

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009017892301**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: *Abhijit Chakrabortti, Respondent*
Former Registered Representative
CRD No. 4928484

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, without admitting or denying the findings, 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, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Respondent Abhijit Chakrabortti ("Chakrabortti") entered the securities industry as a Senior Research Strategist in Hong Kong in September 1993. Chakrabortti first became registered with FINRA in March 2005 after he joined the New York office of J.P. Morgan Securities, Inc. ("JP Morgan"). In June 2005, he passed the FINRA Series 86 and 87 Research Analyst examinations and became registered as a Research Analyst at JP Morgan. In November 2007, Chakrabortti joined Morgan Stanley & Co., Incorporated ("Morgan Stanley" or the "Firm"), where he maintained his registrations as a general securities representative and Research Analyst. Chakrabortti served as Morgan Stanley's Chief Global and U.S. Equity Strategist and was a Managing Director in the Equity Research Department until his employment with the Firm ended on April 21, 2009.

Chakrabortti has no prior disciplinary history.

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OVERVIEW

Between November 2007 and December 2008 (the “relevant period”), while he was registered as a Research Analyst with Morgan Stanley, Chakrabortti did not ensure that certain of his personal financial interests in the securities of companies that were subjects of research reports he co-authored and public appearances he made were disclosed in accordance with NASD Rules 2711(h)(1)(A) and 2110. As a result, these research reports and public appearances failed to provide a sound basis for evaluating the facts in regard to certain securities, in violation of NASD Rules 2210(d)(1)(A) and 2110. Chakrabortti’s omissions also caused the books and records of Morgan Stanley to be inaccurate in violation of NASD Rules 2711(h)(9), 2711(h)(12), and 3110(a).

FACTS AND VIOLATIVE CONDUCT

A. Chakrabortti Violated NASD Conduct Rule 2711(h)

NASD Rule 2711(h)(1)(A) requires a member to disclose in research reports and a research analyst to disclose in public appearances if the research analyst or a member of the research analyst’s household has a financial interest in the securities of a subject company, and the nature of the financial interest. By operation of NASD Rule 115, persons associated with a member have the same duties and obligations as a member under NASD Rule 2711(h).

Chakrabortti received 4,874 shares of stock in JP Morgan (“JPM”) as part of his compensation while he was employed at JPM between March 2005 and November 2007. Chakrabortti also purchased 1,500 shares of stock in Johnson & Johnson (“JNJ”) on August 7, 2008 and 10,000 shares of stock in Nokia Corporation (“NOK”) on October 21, 2008. Chakrabortti maintained positions in JPM, JNJ and NOK for the remainder of his employment with Morgan Stanley. Chakrabortti informed the Firm of his ownership interest in each security, cleared all transactions with Morgan Stanley’s Compliance Department prior to his purchase of the securities and provided the Firm with a record of the transactions.

During the relevant period, Chakrabortti co-authored research reports or sections thereof that included analyses of equity securities of individual companies and industries, and recommended changes to model portfolios. Certain of these research reports included information reasonably sufficient upon which to base an investment decision in JPM, JNJ and/or NOK, among other securities, but did not disclose Chakrabortti’s personal financial position in JNJ and NOK.

For example, Chakrabortti was one of the analysts on a Morgan Stanley August 17, 2008 publication titled “US Portfolio Strategy - The Green Mile: Dollar Drives Further Rotation” that was made available on the Firm’s Equity Research website. This report analyzed at least nine stocks in the healthcare and several other sectors including capital goods and domestic and global cyclicals, and contained reasonably sufficient information on which to base an investment decision in JNJ and JPM. The report disclosed that Chakrabortti owned JPM stock but did not disclose his ownership of JNJ. Chakrabortti was also an analyst on a December 7, 2008 Morgan Stanley research report titled “US Portfolio Strategy Groundhog Day: 2009 Outlook” that

discussed at least 42 stocks as well as other macro market themes and contained reasonably sufficient information on which to base an investment decision in NOK and JNJ. These research reports did not disclose Chakrabortti's personal financial position in NOK or JNJ.

During the relevant period, Chakrabortti also made at least 12 public appearances at which he mentioned one or more equity securities of individual companies. During six of these appearances, he discussed JPM and/or JNJ but did not disclose his personal financial position in these securities. For example, on June 12, 2008, Chakrabortti appeared on CNBC television and made a recommendation or offered an opinion on four securities, including JPM. On October 14, 2008, he appeared on CNBC television and made a recommendation or offered an opinion on five securities, including JNJ. On December 10, 2008, Chakrabortti appeared at a Morgan Stanley Global Wealth Management forum before 15 or more persons and made a recommendation or offered an opinion on at least nine securities, including JNJ. Chakrabortti did not disclose his personal financial position in JPM or JNJ during these public appearances.

By not ensuring the disclosure of his personal financial positions in JPM, JNJ and/or NOK in certain research reports and public appearances, Chakrabortti violated NASD Rule 2711(h)(1)(A).

B. Chakrabortti Violated NASD Conduct Rule 2210(d)

NASD Rule 2210(d)(1)(A) requires, among other things, that all member communications with the public be fair and balanced and provide a sound basis for evaluating the facts in regard to any particular security or type of security, industry, or service. Because Chakrabortti's disclosure of his personal financial holdings was incomplete in certain research reports and public appearances, these communications violated NASD Rule 2210(d)(1)(A), which requires sales material, including research reports, to provide a sound basis for evaluating the facts relating to the securities covered in the report, and Rule 2110.

C. Chakrabortti Caused Books and Records Violations

After disclosing all of his personal financial holdings to Morgan Stanley, Chakrabortti did not ensure that these holdings were subsequently disclosed in certain research reports. As a result, Morgan Stanley published incomplete research reports. In addition, Chakrabortti did not inform Morgan Stanley of certain of his public appearances in a timely manner, and did not obtain approval from the Firm to discuss certain issuers during his public appearances. These omissions caused the Firm to have incomplete records of his public appearances. Chakrabortti thereby caused violations of NASD Rules 2711(h)(9), 2711(h)(12), and 3110(a), which require members to make and preserve certain books and records.

B. I also consent to the imposition of the following sanctions:

1. A fine of \$15,000;
2. A suspension from association with any member of FINRA in any capacity for a period of 15 calendar days; and

3. An undertaking to re-qualify as a Research Analyst by such examination as required by FINRA, prior to participating in any capacity in any research reports and/or public appearances involving any FINRA member.

The fine shall be due and payable either immediately upon reassociation with a member firm following the 15 day 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.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or

body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

I understand that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

3/24/2011
Date (month/day/year)

Abhijit Chakraborti
Abhijit Chakraborti
Respondent

Reviewed by:

[Signature]
Patrick Smith, Esq.
DLA Piper LLP (US)
1251 Avenue of the Americas
New York, New York 10020-1104
212-335-4685

Accepted by FINRA:

3/25/1011
Date

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

[Signature]
Penny Rosenberg
Director
FINRA Department of Enforcement
14 Wall Street
New York, NY 10005