

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

KALEEN A. COOPER
(CRD No. 4471537),

Respondent.

Disciplinary Proceeding
No. 2007008636401

Hearing Officer – AWH

DEFAULT DECISION

November 21, 2008

Respondent is barred from associating with any FINRA member in any capacity for conversion of customer funds, in violation of NASD Conduct Rules 2330(a), 2110, and IM-2310-2, and failing to respond to requests for information, in violation of NASD Rules 8210 and 2110.

Appearances:

David F. Newman, Esq., for the Department of Enforcement.

No appearance by or for Kaleen A. Cooper.

DECISION

I. Background

On June 23, 2008, the Department of Enforcement filed the Complaint in this proceeding, alleging that Respondent Kaleen A. Cooper (1) converted four of his customers' funds, and (2) failed to respond to requests for information sent by FINRA staff pursuant to Rule 8210. Cooper did not file an Answer to the Complaint. On October 1, 2008, Enforcement filed a Motion for Entry of Default Decision. Cooper did not respond to that motion.

II. Respondent's Default

On June 23, 2008, Enforcement sent the Complaint and Notice of Complaint to Respondent by certified mail to his residential address listed in the Web Central Registration Depository (the "Web CRD address") and to an address in Falls Church, Virginia (the "Falls Church address") at which Enforcement had reason to believe he was residing. The envelope sent to the Web CRD address was not returned. The return receipt for the certified mailing to the Falls Church address was returned, signed by Kaleen Cooper. Respondent did not file an Answer to the Complaint.

On July 23, 2008, Enforcement sent the Complaint and Second Notice of Complaint to Respondent by certified mail to Respondent's Web CRD address and the Falls Church address. The mailing to the Web CRD address was returned, marked "Return to Sender, Insufficient address, Unable to forward." The return receipt for the certified mailing to the Falls Church address was returned, marked "Unclaimed." Respondent did not file an Answer to the Complaint.

Enforcement served the Complaint and Notices of Complaint on Cooper in accordance with Rule 9134, giving him constructive notice of this proceeding. The return receipt signed by Cooper shows that he received actual notice of the Complaint. 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

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

III. Jurisdiction

Cooper's only registration with FINRA was through Woodbury Financial Services, Inc. ("Woodbury"). He was registered through Woodbury as an Investment Company and Variable Contracts Products Representative from November 13, 2001 through April 5, 2007, when Woodbury terminated his registration for forgery of a customer's signature and conversion of the customer's funds. He is not currently associated with a FINRA member firm.

Because the Complaint charges him with misconduct while he was associated with a member firm and with failing to respond to FINRA staff requests for information during the two-year period following termination of his registration, and the Complaint was filed within two years of the termination of his registration, he remains subject to FINRA jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of the FINRA By-Laws.

IV. Violations

Conversion of Customer Funds

The first cause of the Complaint alleges that from August 25, 2005 to November 28, 2006, Cooper converted a total of \$12,017.51 from four customers. He forged their signatures on forms, causing unauthorized redemptions or withdrawals from the customers' mutual funds or variable life insurance accounts at Hartford Financial Services Group, Inc ("Hartford"). Cooper then had the funds transferred to his own bank account and used them for his own purposes, without the authorization or consent of the customers.

Conversion is “an intentional and unauthorized taking of and/or exercise of ownership over property by one who neither owns the property nor is entitled to possess it.”² Here, the facts demonstrate that Cooper’s misconduct clearly falls within that definition and constitutes a violation of NASD Conduct Rules 2330(a), 2110, and IM-2310-2.³

Failure to Respond to Requests for Information

The second cause of the Complaint alleges that, in connection with its investigation of Cooper’s alleged misconduct at Woodbury and pursuant to NASD Procedural Rule 8210, FINRA staff sent Cooper two requests that he appear and testify at an on-the-record interview concerning the subject matter of the investigation. The first request, dated November 21, 2007, was sent by first class and certified mail to Cooper at his CRD address. Both mailings were returned as undeliverable. The second request, dated December 4, 2007, was sent by first class and certified mail to Cooper at his CRD address and the Falls Church address. The first class mailings were not returned. The certified mailing to the CRD address was returned, marked “Attempted – Not Known.” The certified mailing to the Falls Church address was returned, marked “Unclaimed.”

Cooper failed to appear at either scheduled OTR. By failing to appear and testify, Cooper violated NASD Rules 8210 and 2110.

² FINRA SANCTION GUIDELINES, at 38 n. 2.

³ See, e.g. *District Business Conduct Comm. for Dist. No. 25 v. Frank Bernard Varites*, No. LA-4293, 1991 NASD Discip. LEXIS 16 (Jan. 22, 1991) (conversion of funds to a representative’s own use is an intentional disregard of the “high standards of commercial honor and just and equitable principles of trade” mandated by NASD Conduct Rule 2110).

V. Sanctions

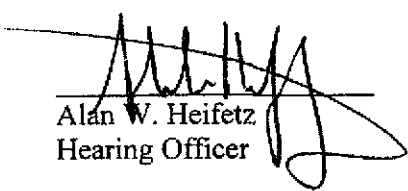
For conversion of funds, the FINRA Sanction Guidelines call for a bar, regardless of the amount converted.⁴ Cooper's misconduct was intentional and fraudulent. There are no mitigating factors that would warrant a sanction less than a bar.

For failure to respond in any manner to requests for information, the Sanction Guidelines provide that a bar should be standard.⁵ Cooper failed completely to respond to the requests for his appearance and testimony. Again, there are no mitigating factors that would warrant a sanction less than a bar.

VI. Conclusion

Kaleen A. Cooper is barred from associating with any FINRA member in any capacity for conversion of customer funds, in violation of NASD Conduct Rules 2330(a), 2110, and IM-2310-2, and failing to respond to requests for information, in violation of NASD Rules 8210 and 2110. The bars shall become effective immediately if this Decision becomes the final disciplinary action of FINRA.

SO ORDERED.


Alan W. Heifetz
Hearing Officer

Copies to:

Kaleen A. Cooper (*via first class mail & overnight courier*)
David F. Newman, Esq. (*via first class mail & electronic mail*)
Mark P. Dauer, Esq. (*via first class mail & electronic mail*)
David R. Sonnenberg, Esq. (*via first class mail & electronic mail*)

⁴ FINRA SANCTION GUIDELINES, 38.

⁵ *Id.*, 35.

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

V.

Kaleen A. Cooper (CRD No. 4471537),

Respondent.

DISCIPLINARY PROCEEDING
No. 2007008636401

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. From about August 25, 2005 to about November 28, 2006, Kaleen A. Cooper converted a total of approximately \$12,017 from four customers by forging their signatures on forms to cause unauthorized redemptions or withdrawals from the customers' mutual fund or variable life insurance accounts and then subsequently transferring the funds to Cooper's bank account. After the customers' funds were deposited into Cooper's bank account, he used them for his own purposes without their authorization or consent. This conduct violated NASD Conduct Rules 2330(a) and 2110 and IM-2310-2.
2. On November 21, 2007 and December 4, 2007, FINRA staff sent Cooper letters requiring him to appear and testify at on-the-record interviews (OTRs) scheduled

for December 4 and December 11, 2007, respectively, in the Philadelphia District Office. The letters were sent to Cooper pursuant to NASD Procedural Rule 8210 and were properly served. Cooper, however, did not appear at the OTRs. This conduct violated NASD Procedural Rule 8210 and Conduct Rule 2110.

RESPONDENT AND JURISDICTION

3. In November 2001, Cooper first became registered with FINRA an Investment Company and Variable Contracts Products Representative through a member firm. From December 2001 to April 5, 2007, Cooper was registered in that capacity through member firm Woodbury Financial Services, LLC (Woodbury). Cooper is not currently associated with a member firm.
4. Cooper remains subject to FINRA's jurisdiction pursuant to Article V, Section 4, of the FINRA By-Laws, in that: the conduct that is the subject of the First Cause of Action occurred while he was associated with Woodbury; and, this complaint was filed within, and the violations of NASD Procedural Rule 8210 alleged in the Second Cause of Action occurred within, two years of Cooper's last association with a member firm.

First CAUSE OF ACTION Forgery and Conversion of Customer Funds (NASD Conduct Rules 2330(a) and 2110 and IM-2310-2)

5. The Department realleges and incorporates by reference paragraphs 1 through 4 above.
6. On or about August 25, 2005, Cooper forged customer's CH's signature on a form to cause an unauthorized redemption and subsequent transfer of \$500 from CH's

mutual fund account at Hartford Financial Services Group, Inc. (Hartford) to Cooper's personal bank account. After the funds were deposited into his bank account, Cooper used them for his own purposes without CH's authorization or consent.

7. On or about November 3, 2005, Cooper forged customer's RV's signature on a form to cause an unauthorized withdrawal and subsequent transfer of \$6,000 from RV's variable life insurance account at Hartford to Cooper's personal bank account. On or about January 6, 2006, Cooper forged RV's signature on a form to cause an unauthorized withdrawal and subsequent transfer of \$1,182.71 from RV's variable life insurance account at Hartford to Cooper's personal bank account. After RV's funds were deposited into his bank account, Cooper used them for his own purposes without RV's authorization or consent.
8. On or about February 3, 2006, Cooper forged customer's MN's signature on a form to cause an unauthorized withdrawal and subsequent transfer of \$1,200 from MN's variable life insurance account at Hartford to Cooper's personal bank account. On or about November 3, 2006, Cooper forged MN's signature on a form to cause an unauthorized withdrawal and subsequent transfer of \$1,000 from MN's variable life insurance account at Hartford to Cooper's personal bank account. After MN's funds were deposited into his bank account, Cooper used them for his own purposes without MN's authorization or consent.
9. On or about November 28, 2006, Cooper forged customer's YG's signature on a form to cause an unauthorized redemption and subsequent transfer of \$2,134.80

from YG's mutual fund account at Hartford to Cooper's personal bank account. After YG's funds were deposited into his bank account, Cooper used them for his own purposes without YG's authorization or consent.

10. By misappropriating customer funds, Cooper violated NASD Conduct Rules 2330(a) and 2110 and IM-2310-2.

**SECOND CAUSE OF ACTION
Cooper's Failure to Appear and Testify at OTRs
(NASD Procedural Rule 8210 and Conduct Rule 2110)**

11. The Department realleges and incorporates by reference paragraphs 1 through 10 above.
12. On or about November 21, 2007 and pursuant to NASD Procedural Rule 8210, FINRA staff sent a letter to Cooper requiring him to appear and testify at an OTR scheduled for December 4, 2007 in the Philadelphia District Office. The OTR was requested as part of the staff's investigation into allegations that Cooper had converted customer funds. The November 21 letter warned Cooper that if he did not appear at the OTR he would be subject to disciplinary action. The letter was sent by certified and first class mail to the current residential address for Cooper in the Central Registration Depository (CRD address). The certified letter was returned by the Postal Service to the Philadelphia District Office and was marked as "Undeliverable." The first class letter was returned and was marked "Return to Sender, Not Deliverable as Addressed, Unable to Forward."

13. On November 28, 2007, FINRA staff called Cooper to confirm his appearance at the December 4 OTR and left a message on his voice mail. Cooper did not return the call. In addition, on that same day, FINRA staff called an attorney who was believed to be representing Cooper in a related criminal matter to confirm Cooper's appearance for the December 4 OTR. The attorney never returned the call. Cooper did not appear at the OTR on December 4, 2007.
14. On or about December 4, 2007 and pursuant to NASD Procedural Rule 8210, FINRA staff sent Cooper a second letter requiring him to appear and testify at an OTR scheduled for December 11, 2007 in the Philadelphia District Office. The letter warned Cooper that if he did not appear at the OTR he would be subject to disciplinary action. The letter was sent by certified and first class mail to Cooper's CRD address and to an address at which Cooper was believed to be living, [REDACTED] (Falls Church address). The certified letter sent to the CRD address was returned and was marked "Attempted - Not Known"; the first class letter was not returned. The certified letter sent to the Falls Church address was returned and was marked "Unclaimed"; the first class letter was not returned.
15. On December 4, 2007, FINRA staff called Cooper to confirm his appearance at the December 11 OTR and left a message on his voice mail. Cooper did not return the call. In addition, on that same day, FINRA staff called Cooper's criminal attorney to confirm Cooper's appearance. Cooper's criminal attorney returned the call and told the staff that he was not representing Cooper in this

matter, but would tell him about the December 11 OTR. Cooper never returned the call or appeared for the December 11 OTR.

16. FINRA staff is not aware of a more current residential address or of a business address for Cooper.
17. By failing to appear for the OTRs, Cooper violated NASD Procedural Rule 8210 and Conduct Rule 2110.

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), including monetary sanctions, be imposed; 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

Date: June 23, 2008



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