

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

Department of Enforcement, Complainant, v. Frank G. Manziano, (CRD No. 2897737), Respondent.	Disciplinary Proceeding No. 2009016956501 Hearing Officer – Andrew H. Perkins ORDER ACCEPTING OFFER OF SETTLEMENT Dated: June 21, 2010
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INTRODUCTION

Disciplinary Proceeding No. 2009016956501 was filed on December 30, 2009, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Frank G. Manziano (Manziano) submitted an Offer of Settlement (Offer) to Complainant dated June 13, 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 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 July 1997, Respondent first became registered with FINRA as a General Securities Representative through a member firm. From May 28, 2008 to January 12, 2009, Respondent was registered in that capacity through member firm Pacer Financial, Inc. (the Firm). Respondent is not currently associated with a member firm.

FINDINGS AND CONCLUSIONS

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

SUMMARY

1. On May 28, 2008, Respondent signed and submitted a Form U4 seeking to become registered as a General Securities Representative through a member firm. On the Form U4, Respondent willfully failed to disclose the material fact that he was engaged in other business activities. Specifically, he was serving as a salesman for a company that creates and sells software for customized financial portfolios (Software Company). This conduct violated NASD Conduct Rule 2110 and IM-1000-1.
2. From May 28, 2008 to about November 2008, Respondent engaged in the outside business activities described above without providing prompt written notice to his employer member firm. This conduct violated NASD Conduct Rules 3030 and 2110.

**Willful Failure to Disclose Material Information on Form U4
(NASD Conduct Rule 2110 and IM-1000-1)**

3. On March 17, 2008, Respondent became employed by the Software Company. He served as a salesman for the company and received an annual salary of \$85,000 per year plus commissions. Respondent remained employed by the company until about November 2008.
4. On May 28, 2008, Respondent submitted or caused to be submitted to the Firm a Form U4 and falsely answered "no" to the question asking whether he was engaged in any other business activities. Respondent willfully failed to disclose the material fact that he was then employed as a salesman for the Software Company and was receiving compensation.
5. Thereafter, Respondent willfully failed to disclose this material fact on his Form U4 at the Firm.
6. By failing to disclose material information on his Form U4, Respondent violated NASD Conduct Rule 2110 and IM-1000-1.

**Failure to Disclose Outside Business Activities
(NASD Conduct Rules 3030 and 2110)**

7. Throughout the period Respondent was associated with the Firm, its written supervisory procedures contained the following provision: "Prior to participating in any outside business activities, an associated person must provide written notice to the Company describing in detail: the proposed activity; the person's proposed role therein; and whether they will receive compensation in connection with the outside business activity." Furthermore, the Firm's written supervisory procedures stated that the "Designated

Supervisory Principal” was responsible for providing written approval or disapproval of any outside business activity requests.

8. In September 2008, the Firm held its annual compliance meeting, which Respondent attended. At the meeting, Respondent was required to sign a document titled “New Representative’s Declaration To The Company” in which he represented that he had reviewed and complied with various regulatory requirements that were listed on the Declaration, which included the following: “I will inform the Company of all outside business activity for which I receive compensation, whether directly or indirectly, and I will continue to do so at all times during my employment with the Company. Any outside activities need to be reported using the Outside Business Activity Form.” In addition, at the annual compliance meeting, Respondent also signed a document titled “Agreement to Abide By The Company’s Written Supervisory Control Procedures (WSP’s)” in which he acknowledged that he had read the Firm’s written supervisory procedures and agreed to “strictly abide by all the requirements set forth therein.”
9. From May 28, 2008 to about November 2008, Respondent engaged in outside business activities without providing prompt written notice to his employer member firm. Specifically, from March 2008 to about November 2008, Respondent served as a salesman for the Software Company and received approximately \$56,000 in compensation, most of which was earned and received while he was associated with the Firm. Respondent, however, did not inform the Firm about this business activity.
10. By engaging in outside business activities without providing prompt written notice to his employer member firm, Respondent violated NASD Conduct Rules 3030 and 2110.

Based on the foregoing, Respondent violated NASD Conduct Rules 2110 and 3030 and IM-1000-1.

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 suspended for four months from association with any FINRA member in any capacity and fined \$15,000.

The fine shall be due and payable either immediately upon reassociation with a member firm following the four-month 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

A handwritten signature in black ink, appearing to read 'Michael J. Newman', is written over a horizontal line.

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