

FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

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REGISTRATION & DISCLOSURE

Department of Enforcement,

Complainant,

v.

Miles F. Price,
CRD No. 1707468

Respondent.

Disciplinary Proceeding
No. 2007007748701

Hearing Officer: AHP

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: November 11, 2008

INTRODUCTION

Disciplinary Proceeding No. 2007007748701 was filed on October 9, 2008, by the Department of Enforcement of the Financial Industry Regulatory Authority ("FINRA"). ("Complainant").

Respondent Miles F. Price submitted an Offer of Settlement ("Offer") to Complainant on November 5, 2008. Pursuant to NASD 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 NASD Rule 9270(e)(3). The findings, conclusions and sanction 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 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 sanction 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

Miles F. Price entered the securities industry in April 1987 as an associated person of a member of FINRA. He became registered as a General Securities Representative in July 1987 and as a General Securities Principal in June 1990. From on or about November 15, 2005, until on or about January 17, 2007, he was registered through Paulson Investment Company, Inc. ("Paulson") as a General Securities Principal and General Securities Representative.

On or about January 17, 2007, a Uniform Termination Notice for Securities Industry Registration ("Form U5") was filed by Paulson on behalf of Respondent Price. The Form U5 disclosed that Price had been discharged on January 10, 2007, for use of discretion without prior written authorization and falsification of contemporaneous notes.

Respondent Price is not currently registered or associated with any member firm; however, pursuant to Article V, Section 4 of the FINRA By-Laws, FINRA retains jurisdiction over him for purposes of this disciplinary proceeding.

FINDINGS AND CONCLUSIONS

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

In October 2006 and January 2007, Respondent Price exercised discretionary power in the brokerage accounts of two customers without first having obtained the customers' prior written authorization. In January 2007, in order to conceal his exercise of discretionary power in one customer's account, Price created a false record indicating that the customer had authorized him to effect two transactions in her account on the date of the transactions.

On or about November 23, 2005, LGE opened an IRA brokerage account with Paulson.

Respondent Price was the registered representative responsible for LGE's account. LGE did not grant written authorization to Price to exercise discretion in his account and Paulson did not accept LGE's account as discretionary.

On or about October 5, 2006, Price exercised discretionary authority in two transactions in LGE's account: (a) the sale of 1,000 shares of Grey Wolf Inc. (GW) for \$6.3801 per share and (b) the purchase of 500 shares of Smith Micro Software Inc. (SMSI) for \$15.10 per share. Price received approximately \$166.04 in commissions from those two transactions.

On or about March 10, 2006, LKM opened an IRA brokerage account with Paulson.

Respondent Price was the registered representative responsible for LKM's account. LKM did not grant written authorization to Price to exercise discretion in her account and Paulson did not accept LKM's account as discretionary.

On or about January 10, 2007, Price exercised discretionary authority in two transactions in LKM's account: (a) the sale of 506 shares of Placer Sierra Bancshares (PLSB) for \$27.23 per share and (b) the purchase of 700 shares of Perficient Inc. (PRFT) for \$18.3599 per share. Price received approximately \$362.71 in commissions from those two transactions.

On or about November 28, 2006, as the result of a complaint from customer LGE, Paulson placed Respondent Price in a Heightened Supervision Program. Among other things, Paulson required Price to submit to a supervisor, at the end of each day, a copy of his contemporaneous notes memorializing all conversations with his customers that caused transactions on that day.

On or about January 10, 2007, Price made an entry in an Outlook Notes program regarding LKM's account, which became part of Paulson's books and records. The entry referred to the two transactions in LKM's account on that date in which Price exercised discretionary authority,

as set forth above. Price effected the sale of PLSB at approximately 7:36 a.m. and the purchase of PRFT at approximately 7:40 a.m., Pacific Standard Time. In the Outlook Notes program, Price wrote, "011007, Called, Emailed and got acceptance for the sell of PLSB and the buy of PRFT. 7:15 a.m."

The information entered by Price in the Outlook Notes program was false. Price did not speak to LKM on the morning of January 10, 2007, regarding the sale of PLSB or the purchase of PRFT before he effected those transactions; and LKM did not authorize the transactions on that date, either by telephone, in an email message, or by any other means.

In a handwritten note on Paulson's Order Entry Workbook record for the sale of PLSB in LKM's account, Price wrote, "01.10.07 – Notes from Outlook attached. Trades approved by customer."

The information written by Price on the Order Entry Workbook record was false. LKM did not approve the transactions in her account on January 10, 2007.

Price knowingly entered false information in Paulson's records in order to conceal the fact that he exercised discretionary authority in effecting the two transactions in LKM's account.

Based on the foregoing, Respondent Price committed separate and distinct violations of NASD Conduct Rules 2110, 2510(b), and 3110.

Based on these considerations, the sanction hereby imposed by the acceptance of the Offer is in the public interest, is sufficiently remedial to deter Respondent from any future misconduct, and represents a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be barred from associating with any member of FINRA in any capacity.

The sanction imposed herein shall be effective on a date set by FINRA staff. Pursuant to IM-8310-3(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



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