

NASD OFFICE OF HEARING OFFICERS

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

**DAVID L. STEADMAN
CRD No. 2371970,**

Respondent.

**Disciplinary Proceeding
No. 2005000613301**

Hearing Officer -

COMPLAINT

Upon information and belief, Complainant alleges as follows:

1. On or about July 8, 2003, David L. Steadman ("Steadman") first became registered with NASD as a General Securities Representative.
2. Steadman was registered with Ameriprise Financial Services, Inc. ("Ameriprise") (formerly American Express Financial Advisors, Inc.) from about June 1993 to on or about April 26, 2005. On April 27, 2005, Ameriprise filed a Form U5 terminating Steadman's registration with the firm.
3. Steadman is not currently registered or associated with a member of NASD, but remains subject to the jurisdiction of NASD pursuant to Article V, Section 4, of NASD's By-Laws, in that the conduct that is the subject of the first three Causes of Complaint occurred while he was registered with Ameriprise and this action, and that the conduct that is the subject of the Fourth Cause of Complaint, Steadman's failure to testify, and the date this action is being brought, are within two years after the effective date of Steadman's termination of his last association with an NASD member.

FIRST CAUSE OF COMPLAINT
(Forgery – Customers L.B. & M.B.)
NASD Conduct Rule 2110

4. Paragraphs 1 through 3 are realleged and incorporated herein by reference.
5. From at least August 2003 through January 2005, L.B. and M.B. were customers of Steadman while he was registered with Ameriprise.
6. On or about August 4, 2003, January 15 and April 7, 2004, and January 13, 2005, Steadman signed L.B.'s and M.B.'s names to a document called "American Express Financial Advisory Service Agreement" ("FAS Agreement"). Steadman did not have L.B.'s or M.B.'s authorization or consent to sign their names to the FAS Agreements.
7. Each of the four FAS Agreements to which Steadman signed L.B.'s and M.B.'s name indicated that he was to provide them with a financial plan or advice for a fee. Steadman did not provide L.B. or M.B. with a financial plan or advice.
8. On or about April 7, 2004 and January 13, 2005, Steadman signed L.B.'s name to a document titled "Annuity Surrender/Withdrawal Form." This document was used by Steadman to cause the unauthorized withdrawal of funds from an annuity that L.B. owned to pay Ameriprise for the fees L.B. and M.B. were charged through the April 7, 2004 and January 13, 2005 FAS Agreements. Steadman did not have L.B.'s authorization or consent to sign his name to those forms.
9. As result of this conduct, Steadman violated NASD Conduct Rule 2110.

SECOND CAUSE OF COMPLAINT
(Forgery – Customers W.M. & H.M.)
NASD Conduct Rule 2110

10. Paragraphs 1 through 9 are realleged and incorporated herein by reference.
11. From at least May 20, 2003 to December 17, 2003, W.M. and H.M. were customers of

Steadman while he was registered with Ameriprise.

12. On or about May 20 and December 17, 2003, Steadman signed W.M.'s and H.M.'s names to an FAS Agreement. Steadman did not have W.M.'s and H.M.'s authorization or consent to sign their names to the FAS Agreements.
13. The May 20 and December 17, 2003 FAS Agreements to which Steadman signed W.M.'s and H.M.'s names indicated that he was going to provide them with a financial plan or advice for a fee. Steadman did not provide W.M. and H.M. with a financial plan or advice.
14. On or about May 20 and December 9, 2003, Steadman signed W.M.'s and H.M.'s names to a form called "Mutual Fund and Certificate Redemption, Exchange and/or Transfer of Investment." This form was used by Steadman to cause the unauthorized redemption of a mutual fund W.M. and H.M. owned to pay Ameriprise for the fees that W.M. and H.M. were charged through the May 20 and December 17, 2003 FAS Agreements. Steadman did not have W.M.'s and H.M.'s authorization or consent to sign their names to those forms.
15. As result of this conduct, Steadman violated NASD Conduct Rule 2110.

**THIRD CAUSE OF COMPLAINT
(Forgery – Customer J.L.)
NASD Conduct Rule 2110**

16. Paragraphs 1 through 15 are realleged and incorporated herein by reference.
17. From at least May 5, 2004 through May 14, 2004, J.L. was a customer of Steadman while he was registered with Ameriprise.
18. Between on or about May 5, 2004 and May 14, 2004, Steadman signed J.L.'s name to the following documents: "IRA Investment Application"; "American Express Retirement

Advisor Advantage Plus Variable Annuity Retirement Advisor Select Plus Variable Annuity Product Disclosure"; "Beneficiary Designation"; and two "Variable Annuity Application[s]." Steadman did not have J.L.'s authorization or consent to sign his name to the documents.

19. As result of this conduct, Steadman violated NASD Conduct Rule 2110.

**FOURTH CAUSE OF COMPLAINT
(Failure to Appear for Testimony)
NASD Procedural Rule 8210 and Conduct Rule 2110**

20. Paragraphs 1 through 19 are realleged and incorporated herein by reference.
21. On or about August 30, 2005, pursuant to Procedural Rule 8210, NASD staff sent a letter to Steadman requesting his appearance for an on-the-record interview ("OTR") in the Philadelphia District Office on September 21, 2005 at 9:30 a.m. The NASD staff requested his appearance in connection with an investigation into allegations that Steadman had forged customer signatures. The letter was sent by certified and first class mail to the most current residential address maintained for Steadman in Central Registry Depository ("CRD"): [REDACTED] (the "CRD address"). A copy of the letter was also sent to the attorney representing Steadman. The receipt for the certified letter was signed "Wendy Steadman" and returned to the Philadelphia District Office. The first class letter was not returned. At the request of Steadman's attorney, the OTR was re-scheduled from September 21, 2005 to October 10, 2005.
22. On or about September 16, 2005, pursuant to Procedural Rule 8210, NASD staff sent a letter to Steadman requesting his appearance for an OTR (re-scheduled from September 21) in the Philadelphia District Office on October 10, 2005 at 9:30 a.m. The letter was

- sent by certified and first class mail to Steadman's CRD address. The certified letter was returned by the Postal Service and was marked, "unclaimed"; the first class letter was not returned. A copy of the letter was also sent to Steadman's attorney.
23. On September 22, 2005, NASD staff received a letter from Steadman's attorney, dated that same day, which stated that Steadman would not appear for the re-scheduled October 10, 2005 OTR until he "was afforded a full and fair opportunity to inquire and examine the source, veracity and accuracy of each claim made against him."
24. On September 22, 2005, NASD staff sent Steadman a response to his September 22 letter, with a copy sent to his attorney, stating that he could not place any conditions on his appearance for the October 10, 2005 OTR, and that if he failed to appear for the OTR he would be subject to disciplinary action. There was no response to NASD staff's September 22, 2005 letter. Steadman failed to appear for the October 10, 2005 OTR.
25. On or about December 1, 2005, pursuant to Procedural Rule 8210, NASD staff sent a letter to Steadman requesting his appearance for an OTR in the Philadelphia District Office on December 14, 2005 at 9:30 a.m. The letter was sent by certified and first class mail to Steadman's CRD address. In addition, a copy of the letter was sent to Steadman's attorney. The receipt for the certified letter was signed "Ashley Steadman" and returned to the Philadelphia District Office; the first class letter was not returned. Steadman failed to appear for the December 14 OTR.
26. As result of this conduct, Steadman violated NASD Procedural Rule 8210 and Conduct Rule 2110.

PRAYER FOR RELIEF

WHEREFORE, Complainant respectfully requests:

- A. Findings of fact and conclusions of law that Steadman committed the violations charged and alleged herein;
- B. An order imposing sanctions upon Steadman in accordance with NASD Rule 8310;
- C. An order requiring Steadman to disgorge fully any and all ill-gotten gains and/or make full restitution, together with interest;
- D. An order imposing such costs relating to this proceeding as is deemed fair and appropriate under the circumstances in accordance with NASD Rule 8330; and
- E. An order granting all further relief that is warranted under the circumstances.

NASD DEPARTMENT OF ENFORCEMENT

Date: May 22, 2006



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