

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010025176001**

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

RE: Rafael R. Sanchez, Respondent
Registered Representative
CRD No. 1257900

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Rafael R. Sanchez. ("Sanchez"), submit 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, 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

Rafael R. Sanchez ("Sanchez") first became registered as a general securities representative in 1984. In September 2007, Sanchez became a registered representative ("RR") with MAM Securities, Inc. ("MAM Securities" or the "Firm"), a FINRA regulated broker-dealer. While registered with MAM Securities, Sanchez was also registered as an investment advisor with MAM Wealth Management, LLC ("MAM Wealth"), an affiliated investment advisor of MAM Securities. Sanchez during this time period was also the Chief Financial Officer and 10% owner of MAM Wealth Management Real Estate General Partner LLC ("MAM Real Estate"), which owned and administered the MAM Real Estate Fund (the "MAM Fund"). Sanchez is not currently associated with a FINRA regulated broker-dealer.

Although not currently registered with a FINRA regulated broker-dealer, Sanchez remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's Bylaws.

OVERVIEW

During the period December 2008 through November 2010 (the "Relevant Period"), Sanchez engaged in unethical conduct relating to three elderly customers, JW, MR and GD (collectively, the "Customers"). Sanchez:

- independently opened accounts in the Customers' names at FINRA regulated broker-dealer SHB, and created user IDs, passwords and security answers for the Customers without their knowledge, permission or consent. Sanchez provided SHB his own personal email address as contact information and controlled these three customer accounts;
- failed to provide to the Customers information about their SHB accounts, including user ID, password and security answers that would have enabled the Customers to access the accounts;
- attempted to transfer the Customers' funds held elsewhere to the SHB accounts;
- solicited loans from MR and GD to the MAM Fund, a company in which Sanchez had an ownership interest, without providing any promissory note or other documents evidencing the debt. In the case of MR's loan, Sanchez submitted a letter of authorization ("LOA") that did not contain MR's signature to transfer MR's funds to participate in the loan;
- solicited a loan from MR to Capital Media, an entity in which Sanchez held a personal interest, but he did not provide MR a promissory note or other documents evidencing the debt; and
- falsely made representations to JW and GD that he was a partner and part-owner of MAM Wealth to induce them to purchase bill paying and other services from Wealth Management Associates Fiduciary Trust Services ("Trust Services"), an entity Sanchez owned. When providing these services, Sanchez failed to timely make payments on behalf of JW and GD, and destroyed JW's financial records without permission.

In addition, during the Relevant Period Sanchez engaged in an outside business activity without providing prompt written notice to his member firm, and failed to report a federal tax lien and bankruptcy on Forms U4.

Sanchez's actions constitute violations of FINRA Rules 2010 and 1122 and NASD Rule 3030 and IM-1000-1 and Article V, Section 2 of the FINRA By-Laws.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 2010 provides that members shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

SHB conducts its business on the internet, including opening accounts and reporting account activity. All account documents, including monthly statements and trade confirmations, are sent to the account's email address. Account holders may review these documents online after entering the accounts' user id and password. SHB generally does not provide paper copies of monthly statements and confirmations to customers.

1. Sanchez opened and transferred funds to customer accounts that Sanchez solely controlled, without permission or authority.

A. Sanchez engaged in unethical conduct and misuse of funds belonging to customer JW.

JW is 80 years old, widowed and lives alone. JW knows very little about investing and does not know how much money she has or where it is invested. JW relied on Sanchez for investment advice.

On August 21, 2010, Sanchez opened an account in JW's name at SHB, via the internet. Sanchez provided SHB his own email and mailing address as the contact information for the account. He created the account user ID and password and inserted his own mother's maiden name as the answer to the account security question. Sanchez did not provide any of this account information to JW. JW does not own a computer, have an email address, or go online, and she is not familiar with user IDs or passwords. JW has not heard of SHB, and did not authorize the opening of a SHB account or the transfer of her funds to SHB.

On September 7, 2010, Sanchez logged onto JW's account at SHB and, using JW's personal bank account information, made two automated clearing house ("ACH") transfers totaling \$140,000 from JW's personal bank account to the SHB account. SHB, after conducting an inquiry, returned the \$140,000 to JW's personal bank account on November 9, 2010.

B. Sanchez engaged in unethical conduct and misuse of funds belonging to customer MR.

MR is 84 years old, widowed and lives with her daughter in a trailer park. MR knows very little about investing and does not know how much money she has or where it is invested. MR relied on Sanchez for her investment advice. Sanchez often sent MR documents for her to sign without explanation and MR signed without understanding the contents.

On August 26, 2010, Sanchez opened an account in MR's name at SHB via the internet. As with JW, Sanchez provided SHB his own email and mailing address as the contact information for the account. He created the account user ID and password and inserted his own mother's maiden name as the answer to the account security question. He did not provide any of this account information to MR. Like JW, MR does not own a computer, have an email address, or have access to the internet. MR has not heard of SHB, and did not authorize the opening of a SHB account or the transfer of her funds to SHB.

On September 17, 2010, the day after SHB returned JW's funds, Sanchez attempted to wire \$75,105 from MR's MAM Wealth account to the SHB account Sanchez opened in MR's name. SBH rejected the wire. On September 20, 2010, Sanchez again attempted to wire monies into MR's account, but it too was rejected by SHB.

C. Sanchez engaged in unethical conduct and misuse of funds belonging to customer GD.

GD is 85 years old, retired and a widow. She lives alone. GD knows very little about investing. She does not know how much money she has or where it is invested, and relies on Sanchez for investment advice.

On September 6, 2010, Sanchez opened an account in GD's name at SHB via the internet. As with JW and MR, Sanchez provided SHB his own email and mailing address as the contact information for the account. He created the account user ID and password and inserted his own mother's maiden name as the answer to the account security question. He did not provide any of this account information to GD. GD has a computer and email address, but uses them infrequently. GD was unfamiliar with SHB, and did not authorize the opening of a SHB account or the transfer of funds to SHB.

SHB froze GD's account on September 16, 2010 when SHB found that Sanchez's email address was affiliated with the account. On September 24, 2010, Sanchez opened a second account in GD's name at SHB. This time, he used GD's email address rather than his own.

On September 28, 2010, SHB received an \$82,000 check from GD's credit union account, for deposit in GD's new account at SHB. Sanchez had written the check, and GD had signed it. After an SHB inquiry, SHB wired the \$82,000 back to GD's credit union account.

2. Sanchez engaged in unethical conduct by securing loans from two customers to businesses in which Sanchez had a personal interest

A. Sanchez solicited a loan from MR and GD to the MAM Fund, but did not provide the investors with a promissory note or other documents evidencing the debt.

On June 29, 2010, LOAs on behalf of MR and GD were issued authorizing wires of \$38,000 and \$20,000, respectively, from their MAM Wealth accounts to an escrow account established for the benefit of IA Property in Los Angeles, California. IA Property was a residential property being purchased by the MAM Fund. The wires represented loans by MR and GD to the MAM Fund. MR and GD have no recollection of agreeing to lend money to the MAM fund. In addition, the signature on MR's LOA was not MR's signature.

Neither MR nor GD received from Sanchez promissory notes or any documents evidencing the loans made to MAM Wealth for the purchase of IA Property. On September 3, 2010, MR and GD received back their principal plus approximately \$380 and \$200 in interest, respectively.

B. Sanchez solicited a loan from MR for Capital Media but did not provide her with a promissory note or other documents evidencing the debt.

Sanchez had an ownership interest in MM, a distributor of Spanish language videos and movies, through Capital Media, an investment vehicle he and AM formed to raise funds for and invest in MM. On November 1, 2010, MR signed a LOA authorizing the wiring of \$30,000 from her MAM Wealth account to Capital Media. MR was not familiar with Capital Media or MM and did not authorize any loan to Capital Media, although she confirmed her signature on the LOA. MR did not receive a promissory note or any documents evidencing the loan. MR's funds have not been repaid.

3. Sanchez engaged in unethical conduct in connection with customer agreements with Trust Services

In 2010, Sanchez founded Trust Services, which managed its clients' monthly finances, paid their bills, invested their money and maintained customer financial records. In February 2010, JW and GD signed agreements with Sanchez and Trust Services which obligated Sanchez to, among other things, manage their monthly finances, pay their bills, invest their money and keep exact financial records in exchange for a one-time \$500 fee and at least \$360 per month. In the agreements and marketing materials provided, Sanchez falsely held himself out to be a part owner and partner of the MAM Fund.

JW and GD paid Trust Services, but they did not know what services Sanchez and Trust Services provided other than paying their bills. Both JW and GD stated that prior to Sanchez paying their bills, they never bounced a check, but several checks bounced after Sanchez began paying her bills.

In addition, as part of the service, Sanchez removed approximately 30 years of financial documents from JW's home, including tax returns and account statements, with the promise that he would put all the information on a CD. However, Sanchez destroyed the documents and has not provided a CD containing this information to JW.

Based upon the foregoing, Sanchez committed separate and distinct violations of FINRA Rule 2010.

4. Sanchez failed to disclose bankruptcy filings and an IRS tax lien on Forms U4.

NASD IM-1000-1 and FINRA Rule 1122 provide that no member or person associated with a member shall file information with respect to membership or membership registration which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or fail to correct such filing.

Article V, Section 2 of FINRA's By-Laws requires that associated persons keep their Forms U4 current at all times and that amendments to Forms U4 be filed no later than 30 days after learning of the facts or circumstances giving rise to the amendment.

As set forth in IM-1000-1, filing information regarding registration "which is incomplete or inaccurate so as to be misleading" may be "deemed to be conduct inconsistent with just and equitable principles of trade and when discovered may be sufficient cause for appropriate disciplinary action." Failing to promptly amend a Form U4 is a violation of Rule 2110.

At all times relevant, MAM Securities required its registered personnel to review their Form U4 on an annual basis and notify the Firm of any changes. Sanchez and his wife filed for Chapter 7 bankruptcy protection on December 15, 2008 and were discharged from bankruptcy on September 29, 2009. Sanchez did not properly update his Form U4 to reflect his bankruptcy filing or the discharge from bankruptcy. On July 27, 2010, the IRS filed a federal tax lien for \$35,323 against Sanchez and his wife. Sanchez did not properly update his Form U4 to reflect the lien. In addition, Sanchez did not disclose any of these events on his Form U4 prior to the termination of his employment with MAM Securities. Sanchez's actions constitute separate violations of FINRA Rules 2010 and 1122, NASD IM-1000-1, and Article V, Section 2 of the FINRA By-Laws.

5. Sanchez failed to disclose an outside business activity.

NASD Rule 3030 states, "[n]o person associated with a member in any registered capacity shall be employed by, or accept compensation from, any other person as a result of any business activity, other than a passive investment, outside the scope of his relationship with his employer firm, unless he has provided prompt written notice to his employer."

In addition, at all times relevant, MAM Securities required its RRs to submit a disclosure form prior to engaging in any outside business activity ("OBA"). RRs were required to describe the OBA and disclose whether Firm customers were involved. The Firm advised Sanchez of these requirements prior to Sanchez's employment at the Firm.

Sanchez, however, did not provide prompt written notice to the Firm of the services he provided to JW, GD and a third customer, JL, through Trust Services (which began in February 2010). In August 2010, CC, a Firm compliance employee, learned of Sanchez's OBA and advised Sanchez that he had to provide written notice to the Firm. Sanchez then reported the Trust Services OBA in writing to the Firm in accordance with CC's instructions.

As a result of the foregoing, from February 2010 to August 2010, Sanchez violated NASD Rule 3030 and FINRA Rule 2010.

SANCTIONS

- A. I consent to the imposition of the following sanctions:

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

I understand that if I am barred or suspended from associating with any FINRA member, I become 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, I 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).

Pursuant to FINRA Rule 8313(e), 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.

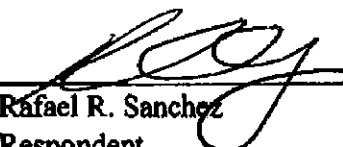
OTHER MATTERS

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.

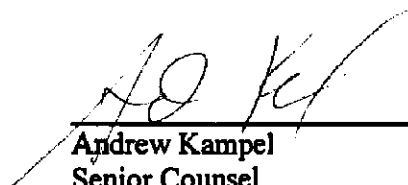
3/2/2012
Date


Rafael R. Sanchez
Respondent

Accepted by FINRA:

3/9/2012
Date

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


Andrew Kampel
Senior Counsel
FINRA Department of Enforcement
One World Financial Center
200 Liberty Street
New York, New York 10281
Phone: 646-315-7350
Facsimile: 202-689-3442