

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO.2010021224803**

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

RE: Charles Edward Krsek ("Krsek"), Respondent
CRD No. 1736245

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit 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

Krsek entered the securities industry in October 1987 as a sales representative with a FINRA member firm where he obtained his Series 22 license in 1988 and where he remained until March 1991. Between August 1991 and December 1995, Krsek was employed in a registered capacity at other FINRA member firms. Beginning in 1996, Krsek left the securities industry for several years and returned in August 1999 when he joined another FINRA member firm as a financial services representative where he obtained his Series 6, 7 and 63 licenses. He remained there until July 2000 when he began to work at MetLife Securities Inc. ("MetLife" or the "Firm") as a financial sales representative. In 2001, while at MetLife, he began to work as a functional manager responsible for training insurance representatives. In 2004, Krsek became an agency sales director and was responsible for supervising the day-to-day insurance operations of the Firm's Lady Lake, Florida office. In October 2007, Mr. Krsek obtained his Series 24 license and for the span of several months in 2008 and again in 2009, Krsek served as an Interim Managing Director at the Firm's Central Florida office.

Krsek continues to be employed at MetLife and currently holds Series 6, Series 7, Series 22, Series 24 and Series 63 licenses.

Krsek remains subject to FINRA's jurisdiction pursuant to Article V, Section 4, of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Krsek has no prior disciplinary history.

OVERVIEW

Krsek failed to properly review a joint brokerage account application for an account shared by a Firm registered representative, AL, and a Firm customer, MR, before opening the account. At the time that the account was opened, Firm policies and NASD Rule 2330(f) prohibited a registered representative from sharing in the profits and/or losses of a customer.¹ Thus, a Firm registered representative could not have a joint account with a customer. Despite the restriction, Krsek permitted the account to be opened and remain active. Krsek also failed to conduct Firm mandated periodic reviews of the activity in the joint brokerage account.

FACTS AND VIOLATIVE CONDUCT

NASD Rule 2110 and FINRA Rule 2010² provide that a member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade.

In March 2005, MR was 82 years old and had no known relatives or family members. On or about September 9, 2009, MR passed away.

In 2004, AL, a registered representative at the Firm, asked Krsek to open a trust brokerage account for MR, since AL did not have a Series 7 license and was not permitted to handle securities accounts other than variable annuities accounts. AL and MR are not related. Krsek submitted the account application for approval and became the assigned registered representative, but never monitored the activity in the account.

In March 2005, AL asked Krsek to open another account for MR. Krsek agreed to do so. The account application included AL as a joint account holder. Krsek did not prepare the joint account application and does not recall if he reviewed the joint account application or any documentation prior to opening the account. At the time that the joint account was opened, Krsek mistakenly believed that MR

¹ FINRA Rule 2150 (c) replaced NASD Rule 2330(f) in December, 2009.

² FINRA Rule 2010 replaced NASD Rule 2110 on December 15, 2008. As such, Krsek's actions prior to December 15, 2008 are violations of NASD Rule 2110 and following December 14, 2008 are violations of FINRA Rule 2010.

was related to AL. Krsek failed to notice that the section of the joint application that questioned whether any relatives of the customer worked for the Firm was marked, "No" despite AL being a joint account holder with MR.

The opening of this account and permitting it to remain open through December 2009, caused a violation of Firm policies and procedures as well as NASD Rule 2330(f) and FINRA Rule 2150(c) because AL, a registered representative at the Firm, was not permitted to share directly or indirectly in profits or losses in a customer's account. In addition, between at least March 2005 and January 2009, the Firm had written policies and procedures regarding the sharing of joint brokerage accounts by Firm customers and the Firm's financial representatives. The Firm's policies and procedures specifically prohibited registered representatives or principals from "sharing directly or indirectly in profits or losses in an individual's account."

In January 2009, the Firm amended its policies and procedures to explicitly state that "registered representatives may not be the owner or beneficiary of an individual's contract, policy or account, including but not limited to an insurance policy, investment account, annuity contract or bank account, except for family members and other insurable interest such as business partners, regardless of whether the individual is a client or where the contract is held. This prohibition included any co-ownership, beneficiary or joint ownership beneficiary capacity."

The joint account remained open from March 2005 until December 2009. By virtue of the foregoing, Krsek violated NASD Rule 2110 and FINRA Rule 2010 by opening and permitting to remain open a joint account held by another registered representative employed with his member firm employer and a person unrelated to that registered representative in violation of the policies of Krsek's member firm employer

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

- a suspension from association with any FINRA member firm in all capacities for 10 business days; and
- a \$7,500 fine.

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 Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a) (39) of the Securities Exchange Act of 1934. 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).

I agree to pay the monetary sanction(s) upon notice that this AWC has been accepted and

that such payment(s) are due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

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.

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.

5/11/12
Date

Charles Krsek
Charles Krsek, Respondent

Reviewed by:

William Zeena, Jr.
William Zeena, Jr., Counsel for Respondent
Kaplan Zeena LLP
2 South Biscayne Boulevard
One Biscayne Tower, Suite 3050
Miami, Florida 33131-1806

Accepted by FINRA:

5-30-12
Date

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

Richard R. Best
Richard R. Best
Chief Counsel
FINRA Department of Enforcement
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New York, NY 10005
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This Statement of Corrective Action is submitted by Respondent Charles Krsek. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.

Statement of Correction Action
as Submitted by Respondent Charles Krsek
Matter No. 20100212248

Mr. Krsek has reviewed his employer firm policies and procedures and has ensured that the one brokerage account which he currently services, in addition to his own personal brokerage account, fully complies with the firm's policies and procedures. Additionally, Mr. Krsek will regularly review firm policies to determine whether any updates have been issued. Further, Mr. Krsek will, at a minimum, review all of the brokerage accounts he services on a monthly basis for all account activity and he will regularly communicate with his clients to confirm that the activity in his clients' accounts was effected with their knowledge and consent.