

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Thaddeus Newel
(CRD No. 2060528),

Respondent.

DISCIPLINARY PROCEEDING
No. 2010021728601

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. In June 2008, Respondent Thaddeus Newel ("Newel") told one of his customers, a recently-widowed senior investor, that she had too much cash and needed to invest some of her savings. The customer trusted Newel and wrote three checks, totaling \$135,000, to "Newel Adams Inc." over the next 11 months. Newel endorsed the checks and used the proceeds for his own personal use. In addition, on May 19, 2010 and June 4, 2010, the staff sent two requests for information, pursuant to Rule 8210, to Newel's CRD address of record. Newel failed to respond to the staff's requests for information.

RESPONDENT AND JURISDICTION

2. Between approximately August 1997 and January 2010, Newel was registered as a General Securities Representative with Equitas America ("Equitas"), a FINRA registered firm. Newel is not currently registered with a FINRA firm. Although Newel has not been associated with a FINRA firm since January 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 firm and (2) the Complaint charges him with misconduct committed while he was associated with a FINRA firm, and with failing to respond to FINRA requests for information during the two-year period after the date upon which he ceased to be associated with a FINRA firm.

FIRST CAUSE OF ACTION FINRA Rule 2010 Conversion

3. The Department realleges and incorporates by reference Paragraph 2 above.

4. During all relevant times, Y.S. was a public customer and senior investor who maintained a securities account at Equitas that was serviced by Newel.

5. On or about June 17, 2008, shortly after Y.S.'s husband passed away, Newel told Y.S. that she had too much cash and needed to invest some of her savings.

6. Newel instructed Y.S, who did not know anything about investing and trusted Newel, to write a total of three checks, all payable to Newel's d/b/a, "Newel Adams Inc.," which Y.S. did against her checking account held at a credit union, for the apparent purposes of making investments. The first check, dated June 17, 2008 and

numbered [REDACTED] was written in the amount of \$70,000. The back of the first check was endorsed on June 26, 2008 by Newel. The second check, dated February 24, 2009 and numbered [REDACTED] was written in the amount of \$20,000. The back of the second check was endorsed on February 24, 2009 by Newel. The third check, dated May 13, 2009 and numbered [REDACTED] was written in the amount of \$45,000. The back of the third check was endorsed on May 14, 2009 by Newel.

7. Newel represented to Y.S. that he had invested the \$135,000 in funds that Y.S. had given him in annuities.

8. However, Newel had not invested the \$135,000 that Y.S. had given him, as she had thought. Instead, Newel used the \$135,000 for his own benefit or for the benefit of someone other than Y.S., without the knowledge or consent of Y.S.

9. The acts, practices, and conduct described above constitute a violation of FINRA Rule 2010 by Newel.

**SECOND CAUSE OF ACTION
FINRA Rules 8210 and 2010
Failure to Respond to Requests for Information**

10. The Department realleges and incorporates by reference Paragraph 3-8 above.

11. On or about May 19, 2010, FINRA staff sent to Newel a request that he provide certain documents and information, pursuant to and in accordance with the provisions of FINRA Rule 8210. Specifically, the staff asked Newel, among other things, to explain what he did the with \$135,000 in checks given to him by Y.S. That request for information was sent by first class mail and by certified mail, return receipt requested, to [REDACTED] which was

Newel's last known address and Newel's address of record as contained in the records of the Central Registration Depository ("CRD address"). The first class mail was returned, stamped "Return to Sender, Not Deliverable as Addressed, Unable to Forward." The certified mail was returned, stamped "Return to Sender, Unclaimed, Unable to Forward."

12. The staff received no response from the May 19, 2010 mailing. Accordingly, on or about June 4, 2010, FINRA staff sent to Newel a second request that he provide the same documents and information, pursuant to and in accordance with the provisions of FINRA Rule 8210. That request for information was sent by first class mail and by certified mail, return receipt requested, to Newel's CRD address. The first class mail was returned, stamped "Return to Sender, Not Deliverable as Addressed, Unable to Forward." The certified mail was returned, stamped "Return to Sender, Unclaimed, Unable to Forward."

13. To date, Newel has failed to respond to the request for documents and information described in Paragraphs 11 and 12 above to date, and the dates for responding to the request have passed.

14. The acts, practices and conduct described above constitute a violation of FINRA Rules 2010 and 8210 by Newel.

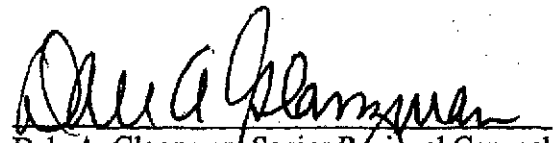
RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. order that one or more of the sanctions provided under FINRA Rule 8310(a) be imposed, including that the Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest; and
- B. order that Respondent Newel bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330; and

FINRA DEPARTMENT OF ENFORCEMENT

Date: November 17, 2010


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