

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

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REGISTRATION & DISCLOSURE

Department of Enforcement,

Complainant,

v.

Christopher J. Martinez
(CRD No. 4072355),

Respondent.

DISCIPLINARY PROCEEDING
No. 2007010851901

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Respondent Christopher J. Martinez misused funds belonging to two customers, by withdrawing funds from their variable annuity accounts without their consent or authorization. Martinez did not give the customers the funds that he withdrew from their variable annuity accounts. Rather, the funds were deposited into two bank accounts that did not belong to the customers and with which the customers had no relationship. This conduct violated NASD Conduct Rule 2330(a). In addition, Martinez failed to respond to NASD Procedural Rule 8210 requests for information and documents, in violation of NASD Procedural Rule 8210 and Conduct Rule 2110.

RESPONDENT AND JURISDICTION

2. Respondent Martinez entered the securities industry in October 1999 when he associated with a FINRA member firm. He later became registered with FINRA through Legend Equities Corporation ("Legend"), a member of FINRA, on February 6, 2007, as a General

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Securities Representative. Legend submitted a Uniform Termination Notice for Securities Industry Registration on October 10, 2007 reflecting that Martinez's association with Legend terminated on September 25, 2007. Martinez is not currently registered through 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 Complaint.

FIRST CAUSE OF ACTION
(NASD Conduct Rules 2330(a) and 2110, Misuse of Customer Funds,
by Respondent Martinez

3. The Department realleges and incorporates by reference paragraphs 1 and 2 above.
4. On four occasions between approximately July 2, 2007 and September 10, 2007, Respondent Martinez withdrew funds from customer JM's annuity account maintained with SB. In total he withdrew approximately \$38,300.00 from this annuity account. JM had not requested or authorized such withdrawals. The funds were sent to a bank account that did not belong to JM and of which JM was unaware. These funds were not returned to JM. Martinez used the funds to assist his family with a balloon mortgage payment and other debt payments.
5. On three occasions between approximately April 17, 2007 and June 15, 2007, Martinez withdrew funds from customer WK Revocable Trust's annuity account maintained with SB. In total he withdrew \$13,000.00 from WK's account. Neither WK, nor any other person with authority or control over the Trust, requested or authorized such withdrawals. The funds were sent to a Bank account that did not belong to WK or the Trust and which was unknown to WK and the Trust. The funds were not returned to WK or the Trust. Martinez used the funds to pay his debts and for other personal expenses.
6. Legend repaid \$13,000.00 to WK and \$38,300.00 to JM.

7. By virtue of the conduct described in paragraphs 4 and 5 above, Martinez violated NASD Conduct Rules 2330(a) and 2110.

SECOND CAUSE OF ACTION

**NASD Procedural Rule 8210 and NASD Conduct Rule 2110,
Failure to Provide Information and Documents, by Respondent Martinez**

8. The allegations of paragraphs 1, 2, and 4 through 7 above, are realleged and incorporated herein by reference.
9. On January 18, 2008, FINRA staff sent to Martinez, by first class and certified mail, a written request for information and documents pursuant to NASD Procedural Rule 8210. The request pertained to the allegations of misuse that are the subject of Cause One of this Complaint. The request was sent to Martinez's most current residential address according to Central Registration Depository ("CRD") records, which was [REDACTED] (the "CRD address"). The requested information and documents were to be provided on or before February 1, 2008. The certified mailing was returned to the staff marked "unclaimed" and the first-class mailing was not returned. Staff did not receive any response to the January 18, 2008 request.
10. On February 20, 2008, FINRA staff sent Martinez a second letter by first class and certified mail, seeking information pursuant to NASD Procedural Rule 8210. The letter requested the same information contained in the first 8210 request letter dated January 18, 2008. The request was sent to Martinez's CRD address. The requested information was to be provided on or before March 5, 2008. The certified mailing was returned to the staff marked "unclaimed" and the first-class mailing was not returned. Staff did not receive any response to the February 20, 2008 request.

11. By failing to provide information requested by the staff, as described above, Martinez violated NASD Procedural Rule 8210 and NASD Conduct Rule 2110.

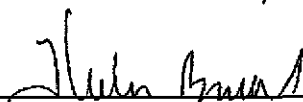
RELIEF REQUESTED

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.
- 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: February 11, 2009


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