

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

FARAN S. KASSAM
(CRD No. 4816180),

Respondent.

Disciplinary Proceeding
No. 2010025127401

Hearing Officer—Andrew H. Perkins

DEFAULT DECISION

May 13, 2011

Respondent is barred from associating with any FINRA registered firm for failing to respond to requests for information, in violation of Procedural Rule 8210 and Conduct Rule 2010.

Appearances

Sean W. Firley, Esq., and David B. Klafter, Esq., for the Department of Enforcement.

No appearance by or on behalf of Faran S. Kassam.

DECISION

I. Introduction

The FINRA Department of Enforcement ("Enforcement") filed the attached Complaint with the Office of Hearing Officers on January 13, 2011. The Complaint charges Respondent Faran S. Kassam ("Kassam") with failing to provide information and documents requested by FINRA staff, in violation of FINRA Procedural Rule 8210 and FINRA Conduct Rule 2010.

Respondent did not answer the Complaint. Accordingly, on March 29, 2011, Enforcement filed a Motion for Entry of Default Decision and Request for Sanctions ("Default Motion"), together with the declaration of Sean W. Firley, Esq. ("Firley Decl.") and three

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exhibits.¹ For the reasons set forth below, the Hearing Officer found Respondent in default and granted Enforcement's Default Motion.

II. Procedural History

On January 13, 2011, Enforcement served the Complaint and the First Notice of Complaint on Respondent by sending them to his most recent address recorded in the Central Registration Depository ("CRD") in London, England, by FedEx.² On the same date, Enforcement also mailed a copy of the Complaint and First Notice of Complaint to Kassam's CRD address by first-class mail. FedEx's records reflect that it was unable to deliver the documents either because the intended recipient was not available or the business was closed.³ The United States Postal Service did not return the mailing Enforcement sent by first-class mail.⁴ Kassam did not answer or other respond to the Complaint.

On February 14, 2011, Enforcement served the Complaint and the Second Notice of Complaint on Respondent by sending them to him by FedEx to his CRD address.⁵ In addition, on the same date, Enforcement mailed him copies of the Complaint and the Second Notice of Complaint by first-class mail.⁶ FedEx's records reflect that it was unable to deliver the documents either because the intended recipient was not available or the business was closed.⁷

¹ Enforcement's exhibits are labeled CX-1 through CX-3.

² Firley Decl. ¶ 13; CX-1.

³ Firley Decl. ¶ 15.

⁴ *Id.* ¶ 14.

⁵ *Id.* ¶ 17.

⁶ *Id.*

⁷ *Id.* ¶ 19.

The United States Postal Service did not return the first-class mail to Enforcement.⁸ To date, Respondent has not answered or otherwise responded to the Complaint.⁹

Based on Respondent's default, the Hearing Officer deemed the allegations in the attached Complaint admitted pursuant to Rules 9215(f) and 9269(a).

III. Findings of Fact and Conclusions of Law

A. Background

Kassam was associated with Stanford Group Company ("Stanford"), a FINRA registered firm, from June 2004 until March 2009, during which period he was registered with FINRA as a Foreign Associate.¹⁰ Stanford discharged Kassam on March 6, 2009, and his FINRA registration terminated on March 30, 2009.¹¹

B. Jurisdiction

FINRA has jurisdiction over this disciplinary proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) the Complaint was filed within two years after the date FINRA terminated Kassam's registration, and (2) the Complaint charges him with failing to respond to Enforcement's requests for information made during the two-year period following the termination of his FINRA registration.¹²

C. Failure to Provide Information and Documents

The Complaint alleges that on September 8, 2010, FINRA staff sent Kassam a letter pursuant to FINRA Procedural Rule 8210 that requested that he provide the staff with

⁸ Firley Decl. ¶ 18.

⁹ *Id.* ¶ 20.

¹⁰ *Id.* ¶¶ 5-7; CX-1.

¹¹ CX-1, at 2.

¹² See Article V, Sec. 4(a), FINRA By-Laws, available at www.finra.org/Rules (then follow "FINRA Manual" hyperlink to "Corporate Organization: By-Laws").

information and documents in connection with the staff's investigation of his sale of Certificates of Deposit issued by Stanford International Bank, Ltd.¹³ The staff sent the request by first-class mail to Kassam at his CRD address.¹⁴ Kassam did not respond.¹⁵

On October 7, 2010, FINRA staff sent Kassam a second request for the same information.¹⁶ The staff sent the second Rule 8210 request to Kassam's CRD address by first-class mail and FedEx.¹⁷ Kassam did not respond to the second request.¹⁸

On November 12, 2010, FINRA staff sent Kassam a third request for the same information.¹⁹ The staff sent the third Rule 8210 request to Kassam's CRD address by first-class mail and FedEx.²⁰ Kassam did not respond to the third request.²¹

FINRA Rule 8210 requires persons associated with a member to "provide information orally [or] in writing ... with respect to any matter involved in [a FINRA] investigation, complaint, examination, or proceeding." Kassam's failure to respond to the staff's requests "demonstrates a prima facie violation of [FINRA] Rule 8210."²² Accordingly, the Hearing

¹³ Compl. ¶ 5.

¹⁴ *Id.* ¶ 6.

¹⁵ *Id.* ¶ 7.

¹⁶ *Id.* ¶ 8.

¹⁷ *Id.* ¶ 9.

¹⁸ *Id.* ¶ 12.

¹⁹ *Id.* ¶ 13.

²⁰ *Id.* ¶ 14.

²¹ *Id.* ¶ 17.

²² *Department of Enforcement v. Houston*, No. 2006005318801, 2010 FINRA Discip. LEXIS 38, at *17 (N.A.C. Dec. 22, 2010).

Officer finds that Kassam violated FINRA Rules 8210 and 2010 by failing to respond to the staff's requests for information.²³

IV. Sanctions

A violation of Rule 8210 is serious because Rule 8210 is a key element in FINRA's oversight function and allows FINRA to carry out its regulatory responsibilities without subpoena power.²⁴ When an individual fails to provide testimony and information, FINRA's ability to perform its regulatory functions is subverted.²⁵ For these reasons, the FINRA Sanction Guidelines ("Guidelines") recommend a bar when a respondent fails to respond in any manner to a request for information issued pursuant to Rule 8210.²⁶ Kassam failed to respond to three requests for information and documents. There is no evidence of any mitigating facts that would justify a sanction of less than a bar. Accordingly, the Hearing Officer will bar Kassam from associating with any FINRA member firm in all capacities.

V. Order

Respondent is barred from associating with any member firm in any capacity for failing to respond to requests for information and documents, in violation of Procedural Rule 8210 and

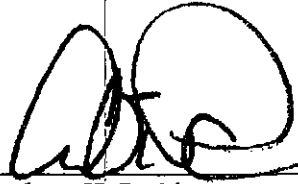
²³ A violation of Rule 8210 is also a violation of FINRA Rule 2010. *Department of Enforcement v. Houston*, 2010 FINRA Discip. LEXIS 38, at *20 n.13 (holding that a violation of Rule 8210 is also a violation of identical NASD Rule 2110).

²⁴ *Howard Brett Berger*, Exchange Act Rel. No. 58950, 2008 SEC LEXIS 3141 (Nov. 14, 2008); *Joseph G. Chiulli*, Exchange Act Rel. No. 42359, 2000 SEC LEXIS 112, at *16 (Jan. 28, 2000).

²⁵ *Joseph P. Hannan*, Exchange Act Rel. No. 40438, 1998 SEC LEXIS 1955, at *9 (Sept. 14, 1998).

²⁶ FINRA Sanction Guidelines 33 (2011).

Conduct Rule 2010. The bar shall become effective immediately if this Default Decision becomes the final disciplinary action of FINRA.



Andrew H. Perkins
Hearing Officer

Copies to:

Faran S. Kassam (*via overnight courier and first-class mail*)
Sean W. Firley, Esq., Esq. (*via electronic and first-class mail*)
David B. Klafter, Esq. (*via electronic mail*)
Mark P. Dauer, Esq. (*via electronic mail*)
David R. Sonnenberg, Esq. (*via electronic mail*)

**FINRA
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

vs.

FARAN S. KASSAM (CRD No.4816180),

Respondent.

Disciplinary Proceeding
No. 2010025127401

Hearing Officer – TBD

COMPLAINT

The Department of Enforcement alleges:

Summary

1. Faran S. Kassam ("Kassam") failed to respond to requests for information and documents from FINRA staff ("Staff"), in violation of FINRA Rules 8210 and 2010.

Respondent and Jurisdiction

2. On June 14, 2004, former FINRA member Stanford Group Company ("Stanford")¹ filed a Form U4 for Kassam listing his employment date as June 1, 2004. Between June 1, 2004 and March 6, 2009, Kassam was registered with FINRA as a Foreign Associate.² Kassam has never held any securities licenses. On March 30, 2009, Stanford filed a Form U5 for Kassam, terminating his association with the firm as of March 6, 2009.

3. Under Article V, Section 4 of FINRA's By-Laws, FINRA retains jurisdiction over Kassam until March 5, 2011, two years after he was last associated with Stanford.

¹ Stanford filed Form BDW on March 12, 2009.

² NASD Membership and Registration Rule 1100 provides, in pertinent part, that "[a]ll persons associated with a member who are designated as Foreign Associates shall be required to be registered but shall be exempt from the requirement to pass a Qualification Exam."

Cause of Action
Failure to Respond to Requests for Documents and Information
Violations of FINRA Rules 8210 and 2010

4. The Department realleges and incorporates Paragraphs 1 through 3 by reference.
5. In order to investigate Kassam's sale of Stanford International Bank, Ltd. Certificates of Deposit, on September 8, 2010, the Staff sent a letter to Kassam, pursuant to FINRA Rule 8210, requesting that he provide various documents and information ("First Request").
6. The First Request was sent by first class mail to Kassam's residential address reflected in FINRA's Central Registration Depository ("CRD Address") and required Kassam's response on or before September 22, 2010.
7. To date, Kassam has not responded to the First Request and it has not been returned to FINRA.
8. On October 7, 2010, the Staff sent a second letter to Kassam, pursuant to FINRA Rule 8210, requesting that he provide the same documents and information that were requested in the First Request ("Second Request").
9. The Second Request was sent by first class mail and Federal Express to Kassam's CRD Address and required Kassam's response on or before October 18, 2010.
10. The Second Request sent by first class mail was not returned to FINRA.
11. The Second Request sent by Federal Express was returned to FINRA. Online tracking records from www.fedex.com reflect the following delivery exceptions - "undeliverable package" and "customer not available or business closed." Federal Express records do not reflect a more current address for Kassam and the Staff is not aware of a more current address for Kassam.

12. To date, Kassam has not responded to the Second Request.

13. On November 12, 2010, the Staff sent a third letter to Kassam, pursuant to FINRA Rule 8210, requesting that he provide the same documents and information that were requested in the First Request ("Third Request").

14. The Third Request was sent by first class mail and Federal Express to Kassam's CRD Address and required Kassam's response on or before November 26, 2010.

15. The Third Request sent by first class mail was not returned to FINRA.

16. The Third Request sent by Federal Express was returned to FINRA. Online tracking records from www.fedex.com reflect the following delivery exceptions - "undeliverable package" and "customer not available or business closed." Federal Express records do not reflect a more current address for Kassam and the Staff is not aware of a more current address for Kassam.

17. By failing to respond to the First, Second and Third Requests, Kassam violated FINRA Rules 8210 and 2010.

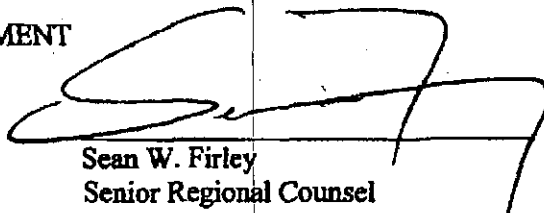
Relief Requested

WHEREFORE, the Department respectfully requests that the Panel:

- A. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed; and
- B. 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

Dated: January 13, 2011



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