

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

CHRISTOPHER KLINE
(CRD No. 1641746),

Respondent.

Disciplinary Proceeding
No. 2008012775301

Hearing Officer—Andrew H. Perkins

DEFAULT DECISION

January 15, 2009

Respondent is barred for his failure to respond to requests that he appear and testify at an on-the-record interview, in violation of Procedural Rule 8210 and Conduct Rule 2110.

Appearances

Maureen A. Delaney, Senior Counsel, Washington, DC (Mark P. Dauer, Of Counsel) for the Department of Enforcement.

No appearance by or for Christopher Kline.

DECISION

I. Introduction

The Department of Enforcement (“Enforcement”) charged Christopher Kline (“Kline”) with failing to appear for an on-the-record interview at FINRA’s offices in Washington, DC, in violation of Procedural Rule 8210 and Conduct Rule 2110.

Enforcement served him with notice of the Complaint by first-class certified mail on August 25, 2008, and September 25, 2008.¹ Enforcement served Kline at his most current residential address recorded in the Central Registration Depository (the “CRD Address”).

¹ Delaney Decl. ¶¶ 10-11.

The record reflects that Kline signed the receipt for each mailing, evidencing that he received a copy of both the First and Second Notice of Complaint.² Nonetheless, Kline did not file an Answer with the Office of Hearing Officers.

On November 4, 2008, Enforcement moved for entry of a default decision against Kline, together with the Declaration of Maureen A. Delaney and three exhibits. Kline did not file a response to the motion.

Kline defaulted by failing to answer the Complaint.³ Accordingly, pursuant to Procedural Rules 9215(f) and 9269(a)(2), the Hearing Officer deems the allegations in the attached Complaint admitted and grants Enforcement's motion for entry of a default decision.⁴

II. Findings of Fact and Conclusions of Law

A. Jurisdiction

Kline entered the securities industry in 1989 and thereafter worked for a number of broker-dealers. Most recently, Kline was associated with Next Financial Group, Inc. ("Next Financial") where he was registered as a General Securities Representative from July 12, 2007, until April 18, 2008, at which time he ended his employment in the securities industry.⁵

FINRA has jurisdiction of this proceeding pursuant to Article V, Section 4 of FINRA's Bylaws. Enforcement filed the Complaint on August 25, 2008, within two years following the termination of Kline's registration with FINRA, and the Complaint charges that Kline failed to respond to FINRA's requests for information issued during the two-year period following his registration termination.⁶

² Ex. 2; Ex. 3.

³ *Department of Enforcement v. Reynolds Verdiner*, No. CAF020004, 2003 NASD Discip. LEXIS 42, at *5 (N.A.C. Dec. 9, 2003).

⁴ The Complaint is attached as Exhibit A.

⁵ Ex. 1. (CRD Record).

⁶ See Article V, Sec. 4(a), FINRA By-Laws, available at www.finra.org/Rules (then follow "NASD Manual" hyperlink to "Corporate Organization: Bylaws").

B. Failure to Respond to Requests for Information

FINRA staff twice attempted to secure Kline's testimony in connection with an investigation into his trading activity in customer accounts. In the first instance, on May 28, 2008, the staff sent him a request pursuant to Rule 8210 that he appear and testify on June 27, 2008. Kline received the request, but he failed to appear for his scheduled on-the-record interview. The staff then sent Kline a second request pursuant to Rule 8210 dated July 3, 2008. The staff served Kline with each request by certified mail at his CRD address. The record shows that he received this request as well, but he failed to appear for his scheduled on-the-record interview on July 18, 2008.⁷

Based on the allegations in the Complaint and the other evidence Enforcement submitted in support of its motion for entry of a default decision, the Hearing Officer finds that Kline violated Procedural Rule 8210 and Conduct Rule 2110 by failing to appear and testify in connection with FINRA's investigation into his trading practices at Next Financial.

III. Sanctions

A. Failure to Respond to Requests for Information

The FINRA Sanction Guidelines ("Sanction Guidelines") recommend a bar where a respondent fails to respond in any manner to a request for information issued pursuant to Procedural Rule 8210.⁸ Where mitigation exists, the Sanction Guidelines recommend consideration of a suspension in all capacities of up to two years.

The Hearing Officer finds that a bar is the appropriate sanction under the facts and circumstances of this case. The record reflects that Kline received two requests that he appear and testify, yet he failed to respond in any manner. In addition, the record contains no mitigating factors that would justify imposition of a lesser sanction. Accordingly, the Hearing

⁷ Delaney Decl. ¶¶ 6-9.

⁸ FINRA Sanction Guidelines 35 (2007), available at <http://www.finra.org/RegulatoryEnforcement/index.htm> (then follow "FINRA Sanction Guidelines" hyperlink).

Officer will bar Kline from associating with any FINRA member in any capacity for violating Procedural Rule 8210 and Conduct Rule 2110.

IV. Order

Christopher Kline is barred from association with any member firm in any capacity for violating Procedural Rule 8210 and Conduct Rule 2110. The bar will become effective immediately if this Default Decision becomes FINRA's final disciplinary action in this proceeding.

A handwritten signature in black ink, appearing to read 'A. Perkins', written over a horizontal line.

Andrew H. Perkins
Hearing Officer

Copies to:

Christopher Kline (by FedEx, next-day delivery, and first-class mail)
Maureen A. Delaney, Esq. (by electronic and first-class mail)
Mark P. Dauer, Esq. (by electronic mail)
David R. Sonnenberg, Esq. (by electronic mail)

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

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V.

Christopher Kline (CRD No. 1641746),

Respondent.

AUG 25 2008

DISCIPLINARY PROCEEDING
No. 2008012775301

COMPLAINT

The Department of Enforcement alleges:

1. Respondent Christopher Kline (Respondent Kline) first became registered as a general securities representative in September 1989. He has been associated with several FINRA members over the years as a general securities representative.

2. On April 18, 2008, Respondent Kline voluntarily terminated his registration with Next Financial, Inc. Respondent Kline has not been associated with any FINRA members or registered with FINRA in any capacity since that time.

3. Pursuant to Article V, Section 4 of the NASD By-Laws, FINRA retains jurisdiction over Respondent.

CAUSE OF ACTION

**FAILURE TO APPEAR FOR ON-THE-RECORD INTERVIEW
VIOLATION OF NASD CONDUCT RULE 2110 AND
NASD PROCEDURAL RULE 8210**

4. The Department realleges and incorporates by reference paragraphs 1-3 above.
5. On May 28, 2008, the Department sent a letter to Respondent Kline requesting, pursuant to NASD Procedural Rule 8210, his appearance for an on-the-record interview (OTR) on June 27, 2008, in FINRA's Washington, D.C. Enforcement office. The letter was sent by overnight and certified mail, return receipt requested, to Respondent Kline's residential address as reflected in the records of the Central Registration Depository ("CRD").
6. The green receipt card for the certified mailing to Respondent Kline's CRD residential address was returned to FINRA, signed by "Chris Kline." The overnight mailing was not returned and is presumed to have been delivered.
7. Respondent Kline did not appear at the Washington, D.C. office on June 27, 2008 for his OTR, as requested.
8. On July 3, 2008, the Department sent another letter to Respondent Kline's CRD address requesting, pursuant to NASD Conduct Rule 8210, his appearance for an OTR on July 18, 2008, in the Washington, D.C. Enforcement office. The letter was sent by overnight, certified, return receipt requested, and regular mail.

9. The green receipt card for the certified mailing to Respondent Kline's CRD residential address was returned to FINRA, signed by "Christopher Kline." The overnight mailing was not returned and is presumed to have been delivered.

10. Respondent failed to appear for his OTR on either June 27, 2008, or July 18, 2008, and no adjournment was requested or granted.

11. By reason of the foregoing, Respondent Kline violated NASD Conduct Rule 2110 and NASD Procedural Rule 8210.

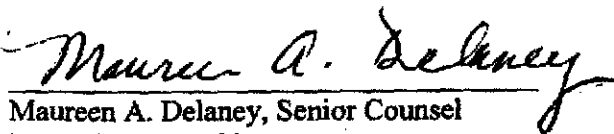
RELIEF REQUESTED

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: August 25, 2008


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Lane Thurgood, Director
Susan Light, Senior Vice President
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