

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

NICK JAY LIANG
(CRD No. 3168199),

Respondent.

Disciplinary Proceeding
No. 2009019205301

Hearing Officer – Sara Nelson Bloom

DEFAULT DECISION

September 19, 2011

Respondent is barred from associating with any FINRA registered firm in any capacity for failing to appear and provide testimony, in violation of Procedural Rule 8210 and Conduct Rule 2010. In light of the bar, no additional sanctions were imposed for causing his firm to violate net capital requirements, in violation of Conduct Rule 2010, and causing his firm to maintain inaccurate books and records, in violation of Conduct Rules 3110 and 2010.

Appearances

Cynthia A. Kittle, Esq., appeared on behalf of the Department of Enforcement.

No appearance by or on behalf of Nick Jay Liang.

DECISION

I. Introduction

The FINRA Department of Enforcement (“Enforcement”) filed the attached Complaint with the Office of Hearing Officers on April 14, 2011. The Complaint charges Respondent Nick Jay Liang (“Respondent”) with three causes of action, including failing to appear and provide on-the-record testimony, in violation of FINRA Procedural Rule 8210 and FINRA Conduct Rule 2010. Consistent with the FINRA Sanction Guidelines, Enforcement requests that the Hearing Officer bar Respondent from

associating with any FINRA registered firm in any capacity for this violation. In the event that Respondent is barred for this violation, Enforcement seeks no sanctions for the remaining two causes of action, which allege that Respondent:

1. violated FINRA Conduct Rule 2010 by causing Etech Securities, Inc. (the "Firm") to violate Section 15 of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 15c3-1 thereunder, by causing the Firm to conduct a securities business while failing to maintain the minimum net capital; and
2. violated NASD Conduct Rule 3110 and FINRA Conduct Rule 2010 by causing the Firm's books and records not to be maintained consistent with the requirements of Exchange Act Section 17(a) and Rule 17a-3 thereunder.¹

II. Procedural History

On April 14, 2011, Enforcement served the Complaint and First Notice of Complaint on Respondent by mailing them to him at his most recent residential address recorded in the Central Registration Depository ("CRD") by first-class and certified mail, return receipt requested.² The certified mailing was returned as unclaimed and undeliverable. The first-class mailing was not returned.³ Respondent did not answer or otherwise respond to the Complaint.⁴

¹ The FINRA Rules, which include NASD Procedural and Conduct Rules, are available at www.finra.org/Rules.

² Kittle Decl. ¶ 6; CX-2.

³ Kittle Decl. ¶ 7; CX-2, CX-3.

⁴ Kittle Decl. ¶ 8.

On May 24, 2011, Enforcement served the Complaint and Second Notice of Complaint on Respondent by mailing them to him at his CRD address by first-class and certified mail, return receipt requested.⁵ The certified mailing was returned as unclaimed and undeliverable.⁶ The first-class mailing was not returned. Respondent did not answer or otherwise respond to the Complaint.⁷

On July 21, 2011, Enforcement filed a Motion for Entry of Default Decision (“Default Motion”), together with the declaration of Cynthia A. Kittle, Esq. (“Kittle Decl.”), the declaration of David A. Greene (“Greene Decl.”), and six exhibits.⁸

Respondent did not respond to Enforcement’s Default Motion. Accordingly, pursuant to Rules 9215(f) and 9269(a), the Hearing Officer granted Enforcement’s Default Motion and deemed the allegations in the attached Complaint admitted.

III. Findings of Fact and Conclusions of Law

A. Jurisdiction

Respondent was registered as a General Securities Representative, General Securities Principal, Limited Representative-Equity Trader, Registered Options Principal and Financial and Operations Principal (“FINOP”) with the Firm between May 2000 and March 2010.⁹ During this period, Respondent served as President and Chief Executive

⁵ Kittle Decl. ¶ 9; CX-4.

⁶ Kittle Decl. ¶ 10; CX-5.

⁷ Kittle Decl. ¶ 11.

⁸ Enforcement’s exhibits are labeled CX-1 through CX-6.

⁹ Kittle Decl. ¶ 3; CX-1.

Officer, as well as the Firm's FINOP.¹⁰ He has not been registered with FINRA since he left the Firm.¹¹

FINRA has jurisdiction over this disciplinary proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) the Complaint was filed within two years after FINRA terminated Respondent's registrations, and (2) the Complaint charges him with misconduct that occurred while he was associated with a FINRA member firm, and with failing to appear and provide on-the-record testimony during the two-year period following the termination of his FINRA registration.¹²

B. Failure to Appear and Provide On-The-Record Testimony

The Complaint alleges that Respondent failed to appear for on-the-record testimony requested by FINRA Staff ("Staff") pursuant to Rule 8210. Specifically, on June 10, 2010, Respondent confirmed to Staff that his CRD address was current.¹³ On June 30, 2010, Staff sent Respondent a written request, pursuant to Rule 8210, that he appear for an on-the-record interview on July 26, 2010.¹⁴ Staff sent the request via certified mail to Respondent's CRD address with a copy to his e-mail address.¹⁵ The certified letter was returned as unclaimed and undeliverable, and Respondent did not

¹⁰ *Id.*

¹¹ CX-1.

¹² See Article V, Sec. 4(a), FINRA By-Laws, *available at* www.finra.org/Rules (then follow "FINRA Manual" hyperlink to "Corporate Organization: By-Laws").

¹³ Greene Decl. ¶ 4.

¹⁴ Complaint ¶ 16.

¹⁵ *Id.*; Kittle Decl. ¶ 17.

respond to the Staff's e-mail.¹⁶ Respondent did not appear and provide his requested testimony on July 26, 2010.¹⁷

On August 2, 2010, Staff again sent Respondent a written request, pursuant to Rule 8210, that he appear for an on-the-record interview on August 18, 2010.¹⁸ Staff sent the request via certified mail to Respondent's CRD address as well as his last business address reflected in CRD and two other potential addresses that Staff identified through a Lexis/Nexis search.¹⁹ On August 10, 2010, Staff sent a copy of the request to Respondent's e-mail address.²⁰ All four certified letters were returned as unclaimed and undeliverable, and Respondent did not respond to the Staff's e-mail.²¹ Respondent did not appear and provide his requested testimony on August 18, 2010.²²

The facts alleged in the Complaint establish that Respondent violated FINRA Rules 8210 and 2010 by failing to appear and provide on-the-record testimony.

C. Net Capital and Bookkeeping Violations

The Hearing Officer also finds that the facts alleged in the Complaint are sufficient to establish that Respondent committed the remaining violations alleged in the Complaint.

1) Net Capital Violation - FINRA Rule 2010

As set forth in greater detail in the attached Complaint, Respondent, while serving as the Firm's FINOP, President and Chief Executive Officer, violated FINRA Rule 2010

¹⁶ Complaint ¶ 17.

¹⁷ Kittle Decl. ¶ 17.

¹⁸ Complaint ¶ 19.

¹⁹ *Id.*

²⁰ *Id.*; Kittle Decl. ¶ 17.

²¹ Complaint ¶ 20.

²² Complaint ¶ 21; Kittle Decl. ¶ 17.

by causing the Firm to violate Section 15 of the Exchange Act and Rule 15c3-1 thereunder, by conducting a securities business using the means and instrumentalities of interstate commerce while failing to maintain the minimum net capital required for the type of business it conducted.

Specifically, between January and June 2009, Respondent caused the Firm to use a cash accounting system that failed to accrue certain liabilities, including over \$500,000 in commissions payable, over \$18,000 in rents payable, over \$8,000 in unpaid salaries, and over \$90,000 in liabilities arising from a draw down on a letter of credit (and inaccurately reflecting the letter of credit as a \$150,000 allowable asset). During the same period, the Firm failed to exclude certain non-allowable assets, including fees due to the Firm in connection with consulting services.

Accordingly, on at least six days in 2009, the Firm conducted a securities business while failing to maintain the minimum net capital required for the type of business it conducted.

2) Books and Records Violation – Conduct Rules 3110 and 2010

As set forth in greater detail in the attached Complaint and the discussion above, between January and June 2009, Respondent violated NASD Conduct Rule 3110 and FINRA Conduct Rule 2110 by failing to accurately record the Firm's liabilities and assets and failing to maintain and preserve records of its credit card bills and receipts.

IV. Sanctions

The FINRA Sanction Guidelines (“Sanction Guidelines”) for failing to respond to FINRA Rule 8210 requests for information provide that a bar should be “standard” when there is a complete failure to respond.²³

The Hearing Officer finds that a bar from associating with any FINRA registered firm in all capacities is an appropriately remedial sanction given all of the facts and circumstances of this case, including a lack of mitigating factors that would warrant a lesser sanction. The Staff was seeking important information regarding operational and financial issues. Accordingly, the Hearing Officer will bar Respondent from associating with any FINRA registered firm in all capacities.

V. Conclusion

Respondent is barred from associating with any member firm in any capacity for failing to appear and provide testimony, in violation of Procedural Rule 8210 and Conduct Rule 2010. The bar shall become effective immediately if this Default Decision becomes the final disciplinary action of FINRA. In light of the bar, no additional sanctions were imposed for causing his firm to violate net capital requirements, in violation of Conduct Rule 2010, and causing his firm to maintain inaccurate books and records, in violation of NASD Conduct Rule 3110 and FINRA Conduct Rule 2010.


Sara Nelson Bloom
Hearing Officer

²³ FINRA Sanction Guidelines 33 (2011), www.finra.org/sanctionguidelines.

Copies to: Nick Jay Liang (*via first-class mail and overnight courier*)
Cynthia A. Kittle, Esq. (*via electronic and first-class mail*)
Mark P. Dauer, Esq. (*via electronic mail*)
David R. Sonnenberg, Esq. (*via electronic mail*)

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

NICK JAY LIANG
(CRD No. 3168199),

Respondent.

DISCIPLINARY PROCEEDING
No. 2009019205301

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. On six occasions between January 30, 2009 and June 24, 2009, Etech Securities, Inc. (Etech), now defunct, conducted a securities business while failing to maintain the minimum net capital required by Section 15 of the Securities Exchange Act of 1934 and Rule 15c3-1. During the relevant period, Respondent Nick Jay Liang was Etech's president and financial and operations principal (FINOP). Liang caused Etech to fail to maintain minimum net capital in violation of FINRA Rule 2010. Liang also caused the firm to have inaccurate books and records, in violation of NASD Conduct Rule 3110 and FINRA Rule 2010. Liang also failed to appear for on-the-record testimony, in violation of FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Respondent Nick Jay Liang first became registered with a FINRA firm in or about April 1999. In or about October 1999, Liang became registered as a General Securities

Principal. In or about November 2000, he became registered as an Equity Trader. In or about December 2001, he became registered as a FINOP. From in or about May 1, 2000 to January 22, 2010, Liang served as President, Chief Executive Officer and FINOP of Etech (CRD #104195). On or about January 22, 2010, Etech filed a Form BDW, which became effective on March 23, 2010.

3. Although Liang has not been associated with a FINRA member firm since January 22, 2010, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) the Complaint was filed within two years after the date upon which he ceased to be associated with a FINRA member, and (2) the Complaint charges him with misconduct committed while he was associated with a FINRA member and with failing to appear for on-the-record testimony during the two-year period after the date upon which he ceased to be associated with a FINRA member.

FIRST CAUSE OF ACTION

**(Causing the Firm to Violate Section 15 of the Exchange Act and Rule 15c3-1)
(FINRA Rule 2010)**

4. The Department realleges and incorporates by reference paragraphs one through three above.

5. Between January and June 2009, Liang caused Etech to employ a cash accounting system.

6. Between January and June 2009, the firm failed to accrue certain liabilities, including the following:

- a. Beginning on or about November 19, 2007, and continuing through at least June 24, 2009, the firm failed to accrue commissions payable, in the approximate amount of at least \$503,124.00;

- b. Between in or about February through April 2009, the firm failed to accrue past due rent payables in the approximate amount of \$18,063.25 per month;
- c. Between in or about April through June 2009, the firm failed to accrue earned but unpaid salaries in the approximate amount of \$8,500.00 per month; and
- d. In or about May 2009, the firm failed to accrue the liability arising from a draw upon a letter of credit, in the approximate amount of \$91,581.73, and inaccurately reflected the letter of credit as an allowable asset in the amount of \$150,000.00.

7. Between January and June 2009, the firm failed to exclude certain non-allowable assets from its net capital computations, including fees due to the firm in connection with consulting services.

8. On at least six days in 2009, including January 30, February 27, March 31, April 30, May 29, and June 24, 2009, Etech conducted a securities business by engaging in securities transactions, as reflected on Schedule A, attached hereto.

9. As a result of the conduct described in paragraphs four through eight above, on at least six days in 2009, including January 30, February 27, March 31, April 30, May 29, and June 24, 2009, Etech violated Section 15 of the Exchange Act and Rule 15c3-1, promulgated thereunder, by conducting a securities business by using the means and instrumentalities of interstate commerce while failing to maintain the minimum net capital required for the type of business it conducted, as reflected on Schedule B, attached hereto.

10. Each of the foregoing instances in which Liang caused Etech to conduct a securities business while failing to maintain the minimum required net capital, as set forth in paragraphs four through nine above, constitutes a separate and distinct violation of FINRA Rule 2010 by Liang.

SECOND CAUSE OF ACTION
(Books and Records)
(NASD Conduct Rule 3110 and FINRA Rule 2010)

11. The Department realleges and incorporates by reference paragraphs one through ten above.

12. As alleged in paragraphs five through seven above, between January and June 2009, Liang failed to record accurately the firm's liabilities and assets, and thereby caused Etech to maintain inaccurate books and records.

13. Between January and June 2009, Etech, acting through Liang, failed to maintain and preserve records of its credit card bills and receipts.

14. By virtue of the foregoing, Liang violated NASD Conduct Rule 3110 and FINRA Rule 2010 in that he caused Etech to create and maintain inaccurate books and records, in violation of Section 17(a) of the Exchange Act and Rule 17a-3 promulgated thereunder, NASD Conduct Rule 3110, and FINRA Rule 2010.

THIRD CAUSE OF ACTION
(Failure to Appear For On-The-Record Testimony)
(FINRA Rule 8210 and 2010)

15. The Department realleges and incorporates by reference paragraphs one through 14 above.

16. On or about June 30, 2010, FINRA staff sent a letter to Liang requesting that he appear for on-the-record testimony at FINRA's District 2 offices on July 26, 2010 at 9:00 a.m.,

pursuant to Rule 8210. The request was sent via certified mail to Liang's CRD address, and a copy was emailed to Liang's e-mail address: jay@etechsecurities.com, as requested by Liang.

17. The certified letter was returned to FINRA as unclaimed and undeliverable, and Liang did not respond to the staff's email correspondence.

18. On July 26, 2010, Liang failed to appear at FINRA's District 2 offices for testimony.

19. On or about August 2, 2010, FINRA staff sent a second letter to Liang, requesting that he appear for on-the-record testimony at FINRA's District 2 offices on August 18, 2010 at 9:00 a.m., pursuant to Rule 8210. The request was sent via certified mail to Liang's CRD address as well as his last business address reflected in CRD and two other potential addresses that the staff identified through a Lexis/Nexis search. On August 10, 2010, FINRA staff sent a copy of the letter to Liang at jay@etechsecurities.com.

20. All four certified letters were returned to FINRA as unclaimed and undeliverable, and Liang did not respond to the email from the FINRA staff.

21. On August 18, 2010, Liang failed to appear at FINRA's District 2 offices for his testimony.

22. A summary of the Rule 8210 letters issued to Liang is attached hereto as Schedule C.

23. By reason of the foregoing, Liang violated FINRA Rules 8210 and 2010.

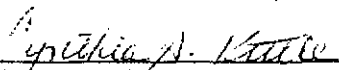
RELIEF REQUESTED

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; and
- 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: April 14, 2011


Cynthia A. Kittle, Senior Regional Counsel
Sandra J. Harris, Deputy Regional Chief Counsel
Jacqueline D. Whelan, Regional Chief Counsel
FINRA Department of Enforcement
300 S. Grand Avenue, Suite 1600
Los Angeles, CA 90071
(213) 613-2616; Fax: (213) 617-1570
cynthia.kittle@finra.org
sandra.harris@finra.org
jacqueline.whelan@finra.org