

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

RECEIVED  
2009 MAR 23 A 5:50  
REGISTRATION & DISCLOSURE

Department of Enforcement,

Complainant,

v.

Shon C. Prejean,  
General Securities Principal and  
Representative  
CRD No. 2768150

Respondent.

Disciplinary Proceeding  
No. 2007007659502

Hearing Officer SNB

Date: March 23, 2009

**ORDER ACCEPTING OFFER OF  
SETTLEMENT**

**INTRODUCTION**

Disciplinary Proceeding No. 2007007659502 was filed on December 22, 2008 by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant).

Respondent Shon C. Prejean submitted an Offer of Settlement (Offer) to Complainant on March 12, 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

000081084 2009

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 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**

Respondent Shon C. Prejean ("Prejean") entered the securities industry on June 1, 1996 as an associated person with FINRA member Van Kampen Funds, Inc. ("Van Kampen"). While associated with Van Kampen, Prejean became registered as an Investment Company and Variable Contracts Products Limited Representative on July 17, 1997 and as a General Securities Representative on July 22, 1999. Prejean remained registered through Van Kampen until September 2, 2000, when he voluntarily terminated. Following associations with member firms Edward D. Jones & Co., LP (September 18, 2000 – November 8, 2001) and Chase Investment Services Corp. (March 8, 2003 – July 16, 2003), Prejean became associated with FINRA member Compass Brokerage, Inc. ("CBI") on November 3, 2003 as a General Securities Representative. He later became registered as a General Securities Principal on December 1, 2006. Prejean was associated with CBI from November 3, 2003 to January 5, 2007. During that period, Prejean also was employed by Compass Bank, a CBI affiliate, as a manager in the bank's Houston branch office.

On January 9, 2007, CBI filed a Uniform Termination Notice for Securities Industry Registration (Form U5) on behalf of Prejean reporting that Prejean had been discharged by the firm on

January 5, 2007 following notification by the United States Secret Service that it was investigating Prejean's involvement in a mortgage-loan fraud scheme perpetrated at Compass Bank's Houston branch.

Prejean is not currently associated with a FINRA member, but he remains subject to FINRA's jurisdiction, pursuant to Article V, Section 4 of FINRA's By-Laws, for purposes of this Complaint.

#### **FINDINGS AND CONCLUSIONS**

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

1. By letter dated January 17, 2007, FINRA District No. 5 staff ("the Staff") requested, pursuant to Procedural Rule 8210, information and documents from Prejean regarding the circumstances surrounding his termination from CBI. The letter requested a response by February 7, 2007 and warned Prejean that failure to comply with the request could subject him to disciplinary action. The letter was sent by first class and certified mail to the residential address listed for Prejean in Web CRD: [REDACTED] [REDACTED] (hereinafter "CRD address"). Neither the first class mailing nor the certified mailing was returned to the Staff, and a return receipt card for the certified mailing was never received.
2. Prejean did not respond to the January 17, 2007 letter by February 7, 2007, as requested, or thereafter.

3. By letter dated February 13, 2007, the Staff, pursuant to Procedural Rule 8210, reiterated its January 17, 2007 Rule 8210 request to Prejean for information and documents. The February 13, 2007 letter requested a response by February 28, 2007 and warned Prejean that failure to comply with the request could subject him to disciplinary action. The letter was sent by first class and certified mail to Prejean's CRD address. Neither the first class mailing nor the certified mailing was returned to the staff, and a return receipt card for the certified mailing was never received.
4. Prejean did not respond to the February 13, 2007 letter by February 28, 2007, as requested, or thereafter.
5. On February 27, 2007, Prejean's attorney advised the Staff that Prejean had received the Staff's letters of January 17, 2007 and February 13, 2007 but that Prejean would not be providing any of the requested information or documents. No further communication was ever received from Prejean or his attorney prior to the filing of the Complaint in this proceeding.
6. To date, Prejean has failed to provide any of the information or documents requested by the Staff.
7. Based on the foregoing, Respondent Prejean violated NASD Conduct Rule 2110 and Procedural Rule 8210.

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

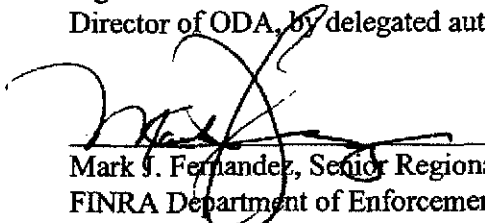
It is ordered that Respondent Shon C. Prejean be barred from association with any FINRA member in any capacity.

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

A handwritten signature in black ink, appearing to read 'Mark J. Fernandez', is written over a horizontal line.

Mark J. Fernandez, Senior Regional Counsel  
FINRA Department of Enforcement  
1100 Poydras Street  
Energy Centre, Suite 850  
New Orleans, LA 70163  
Phone: (504) 522-6527  
Fax: (504) 522-4077  
Email: mark.fernandez@finra.org