

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010025119201**

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

RE: Fong I. Cheang, Respondent
CRD No. 2820048

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Fong I. Cheang ("Cheang") or ("Respondent") 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 Respondent 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

Cheang first became employed in the securities industry in 1996 with John Hancock Mutual Life Insurance Company where she became registered as an Investment Company Products/Variable Contracts Limited Representative. During the period May 23, 2005 through May 29, 2007, Cheang was registered as a General Securities Representative with Citicorp Investment Services ("Citicorp"). As the result of a mass transfer of employees to Citigroup Global Markets Inc. ("Citigroup"), Cheang became employed by Citigroup (collectively, "Citibank") as a General Securities Representative and an Investment Company Products/Variable Contracts Limited Representative on or about May 29, 2007. After Cheang voluntarily left Citigroup on January 8, 2010, she briefly became employed by Wells Fargo Investments, LLC in the same capacity until her employment was terminated on January 26, 2010. On July 27, 2010, Cheang became registered as a General Securities Representative, Investment Company Products/Variable Contracts Limited Representative and Principal with Primevest Financial Services, Inc. ("Primevest" or the "Firm"). She remained with Primevest until November 1, 2010. On or about November 8, 2010, Cheang became a General Securities Representative and an Investment Company Products/Variable Contracts Limited Representative at HSBC Securities (USA) Inc., where she is currently employed to date.

Cheang has no prior disciplinary history.

OVERVIEW

While working at Citibank, Cheang failed to update her Form U-4 to disclose that she had been charged with two felonies on December 19, 2006 and a third felony on May 11, 2007, and that she had entered a plea of "no contest" to the third felony charge. While working at Citibank, Cheang was subject to a statutory disqualification from May 11, 2007 until November 2008, when she withdrew her plea and the charges against her were dismissed. By virtue of this conduct, Cheang violated Article V, Section 2 of the FINRA By-Laws, NASD Membership and Registration IM-1000-1 and NASD Rule 2110.

FACTS AND VIOLATIVE CONDUCT

Article V, Section 2 of the FINRA By-Laws requires that "[e]very application for registration filed with [FINRA] shall be kept current at all times by supplementary amendments" and that "[s]uch amendment to the application shall be filed with [FINRA] not later than 30 days after learning of the facts or circumstances giving rise to the amendment." The "General Instructions" for the Form U-4 also state that individuals are "under a continuing obligation to amend and update information required by Form U4 as changes occur."

Question 14A, (1) on Cheang's Form U-4 required that she truthfully respond to the following: Have you ever: (a) been convicted of or pled not guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any felony? (b) been charged with any felony?

NASD Rule 2110 states that "[a] member, in the conduct of [his or her] business, shall observe high standards of commercial honor and just and equitable principles of trade." Conduct that is violative of the FINRA By-Laws is conduct that is inconsistent with just and equitable principles of trade.

Moreover, Membership and Registration IM-1000-1 provides "The filing with [FINRA] of information with respect to membership or registration as a Registered Representative which is incomplete or inaccurate so as to be misleading ... or the failure to correct such filing after notice thereof, may be deemed conduct inconsistent with just and equitable principles of trade and when discovered may be sufficient cause for appropriate disciplinary action."

On or about December 19, 2006, while employed at Citicorp, Cheang was indicted in the Los Angeles County Superior Court of California for two felonies related to her participation in an insurance fraud, namely: violations of California Penal Code Section 550(a)(1) and 550(a)(5). On February 2, 2007, Cheang pled "not guilty" to both felony charges.

On May 11, 2007, Cheang entered into a plea agreement which provided, among other things that: (1) she would pay restitution in the amount of \$1,917 and (2) she would fully cooperate with the Los Angeles County District Attorney's Office and other law enforcement agencies, in any investigation in which she was called upon to do so. In connection with this plea agreement, the felony charges

against Cheang were amended to include the felony charge of Penal Code Section 550(b)(1). That same day Cheang entered a plea of "no contest" to this charge.

As contemplated in the plea agreement, Cheang withdrew her plea to the violation of Penal Code Section 550(b)(1), on November 26, 2008, while she was still employed with Citibank. On the same day, all three criminal charges against Cheang were dismissed.

Based on her criminal history, between May 11, 2007 and November 26, 2008, Cheang was subject to a statutory disqualification. However, at no time during her employment with Citibank did Cheang update her Form U-4 to reflect that she had been charged with any felonies or that she had pled "no contest" to a felony. During her tenure at Citibank, Cheang's Form U-4 stated that she had not "been charged with any felony" and that she had not "been convicted or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to a felony." Cheang's failure to amend her Form U-4 while associated with Citibank resulted in the document containing inaccurate, false and materially misleading information.

By virtue of this conduct, Cheang violated Article V, Section 2 of the FINRA By-Laws and violated NASD Membership and Registration IM-1000-1 and NASD Rule 2110.

Subsequent to her employment at Citibank, Cheang disclosed the criminal charges and the plea described herein to Wells Fargo, Primevest and to her current employer, HSBC.

B. Cheang also consents to the imposition of the following sanction:

1. A suspension from association with any FINRA member in any capacity for 15 months; and
2. A fine of \$5,000.

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

The fine shall be due and payable either immediately upon reassociation with a member firm following the 15 month suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against me;
- B. To be notified of the Formal 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 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.

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 her; and
- C. If accepted:
1. this AWC will become part of her permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against her;
 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's disciplinary record;
 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8310 and 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party; and
- 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 she 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 she has read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that she 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 her to submit it.

06/18/2012

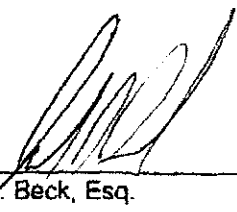
Date

Reviewed by:
The Beck Law Firm LLC



Fong J. Cheang
Respondent

By:


Joel R. Beck, Esq.

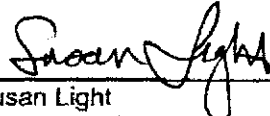
P.O. Box 958
Snellville, GA 30078
678-344-5342

Accepted by FINRA:

Date

July 16, 2012

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


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& Chief Counsel
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