

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Paul A. Obersteller,

General Securities Principal and
General Securities Representative

[CRD No. 350264],

Respondent.

DISCIPLINARY PROCEEDING

No. 2009016548801

Hearing Officer: RSH

ORDER ACCEPTING

OFFER OF SETTLEMENT

Date: September 13, 2010

INTRODUCTION

Disciplinary Proceeding No. 2009016548801 was filed on April 26, 2010, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant).

Respondent Paul A. Obersteller submitted an Offer of Settlement (Offer) to Complainant dated July 12, 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, Respondent has consented, without admitting or denying the allegations of the Complaint, and solely for the purposes of this proceeding and any other

000076257 2010

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 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

Respondent Paul A. Obersteller entered the securities industry on April 24, 1973 as a General Securities Representative with a former FINRA member firm. During all periods mentioned herein, Obersteller was registered with FINRA under Article V of the By-Laws as a General Securities Principal and General Securities Representative with member firm Royal Alliance Associates, Inc. Obersteller is not currently registered with a FINRA member firm, but he remains subject to the jurisdiction of FINRA until January 1, 2011, pursuant to Article V, Section 4 of FINRA's By-Laws, which provides for a two-year period of retained jurisdiction over formerly registered persons. Obersteller has not been the subject of any formal disciplinary actions.

FINDINGS AND CONCLUSIONS

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

1. During the period from on or about March 22, 2004, through on or about January 2, 2009, Paul A. Obersteller, while registered with a FINRA member firm, willfully failed to amend his Uniform Application for Securities Industry or Transfer (Form U4) to disclose three federal tax liens and a bankruptcy filing. Obersteller also failed to respond to a request to provide sworn testimony regarding the above-described activities, in violation of FINRA Rules 8210 and 2010.

2. During the period from on or about March 22, 2004, through on or about January 2, 2009, Obersteller, while registered with a FINRA member firm, willfully failed to disclose material facts on a Uniform Application for Securities Industry or Transfer (Form U4) to disclose three federal tax liens and a bankruptcy filing. Specifically, Obersteller willfully failed to disclose the following three tax liens: (1) federal tax lien filed on February 18, 2004 in the amount of \$211,723; (2) federal tax lien filed on February 18, 2004 in the amount of \$94,845; and (3) federal tax lien filed on April 23, 2007 in the amount of \$25,661. In addition, Obersteller willfully failed to disclose that he had filed a voluntary Chapter 13 bankruptcy petition on August 1, 2006. Obersteller did not notify the firm of the liens and bankruptcy until the firm confronted him with a Notice of Levy of Wages that the firm received from the Internal Revenue Service on December 2, 2008. Obersteller was subsequently terminated by his FINRA employer member on January 2, 2009 for this conduct.
3. Such acts, practices, and conduct constitute separate and distinct willful violations of Article V, Section 2(c) of NASD By-Laws, Article V, Section 2(c) of FINRA's By-Laws, NASD Conduct Rule 2110, FINRA Rule 2010 and IM-1000-1 by Respondent Paul A. Obersteller.
4. By letter dated March 3, 2010, FINRA staff requested that Obersteller appear, pursuant to FINRA Rule 8210, at FINRA's New Orleans District office on March 22,

2010, and provide on-the-record testimony regarding the allegations detailed in the First Cause of Action.

5. On March 15, 2010, the FINRA staff received a letter dated March 12, 2010 from Obersteller in which Obersteller stated that he would not appear for testimony in the New Orleans office on March 22, 2010 due to financial hardship.
6. To accommodate Obersteller, FINRA staff moved the testimony to April 1, 2010 at the FINRA office in Dallas, Texas. By letter dated March 17, 2010, the FINRA staff requested pursuant to FINRA Rule 8210, that Obersteller appear at the Dallas District office and provide testimony on April 1, 2010. The request letter was sent, via certified and regular mail, to Obersteller at his CRD address¹, to two alternate addresses known to FINRA staff², and to a third alternate address provided by Obersteller in his letter detailing that he would not appear for testimony, [REDACTED] [REDACTED] ("East Highway 80 address").
7. The certified mailing sent to Obersteller at his CRD address was returned to the District Office marked "Return To Sender," "Attempted – Not Known" and "Unable To Forward." The regular mailing sent to Obersteller at his CRD address was not returned to the District. The correspondence sent via certified and regular mail to Obersteller at the Black Diamond and P.O. Box addresses was not returned to the District. The certified return receipt for the March 17th mailing sent to Obersteller at the East Highway 80 address was returned to the District office signed by Paul

¹ [REDACTED]

² [REDACTED] ("Black Diamond address"); and [REDACTED] ("P.O. Box address").

Obersteller. The correspondence sent via regular mail to Obersteller at the East Highway 80 address was not returned to the District office.

8. Despite proper service of the 8210 request, Obersteller did not appear and provide the requested testimony.
9. Such acts, practices, and conduct constitute separate and distinct violations of FINRA Rules 8210 and 2110 by Obersteller.

Based on the foregoing, Respondent Obersteller willfully violated Article V, Section 2(c) of NASD By-Laws, Article V, Section 2(c) of FINRA's By-Laws, NASD Conduct Rule 2110, FINRA Rule 2010 and IM-1000-1. In addition, Respondent Obersteller violated FINRA Rules 8210 and 2010.

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.

SANCTIONS

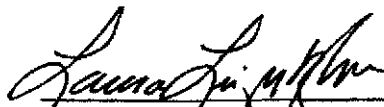
It is ordered that Respondent be barred in all capacities.

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.

RED.

FINRA

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

A handwritten signature in black ink, appearing to read "Laura Leigh Blackston", written over a horizontal line.

Laura Leigh Blackston, Senior Regional Counsel
FINRA, Department of Enforcement
1100 Poydras Street, Suite 850
New Orleans, Louisiana 70163-1108
Phone: 504/522-6527 FAX: 504/522-4077