

**NASD
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Elias E. Ashooh
(CRD No. 867625)

Respondent.

Disciplinary Proceeding
No. 2005000923801

Hearing Officer -

Date: December 14, 2005

COMPLAINT

Upon information and belief, Complainant alleges as follows:

1. Respondent Elias E. Ashooh ("Ashooh") first became registered with the NASD in 1979 as a general securities representative. He was registered with Linsco / Private Ledger Corp. ("LPL") (BD No. 6413) in that capacity from approximately January 2, 1991 to approximately March 15, 2005. He has not been registered with any member since March 15, 2005, when LPL terminated Ashooh for the misconduct detailed in Cause Two of this Complaint. NASD retains jurisdiction over Ashooh for purposes of this Complaint pursuant to Article V, Section 4 of NASD's By-Laws in that the misconduct alleged in Causes One and Two occurred while Ashooh was associated with member firm LPL.

BACKGROUND

2. JB and his wife AB first opened an account with Ashooh in 1979, prior to Ashooh becoming associated with LPL. When Ashooh transferred firms, JB and AB moved their account with him, until they moved their account with Ashooh over to LPL.

3. On or about April 4, 2003, Ashooh borrowed \$26,650 from customer JB in exchange for a promissory note signed by Ashooh. Ashooh borrowed the funds from customer JB in order to pay outstanding rent on his office.

4. At the time he borrowed these funds from customer JB, Ashooh was aware that LPL's written supervisory procedures specifically prohibited all representatives from borrowing money or securities from a customer.

CAUSE ONE OF COMPLAINT

Borrowing Customer Funds Violation of NASD Conduct Rules 2370 and 2110

5. The allegations in Paragraphs 1 through 4 above are re-alleged and incorporated herein by reference.

6. On or about October 12, 2004, Ashooh borrowed \$13,900 from customer JB. Ashooh did not provide customer JB with a separate note for this loan, but instead agreed with JB to repay the funds on the same terms as the April 2003 loan. Ashooh told JB that he needed to borrow these funds in order to pay outstanding rent on his apartment and his office.

7. Ashooh was aware in October 2004 that LPL's written supervisory procedures specifically prohibited all representatives of LPL from borrowing money or securities from a customer. Moreover, Ashooh failed to inform LPL of the loan or otherwise obtain its permission. Despite his awareness of the firm's prohibition, Ashooh nonetheless borrowed funds from customer JB. Further, in January 2005, Ashooh submitted a questionnaire to LPL's

Compliance Department in which he falsely certified that he did not have any outstanding loans or other financial dealings with customers.

8. By doing so, Ashooh violated NASD Conduct Rules 2370 and 2110.

CAUSE TWO OF COMPLAINT

Attempting to Borrow Customer Funds Violation of NASD Conduct Rule 2110

9. The allegations in Paragraphs 1 through 8 above are re-alleged and incorporated herein by reference.

10. In or about early February 2005, Ashooh again solicited customer JB for a loan in order to pay for outstanding rent on his apartment and office. Customer JB agreed, and, on or about February 10, 2005, he JB sent a letter to LPL requesting the firm to transfer \$10,750 from his LPL account to Ashooh's bank account.

11. The LPL Margin Department did not process customer JB's request, but instead notified the firm's Compliance Department of the attempted transfer of money between customer JB's LPL account and Ashooh's bank account.

12. Ashooh was aware in February 2005 that LPL's written supervisory procedures specifically prohibited all representatives of LPL from borrowing money or securities from a customer. Further, in January 2005, Ashooh submitted a questionnaire to LPL's Compliance Department in which he falsely certified that he did not have any outstanding loans or other financial dealings with customers.

13. Despite his awareness of the firm's prohibition, Ashooh nonetheless attempted to borrow funds from customer JB. Moreover, Ashooh failed to inform LPL of the requested loan or otherwise obtain its permission. But for the actions of LPL's Margin Department, Ashooh would have borrowed money from a customer in violation of NASD Conduct Rule 2370.

14. By attempting to borrow funds from a customer, Ashooh violated NASD Conduct Rule 2110.

PRAYER FOR RELIEF

WHEREFORE, Complainant respectfully requests:

- A. Findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. An order imposing sanctions upon the Respondent in accordance with NASD Rule 8310;
- C. An order requiring Respondent to disgorge fully any and all ill-gotten gains, together with interest;
- D. An order imposing such costs of any proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Rule 8330; and
- E. An order imposing any other fitting sanction.

Dated: December 14, 2005

NASD
DEPARTMENT OF ENFORCEMENT



Paul D. Taberner, Regional Counsel
John M. D'Amico, Regional Chief Counsel
NASD Department of Enforcement
99 High Street, Suite 900
Boston, MA 02110
(617) 532-3425
Fax No. (202) 721-8322

NASD District Director

Frederick F. McDonald, Jr.

NASD, District 11

99 High Street, Suite 900

Boston, MA 02110

(617) 532-3400; Fax: (617) 451-3524

Of Counsel

Rory C. Flynn, Of Counsel

NASD Department of Enforcement

1801 K Street, N.W., Suite 800

Washington, D.C. 20006

(202) 974-2974; Fax No. (202) 721-8318

Roger D. Hogoboom, Of Counsel

NASD Department of Enforcement

370 17th Street, Suite 2900

Denver, CO 80202

(303) 446-3114; Fax No. (303) 620-9540