

**NASD
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

VIKRAM MANHAS
(CRD No. 2518451),

Respondent.

Disciplinary Proceeding
No. 20050027081-01

Hearing Officer

COMPLAINT

Upon information and belief, the Department of Enforcement ("Complainant") alleges as follows:

JURISDICTION

1. Respondent Vikram Manhas ("Respondent") was registered as an Investment Company Products/Variable Contracts Representative ("IR") (from July 28, 1994 through September 2, 2005) and General Securities Representative ("GSR") (from November 10, 1995 through September 2, 2005) through an association with member firm McLaughlin, Piven, Vogel Securities, Inc. (BD No. 7404) ("MPV").
2. On September 19, 2005, MPV filed a Uniform Termination Notice for Securities Industry Registration ("Form U-5") terminating Respondent's registration.
3. Most recently, Respondent was registered as an IR and GSR from September 2, 2005 through November 1, 2005 through his association with another member firm.

4. On November 1, 2005, that firm filed a Form U-5 terminating Respondent's registration. The form noted that Respondent's last date of employment was October 26, 2005 and that Respondent was no longer at the firm because "Representative absent without notice or explanation to the firm for a period of 5 business days or more."
5. Upon information and belief, Respondent is not currently registered with NASD, nor is he otherwise employed in the securities industry. However, Respondent remains subject to the jurisdiction of NASD pursuant to Article V, Section 4 of its By-Laws.

BACKGROUND

6. Paragraphs 1 through 5 of this Complaint are re-alleged and incorporated herein by reference.
7. WP, a Delaware resident, opened a brokerage account at MPV in or about 1990.
8. In 2004, Respondent serviced WP's MPV brokerage account.
9. WP was over 90 years old in 2004. At this time, WP was increasingly forgetful and easily confused. In April of 2004 he fell and broke his shoulder.
10. WP resides with his wife who is older than him.
11. In or around June 2004, in addition to his MPV account, WP opened another brokerage account at Ameritrade, another brokerage firm ("WP's Ameritrade Account").
12. WP's Ameritrade Account was established with forms that were purportedly signed by WP.
13. These forms included WP's correct name, address, and some other personal information, but also listed an e-mail address and telephone numbers with a [REDACTED] exchange for WP. WP did not have any e-mail address or [REDACTED] telephone numbers.

FIRST CAUSE OF COMPLAINT
(Conversion)
Violation of NASD Conduct Rule 2110

14. Paragraphs 1 through 13 of this Complaint are re-alleged and incorporated herein by reference.
15. In or around July 2004, MPV received a signed, notarized request dated July 6, 2004, from WP, to transfer securities from WP's MPV account to WP's Ameritrade Account (hereinafter the "Transfer Request").
 - a. Respondent prepared or caused the Transfer Request to be prepared.
 - b. The Transfer Request misspelled WP's first name in the body of the letter and contained the line "I am in full compliance with all SEC and IRS rules and regulations."
 - c. Respondent asked WP to sign the Transfer Request and WP, relying on Respondent's advice and unaware of what it was that he was signing, complied.
 - d. WP did not know or understand the ramifications of the Transfer Request.
 - e. The letter listed the securities to be transferred and did not explicitly state a dollar value for the securities to be transferred.
 - f. The securities were worth at least \$240,000.
16. In or around July 2004, WP's residential address for WP's Ameritrade Account was changed from WP's Delaware address to Respondent's residential address.
17. Ameritrade received two Internal Transfer Forms and Letters of Authorization ("LOA"), purportedly signed by WP, requesting that assets in WP's Ameritrade Account be transferred into an Ameritrade account owned by Respondent.
 - a. One Internal Transfer Form and LOA are both dated August 12, 2004. The LOA reads: "Please Transfer [securities] from my account to my grandson Vikram Manhas

ameritrade account [REDACTED] This is part of my Estate Tax Planning and on the advise of my accountants and lawyers. I am in full compliance with all SEC and IRS rules and regulations.”

- b. The other Internal Transfer Form and LOA are both dated September 1, 2004. The LOA reads: “Please Transfer all assets from my Ameritrade account . . . to my grandson Vikram S Manhas Account [REDACTED] This is part of my Estate Tax Planning and on the advise of my accountants and lawyers. Please close my account after the transfer as I don’t want to incur any charges.”

18. Both LOAs falsely indicated that Respondent was WP’s grandson.
19. Respondent prepared or caused the LOAs and Internal Transfer Forms to be prepared.
20. After the assets from WP’s Ameritrade Account were in Respondent’s Ameritrade account, Respondent sold them and the proceeds from these sales were withdrawn from Respondent’s Ameritrade account by checks and wire transfers away from Ameritrade.
21. Without WP’s knowledge, consent, or authorization, Respondent engaged in the above acts and thereby converted securities/funds totaling at least \$240,000 from WP.

By reason of the foregoing, Respondent violated NASD Conduct Rules 2110 and 2330.

SECOND CAUSE OF COMPLAINT
(Falsification)

Violation of NASD Conduct Rule 2110

22. Paragraphs 1 through 21 of this Complaint are re-alleged and incorporated herein by reference.
23. In connection with WP’s Ameritrade Account, Respondent submitted or facilitated the submission of various forms that were purportedly from customer WP that contained false information and contained WP’s forged signature.

24. These forms included, the Internal Transfer Forms and LOAs received by Ameritrade in August and September 2004.
25. These documents, purportedly signed by WP, requested that assets in WP's Ameritrade Account be transferred into an Ameritrade account owned by Respondent.
26. The LOAs falsely stated that Respondent was WP's grandson.
27. WP never completed or executed these documents and did not request or intend to transfer assets to Respondent.
28. Respondent prepared or caused the false LOAs and Internal Transfer Forms to be prepared.

By reason of the foregoing, Respondent violated NASD Conduct Rule 2110.

THIRD CAUSE OF COMPLAINT
(Failure to Respond)

Violation of NASD Procedural Rule 8210 and Conduct Rule 2110

29. Paragraphs 1 through 28 of the Complaint are re-alleged and incorporated herein by reference.

October 25, 2005 Request For Information

30. By letter dated October 25, 2005, the staff of NASD's District No. 10 office (the "Staff") requested, pursuant to NASD Procedural Rule 8210, that Respondent provide a written response to certain questions concerning, *inter alia*, WP by November 8, 2005.
31. The letter was sent to Respondent by regular and certified mail, return receipt requested, at:
 - a. his last known residential address as reflected in the records of NASD's Central Registration Depository [REDACTED] (the "CRD Address"), and

- b. a variation on Respondent's CRD Address [REDACTED]
[REDACTED] (the "24J Address"); and
 - c. a member firm at which Respondent was then associated (the "Work Address").
- 32. The regular mailings to the CRD and 24J Addresses were returned to the Staff stamped "Returned to Sender."
 - 33. The certified mailing to the CRD and 24J Addresses were returned to the Staff stamped "Return to Sender – Moved, Unable to Forward."
 - 34. The return receipt for the certified mailing to the Work Address was returned bearing an illegible signature.
 - 35. The regular mailing to the Work Address was not returned to the Staff.
 - 36. Respondent did not furnish the requested information or otherwise respond to this letter.

October 25, 2005 Request For Interview

- 37. By letter dated October 25, 2005, the "Staff requested, pursuant to NASD Procedural Rule 8210, that Respondent appear for an on-the-record interview to be held on January 5, 2006 and that Respondent contact the Staff to confirm his appearance or discuss rescheduling the interview by November 4, 2005.
- 38. The letter was sent to Respondent by regular and certified mail, return receipt requested, at the CRD Address, the 24J Address and the Work Address.
- 39. The regular mailings to the CRD and 24J Addresses were returned to the Staff stamped "Returned to Sender."
- 40. The certified mailing to the CRD and 24J Addresses were returned to the Staff stamped "Return to Sender – Moved, Unable to Forward."
- 41. The return receipt for the certified mailing to the Work Address was returned bearing an illegible signature.

- 42. The regular mailing to the Work Address was not returned to the Staff.
- 43. Respondent did respond to this letter or appear for the interview.

November 14, 2005 Request For Information

- 44. By letter dated November 14, 2005, the Staff again requested, pursuant to NASD Procedural Rule 8210, that Respondent provide a written response to certain questions concerning, *inter alia*, WP by November 25, 2005.
- 45. The letter was sent to Respondent by regular and certified mail, return receipt requested, at the CRD and 24J Addresses.
- 46. The regular mailings to the CRD Address and the 24J Address were returned to the Staff stamped "Returned to Sender – Not Deliverable as Addressed – Unable to Forward."
- 47. The certified mailing to the CRD and 24J Addresses were returned to the Staff stamped "Return to Sender – Moved, Unable to Forward."
- 48. Respondent did not furnish the requested information or otherwise respond to this letter.

March 3, 2006 Request For Information

- 49. By letter dated March 3, 2006, the Staff again requested, pursuant to NASD Procedural Rule 8210, that Respondent provide a written response to certain questions concerning, *inter alia*, WP by March 17, 2006.
- 50. The letter was sent to Respondent by regular and certified mail, return receipt requested, at the CRD Address, the 24J Address and an e-mail address [REDACTED]
- 51. The regular mailings to the CRD and 24J Addresses were returned to the Staff stamped "Returned to Sender – Attempted – Not Known – Unable to Forward."
- 52. The certified mailing to the CRD and 24J Addresses were returned to the Staff stamped "Return to Sender – Moved, Unable to Forward."
- 53. Respondent did not furnish the requested information or otherwise respond to this letter.

By reason of the foregoing, Respondent violated NASD Procedural Rule 8210 and Conduct Rule 2110.

PRAYER FOR RELIEF

WHEREFORE, Complainant respectfully requests that the Panel:

- A. order that one or more of the sanctions provided under NASD Rule 8310(a) be imposed, including that the Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest;
- B. order that the Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Rule 8330.

Dated: September 6, 2006

DEPARTMENT OF ENFORCEMENT



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