

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

vs.

DENNIS FLANAGAN, JR.
(CRD No. 4199469),

Respondent.

Disciplinary Proceeding
No. 2008011666201

Hearing Officer – RSH

**AMENDED ORDER ACCEPTING
OFFER OF SETTLEMENT**

Date: November 23, 2011

INTRODUCTION

Disciplinary Proceeding No. 2008011666201 was filed on February 17, 2011, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Dennis Flanagan, Jr. submitted an Offer of Settlement (Offer) to Complainant dated November 4, 2011. Pursuant to FINRA 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 Amended Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Amended 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, as amended by the accompanying Offer, and to the imposition of the sanctions set forth below, and fully

understands that this Amended Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.¹

BACKGROUND

In February 2001, Flanagan registered with FINRA as a General Securities Representative. He subsequently acquired Series 24, 28, and 66 licenses. At various times from May 2000 through the present, Flanagan has been associated with several FINRA members. He is currently associated with FINRA member Allegiant Securities L.L.C. ("Allegiant") and has been associated with the firm since January 2005.

FINDINGS AND CONCLUSIONS

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

SUMMARY

1. Flanagan willfully failed to timely disclose a material fact – the existence of a lien filed against him by the Internal Revenue Service ("IRS") – on his own Form U4. He also filed nine amendments to his Form U4 that were false, inaccurate, and misleading, in that he failed to disclose the existence of the lien. By engaging in such misconduct, Flanagan acted in contravention of Article V, Section 2 of NASD's By-Laws (from approximately May 1, 2007 through July 29, 2007) and Article V, Section 2 of FINRA's By-Laws (from July 30, 2007 through January 5, 2009) and violated IM-1000-1 (from approximately May 1, 2007 through January 5, 2009), NASD Conduct Rule 2110 (from approximately May 1, 2007 through December 14, 2008), and FINRA Rule 2010 (from December 15, 2008 through January 5, 2009).

2. Finally, in connection with the FINRA staff's investigation of the foregoing matters, Flanagan failed to provide certain documents and information requested by the staff in

¹ In connection with the Offer, Counts I, II, and III of the Complaint are dismissed.

letters dated December 9, 2009 and August 25, 2010. As a result of the foregoing, he violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

3. In February 2001, Flanagan first registered with FINRA as a General Securities Representative (Series 7 license). He subsequently acquired Series 24, 28, and 66 licenses.

4. At various times from May 2000 through the present, Flanagan has been associated with several FINRA members. Flanagan is currently associated with FINRA member Allegiant. He has been associated with the firm since January 2005, when Allegiant filed an initial Form U4 for him.

5. Flanagan has served as Allegiant's President, Chief Financial Officer, Chief Compliance Officer, and Financial and Operations Principal since at least 2007. He also is the majority owner of Allegiant Financial Inc., an entity that owns 75% or more of Allegiant.

6. Under Article V of its By-Laws, FINRA possesses jurisdiction over Flanagan because: (a) he committed the misconduct at issue while he was registered with FINRA and associated with a FINRA member; and (b) he is currently registered with FINRA and associated with a FINRA member.

FACTS

The Willful Form U4 Violations

7. On March 23, 2007, the IRS filed a lien with the Clerk of Court for Miami-Dade County, Florida against Flanagan in the amount of \$37,711.04 for tax years 2001 through 2003.

8. Flanagan was aware of the lien by March 31, 2007.

9. On January 6, 2009, after the staff had questioned him about his failure to disclose the lien on his Form U4, Flanagan filed an amended Form U4, wherein he disclosed the lien for the first time.

10. In addition, between May 1, 2007, 30 days after Flanagan had learned of the lien, and January 5, 2009, the day before Flanagan first disclosed the lien on his Form U4, he filed nine amendments to his Form U4 on the following dates: (a) May 7, 2007; (b) May 16, 2007; (c) June 18, 2007; (d) July 12, 2007; (e) August 24, 2007; (f) September 18, 2007; (g) September 18, 2008; (h) November 6, 2008; and (i) November 11, 2008. Flanagan did not disclose the lien on those amendments.

Flanagan's Failure to Respond to Document and Information Requests

11. Prior to December 2009, Flanagan had responded to document and information requests from FINRA staff and also had provided investigative testimony to the staff.

12. In a December 2, 2009 e-mail to FINRA staff, Flanagan's counsel ("Counsel") confirmed that he still represented Flanagan in connection with the staff's investigation of certain allegations of misconduct by Flanagan.

13. On December 9, 2009, pursuant to FINRA Rule 8210 and in connection with the staff's investigation of possible misconduct by Flanagan, the staff sent a letter to Counsel, wherein the staff requested that Flanagan provide it with critical documents and information concerning the investigation ("December 9th Request").

14. The staff sent the December 9th Request to Counsel by e-mail, certified mail, and first class mail. On December 21, 2009, the United States Postal Service ("USPS") returned the certified mail receipt to the staff; the receipt indicates that the December 9th Request was received by someone other than Counsel.

15. The staff also sent a copy of the December 9th Request to Flanagan via e-mail, first class mail at his business and residential addresses identified in the CRD, and certified mail at his business address identified in the CRD. The USPS returned the certified mail receipt for the December 9th Request sent to Flanagan; the receipt indicates that the December 9th Request was received by someone other than Flanagan on December 11, 2009.

16. Flanagan failed to provide the requested documents and information to the staff.

17. In an August 23, 2010 e-mail to FINRA staff, Counsel confirmed that he still represented Flanagan in connection with the staff's investigation.

18. On August 25, 2010, pursuant to FINRA Rule 8210 and in connection with the staff's investigation of certain allegations of misconduct by Flanagan, the staff sent a second letter to Counsel, wherein the staff requested that Flanagan provide it with the documents and information requested in the December 9th Request ("August 25th Request").

19. The staff sent the August 25th Request to Counsel by e-mail, certified mail, and first class mail.

20. On September 29, 2010, the staff received a disc from ML of Allegiant that purportedly contained the requested documents and information.

21. The staff was unable to access the data on the disc. Accordingly, the same day, the staff sent an e-mail to ML, on which it copied Flanagan and Counsel, wherein the staff advised them that the disc appeared to have been damaged and did not open, and the staff requested that Flanagan provide it with a hard copy of his response.

22. On October 12, 2010, having not received the requested documents and information, the staff sent an e-mail to Flanagan, on which it copied ML and Counsel, wherein the staff advised them that it still had not received the requested documents and information.

23. The following day, Flanagan responded to that e-mail. In his e-mail, Flanagan apologized for the inconvenience and advised the staff that: he was out of town; he had not seen the staff's September 29, 2010 e-mail; and he would handle the matter the following morning.

24. On October 13, 2010, FINRA staff spoke to Counsel and sent a letter to him regarding, among other things, Flanagan's failure to provide the requested documents and information.

25. On October 15, 2010, Counsel sent an e-mail to the staff, wherein he advised the staff that the disc that Flanagan had sent to the staff was in fact corrupt and that Flanagan would provide the requested documents and information in the next couple of days.

26. Despite Flanagan's and his Counsel's representations, to date, Flanagan has not provided the staff with the documents and information requested in the December 9th Request and August 25th Request.

**WILLFUL FORM U4 VIOLATIONS
(Article V, Section 2 of NASD's and FINRA's By-Laws,
IM-1000-1, NASD Conduct Rule 2110, and FINRA Rule 2010)**

27. Article V, Section 2(c) of FINRA's By-Laws (f/k/a NASD's By-Laws) generally provides that every application for registration filed with FINRA shall be kept current at all times by supplementary amendments that must be filed within 30 days after learning of the facts or circumstances giving rise to the amendment.

28. From at least 2007 through the present, Disclosure Question 14M of Form U4 has required registered persons to disclose "any unsatisfied judgments and liens."

29. Flanagan willfully failed to timely disclose a material fact – the lien – on his Form U4 on nine separate occasions. As a result of the foregoing, Flanagan acted in contravention of Article V, Section 2 of NASD's By-Laws (from approximately May 1, 2007 through July 29,

2007) and Article V, Section 2 of FINRA's By-Laws (from July 30, 2007 through January 5, 2009) and violated IM-1000-1 (from approximately May 1, 2007 through January 5, 2009), NASD Conduct Rule 2110 (from approximately May 1, 2007 through December 14, 2008), and FINRA Rule 2010 (from December 15, 2008 through January 5, 2009).

**FAILURE TO RESPOND TO DOCUMENT AND INFORMATION REQUESTS
(FINRA Rules 8210 and 2010)**

30. FINRA Rule 8210 requires persons associated with a member and others subject to its jurisdiction to provide documents, information, and investigative testimony to FINRA in connection with, among other things, an investigation or examination.

31. Despite representing to the staff that he would do so, Flanagan has failed on repeated occasions to produce documents and information requested under FINRA Rule 8210.

32. By failing to provide the documents and information requested in the December 9th Request and August 25th Request, Flanagan violated FINRA Rules 8210 and 2010.

Based on the foregoing, Respondent acted in contravention of Article V, Section 2 of NASD's By-Laws (from approximately May 1, 2007 through July 29, 2007) and Article V, Section 2 of FINRA's By-Laws (from July 30, 2007 through January 5, 2009), willfully violated IM-1000-1 (from approximately May 1, 2007 through January 5, 2009), NASD Conduct Rule 2110 (from approximately May 1, 2007 through December 14, 2008), and FINRA Rule 2010 (from December 15, 2008 through January 5, 2009), and also violated FINRA Rules 8210 and 2010.

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

SANCTIONS

It is ordered that Respondent be fined \$25,000 and be suspended from association with any FINRA member in all capacities for two years.

The fine shall be due and payable either immediately upon reassociation with a member firm following the two-year suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA

Signed on behalf of the
Director of ODA, by delegated authority



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