

OFFICE OF HEARING OFFICERS

DISCIPLINARY PROCEEDING
No. 2009018076101

1. While associated with a FINRA member firm, Respondent Blair A. West misused approximately \$113,513.68 deposited with his firm by a corporate client. As a result, Respondent violated FINRA Rule 2010.
2. In addition, in connection with a separate transaction, West caused his firm to violate Securities Exchange Act of 1934 ("SEA") Rule 15c2-4 by failing to utilize a proper escrow account in connection with a contingency offering and by prematurely releasing funds before the contingency was satisfied. As a result, West violated NASD Conduct Rule 2110.

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RESPONDENT AND JURISDICTION

3. West first became registered as a General Securities Representative ("GS") through Credit Suisse First Boston Corporation (BD # 816) in January 1996. In March 2003, West founded Crusader Securities LLC (BD # 126542), which is now defunct. In July 2003, West became registered as a General Securities Principal ("GP") through Crusader. In September 2003, he became registered as a Financial Operations Principal ("FINOP") through Crusader.
4. On February 11, 2011, Crusader filed a Uniform Request for Withdrawal From Broker-Dealer Registration (Form BDW). Since April 2011, West has been registered as a GS through another member firm.

FIRST CAUSE OF ACTION

(Misuse of Customer Funds – FINRA Rule 2010)

5. The Department realleges and incorporates by reference paragraphs 1 through 4 above.
6. On or about October 22, 2008, Crusader entered into an agreement with ACII to advise ACII on various possible transactions, including capital raising and/or a merger or acquisition (the "Advisory Agreement").
7. In the fall of 2008, Crusader identified a capital source, ACS, to potentially provide ACII with an equipment loan. On December 15, 2008, ACII and ACS agreed to a term sheet concerning the proposed transaction. Pursuant to the term sheet, ACII was required to make an initial deposit of \$113,513.68 representing the first and last payment that would be due under the proposed transaction ("ACII Deposit").

8. Under the term sheet arranged by Crusader, ACII and ACS agreed that the ACII Deposit would be "held by Crusader until closing."
9. On or about December 24, 2008, ACII wired the ACII Deposit to an account entitled "Crusader Securities LLC Escrow Account" controlled by Crusader. Shortly thereafter, and unbeknownst to ACII, West caused Crusader to disburse the ACII Deposit to other Crusader accounts. Thereafter, Crusader disbursed a portion of the funds to West's personal bank account. During the period December 24, 2008 – March 31, 2009, West used the entirety of the ACII Deposit to pay business expenses of Crusader and to pay his own personal expenses, including his mortgage loan payments and other bills.
10. In late March 2009, ACII and ACS terminated the term sheet. In early April, 2009, ACII asked Crusader to release the ACII Deposit back to ACII. Crusader, however, did not have the funds, and West put off ACII with a series of excuses. On April 29, 2009, after ACII complained to FINRA that its funds had been converted, West repaid ACII with a wire from his personal bank account in the amount of \$113,483.68.
11. As a result of the foregoing conduct, West violated FINRA Rule 2010.

SECOND CAUSE OF ACTION

(Just and Equitable Principles of Trade – NASD Conduct Rule 2110)

12. The Department realleges and incorporates by reference paragraphs 1 through 10 above.

13. In or around May and June, 2008, Crusader acted as the lead placement agent in a private contingency offering for T.W.H. Inc. The offering was a best efforts offering and had a \$250,000.00 minimum and a \$3,000,000.00 maximum.
14. In connection with the offering, West established a bank account at a bank in Southampton, NY in the name of Crusader Securities LLC Escrow Account (the "Account"). West caused the Account to be used to hold funds from investors who purchased shares of T.W.H. Inc. in the offering until the minimum contingency was met.
15. The Account was not a bank escrow account and failed to conform to the requirements of SEA Rule 15c2-4 for accounts holding investor funds pending satisfaction of an offering contingency.
16. In addition, West caused Crusader to release a portion of the funds raised to itself as payment of its fees before the minimum contingency was met.
17. As a result of the foregoing conduct, West violated NASD Conduct Rule 2110.

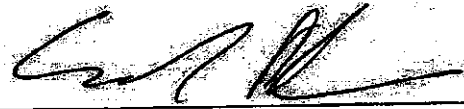
RELIEF REQUESTED

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 proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: June 29, 2011



**Samuel Barkin, Senior Regional Counsel
David Jaffe, Regional Chief Counsel
FINRA Department of Enforcement
One Liberty Plaza
New York, NY 10006
Phone: (212) 858-4074
Direct Fax: (202) 721-6573
e-mail: samuel.barkin@finra.org**