

**FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

COMPLAINANT,

v.

JOSE LUIS VINAS,
(CRD 4014454)

RESPONDENT.

DISCIPLINARY PROCEEDING
No. 20090171989

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. From on or about July 2006 through March 2009, Respondent, a former registered representative with UBS International, Inc. ("UBS") and Citigroup Global Markets, Inc. ("Citi") converted approximately \$3.3 million from a total of eight mostly Mexico-based customers – two from UBS and six from Citi - in violation of NASD Rules 2330(a) and 2110 and FINRA Rule 2010.

2. In connection with the conversion of funds from three of the eight customers, Respondent forged or caused the forgery of the customers' signatures on Letters of Authorization ("LOA") purportedly authorizing the transfer of customer funds in violation of NASD Rule 2110 and FINRA Rule 2010.

3. Respondent also presented to holders of a joint account false account statements reflecting an incorrect account balance in an effort to conceal the unauthorized

withdrawals from the customers' account in violation of NASD Rule 2110 and FINRA Rule 2010.

4. Respondent also failed to respond to two Department of Enforcement ("Enforcement") requests to appear for testimony on May 7, 2009 and May 22, 2009 respectively in violation of FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

5. Jose Luis Vinas ("Vinas") entered the securities industry in May 2000 with a former FINRA-regulated firm and became licensed as a General Securities Representative in June 2000. From September 2004 through July 2008, Vinas was registered with UBS and worked at its Houston, Texas branch office. From July 2008 through March 2009, Vinas was registered with Citi and worked at its Houston, Texas branch office.

6. Citi terminated Vinas' employment on March 31, 2009. Vinas is not currently registered with a FINRA member but remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of the FINRA By-laws.

FIRST CAUSE OF ACTION Conversion of Customer Funds Violation of NASD Rules 2330(a) and 2110 and FINRA Rule 2010

7. The Department realleges and incorporates by reference paragraphs one through six above.

UBS Customers

8. From on or about July 2006 through July 2008, Vinas converted approximately \$2.9 million from two UBS customer accounts.

Customers ELM and JRG

9. On or about November 2004 customers ELM and JRG opened a joint brokerage account at UBS (the "ELM/JRG Brokerage Account"). Vinas was the registered representative responsible for the ELM/JRG Brokerage Account.

10. During face to face meetings with customers ELM and JRG, Vinas asked customers ELM and JRG to sign blank documents, including UBS documents that were printed in English. Neither Customer ELM nor Customer JRG spoke or read English. Customers ELM and JRG complied with Vinas' request.

11. In or about February 2007, a Variable Credit Line Account was opened at UBS in the name of customers ELM and JRG (the "ELM/JRG Credit Account"). Assets held in the ELM/JRG Brokerage Account were used as the collateral for the ELM/JRG Credit Account.

12. The new account forms for the ELM/JRG Credit Account requested a credit line in the amount of \$1 million. In or about June 2007, Vinas submitted or caused to be submitted an application requesting an increase in the credit line to \$1.3 million. In or about July 2007, August 2007 and January 2008, Vinas submitted or caused to be submitted additional requests for a credit line increases to \$1.55 million, \$1.7 million and \$2 million, respectively. Each of these requests was approved by UBS.

13. Neither Customer ELM nor Customer JRG authorized the opening of the ELM/JRG Credit Account or the subsequent credit increases. Neither Customer ELM nor Customer JRG was aware of the existence of the ELM/JRG Credit Account.

14. From July 2006 through July 2008, Vinas forged or caused to be forged Customer JRG's signature on approximately 37 LOAs which resulted in the wiring of

approximately \$2.8 million dollars from the ELM/JRG Brokerage and Credit Accounts to different financial institutions. See Exhibit A attached.

15. Fourteen of the 37 unauthorized LOAs totaling \$836,350 were processed by Vinas or at his direction via the ELM/JRG Brokerage Account. Twenty-three of the 37 unauthorized LOAs totaling \$1,988,058 were processed by Vinas or at his direction via the ELM/JRG Credit Account.

16. Each of the 37 unauthorized LOAs requested the wire transfer of funds from the ELM/JRG Brokerage Account or the ELM/JRG Credit Account to one of four financial institutions – Scotia Bank Inverlat, Banco Santander Serfin, BBVA Bancomer or Base Internacional Casa de Bolsa S.A. de C.V.

17. In each case, the amount of funds indicated for wire transfer in each of the 37 unauthorized LOAs was withdrawn from the ELM/JRG Brokerage Account and/or loaned from the ELM/JRG Credit Account.

18. The individual named as the recipient on the two LOAs directing the transfer of funds from the ELM/JRG Brokerage Account to Scotia Bank Inverlat was Recipient No. 1.

19. The individual named as the recipient on the 10 LOAs directing the transfer of funds from the ELM/JRG Brokerage and/or Credit Accounts to Banco Santander Serfin was Recipient No. 2.

20. The individual named as the recipient on the two LOAs directing the transfer of funds from the ELM/JRG Credit Account to BBVA Bancomer was Recipient No. 3.

21. The individual referenced as the recipient on the 23 LOAs directing the transfer of funds from the ELM/JRG Brokerage and/or Credit Accounts to Base Internacional Casa de Bolsa S.A. de C.V. was customer JRG.

22. On each of the LOAs directing the transfer of funds from the ELM/JRG Brokerage and/or Credit Accounts to Base Internacional Casa de Bolsa S.A. de C.V., Vinas called Base Internacional Casa de Bolsa S.A. de C.V. and gave a verbal instruction directing that incoming funds from the ELM/JRG Brokerage and/or Credit Accounts be credited and/or paid for the benefit of one of two individuals – Recipient No. 3 or Recipient No. 4.

23. Neither Customer ELM nor Customer JRG held accounts at Scotia Bank Inverlat, Banco Santander Serfin, BBVA Bancomer or Base Internacional Casa de Bolsa S.A. de C.V.

24. Neither Customer ELM nor Customer JRG are familiar with any of the above-referenced recipients.

25. Neither Customer ELM nor Customer JRG authorized or had knowledge of the transfer of funds directed by any of the 37 referenced LOAs from the ELM/JRG Brokerage and/or Credit Account at UBS to any of the above-referenced recipients.

26. Customer JRG did not sign approximately 35 of the 37 unauthorized LOAs and did not authorize anyone else to do so on his behalf; on two other LOA's Customer JRG signed the LOAs in blank at Vinas' direction.

27. In or about July 2008, \$2,014,338 was wired from the ELM/JRG Brokerage Account to the bank holding the loan on the ELM/JRG Credit Account to pay

off the outstanding loan balance. Approximately \$1,500 remained in the ELM/JRG Brokerage Account after this wire was processed.

Example

28. On or about January 16, 2008, Vinas forged or caused to be forged and presented to UBS a LOA by which customer JRG purportedly requested the wire transfer of \$97,550 from the ELM/JRG Credit Account to Base Internacional Casa de Bolsa S.A. de C.V. with a reference to customer JRG (the "ELM/JRG January 16, 2008 LOA").

29. On or about the January 17, 2008, the sum of \$97,550 was loaned from the ELM/JRG Credit Account and the funds were wired as directed in the ELM/JRG January 16, 2008 LOA.

30. On or about January 16, 2008, Vinas gave Base Internacional Casa de Bolsa S.A. de C.V. a verbal instruction directing that the funds it received pursuant to the ELM/JRG January 16, 2008 LOA be paid to Recipient No. 3 or Recipient No. 4.

31. Customer JRG did not sign the ELM/JRG January 16, 2008 LOA.

32. Neither Customer ELM nor Customer JRG authorized or had knowledge of the loan of \$97,550 from the ELM/JRG Credit Account at UBS or the issuance of the ELM/JRG January 16, 2008 LOA.

33. Neither Customer ELM nor Customer JRG had possession or control over any accounts or monies at Base Internacional Casa de Bolsa S.A. de C.V. and neither received any benefit from the funds wired there pursuant to the ELM/JRG January 16, 2008 LOA.

Customers ASG and CAS

34. On or about January 2005 customers ASG and CAS opened a joint brokerage account at UBS (the "ASG/CAS UBS Account"). Vinas was the registered representative responsible for the ASG/CAS UBS Account.

35. During June 2008, Vinas forged or caused to be forged Customer ASG's signature on two LOAs which resulted in the wiring of approximately \$100,500 from the ASG/CAS UBS Account.

36. On or about June 11, 2008, Vinas forged or caused to be forged and presented to UBS a LOA by which customer ASG purportedly requested the wire transfer of \$83,350 from the ASG/CAS UBS Account to Base Internacional Casa de Bolsa S.A. de C.V. with a reference to customer ASG (the "ASG/CAS June 11, 2008 LOA").

37. On or about June 11, 2008, the sum of \$83,350 was withdrawn from the ASG/CAS UBS Account and the funds were wired as directed in the ASG/CAS June 11, 2008 LOA.

38. On or about June 11, 2008, Vinas gave Base Internacional Casa de Bolsa S.A. de C.V. a verbal instruction directing that the funds it received pursuant to the ASG/CAS June 11, 2008 LOA be wired to BBVA Tijuana for the account of Recipient No. 5.

39. Customer ASG did not sign the ASG/CAS June 11, 2008 LOA.

40. Neither Customer ASG nor Customer CAS authorized or had knowledge of the withdrawal of \$83,550 from the ASG/CAS UBS Account or the issuance of the ASG/CAS June 11, 2008 LOA.

41. Neither Customer ASG nor Customer CAS is familiar with Recipient No. 5, had possession or control over the account of Recipient No. 5 at BBVA Tijuana or received any benefit from the monies wired to that account pursuant to Vinas' verbal instructions.

42. On or about June 23, 2008, Vinas forged or caused to be forged and presented to UBS a LOA by which customer ASG purportedly requested the wire transfer of \$17,150 from the ASG/CAS UBS Account to Base Internacional Casa de Bolsa S.A. de C.V. with a reference to customer ASG (the "ASG/CAS June 23, 2008 LOA").

43. On or about June 23, 2008, the sum of \$17,150 was withdrawn from the ASG/CAS UBS Account and the funds were wired as directed in the ASG/CAS June 23, 2008 LOA.

44. On or about June 23, 2008, Vinas gave Base Internacional Casa de Bolsa S.A. de C.V. a verbal instruction directing that the funds it received pursuant to the ASG/CAS June 23, 2008 LOA be wired to an account in Mexico in the name Recipient No. 4.

45. Customer ASG did not sign the ASG/CAS June 23, 2008 LOA.

46. Neither Customer ASG nor Customer CAS authorized or had knowledge of the withdrawal of \$17,150 from the ASG/CAS UBS Account or the issuance of the ASG/CAS June 23, 2008 LOA

47. Neither Customer ASG nor Customer CAS is familiar with Recipient No. 4, had possession or control over any accounts held by Recipient No. 4 or received any benefit from the monies wired to the account of that individual pursuant to Vinas' verbal instructions.

Citi Customers

48. From on or about November 2008 through March 2009, Vinas converted approximately \$372,791 from six customers of Citi.

Customer MCV

49. In or about September 2008, customer MCV and two family members opened a joint brokerage account at Citi (the "MCV Citi Account"). Vinas was the registered representative responsible for the MCV Citi Account.

50. During 2008 and 2009, Citi accepted verbal letters of authorization ("VLOAs") for third party Fed Fund wires up to \$100,000. The process required, among other things, the completion and submission by the registered representative or his/her sales assistant of a form containing details of the customer's instructions and the signature of the person who took those instructions. In the case of joint accounts, the VLOA required confirmation by each account holder.

51. During November and December 2008, Vinas submitted or caused to be submitted to Citi two VLOAs which resulted in the wiring of \$31,977.17 from the MCV Citi Account to the bank accounts of two retail establishments.

52. On or about November 21, 2008, Vinas submitted or caused to be submitted to Citi a VLOA by which all account holders of the MCV Citi Account purportedly requested and/or confirmed the request for the wire of \$18,850 from the MCV Citi Account to HSBC for the account of Jewelry Store A (the "MCV November 21, 2008 VLOA").

53. On or about the November 21, 2008, the sum of \$18,850 was withdrawn from the MCV Citi Account and the funds were wired as directed in the MCV November 21, 2008 VLOA.

54. Neither Customer MCV nor the other account holders of the MCV Citi Account authorized or had knowledge of the withdrawal of \$18,850 from the MCV Citi Account or the issuance of the MCV November 21, 2008 VLOA, nor received any benefit from the monies transferred to Jewelry Store A pursuant to the MCV November 21, 2008 VLOA.

55. On or about December 23, 2008, Vinas submitted or caused to be submitted to Citi a VLOA by which all account holders of the MCV Citi Account purportedly requested and/or confirmed the request for the wire of \$13,127.17 from the MCV Citi Account to Sterling Bank for the account of Jewelry Store B (the "MCV December 23, 2008 VLOA").

56. On or about December 23, 2008, the sum of \$13,127.17 was withdrawn from the MCV Citi Account and the funds were wired as directed in the MCV December 23, 2008 VLOA.

57. Neither Customer MCV nor the other account holders of the MCV Citi Account authorized or had knowledge of the withdrawal of \$13,127.17 from the MCV Citi Account or the issuance of the MCV December 23, 2008 VLOA, nor received any benefit from the monies transferred to Jewelry Store B pursuant to the MCV December 23, 2008 VLOA.

Customer JPG

58. In or about July 2008, customer JPG and three family members opened a joint brokerage account at Citi (the "JPG Citi Account"). Vinas was the registered representative responsible for the JPG Citi Account.

59. On or about December 22, 2008, Vinas submitted or caused to be submitted to Citi a VLOA by which all account holders of the JPG Citi Account purportedly requested and/or confirmed the request for the wire of \$56,433.83 from the JPG Citi Account to Banco Santander Serfin for the account of Recipient No. 3 (the "JPG December 22, 2008 VLOA").

60. On or about December 22, 2008, the sum of \$56,433.83 was withdrawn from the JPG Citi Account and the funds were wired as directed in the JPG December 22, 2008 VLOA.

61. Neither Customer JPG nor the other account holders of the JPG Citi Account authorized or had knowledge of the withdrawal of \$56,433.83 from the JPG Citi Account or the issuance of the JPG December 22, 2008 VLOA.

62. Neither customer JPG nor the other account holders of the JPG Citi Account are familiar with Recipient No. 3 nor received any benefit from the monies transferred to Banco Santander Serfin pursuant to the JPG December 22, 2008 VLOA.

Customer ELE

63. In or about July 2008, customer ELE opened a brokerage account at Citi (the "ELE Citi Account"). Vinas was the registered representative responsible for the ELE Citi Account.

64. On or about January 30, 2009, Vinas submitted or caused to be submitted to Citi a VLOA by which Customer ELE purportedly requested the wire transfer of \$92,880 from the ELE Citi Account to Scotia Bank Inverlat for the account of Recipient No. 6 (the "ELE January 30, 2009 VLOA").

65. On or about January 30, 2009, the sum of \$92,880 was withdrawn from the ELE Citi Account and the funds were wired as directed in the ELE January 30, 2009 VLOA.

66. Customer ELE did not authorize or have knowledge of the withdrawal of \$92,880 from the ELE Citi Account or the issuance of the ELE January 30, 2009 VLOA.

67. Customer ELE is not familiar with Recipient No. 6.

68. Customer ELE did not receive any benefit from the monies transferred to Scotia Bank Inverlat pursuant to the ELE January 30, 2009 VLOA.

Customer MDG

69. In or about August 2008, customer MDG and his wife opened a joint brokerage account at Citi (the "MDG Citi Account"). Vinas was the registered representative responsible for the MDG Citi Account.

70. On or about February 6, 2009, Vinas submitted or caused to be submitted to Citi a VLOA by which all account holders of the MDG Citi Account purportedly requested and/or confirmed the request for the wire of \$22,000 from the MDG Citi Account to the Citi account of customer JDG, another Vinas customer. (the "MDG February 6, 2009 VLOA").

71. On or about February 6, 2009, the sum of \$22,000 was withdrawn from the MDG Citi Account and the funds were wired as directed in the MDG February 6, 2009 VLOA.

72. Neither Customer MDG nor his wife authorized or had knowledge of the withdrawal of \$22,000 from the MDG Citi Account or the issuance of the MDG February 6, 2009 VLOA, nor received any benefit from the monies transferred to the Citi account of Customer JDG.

Customer CFP

73. In or about August 2008, customer CFP and his wife opened a joint brokerage account at Citi (the "CFP Citi Account"). Vinas was the registered representative responsible for the CFP Citi Account.

74. On or about February 17, 2009, Vinas submitted or caused to be submitted to Citi a VLOA by which all account holders of the CFP Citi Account purportedly requested and/or confirmed the request for the wire of \$80,000 from the CFP Citi Account to the Citi account of customer JDG, another Vinas customer. (the "CFP February 17, 2009 VLOA").

75. On or about February 17, 2009, the sum of \$80,000 was withdrawn from the CFP Citi Account and the funds were wired as directed in the CFP February 17, 2009 VLOA.

76. Neither Customer CFP nor his wife authorized or had knowledge of the withdrawal of \$80,000 from the CFP Citi Account or the issuance of the CFP February 17, 2009 VLOA or received any benefit from the monies transferred to the Citi account of customer JDG.

Customer ASD

77. In or about July 2008, customer ASD and his wife opened a joint brokerage account at Citi (the "ASD Citi Account"). Vinas was the registered representative responsible for the ASD Citi Account.

78. In or about early March 2009, Vinas submitted or caused to be submitted to Citi a VLOA by which all account holders of the ASD Citi Account requested and/or confirmed the request for the wire of \$89,850 from the ASD Citi Account to Bank of America account of Vinas' wife.

79. This VLOA was not approved by Vinas' Citi supervisors.

80. On or about March 16, 2009, Vinas forged or caused to be forged and presented to Citi a written LOA by which customer ASD purportedly requested the journal of \$89,850 from the ASD Citi Account to a Citi account held in the name of Vinas and his wife (the "ASD March 16, 2009 Written LOA").

81. On or about March 16, 2009, Vinas submitted or caused to be submitted to Citi a VLOA by which customer ASD's wife confirmed the request for the journal of \$89,850 from the ASD Citi Account to a Citi account held in the name of Vinas and his wife (the "ASD March 16, 2009 VLOA").

82. On or about March 16, 2009 the sum of \$89,850 was withdrawn from the ASD Citi Account and the funds were journaled as directed in the ASD March 16, 2009 Written LOA and the ASD March 16, 2009 VLOA.

83. Customer ASD did not sign the ASD March 16, 2009 Written LOA.

84. Neither Customer ASD nor his wife authorized or had knowledge of the withdrawal of \$89,850 from the ASD Citi Account or the issuance of the ASD March 16,

2009 Written LOA and the ASD March 16, 2009 VLOA or received any benefit from the monies journaled to the Citi Account of Vinas and his wife.

85. The conversion of funds demonstrated by the acts, practices and conduct described above constitute separate and distinct violations of NASD Rules 2330(a) and 2110 and FINRA Rule 2010¹.

SECOND CAUSE OF ACTION
Forgery of Customer LOAs
Violation of NASD Rule 2110 and FINRA Rule 2010

86. The Department realleges and incorporates by reference paragraphs one through 85 above.

87. Vinas forged or caused to be forged the signatures of Customer JRG and Customer ASG on LOAs he submitted to UBS as described in paragraph one through 47 above.

88. Vinas forged or caused to be forged the signature of Customer ASD on written LOA he submitted to Citi as described in paragraphs 77 through 85 above.

89. Vinas' forgery of documents demonstrated by the acts, practices and conduct described above constitute separate and distinct violations of NASD Rule 2110 and FINRA Rule 2010.

THIRD CAUSE OF ACTION
Presenting False Documents to Customers
Violation of NASD Rule 2110 and FINRA Rule 2010

90. The Department realleges and incorporates by reference paragraphs one through 89 above.

¹ FINRA Rule 2010 took effect after December 15, 2008 and replaced NASD Rule 2110.

91. In or about September 2008, the ELM/JRG Brokerage Account was closed and the balance of approximately \$1,500 was transferred to a Citi account established in the names of Customer ELM and Customer JRG without their knowledge and consent.

92. In November 2008 Customers ELM and JRG received from Vinas a false document purporting to be a UBS account statement for the ELM/JRG Brokerage Account reflecting a fictitious total account balance of approximately \$4.4 million.

93. In January 2009 Customers ELM and JRG received from Vinas another false document purporting to be a UBS account statement for the ELM/JRG Brokerage Account reflecting a fictitious total account balance of approximately \$4.4 million.

94. The presentation of a false account document to former UBS customers demonstrated by the acts, practices and conduct described above constitute separate and distinct violations of NASD Rule 2110 and FINRA Rule 2010.

**FOURTH CAUSE OF ACTION
Failure to Provide Testimony
Violations of FINRA Rules 8210 and 2010**

95. The Department realleges and incorporates by reference paragraphs one through 94 above.

96. On April 23, 2009, pursuant to FINRA Rule 8210, Enforcement forwarded to Vinas by certified mail, return receipt requested, and by first class mail a letter directing Vinas to appear for testimony at the Department of Enforcement's 14 Wall Street, New York office on May 7, 2009 (the "April 23, 2009 Letter").

97. The copy of the April 23, 2009 Letter sent by certified mail was returned to Enforcement on or about May 22, 2009 with the unsigned certified mail receipt still attached. A notation on the front of the April 23, 2009 Letter sent by certified mail bears

the notation, "RETURN TO SENDER, UNCLAIMED, UNABLE TO FORWARD."

The copy of the April 23, 2009 Letter sent by first class mail has not been returned to Enforcement.

98. Vinas did not appear and give testimony on May 7, 2009.

99. On May 12, 2009, Enforcement forwarded to Vinas a second request letter pursuant to FINRA Rule 8210 at his last known address as listed on CRD by certified mail, return receipt requested, and by first class mail directing Vinas to appear for testimony at the Department of Enforcement's 14 Wall Street, New York office on May 22, 2009 (the "May 12, 2009 Letter").

100. The copy of the May 12, 2009 Letter sent by certified mail was returned to Enforcement on or about May 22, 2009 with the unsigned certified mail receipt still attached. A notation on the front of the May 12, 2009 Letter sent by certified mail bears the notation, "RETURN TO SENDER, NOT DELIVERABLE AS ADDRESSED, UNABLE TO FORWARD."

101. The copy of the May 12, 2009 Letter sent by first class mail was also returned to Enforcement on or about May 22, 2009. A notation on the front of the May 12, 2009 Letter sent by first class mail bears the notation, "RETURN TO SENDER, NOT DELIVERABLE AS ADDRESSED, UNABLE TO FORWARD."

102. Vinas did not appear and give testimony on May 22, 2009 and has not otherwise communicated with Enforcement to date.

103. The acts practices and conduct described above demonstrate Respondent's failure to cooperate with this investigation and constitute violations of 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 8310(a), including monetary sanctions be imposed.
- B. order that the Respondent bear such costs of proceedings as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: 10/28/10

Susan Light

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