

FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

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REGISTRATION & DISCLOSURE

Department of Enforcement,

Complainant,

v.

Deborah J. Nehmad,
CRD No. 2827629,

Respondent.

DISCIPLINARY PROCEEDING
NO. 2008012884501

Hearing Officer – MAD

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: May 29, 2009

INTRODUCTION

Disciplinary Proceeding No. 2008012884501 was filed on February 27, 2009, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Deborah J. Nehmad submitted an Offer of Settlement (Offer) to Complainant on May 22, 2009. 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 Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this 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

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findings and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

In January 1997, Nehmad first became registered with FINRA as a General Securities Representative. From about August 2006 to March 13, 2008, Nehmad was registered in that capacity through Commerce Capital Markets, Inc. (the Firm).¹ From August 8, 2008 to about October 16, 2008, Nehmad was registered in that capacity through another FINRA member firm. She is not currently associated with any FINRA member firm.

FINDINGS AND CONCLUSIONS

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

1. On about June 22, 2007, Nehmad sold a variable annuity to customer GC in the approximate amount of \$102,000. GC canceled the annuity purchase during the "free look" period when she had the option to rescind the purchase without penalty. Thereafter, GC decided to re-purchase a variable annuity but for a reduced amount. On about August 1, 2007, Nehmad again sold a variable annuity to GC, on that occasion for about \$70,000. GC did not redeem this annuity during the free look period.
2. From about August 27, 2007 through about January 16, 2008, GC periodically withdrew funds from the annuity, substantially depleting its value. On about January 24, 2008, GC surrendered the annuity entirely and received all remaining funds. GC dealt directly with the annuity issuer in requesting and obtaining the distributions and in surrendering the annuity.

¹ In 2009, the firm changed its name to TD Wealth Management Services, Inc.

In making the withdrawals and in surrendering the annuity, GC incurred deferred sales charges and/or or early withdrawal and surrender fees.

3. On about February 22, 2008, GC sent a complaint letter to the annuity issuer. In it, GC alleged that although she was aware that she would be charged a "penalty withdrawal fee" when she withdrew money from the annuity, it was "never made clear . . . what percentages would be deducted." GC's letter did not identify Nehmad by name. The annuity issuer forwarded the complaint letter to the Firm.
4. In connection with an internal inquiry into GC's allegations, the Firm sent Nehmad a copy of GC's complaint letter and requested a response. On March 6, 2008, Nehmad sent by facsimile, to a registered principal at the Firm with sales supervision responsibilities, a copy of what she represented to be a handwritten statement that GC had signed on August 1, 2007 in connection with her second variable annuity purchase (the 8/1 Statement). In the 8/1 Statement, GC purportedly acknowledged that she understood the specific percentage penalties she would incur during each of the first four years for any early withdrawals from the annuity. On March 7, 2008, Nehmad separately faxed a copy of the 8/1 Statement to the Firm's Chief Compliance Officer.
5. On about March 7, 2008, Nehmad separately provided the Firm a typewritten statement in which she addressed the merits of GC's complaint. In it, Nehmad stated, in substance, that in connection with GC's second purchase, at the request of her (Nehmad's) compliance officer, she obtained an "additional paper" from GC in which GC stated she understood the annuity withdrawal penalties.

6. In submitting a copy of the 8/1 Statement to officials of the Firm on two occasions, Nehmad held it out as, and impliedly represented it as, a true copy of a document that GC had signed on about August 1, 2007.
7. But the 8/1 Statement had not been signed by GC. Instead, Nehmad, without the knowledge or authorization of GC, wrote the 8/1 statement on about March 6, 2008 and affixed to it a photocopy of GC's genuine signature.

Based on the foregoing, Respondent violated NASD Rule 2110.

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.

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SANCTIONS

It is ordered that Respondent be fined \$5,000 and be suspended for one (1) year from association with any FINRA member in any capacity.

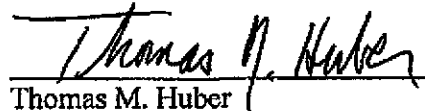
The fine shall be due and payable either immediately upon reassociation with a member firm following the one-year suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

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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