

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Lazaro E. Salado
CRD No. 2899323

Respondent.

DISCIPLINARY PROCEEDING
No. 2009021081301

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. From January 13, 2005 through May 8, 2009, Respondent Lazaro E. Salado, while registered with Wells Fargo Advisors, LLC ("Wells Fargo" or the "Firm"), misappropriated \$186,114.28 from three customers in violation of NASD Rule 2110 and FINRA Rule 2010. Salado also failed to comply with FINRA's requests for documents and information in violation of FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Salado entered the securities industry in May 1997 when he became registered with a FINRA-regulated firm as a General Securities Representative. He registered through First Union Securities, Inc. on December 21, 2000. First Union Securities, Inc.

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became Wachovia Securities, LLC in 2003 and then Wells Fargo in 2008. On July 7, 2009, Wells Fargo filed a Uniform Termination Notice for Securities Industry Registration form with FINRA on Salado's behalf, terminating his association as of June 30, 2009.

3. Although Salado is not currently associated with a FINRA-regulated firm, he remains within the jurisdiction of FINRA pursuant to Article V, Section 4 of the FINRA 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 that occurred while he was associated with a FINRA-regulated firm.

FIRST CAUSE OF ACTION

Misappropriation of Customer Funds Violation of NASD Rule 2110 and FINRA Rule 2010

4. The Department re-alleges and incorporates by reference paragraphs 1-3 above.

Customer RH

5. Salado was RH's financial advisor during all relevant times herein.
6. On June 14, 2006, Salado caused Wachovia Bank ("Wachovia") to issue a check for \$35,000 from Customer RH's bank account. The check was made payable to a personal account of Salado's over which Customer RH had no possession or control.
7. The check was deposited into Salado's personal account and bore a signature purporting to be that of Customer RH.
8. Customer RH did not authorize the withdrawal and did not sign the check.

Customer CH

9. Salado was CH's financial advisor during all relevant times herein.
10. On December 31, 2008, Salado caused Wachovia to issue a check for \$71,114.28 from Customer CH's bank account. The check was made payable to a personal account of Salado's held at another banking institution over which Customer CH had no possession or control.
11. The check was deposited into Salado's personal account and bore a signature purporting to be that of Customer CH.
12. Customer CH did not authorize the withdrawal and did not sign the check.

Customer DG

13. Salado was DG's financial advisor during all relevant times herein.
14. On May 8, 2009, Salado caused Wachovia to issue a check for \$80,000 from Customer DG's bank account. The check was made payable to a personal account of Salado's held at another banking institution over which Customer DG had no possession or control.
15. The check was deposited into Salado's personal account and bore a signature purporting to be that of Customer DG.
16. Customer DG did not authorize the withdrawal and did not sign the check.
17. By misappropriating customer funds, Salado violated NASD Rule 2110 and FINRA Rule 2010.

SECOND CAUSE OF ACTION

**Failure to Respond to FINRA Requests
Violation of FINRA Rules 8210 and 2010**

18. The Department re-alleges and incorporates by reference paragraphs 1-17 above.
19. By letter dated December 30, 2009, FINRA staff requested, pursuant to FINRA Rule 8210, that Salado provide a written response to the allegations of the conduct described above. The letter was sent via certified mail, return receipt requested and first class regular mail to Salado's last known address as contained in the Central Registration Depository ("CRD address"). Both letters were returned on January 15, 2010, marked as "Return to Sender, Attempted – Not Known, Unable to Forward." As of the date hereof, Salado has failed to respond to the staff's December 30, 2009 letter.
20. FINRA staff located an additional potential address ("Lexis address") for Salado and on January 25, 2010, FINRA staff sent a second request to the CRD address and the Lexis address pursuant to FINRA Rule 8210, via certified, return receipt requested and first class mail. Both the certified copy and the first class copy of the letter sent to the CRD address were returned on January 30, 2010, marked as "Return to Sender, Attempted – Not Known, Unable to Forward." The certified copy of the letter sent to the Lexis address was returned on February 19, 2010, marked as "Return to Sender, Attempted – Not Known, Unable to Forward." The first class copy of the letter sent to the Lexis address was not returned. As of the date hereof, Salado has failed to respond to the staff's January 25, 2010 letter.
21. FINRA staff mailed a third request letter pursuant to FINRA Rule 8210 on February 9, 2010. The letter was sent via certified mail, return receipt requested and first class regular mail to Salado's CRD address and the Lexis address. The letters sent via certified mail and first class mail to the CRD address were returned on March 3,

2010, and February 18, 2010, respectively, marked as "Return to Sender, Attempted – Not Known, Unable to Forward." According to the postal authorities, Salado signed for the certified letter sent to the Lexis address on February 12, 2010, at 1:30 p.m. The first class copy of the letter sent to the Lexis address was not returned. As of the date hereof, Salado has failed to respond to the staff's February 9, 2010 letter.

22. By virtue of the foregoing, Salado 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, including a bar against the Respondent from associating with any member firm in any capacity, 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: _____

1/18/11



Jolina C. Cuaresma
Counsel
FINRA Department of Enforcement
1801 K Street, N.W.
Suite 800
Washington, D.C. 20006-1500
Phone: (202) 974-2982
Fax: (202) 721-1351
e-mail: jolina.cuaresma@finra.org