

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 60326 / July 17, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13551

In the Matter of

Stephen Cheryl Bauman

Respondent.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Stephen Cheryl Bauman (“Bauman” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over her and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

1. Between July 1, 2001 and approximately mid-September 2006, J.P. Turner & Company, LLC ("J.P. Turner"), an Atlanta-headquartered broker-dealer registered with the Commission, failed to adopt and implement policies and procedures reasonably designed to safeguard customer records and information as required by Rule 30(a) of Regulation S-P (the "Safeguards Rule") (17 CFR § 248.30(a)). During the relevant period, Bauman served as either J.P. Turner's chief compliance officer ("CCO") or assistant chief compliance officer ("ACCO"). As J.P. Turner's CCO from July 2001 to July 2004, Bauman failed to adopt and implement policies and procedures to make J.P. Turner compliant with the Safeguards Rule. Later, when she was ACCO from July 2004 to the end of the relevant period, Bauman failed, despite specifically being delegated the responsibility to do so, to adopt and implement policies and procedures to make J.P. Turner compliant with the Safeguards Rule.

J.P. Turner employed hundreds of independent contractor registered representatives who worked from multiple branch offices located throughout the United States. Because it never complied with the Safeguards Rule, J.P. Turner, among other things, never gave its numerous branch managers or registered representatives guidance on how to protect customer records or how to dispose properly of such records when they were no longer needed. This lack of guidance became apparent in September 2006 when the account records of over 5,000 brokerage customers of J.P. Turner were left abandoned for several weeks at curbside outside of the former home of a J.P. Turner registered representative in Alpharetta, Georgia.

Respondent

2. Bauman, 57 and is a resident of Atlanta, Georgia. Bauman served as J.P. Turner's CCO from July 1999 to July 2004 and served as the firm's ACCO from July 2004 to March 2008. She holds Series 7, 24, 55, and 63 licenses.

The Safeguards Rule

3. Regulation S-P became effective on July 1, 2001 and required, among other things, that every broker, dealer, and investment company, and every investment adviser registered with the Commission have policies and procedures reasonably designed, among other things, to insure the security and confidentiality of customer records and information and protect against unauthorized access to or use of customer records or information that could result in substantial harm or inconvenience to any customer. These policies and procedures did not have to be in

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

writing when Regulation S-P originally went into effect. However, the Commission later amended Regulation S-P to require that such policies and procedures be written. This amendment to the Safeguards Rule went into effect on January 11, 2005 and required compliance by July 1, 2005.

4. From July 1, 2001 to June 30, 2005, J.P. Turner had no policies and procedures reasonably designed to protect customer information, as required by the Safeguards Rule, as effective on July 1, 2001. Bauman was J.P. Turner's CCO during this period until July 2004. Additionally, between July 1, 2005 and September 2006, when Bauman served as J.P. Turner's ACCO, J.P. Turner failed to comply with the amended Safeguards Rule.

5. Specifically, following the effective date of Regulation S-P, J.P. Turner issued a number of successive editions of both its registered representative's manual and its branch manager's manual. None of these editions made mention of the Safeguards Rule or provided policies or procedures concerning how to protect customer records and customer information as required by the Safeguards Rule.

6. The only written mention of the Safeguards Rule in J.P. Turner's manuals was contained in six successive editions of its main office manual issued between July 2005 and September 2006. However, these manuals simply restated the objectives of the Safeguards Rule and delegated to Bauman the responsibility to ensure compliance with it. Although these main office manuals mandated that firm records be kept in locked file cabinets which were to be subjected to random spot-checks, there were no other policies or procedures in the manuals addressing any administrative, technical, or physical safeguards associated with customer records or information, including how to dispose properly of such records when they were no longer needed.

The Abandoned Customer Records

7. J.P. Turner's failure to comply with the requirements of the Safeguards Rule became apparent in September 2006. Specifically, on September 1, 2006, in connection with a residence change a then-registered representative of J.P. Turner placed records of more than 5,000 current or former J.P. Turner customers curbside at his residence in suburban Atlanta, Georgia, for pick up by a trash hauler with whom he had contracted to retrieve and destroy the records. The customer records contained variously the names, addresses, dates of birth, social security numbers, bank account numbers, and account statements of the customers. However, the hauler never collected the records which remained abandoned until J.P. Turner retrieved them on September 14. J.P. Turner has been unable to confirm that all of the customer records have been retrieved. To date, there has been no indication that any customer whose records were improperly maintained has become the victim of identify theft or other financial crime.

8. As a result of the conduct described above, Bauman caused J.P. Turner's violations of Rule 30(a) of Regulation S-P, which requires written policies and procedures that address administrative, technical, and physical safeguards for the protection of customer records and information and that were reasonably designed to: (1) insure the security and confidentiality of customer records and information; (2) protect

against any anticipated threats or hazards to the security or integrity of customer records and information; and (3) protect against unauthorized access to or use of customer records or information that could result in substantial harm or inconvenience to any customer.

Undertakings

9. Respondent shall cooperate fully with the Commission in any and all investigations, litigations or other proceedings relating to or arising from the matters described in this Order. In connection with such cooperation, Respondent has undertaken:

a. To produce, without service of a notice or subpoena, any and all documents and other information requested by the Commission's staff;

b. To be interviewed by the Commission's staff at such times as the staff reasonably may direct;

c. To appear and testify truthfully and completely without service of a notice or subpoena in such investigations, depositions, hearings or trials as may be requested by the Commission's staff; and

d. That in connection with any testimony of Respondent to be conducted at deposition, hearing or trial pursuant to a notice or subpoena, Respondent:

(i) Agrees that any such notice or subpoena for Respondent's appearance and testimony may be served by regular mail on her attorney, Joel R. Beck, Esq., at The Beck Law Firm, LLC, PO Box 958 Snellville, GA 30078; and

(ii.) Agrees that any such notice or subpoena for Respondent's appearance and testimony in an action pending in a United States District Court may be served, and may require testimony, beyond the territorial limits imposed by the Federal Rules of Civil Procedure.

In determining whether to accept the Offer, the Commission has considered these undertakings.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Bauman's Offer.

Accordingly, it is hereby ORDERED that:

Pursuant to Section 21C of the Exchange Act, Respondent Bauman cease and desist from causing any violations and any future violations of Rule 30(a) of Regulation S-P.

By the Commission.

Elizabeth M. Murphy
Secretary