

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

WILLIS SCUDDER GEORGIA III
(CRD No. 2374955),

Respondent.

Disciplinary Proceeding
No. 2008014358201

DEFAULT DECISION

Hearing Officer – Sara Nelson Bloom

November 20, 2009

For misappropriation of funds, in violation of Rule 2110, and for failure to appear for testimony, in violation of Rules 8210 and 2010, Respondent is barred from associating with any FINRA member in any capacity.

Appearances

Paul D. Taberner, Esq., Boston, MA, for the Department of Enforcement.

No appearance by or for Respondent.

DECISION

I. Background

On July 8, 2009, the Department of Enforcement ("Enforcement") filed a two-cause Complaint in this proceeding, attached to this Decision as Exhibit A. The first cause alleges that Willis Scudder Georgia, III ("Respondent") violated Rule 2110 by misappropriating funds from a charity for which he served as treasurer. The second cause alleges that Respondent violated Rules 8210 and 2010 by failing to appear for testimony as requested by FINRA Staff.

Respondent did not file an Answer to the Complaint. Accordingly, on October 2, 2009, Enforcement filed a Motion for Entry of Default Decision, supported by the

Declaration of Paul D. Taberner, Esq. ("Taberner Decl.") and three exhibits. Respondent did not file a response to the Motion.

For the reasons set forth below, Enforcement's motion is granted.¹

II. Respondent's Default

On July 8, 2009, Enforcement sent the Complaint and Notice of Complaint to Respondent by first-class and certified mail, to Respondent's last known residential address according to the Central Registration Depository (the "CRD Address"). Taberner Decl. ¶ 24. The certified mailing was returned by the Postal Service marked "Return to Sender; Unclaimed; Unable to Forward." The first-class mailing was not returned. Taberner Decl. ¶ 25; CX-B. Respondent did not file an Answer. In the same manner, on August 6, 2009, Enforcement sent the Complaint and Second Notice of Complaint to Respondent at his CRD Address. Taberner Decl. ¶ 27. The certified mailing was again returned by the Postal Service marked "Return to Sender; Unclaimed; Unable to Forward." The first-class mailing was not returned. Taberner Decl. ¶ 28; CX-C. Respondent again did not file an Answer.

Enforcement complied with Rule 9134(b)(1) by mailing the Complaint and Notices of Complaint to Respondent's CRD Address, thereby giving him constructive notice of this proceeding. By failing to file an Answer, Respondent defaulted. Accordingly, pursuant to Rules 9215(f) and 9269(a)(2), the allegations in the Complaint are deemed admitted.

¹ The factual determinations in this Decision are based on the allegations of the attached Complaint, which are deemed admitted, and the declarations and exhibits filed by Enforcement with its motion.

III. Jurisdiction

Respondent first became registered as an Investment Company and Variable Contracts Products Representative with a FINRA member in 1993. From July 1, 2005, through August 7, 2008, Respondent was registered in that same capacity with Lincoln Financial Securities Corporation (the "Firm"). He has not been associated with a member firm since then. Although Respondent is not currently associated with a member firm, FINRA has jurisdiction to bring this proceeding, pursuant to Art. V, § 4 of FINRA's By-Laws, because (1) the Complaint charges Respondent with misconduct while he was an associated person and with failing to comply with requests for information made during the two-year period following termination of his last registration, and (2) the Complaint was filed within that two-year period.

IV. Violations

A. Misappropriation

The first cause of the Complaint alleges that Respondent misappropriated funds from a charity for which he served as treasurer.² Specifically, Respondent withdrew money from the charity's checking account by writing, then cashing, at least seven checks totaling \$7500, which he made payable to himself.

These allegations, which are deemed admitted, are sufficient to establish, for purposes of this default decision, that Respondent misappropriated funds, in violation of Rule 2110.

² FINRA Staff commenced its investigation into Respondent's conduct after his Firm disclosed, pursuant to Rule 3070, that Respondent was "indicted on five counts of embezzlement relating to an organization where he served as treasurer." Taberner Decl. ¶ 7.

B. Failure to Respond

Rule 8210 authorizes FINRA to require any person subject to its jurisdiction to provide information related to any matter under investigation.³ The second cause of the Complaint alleges that on June 10, 2009, FINRA Staff sent a request to Respondent at his CRD address by overnight and certified mail, pursuant to Rule 8210, directing him to appear and testify at an on-the-record interview on June 15, 2009. The overnight letter was delivered on June 11, 2009. Respondent signed the certified mail receipt on June 13, 2009. Respondent did not appear to testify.

On June 15, 2009, FINRA Staff sent a second request to Respondent at his CRD address by overnight and certified mail, pursuant to Rule 8210, directing him to appear and testify at an on-the-record interview on June 22, 2009. The overnight letter was delivered on June 16, 2009. Respondent signed the certified mail receipt on June 17, 2009. Again, Respondent did not appear to testify.

These allegations, which are deemed admitted, are sufficient to establish, for purposes of this default decision, that Respondent failed to respond to requests for information, in violation of Rules 8210 and 2010.⁴

V. Sanctions

For misappropriation of funds, the FINRA Sanctions Guidelines ("Guidelines") recommend a bar, regardless of the amount misappropriated. Guidelines at 38 (2007 ed.).

³Rule 8210 serves as a key element in FINRA's oversight function and allows FINRA to carry out its regulatory functions without subpoena power. See, e.g., Dep't of Enforcement v. Valentino, No. FPI010004, 2003 NASD Discip. LEXIS 15, at *12 (NAC May 21, 2003), aff'd, 2004 SEC LEXIS 330 (Feb. 13, 2004) ("It is well established that because NASD lacks subpoena power over its members, a failure to provide information fully and promptly undermines NASD's ability to carry out its regulatory mandate.") (citation omitted); Joseph G. Chiulli, Exch. Act Rel. No. 42,359, 2000 SEC LEXIS 112, at *16 (Jan. 28, 2000) (noting that Rule 8210 provides a means for FINRA to effectively conduct its investigations, and emphasizing that NASD members and associated persons must fully cooperate with requests for information).

⁴ A violation of Rule 8210 is also a violation of Rule 2010. Dep't of Enforcement v. Hoepfer, No. C02000037, 2001 NASD Discip. LEXIS 37, at *5 (NAC Nov. 2, 2001).

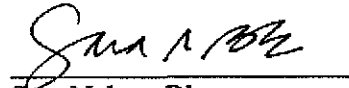
A bar is also standard for failure to provide requested information. Guidelines at 35.

There is no evidence of any mitigating circumstances that would justify a lesser sanction for these violations. Therefore, Respondent is barred from associating with any FINRA member in any capacity.

VI. Conclusion

For misappropriation of funds, in violation of Rule 2110, and for failure to provide requested information, in violation of Rules 8210 and 2010, Respondent is barred from associating with any FINRA member in any capacity. These bars shall become effective immediately if this Decision becomes the final disciplinary action of FINRA.

SO ORDERED.



Sara Nelson Bloom
Hearing Officer

Copies to: Willis S. Georgia (via first-class mail & overnight courier)
Paul D. Taberner, Esq. (via first-class & electronic mail)
Mark P. Dauer, Esq. (via electronic mail)
David R. Sonnenberg, Esq. (via electronic mail)

COPY

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DEPARTMENT OF ENFORCEMENT,

COMPLAINANT,

v.

**WILLIS SCUDDER GEORGIA III
(CRD No. 2374955),**

RESPONDENT.

Disciplinary Proceeding
No. 2008014358201

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. From January 11, 2006 to June 29, 2006, while a registered representative of a FINRA member firm, Willis Scudder Georgia III (Georgia) misappropriated \$7,500 from a non-profit charitable organization (Charity). Georgia, who served as the Treasurer of the Charity, withdrew the funds from its checking account without authorization. This conduct violated NASD Conduct Rule 2110.
2. On June 10 and June 15, 2009, FINRA staff sent Georgia letters requiring him to appear and testify at on-the-record interviews scheduled for June 15 and June 22, 2009, respectively, in Boston. The testimony was requested in connection with an investigation into Georgia's misappropriation of funds from the Charity. The letters were sent to Georgia pursuant to FINRA Rule 8210 and were properly served. Georgia, however, failed to appear and testify. This conduct violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

3. On or about July 2, 1993, Georgia became registered with FINRA as an Investment Company and Variable Contracts Products Representative (Series 6) through a member firm. From July 1, 2005 to August 7, 2008, Georgia was registered in that same capacity through member firm Lincoln Financial Securities Corporation. Georgia has not been associated with a FINRA member firm since that time.
4. Pursuant to Article V, Section 4 of the FINRA By-Laws, FINRA retains jurisdiction over Georgia for the purposes of this Complaint, in that the misconduct alleged in the First Cause of Action occurred while Georgia was associated with a member firm, and the misconduct alleged in the Second Cause of Action, and the filing of this Complaint, occurred within two years of his last association with a member firm.
5. On December 5, 2008, Georgia pleaded guilty in Winchester Circuit Court for the Commonwealth of Virginia to one count of felony embezzlement for the conduct at issue in the First Cause of Action in this Complaint.

FIRST CAUSE OF ACTION

MISAPPROPRIATION OF FUNDS (Violation of NASD Conduct Rule 2110)

6. The Department realleges and incorporates by reference paragraphs 1 through 5 above.
7. From approximately January 11, 2006 to approximately November 27, 2007, Georgia served as a volunteer Treasurer for the Charity.

8. From at least January 11, 2006 through at least June 29, 2006, Georgia withdrew money from the Charity's checking account by writing, and then cashing, at least seven checks totaling \$7,500 made payable to himself. Georgia took this money without the Charity's knowledge or authorization.
9. By misappropriating funds from the Charity, Georgia violated NASD Conduct Rule 2110.

SECOND CAUSE OF ACTION

FAILURE TO PROVIDE ON-THE-RECORD TESTIMONY (Violation of FINRA Rules 8210 and 2010)

10. The Department realleges and incorporates by reference paragraphs 1 through 9 above.
11. By a letter dated June 10, 2009, FINRA staff requested, pursuant to FINRA Rule 8210, that Georgia provide on-the-record testimony at the Boston District Office on June 15, 2009. The letter was sent by Federal Express and certified mail to Georgia's residential address listed in Web CRD, [REDACTED] (CRD address). A scanned copy of the letter was also sent to an e-mail address provided to the staff by Georgia. The letter sent by Federal Express was delivered to Georgia's address on June 11, 2009. The letter sent via certified mail was signed for on June 13, 2009 by Georgia.
12. On Monday, June 15, 2009, Georgia failed to appear for testimony.
13. By letter dated June 15, 2009, FINRA staff again requested, pursuant to FINRA Rule 8210, that Georgia provide on-the-record testimony at the Boston District Office on June 22, 2009. It was sent by Federal Express and certified mail to the CRD address. A scanned copy of the letter was also sent to the e-mail address

provided by Georgia. The letter sent by Federal Express was delivered to Georgia's address on June 16, 2009. The letter sent by certified mail was signed for on June 17, 2009 by Georgia.

14. On June 22, 2009, Georgia failed to appear for testimony.
15. By failing to appear for on-the-record testimony, Georgia violated FINRA Rules 8210 and 2010.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. order that one or more of the sanctions provided under FINRA Rule 8210(a), including monetary sanctions, be imposed; and
- B. order that the Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Dated: 7/8/09



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