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REGISTRATION & DISCLOSURE

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20080123433**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: John Martosella, Respondent
Financial Services Associate
CRD No. 5313068

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, without admitting or denying the findings, 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, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

John Martosella first became registered, as a Financial Services Associate with Pruco Securities, LLC ("Pruco Securities") and an affiliate, Pruco Life Insurance ("Pruco Life"), in March 2007. Both companies are subsidiaries of Prudential Insurance Company of America ("Prudential Insurance") (the three companies, collectively, are referred to herein as "Prudential").

Pruco Securities was in March 2007, and is currently, a FINRA member firm. Respondent was terminated by both Pruco Securities and Pruco Life in January 2008. To date, Pruco Securities was Respondent's only securities industry employer.

Pruco Securities reported Respondent's termination to FINRA on a Uniform Termination Notice for Securities Industry Registration ("Form U-5") dated

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February 5, 2008, which stated that Martosella was terminated because he failed to report to work. Pruco Securities filed an amended Form U-5 with FINRA in March 2008, which stated that Martosella submitted his own personal check in payment for a client's annuity, and submitted several life insurance and annuity applications containing invalid client bank account and social security numbers.

RELEVANT DISCIPLINARY HISTORY

Respondent has no prior disciplinary history in the securities industry.

OVERVIEW

In December 2007, in purported payment for a customer's annuity, Martosella submitted to Prudential a check drawn on Martosella's own account and bearing Martosella's forgery of the customer's signature. This conduct by Martosella violated NASD Conduct Rule 2110.

In September through December 2007, Martosella also submitted incorrect information, including incorrect bank account numbers, social security numbers, and/or contact information, in connection with life insurance and/or annuity applications submitted purportedly on behalf of approximately 12 customers. Among the erroneous information provided by Martosella with these applications was submitting his own bank account number as the purported customers' bank account number in support of five applications. By causing Prudential to maintain false and/or inaccurate books and records, Martosella violated NASD Conduct Rule 2110 and NASD Rule 3110. Further, in violation of NASD Conduct Rule 2110, and in the same September through December 2007 timeframe, Martosella submitted multiple applications for life insurance policies and/or annuities without legitimate orders from prospective customers to purchase such products.

FACTS AND VIOLATIVE CONDUCT

1. **Forgery**
NASD Conduct Rule 2110

In August 2007, Martosella reported to Prudential that he had sold a \$100,000 annuity to customer RB. Over the next several months, Martosella continually reported to Prudential that the customer failed to submit a check in payment for this annuity. In December 2007, Martosella, using an old starter check of his own, which did not bear his name, filled in his own bank account number, listed RB's name as the bank account holder's name, made the check payable to Prudential in the amount of \$100,000, signed RB's name as the drawer of the check, and submitted the check to Prudential, ostensibly in payment for the

annuity. Martosella's conduct, as described above, constituted a violation of NASD Conduct Rule 2110.

2. Books and Records
NASD Rule 3110 and NASD Conduct Rule 2110

From September 21 through December 21, 2007, Martosella submitted applications for life insurance policies and/or annuities, purportedly on behalf of 12 customers. Each of these applications contained incorrect information, including incorrect bank account numbers, social security numbers, and/or contact information.

For example, Martosella submitted multiple insurance applications with invalid bank account numbers. Moreover, on approximately four such applications, after Prudential advised him that the banks had reported these account numbers as invalid, Martosella then used his own bank account number in support of these applications, while knowing that his bank account number did not belong to these customers.

Moreover, on at least two occasions, Martosella submitted, purportedly on behalf of customers, social security numbers for these customers that were inaccurate. Prudential later determined, based on a search of public records, that these social security numbers did not belong to these persons. Similarly, Martosella submitted at least two annuity applications that contained inaccurate customer contact information, including inaccurate home addresses. As a result, Prudential was unable to contact these customers for follow-up inquiries, and mail that Prudential sent to these customers was returned as undeliverable. In connection with other applications, Martosella submitted inaccurate telephone numbers, and Prudential was similarly unable to contact these purported customers.

Martosella's conduct, as described above, caused Prudential to have false and/or inaccurate books and records and therefore constituted a violation of NASD Rule 3110 and NASD Conduct Rule 2110. In addition, the forged check Martosella submitted on behalf of customer RB caused another falsified record, again in violation of NASD Rule 3110 and NASD Conduct Rule 2110.

3. Submitting Applications That Were Not Legitimate
NASD Conduct Rule 2110

Martosella was aware that 12 of the applications that he submitted, ostensibly on behalf of customers, from September 21 through December 21, 2007, did not reflect a legitimate agreement by the purported customers to purchase the life insurance and/or annuity product identified in those applications. Prudential records show that none of these purported customers actually purchased the product through Martosella. Moreover, at Prudential's request, Martosella returned commissions that Prudential had previously paid him in connection with at least some of the above applications.

Martosella's conduct in submitting applications that were not legitimate, as described above, constituted separate and distinct violations of NASD Conduct Rule 2110.

- B. Respondent also consents to the imposition of the following sanction:

A bar from association with any member of FINRA in any capacity.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, Respondent may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The sanction imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against him;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against him;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce Respondent to submit it.

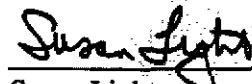
11/25/2009


John Martosella
Respondent

Accepted by FINRA:

12/9/09
12/9/2009

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


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