

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Scott P. Hailperin (a/k/a Scott P. Halperin)
(CRD No. 1421253),

Respondent.

DISCIPLINARY PROCEEDING
No. : 2006006161001

HEARING OFFICER:

COMPLAINT

The Department of Enforcement alleges:

1. Respondent Scott P. Hailperin (a/k/a Scott P. Halperin) ("Hailperin") became registered with FINRA (f/k/a NASD) as a Limited Representative - Investment Company and Variable Contracts Products (Series 6) on approximately October 15, 1985.
2. From approximately February 19, 1987 through February 25, 2002, Hailperin was associated with Investacorp, Inc. ("Investacorp"), a member firm.
3. On approximately February 25, 2002, Investacorp filed a Form U5 on behalf of Hailperin terminating his association with the firm because "[he] improperly obtained \$19,845 from an elderly client."
4. From approximately March 31, 2002 through October 13, 2004, Hailperin was associated with Allen Douglas Securities, Inc., a member firm.

5. On approximately January 10, 2005, Merrimac Corporate Securities, Inc. ("Merrimac"), a member firm, filed a Form U4 on behalf of Hailperin commencing his association with the firm. Hailperin was associated with Merrimac from approximately January 10, 2005 through April 27, 2006.

6. On approximately April 27, 2006, Merrimac filed a Form U5 on behalf of Hailperin terminating his association with the firm as of that date because he "violated State of Florida Registration Agreement."

7. Although Hailperin was last associated with a member firm on approximately April 27, 2006, he is subject to FINRA's jurisdiction until approximately April 26, 2008 under Article V, Section 4 of FINRA's By-Laws.

CAUSE OF ACTION

Conversion/Misuse of Customer Funds (NASD Conduct Rules 2330(a) and 2110 and IM-2310-2)

8. The Department realleges and incorporates Paragraphs 1 through 7 above by reference.

9. Late in the afternoon of April 14 or 15, 2005, Hailperin was driving by and stopped in a diner owned by AM, a customer of Merrimac.

10. AM provided Hailperin with a "stack of cash" totaling \$7,000 and instructions to deposit the money into three IRAs with American Funds held through Merrimac for 2004 IRA contributions.

11. Hailperin was not the broker of record for the three IRAs at issue, which were IRAs for the benefit of AM and two of AM's family members.

12. Hailperin had two blank checks in his wallet from his wife's and mother-in-law's joint checking account that were signed by his wife. Hailperin wrote the two checks to "Capital Bank & Trust" in the amounts of \$4,000 and \$3,000, each dated April 14, 2005, with notations that the checks were for 2004 IRA contributions to three IRAs for the benefit of AM and two of AM's family members.

13. American Funds received the checks, but it canceled the 2004 IRA contributions due to insufficient funds.

14. Hailperin knew or should have known that there were insufficient funds in his wife's checking account for the checks to clear.

15. Hailperin was aware of the fact that the 2004 IRA contributions were not made to the three IRAs.

16. Hailperin did not deposit the \$7,000 provided to him by AM into Hailperin's wife's and mother-in-law's joint checking account or the IRAs for the benefit of AM and two of AM's family members.

17. Rather, in contravention of AM's express instructions to deposit his \$7,000 into the three IRAs, Hailperin intentionally used some of those customer funds for personal expenses, including payment of his wife's medical bills.

18. Approximately one year after AM gave the \$7,000 to Hailperin, AM contacted Merrimac to resolve the matter. Merrimac deposited \$7,000 into the three customer IRAs to correct the IRA contributions for 2004 and withheld \$7,000 in commissions owed to Hailperin.

19. The foregoing misconduct of Hailperin constitutes conversion of customer funds and a violation of NASD Conduct Rules 2330(a) and 2110 and IM-2310-2.

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 monetary sanctions and/or that the Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest; and
- 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.

FINRA DEPARTMENT OF ENFORCEMENT

Dated: November 27, 2007



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