

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Andrew D. Carava,
(CRD No. 4293048),

Respondent.

Disciplinary Proceeding
No. 2010021822701

Hearing Officer MAD

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: January 22, 2013

INTRODUCTION

Disciplinary Proceeding No. 2010021822701 was filed on July 11, 2012, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Andrew D. Carava submitted an Offer of Settlement (Offer) to Complainant dated January 14, 2013. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, 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, to the entry of findings and violations consistent with the allegations of the Complaint, and to the imposition of

the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Andrew Carava entered the securities industry in January 2001 as a General Securities Representative of a member of FINRA. In July 2006, Carava also became registered as a General Securities Principal of a member of FINRA. In January 2008, Carava became registered in the same capacities with Brewer Financial Services, LLC ("Brewer Financial"), a former FINRA registered firm, where he remained until November 4, 2010. Carava was a Compliance Officer with Brewer Financial. Carava is currently registered as a General Securities Representative and General Securities Principal with another FINRA registered firm.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

SUMMARY

1. In January 2009, Andrew D. Carava created four backdated letters that ostensibly documented an investigation of a customer complaint he conducted as a compliance officer of Brewer Financial Services, LLC. In fact, Carava had never mailed the letters to the addressees. Carava provided the fictitious letters to FINRA with a cover letter, in response to FINRA Staff's request for information relating to a customer complaint.

2. In January 2009, Carava placed copies of the four fictitious letters in Brewer Financial's customer complaint files. Thereafter, copies of the four fictitious letters were given to the SEC in connection with its investigation regarding the two former registered

representatives of the Firm. By placing fictitious letters in Brewer Financial's customer complaint files, Carava caused Brewer Financial's books and records to be inaccurate.

**Creating Fictitious Documents and Misrepresenting Facts to FINRA
FINRA Rule 2010**

3. On December 17, 2008, FINRA received a letter of complaint from DC, a customer of Brewer Financial. Prior to November 6, 2008, DC's account with Brewer Financial was handled by GC and JA. After GC and JA left Brewer Financial, DC's account was transferred to JH, another registered representative with Brewer Financial.

4. In his letter of complaint, DC wrote that Brewer Financial failed to promptly process his purchase of Lightstone Value Plus Real Estate Investment Trust (Lightstone REIT). DC stated that during the week of October 3, 2008, he tendered funds and an application for the purchase of an interest in Lightstone REIT to GC, who worked at Brewer Financial's Scottsdale, Arizona branch office. DC stated that his purchase of the interest in Lighthouse REIT was not processed by Brewer Financial until October 23, 2008. According to DC, his purchase was rejected because the Lightstone REIT offering closed to new investors on October 9, 2008. DC claimed that Brewer Financial's failure to promptly process his order caused him to lose \$30,000.

5. On December 31, 2008, FINRA Staff sent Brewer Financial a letter, addressed to the Firm's Chief Compliance Officer, ET, requesting that Brewer Financial provide FINRA with any response that the Firm made to DC, along with any supporting documentation. ET gave the FINRA request letter to Carava, and asked him to assemble the Firm's response to FINRA Staff.

6. On or about January 26, 2009, Carava created four separate letters, purporting to show that information had been requested of GC and JA, regarding DC's complaint. Two of the

letters were backdated to November 14, 2008, and were addressed to GC and JA. These letters requested an explanation from GC and JA for the 20-day delay in processing DC's REIT purchase. The letters included a request that GC and JA respond by November 24, 2008. In fact, these letters were never sent to GC and JA and were fabricated by Carava.

7. On or about January 26, 2009, Carava also created a second set of fictitious letters which were backdated to November 24, 2008, and purport to show that Carava had not received a response from GC and JA to his first written request. These letters requested a response from GC and JA by December 3, 2008. These letters were also fabricated by Carava and were never sent to GC and JA.

8. The fictitious letters described above were all signed by Carava. Further, Carava made copies of the letters, and destroyed the original fictitious letters.

9. On or about January 26, 2009, Carava sent a letter to FINRA responding to FINRA Staff's request for information. Carava represented in his letter to FINRA that he attempted to communicate with GC and JA after DC's complaint letter was received. He attached the four fictitious letters described above, and represented that he sent them to JA and GC. In fact, Carava did not send the letters to GC and JA, and the attached letters were fictitious.

**Causing Brewer Financials' Files
To Be Inaccurate
NASD Rule 3110 and FINRA Rule 2010**

10. After Carava created the fictitious letters in or about January 2009, he wrote notes on the letters, made copies of the letters and placed them in Brewer Financial's customer complaint files. The original fictitious letters were destroyed.

11. On October 27, 2009, the Securities and Exchange Commission (SEC) began an investigation of GC and JA. In connection with its investigation, the SEC requested that Brewer Financial provide documentation relating to its receipt and investigation of DC's complaint. In response to the SEC's requests, Brewer Financial accessed its customer complaint files, retrieved the fictitious letters created by Carava and provided them to the SEC.

Based on the foregoing, Respondent Andrew Carava violated NASD Rule 3110 and FINRA Rule 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that:

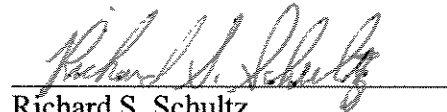
1. Respondent Carava is suspended for two-years from associating with any FINRA member in all principal capacities;
2. Respondent Carava is concurrently suspended for 30-calendar days from associating with any FINRA member in any capacity;
3. Respondent Carava must re-qualify by examination as a principal before acting again in that capacity; and
4. Respondent Carava is fined \$7,500.

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

SO ORDERED.

FINRA

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

A handwritten signature in cursive script, appearing to read "Richard S. Schultz", is written over a horizontal line.

Richard S. Schultz
Senior Regional Counsel
FINRA, District 8
55 West Monroe Street
Chicago, IL 60603
rick.schultz@finra.org
Tel. No. (312) 899-4334; Fax No. (312) 899-4600