

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022077235401**

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

RE: Jesse Brett Butler (Respondent)
General Securities Representative
CRD No. 4260239

Pursuant to FINRA Rule 9216, Respondent Jesse Brett Butler 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

Butler first registered with FINRA as a General Securities Representative (GS) in 2000 through an association with a member firm. From May 2005 to December 2022, Butler was registered with FINRA as a GS through an association with Allstate Financial Services, LLC (CRD No. 18272). Since December 2022, Butler has been registered with FINRA as a GS through an association with Pruco Securities, LLC (CRD No. 5685).¹

OVERVIEW

Between 2016 and 2020, while associated with Allstate, Butler borrowed over \$1.1 million from five of his customers in violation of FINRA Rules 3240 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a regulatory tip submitted to FINRA.

FINRA Rule 3240(a) prohibits a registered representative from borrowing money from any customer unless his member firm has written procedures that allow for such borrowing and the borrowing arrangement meets at least one of five circumstances specified in the rule. Even if these requirements are satisfied, the registered representative

¹ For more information about the respondent, visit BrokerCheck® at www.finra.org/brokercheck.

must seek and obtain prior written approval of the loan from the member firm, except that the firm's procedures may provide otherwise where the customer is a financial institution or a member of the representative's immediate family. A violation of Rule 3240 is also a violation of FINRA Rule 2010, which requires members and their associated persons to "observe high standards of commercial honor and just and equitable principles of trade."

At all relevant times, Allstate's policies generally prohibited borrowing money from customers. The firm permitted certain exceptions, including for loans from the representative's immediate family members, but only with, among other things, the firm's prior approval.

Between 2016 and 2020, Butler borrowed \$1,175,000 from five of his Allstate customers. Butler did not disclose the loans to, or receive approval from, Allstate. Although one loan came from immediate family members, that loan was prohibited under Allstate's policies because Butler did not disclose it to the firm or obtain Allstate's approval. Butler also responded falsely on five annual firm compliance questionnaires over the relevant period that he had not borrowed money from any customers.

Therefore, Butler 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 \$5,000 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.

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.

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 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 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.

October 16, 2024

Date

JESSE BRETT BUTLER

Jesse Brett Butler
Respondent

Accepted by FINRA:

October 23, 2024

Date

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

Eric M. Goldstein

Eric M. Goldstein
Director
FINRA
Department of Enforcement
1700 K Street, NW
Washington, DC 20006