

**NASD
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

**JEFFREY MICHAEL MARTINOUS,
(CRD No. 3011007)**

Respondent.

**Disciplinary Proceeding
No. 20050016241-01**

Hearing Officer – RSH

**ORDER ACCEPTING
OFFER OF SETTLEMENT**

Date: January 23, 2007

INTRODUCTION

Disciplinary Proceeding No. 20050016241-01 was filed on or about July 10, 2006, by the Department of Enforcement of NASD ("Complainant"). Respondent Jeffrey Michael Martinous ("Martinous") submitted an Offer of Settlement ("Offer") to Complainant on or about December 21, 2006. Pursuant to Code of Procedure Rule 9270(e), the Complainant and the National Adjudicatory Council ("NAC") or the Office of Disciplinary Affairs ("ODA") have accepted the uncontested Offer. Accordingly, this Order is now 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 of the Complaint, and to the imposition of

the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by NASD.

BACKGROUND

Martinous became registered with NASD as a Series 7 General Securities Representative on or about April 7, 1998. From in or about January 20, 2003, through in or about November 13, 2006, Martinous was registered with IFMG Securities, Inc. ("IFMG"). Martinous' primary office was in Quincy, Massachusetts, and he covered a network of IFMG offices located in Eastern Bank branches. Martinous is not currently associated with a NASD member firm.

FINDINGS AND CONCLUSIONS

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

1. On or about February 12, 2004, customer C.S. met with Martinous in a bank branch in Stoughton, Massachusetts to discuss possible investments. C.S. is a stay-at-home mother whose husband's annual salary is approximately \$50,000. At the time, C.S. held two Class A mutual funds in the Pioneer fund family totaling approximately \$51,000: the Pioneer Value Fund, a conservative equity growth fund, and the Pioneer Equity Income Fund. The mutual fund shares were held in C.S.'s IRA and were her primary investment.

2. During the meeting, Martinous recommended that C.S. sell her Pioneer mutual funds and purchase Class B shares of the MFS Aggressive Growth Allocation Fund. C.S. informed Martinous that she was not interested in the proposed investment, but would consider it and advise him at a later date if she wanted to proceed with the transaction.

3. Martinous requested that C.S. sign two documents during their meeting, an IFMG Confidential Data Profile, which contained new-account type information regarding C.S. such as her investment objectives, age, etc.; and an MFS IRA Application. Martinous advised C.S. that these document would be required if C.S. decided at a later date to switch her mutual funds from Pioneer to MFS.

4. On or about February 23, 2004, Martinous, without C.S.'s consent or authority, sold her Class A Pioneer Funds and used the proceeds to purchase Class B shares of the MFS Aggressive Growth Allocation Fund.

5. In connection with Martinous' unauthorized sale of C.S.'s Pioneer funds and unauthorized purchase of the MFS Aggressive Growth Allocation Fund, Martinous signed, or caused to be signed, C.S.'s signature on two documents: an IFMG Mutual Fund Unit Investment Trust and Variable Annuity Summary Form and a MFS IRA Transfer Form. Both documents were dated February 12, 2004, and were necessary (and required) to effect the mutual fund transaction described herein.

6. Martinous did not have C.S.'s consent or authority to sign her name to the aforementioned documents.

Based on the foregoing, Martinous violated NASD Conduct Rule 2110 and IM-2310-2.

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 Martinous be suspended from association with any NASD member in any capacity for one year and fined \$5,000.

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.

SO ORDERED.

NASD

Signed on behalf of the Director of ODA , by
delegated authority

By: 
Michael J. Newman
Regional Counsel
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