

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009020780101**

TO: Office of Fraud Detection and Market Intelligence
Financial Industry Regulatory Authority ("FINRA")

RE: Daniel Edward Chrusciel, Respondent
CRD No. 3115405

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent, Daniel Edward Chrusciel ("Chrusciel"), 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

Chrusciel was registered with FINRA member firms from 1998 until February 23, 2010. He is not currently registered with a FINRA member firm. Chrusciel has no disciplinary history.

FACTS AND VIOLATIVE CONDUCT

1. From 2003 until February 2010, Chrusciel was a registered trading representative at a FINRA member firm responsible for processing trade orders for the firm's discount brokerage clients. His responsibilities included processing trades for customers who subscribed to third-party advisory services that made recommendations to clients, which were then executed through accounts at his firm. In connection with these duties, Chrusciel had access to the firm's Average Price Account, which he used to process the trades made based on the recommendations of the third-party advisors.

Chrusciel fraudulently deprived customers of best execution (Violations of NASD Rules 2110, 2120, and 2320 and Section 10(b) of the Securities Act of 1934 and Rule 10b-5 thereunder)

2. In ten instances between December 2006 and April 2008, Chrusciel processed options trades in his firm's Average Price Account that were then executed by its clearing firm, but credited customers with inferior prices to the actual street execution price. In each of the ten instances, he created a fictitious transaction to journal a portion of the difference between the street price and the inferior price booked to client accounts from the Average Price Account to personal accounts he held at the firm, thereby depriving customers of best execution for their securities transactions.
3. For example, on December 20, 2006, Chrusciel entered a sell to open ("STO") trade in the Average Price Account for 83 options contracts at \$.80, then booked the trade to customer accounts at \$.75, resulting in a cost differential of \$415.00 (\$.05 multiplied by 83 contracts). In order to move a portion of those proceeds to his personal account, he then bought and sold one contract on the street at \$1.10, but booked these trades to his account as buy to open ("BTO") 1 at \$1.10 and sell to close ("STC") 1 at \$4.60, which in effect moved \$350.00 of the \$415.00 from the Average Price Account to his personal account. Chrusciel did not always journal the full amount of the profit to his personal account because the available buying power in his accounts would not support a transaction large enough to do so and he did not want to raise any suspicions regarding this activity.
4. In another example, on January 11, 2007, Chrusciel entered a street trade BTO 41 option contracts at \$5.40 and then booked the contracts to customers as BTO 41 at \$5.50, resulting in a cost differential of \$410.00 between the street trade and the booked trades. In order to move a portion of those proceeds to his own account, he then bought and sold one options contract on the street at \$5.50, but booked the trade as BTO 1 at \$.40 and STC 1 at \$1.20, resulting in a profit of \$80.00 to his own account.
5. From February 2007 to April 2008, Chrusciel booked eight other transactions in a similar manner which resulted in customers not receiving the street execution price. The discrepancies between the street price and the actual price booked to the customers' accounts totaled \$2,280 for the ten transactions. In each instance, Chrusciel also created fictitious options transactions to journal profits from the customer transactions to his personal securities accounts.
6. Accordingly, Chrusciel fraudulently deprived customers of receiving best execution for their options contracts, in violation of NASD Rules 2110 and 2320, and, directly or indirectly, by use of means or instrumentalities of interstate commerce, intentionally or recklessly employed a device, scheme or artifice to defraud or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit in connection with the purchase or sale of a

security, in willful violation of Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder, and in violation of NASD Rules 2110 and 2120.

Chrusciel converted \$1,305 from the firm's Average Price Account to his personal accounts (violations of NASD Rule 2110)

7. Using fictitious transactions as described above, Chrusciel misappropriated from the firm Average Price Account to his personal accounts \$1,305 of the total \$2,280 that represented the difference between the prices booked to their accounts and the street price to which the customers were entitled. By converting \$1,305 from the firm's Average Price Account, Chrusciel violated NASD Rule 2110.

Chrusciel improperly conducted equities and options day-trades through his firm's Average Price Account (violations of NASD Rule 2110 (known as FINRA Rule 2010 effective December 15, 2008))

8. On multiple occasions in 2008 and 2009, Chrusciel used the firm's inventory accounts to place trades that were ultimately allocated to his personal accounts and accounts held by his wife and mother. He accomplished this by creating fictitious trades as a means to move the gains he obtained by trading in the inventory accounts to his personal accounts or to accounts held by his wife or mother. Chrusciel used the firm's inventory accounts, rather than his personal accounts, because he lacked the buying power in his personal accounts to place the trades.
9. In September 2008, the firm's management learned that Chrusciel was using the firm's inventory accounts to effect trades and transferring profits to his personal account. The firm then verbally warned Chrusciel that he was not permitted to use inventory accounts for personal trading and distributed a written memorandum to all employees telling them that this practice was prohibited. Chrusciel ignored the firm's warning and continued to violate the firm's policy. However, to avoid detection by his firm, Chrusciel stopped using his own accounts and began allocating the trades to accounts held by his wife and mother. In August 2009, the firm warned him, in writing, to stop using firm inventory accounts for personal trading. Chrusciel was told that he would be terminated if he violated the firm's policies again.
10. By ignoring the firm's procedures, and its oral and written instructions, and by using the firm's inventory accounts for personal trading and creating fictitious trades, as described above, Chrusciel violated NASD Rule 2110 (known as FINRA Rule 2010 effective December 15, 2008).

Chrusciel engaged in unauthorized trading in customer accounts (violations of NASD Rules 2110 (known as FINRA Rule 2010 effective December 15, 2008) and 2510(b))

11. In multiple instances in 2008 and 2009, Chrusciel effected transactions in his mother's account and wife's account at his firm in order to move the profits generated by his day trading in the firm's accounts to his family members' accounts. Chrusciel did not have prior written authorization from them to exercise discretionary power over their accounts. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 (known as FINRA Rule 2010 effective December 15, 2008) and 2510(b).

Chrusciel forged customer signatures on firm documents (violation of NASD Rule 2110 (known as FINRA Rule 2010 effective December 15, 2008))

12. In multiple instances in 2008 and 2009, after effecting trades in the firm account and moving the proceeds to his family members' accounts, Chrusciel forged his wife's name and his mother's name on wire transfer forms in order to move the funds obtained through this misconduct to bank accounts in which he had an interest. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 2110 (known as FINRA Rule 2010 effective December 15, 2008).

Chrusciel caused his firm to maintain inaccurate books and records (violations of NASD Rules 2110 (known as FINRA Rule 2010 effective December 15, 2008) and 3110)

13. Chrusciel created fictitious trades in the firm's inventory accounts in order to journal to his account the proceeds from his day-trading activities and the proceeds from the customer trades that were booked at prices inferior to the price executed with the street. In addition, he forged his wife's signature and his mother's signature to wire transfer forms in order to wire the proceeds generated from his misconduct to bank accounts. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 (known as FINRA Rule 2010 effective December 15, 2008) and 3110 by causing his firm to maintain inaccurate books and records.

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

A bar in all capacities from associating with any FINRA member.

I understand that if I am barred 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 (see FINRA Rules 8310 and 8311).

I understand that this settlement includes a finding that I willfully violated Section 10(b) of the Securities Exchange Act of 1934. Pursuant to Article III, Section 4, of FINRA's By-Laws, this makes me subject to a statutory disqualification with respect to association with a member.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar shall become effective upon approval or acceptance of this AWC.

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.

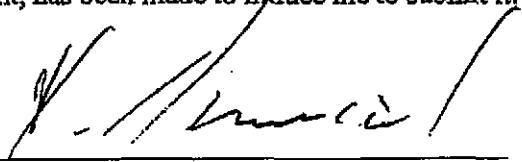
OTHER MATTERS

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.

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.

3.8.10
Date


Daniel Edward Chrusciel

Accepted by FINRA:

March 11, 2010
Date

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

Michael J. Dixon
Michael J. Dixon
Counsel
Department of Market Regulation