

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
July 17, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13550

In the Matter of

**J.P. TURNER & COMPANY,
LLC,**

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS
PURSUANT TO SECTIONS 15(b) AND 21C
OF THE SECURITIES EXCHANGE ACT OF
1934**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against J.P. Turner & Company, L.L.C. (“Respondent” or “J.P. Turner”).

II.

After an investigation, the Division of Enforcement alleges that:

1. J.P. Turner is an Atlanta, Georgia-based limited liability company that has been registered with the Commission as a broker-dealer since 1997. As of mid-September 2006, J.P. Turner had approximately 488 independent contractor registered representatives, working out of over 150 branch offices, including 48 offices of supervisory jurisdiction, located throughout the United States.

Summary

2. Between July 1, 2001 and approximately mid-September 2006, J.P. Turner failed to adopt and implement policies and procedures designed reasonably to safeguard customer records and information as required by Rule 30(a) of Regulation S-P (the “Safeguard Rule”) (17 CFR § 248.30(a)). During the relevant period, 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 Safeguard 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.

The Safeguard 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 to 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 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 Safeguard Rule went into effect on January 11, 2005 and required compliance by July 1, 2005.

4. In September 2000, the NASD provided a Notice to Members which informed members of, among other things, the requirements of the Safeguard Rule under Regulation S-P. This Notice to Members stated, in pertinent part, that “in the first year a broker/dealer becomes subject to the rule, a broker/dealer must comply with the following requirements: . . . adopt policies and procedures that address the protection of customer information and records.” J.P. Turner’s chief compliance officer acknowledged receiving this Notice to Members. On July 1, 2005, Regulation S-P was amended to require that those policies and procedures be in writing. J.P. Turner received a Notice to Members setting out the new requirement that Regulation S-P policies and procedures must be in writing.

5. 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 Safeguard Rule, as effective on July 1, 2001. Additionally, between July 1, 2005 and September 2006, J.P. Turner failed to comply with the amended Safeguard Rule, as effective on July 1, 2005.

6. 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 Safeguard Rule nor provided policies or procedures concerning how to protect customer records and customer information as required by the Safeguard Rule.

7. The only written mention of the Safeguard 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 Safeguard Rule and delegated to J.P. Turner’s assistant chief compliance officer 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

8. J.P. Turner's failure to comply with the requirements of the Safeguard 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.

9. As a result of the conduct described above, J.P. Turner willfully violated Section 30(a) of Regulation S-P by failing to have 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.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement and civil penalties pursuant to Section 21B of the Exchange Act;

C. Whether, pursuant to Section 21C of the Exchange Act, Respondent should be ordered to cease and desist from committing or causing any violations of and any future violations of Section 30(a) of Regulation S-P (17 C.F.R. . § 248.30(a)) and whether Respondent should be ordered to pay disgorgement pursuant to Section 21C of the Exchange Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against it upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Elizabeth M. Murphy
Secretary