

**NASD
OFFICE OF HEARING OFFICERS**

Department of Market Regulation,

Complainant,
v.

Great Eastern Securities, Inc.
(B/D No. 2061),

and

Jeffrey Ramson
(CRD No. 1574903),

Respondents.

Disciplinary Proceeding
No. 20042000053-02
Hearing Officer: AWH

**ORDER ACCEPTING OFFER OF
SETTLEMENT OF GREAT EASTERN
SECURITIES, INC. AND JEFFREY
RAMSON**

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. Great Eastern Securities, Inc. ("Great Eastern") and Jeffrey Ramson ("Ramson") (collectively the "Respondents") submitted an Offer of Settlement ("Offer") to Complainant on October 11, 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, Respondents have consented, without admitting or denying the allegations of the Complaint, and solely for the purposes of this proceeding and any other

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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 understand that this Order will become part of the Respondents' permanent disciplinary record and may be considered in any future actions brought by NASD.

BACKGROUND

Great Eastern is headquartered at 50 Broad Street, New York, New York. It has been an NASD member since 1980 and its registration remains in effect. Great Eastern provides remote access, on-line trading for customers as well as traditional retail brokerage services.

Ramson, age 45, lives in New York City, New York. Ramson is chief executive officer of Great Eastern and a 75% or more owner of the firm's parent company, Great Eastern Holdings, Inc.

Ramson entered the securities industry in 1986 with PaineWebber Incorporated where he was employed in an unregistered capacity for one month. In January 1996, he reentered the securities industry in a registered capacity as a general securities representative at Murphy, Marseilles, Smith and Nammack, Inc. In October 1996, he moved to Kaplan & Co., Securities, Inc. where he became registered as a general securities principal. After leaving Kaplan & Co., in January 1997, he was registered at Goldis Financial Group, Inc. as a general securities representative from February 1997 to July 1997 and Dupont Securities Group, Inc. as a general securities principal from August 1997 to December 1998. In January 1999, he moved to J.P.R. Capital Corp. as a general securities principal where he remained until his discharge in September 2000. Ramson joined Great Eastern in September 2000 and became registered with the firm as a general securities principal, senior options principal and equity trader. In July 2003,

he became dually registered with The Pro-Active Equities Group, Inc. in the same capacities. In August 2006, Ramson discontinued his registration with The Pro-Active Equities Group, Inc. and is currently registered only with Great Eastern.

FINDINGS AND CONCLUSIONS¹

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

Between July 2002 and June 2003, Great Eastern, through Ramson, failed to take reasonable measures to ensure that Ernest Viola, the designated principal assigned to supervise registered representative Taihwa Terry Ho ("Ho"), was diligently exercising the supervisory authority delegated to him. As a result of this failure, manipulative trading activity in Terry Ho's customer accounts and Ho's outside business activities went undetected by the firm.

Between June 2003 and December 2003, Ramson was the designated principal responsible for maintaining and enforcing Great Eastern's supervisory system and written supervisory procedures and for supervising registered representatives assigned to the firm's home office. During this period, Great Eastern, through Ramson, failed to enforce Great Eastern's supervisory system and written procedures and Ramson failed to supervise the registered representatives assigned to Great Eastern's home office.

Between January 2004 and July 2005, Great Eastern, through Ramson, failed to take reasonable measures to ensure that Craig Feltz, the designated principal responsible for maintaining and enforcing the firm's supervisory system and procedures and responsible for supervising registered representatives assigned to the home office, reasonably exercised the

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

delegated duties assigned to him. Based on the foregoing, Great Eastern and Ramson 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 Respondents 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:

1. Great Eastern and Ramson are fined \$100,000, jointly and severally;
2. Ramson is barred from association with any NASD member in the capacity of General Securities Principal;
3. Ramson is suspended from association with any NASD member in all capacities for a period of six months. The suspension shall begin on December 1, 2006;
4. Respondent Great Eastern shall:
 - a. Retain, within 90 days of the date of notice of acceptance of the Offer, an Independent Consultant, not unacceptable to NASD staff, to conduct a comprehensive review of the adequacy of the firm's policies, systems and procedures (written and otherwise) and training relating to all areas of supervisory deficiencies described in the Amended Complaint and shall include, but not be limited to, the following areas:
 - i. Supervision of all lines of business activities, including direct access trading and day-trading by employees and customers, and broker-assisted retail trading;
 - ii. Supervision of all registered persons, including registered persons assigned to the home office, any branch office, office of supervisory jurisdiction or non-branch location;
 - iii. Inspection of all business locations, including home office, branches, offices of supervisor jurisdiction and non-branch locations;
 - iv. Outside business activities;

- v. Daily review of all trading activity, including supervisory reviews for manipulative or suspicious trading activity in all accounts, including accounts controlled by registered persons and customers;
 - vi. Calculation and payments of commissions;
 - vii. Customer complaints;
 - viii. Qualifications, registration and training of all employees; and
 - ix. Maintenance of written supervisory procedures.
- b. Exclusively bear all costs, including compensation and expenses, associated with the retention of the Independent Consultant.
- c. Cooperate with the Independent Consultant in all respects, including by providing staff support. Respondent Great Eastern shall place no restrictions on the Independent Consultant's communications with NASD staff and, upon request, shall make available to NASD staff any and all communications between the Independent Consultant and the firm and documents reviewed by the Independent Consultant in connection with his or her engagement. Once retained, Respondent Great Eastern shall not terminate the relationship with the Independent Consultant without the NASD staff's written approval; Respondent Great Eastern shall not be in and shall not have an attorney-client relationship with the Independent Consultant and shall not seek to invoke the attorney-client privilege or other doctrine or privilege to prevent the Independent Consultant from transmitting any information, reports or documents to the NASD.
- d. At the conclusion of the review, which shall be no more than 120 days after the date of this Order, require the Independent Consultant to submit to the firm and NASD staff a Written Report. The Written Report shall address, at a minimum, (i) the adequacy of the firm's policies, systems, procedures and training relating to the categories described in the Amended Complaint and above; (ii) a description of the review performed and the conclusions reached, and (iii) the Independent Consultant's recommendations for modifications and additions to the firm's policies, systems, procedures and training.
- e. Require the Independent Consultant to enter into a written agreement that provides that for the period of engagement and for a period of two years from completion of the engagement, the Independent Consultant shall not enter into any other employment, consultant, attorney-client, auditing or other professional relationship with Respondent Great Eastern, or any of

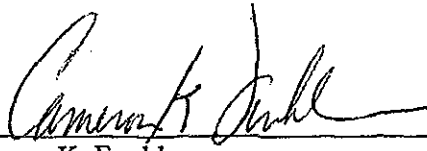
its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such. Any firm with which the Independent Consultant is affiliated in performing his or her duties pursuant to this Order shall not, without prior written consent of the NASD staff, enter in to any employment, consultant, attorney-client, auditing or other professional relationship with Respondent Great Eastern or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.

- f. Within 60 days after delivery of the Written Report, Respondent Great Eastern shall adopt and implement the recommendations of the Independent Consultant or, if it determines that a recommendation is unduly burdensome or impractical, propose an alternative procedure to the Independent Consultant designed to achieve the same objective. Great Eastern shall submit such proposed alternatives in writing simultaneously to the Independent Consultant and the NASD staff. Within 30 days of receipt of any proposed alternative procedure, the Independent Consultant shall: (i) reasonably evaluate the alternative procedure and determine whether it will achieve the same objective as the Independent Consultant's original recommendation; and (ii) provide the firm with a written decision reflecting his or her determination. The firm will abide by the Independent Consultant's ultimate determination with respect to any proposed alternative procedure and must adopt and implement all recommendations deemed appropriate by the Independent Consultant.
- g. Within 30 days after the issuance of the later of the Independent Consultant's Written Report or written determination regarding alternative procedures (if any), Respondent Great Eastern shall provide the NASD staff with a written implementation report, *certified* by an officer of Great Eastern, attesting to, containing documentation of, and setting forth the details of the firm's implementation of the Independent Consultant's recommendations.
- h. Upon written request showing good cause, the NASD staff may extend any of the procedural dates set forth above.

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