

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

DEBBIE M. SALEH,
Also known as Debbie Saleh Rubinstein
(CRD No. 2454630)

Respondent.

Disciplinary Proceeding
No. 2005002169201

Hearing Officer - LBB

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: August 5, 2009

INTRODUCTION

Disciplinary Proceeding No. 2005002169201 was filed on April 30, 2009, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Debbie M. Saleh submitted an Offer of Settlement (Offer) to Complainant on July 1, 2009. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA 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 FINRA, or to which FINRA is a party, to the entry of findings and violations consistent with the allegations of the Complaint, and to the imposition of

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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 FINRA.

BACKGROUND

From May 31, 1994 through August 28, 2001, Saleh was associated as a registered representative with PaineWebber, now known as UBS Financial Services, Inc., a member of FINRA. From August 30, 2001 through October 24, 2004, Saleh was registered with Wachovia Securities, LLC (formerly known as First Union Securities), a member of FINRA. From October 29, 2004 through March 11, 2009, Saleh was registered with Wedbush Morgan Securities, Inc., a member of FINRA. Saleh presently is not registered.

FINDINGS AND CONCLUSIONS

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

First Cause of Action

During the period from February 2002 through August 2004, Saleh recommended to Customer CAW, and effected the related transactions, of approximately 17 purchases and sales of variable annuities.

During the period from March 2002 through August 2007, Saleh recommended to Customers LA and/or EA, and effected the related transactions, of approximately 24 purchases and sales of securities.

During the period from November 2001 through September 2007, Saleh recommended to Customers LG and JG, and effected the related transactions, of approximately 102 purchases and sales of securities.

Saleh made the foregoing recommendations without having reasonable grounds for believing that the recommendations and resultant transactions were suitable for the customers on the basis of information known to her about their other security holdings and their financial situations and needs, including but not limited to undue concentration and risk of loss of principal.

Based on the foregoing, Respondent violated NASD Conduct Rules 2310 and 2110.

Second Cause of Action

At various times during the period from in or about November 2001 through December 2007, Saleh recommended and caused customers CAW, LA and EA, and LG and JG to liquidate variable annuities in whole or in part and to purchase other variable annuities.

Saleh made the foregoing recommendations without having reasonable grounds for believing them to be suitable for, respectively, customers CAW, LA and EA, and LG and JG. As a result of the recommendations and the resulting transactions, the customers incurred surrender charges and decreased liquidity, but received no meaningful investment benefit.

Based on the foregoing, Respondent violated NASD Conduct Rules 2310 and 2110.

Third Cause of Action

Without the knowledge, authorization or consent of customers LA, EA, LG, and JG, Saleh placed or caused to be placed false customer signatures on variable annuity documents requiring signatures.

Based on the foregoing, Respondent violated NASD Conduct Rule 2110.

Fourth Cause of Action

During the relevant period, Saleh placed or caused to be placed false and inaccurate information on documents related to annuity transactions, including but not limited to false

addresses, false phone numbers, false birth dates and false customer signatures, and, further, omitted to disclose that the transactions were annuity exchanges. Saleh then submitted the forms to her employer-member and to insurance companies, knowing that they would rely upon the accuracy of the information stated thereon as to the customers and the transactions.

During the period in and around December 2002 through August 2004, in connection with CAW's account, Saleh placed or caused to be placed false addresses on documents

During the period from approximately August 2002 through December 2006, in connection with LA's and EA's accounts, Saleh placed or caused to be placed false customer signatures on documents.

During the period from approximately August 2002 through December 2006, in connection with LA's and EA's account, Saleh placed or caused to be placed false addresses on documents.

During the period from December 2005 through September 2007, Saleh provided or caused to be provided to LA and EA false portfolio statements and insurance account histories, purportedly generated and provided by insurance companies, that reflected false and inaccurate information regarding LA's and EA's investments in variable annuities. These statements and insurance documents were false and inaccurate in that they purported to reflect that LA and EA owned variable annuities that had been wholly or partially surrendered, thus creating the appearance that the purported value of LA's and EA's investment portfolio was greater than it actually was.

During the period from approximately January 2002 through September 2007, in connection with LG's and JG's account, Saleh also placed or caused to be placed false customer signatures on documents requiring signatures.

During the period from approximately November 2002 through December 2006, in connection with LG's and JG's account, Saleh placed or caused to be placed false dates of birth on documents.

During the period from approximately October 2001 through September 2007, in connection with LG's and JG's account, Saleh placed or caused to be placed false addresses or false phone numbers on documents.

During the period from approximately June 2002 through September 2007, Saleh provided or caused to be provided to LG and JG false portfolio statements that purported to reflect securities positions that did not exist in LG's and JG's account. The false portfolio statements also falsely purported to reflect interest earned on principal.

During the period from approximately October 2001 through October 2006, Saleh failed to disclose to each of the customers or to the firm with which she was associated that certain annuity transactions constituted an exchange or switch between insurance products.

During the period from approximately October 2001 through December 2007, as a result of the aforementioned falsifications and failures to disclose, Saleh caused the books and records of the firm with which she was associated to reflect inaccurate information regarding the customers' investments in variable annuities, including, but not limited, to false addresses, false phone numbers, false customer signatures, false birthdates, false Form 1099s, false statements that the transactions did not constitute an annuity exchange, and inaccurate portfolio positions in variable annuities.

Based on the foregoing, Respondent violated NASD Conduct Rule 2110.

Fifth Cause of Action

During the period from February 2002 through August 2004, Saleh effected approximately 17 purchases and sales of variable annuities in the account of customer CAW, without the customer's knowledge, authorization or consent.

During the period from March 2002 through August 2007, Saleh effected approximately 24 purchases and sales of securities in the accounts of LA and EA, without the customers' knowledge, authorization or consent.

During the period from November 2001 through September 2007, Saleh effected approximately 102 purchases and sales of securities in the account of LG and JG, without the customers' knowledge, authorization or consent.

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

Sixth Cause of Action

During the period from February 2002 through August 2004, Saleh exercised discretion to effect approximately 17 purchases and sales of variable annuities in the account of customer CAW, without receiving from CAW prior written authorization to exercise discretion and without the firm's written acceptance of the account as discretionary.

During the period from March 2002 through August 2007, Saleh effected approximately 24 purchases and sales of securities in the accounts of customers LA and EA, without receiving from either LA or EA prior written authorization to exercise discretion and without the firm's written acceptance of the accounts as discretionary.

During the period from November 2001 through September 2007, Saleh effected approximately 102 purchases and sales of securities in the account of customers LG and JG, as

without receiving from LG or JG prior written authorization to exercise discretion and without the firm's written acceptance of the account as discretionary.

Based on the foregoing, Respondent violated NASD Conduct Rules 2110 and 2510(b).

Seventh Cause of Action

In connection with certain transactions in the accounts of LA and EA, Saleh falsely represented that she was customer LA in telephone conversations with representatives of an insurance company, including but not limited to conversations that occurred on or about September 3, 2003, and March 11, 2004.

Based on the foregoing, Respondent violated NASD Conduct Rule 2110.

Eighth Cause of Action

Saleh intentionally engaged in the aforementioned conduct as a scheme and course of business to enhance her commissions without regard to the consequences to the customers or the firm with which she was associated. She failed to disclose to the customers or the firm that the transactions constituted annuity exchanges, that she was engaging in annuity exchanges in customer accounts, and that customers would incur surrender penalties and decreased liquidity. Saleh concealed the foregoing course of conduct from the customers and the firms by causing the transaction records to reflect inaccurate information regarding the customers' investments in variable annuities, including but not limited to false addresses, false phone numbers, false customer signatures, false birthdates, false Form 1099s, false statements that the transactions did not constitute an annuity exchange, and inaccurate portfolio positions in variable annuities.

Saleh, by engaging in the aforementioned conduct, directly or indirectly, in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange, with scienter: 1)

employed devices, schemes or artifices to defraud; 2) made untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or 3) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon any person.

Based on the foregoing, Respondent violated Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder, and NASD Conduct Rules 2120 and 2110.

Ninth Cause of Action

On or about May 14, 2008 and May 28, 2008, pursuant to and in accordance with the provisions of NASD Procedural Rule 8210, FINRA issued to Saleh a request for information and appearance for on-the-record (“OTR”) testimony in connection with FINRA’s investigation of Saleh’s conduct alleged above.

On or about May 27, 2008, Saleh appeared before FINRA staff for an OTR examination. Respondent’s OTR testimony was taken under penalty of perjury and pursuant to and in accordance with NASD Procedural Rule 8210.

During the May 27, 2008 OTR, Saleh testified that she was not the speaker on the aforementioned telephone calls, when in fact she was the speaker.

On or about June 17, 2008, Saleh appeared before FINRA staff for an OTR examination. Respondent’s OTR testimony was taken under penalty of perjury and pursuant to and in accordance with NASD Procedural Rule 8210.

During the June 17, 2008 OTR, Saleh testified that JG had requested and directed the creation of the portfolio statements, when in fact Saleh created or caused the production of the false portfolio statements without request or direction from JG.

Respondent's statements of May 27, 2008 and June 17, 2008, were, at the time she made them, false and misleading.

At the time she made the foregoing statements, Respondent knew or should have known that they were false and misleading.

Based on the foregoing, Respondent violated NASD Procedural Rule 8210 and Conduct Rule 2110.

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 FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be barred from association with any FINRA member in all capacities.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this Order.

SO ORDERED.

FINRA

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


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