

FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Stephen Joseph Kipp (CRD No. 1255862),

and

Julie Ann Pritchard (CRD No. 2960716),

Respondents.

DISCIPLINARY PROCEEDING
No. 20100227846-01

Hearing Officer – MAD

AMENDED COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. During the period from on or about January 30, 2003, to on or about June 10, 2010 (Relevant Period), Stephen Joseph Kipp, who was then employed by National Planning Corp. (NPC or the Firm), permitted Julie Ann Pritchard, also registered with NPC, to affix his signature to approximately 160 documents that were intended to become business records of the Firm. The Firm was not informed that Pritchard had placed Kipp's signature on these records and, unknowingly, maintained the falsified documents as business records.
2. During the Relevant Period, Julie Ann Pritchard falsified the signatures of two registered representatives of NPC, her employer broker-dealer, on approximately 293 documents intended to be NPC business records and submitted them to NPC without

disclosing that she, and not the registered representatives, had signed the documents, which caused the Firm to unknowingly maintain the falsified documents as business records. For approximately 160 of the documents, Pritchard was authorized by Kipp to sign his name. For approximately 133 of the documents, Pritchard signed the other registered representative's name without his consent or authorization.

RESPONDENTS AND JURISDICTION

3. Kipp first entered the securities industry when he associated with a FINRA member firm on or about August 31, 1987. From on or about January 20, 2000 through on or about August 16, 2010, Kipp was registered as a General Securities Representative (GS) and as a General Securities Principal (GP) with NPC. From on or about August 16, 2010, through the present, Kipp has been registered with FINRA member firm NPB Financial Group, LLC as a GS and GP.
4. Pritchard first entered the securities industry when she associated with a FINRA member firm on or about October 1, 1997. From on or about January 20, 2000 through on or about August 16, 2010, Pritchard was registered as an Investment Company Products / Variable Contracts Representative (IR) with NPC. From on or about August 16, 2010 through the present, Pritchard has been registered with FINRA member firm NPB Financial Group, LLC as an IR.
5. Because Kipp and Pritchard are currently associated with a FINRA member firm, FINRA has jurisdiction to issue this Complaint.

FACTUAL BACKGROUND

6. During the Relevant Period, Pritchard was Kipp's administrative assistant at NPC.

7. On or before January 30, 2003, Kipp authorized Pritchard to sign his name on documents related to NPC's business that required his signature. In or around January 2003, Pritchard created several versions of Kipp's "signature," presented them to Kipp, and asked Kipp to choose the one that most resembled his own signature, which he did.
8. On or about July 15, 2005, NPC registered representative JRB began working out of the same branch office as Kipp and Pritchard. JRB was registered as both a GS and a GP with NPC.
9. On or about January 12, 2006, Pritchard began affixing what purported to be the signature of JRB to documents intended to become NPC business records. JRB neither authorized nor permitted Pritchard to falsify his signature on any documents.
10. In some instances, JRB's signature that Pritchard affixed to a NPC document was required as the registered representative associated with a customer account, and in other instances JRB's signature that Pritchard affixed to a NPC document was required to evidence review and/or approval by a registered principal of NPC. Pritchard, from time to time, not only signed Kipp's name as registered representative, but also JRB's name as the registered principal on the same document.

FIRST CAUSE OF ACTION

FALSIFICATION OF DOCUMENTS AGAINST KIPP AND PRITCHARD (NASD Conduct Rule 2110 and FINRA Rule 2010)

11. The Department realleges and incorporates by reference paragraphs 1 – 10 above.
12. A registered person's falsification of documents constitutes conduct inconsistent with NASD Conduct Rule 2110's and FINRA Rule 2010's requirement that all individuals

associated with a FINRA member firm observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

13. From on or about January 30, 2003 through on or about June 10, 2010, Pritchard affixed what purported to be Kipp's signature to approximately 160 documents intended to be business records of NPC with Kipp's authorization. The records included, but were not limited to, customer new account forms, order memoranda, applications to purchase variable annuities and subscription agreements for investments; records that are required to be made and preserved under NASD Conduct Rule 3110 and as prescribed by the United States Securities and Exchange Commission Rule 17a-3.¹ None of these documents bore any notation indicating that Kipp's name had been signed by anyone other than Kipp himself. By authorizing and permitting Pritchard to affix what appeared to be his signature to these documents, Kipp caused the creation of falsified business records.
14. Neither Kipp nor Pritchard informed NPC that Pritchard was falsifying Kipp's signature on the above-referenced business records. NPC, therefore, was unaware that approximately 160 documents purporting to bear Kipp's authentic signature in fact bore a falsified signature.
15. During the period from on or about January 12, 2006 through on or about May 29, 2008, Pritchard signed JRB's name to approximately 133 NPC documents and submitted them to NPC for processing without JRB's authorization. The NPC business records to which Pritchard affixed what purported to be JRB's signature without JRB's authorization included, but were not limited to, customer new account

¹ 17 CFR §240.17a-3.

forms, order memoranda, variable annuity applications, and investment subscription agreements; records that are required to be made and preserved under NASD Conduct Rule 3110 and as prescribed by the United States Securities and Exchange Commission Rule 17a-3.² None of these 133 documents bore any notation indicating that JRB's name had been signed by anyone other than JRB, and Pritchard did not disclose to NPC that she, not JRB, had signed them. NPC, therefore, was unaware that approximately 133 documents purporting to bear JRB's authentic signature in fact bore a falsified signature.

16. Based upon the foregoing, Kipp violated NASD Conduct Rule 2110 from on or about January 30, 2003 through on or about December 14, 2008, and FINRA Rule 2010 from December 15, 2008 through June 10, 2010, by allowing Pritchard to falsify his signature on firm business records that are required to be made and preserved under NASD Conduct Rule 3110 and as prescribed by the United States Securities and Exchange Commission Rule 17a-3.³

17. Based upon the foregoing, Pritchard violated NASD Conduct Rule 2110 from on or about January 30, 2003 through on or about December 14, 2008, and FINRA Rule 2010 from December 15, 2008 through on or about June 10, 2010, by falsifying Kipp's signature on NPC business records that are required to be made and preserved under NASD Conduct Rule 3110 and as prescribed by the United States Securities and Exchange Commission Rule 17a-3,⁴ thereby creating falsified business records, and submitting the records to NPC as if the signatures were genuine.

² 17 CFR §240.17a-3.

³ 17 CFR §240.17a-3.

⁴ 17 CFR §240.17a-3.

18. Based upon the foregoing, Pritchard violated NASD Conduct Rule 2110 from on or about January 12, 2006 through on or about May 29, 2008, by falsifying JRB's signature on NPC business records that are required to be made and preserved under NASD Conduct Rule 3110 and as prescribed by the United States Securities and Exchange Commission Rule 17a-3,⁵ thereby creating falsified business records, and submitting the records to NPC as if the signatures were genuine.

SECOND CAUSE OF ACTION

CAUSING A FINRA MEMBER FIRM TO MAINTAIN INACCURATE BOOKS AND RECORDS AGAINST KIPP AND PRITCHARD (NASD Conduct Rules 3110, 2110 and FINRA Rule 2010)

19. The Department realleges and incorporates by reference paragraphs 1 –18, above.

20. NASD Conduct Rule 3110 requires each member to, among other things, make and preserve books and records in conformity with all applicable laws, rules and regulations, including FINRA Rules and Rules 17a-3 and 17a-4 of the Securities Exchange Act of 1934.⁶

21. By reason of engaging in the conduct described above, Kipp caused NPC to maintain approximately 160 business records that were inaccurate, in that they falsely appeared to bear Kipp's authentic signature when, in fact, Kipp's signature had been falsified by Pritchard pursuant to Kipp's authorization. This conduct constituted a violation of NASD Conduct Rules 3110 and 2110 from on or about January 30, 2003 through on or about December 14, 2008, and NASD Conduct Rule 3110 and FINRA Rule 2010 from on or about December 15, 2008 through on or about June 10, 2010.

⁵ 17 CFR §240.17a-3.

⁶ 17 CFR §240.17a-3 and 17 CFR §240.17a-4, respectively.

22. By reason of engaging in the conduct described above, Pritchard caused NPC to maintain approximately 293 business records that were inaccurate, in that they falsely appeared to bear Kipp's and/or JRB's authentic signature when, in fact, Kipp's and JRB's signatures had been falsified by Pritchard. This conduct constituted a violation of NASD Conduct Rules 3110 and 2110 from on or about January 30, 2003 through on or about December 14, 2008, and NASD Conduct Rule 3110 and FINRA Rule 2010 from on or about December 15, 2008 through on or about June 10, 2010.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed; and
- C. order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: March 4, 2015



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