

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010021844401**

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

RE: Daniel J. Trolaro, Respondent
CRD No. 4260690

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Daniel J. Trolaro ("Trolaro") 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 Trolaro alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Trolaro 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

Trolaro entered the securities industry in May 1998, joining Goldman, Sachs and Co. as an analyst. In July 2003, he qualified as a General Securities Registered Representative (Series 7 license). A few months later, in October, 2003, he joined Pruco Securities, LLC ("Pruco") as a financial planner. He remained at Pruco until his termination on February 17, 2010. Trolaro is not currently associated with a FINRA registered firm, but pursuant to Article V, Section 4 of the FINRA By-laws, FINRA retains jurisdiction until at least February 16, 2012.

RELEVANT DISCIPLINARY HISTORY

Trolaro has no prior relevant disciplinary history.

000041315, 2010

OVERVIEW

During the period of June 2008 through February 2010 (the “relevant period”), Trolaro misappropriated approximately \$1,533,000 from six customers. This was in violation of NASD Rules 2330(a) and 2110 and FINRA Rule 2010.¹

Additionally, during the relevant period, Trolaro persuaded three customers to make personal loans to him, totaling \$310,000. His employing firm’s procedures specifically prohibited borrowing money from customers. Trolaro borrowed customer funds in violation of NASD Rules 2370 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

During the relevant period, Trolaro worked as a registered representative at a branch office in East Hanover, New Jersey. While working in that capacity, Trolaro misappropriated approximately \$1,533,000 from six of his customers and also borrowed \$310,000 from three customers, as set forth below.

Misappropriation and Borrowing Customer Funds

Customer HE

Customer HE was trustee on an account for the benefit of her daughter. Between April 1, 2009, and December 11, 2009, Trolaro persuaded HE to liquidate assets held within the trust account and reinvest the money into other investments, such as bonds, in order to attain better returns. Acting on that advice, the customer liquidated \$850,000 in assets from that account and provided the funds to Trolaro in the form of 12 separate checks totaling \$850,000. Instead of reinvesting the funds on the customer’s behalf, Trolaro deposited the checks into his personal bank account and used the funds for his personal benefit.

In addition, on June 30, 2009, customer HE made a personal loan to Trolaro in the amount of \$60,000 so that Trolaro could settle a family estate matter. Trolaro provided HE a written loan agreement. Trolaro knew that his firm’s written procedures specifically prohibited registered representatives from borrowing money from customers.

Customer JM

Between June 4, 2008, and January 22, 2009, Trolaro misappropriated \$187,000 from customer JM. Customer JM’s husband had passed away in November 2007 and shortly thereafter she engaged Trolaro to help with her finances. Trolaro recommended that JM withdraw money from

¹ FINRA Rule 2010 went into effect and replaced NASD Rule 2110 on December 18, 2008, during the relevant period.

her annuity and liquidate assets from her brokerage accounts and deposit the money in her personal bank account. Trolaro told JM he would reinvest the money in investments that would guarantee better returns. Over the next several months, JM provided nine checks to Trolaro totaling \$187,000 to invest on her behalf. However, Trolaro did not invest the funds on JM's behalf but instead deposited the money in his personal bank account and utilized the money for his personal benefit.

Customer WH

Between February 6, 2009, and September 30, 2009, Trolaro misappropriated \$75,000 from customer WH. Trolaro recommended that WH invest the funds from two maturing Certificates of Deposit ("CDs") worth \$75,000 in new CDs with a 5% return. WH entrusted the proceeds from the two CDs to Trolaro by giving him two personal checks. Trolaro did not reinvest the funds on WH's behalf as he had promised, but rather deposited the checks into his personal bank account and used the money for his personal benefit.

Customer FC

Between January 23, 2009, and August 25, 2009, Trolaro misappropriated \$325,000 from customer FC. Trolaro persuaded FC to withdraw money from FC's annuity investments, so that he could reinvest the money at a better return rate. Trolaro instructed FC to transfer the money from the annuities to FC's personal bank account. At Trolaro's instruction, FC thereafter wrote five checks payable to Trolaro totaling \$325,000. Trolaro did not reinvest the money for FC's benefit as promised, but rather deposited the checks into his personal bank account and used the money for his personal benefit.

Customer LB

On or about June 9, 2009, Trolaro misappropriated \$46,000 from customer LB. In May 2009, Trolaro persuaded LB to surrender her annuity and reinvest the funds in CDs. Acting on Trolaro's instructions, LB withdrew the full amount of the annuity, transferred the funds to her personal bank account and on June 9, 2009, wrote to Trolaro a check in the amount of \$46,000, for the purpose of reinvestment. However, Trolaro did not invest the funds for LB's benefit as promised, but rather deposited the money into his personal bank account and used the money for his personal benefit.

Customer OW

On or about February 5, 2009, Trolaro misappropriated \$50,000 from customer OW. In approximately January 2009, Trolaro persuaded OW to withdraw a portion of her annuity and reinvest in a CD in order to attain a better return on her investment. Trolaro suggested that OW transfer the funds to her personal bank account and write him a check from that account. Acting on Trolaro's instructions, customer OW wrote Trolaro a check for \$50,000 dated February 5,

2009. However, Trolaro did not reinvest the funds in a CD for OW's benefit, as promised. Rather, he deposited the check into his personal bank account and used the funds for his own benefit.

Customer PS

On June 19, 2009, customer PS made a loan to Trolaro in the amount of \$100,000. Trolaro persuaded PS to obtain the funds for the loan from PS's brokerage account and from a home equity line of credit. Acting on Trolaro's request, PS withdrew \$58,665.27 from his brokerage account, took out a home equity loan for \$45,000 and wrote Trolaro a check for \$100,000. Trolaro knew that his firm's written procedures specifically prohibited registered representatives from borrowing money from customers.

Customer RS

On January 8, 2010, customer RS made a loan to Trolaro in the amount of \$150,000. Customer RS, a widow, had sold her home one month prior, in December 2009. She contacted Trolaro and inquired about suitable investments. Trolaro told customer RS he would look into suitable investment opportunities for her. A few days later, Trolaro called her back and stated that there were no appropriate investment opportunities for her; however, he personally could provide her a 7% guaranteed return in the form of a personal loan to him. RS agreed and on January 8, 2010, wrote two checks from two separate accounts totaling \$150,000. At that time, Trolaro knew that his firm's written procedures specifically prohibited registered representatives from borrowing money from customers.

As set forth above, between June 2008 and February 2010, Trolaro misappropriated \$1,533,000 from customers HE, JM, WH, FC, LB and OW in violation of NASD Rules 2330(a) and 2110 and FINRA Rule 2010. During that same period, Trolaro borrowed money from customers HE, PS and RS in violation of NASD Rule 2370 and FINRA Rule 2010.

B. Trolaro consents to the imposition of the following sanction:

A bar from association with any member of FINRA in any capacity.¹

Trolaro 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 Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, Trolaro 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 Trolaro's former employing firm made restitution to all customers.

Pursuant to IM-8310-2(f), a bar shall become effective upon approval or acceptance of this AWC.

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.

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.

9/20/2010
Date

Daniel J. Trolaro
Daniel Trolaro
Respondent

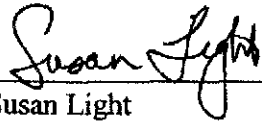
Reviewed by:

[Signature]
Jim O'Conner, Esq.
Counsel for Respondent

Accepted by FINRA:

November 10, 2010
Date

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

A handwritten signature in cursive script, appearing to read "Susan Light", is written over a horizontal line.

Susan Light
Senior Vice President and Chief Counsel
FINRA Department of Enforcement
14 Wall Street – 14th Floor
New York, NY 10005