

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

DEPARTMENT OF ENFORCEMENT,	Disciplinary Proceeding
Complainant,	No. 2008012955301
v.	
DARYL G. BANK,	
CRD No. 2744671,	Hearing Officer: Rochelle S. Hall
and	
GREGORY D. BODOH,	
CRD No. 824030	
Respondents.	

DEPARTMENT OF ENFORCEMENT,	Disciplinary Proceeding
Complainant,	No. 2008012955302
v.	
DARYL G. BANK,	
CRD No. 2744671,	Hearing Officer: Rochelle S. Hall
and	
RH	
Respondents.	

ORDER ACCEPTING OFFER OF SETTLEMENT

INTRODUCTION

Disciplinary Proceeding No. 2008012955301 was filed on August 24, 2008 by the
Department of Enforcement of the Financial Industry Regulatory Authority (FINRA)

(Complainant).¹ Respondents Daryl Bank and Gregory Bodoh submitted an Offer of Settlement (Offer) to Complainant on January 29, 2010. 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, Respondents have consented, without admitting or denying the allegations of the Complaint, and solely for the purposes of these proceedings 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, and to the imposition of the sanctions set forth below, and both Respondents understand that this Order will become part of their permanent disciplinary records and may be considered in any future actions brought by FINRA.

BACKGROUND

Daryl G. Bank (CRD No. 2744671) currently is a registered representative associated with Capital Securities Management, Inc. (CSM), a FINRA member firm. From September 2003 to January 2008, Bank was a registered representative with BI Investments. Since January 2008, he has been registered with CSM.

Gregory D. Bodoh (CRD No. 824030) was registered with NASD and, later, FINRA for over 30 years. From August 2005 to February 2008, Bodoh was a registered representative with

¹ Pursuant to an Order dated December 29, 2008, count IV of the Complaint, alleging violations of Section 17(a) of the Exchange Act, SEC Rule 17a-3, and NASD Rules 3010 and 2110 was severed, along with a related charge against Respondent RH, for a separate hearing in Disciplinary Action 2008012955302.

Allstate Financial Services, Inc. Since May 11, 2008, he has not been associated with any FINRA member. FINRA retains jurisdiction over Bodoh pursuant to Art. 5, § 4, of the FINRA By-Laws as the conduct that serves as the basis for this action commenced prior to his termination from a member firm and this action was filed within two years after the effective date of his termination from a member firm.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:²

I. Bank and Bodoh Misappropriate Funds From BOC

From 2003 through 2008, Daryl Bank was a registered representative with BI Investments, LLC ("BI"), a FINRA member firm owned by several Virginia-based banks, including Bank of the Commonwealth ("BOC"). From 2005 through February 2008, Bank was also employed by BOC. In mid-to-late 2005, BOC formed Commonwealth Financial Advisors, LLC ("CFA"), a wholly-owned subsidiary of BOC through which approximately 12 BI registered representatives, including Bank, conducted securities and insurance business.

On or about November 1, 2005, Bank entered into an employment agreement with BOC, BOC's holding company, and CFA. Pursuant to the agreement, Bank was designated CFA's executive vice president and program manager. BOC agreed to pay Bank an annual salary of no less than \$150,000, as long as he produced at least \$300,000 in gross annual commissions. In addition, Bank was eligible to receive a quarterly bonus equaling 25% of CFA's net income for the previous quarter. Importantly, Bank, as a salaried employee, did not receive commissions from securities transactions he conducted as part of his compensation. Rather, any commissions

² The findings herein are pursuant to the Offer of Settlement by Respondents Bank and Bodoh, and are not binding on any other person or entity named as a respondent in this or any other proceeding.

generated by Bank from the sale of securities products through BI were deposited into CFA's operating account and became the assets of BOC and CFA.

All of the securities business generated by CFA brokers was executed through BI. BI created monthly reports listing all securities transactions generated by each CFA representative and detailing the commissions paid on each transaction. These reports were sent to Bank, as program manager for CFA, but were not sent to BOC. BI also electronically transferred to BOC the total commissions generated by CFA representatives each month.

Using the monthly revenue reports he received from BI, Bank created a separate payroll spreadsheet, which he submitted to BOC on behalf of CFA each month directing BOC how much to pay each broker. The payroll spreadsheet created by Bank was not provided to BI.

In March 2007, Bank began instructing BOC to make payments to Bodoh for business Bodoh had supposedly generated through BI. However, Bodoh has never been registered with BI and was registered with another broker-dealer, Allstate, at that time.

In order to effectuate the payments to Bodoh, Bank misrepresented to BOC that Bodoh was registered with BI and had earned commissions on business that he generated through BI. From March 2007 to February 2008, Bank submitted to BOC a monthly payroll spreadsheet on behalf of CFA. That document falsely stated Bodoh had earned commissions as a representative of BI. The monthly spreadsheet contained a column allocating to Bodoh a portion of gross commissions that had not been earned by Bodoh, but instead had been earned by CFA representatives on their respective securities and insurance business conducted during the previous month. At Bank's direction, Bodoh received 86% of the total amount allocated to him, the same payout rate for the CFA program during that time period.

During the 12-month period from March 2007 through February 2008, Bank directed BOC on 13 occasions to wire money from CFA's operating account at BOC to Gregory Bodoh & Associates ("GBA"), an entity controlled by Bodoh. During the period March 2007 through February 2008, Bank directed BOC to wire a total of over \$160,000 from CFA's operating account at BOC to GBA, an entity controlled by Bodoh.

In 11 instances, within a short time after receiving the funds, Bodoh returned the payments to Bank by sending a check payable to Retirement Plan Marketing ("RPM"), an entity controlled by Bank, in the same amount as the wires from BOC.

On two other occasions, Bodoh returned only a portion of the funds to RPM. In June 2007, a wire in the amount of \$8,884.17 from CFA to GBA was followed by a check to RPM in the amount of \$3,088.17. In July 2007, a wire in the amount of \$28,586.62 from CFA to GBA was followed by a check to RPM in the amount of \$24,071.62.

In one of the 11 matching transactions, RPM later returned a portion of the funds to Bodoh as compensation for a securities transaction for a client that Bodoh referred to Bank. In March 2007, BI paid BOC a net commission of \$13,545 for two REIT transactions executed by Bank for one of Bodoh's clients, HM. Bank then allocated the entire amount to Bodoh and directed BOC to wire the funds to Bodoh on or about March 27, 2007. Shortly thereafter, Bodoh returned the \$13,545 payment to RPM by check dated April 10, 2007. Bodoh then received a check from RPM on April 25, 2007 in the amount of \$6,772.50, exactly one half of the \$13,545 that he had sent to RPM approximately two weeks earlier.

Finally, on two other occasions, at Bodoh's request, Bank made additional payments to Bodoh from the funds that Bodoh had sent to RPM over the previous year. On or about April 11,

2008, Bodoh received a check for \$19,046 from RPM and on May 12, 2008, he received another check for \$10,000 from RPM.

The following chart illustrates the money flowing from BOC through CFA to Bodoh at Bank's direction, and then back from Bodoh to RPM, which was owned by Bank:

BOC → Bodoh		Bodoh → RPM		RPM → Bodoh	
Wire Date	Amount	Check Date Deposit Date	Amount	Check Date Deposit Date	Amount
03-07-07	\$2,897.83	03-20-07 03-28-07	\$2,897.83		
03-27-07	\$13,545.00	04-10-07 04-16-07	\$13,545.00	04-25-07 05-03-07	\$6,772.50
04-20-07	\$1,724.30	05-10-07 05-21-07	\$1,724.30		
05-18-07	\$3,094.28	06-05-07 07-06-07	\$3,094.28		
06-19-07	\$8,884.17	07-10-07 07-31-07	\$3,088.17		
07-24-07	\$28,586.62	07-25-07 07-31-07	\$24,071.62		
08-28-07	\$13,390.33	09-11-07 10-12-07	\$13,390.33		
09-25-07	\$9,620.15	10-11-07 11-15-07	\$9,620.15		
11-08-07	\$3,139.00	11-26-07 01-14-08	\$3,139.00		
11-21-07	\$20,282.71	12-13-07 01-14-08	\$20,282.71		
12-19-07	\$16,272.92	01-10-08 02-01-08	\$16,272.92		
01-28-08	\$14,816.48	02-21-08 03-04-08	\$14,816.48		
02-19-08	\$25,567.52	03-05-08 03-20-08	\$25,567.52		
				04-11-08	\$19,046.00
				05-12-08	\$10,000.00
Totals	\$161,821.31		\$151,510.31		\$35,818.50

Thus, Bank misappropriated approximately \$115,000 and Bodoh misappropriated approximately \$45,000 in commissions that belonged to BOC and CFA.

II. Bank and Bodoh Provide False Information Regarding The Payments In Response To Enforcement's Request For Information And During Their On-The-Record Interviews

On July 1, 2008, pursuant to Rule 8210, the staff of the Enforcement Department of FINRA sent a request for information to Bank. In a letter dated September 9, 2008, from his counsel in response to Enforcement's request for information, Bank stated that, "[i]n early 2007, [he] committed to paying GBA for its and Bodoh's training efforts" in connection with the use of seminars. This statement was false.

On-the-record testimony was also obtained by FINRA, pursuant to Rule 8210, from Bodoh and Bank in the investigation that led to the filing of this complaint. Bank testified before FINRA on October 29, 2008, and Bodoh testified on December 12, 2008.

Bank testified that during the second half of 2006, he decided "[t]hat \$75,000 a year was a fair number" for the "consulting services" Bodoh had supposedly been performing since January 2006, and for consulting services Bodoh was going to perform in the future. Bank testified that the amount of such payments during the period from March 2007 through February 2008 "aggregated \$161,816."

Bank testified that he informed Bodoh that he would be paying him for his "consulting services." However, both Bank and Bodoh testified that they never discussed the amount Bodoh would be paid. Moreover, Bank never performed any analysis or calculations to arrive at the amount he would pay Bodoh, and there are no written agreements memorializing the purported consulting arrangement. In fact, most of the money paid to Bodoh purportedly for consulting services was ultimately returned to Bank.

In his September 9, 2008, response to Enforcement's request pursuant to Rule 8210, Bank also represented to Enforcement that he "informed [BOC], with which he was then associated, of

these payments and it processed each of the payments.” Bank testified that he had “had conversations previously with his broker-dealer [BI], as well as with [EW] and [CS],” the President and Chief Financial Officer, respectively, at BOC about his intention to compensate Bodoh for consulting services.”

In fact, Bank never informed EW or CS that the payments to Bodoh were for consulting services. Rather, Bank falsely informed them that Bodoh was registered with BI and was conducting securities business through CFA in order to increase CFA’s monthly production and obtain a higher payout rate from BI.

Bank further represented in the September 9, 2008 letter that he “informed BI Investments that he intended to pay GBA for the consulting services provided, and BI consented to the payments.” This statement was also false. Bank testified similarly during his October 29, 2008, on-the-record interview that he informed JE and others at BI that he “wanted to compensate GBA” for the consulting services Bodoh purportedly provided. This testimony was false. Bank never informed anyone at BI that he intended to pay Bodoh for consulting services, and no one at BI ever approved such an arrangement.

The September 9, 2008, letter stated that Bodoh “decided to invest the fees paid by CFA into RPM,” which Bank and Bodoh would use “as their joint company.” In his on-the-record interview on October 29, 2008, Bank testified that Bodoh approached him and told him that “the revenue from the consulting for GBA was money that he had not budgeted for and he wanted to invest it in [RPM] because if he kept it [in the GBA account], most likely he would spend it.” Bodoh also testified he “took some of the money and reinvested it in [Bank’s] company, still with the belief that he and I eventually would come together and build something together.”

The payments by Bodoh to RPM in nearly every instance were the exact amount that Bank had previously paid to Bodoh. RPM, however, has never been an active business and much of the money returned by Bodoh to RPM was used by Bank for personal expenses, including purchases at several high-end retail stores, a payment to a BMW automotive repair shop, and payments to restaurants, a wine shop, and a fitness club. Approximately \$44,000 was transferred to a bank account in the name of Dominion Investment Group ("DIG"), a company owned and controlled solely by Bank through which he now conducts his investment business.

III. Bodoh Participates In Four Private Securities Transactions Without Approval From His Broker/Dealer

A. HM's REIT Investment In June 2006

During the period August 2005 through February 2008, Bodoh was registered with Allstate Financial Services, LLC. While he was registered with Allstate, Bodoh was not permitted to sell REITs. Consequently, in or around June 2006, Bodoh referred a client, HM, to Bank for the purpose of investing in REITs. In June 2006, HM invested \$100,000 in a REIT, Lightstone Securities, LLC, with Bank. That transaction generated a \$7,000 gross commission payable to CFA. The commission was allocated to Bank on both the June BI revenue reports and the July CFA payroll spreadsheet that Bank prepared.

While Bank allocated the commission generated on the sale of the REIT to HM to himself, he subsequently paid the commission to Bodoh. In August 2006, Bank's assistant, at Bank's request, directed BOC to mail Bodoh a check in the amount of \$6,020, or 86% of \$7,000. Two weeks later, a check for \$6,020 was deposited in GBA's account. Although Bodoh participated in and received compensation for this transaction, he never provided written notice

to Allstate of the transaction, and the firm never approved of Bodoh's participation in the transaction.

In his sworn testimony before the staff in the investigation that led to the filing of this complaint, Bank testified that he could not recall why the payment to Bodoh was made, but that "Mr. Bodoh was not paid a commission on the sale of the REITs" to HM. Bodoh initially testified that he never received that \$6,020 payment. However, when he was confronted with the check for \$6,020 that was deposited into the GBA account in August 2006, Bodoh testified, "I don't know what it was for." He further testified that he never asked anyone at CFA about the payment, and that he had no agreement with Bank regarding payment of the commission on the HM REIT.

B. HM's REIT Investments In January And February 2007

In January and February 2007, HM invested a total of \$225,000 in a TripleNet REIT purchased in two transactions from BI, with Bank acting as the broker for the transactions. Bodoh participated in a meeting with HM and Bank about the REIT. The two transactions generated a commission of \$15,750. Bank directed BOC to send \$13,545, or 86% of the \$15,750 commission, to Bodoh by wire transfer to GBA on March 27, 2007. After Bodoh sent the \$13,545 to RPM, RPM sent a check back to Bodoh approximately nine days later in the amount of \$6,772.50, exactly one half of \$13,545. Although Bodoh participated in and received compensation for this transaction, he never provided written notice to Allstate and the firm never approved of Bodoh's participation in the transaction.

During his sworn on-the-record testimony before the staff, Bodoh testified that he had asked Bank to return this exact amount of his "investment" in RPM to use to purchase a diamond ring for his wife. Bodoh, however, never used the money to purchase a ring for his wife.

C. HM's REIT Investment In May 2007

In May 2007, HM invested \$75,000 in another TripleNet REIT purchased through BI, using Bank as his broker. This transaction generated a gross commission of \$5,250.

On or about July 24, 2007, Bank directed BOC to wire to Bodoh \$28,586.62. This amount represented 86% of the gross commissions allocated to Bodoh on the CFA payroll summary for the month of June, including the commission generated on the May 2007 REIT transaction referred to in the paragraph above. Bodoh then sent \$24,071.62 by check to RPM on July 25, 2007, thereby retaining \$4,515.00, or 86% of the \$5,250.00 gross commission on HM's \$75,000.00 REIT investment. Although Bodoh participated in and received compensation for this transaction, he never provided written notice to Allstate and the firm never approved of Bodoh's participation in the transaction.

IV. Bank Creates Inaccurate Books and Records

In or around June 2007, RH invited his client, RJ, to attend a seminar on REITs. On or about June 21, 2007, RJ met with RH to discuss investing in a NNN Apartment REIT. At that meeting with RH, RJ completed the necessary documents and invested \$2,500 in the NNN Apartment REIT purchased through RH and BI. Bank did not attend any meetings or have any discussions with RJ and had no involvement in the NNN REIT transaction.

In or around July 2007, RH met with his clients, RE and SE, and recommended that they invest in a NNN Healthcare/Office REIT. On or about July 24, 2007, RE and SE invested \$100,000 in the REIT, which was purchased through RH and BI. Bank had no involvement in the transaction. RE and SE never met with Bank and did not discuss the REIT with him.

In or around August 2007, RH's client, DI, attended a REIT seminar. DI subsequently met with RH to discuss investing in a NNN Healthcare/Office REIT. At the meeting with RH,

DI completed a REIT application. On or about August 22, 2007, DI invested \$10,000 in the REIT, purchased through RH and BI. Bank had no involvement in the REIT transaction. DI never met with Bank regarding the REIT investment and did not discuss the REIT with him.

In early 2008, RH met with his clients, BK and EK, and recommended that they invest in a Lightstone Value REIT. BK and EK completed a REIT application and, on or about March 5, 2008, invested \$30,000 in the Lightstone Value REIT, purchased through RH and CSM. Bank had no involvement in the transaction. BK and EK never met with Bank regarding their investment in the REIT and did not discuss the REIT with him.

FINRA rules require that individuals be registered as a General Securities Representative (Series 7) to sell REITs. RH was never registered in such a capacity. Because of this, in each of these four transactions, Bank served as the registered representative of record and executed the REIT application, notwithstanding the fact that RH, and not Bank, recommended and sold the REITs to these customers.

Based on the foregoing, Respondents Bank and Bodoh violated NASD Rule 2110 by misappropriating and converting for their own use over \$161,000 in funds that belonged to CFA and BOC. Respondents also violated NASD Rules 8210 and 2110 by providing false information in response to Enforcement's requests for information issued pursuant to Rule 8210, and by providing false and misleading testimony under oath during their on-the-record interviews. Respondent Bodoh violated NASD Rule 3040 and Rule 2110 by failing to notify and obtain approval from Allstate to participate in private securities transactions. Finally, Respondent Bank willfully violated Section 17(a) of the Exchange Act and SEC Rule 17a-3 by entering false information concerning securities transactions on the business records of BI and CMS. His conduct also constitutes a violation of NASD Rules 3110 and 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 Respondents 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 Respondents be barred from associating with any member firms in any capacity.

The sanctions 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 Order.

SO ORDERED.

FINRA

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

A handwritten signature in black ink, appearing to read "Thomas B. Lawson", is written over a horizontal line.

Thomas B. Lawson
Vice President and Chief Counsel
FINRA Department of Enforcement
1801 K Street, NW Suite 800
Washington, DC 20006
Telephone: (202) 974-2717
FAX: (202) 721-8374