

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

RECEIVED
2001 DEC -1 A 8:53
REGISTRATION & DISCLOSURE

Department of Enforcement,

Complainant,

v.

Adam G. Meister
[CRD No. 4354400],

Respondent.

DISCIPLINARY PROCEEDING
No. 2007011919001

HEARING OFFICER:

AMENDED COMPLAINT

The Department of Enforcement alleges:

SUMMARY

Adam G. Meister participated in the placement of an \$18,000 investment by customer DD in ACE Enterprise of Augusta Georgia, Inc. without notice to or approval from his employer firm. Meister recommended the security to DD without having a reasonable basis for making the recommendation given DD's financial situation and circumstances. In addition, when Meister made the recommendation of ACE Enterprise to DD, he omitted to disclose material information regarding the finances of ACE Enterprise.

RESPONDENT AND JURISDICTION

1. Adam G. Meister entered the securities industry on April 17, 2001, as a General Securities Representative of Edward Jones, a member of FINRA. Meister, during all periods

000018335 2009

mentioned herein, was associated with member firm Edward Jones and was registered with FINRA under Article V of the By-Laws as an Investment General Securities Representative. Adam G. Meister is not currently registered with a FINRA member firm, but he remains subject to the jurisdiction of FINRA until December 2, 2009, pursuant to Article V, Section 4 of FINRA's By-Laws, which provides for a two-year period of retained jurisdiction over formerly registered persons.

FIRST CAUSE OF ACTION

NASD Conduct Rules 3040 and 2110: Private Securities Transactions Against Respondent Meister

2. The Department realleges and incorporates by reference paragraph 1 above.
3. From on or about November 2, 2006 through on or about February 13, 2007, Adam G. Meister while associated with his employer member firm, participated in private securities transactions by offering and selling shares of ACE Enterprise of Augusta Georgia, Inc. ("ACE Enterprise") to customer DD in the total amount of \$18,000, without providing prior written notice to his firm.
4. On February 14, 2007, Meister completed a compliance questionnaire for his employer member firm. In response to the questionnaire, Meister stated that he understood that he could not sell securities away from the firm. Despite his sales of ACE Enterprise securities to DD on November 2, 2006 and February 13, 2007, Meister also falsely represented that he had not engaged in unapproved transactions.
5. Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 3040 and 2110 by Adam G. Meister.

SECOND CAUSE OF ACTION

Section 10(b) of the Exchange Act, SEC Rule 10b-5, and NASD Conduct Rules 2110 and 2120:

Material Misrepresentations and/or Omissions

Against Respondent Meister

6. The Department realleges and incorporates by reference paragraphs 1-5 above.
7. On or about November 2, 2006 and on or about February 13, 2007, Meister made material misrepresentations and/or omissions in the sale of the security ACE Enterprise to customer DD.
8. Meister was aware that ACE intended to use the funds received from DD to purchase an embroidery and silk screening company called Common Threads, Inc. Meister had loaned Common Threads, Inc. and the owners of Common Threads at least \$15,000 total. Meister was aware that Common Threads, Inc. had defaulted on these loans. Meister failed to disclose this material information to DD.
9. As a result of the foregoing conduct, Respondent Meister willfully violated Section 10(b) of the Exchange Act and SEC Rule 10b-5 thereunder.
10. Such acts, practices, and conduct constitute separate and distinct violations of Section 10(b) of the Exchange Act, SEC Rule 10b-5, and NASD Conduct Rules 2110 and 2120 by Adam G. Meister.

THIRD CAUSE OF ACTION

NASD Conduct Rules 2310 and 2110:

Unsuitable Recommendations

Against Respondent Meister

11. The Department realleges and incorporates by reference paragraphs 1-10 above.

12. On or about November 2, 2006 and on or about February 1, 2007, Meister recommended to customer DD that she purchase an investment in ACE Enterprise without having a reasonable basis to believe that the investment was suitable given DD's financial condition and circumstances.
13. DD was a 61 year-old widow with a disability. Her liquid net worth was \$200,000. Apart from earnings on investments totaling approximately \$191,000, her income was limited to social security disability payments of approximately \$20,000 per year. DD wished to see her investments grow, but could not afford to lose her principal. Due to her disability, she was unable to work to replace any lost principal.
14. Meister recommended that she invest \$18,000 in ACE Enterprise, a company which he knew was financially distressed.
15. DD's limited net worth, limited income, and inability to replace lost principal made the risky investment in ACE Enterprise unsuitable.
16. Meister also knew that ACE Enterprise was documenting the customer's investment in an irregular and ambiguous manner.
17. Although DD invested \$18,000 in ACE Enterprise, Meister provided her with no documentation evidencing the full amount of the investment. He delivered to her a subscription agreement reflecting a payment of only \$500 and receipt of 500 shares having a par value of \$1.00 per share. DD never received a stock certificate or a receipt for the additional \$17,500 she remitted.
18. Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 2310 and 2110 by Adam G. Meister.

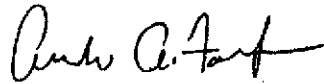
RELIEF REQUESTED

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.
- B. order that the Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.
- C. make specific findings that Respondent Meister willfully violated Section 10(b) of the Exchange Act and SEC Rule 10b-5 thereunder.

FINRA DEPARTMENT OF ENFORCEMENT

Date: November 30, 2009



Andrew A. Favret, Associate Vice President and
Regional Chief Counsel
Laura Leigh Blackston, Senior Regional Counsel
FINRA Department of Enforcement
1100 Poydras Street
Energy Centre, Suite 850
New Orleans, LA 70163
(504) 522-6527; Fax: (504) 522-4077
Email: laura.blackston@finra.org