

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010021521701**

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

RE: Alexander E. Lessard, Respondent
General Securities Representative
CRD No. 2978066

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Alexander E. Lessard, 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. Respondent hereby accepts and consents, 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

Lessard first became registered as a General Securities Representative in 1997. From March 31, 2008 through May 22, 2009, Lessard was registered with FINRA member UBS Financial Services Inc. ("UBS" or "Firm"). From May 5, 2010 to the present, Lessard has been registered with another FINRA member. Lessard does not have any disciplinary history.

OVERVIEW

From April 2008 through July 2008, Lessard exercised discretion in two Firm accounts owned by customer C.S., without written authorization from the customer and acceptance by the Firm, in violation of NASD Rules 2510(b) and 2110. In addition, from April 3, 2008 through April 15, 2009, Lessard improperly used personal email accounts to communicate with Firm customers, including C.S., in violation of NASD Rule 2110 and FINRA Rule 2010. Finally, on September 10, 2008, Lessard negligently made written misrepresentations to C.S.

about the characteristics of a Lehman convertible preferred stock that he purchased in her accounts, in violation of NASD Rule 2110.

FACTS AND VIOLATIVE CONDUCT

1. Discretion Without Written Authorization

From April 25, 2008 through July 31, 2008, Lessard exercised discretion in two of customer CS's accounts in connection with 65 securities transactions, without obtaining written authorization from the customer or obtaining his employer-member's written acceptance. Lessard subsequently failed to disclose on his firm's annual compliance questionnaire that he had exercised discretion in a customer account.

By exercising discretion in a customer account without obtaining the customer's written authorization to exercise discretion or his employer-member's written acceptance of the accounts as discretionary, Lessard violated NASD Conduct Rules 2510(b) and 2110.

2. Improper Use of Personal Email Accounts

From April 3, 2008 through April 15, 2009, Lessard engaged in email communications with Firm customers, including C.S., through the use of three personal email accounts. These email communications were not captured and maintained by the Firm. Lessard's use of his personal email accounts prevented the Firm from monitoring, reviewing and retaining these business communications, as required pursuant to NASD Rule 3010(d). The Firm's written procedures prohibited representatives from conducting Firm business on personal email accounts at third-party providers. Lessard failed to inform the Firm that he was using personal email account for business purposes, and failed to disclose this practice on an annual compliance questionnaire.

The foregoing acts, practices, and conduct are inconsistent with high standards of commercial honor and just and equitable principles of trade, in violation of NASD Rule 2110 from April 3, 2008 to December 15, 2008, and FINRA Rule 2010 from December 15, 2008 to April 15, 2009.

3. Negligent Misrepresentation

On July 31, 2008, Lessard recommended and purchased in CS's Firm account 100 shares of 8.75% non-cumulative, mandatory¹ convertible preferred stock issued by Lehman Brothers Holdings, Inc. ("Lehman"), at a price of \$695.00 per share,

¹ Mandatory conversion to common stock on July 1, 2011.

for a total price of \$69,505.25.¹ In the course of purchasing the Lehman convertible preferred stock for C.S.'s account, however, Lessard failed to determine accurately the nature of the security and incorrectly considered the security to be a debt instrument.

On September 10, 2008, Lessard, used a personal email account to send an email to C.S. in which he incorrectly informed her that he had purchased a Lehman convertible bond in two of her accounts. In the email, Lessard stated that "[t]he ultimate return on this bond is projected to be both the full return of principal – which would be about a gain from where we bought it – plus the 15% times whatever holding time we ultimately have...." Lessard further stated: "It [the Lehman security] is not exposed to the equity risks of the company."

Contrary to Lessard's representation, the security he purchased in C.S.'s account was a convertible stock, rather than a convertible bond. On September 15, 2008, Lehman filed for protection under Chapter 11 of the United States Bankruptcy Code; the convertible stock defaulted. In addition, the New York Stock Exchange delisted Lehman's common stock. As a result, C.S. incurred a near total loss of the principal amount of her position in the Lehman convertible preferred stock.

The foregoing acts, practices, and conduct are inconsistent with high standards of commercial honor and just and equitable principles of trade, in violation of NASD Rule 2110 and FINRA Rule 2010.

B. Respondent also consents to the imposition of the following sanctions:

- A suspension from associating with any FINRA member firm in any capacity for a period of 30 business days; and
- A requirement that he re-qualify as a General Securities Representative by passing the Series 7 examination no later than 60 days following the completion of his suspension.

On or about August 31, 2009, Respondent filed a petition for protection under Chapter 7 of the United States Bankruptcy Code. On or about January 25, 2010, an order of discharge was entered. Accordingly, no monetary sanction is being assessed in this matter.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, Respondent 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).

¹ Between August 19, 2008 and September 12, 2008, Lessard subsequently purchased an additional 700 shares in CS's investment advisory accounts, resulting in a cost basis on the total position of 800 shares of \$246,955.25.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives 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, Respondent specifically and voluntarily waives any right to claim bias or prejudice 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.

Respondent further specifically and voluntarily waives 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

Respondent understands 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 him; and

C. If accepted:

1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against him;
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. Respondent 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. Respondent 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 his: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he 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.

Respondent certifies that he has read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that he has 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 him to submit it.

6/3/2013
Date (mm/dd/yyyy)

Alex E. Lessard
Alexander E. Lessard

Reviewed by:

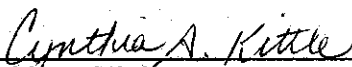


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Accepted by FINRA:

August 8, 2013
Date

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


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