

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

WILLIE LEE HINES, III
(CRD No. 4306809),

Respondent.

Disciplinary Proceeding
No. 2008015675001

Hearing Officer – LBB

DEFAULT DECISION

April 22, 2010

**For Respondent's failure to provide information, in violation of FINRA
Procedural Rule 8210 and Conduct Rule 2010, Respondent is barred from
associating with any FINRA member firm in any capacity.**

Appearances

Chun Li, Esq., Counsel, FINRA, New York, New York, for the Department of
Enforcement.

No appearance by or for Respondent.

DECISION

The Department of Enforcement ("Enforcement") filed the Complaint in this disciplinary proceeding on December 7, 2009, asserting one cause of action against Respondent Willie Lee Hines III ("Respondent"), for failure to provide information, in violation of FINRA Procedural Rule 8210 and FINRA Conduct Rule 2010.¹

¹ As of July 30, 2007, NASD consolidated with the member regulation and enforcement functions of NYSE Regulation and began operating under a new corporate name, the Financial Industry Regulatory Authority (FINRA). References in this decision to FINRA include, where appropriate, NASD. Following consolidation, FINRA began developing a new FINRA Consolidated Rulebook. The first phase of the new consolidated rules became effective on December 15, 2008, including certain conduct rules and procedural rules. See Regulatory Notice 08-57 (Oct. 2008). This decision refers to and relies on the FINRA Rules that were in effect at the time of Respondent's alleged misconduct.

000060110 2011

000059113 2010

Despite being properly served with the Complaint, Notice of Complaint, and Second Notice of Complaint, Respondent has not filed an answer or otherwise responded to the Complaint. On February 26, 2010, Enforcement filed a Motion for Entry of Default Decision and Request for Sanctions, to which Respondent did not respond. Accordingly, pursuant to Procedural Rules 9215(f) and 9269, the allegations in the Complaint will be deemed admitted and Enforcement's motion will be granted.²

I. Respondent's Default

On December 7, 2009, Enforcement served the Complaint and Notice of Complaint on Respondent by first-class regular and certified mail, return receipt requested, at his residential address, as listed in the Central Registration Depository ("CRD"), and at an alternative address that was the return address on correspondence received from Respondent in December 2008 in response to a Rule 8210 request ("West Monroe address"). The mailings to Respondent's CRD address were not returned to Enforcement by the Postal Service. The Postal Service returned the certified mail receipt for the mailing to the West Monroe address, stamped, "Return." The first-class mailing to the West Monroe address was not returned. Respondent did not answer or otherwise respond to the Complaint by January 28, 2010, the date specified in the Notice of Complaint for an answer. Li Decl. ¶¶ 18 – 22; CX-8, 9.

On January 6, 2010, Enforcement served Respondent with the Complaint, Notice of Complaint, and Second Notice of Complaint, by first-class regular and certified mail, at his CRD address and at the West Monroe address. The Postal Service returned the certified mailing sent to Respondent's CRD address, stamped, "Refused." The certified mailing sent to the West Monroe address was returned by the Postal Service, stamped, "Unclaimed." The Postal Service

² The factual determinations in this decision are based on the allegations of the attached Complaint and the materials Enforcement filed with its motion. References to the Declaration of Chun Li in Support of Motion for Entry of Default Decision, are cited as "Li Decl. ¶ ____." The exhibits attached to the Declaration are cited as "CX- ____."

did not return the first-class mailings. Respondent did not answer or otherwise respond to the Complaint in response to the Second Notice of Complaint. Li Decl. ¶¶ 23 – 27; CX-10 – 12.

Enforcement served the Complaint and the Notices of Complaint on Respondent in accordance with FINRA Procedural Rule 9134, giving him constructive notice of this proceeding. By failing to respond, he defaulted.

II. Jurisdiction

Respondent was first registered with FINRA in 2000. From July 2005 through October 10, 2008, Respondent was registered as an Investment Company and Variable Contracts Product Representative with FINRA member firm Chase Investment Services Corp. ("CISC"). During this period, Respondent was employed by JP Morgan Chase Bank, an unregistered affiliate of CISC. Li Decl. ¶ 4; CX-2. Respondent is not currently associated with any FINRA member firm. Li Decl. ¶ 7; CX-2.

Although Respondent has not been registered with any FINRA member firm since the termination of his employment with CISC's affiliate, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because the Complaint was filed within two years after the termination of his registration with a member firm, and it charges him with failing to respond to Rule 8210 requests issued within two years following the termination of his registration with a member firm.

III. Origin of the Investigation

CISC filed an amended Form U5 in November 2008, stating:

At the time of the RRs voluntary resignation, RR was the subject of an internal investigation in which he admitted to debiting the goodwill general ledger for customer fee refunds knowing the account was not to be used for this purpose, using his corporate card for personal charges, withdrawing funds from his personal account, as well as his wife's account on which he is not a signer, without having available funds. RR instructed the teller to over ride the

transaction when processing withdrawals informing the teller that he would be depositing funds the next day to cover the transaction.

Li Decl. ¶ 6

FINRA staff initiated its investigation based on the filing of the amended Form U5. Following a preliminary investigation by FINRA's Central Review Group, the matter was referred to Enforcement in March 2009. Respondent did not provide all information requested by FINRA staff during the investigation, resulting in the filing of the Complaint. Li Decl. ¶ 8

IV. Respondent Violated Procedural Rule 8210 and Conduct Rule 2010 by Failing to Respond to Requests for Information

FINRA Procedural Rule 8210 authorizes FINRA to require any person subject to its jurisdiction to provide information related to any matter under its investigation. The Complaint alleges that on November 19, 2008, FINRA staff sent a request letter, pursuant to Rule 8210, requiring Respondent to submit a signed written statement in response to the allegations in the amended Form U5 concerning the overdrafts of funds from his and his wife's personal accounts, and the use of a corporate credit card for personal expenses. Respondent submitted an undated response in December 2008. The response did not provide sufficient detail concerning the allegations in the amended Form U5.

On May 8, 2009, Enforcement sent a request letter to Respondent pursuant to Rule 8210, requesting a signed, written response to specific questions concerning the allegations in the amended Form U5. The request included several questions concerning the allegations that Respondent misused the goodwill general ledger account, including questions based on Respondent's response to questions that Respondent had submitted to his firm, which Enforcement did not have at the time of the first request. The letter also requested a detailed explanation of Respondent's use of the corporate credit card and the overdrafts, specifically including the dates and amounts involved. The request was sent by first-class and certified mail

both to Respondent's CRD address and the West Monroe address. Both certified mailings were returned to FINRA unclaimed. Neither first-class mailing was returned. Respondent did not respond to the May 8 request.

By letter of June 8, 2009, Enforcement again asked Respondent to respond to the questions in the May 8 letter concerning the allegations in the amended Form U5, pursuant to Rule 8210. The request was sent to Respondent's CRD address and the West Monroe address by first-class and certified mail. The certified mailing to Respondent's CRD address was returned by the Postal Service, marked, "Refused, Unable to Forward." The return receipt for the certified mailing sent to the West Monroe address was returned, signed by Respondent. Neither first-class mailing was returned by the Postal Service. Respondent did not respond to the June 8, 2009, request for information. FINRA staff subsequently left voicemail messages for Respondent, directing him to contact FINRA staff. Respondent did not respond to the voicemail messages.

These allegations, which are deemed admitted, are sufficient to establish, for purposes of this default decision, that Respondent failed to respond to the May 8, and June 8, 2009, requests for information, in violation of FINRA Procedural Rule 8210 and Conduct Rule 2010.³

V. Sanctions

For failing to respond in any manner to requests for information, the Sanction Guidelines recommend a bar. *FINRA Sanction Guidelines* at 35 (2007). Where mitigation exists, or the person did not respond in a timely manner, the Guidelines recommend a suspension for up to two years. The Guidelines recommend a fine of \$2,500 to \$25,000 for failure to respond in a timely manner, and \$10,000 to \$25,000 for failure to respond completely. The principal considerations

³ 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 (N.A.C. Nov. 2, 2001). Effective December 15, 2008, FINRA Conduct Rule 2010 replaced NASD Conduct Rule 2110, without material change. Regulatory Notice 08-57.

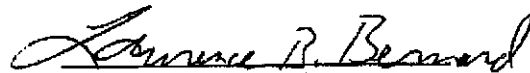
in assessing sanctions are the nature of the information requested and whether the requested information has been provided.

Enforcement recommends a bar. Although Respondent responded to the first request for information and provided some of the requested information, a bar is nonetheless the appropriate sanction for Respondent's complete failure to respond to the subsequent requests. There is no evidence of mitigation. The nature of the information requested is an aggravating factor. The requests sought information concerning possible misuse of funds and the firm's accounts. The first response did not provide all of the information that FINRA needed to evaluate the seriousness of Respondent's conduct with respect to the allegations concerning misuse of the credit card and the overdrafts. In addition, the requests to which Respondent failed to respond addressed allegations concerning misuse of the goodwill general ledger account, which were not addressed at all in the original request.

VI. Conclusion

For failure to provide information, in violation of FINRA Procedural Rule 8210 and Conduct Rule 2010, Willie Lee Hines III is barred from associating with any FINRA member firm in any capacity.

The bar will become effective immediately if this default decision becomes FINRA's final disciplinary action in this proceeding.



Lawrence B. Bernard
Hearing Officer

Copies to: Willie Lee Hines III (*via overnight and first-class mail*)
Chun Li, Esq. (*via electronic and first-class mail*)
David R. Sonnenberg, Esq. (*via electronic mail*)