

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

MARK ISLAS
(CRD No. 1953882),

and

MAYRA J. ANGULO
(CRD No. 2221337),

Respondents.

Disciplinary Proceeding
No. 2007011159501

Hearing Officer—Andrew H. Perkins

DEFAULT DECISION

September 22, 2009

The Respondents were barred for violating Conduct Rule 2110 and Procedural Rule 8210 by failing to respond to requests for information. In light of the bar, no additional sanction was imposed for Angulo's violation of Conduct Rule 2110, IM-1000-1, and Article V, Section 2 of FINRA's By-Laws by failing to amend her Form U4 to disclose that she had been charged with a felony.

Appearances

Heather Hawker, Senior Regional Counsel, Denver, CO, for the Department of Enforcement.

No appearances by or for Respondents.

DECISION

I. Introduction

The Department of Enforcement ("Enforcement") for the Financial Industry Regulatory Authority ("FINRA") filed the attached Complaint on April 13, 2009, which contains three causes of action. The first two causes of action allege that Respondents Mark

Islas (“Islas”) and his wife, Mayra Angulo (“Angulo”), violated Procedural Rule 8210 and Conduct Rule 2110¹ by failing to respond to FINRA requests for information issued in connection with FINRA staff’s investigation into the facts and circumstances surrounding the termination of their employment with member firm Woodbury Financial Services, Inc. (“Woodbury”) on November 8, 2007. The third cause of action alleges that Angulo violated Conduct Rule 2110, Membership and Registration Rule Interpretive Material (“IM”) 1000-1, and Article V, Section 2 of FINRA’s By-Laws by failing to update her Uniform Application for Securities Industry Registration or Transfer (“Form U4”) to disclose that on April 7, 2006, she was charged in the United States District Court for the District of Arizona with felony conversion of a social security check in the sum of \$11,648.

Neither Respondent answered or otherwise responded to the Complaint. Consequently, on July 29, 2009, Enforcement filed a Motion for Entry of Default Decision, supported by the declaration of Heather Hawker (“Hawker Decl.”) and 12 exhibits. Neither Respondent filed a response to the motion.

II. Findings of Fact and Conclusions of Law

A. Jurisdiction

(1) Respondent Islas

From March 2001 through November 8, 2007, Islas was registered with FINRA as an Investment Company and Variable Contracts Products Representative through Woodbury.

¹ As of July 30, 2007, NASD consolidated with the member regulation and enforcement functions of NYSE Regulation and began operating under a new corporate name, the Financial Industry Regulatory Authority (FINRA). References in this decision to FINRA include, where appropriate, NASD. Following consolidation, FINRA began developing a new FINRA Consolidated Rulebook. The first phase of the new consolidated rules became effective on December 15, 2008. See Regulatory Notice 08-57 (Oct. 2008). This decision refers to and relies on the NASD Conduct Rules that were in effect at the time of Respondents’ alleged misconduct. The applicable rules are available at www.finra.org/rules.

Islas has not been associated with any FINRA member firm since his termination from Woodbury.²

FINRA has jurisdiction of this disciplinary proceeding against Islas pursuant to Article V, Section 4 of FINRA's Bylaws because (1) the Complaint was filed within two years following the termination of his registration with FINRA and (2) the Complaint charges him with failing to respond to requests for information issued by FINRA during that two-year period.³

(2) Respondent Angulo

From December 2001 through November 8, 2007, Angulo was registered with FINRA as a General Securities Representative through Woodbury. Angulo has not been associated with any FINRA member firm since her termination from Woodbury.⁴

FINRA has jurisdiction of this disciplinary proceeding against Angulo pursuant to Article V, Section 4 of FINRA's Bylaws because (1) the Complaint was filed within two years following the termination of her registration with FINRA and (2) the Complaint charges her with misconduct that occurred while she was associated with Woodbury and with failing to respond to requests for information issued by FINRA during the two-year period following the termination of her registration.

B. Origin of the Complaint

FINRA initiated the investigations that led to Enforcement filing the Complaint in this proceeding based on the information in the Uniform Termination Notice for Securities Industry Registration (Form U5) Woodbury filed with FINRA on behalf of each

² Complainant's Exhibits (CX)-1 and CX-2; Hawker Decl. ¶¶ 5-6.

³ Article V, Sec. 4, FINRA By-Laws, *available at* www.finra.org/Rules (then follow "FINRA Manual" hyperlink to "Corporate Organization: Bylaws").

⁴ Complainant's Exhibits (CX)-1; Hawker Decl. ¶ 5.

Respondent.⁵ The Form U5 for Islas disclosed that he had been dismissed during the firm's investigation into possible misappropriation of funds,⁶ and the Form U5 for Angulo disclosed that she had been dismissed during the firm's investigation into possible misappropriation of client funds and her failure to report a criminal complaint.⁷

C. Respondents' Defaults

On April 7, 2009, Enforcement sent the Complaint and Notice of Complaint to the Respondents by first-class and certified mail (return receipt requested) at their residential addresses recorded in the Central Registration Depository ("CRD Addresses").⁸ Neither responded to the Notice of Complaint, and on May 7, 2009, Enforcement sent them a Second Notice of Complaint by first-class and certified mail (return receipt requested) to their CRD Addresses.⁹

On May 26, 2009, after Enforcement served the Respondents with the Second Notice of Complaint, Enforcement received a forwarding address for Islas from the United States Postal Service.¹⁰ Enforcement then served Islas with duplicate copies of the Notice of Complaint and Second Notice of Complaint by mailing them to both his CRD Address and the forwarding address. On June 2, 2009, Enforcement sent copies of the Complaint and Notice of Complaint to Islas at the forwarding address by express and first-class mail, and, on June 12, 2009, Enforcement re-served Islas with copies of the Complaint and Notice of

⁵ Hawker Decl. ¶ 29.

⁶ CX-11.

⁷ CX-12.

⁸ Hawker Decl. ¶ 8.

⁹ *Id.* ¶ 11. In addition, Enforcement sent a copy of the Notice of Complaint and Second Notice of Complaint to the attorney who had represented the Respondents during the investigation. Hawker Decl. ¶¶ 9, 12. Respondents' attorney did not respond to the notices.

¹⁰ Hawker Decl. ¶ 16.

Complaint by certified and first-class mail at his CRD Address.¹¹ Islas did not respond to any of these mailings.

On June 17, 2009, Enforcement received notice from the United States Postal Service of a forwarding address for Angulo, which is the same as Islas's. Although Angulo had defaulted by failing to file an Answer with the Office of Hearing Officers on or before May 26, 2009, Enforcement nonetheless mailed copies of the Complaint, Notice of Complaint, and Second Notice of Complaint to Angulo at both her CRD Address and the forwarding address on June 18, 2009.¹²

On July 1, 2009, Enforcement sent copies of the Complaint and Second Notice of Complaint to Islas at his forwarding address by express and first-class mail and at his CRD Address by certified and first-class mail.¹³

To date, neither Islas nor Angulo has filed an Answer with the Office of Hearing Officers or otherwise responded to the Complaint.¹⁴

The Respondents defaulted by failing to answer the Complaint.¹⁵ Accordingly, pursuant to Procedural Rules 9215(f) and 9269(a)(2), the Hearing Officer deems the allegations in the Complaint admitted and grants Enforcement's motion for entry of a default decision.

¹¹ Hawker Decl. ¶ 18.

¹² *Id.* ¶¶ 21-22. Because Enforcement was not aware of the forwarding address before it perfected service on Angulo, it was not required to serve duplicate copies of the Notice of Complaint and Second Notice of Complaint on Angulo at the forwarding address. See Procedural Rule 9134(b)(1).

¹³ *Id.* ¶ 23.

¹⁴ *Id.* 27.

¹⁵ *Department of Enforcement v. Reynolds Verdiner*, No. CAF020004, 2003 NASD Discip. LEXIS 42, at *5 (N.A.C. Dec. 9, 2003) (NASD Procedural Rule 9134(b)(1) allows for constructive notice by mailing a complaint to the respondent's most recent CRD address) (quoting *Lubeck v. SEC*, 1998 U.S. App. LEXIS 18849, at *20 (9th Cir. Aug. 12, 1998)).

D. Failure to Respond to Information Requests

The first two causes of action allege that FINRA staff sent two requests for information to each Respondent, which they refused to answer in violation of Procedural Rule 8210 and Conduct Rule 2110.

(1) Islas's Failure to Respond

The First Cause of Action alleges that FINRA staff sent Islas two requests that he provide information in connection with its investigation into his possible misappropriation of customer funds. The requests were dated December 14, 2007, and January 7, 2008. FINRA staff sent the requests to Islas at his CRD Address by regular and certified first-class mail pursuant to Procedural Rule 8210. Islas did not provide the requested information. On December 3, 2008, FINRA staff received written notification from Islas's attorney that "Mr. Islas will not respond to FINRA's letters dated December 14, 2007, and January 7, 2008."¹⁶

The Hearing Officer finds that the allegations in the First Cause of Action are sufficient to establish, for purposes of this default decision, that Islas violated Procedural Rule 8210 and Conduct Rule 2110.

(2) Angulo's Failure to Respond

The Second Cause of Action alleges that FINRA staff sent Angulo two requests that she provide information in connection with its investigation into her possible misappropriation of customer funds and her failure to amend her Form U4 to disclose that she had been charged with a felony. The requests were dated December 14, 2007, and February 7, 2008. FINRA staff sent the requests to Angulo at her CRD Address by regular and certified first-class mail pursuant to Procedural Rule 8210. Angulo did not provide the

¹⁶ Hawker Decl. ¶¶ 31-36.

requested information. On December 18, 2008, FINRA staff received written notice from Angulo's attorney that she would not respond to the staff's information requests.¹⁷

The Hearing Officer finds that the allegations in the Second Cause of Action are sufficient to establish, for purposes of this default decision, that Angulo violated Procedural Rule 8210 and Conduct Rule 2110.

E. Angulo's Failure to Amend her Form U4

The Third Cause of Action alleges that Angulo was named as a defendant in a felony criminal complaint filed on April 7, 2006, in the United States District Court for the District of Arizona. The criminal complaint alleged that Angulo converted a social security check in the sum of \$11,648.¹⁸

Angulo was required to amend her Form U4 to disclose the felony criminal charge by providing a "yes" answer to question 14A(1)(b), which asks whether the applicant has ever been charged with a felony. Nonetheless, Angulo did not report the felony criminal charge on her Form U4 amendments dated May 3 and May 10, 2006. Angulo also completed an Annual Compliance Questionnaire for Woodbury in September 2006, in which she certified that the information on her Form U4 was current and accurate.¹⁹

Applicants for registration with FINRA must fully and accurately disclose all material information in response to questions on a Form U4. "[T]he candor and forthrightness of applicants is critical to the effectiveness of the screening process" because the Form U4 is used by FINRA and other self-regulatory organizations, state regulators, and broker-dealers

¹⁷ Hawker Decl. ¶¶ 39-46.

¹⁸ *Id.* ¶ 47.

¹⁹ *Id.* ¶¶ 48-49.

to determine and monitor the fitness of securities professionals.²⁰ A Form U4 that is inaccurate or incomplete so as to be misleading may be deemed to be conduct inconsistent with just and equitable principles of trade in violation of Conduct Rule 2110.²¹

Based on the allegations in the Complaint, the Hearing Officer finds that Anglo violated Conduct Rule 2110 and IM-1000-1 by not disclosing on her Form U4 that she had been charged with a felony.²²

III. Sanctions

A. Failure to Respond to Requests for Information

The FINRA Sanction Guidelines (“Guidelines”) recommend a bar where a respondent fails to respond in any manner to a request for information issued pursuant to Procedural Rule 8210.²³ Here, both Respondents failed to respond in any manner to the written requests that they provide information regarding the allegations that led to their dismissal for cause from Woodbury. There are no mitigating factors in the record. Indeed, the written responses from the Respondents’ attorney indicate that they intentionally refused to supply the requested information. Accordingly, the Hearing Officer will bar Islas and Angulo from associating with any FINRA member in any capacity for violating Procedural Rule 8210 and Conduct Rule 2110.

²⁰ *Guang Lu*, Exchange Act Rel. No. 51047, 2005 SEC LEXIS 117, at *19-20 (Jan. 14, 2005), *aff’d*, 179 Fed. Appx. 702 (D.C. Cir. 2006).

²¹ See IM-1000-1; *Thomas R. Alton*, 52 S.E.C. 380, 382 (1995), *petition for rev. denied*, 105 F.3d 664 (9th Cir. 1996).

²² Enforcement did not allege that Angulo “willfully” failed to amend her Form U4. Accordingly, the Hearing Officer did not address whether she is subject to statutory disqualification pursuant to Section 3(a)(39)(F) of the Securities Exchange Act of 1934.

²³ FINRA Sanction Guidelines 35 (2007), available at www.finra.org/sanctionguidelines.

B. False Form U4

For filing a false, misleading or inaccurate Form U4 or failing to file necessary amendments to a Form U4, the Guidelines recommend that an individual be fined from \$2,500 to \$50,000 and suspended in all capacities for five to 30 business days. In egregious cases, the Guidelines call for consideration of a suspension in any or all capacities of up to two years, or a bar.²⁴ One of the principal considerations for determining sanctions for such a violation is the nature and significance of the information at issue.²⁵

Enforcement recommended that Angulo be fined \$7,500 and suspended for 60 business days if she was not barred for the other violation. Enforcement's recommendation is within the recommended range under the applicable Guidelines. However, in light of the bar imposed for her failure to respond to FINRA's information requests, no additional sanction will be imposed for this violation.

IV. Order

Islas and Angulo are barred from association with any member firm in any capacity for failing to respond to requests for information, in violation of Conduct Rule 2110 and Procedural Rule 8210. The bars will become effective immediately if this Default Decision becomes FINRA's final disciplinary action in this proceeding.



Andrew H. Perkins
Hearing Officer

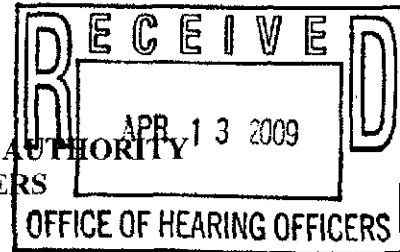
²⁴ FINRA Sanction Guidelines 73-74.

²⁵ *Id.*

Copies to:

Mark Islas (by FedEx, next-day delivery, and first-class mail)
Mayra Angulo (by FedEx, next-day delivery, and first-class mail)
Heather Hawker, Esq. (by first-class and electronic mail)
David Sonnenberg, Esq. (by electronic mail)
Mark P. Dauer, Esq. (by electronic mail)

FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS



DEPARTMENT OF ENFORCEMENT,

Complainant,

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MARK ISLAS

CRD No. 1953882,

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MAYRA J. ANGULO

CRD No. 2221337,

Respondents.

Disciplinary Proceeding

No. 20070111595/20070111650/

20080157299

Hearing Officer:

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. The Complaint sets forth three causes of action. The first two causes of action pertain to Respondent Mark Islas's (Islas) and Respondent Mayra J. Angulo's (Angulo) failure to provide information requested by staff pursuant to NASD Procedural Rule 8210. The information that Islas and Angulo failed to provide pertained to allegations that they misappropriated client funds. Additionally, Angulo declined to provide information related to an April 2006 felony charge that was not disclosed on her Form U4 (Uniform Application for Securities Industry Registration or Transfer). The third cause of action addresses Angulo's failure to amend her Form U4 to disclose the April 7, 2006 felony charge, which alleged conversion of funds in the amount of \$11,648.00.

RESPONDENTS & JURISDICTION

2. Respondent Islas, who entered the securities industry in or about 1989, was associated with member firm Woodbury Financial Services (Woodbury), a subsidiary of The Hartford, from on or about March 8, 2001, through on or about November 8, 2007, where he was registered as an Investment Company & Variable Contracts Product Representative.

3. Angulo entered the securities industry in or about January 1992 and was associated with Woodbury from on or about December 13, 2001, through on or about November 8, 2007, where she was registered as a General Securities Representative.

4. During the time period in question, Islas and Angulo were married. Upon information and belief, Islas and Angulo remained married until August 21, 2007.

5. Neither Islas nor Angulo has been associated with a FINRA member since their respective terminations from Woodbury in November 2007.

6. Pursuant to Article V, § 4 of FINRA's By-Laws, FINRA has jurisdiction to issue this Compliant against both Islas and Angulo until November 7, 2009.

FIRST CAUSE OF ACTION

**(Failure to Respond to Rule 8210 Requests for Information –
NASD Procedural Rule 8210 and NASD Conduct Rule 2110 –
Respondent Islas)**

7. The Department re-alleges and incorporates by reference paragraph numbers 1-6 above.

8. Staff commenced an investigation of Islas following Woodbury's filing of an Amended Form U5 in November 2007 disclosing that Islas was terminated during an investigation into possible misappropriation of client funds.

9. To further its investigation, staff sought to obtain information regarding the misappropriation allegations from Islas by means of written Rule 8210 requests. As discussed in greater detail below, Islas failed to provide the requested information.

10. On December 14, 2007, staff sent, by first class and certified mail, a written Rule 8210 request to Islas at his residential CRD address, [REDACTED] (Islas CRD Address). The information requested therein was to be provided to FINRA staff by December 28, 2007.

11. The certified mailing was returned to staff stamped "unclaimed;" the first class mailing has not been returned to FINRA.

12. Islas failed to provide the requested information. Staff sent another Rule 8210 request for this information to Islas on January 7, 2008. The January 7th Rule 8210 request was sent to the Islas CRD Address by first class mail and certified mail. Islas was to respond to the January 7th Rule 8210 request by January 21, 2008.

13. The first class mailing of the January 7th request has not been returned to staff. The certified mailing was returned to FINRA marked "unclaimed."

14. Islas failed to provide the information requested in the January 7th Rule 8210 request.

15. On December 3, 2008, staff received written notification from Islas's counsel stating: "Mr. Islas will not respond to FINRA's letters dated December 14, 2007, and January 7, 2008."

16. To date, Islas has failed to provide information that was requested, pursuant to Rule 8210, on December 14, 2007, and again on January 7, 2008. Islas's failure to provide the requested information impeded staff's investigation and effectively

) prevented staff from determining whether Islas violated additional securities laws, rules and/or regulations.

17. Both the December 14, 2007 and January 7, 2008 Rule 8210 requests were sent during the period that Islas was subject to FINRA's jurisdiction; therefore, he was required by Procedural Rule 8210 to provide the requested information.

18. Islas's failure to provide the information requested in the December 14, 2007 and January 7, 2008 Rule 8210 requests constitutes separate and distinct violations of NASD Procedural Rule 8210 and NASD Conduct Rule 2110.

SECOND CAUSE OF ACTION
(Failure to Respond to Rule 8210 Requests for Information –
NASD Procedural Rule 8210 and NASD Conduct Rule 2110 –
Respondent Angulo)

) 19. The Department re-alleges and incorporates by reference paragraph numbers 1-18 above.

20. Staff commenced an investigation of Angulo following Woodbury's filing of an Amended Form U5 in November 2007 disclosing that Angulo was terminated during an investigation into possible misappropriation of client funds and for failing to report a criminal complaint.

21. To further its investigation, staff sought to obtain information regarding both the misappropriation allegations and the criminal complaint from Angulo by means of written Rule 8210 requests. As discussed in greater detail below, Angulo failed to provide the requested information.

22. On December 14, 2007, staff sent, by first class and certified mail, a written Rule 8210 request to Angulo at her residential CRD address, [REDACTED]

[REDACTED] (Angulo CRD Address). The information requested therein was to be provided to FINRA staff by December 28, 2007.

23. The certified mailing was returned to staff stamped "unclaimed;" the first class mailing has not been returned to FINRA.

24. Angulo failed to provide the requested information. Staff sent another Rule 8210 request for this information to Angulo on February 7, 2008. The February 7th Rule 8210 request was sent to the Angulo CRD Address by first class mail and certified mail. Angulo was to respond to the February 7th Rule 8210 request by February 21, 2008.

25. The first class mailing of the February 7th request has not been returned to staff. The certified mailing was returned to FINRA marked "unclaimed."

26. Angulo failed to provide the information requested in the February 7th Rule 8210 request.

27. On December 18, 2008, staff received written notification from Angulo's counsel that Angulo would not be responding to staff's Rule 8210 requests.

28. To date, Angulo has failed to provide information that was requested, pursuant to Rule 8210, on December 14, 2007, and again on February 7, 2008. Angulo's failure to provide the requested information impeded staff's investigation and effectively prevented staff from determining whether Angulo violated additional securities laws, rules and/or regulations.

29. Both the December 14, 2007 and February 7, 2008 Rule 8210 requests were sent during the period that Angulo was subject to FINRA's jurisdiction; therefore, she was required by Procedural Rule 8210 to provide the requested information.

30. Angulo's failure to provide the information requested in the December 14, 2007 and February 7, 2008 Rule 8210 requests constitutes separate and distinct violations of NASD Procedural Rule 8210 and NASD Conduct Rule 2110.

THIRD CAUSE OF ACTION

**(Failure to Amend Form U4 – Article V, Section 2 of FINRA By-Laws,
Rule IM 1000-1 and NASD Conduct Rule 2110 – Respondent Angulo)**

31. The Department re-alleges and incorporates by reference paragraph numbers 1-30 above.

32. On April 7, 2006, a criminal complaint was brought against Angulo in the United States District Court, District of Arizona charging her with violating 18 U.S.C. § 641, a felony, for converting a United States Treasury Check representing a third party's social security benefits in the amount of \$11,648.00.

33. Angulo has appeared in the above criminal proceeding, which is currently pending, and, in April 2006, retained criminal counsel to represent her.

34. Notwithstanding the fact that Angulo was continuously registered with Woodbury from mid-December 2001, through early November 2008, Angulo failed to amend her Form U4 to disclose the April 2006 felony charge. Form U4 question 14(A)(1)(b) requires the disclosure of felony charges.

35. Angulo's failure to amend her Form U4 to disclose the April 2006 felony charge is a violation of Article V, Section 2 of the FINRA By-Laws, NASD Registration Rule IM 1000-1 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 FINRA Rule 8310(a), including monetary sanctions be imposed; and
- B. Order that Respondents Islas and Angulo bear such costs of proceedings as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

Dated: April 7, 2009

FINRA DEPARTMENT OF
ENFORCEMENT



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