

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Dean Kaplanidis (CRD No. 2832379),

Respondent.

DISCIPLINARY PROCEEDING
NO. 2011025975301

The Department of Enforcement alleges:

SUMMARY

1. Beginning in approximately December 2006 and continuing through June 2010, Kaplanidis engaged in a scheme to convert approximately \$145,184.00 from customer AM for his own use.

2. On July 28, 2011, Kaplanidis pled guilty to felony Grand Larceny in connection with his scheme.¹

3. Enforcement as part of its investigation requested information pursuant to FINRA Rule 8210 from Kaplanidis.

4. Kaplanidis failed to respond to Enforcement's 8210 request.

5. Kaplanidis' conversion of funds violated NASD Rule 2330 and FINRA Rule 2150 (which prohibit improper use and conversion of customer funds). These violations also constituted violations of NASD Rule 2210 and FINRA Rule 2010, which require members and

¹ Rockland County, State of New York (Case No. CO-2011-004319)

associated persons to observe high standards of commercial honor and just and equitable principles of trade.

6. Kaplanidis' failure to cooperate constitutes a violation of FINRA Rule 8210.

This violation also constitutes a violation of FINRA Rule 2010.

RESPONDENT AND JURISDICTION

7. Kaplanidis entered the securities industry in November 1996. From October 14, 2003 to October 19, 2009, Kaplanidis was a registered representative of FINRA member firm Chase Investment Services Corporation ("CISC" or "the Firm"), as a General Securities Representative (Series 7) and General Securities Sales Supervisor (Series 9/Series 10). CISC is a broker-dealer affiliate of JP Morgan Chase Bank. On October 19, 2009, Kaplanidis was terminated from CISC due to an unrelated issue. Between October 20, 2009 and April 12, 2010, Kaplanidis was unemployed. On April 13, 2010, Kaplanidis joined another FINRA member firm as a registered representative, where he maintained his securities licenses. On February 4, 2011, that firm terminated Kaplanidis for failing "to disclose information relating to activities that occurred at his prior broker-dealer" and failing "to respond to a FINRA inquiry."

8. Since his termination on February 4, 2011, Kaplanidis has not been associated with a FINRA member firm. However, Kaplanidis remains subject to FINRA jurisdiction for purposes of this proceeding pursuant to Article V, Section 4 of FINRA's By-laws, because (1) the Complaint was filed within two years after Kaplanidis' effective date of termination on February 4, 2011; and (2) the Complaint charges Kaplanidis with misconduct committed while he was associated with a FINRA member.

FIRST CAUSE OF ACTION
IMPROPER USE/CONVERSION
(NASD RULE 2330, FINRA RULE 2150, NASD RULE 2110 AND FINRA RULE 2010)

9. The Department re-alleges and incorporates by reference paragraphs 1 through 8 above.

10. On or about August 22, 2006, AM purchased an AXA Equitable Life Insurance Company variable annuity through CISC in the amount of approximately \$215,000. At the time AM purchased the variable annuity, Kaplanidis was AM's broker of record.

11. After his investment in the variable annuity, AM moved to Greece, where he currently resides. AM's variable annuity was structured to provide him with a monthly stream of income of approximately \$1024.97 per month.

12. In or around December 2006, without AM's knowledge or consent, Kaplanidis opened a personal checking account at a Chase bank branch in AM's name, using information AM provided on his variable annuity application, and requested the issuance of a ATM card for access to the funds in the checking account

13. Beginning on or around December 8, 2006 and continuing through June 15, 2010, Kaplanidis forged annuity withdrawal forms in order to move funds from AM's variable annuity to the checking account Kaplanidis had opened in AM's name. During this time, Kaplanidis wrongfully transferred approximately \$145,184 of AM's funds to the checking account.

14. Using the unauthorized ATM card linked to the checking account, Kaplanidis withdrew from the checking account the funds that he had improperly transferred from the variable annuity.

15. On December 3, 2010, AM contacted the Firm because his monthly systematic distributions from his variable annuity had suddenly ceased. The Firm promptly contacted AXA

Equitable Life Insurance Company and learned that forty-seven (47) withdrawals totaling \$145,184 were executed between December 8, 2006 and June 15, 2010, depleting the funds in the variable annuity. Thirty-seven (37) of the transfers occurred while Kaplanidis was registered at CISC, while some of the remaining ten (10) occurred during the time Kaplanidis was registered with another FINRA member firm.

16. In January 2011, the District Attorney of Rockland County, New York charged Kaplanidis with stealing property from AM between July 17, 2007 and June 23, 2010.

17. On July 28, 2011, in connection with his above-referenced conduct, Kaplanidis pled guilty in New York Supreme Court, in the County of Rockland, to Grand Larceny in the Second Degree § 155.40(1), a felony. Kaplanidis was ordered to pay full restitution to JP Morgan Chase & Co.

18. The above acts, practices, and conduct as set forth in paragraphs 1-15 constitute a violation of NASD Rules 2330 and 2110, and FINRA Rules 2150 and 2010.

SECOND CAUSE OF ACTION
FAILURE TO COOPERATE WITH A FINRA INVESTIGATION
(FINRA RULE 8210 AND FINRA RULE 2010)

19. The Department re-alleges and incorporates by reference paragraphs 1 through 18 above.

20. By letter dated January 18, 2011, FINRA requested, pursuant to FINRA Rule 8210, that Kaplanidis provide, among other things, a signed written statement addressing the alleged mishandling of AM's account as described above by no later than February 1, 2011. The letter was sent to Kaplanidis' residential address as reflected in FINRA's Central Registration Depository ("CRD") by certified mail returned receipt and first class mail.

21. Kaplanidis signed the certified mail receipt on January 31, 2011, thereby indicating successful delivery of FINRA's January 18, 2011 letter.

22. Kaplanidis failed to respond to FINRA's January 18, 2011 request.

23. By letter dated February 1, 2011, FINRA sent a second letter to Kaplanidis notifying him that FINRA had not received a response to the January 18, 2011 request. In its February 1, 2011 letter, FINRA repeated its request for information first made on January 18, 2011 pursuant to FINRA Rule 8210 and requested that Kaplanidis produce the information. The February 1, 2011 letter further stated that Kaplanidis' failure to respond to the request may subject him to disciplinary action. The letter was sent to Kaplanidis' residential address, as reflected in the CRD, by certified mail return receipt requested and first class mail and required Kaplanidis to respond by March 3, 2011.

24. The certified letter dated February 1, 2011 was returned to FINRA unclaimed.

25. Kaplanidis failed to respond to the February 1, 2011 request.

26. By letter dated March 30, 2011, FINRA requested for a third time, pursuant to FINRA Rule 8210, that Kaplanidis produce the information requested on January 18, 2011 and February 1, 2011 and stated that a failure to respond to the requests may subject him to disciplinary action including a permanent bar from the securities industry. Enclosed with the March 30, 2011 letter were copies of the January 18, 2011 and February 1, 2011 letters. The letters were sent to Kaplanidis' residential address, as reflected in CRD, and an additional residential address identified by FINRA using Lexis database searches. These letters were sent by certified mail return receipt requested, Federal Express mail and first class mail. The letter requested that Kaplanidis respond by April 13, 2011.

27. The certified letter dated March 30, 2011 was returned to FINRA unclaimed.

28. The Federal Express mail was delivered to Kaplanidis' CRD address on March 31, 2011 at 12:07 PM.

29. Kaplanidis failed to respond to the March 30, 2011 request.

30. Kaplanidis did not respond to FINRA's repeated requests made pursuant to FINRA Rule 8210. As such, Kaplanidis violated FINRA Rules 8210 and 2010.

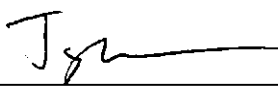
RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent(s) committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including a permanent bar from associating with any FINRA-regulated broker-dealer, 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

Dated: May 23, 2012



Jeffrey D. Pariser, Enforcement Director
FINRA Department of Enforcement
15200 Omega Drive, 3rd Floor
Rockville, MD 20850
(jeffrey.pariser@finra.org)
Phone (301) 258-8567