
  - (a) being a signatory on the Firm's bank accounts; the Firm's or Board's annual corporate documents, minutes or any other organizational documents;
  - (b) from acting in any capacity; and
  - (c) from attending any corporate meetings.
5. The Firm will not permit Jordan to have access to WNJ's offices, its employees or its customers during his period of suspension;
6. The Firm is prohibited from allowing Jordan to conduct any trading activity during his period of suspension; and
7. Once Jordan's suspension has elapsed, WNJ will certify, in writing, that Jordan's activities were monitored appropriately and in accordance with his supervisory plan. Copies of these certifications will be maintained and kept segregated for ease of review during any statutory disqualification examination.

## **V. Discussion**

After carefully reviewing the records in this matter, FINRA approves WNJ's Application. In evaluating applications like these, FINRA assesses whether the statutorily disqualified firm seeking to continue its membership with FINRA has demonstrated that its continued membership is consistent with the public interest and does not create an unreasonable risk of harm to the market or investors. *See* FINRA By-Laws, Art. III, Sec. (3)(d); *cf* *Frank Kufrovich*, 55 SEC. 616, 624 (2002) (holding that FINRA "may deny an application by a firm for association with a statutorily-disqualified individual if it determines that employment under the proposed plan would not be consistent with the public interest and the protection of investors"). Typically, factors that bear on our assessment include the nature and gravity of the statutorily disqualifying misconduct, the time elapsed since its occurrence, the restrictions imposed, and whether there has been any intervening misconduct.

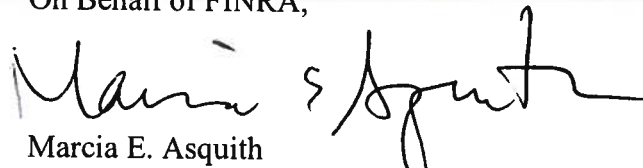
FINRA finds that WNJ has demonstrated that its continued membership is consistent

with the public interest and does not create an unreasonable risk of harm. Importantly the Firm is subject to a disqualification based solely on the fact that its owner is subject to a suspension, and Jordan's suspension will elapse on November 12, 2018 causing the Firm to no longer be subject to disqualification. Additionally, the nature of Jordan's disqualification results in him being prohibited from being involved in any of the Firm's business lines and its operations, until his suspension has elapsed. This, along with the current plan of supervision, mitigates any potential threat to the investing public. FINRA finds that these facts, in addition to a review of the Firm's regulatory history, including recent examinations, militates towards approving the Firm's continued membership in FINRA.

FINRA approves WNJ's continued membership with FINRA as it does not present an unreasonable risk of harm to the market or investors. FINRA states that, to its knowledge: 1) WNJ meets all applicable requirements for its proposed continued membership; 2) the Firm is not a member of any other self-regulatory organization; and 3) other than Jordan, the Firm does not employ any other statutorily-disqualified individuals.

In conformity with the provisions of Rule 19h-1, the continued membership of the Firm will become effective within 30 days of the receipt of this notice by the Commission, unless otherwise notified by the Commission.

On Behalf of FINRA,



Marcia E. Asquith  
Senior Vice President and Corporate Secretary

## Exhibits

1. MC-400A Application and related attachments, filed on January 26, 2018.
2. Direct Owners/Executive Officers of WNJ, from the records of CRD.
3. FINRA OHO Amended Hearing Panel Decision, dated September 26, 2017.
4. Email from FINRA Finance dated April 16, 2018.
5. OHO Post-Decision Order Revising Suspension Start Date for Respondent, dated October 24, 2017.
6. Types of Businesses for the Firm, from the records of CRD.
7. FINRA Disposition Letter, dated September 21, 2016 and the Report on the Examination, dated August 4, 2016.
8. FINRA Disposition Letter, dated November 5, 2014 and the Report on the Examination.
9. Executed Supervisory Plan, as agreed to by the Firm, dated June 21, 2018.