

FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

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REGISTRATION & DISCLOSURE

Department of Enforcement,

Complainant,

v.

MISSION SECURITIES CORPORATION
(CRD No. 41779)

AND

CRAIG M. BIDDICK
(CRD No. 2382884)

Respondents.

DISCIPLINARY PROCEEDING
No. 2006003738501

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. In September 2005, without the customers' knowledge or consent, Mission Securities, acting through Craig M. Biddick, transferred 21,061 shares of Chartwell International, Inc. common stock (CHWN), with an approximate aggregate value of \$105,305, from 18 customer accounts to the proprietary trading account of Mission Securities. In October and December 2005 and January 2006, Mission and Biddick returned shares to four customers who complained. Between December 2005 and March 2006, Mission and Biddick sold 12,500 shares for proceeds of \$39,940, and transferred the proceeds to the firm's operating bank account. All other transferred Chartwell shares remain long in the firm's proprietary trading account. As

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alleged below, the foregoing conduct constitutes separate and distinct violations of NASD Conduct Rules 2330 and 2110 by Mission Securities and Biddick.

2. In January and February 2006, Mission's and Biddick's sales of the Chartwell stock caused the firm to engage in excessive proprietary trading, thereby raising the firm's minimum net capital requirement from \$5,000 to \$100,000. On February 28, 2006, the firm, acting through Biddick, engaged in proprietary trading without sufficient net capital, in violation of Securities Exchange Act of 1934 Section 15(c), Exchange Act Rule 15c3-1, and NASD Conduct Rule 2110 by Mission Securities and NASD Conduct Rule 2110 by Biddick.

3. During the period December 23, 2003 through December 23, 2006, Mission Securities was subject to NASD Rule 3010(b)(2) (the Taping Rule), but failed to provide notice to any callers that the firm was recording telephone conversations, as required by California Penal Code § 632 and California Public Utilities Commission General Order 107-B(II)(A)(5). As alleged below, the foregoing conduct constitutes separate and distinct violations of NASD Conduct Rule 3010(b)(2) and 2110 by Mission Securities and Biddick. The foregoing conduct further constitutes violations of the California statutory right of privacy, and constitutes conduct inconsistent with just and equitable principles of trade. As alleged below, the foregoing conduct constitutes separate and distinct violations of NASD Conduct Rule 2110 by Mission Securities and Biddick.

RESPONDENTS AND JURISDICTION

4. Mission Securities Corporation has been a member of FINRA (formerly known as National Association of Securities Dealers or NASD) since April 1998. Mission Securities is a California corporation with its principal place of business located in San Diego, California.

5. From on or about July 30, 1996 through the present, Craig M. Biddick has been associated with Mission Securities. Biddick currently is registered as a General Securities Representative, General Securities Principal and Financial and Operations Principal. Since January 1999, Biddick has served as the firm's president.

FIRST CAUSE OF ACTION

[Conversion of Customer Securities (NASD Conduct Rules 2110 and 2330 by Mission Securities and Biddick)]

6. The Department realleges and incorporates by reference paragraphs 1 through 5 above.

7. On or about September 30, 2005, without the knowledge, authorization, consent of or notice to the customers, Mission Securities, acting through Biddick, transferred or caused to be transferred 21,061 shares of Chartwell International, Inc. (CHWN) from 18 customer accounts, identified in Schedule A to this Complaint and incorporated herein, to the proprietary trading account of Mission Securities. Mission Securities, acting through Biddick, did not provide any customer with compensation for the transferred shares.

8. During the period on or about December 14, 2005 through March 3, 2006, without the knowledge, authorization, consent of or notice to the customers, Mission Securities, acting through Biddick, sold 12,500 of the transferred shares and received sales proceeds of approximately \$39,940 into its proprietary trading account. Mission Securities, through Biddick,

then caused the transfer of the sales proceeds from the firm's proprietary trading account into the firm's operating bank account, where the proceeds were applied toward the firm's operating expenses.

9. During the period January 2006 through March 2006, Mission Securities, acting through Biddick, utilized the market value of the securities and the proceeds from the sale of the Chartwell securities to operate the business of Mission Securities, including, but not limited to, including the value of the securities and cash in computations of the firm's compliance with Exchange Act Rule 15c3-1, and using the cash proceeds to pay for the firm's general operating expenses.

10. Upon receipt of complaints from customers GD, JAK, KN, and WK, in or about October and December 2005 and January 2006, Mission Securities, acting through Biddick, returned the foregoing customers' share positions of Chartwell securities to the complaining customers' accounts, as identified in Schedule A to this Complaint and incorporated herein. Mission Securities, acting through Biddick, has not returned to any other customers any shares of Chartwell securities.

11. The acts, practices, and conduct described in paragraphs 6 through 9 above constitute conversion of customer securities, and constitute separate and distinct violations of NASD Conduct Rules 2330 and 2110 by Mission Securities and Biddick.

SECOND CAUSE OF ACTION

[Misuse of Customer Securities (NASD Conduct Rules 2110 and 2330 by Mission Securities and Biddick)]

12. The Department realleges and incorporates by reference paragraphs 1 through 11 above.

13. In the alternative to the First Cause of Action, the acts, practices, and conduct described in paragraphs 6 through 9 above constitute misuse of customer securities, and constitute separate and distinct violations of NASD Conduct Rules 2330 and 2110 by Mission Securities and Biddick.

THIRD CAUSE OF ACTION

[Net Capital Violations (Securities Exchange Act Section 15(c) and Exchange Act Rule 15c3-1 and NASD Conduct Rule 2110 by Mission Securities and NASD Conduct Rule 2110 by Biddick)]

14. The Department realleges and incorporates by reference paragraphs 1 through 13 above.

15. In or about April 1998, FINRA approved the membership of Mission Securities as a fully-disclosed introducing broker-dealer, with a minimum net capital requirement of \$5,000.

16. During the period of on or about January 1, 2006, through February 23, 2006, Mission Securities, acting through Biddick, engaged in ten equity transactions in the firm's proprietary trading account, identified in Schedule B to this Complaint and incorporated herein. Nine of these transactions comprised sell transactions of Chartwell stock.

17. On or about February 24, 2006, through February 28, 2006, Mission Securities, acting through Biddick, engaged in eight additional equity transactions in the firm's proprietary trading account, identified in Schedule C to this Complaint and incorporated herein. As a result,

pursuant to Exchange Act Rule 15c3-1(a)(2)(iii), Mission Securities became a "dealer" with a minimum net capital requirement of \$100,000.

18. On or about February 28, 2006, Mission Securities acting through Biddick, failed to comply with Section 15(c) of the Securities Exchange Act of 1934 and Exchange Act Rule 15c3-1, promulgated thereunder, in that it utilized the instrumentalities of interstate commerce to engage in transactions in securities business while failing to maintain minimum net capital of \$100,000, as set forth in Schedule D to this Complaint, incorporated herein.

19. The foregoing acts, practices and conduct constitute separate and distinct violations of Section 15(c) of the Securities Exchange Act of 1934 and Exchange Act Rule 15c3-1, promulgated thereunder, and NASD Rule 2110 by Mission Securities and of NASD Rule 2110 by Biddick.

FOURTH CAUSE OF ACTION

[Taping Rule Violations (NASD Conduct Rules 3010(b)(2) and 2110 by Mission Securities and Biddick)]

20. The Department realleges and incorporates by reference paragraphs 1 through 19 above.

21. During the period on or about December 23, 2003 through December 23, 2006 (Taping Period), Mission Securities was subject to NASD Rule 3010(b)(2) (the Taping Rule).

22. During the Taping Period, Mission Securities, acting through Biddick, failed to comply with the Taping Rule in that Mission Securities failed to provide notice to all customers and potential customers engaged in telephone communications with the firm that the firm was recording ingoing and outgoing telephone communications. The firm's failure to provide notice that it was recording telephone communications violates California Penal Code § 632 and California Public Utilities Commission General Order 107-B(II)(A)(5).

23. The aforementioned acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 3010(b)(2) and 2110 by Mission Securities and Biddick.

FIFTH CAUSE OF ACTION

[Unethical Conduct (NASD Conduct Rule 2110 by Mission Securities and Biddick)]

24. The Department realleges and incorporates by reference paragraphs 1 through 23 above.

25. During the Taping Period, Mission Securities, acting through Biddick, failed to provide notice to all parties of telephone communications with the firm that the firm was recording ingoing and outgoing telephone communications, in violation of California Penal Code § 632 and California Public Utilities Commission General Order 107-B(II)(A)(5).

26. The aforementioned acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 by Mission Securities and Biddick.

RELIEF REQUESTED

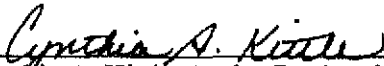
WHEREFORE, the Department respectfully requests that the Panel:

- A. order that one or more of the sanctions provided under NASD Rule 8310(a) be imposed, including that the Respondents 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 Respondents bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: February 4, 2008


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Schedule A

Customer Accounts of	Shares	\$ @ \$5/share	Returned Shares	Date
1. BT	600	\$ 3,000		
2. DFC	3,680	\$ 18,400		
3. DM	700	\$ 3,500		
4. DS	105	\$ 525		
5. EN	2,000	\$ 10,000		
6. GD	1,010	\$ 5,050	1,010	10/13/2005
7. GP	1,200	\$ 6,000		
8. JAK	1,200	\$ 6,000	1,200	1/18/2006
9. JR	160	\$ 800		
10. KC	517	\$ 2,585		
11. KN	930	\$ 4,650	930	12/16/2005
12. LM	570	\$ 2,850		
13. MD	30	\$ 150		
14. RB	5,325	\$ 26,625		
15. RK	34	\$ 170		
16. SH	70	\$ 350		
17. WK	430	\$ 2,150	430	1/18/2006
18. ZM	2,500	\$ 12,500		

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Mission Securities Corporation
Account # [REDACTED]

Schedule B

#	Trade Date	Quantity	Transaction	Description	Price	Amount
1	1/4/2006	500	Sell	Chartwell Int'l Inc.	3.50	\$1,715.14
2	1/4/2006	500	Sell	Chartwell Int'l Inc.	3.50	\$1,715.14
3	1/6/2006	500	Sell	Chartwell Int'l Inc.	3.50	\$1,715.14
4	1/12/2006	500	Sell	Chartwell Int'l Inc.	3.50	\$1,715.14
5	1/30/2006	500	Sell	Chartwell Int'l Inc.	3.00	\$1,465.45
6	1/30/2006	500	Sell	Chartwell Int'l Inc.	3.45	\$1,690.44
7	2/2/2006	500	Sell	Chartwell Int'l Inc.	4.00	\$1,965.43
8	2/16/2006	500	Sell	Chartwell Int'l Inc.	3.00	\$1,465.45
9	2/23/2006	500	Sell	Chartwell Int'l Inc.	2.25	\$1,090.46
10	2/23/2006	1,000	Buy	TBX Resources Inc.	4.26	(\$4,294.50)

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Mission Securities Corporation
Account # [REDACTED]

Schedule C

#	Trade Date	Quantity	Transaction	Description	Price	Amount
1	2/24/2006	500	Sell	Chartwell Int'l Inc.	3.00	1,465.45
2	2/24/2006	500	Sell	Chartwell Int'l Inc.	3.00	1,465.45
3	2/24/2006	500	Sell	Chartwell Int'l Inc.	3.00	1,465.45
4	2/27/2006	500	Sell	Chartwell Int'l Inc.	3.00	1,465.45
5	2/27/2006	500	Sell	Chartwell Int'l Inc.	3.00	1,465.45
6	2/27/2006	500	Sell	Chartwell Int'l Inc.	3.00	1,465.45
7	2/28/2006	500	Sell	Chartwell Int'l Inc.	3.00	1,465.45
8	2/28/2006	500	Sell	Chartwell Int'l Inc.	3.00	1,465.45

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Schedule D

Staff Calculations

	As of February 28, 2006
Assets	\$ 227,664.52
Less Liabilities	(33,809.22)
Net Worth	193,855.30
Less Non-Allowable Assets	(12,887.00)
Tentative Net Capital	180,968.30
Less Haircuts	(86,596.30)
Net Capital	94,372.00
Less Minimum Net Capital	(100,000.00)
Excess/Deficiency	\$ (5,628.00)

Firm Calculations

	As of February 28, 2006
Assets	\$ 215,122.95
Less Liabilities	(33,809.22)
Net Worth	215,122.95
Less Non-Allowable Assets	(12,887.00)
Tentative Net Capital	202,235.95
Less Haircuts	(25,697.26)
Net Capital	176,538.69
Less Minimum Net Capital	(5,000.00)
Excess/Deficiency	\$ 171,538.69