UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 78607 / August 17, 2016

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3795 / August 17, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17126

In the Matter of **JASON MAIHER,** **Respondent.**	**ORDER MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER PURSUANT TO SECTIONS 4C, 15(b) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 102(e) OF THE COMMISSION'S RULES OF PRACTICE**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest to accept the Offer of Settlement submitted by Jason Maiher ("Maiher" or "Respondent") pursuant to Rule 240(a) of the Rules of Practice of the Commission, 17 C.F.R. § 201.240(a), for the purpose of settlement of these proceedings initiated against Respondent on February 23, 2016, pursuant to Sections 4C, 15(b), and 21C of the Securities Exchange Act of 1934 ("Exchange Act") and 102(e)(1)(iii) of the Commission's Rules of Practice.

II.

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 him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Sections 4C, 15(b) and 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission's Rules of Practice ("Order"), as set forth below.

III.

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

A. SUMMARY

1. These proceedings concern Respondent's role in KeyBanc Capital Market Inc.'s ("KBCM") failure to make and keep accurate books and records.

2. Beginning at some point prior to January 2011, and through January 2012, Respondent, who was KBCM's CFO (until November 2011) and Series 27 Financial and Operations Principal ("FinOp"), directed that unsubstantiated entries (commonly known as "plug" entries) be made to one or more accounts in KBCM's general ledger, in order to complete KBCM's monthly close-the-books process.

3. The plug entries resulted in KBCM overstating its assets and income in the financial statements included in its fiscal year 2010 Annual Audited Report filed with the Commission in February 2011, and also resulted in inaccurate financial information being included in KBCM's monthly reporting to FINRA (which furnished such monthly reports to the Commission), including those filed in 2011and January 2012.

4. In its Annual Audited Report for the year ended December 31, 2011, KBCM disclosed that its prior period financial statements (for fiscal year 2010) included unsubstantiated assets of $13,679,000 ($8,591,000 net of taxes). Specifically, the 2011 Annual Audited Report stated "[t]he December 31, 2010, Statement of Financial Condition included $13,679[,000] in net trade date receivables that was found to be unsubstantiated during 2011."

B. RESPONDENT

5. **Maiher**, age 42, was KBCM's CFO from April 2007 through November 2011 and FinOp from April 2007 through December 2011. Maiher was primarily responsible for maintaining KBCM's financial records. He submitted KBCM's Annual Audited Report to the Commission and oversaw the filing of its monthly Financial and Operational Combined Uniform Single Reports ("FOCUS Reports") with FINRA, which then furnished the FOCUS Reports to the Commission. Pursuant to internal policies and procedures that were applicable to KBCM, Maiher was required to certify after the close of each month that KBCM's general ledger balance sheet information had been compared with, and reconciled to, the underlying back-office system information.

C. RELEVANT ENTITY

6. KBCM is a broker-dealer registered with the Commission and is a subsidiary of KeyCorp, a financial services company headquartered in Cleveland, Ohio.

D. FACTS

KBCM'S BOOKS AND RECORDS WERE INACCURATE

7. Beginning at some point prior to January 2011, and through January 2012, Respondent directed that unsubstantiated (i.e., "plug") entries be made to one or more accounts in KBCM's general ledger, in order to complete KBCM's monthly close-the-books process. The amount of these entries varied over time.

8. The plug entries resulted in KBCM overstating its assets and income in its fiscal year 2010 financial statements, which were included in its fiscal year 2010 Annual Audited Report filed with the Commission in February 2011. Respondent signed this report, affirming that the accompanying financial statements were "true and correct."

9. The plug entries to the general ledger also resulted in inaccurate financial information being included in KBCM's FOCUS Reports that Respondent caused to be filed with FINRA, which then furnished the FOCUS Reports to the Commission, for some point prior to January 2011 through January 2012. In 2012, KBCM filed amended FOCUS Reports.

10. In its Annual Audited Report for the year ended December 31, 2011, KBCM disclosed that its prior period financial statements (for fiscal year 2010) included unsubstantiated assets of $13,679,000 ($8,591,000 net of taxes). Specifically, the 2011 Annual Audited Report stated "[t]he December 31, 2010, Statement of Financial Condition included $13,679[,000] in net trade date receivables that was found to be unsubstantiated during 2011."

RESPONDENT DIRECTED THAT UNSUBSTANTIATED ENTRIES BE MADE TO KBCM'S GENERAL LEDGER

11. KeyCorp's written policies and procedures[1] that were applicable to KBCM required KBCM's finance department, led by Respondent, to reconcile certain general ledger accounts to the back office securities trading and inventory software system. The general ledger system was referred to as MSA. MSA was the source of the official books and records of KBCM. The back office system for KBCM was referred to as Broadridge.

12. The purpose of reconciling accounts was to ensure that the information in MSA was accurate. Generally, reconciliation is an accounting process used to compare two sets of

[1] These included "Policy ACC-403: KeyCorp Reconciliation and Certification Policy" and "Procedure AR-5001: Reconcilement Process & Account Certification."

records to ensure the figures are in agreement. During the relevant period, KeyCorp's Reconcilement Process & Account Certification Procedure stated that the goal of reconciliation was "to verify that the balance and activity in the [general ledger] account agrees with the expected balance and activity as recorded elsewhere." This document further explained that "[w]hen external reports are published to our shareholders and government agencies, it is critical that the general ledger system from which those reports are prepared be correct."

13. The applicable policies and procedures required accounts to be reconciled on a periodic basis, which was generally daily or weekly "unless the account has very low transaction volume." At a minimum, all accounts were to be reconciled monthly.

14. Among the accounts that Respondent and his team were required to reconcile were the firm's inventory accounts. Despite the fact that the inventory accounts did not have "very low transaction volume," they were reconciled only monthly.

15. The applicable policies and procedures required Respondent to segregate the duties of preparing, reviewing, and certifying the inventory accounts reconciliations. Accordingly, one of KBCM's accountants was responsible for preparing the reconciliations, KBCM's Controller was responsible for reviewing the reconciliations, and Respondent was responsible for certifying them. Specifically, Respondent was responsible for timely certifying the inventory accounts in KeyCorp's On-Line Certification System.

16. As explained in KeyCorp's policies and procedures, Respondent's certification of a general ledger account was a formal attestation that: properly documented controls and procedures were in place; reconciliations were routinely performed according to an established schedule; the reconciliation for the account was current; and the supporting sub-system, which is Broadridge in this instance, was in agreement with the general ledger.

17. Further, as stated in the policies and procedures, by certifying an account, Respondent was making himself "personally accountable for the integrity of the account" and stating that "a formal reconciliation, with all pertinent documentation, has been prepared and reviewed, and that all reconciling items have been adequately documented."

18. As part of KBCM's reconciliation process, any difference between related account balances in MSA and Broadridge needed to be identified and was considered a reconciling item. Reconciling items needed to be researched and resolved within established time limits. The inventory accounts were subject to a 30-day aging period, after which any unresolved differences between MSA and Broadridge were to be written off consistent with KeyCorp policy. The approval needed to charge off an item depended on the dollar amount. Respondent's write-off authority was capped at $100,000 per KeyCorp policy. Stale items in excess of $100,000 were only to be written off with the approval of KeyCorp's Chief Accounting Officer, CFO, or Corporate Controller.

19. If a reconciling item was deemed a "reportable exception," it needed to be recorded in the on-line certification system. A "reportable exception" was defined as a reconciling item

"deemed significant enough to alert senior management to a potential problem which may indicate a breakdown of internal controls or present the possibility of significant loss." Variances between MSA and Broadridge of $10,000 or more, which had not cleared through the normal transaction life cycle, fell into this category.

20. It was Respondent's responsibility, as certifier of the inventory accounts, to describe any reportable exception in clear language, explain the efforts being made to correct the exception, and provide the anticipated date of resolution. Respondent had until the 20th of each month to timely certify the prior-month inventory account balances and document any reportable exceptions in the on-line certification system.

21. Beginning at some point prior to 2011, and through January 2012, Respondent directed that unsubstantiated entries be made to the general ledger in order to balance and be able to close the books on a monthly basis.

22. During 2010, 2011, and January 2012, as part of the monthly close-the-books process, at Respondent's direction, the staff accountant populated the reconciliation spreadsheet for the inventory accounts. The initial iteration of this spreadsheet showed the variances between the general ledger and Broadridge. At Respondent's direction, the staff accountant also prepared a corresponding "correcting entry" spreadsheet that, in more summary fashion, compared the month-end MSA long and short inventory balances with the long and short inventory trade date balances in Broadridge. The "correcting entry" spreadsheet was a tool that served as the basis for a series of manual adjusting entries that were then made to the general ledger to make the general ledger match Broadridge. These adjusting entries were described as "Trade Date Long" or "Trade Date Short" and were made to the 129186 "Trading Inv-Other" and 273500 "Liab for Shrt Positions" accounts. After these entries were posted to the general ledger, the staff accountant updated the reconciliation spreadsheet; certain variances that appeared on the pre-close version of the spreadsheet were thus absent from the final version that was signed by Respondent as certifier, post-close.

23. The securities inventory reconciliation and the related "correcting entry" spreadsheet also computed manual adjustments that were made each month to general ledger accounts 196727 "Trade Date Receivable" and 299220 "Trade Date Payable." Respondent directed these adjustments, in combination with the manual adjustments to accounts 129186 and 273500, to be made in order to purportedly reflect the MSA inventory account balances on a trade date basis for regulatory reporting purposes.

24. If all of the month-end adjusting entries did not result in MSA balancing, the staff accountant, at Respondent's direction, would include an additional adjusting entry to plug the unexplained difference in order to be able to close the books in the firm's internal system. In most instances, Respondent directed that this entry be described as a "Trade Date Adjustment." All of the manual adjusting entries were typically made on either day 1 or day 2 after the month-end and the books were closed on day 3.

25. Below are additional adjusting entries that were made to balance and close the books monthly for December 2010 through December 2011:

DATE	ACCOUNT	ENTRY	DESCRIPTION
Dec. 2010	482434 P/L	76,754.36	Inventory Adjustment
Jan. 2011	482439 P/L	2,239,211.72	P&L Adjustment
Feb. 2011	196727 Trade Date Receivable	2,949,720.49	Trade Date Adjustment
Mar. 2011	129186 Trading Inv-Other	(3,751,660.38)	Trade Date Adjustment
Apr. 2011	482439 P/L	440,170.57	Trade Date Adjustment
May 2011	482439 P/L	1,893,944.88	Trade Date Adjustment
June 2011	482439 P/L	152,539.67	Trade Date Adjustment
July 2011	196727 Trade Date Receivable	12,502,416,22	GPS Placeholder Offset
Sept. 2011	196727 Trade Date Receivable	17,607,368.97	Trade Date Adjustment
Oct. 2011	129186 Trading Inv-Other	31,618,733.55	Trade Date Adjustment
Nov. 2011	196727 Trade Date Receivable	22,170,007.11	Trade Date Adjustment
Dec. 2011	196727 Trade Date Receivable	18,674,052.00	Trade Date Adjustment

26. Although the purpose of the KBCM inventory reconciliation process was to identify, research and timely resolve any differences between corresponding account balances in MSA and the Broadridge subsystem, through the process undertaken by Respondent and his staff, differences were routinely eliminated through the expedient of adjusting entries made during the monthly close, after which the inventory account balances were certified by Respondent as reconciled. For example, for February, March, April and June 2011, Respondent certified the inventory accounts without an exception of any kind. For other months, he certified with certain exceptions but did not disclose that unsubstantiated adjustments had been made to the general ledger.

27. By coming up with the process by which the reconciler determined the adjusting entries, directing that they be made to the general ledger, and then certifying the inventory account reconciliations, Respondent also failed to ensure appropriate segregation of duties, in violation of the applicable policies and procedures.

28. KBCM hired a new CFO in November 2011. After he was hired, the new CFO discovered the variances after reviewing the most recent reconciliations and notified KBCM's and KeyCorp's management. Respondent was subsequently terminated from KBCM in May 2012.

29. Through the conduct described above, Respondent caused unsubstantiated entries to be made in the records of KBCM; caused the records of KBCM to be inaccurate; caused false FOCUS Reports and financial statements to be filed with FINRA, which then furnished the FOCUS Reports to the Commission; and caused a false Annual Audited Report to be filed with the Commission.

E. VIOLATIONS

30. As a result of the conduct described above Respondent willfully aided and abetted and caused KBCM's violations of Sections 17(a) and 17(e) of the Exchange Act and Rules 17a-3(a)(2), 17a-5(a), and 17a-5(d) thereunder, which require registered broker-dealers to make and keep accurate records, including current ledgers reflecting all assets and liabilities relating to the firm's business, and to make and disseminate accurate reports prescribed by Commission rule, including a balance sheet and income statement certified by a public accounting firm, annual audited reports, and periodic FOCUS Reports.

F. FINDINGS

31. Based on the foregoing, the Commission finds that Respondent Maiher willfully aided and abetted and caused KBCM's violations of Sections 17(a) and 17(e) of the Exchange Act and Rules 17a-3(a)(2), 17a-5(a), and 17a-5(d) thereunder.

G. CIVIL PENALTIES

Respondent has submitted a sworn Statement of Financial Condition dated May 19, 2016, and other evidence and has asserted his inability to pay a civil penalty.

IV.

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

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Respondent Maiher shall cease and desist from committing or causing any violations and any future violations of Sections 17(a) and 17(e) of the Exchange Act and Rules 17a-3(a)(2), 17a-5(a), and 17a-5(d) promulgated thereunder.

B. Respondent Maiher be, and hereby is:

> barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

> barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock;

with the right to apply for reentry after two (2) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

C. Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. Respondent Maiher is denied the privilege of appearing or practicing before the Commission as an accountant.

E. After two (2) years from the date of this order, Respondent Maiher may request that the Commission consider his reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as an accountant.

F. Based upon Respondent Maiher's sworn representations in his Statement of Financial Condition dated May 19, 2016 and other documents submitted to the Commission, the Commission is not imposing a penalty against Respondent.

G. The Division of Enforcement ("Division") may, at any time following the entry of this Order, petition the Commission to: (1) reopen this matter to consider whether Respondent provided accurate and complete financial information at the time such representations were made; and (2) seek an order directing payment of the maximum civil penalty allowable under the law. No other issue shall be considered in connection with this petition other than whether the financial information provided by Respondent was fraudulent, misleading, inaccurate, or incomplete in any material respect. Respondent may not, by way of defense to any such petition: (1) contest the findings in this Order; (2) assert that payment of a penalty should not be ordered; (3) contest the imposition of the maximum penalty allowable under the law; or (4) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields
Secretary