

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

PAUL B. BULGAJEWSKI
(CRD No. 4171069),

Respondent.

Disciplinary Proceeding
No. 2006006436101

Hearing Officer – AWH

DEFAULT DECISION

February 21, 2008

Respondent is barred from associating with any FINRA member in any capacity for engaging in check kiting, in violation of NASD Rule 2110, and failing to respond to requests for information, in violation of NASD Rules 8210 and 2110.

Appearances

Richard S. Schultz, Esq., for the Department of Enforcement.

No appearance by or for Paul B. Bulgajewski.

DECISION

I. Background

On September 25, 2007, the Department of Enforcement filed the Complaint in this proceeding, alleging that Respondent Paul B. Bulgajewski engaged in check kiting, in violation of NASD Rule 2110, and failed to respond to requests for information, in violation of NASD Rules 8210 and 2110. Respondent did not file an Answer to the Complaint. On December 27, 2007, Enforcement filed a motion for a default decision. Bulgajewski did not respond to that motion.

II. Respondent's Default

Enforcement sent the Complaint and Notice of Complaint to Respondent on September 25, 2007, by certified and first class mail to his most current residential address listed in the Central Registration Depository ("CRD address"). In the same manner, Enforcement sent the Complaint and Second Notice of Complaint to Respondent on October 31, 2007. Bulgajewski did not file an Answer to the Complaint.

Enforcement served the Complaint and Notices of Complaint on Bulgajewski in accordance with Rule 9134, giving him constructive notice of this proceeding. By failing to respond, he defaulted. Pursuant to NASD Procedural Rules 9215(f) and 9269, Enforcement's motion for a default decision will be granted, and the allegations in the Complaint, which is attached to this decision, will be deemed admitted.¹

III. Jurisdiction

Bulgajewski was registered through FINRA member Chase Investment Services Corp. as a General Securities Representative from April 11, 2005, until September 19, 2006. He is not currently registered or associated with any FINRA member. Because the Complaint charges him with misconduct while he was registered, and with failing to respond to FINRA staff requests for information and documentation during the two-year period following termination of his last registration, he remains subject to FINRA jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of the FINRA By-Laws.

¹ The factual determinations in this decision are based on the admitted allegations in the Complaint, the Declaration Supporting a Motion for the Entry of a Default Decision, and the exhibits attached thereto.

IV. Violations

The first cause of the Complaint alleges that in August 2006, Bulgajewski wrote four checks, totaling \$1,150, from a bank account which exceeded the funds available in that account. He deposited those checks in his personal account maintained at the bank affiliate of his FINRA member firm, which created inflated balances of uncollected funds in that account and allowed other checks written on that account to clear. As a result of his conduct, he had a debit balance of \$604.41 in his account at the bank affiliate of his firm. Bulgajewski admitted to his firm that he knew that there were insufficient funds in the first bank account, and he stated that he intended to obtain a short-term loan to pay for the checks. The admitted facts describe a check kiting scheme by which Bulgajewski violated NASD Rule 2110's requirement that members and associated persons observe high standards of commercial honor and just and equitable principles of trade.

The second cause of the Complaint alleges that on or about November 1, 2006, and on or about November 30, 2006, FINRA staff, in the course of its investigation into whether he had deposited checks from one bank account to another without sufficient funds, sent Bulgajewski requests, pursuant to Rule 8210, for information with respect to the subject matter of its investigation. FINRA staff sent the requests to him by certified and first class mail to his CRD address. Because the requests were sent to him at his CRD address, pursuant to NASD Rule 8210(d), he is deemed to have received them. Furthermore, FINRA staff received a certified return receipt for the November 1 mailing which was apparently signed by Bulgajewski, and the staff determined from the Post Office website that the November 30 certified mailing was delivered. By failing to respond to the requests, Bulgajewski violated NASD Rules 8210 and 2110.

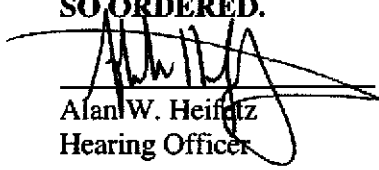
V. Sanctions

There are no specific Guidelines for check kiting in the *FINRA Sanction Guidelines*. However, because the misconduct at issue was intentional and its purpose was to spend bank funds to which Bulgajewski was not entitled, it is akin to conversion of those funds. The Sanction Guideline for conversion is a bar, regardless of the amount converted. *Sanction Guidelines*, at 38. Under the Sanction Guidelines a bar is standard for failure to respond in any manner to requests for information. *Sanction Guidelines*, at 35. There is no evidence of any mitigating circumstance that would justify a lesser sanction.

VI. Conclusion

Paul B. Bulgajewski is barred from associating with any FINRA member firm in any capacity for engaging in check kiting, in violation of NASD Rule 2110, and for failing to respond to requests for information, in violation of NASD Rules 8210 and 2110. The bars will become effective immediately if this decision becomes FINRA's final disciplinary action.

SO ORDERED.



Alan W. Heifetz
Hearing Officer

Copies to:

Paul B. Bulgajewski (*via first class mail & overnight courier*)
Richard S. Schultz, Esq. (*via first class & electronic mail*)
Mark P. Dauer, Esq. (*via first class & electronic mail*)
David R. Sonnenberg, Esq. (*via first class & first class mail*)

**FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant

vs.

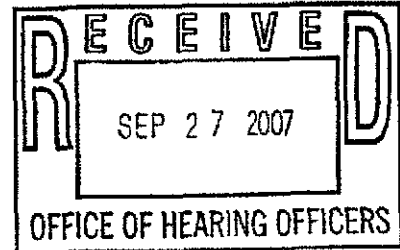
PAUL B. BULGAJEWSKI
Registered Representative
(CRD No. 4171069)

Respondent

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Hearing Officer

COMPLAINT



Upon information and belief, Complainant alleges as follows:

SUMMARY

1. In August 2005, Paul B. Bulgajewski (Bulgajewski) drew checks on a personal checking account maintained at a bank and deposited them into his personal account maintained at the bank affiliate of his firm to allow other checks to clear, when he knew or should have known that there were insufficient funds in his personal account at the bank to cover these checks. Bulgajewski's actions violated NASD Conduct Rule 2110.

2. On November 1, 2006, and November 30, 2006, the NASD Staff (Staff) sent letters to Bulgajewski requesting information and documentation about his actions in depositing checks from one bank account into another without sufficient funds, but Bulgajewski failed to respond to the requests for information, in violation of NASD Conduct Rule 2110 and Procedural Rule 8210.

RESPONDENT

3. From on or about April 11, 2005 to on or about September 19, 2006, Bulgajewski was registered as a General Securities Representative with Chase Investment Services Corp. (Member), a member of FINRA (f/k/a NASD). Bulgajewski is not currently associated with any member of FINRA. Since this Complaint is filed within two years of the termination of Bulgajewski's registration with the Member, Bulgajewski is subject to the jurisdiction of FINRA, pursuant to Article V, Section 4 of the FINRA's By-Laws.

**FIRST CAUSE FOR COMPLAINT
NASD Conduct Rules 2110 – Depositing Checks From One Bank Account to Another
Without Available Funds by Bulgajewski.**

4. Paragraphs number 1 through 3 above are re-alleged and incorporated herein by reference.

5. In August 2006, Bulgajewski repeatedly engaged in a practice commonly known as "check kiting," between an account that he maintained at the Member's bank affiliate, JPMCB, and a personal bank checking account that he maintained at FBOP.

6. In or about August 2005, Bulgajewski wrote out four checks, totaling \$1,150.00, from his checking account at FBOP made payable to himself, endorsed the checks and deposited the checks in his account with JPMCB. The checks that Bulgajewski wrote and deposited are as follows:

Check Number	Date on Check	Date Deposited	Amount of Check
	8/12/06	8/14/06	\$150.00
	8/12/06	8/14/06	\$400.00
	8/15/06	8/18/06	\$300.00
	8/15/06	8/18/06	\$300.00
Total			\$1,150.00

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7. Bulgajewski had insufficient funds to pay for each of the checks from his checking account with FBOP and they were all returned.

8. When Bulgajewski was questioned by the Member and JPMCB regarding the four checks, he admitted that he knew that there were insufficient funds in his account with FBOP to pay for the checks, but he made the deposits to allow other checks that he wrote from his account with JPMCB to clear.

9. Bulgajewski stated that he intended to obtain a short-term loan to pay for the checks, because he knew that he did not have enough available cash in his account with FBOP to cover the checks. He admitted that the checks were used to inflate his balance in his account with JPMCB to cover checks that he had written on that account.

10. As a result of his conduct, Bulgajewski had a debit balance of \$604.41 in his checking account with JPMCB.

11. The acts, practices and conduct set forth above constitute separate and distinct violations of NASD Conduct Rule 2110 by Bulgajewski.

**SECOND CAUSE FOR COMPLAINT
Conduct Rule 2110 and Procedural Rule 8210 - Failure to Respond to the Staff's Requests
for Information by Bulgajewski.**

12. Paragraph numbers 1 through 11 above are re-alleged and incorporated herein by reference.

13. On or about November 1, 2006, NASD staff ("Staff") sent to Bulgajewski a request that he give the Staff a written statement responding to the allegation that he deposited checks from one bank account into another without sufficient funds, as noted in paragraphs 5 through 10 above, pursuant to and in accordance with the provisions of NASD Procedural Rule

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8210. The request for information was sent by first class mail and certified mail, return receipt requested, to Bulgajewski's address of record as contained in the records of the Central Registration Depository ("CRD Address"). The first class mailing was not returned to the Staff. The certified return receipt was returned to the Staff apparently signed by Bulgajewski.

14. On or about November 30, 2006, having received no response from Bulgajewski, the Staff sent to Bulgajewski a letter marked "Second Request," asking that he give the Staff a written statement responding to the allegation that he deposited checks from one bank account into another without sufficient funds, as noted in paragraphs 5 through 11 above, pursuant to and in accordance with the provisions of NASD Procedural Rule 8210. The Second Request for information was sent by first class mail, and by certified mail, return receipt requested, to Bulgajewski's CRD Address. The first class mailing was not returned to the Staff. The Post Office website showed that the certified mailing was delivered on December 19, 2006 at 6:36 p.m., but the certified return receipt was not returned to the Staff.

15. Bulgajewski failed to respond to each and all of the requests for documents and information described in paragraphs 13 and 14 above, and the time for Bulgajewski to respond has passed.

16. The aforementioned acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 and NASD Procedural Rule 8210 by Bulgajewski.

PRAYER FOR RELIEF

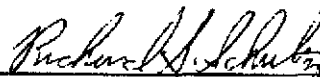
WHEREFORE, the Department respectfully requests that the Panel:

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

FINRA DEPARTMENT OF ENFORCEMENT

September 25, 2007

Date



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