

**NASD
OFFICE OF HEARING OFFICERS**

Department of Market Regulation,

Complainant,

v.

Alphonse Mekalainas
(CRD No. 1276859),

Respondent.

Disciplinary Proceeding
No. 20042000053-02
Hearing Officer: AWH

**ORDER ACCEPTING
OFFER OF SETTLEMENT OF
ALPHONSE MEKALAINAS**

Date: November 8, 2006

Disciplinary proceeding number 20042000053-02 was filed on April 10, 2006 by the Department of Market Regulation of NASD ("Complainant"). On September 5, 2006, Complainant filed an Amended Complaint. Respondent Alphonse Mekalainas ("Respondent" or "Mekalainas") submitted an Offer of Settlement ("Offer") to Complainant on October 13, 2006. Pursuant to Code of Procedure Rule 9270(e), the Complainant and the National Adjudicatory Council ("NAC") Review Subcommittee or the Office of Disciplinary Affairs ("ODA") have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to Code of Procedure Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD is a party, to the entry of findings and violations consistent with the allegations set forth in the Amended Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will

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become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by NASD.

BACKGROUND

Alphonse Mekalainas, age 54, lives in Las Vegas, Nevada. Mekalainas acquired Great Eastern in 1998 and sold it to Jeffrey Ramson in 1999. Mekalainas continued to hold the position of President of the firm through March 2003. In July 2002, Mekalainas moved to Las Vegas to open a branch office of the firm and served as its branch manager until the office closed in 2006. Mekalainas terminated his registration with Great Eastern in October 2006.

FINDINGS AND CONCLUSIONS¹

It has been determined that the Offer be accepted and that findings be made as follows:

Between approximately February 2002 and July 2002, Mekalainas was President of Great Eastern and the designated principal with responsibility for enforcing the firm's system of supervision and written supervisory procedures. During this period, Mekalainas failed to take reasonable steps to verify that the firm's branch office in Staten Island, New York was being adequately supervised by its branch manager. Specifically, Mekalainas failed to: (1) conduct or document any inspections of the branch office; (2) monitor payments of commissions to individual employees at the branch office; (3) monitor wire transfers from customer accounts; (4) confirm that branch employees were properly registered; and (5) verify that the designated principal assigned responsibility for overseeing the branch office was diligently exercising his delegated supervisory responsibilities.

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

Between approximately July 2002 and March 2003, Mekalainas was President of Great Eastern and a senior member of the compliance department of Great Eastern. During this period, Mekalainas failed to take reasonable steps to verify that the firm's compliance officer, Ernest Viola, was diligently exercising his delegated supervisory responsibilities over the Staten Island branch.

Between July 2002 and March 2006, Mekalainas was also the branch manager and designated supervisor assigned to supervise the activities of the Las Vegas branch office of Great Eastern. During this period, Mekalainas failed to reasonably supervise the activities of a registered representative assigned to the branch, Gary Segarra, and permitted Segarra to engage in securities transactions without proper registration in the State of Nevada.

Based on the foregoing, Respondent Mekalainas violated NASD Conduct Rules 2110 and 3010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by NASD of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

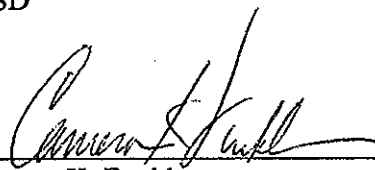
It is ordered that Respondent Mekalainas shall be:

1. Suspended from association with any NASD member in all capacities for one year, to be followed consecutively by an 18-month suspension from association with any NASD member in the capacity of General Securities Principal; and
2. Fined \$25,000. The fine shall be due and payable either immediately upon reassociation with a member firm following the one year suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

The sanctions imposed herein shall be effective on a date set by NASD staff. Pursuant to IM-8310-2(f), a bar or expulsion shall become effective upon approval or acceptance of this Order by the NAC.

SO ORDERED.

NASD

By: 

Cameron K. Funkhouser
Senior Vice President
Market Regulation Department

On behalf of the Director of ODA,
pursuant to delegated authority