FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement, Complainant, v. Leonard Allen Goldberg, (CRD No. 223972), Respondent.	DISCIPLINARY PROCEEDING NO. 2011026098504 Hearing Officer: MC **ORDER ACCEPTING OFFER OF SETTLEMENT**

Disciplinary Proceeding No. 2011026098504 was filed August 28, 2015, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Leonard Allen Goldberg (CRD No. 223972) submitted an Offer of Settlement (Offer) to Complainant dated March 31, 2016. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint by the Offer of Settlement, 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, to the entry of findings and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will

become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

1. In May 1972, Goldberg became registered as a General Securities Representative (GSR) through a FINRA regulated firm. In March 1976, Goldberg became registered as a General Securities Principal (GSP) with a different firm. In April 1977, Goldberg became registered as an Options Principal (OP) with the latter firm. Goldberg had been registered through consecutive associations with several different FINRA regulated firms from 1972 through November 2014.

2. On June 26, 1986, after a litigated hearing, the NYSE fined Goldberg $25,000 and suspended him for one month for misconduct similar to some of what is at issue here. The hearing panel found that Goldberg, while working at a then NYSE regulated firm, violated NYSE Rule 408(a) by exercising discretion without authorization and signing the names of customers to an options agreement and violated NYSE Rule 405(1) by failing to use due diligence to learn the essential facts relative to a customer.

3. From July 5, 2007 to October 2010, Goldberg was registered with FINRA as a GSR, GSP and OP through his association with J.P. Turner. Goldberg was terminated by J.P. Turner "based upon the result of an internal review of mutual fund switching activity in client accounts." From October 22, 2010 to November 2014, Goldberg was registered with FINRA as a GSR, GSP and OP through an association with Newport. On December 2, 2014, Newport filed a Form U5 terminating Goldberg's association with the firm due to Goldberg's "failure to follow the firm's policies and procedures."

4. Goldberg has not been registered with FINRA, or been associated with a FINRA member firm, since he was terminated by Newport on November 12, 2014.

5. Although Goldberg is no longer registered or associated with a FINRA member firm, he remains subject to FINRA's 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 the effective date of termination of Goldberg's registration with Newport, namely December 2, 2014, and (2) the Complaint charges him with misconduct committed while he was registered with a FINRA member.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:[1]

6. As alleged in the Complaint , Respondent engaged in the following acts, or failed to act as follows:

SUMMARY

7. During the seven year period from August 2007 through August 2014, while he was registered with FINRA through associations with two different FINRA regulated firms -- J.P. Turner & Company, LLP and Newport Coast Securities Inc. -- registered representative Leonard Goldberg caused over $123,600 in losses to five customers while making over $77,900 for himself and his firms by using discretion without the requisite written authorization in connection with 300 mutual fund and Exchange Traded Fund ("ETF") transactions to his benefit and the customers' detriment. During five years of that time period, from August 2007 through February 2012, he used that discretion to facilitate a scheme, practice and course of business of

[1] The findings herein are pursuant to Respondent Leonard Allen Goldberg's Offer of Settlement and are not binding on any other person or entity named as a respondent in this or any other proceeding.

effecting fraudulent and unsuitable short term switching of Class A mutual funds in the accounts of the five customers. He also falsified, or caused to be falsified, firm documents in furtherance of his scheme, practice and course of business.

8. Goldberg's fraudulent and unsuitable short term mutual fund switching scheme involved replacing one Class A mutual fund position with another one in the accounts of the five customers more than 90 times in a five year period from August 2007 to February 2012. The accounts held those mutual funds for an average of only five to six months before Goldberg switched the funds. The customers trusted Goldberg to trade on their behalf in their accounts, and he did not inform them in advance of the trades.

9. Goldberg's mutual fund switching in the five customers' accounts had no business purpose other than to generate commissions for himself. The customers, currently ranging in ages from 59 to 73 years old, had invested with Goldberg to plan for their retirement and other long term needs. However, Goldberg's repeated purchases and sales of Class A mutual funds meant that Goldberg's short term trading resulted in repeated fees and charges to his customers. Goldberg's decision to buy and/or sell mutual funds in the accounts of these five customers was not informed by the fund's performance or the suitability of the fund for any particular customer. At times, he sold particular mutual funds in a customer's account only to buy it back again in the same customer's account several months later. He also sold specific mutual funds in one customer's account while buying it in another customer's account during the same time period. Further, Goldberg switched customers from one mutual fund to another in a different fund family when both funds had similar investment focuses.

10. By engaging in a scheme, practice and course of business to defraud the five customers by continuously switching their Class A mutual fund investments on a short term basis

in an effort to generate commissions for himself, Goldberg willfully violated Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5(a) and (c) promulgated thereunder, and acted in contravention of Section 17(a)(1) of the Securities Act of 1933 thereby violating FINRA Rules 2020 and 2010, along with violating NASD Rules 2120 and 2110.

11. By virtue of the unsuitability of the short-term mutual fund switch transactions, Goldberg violated NASD Rules 2310 and 2110, IM-2310-2, and FINRA Rules 2111 and 2010.

12. When Goldberg exercised discretion in the accounts of the five customers from August 2007 through August 2014 in connection with 300 purchases and sales of mutual funds and ETFs, he acted without the required written authorization from the customers and the firms. He used discretion, in part, to engage in the fraudulent and unsuitable mutual fund switching scheme, practice and course of business described above. In exercising discretion in his customers' accounts without written authorization from his customers, or approval from his firms, Goldberg violated NASD Rules 2510 and 2110 and FINRA Rule 2010.

13. From August 2007 to November 2014, Goldberg regularly created or caused to be created false and inaccurate firm records. During that time, Goldberg submitted to his FINRA regulated firms approximately 238 electronic orders and 20 mutual fund switch forms in which he falsely identified the vast majority of these transactions as "unsolicited." Since Goldberg used his discretion in all of the mutual fund transactions in the accounts of the five customers, all of those transactions were "solicited," and Goldberg intentionally created false records when he caused the documents to state they were "unsolicited." In so doing, Goldberg caused firm records to be inaccurate and false, and thereby evaded the scrutiny of his firms' compliance departments.

14. In the accounts of the five customers in which Goldberg engaged in fraudulent mutual fund switching, Goldberg caused the customers' signatures to be forged on new account forms and mutual fund switch letters. Additionally, Goldberg caused the falsification of some of the information relating to each customer's investment experiences, net worth, and risk tolerance on the new account forms. Goldberg used the false and inaccurate records he created or caused to be created to further his unsuitable and fraudulent mutual fund switching scheme, practice and course of business.

15. To further flout regulatory requirements, in connection with the accounts of four different customers separate from the fraud, from in or around January 2010 to November 2014, while he was registered at Newport, Goldberg instructed two different sales assistants to put their own California home addresses on the customer account documents. These four customers, two couples with four separate accounts, lived in Tennessee and Massachusetts – two states in which Goldberg was not licensed at the time. These two couples had no presence in California. Goldberg directed and caused the falsification of the primary residence addresses for these customers. In so doing, Goldberg misled his firms and thereby facilitated his undetected continued servicing of these out-of-state accounts at a time when he was no longer licensed to do so.

16. By creating or causing to be created inaccurate and false firm order memoranda, new account forms and mutual fund switch forms, Goldberg violated NASD Rules 3110 and 2110 and FINRA Rules 4511 and 2010.

FACTS COMMON TO MOST CAUSES OF ACTION

17. Between August 2007 and August 2014, Goldberg serviced the accounts of customers ST, JC, JK, LR and LM. Most of the accounts in question were IRAs or other accounts opened for the customers' long term investment needs. Most of the transactions

Goldberg directed in these accounts were short term mutual fund trades and the purchases and sales of ETFs.

Customer ST

18. ST was an office manager for several medical offices prior to investing through Goldberg. ST met Goldberg in the early 1990s when Goldberg was dating ST's sister, whom Goldberg later married. When ST's first husband passed away in 1995, ST inherited approximately $185,000 from her late husband's life insurance, social security and pension plan. ST wanted to use this money to take care of her children. Goldberg offered to invest the money for ST, and she agreed to let him do so. ST thereby began a professional relationship with Goldberg in 1995.

19. Goldberg knew or should have known she could not afford to take risks with her money. Goldberg did not discuss with ST how he would invest her money and she trusted him to "do the right thing." ST did not ask, nor did Goldberg tell her, how many accounts he was opening in her name, how much money he would allocate to each account or what he planned to buy in each account. ST and Goldberg did not have a discussion regarding her investment experience. Prior to retaining Goldberg, ST had no investment knowledge or experience. ST relied heavily upon Goldberg to handle her investment decisions. Even after her sister and Goldberg were divorced in or around 2005, ST continued to use Goldberg to service her investment accounts.

(a) ST's J.P. Turner Accounts – Mutual Fund Switching

20. In July and August 2007, Goldberg moved ST's accounts from his prior firm to J.P. Turner. At the time, ST was 49 years old. The accounts were moved without ST's prior knowledge or consent. Goldberg opened four non-discretionary J.P. Turner accounts for ST

(IRA Account xxx4980, IRA Account xxx6460, Account xxx6842 and Account xxx1012). Goldberg serviced ST's J.P. Turner accounts until the time he was terminated from J.P. Turner in October 2010.

21. While servicing these accounts, Goldberg effected mostly short-term Class A mutual fund transactions. These switch transactions were contrary to ST's goals and objectives because she wanted to preserve the money in these accounts in order to take care of her children in the future. Goldberg knew or should have known that repeated short-term buying and selling of Class A mutual funds in these accounts would result in depleting the funds in light of the front-end sales loads and other charges. Additionally, given that mutual funds were meant for long-term investments, it was inconceivable that short-term selling of these funds would grow these accounts.

22. Accordingly, all 45 mutual fund switch transactions that Goldberg effected in ST's accounts while at J.P. Turner were unsuitable. Each mutual fund was held for an average of approximately six months. For example, Goldberg effected the following short-term mutual fund trades in ST's J.P. Turner account # xxx4980 :

Account Number	Fund Name	Fund Symbol	Date Bought	Date Sold	Period of Time Held
xxx4980	American Funds Small Cap World A	SMCWX	October 2007	May 2008	7 months
xxx4980	Wells Fargo Advantage Divers Int'l A	SILAX	May 2008	February 2009	9 months
xxx4980	Van Eck Intl Investors Gold A	GHAAX	January 2009	June 2009	5 months
xxx4980	Invesco Van Kampen Technology Fund A	VTFAX	February 2009	August 2009	6 months
xxx4980	Franklin Natural Resources A	FRNRX	June 2009	December 2009	6 months
xxx4980	MFS Technology Class A	MTCAX	August 2009	January 2010	5 months
xxx4980	DWS Europe Equity A	SERAX	December 2009	April 2010	4 months

xxx4980	American Funds Small Cap World A	SMCWX	January 2010	May 2010	4 months

23. Additionally, in connection with ST's J.P. Turner account # xxx6460, Goldberg directed short-term mutual fund transactions including the following:

Account Number	Fund Name	Fund Symbol	Date Bought	Date Sold	Period of Time Held
xxx6460	Dreyfus Technology Growth A	DTGRX	September 2007	February 2008	5 months
xxx6460	Van Eck Intl Investors Gold A	INIVX	February 2008	November 2008	7 months
xxx6460	Invesco Van Kampen Technology Fund A	VTFAX	February 2009	August 2009	6 months
xxx6460	JP Morgan Latin America A	JLTAX	April 2009	September 2009	5 months
xxx6460	MFS Technology Class A	MTCAX	August 2009	January 2010	5 months
xxx6460	Eaton Vance Greater India A	ETGIX	September 2009	February 2010	5 months
xxx6460	American Funds Small Cap World A	SMCWX	January 2010	May 2010	4 months
xxx6460	Ivy Global Natural Resources A	IGNAX	February 2010	July 2010	5 months

24. Finally, in connection with ST's J.P. Turner account # xxx6842, Goldberg directed short term mutual fund transactions including the following:

Account Number	Fund Name	Fund Symbol	Date Bought	Date Sold	Period of Time Held
xxx6842	Evergreen Emerg Mkts A	EMGAX	October 2007	May 2008	7 months
xxx6842	Federated Internat'l Small-Mid Co A.	ISCAX	February 2008	November 2008	9 months
xxx6842	Templeton Developing Markets A	TEDMX	February 2008	November 2008	9 months
xxx6842	Ivy Global Natural Resources A	IVIAX	May 2008	November 2008	6 months
xxx6842	DWS Latin America A	SLANX	November 2008	April 2009	5 months
xxx6842	Prudential Jennison Natural Resources A	PGNAX	November 2008	May 2009	6 months
xxx6842	BlackRock Latin	MDLTX	April 2009	August 2009	4 months

	America Inv A				
xxx6842	Ivy Global Natural Resources A	IGNAX	April 2009	September 2009	5 months
xxx6842	Seligman Global Smaller Companies A	SHGAX	August 2009	January 2010	5 months
xxx6842	Pacific Advisors Small Cap Value A	PASMX	September 2009	February 2010	5 months
xxx6842	DWS Latin America	SLANX	September 2009	February 2009	5 months
xxx6842	MFS Technology Class A	MTCAX	October 2009	February 2010	4 months
xxx6842	Delaware Emerging Markets A	DEMAX	January 2010	June 2010	5 months
xxx6842	Van Eck Global Hard Assets A	GHAAX	February 2010	June 2010	4 months

25. Goldberg's trading included patterns of in and out trading of certain mutual funds. For example,

- He sold the Eaton Vance Greater India fund in May 2008 in ST's xxx6460 account and then bought it back again in the same account in September 2009.
- He then sold that fund in February 2010 in ST's xxx6460 account and bought it back in ST's xxx1012 account in August 2010.
- Similarly, Goldberg went in and out of the Ivy Global Natural Fund several times across several of ST's accounts from 2007 to 2010.
- Further, in February 2010, Goldberg bought the Putnam Voyager Fund in ST's xxx6842 account and then sold it in March 2010.
- He then bought it again in May 2010 in ST's xxx4980 account and then sold it in July 2010 in ST's xxx6842 account.

26. This pattern of in and out trading was repeated consistently throughout ST's accounts, and caused her to pay sales charges and fees associated with Class A funds each time.

27. Goldberg at times sold ST's shares in a particular mutual fund category only to repurchase shares in the same or similar fund category in a different mutual fund family, thus

incurring unnecessary fees and sales loads. For example, on February 25, 2008, Goldberg sold Prudential Jennison Natural Resources A (PGNAX) in customer ST's xxx6842 account. Two months later, on April 21, 2009, Goldberg bought Ivy Global Natural (IGNAX), another natural resources fund, for ST's xxx6842 account.

28. Goldberg's misconduct resulted in losses in ST's J.P. Turner accounts of approximately $75,000 from short term mutual fund transactions over the life of the account.

29. Goldberg generated commissions of at least $30,900 on short term mutual fund transactions in ST's accounts while at Turner.

(b) ST's Newport Accounts – Mutual Fund Switching

30. In November 2010, the assets in ST's accounts were transferred to non-discretionary accounts at Newport. Goldberg opened the following ST accounts at Newport: xxx2985 (later changed to xxx8693), rollover IRA xxxx3116 (later changed to xxx8706), xxx3736, and beneficiary account xxx8765. As was the case before, ST did not know her accounts had been moved to Newport until she later received account statements from Newport. At Newport, Goldberg continued the same improper mutual fund switching practice. Goldberg's short-term mutual fund switches in ST's Newport accounts included the following:

Account Number	Fund Name	Fund Symbol	Date Bought	Date Sold	Period of Time Held
xxx3116	DWS Latin American Equity Fund A	SLANX	December 2010	May 2011	5 months
xxx2985	MFS Technology Fund A	MTCAX	January 2011	July 2011	6 months
xxx2985	DWS Latin American Equity Fund A	SLANX	January 2011	May 2011	4 months

31. Goldberg's trading activities at Newport continued to result in losses to ST's accounts. ST lost approximately $2,300 in her Newport accounts. In contrast, Goldberg generated approximately $3,800 in commissions on these trades at Newport.

(c) Forged ST Documents / Inaccurate Account Information

32. All of ST's new account forms at J.P. Turner and Newport contained forged signatures purporting to be ST's signatures. As mentioned above, ST learned that her accounts had been moved to J.P. Turner and then to Newport when she received account statements from those firms. ST did not sign new account forms opening the referenced accounts at either J.P. Turner (IRA Account xxx4980, IRA Account xxx6460, Account xxx6842 and Account xxx1012) or Newport (xxx2985 (later changed to xxx8693), rollover IRA xxxx3116 (later changed to xxx8706), and beneficiary account xxx8765). These new account forms also indicated that ST's investment objectives included "growth with high risk" and "speculative". This information was false. Goldberg knew or should have known that ST did not want to take risks with her accounts and wanted to preserve the funds in these accounts to take care of her children in the future.

33. Additionally, Goldberg caused the entry of 16 falsified mutual fund switch forms, associated with ST's accounts, to be entered into J.P. Turner's and Newport's books and records. Each of these forms contained signatures purporting to be ST's signature. ST did not sign these forms. Further, these forms identified most of the mutual fund switch transactions as "unsolicited." As mentioned above, Goldberg did not discuss any of these trades with ST and made all of these trades without consulting ST beforehand. Accordingly, all of these trades were "solicited" trades. Further, all of the customer reasons given for the subject trades were also fabricated. For example, J.P. Turner switch form dated 2/26/2008 in connection with ST's

xxx6842 account indicated that ST was "afraid of commodities now! Likes Int'l and Dev. Mkt for now and long term." This information was fabricated. ST did not seek out these trades, and she did not provide Goldberg with the explanations contained on these 16 forms as to why these switch transactions were to be made. Importantly, Goldberg's signature appears on these documents as a certification that the information contained therein was accurate. Goldberg caused all of this false information to be included on these forms and into the firm's records.

34. Goldberg entered, or caused to be entered, approximately 124 trades into Turner's and Newport's electronic system where he falsely identified ST's mutual fund transactions as "unsolicited" when these transactions were all solicited.

(d) Exercising Discretion in ST's Accounts

35. Throughout the life of her accounts, Goldberg regularly exercised discretion in ST's accounts. Goldberg exercised discretion over when, and at what price, to purchase or sell securities for all of ST's accounts, identified above. Goldberg did not have the required written authorization from ST to exercise discretionary power in her accounts. Additionally, ST's accounts had not been accepted, in writing, by J.P. Turner and/or Newport as discretionary accounts.

36. In addition to the fraudulent mutual fund transactions, Goldberg exercised discretion in ST's accounts and effected at least 22 different ETF transactions in ST's accounts. Goldberg directed all of the improper ETF transactions in ST's accounts.

Customer JC

37. Customer JC was 50 years old when she first began investing with Goldberg in 2006. JC was a traffic control coordinator for the Alaska Railroad Corporation and did not have any investment experience at the time she met Goldberg. In fact, JC's husband handled most of

the investment decisions for all of their accounts. In or around 2006, JC inherited approximately $60,000 from her late father's estate. JC opened an investment account with Goldberg in order to invest this inheritance. Goldberg knew or should have known that her objective was to grow the money without being exposed to high risks through IRAs intended to facilitate JC's retirement income.

(a) JC's J.P. Turner Account – Mutual Fund Switching

38. In July 2007, Goldberg transferred the assets of JC's account at a prior firm to J.P. Turner without JC's knowledge or consent. While at J.P. Turner, Goldberg opened account xxx6915 (later changed to xxx1127) for JC. This account was a non-discretionary account. Goldberg serviced JC's account until the time he was terminated from J.P. Turner in October 2010.

39. Goldberg engaged in a series of 13 short-term Class A mutual fund transactions in JC's J.P. Turner account xxx6915. Each mutual fund generally was held for between four and six months on average. This strategy of switching in and out of mutual funds was inconsistent with JC's known objective to preserve the balances in these accounts and conservatively grow the accounts.

40. In connection with account xxxx6915, JC's J.P. Turner IRA, Goldberg effected the following mutual fund short term trades:

Account Number	Fund Name	Fund Symbol	Date Bought	Date Sold	Period of Time Held
xxx6915	BlackRock Latin America Inv A	MDLTX	September 2007	February 2008	5 months
xxx6915	Investo Van Kampen Mid Cap A	VGRAX	October 2007	April 2008	6 months
xxx6915	Goldman Sachs	GEMAX	February 2008	October 2008	8 months

	Emerging Mkt A				
xxx6915	Eaton Vance Greater India A	ETGIX	April 2008	November 2008	7 months
xxx6915	Wells Fargo Adv Asia Pacific A	WFAAX	July 2008	April 2009	9 months
xxx6915	Morgan Stanley Mid-Cap Growth Fund A	DGRAX	October 2008	April 2009	7 months
xxx6915	DWS Latin America A	SLANX	November 2008	July 2009	8 months
xxx6915	Hartford Small Company A	IHSAX	April 2009	September 2009	5 months
xxx6915	Jennison Natural Resources A	PGNAX	July 2009	December 2009	5 months
xxx6915	BlackRock Latin America Inv A	MDLTX	September 2009	February 2010	5 months
xxx6915	MFS Technology Class A	MTCAX	December 2009	April 2010	4 months
xxx6915	Ivy Global Natural Resources A	IGNAX	February 2010	June 2010	4 months
xxx6915	Eaton Vance Greater India A	ETGIX	April 2010	September 2010	5 months

41. Goldberg's trading also included patterns of in and out trading of certain mutual funds. For example, Goldberg sold the Eaton Vance Greater India Fund (ETGIX) in account xxx6915 in September 2007. He then bought it again in April 2008 in the same account. He later sold it in November 2008 and bought it again in April 2010 for the same account. Goldberg continued the in and out trading across JC's J.P. Turner and Newport accounts.

42. Goldberg's mutual fund switches caused JC losses of over $12,400 in account xxx6915 during the life of the account at J.P. Turner.

43. In contrast, Goldberg generated commissions of over $4,000 from trading JC's account xxx6915 during that same time period.

(b) JC's Newport Account – Mutual Fund Switching

44. Goldberg moved JC's assets from J.P. Turner to Newport in 2010 and opened account xxx5053 (later changed to xxx8857). Goldberg continued to engage in short term mutual fund transactions in JC's Newport account.

45. Goldberg effected the following short term transaction in account xxx5053:

Account Number	Fund Name	Fund Symbol	Date Bought	Date Sold	Period of Time Held
xxx5053	DWS Latin America Eqty Fund A	SLANX	February 2011	June 2011	4 months

46. Goldberg's short term trading activity in JC's Newport account resulted in a profit of approximately $307.

47. However, Goldberg generated commissions of over $400 from JC's Newport account.

(c) Forged JC Documents / Inaccurate Account Information

48. The new account form for J.P. Turner identified JC's risk tolerance as "moderate and aggressive." Goldberg knew or should have known that this information was incorrect. Further, the J.P. Turner new account form included forged signatures purporting to be JC's signature. JC did not sign this document. Goldberg forged or caused JC's signature to be forged on these documents. Similarly, the new account form for JC's Newport account contained forged signatures purporting to be JC's signatures. JC did not sign these documents. Goldberg forged or caused JC's signature to be forged on this document. The Newport new account form also identified JC's investment objective as "capital appreciation with high risk" and "aggressive growth." This information was incorrect because Goldberg knew or should have known that

JC's objective with this account was to achieve long-term growth with low risk in order to preserve the money in the account.

49. Further, Goldberg created or caused to be created a Newport switch letter, dated February 17, 2011, relating to JC's IRA at the firm. The switch letter contains a forged signature that does not belong to JC. Additionally, the document incorrectly identifies the transaction as "unsolicited" when Goldberg made this solicited trade without consulting JC. The asserted reason for the transaction was "Wants Latin America feels other emerging markets will slow down." This purported reason attributed to JC was also false. JC did not give Goldberg this information and did not speak with him about these trades. Importantly, Goldberg's signature appears on this document as a certification that the information contained therein was accurate. It was not.

50. Further, Goldberg entered or caused to be entered approximately 29 trades into Turner's and Newport's electronic system where he falsely identified JC's transactions as "unsolicited" when these transactions were all solicited.

(d) Exercising Discretion in JC's Accounts

51. Throughout the life of her accounts, Goldberg regularly exercised discretion in JC's accounts. Goldberg exercised discretion over when, and at what price, to purchase or sell securities for JC's accounts. Goldberg did not have the required written authorization from JC to exercise discretionary power in her accounts. Additionally, JC's accounts had not been accepted, in writing, by J.P. Turner and/or Newport as discretionary accounts.

52. In addition to the fraudulent mutual fund transactions, Goldberg exercised discretion in JC's accounts including effecting at least six different ETF transactions in JC's accounts.

Customer JK

53. Customer JK was 65 years old and a widow when she invested with Goldberg in 2007. At the time, JK opened two accounts with Goldberg. JK was a hairstylist and owner of several hair salons. Although JK and her late husband had invested in the stock market prior to meeting Goldberg, most of the investment decisions had been handled by her husband.

(a) JK's J.P. Turner Accounts – Mutual Fund Switching

54. In July and August 2007, the assets in JK's accounts were transferred from Goldberg's prior firm to J.P. Turner. JK was not aware that her assets had been transferred to J.P. Turner until she received account statements from J.P. Turner. Goldberg opened the following two J.P. Turner accounts for JK: IRA xxx8039 (later changed to xxx1184) and xxx7941 (later changed to xxx1673).

55. While at J.P. Turner, Goldberg engaged in a series of short-term Class A mutual fund switches in JK's non-discretionary accounts. Each mutual fund was held for less than eight months. These trades were unsuitable because, among other reasons, JK had informed Goldberg that her objective was growth with very little risk. Because short-term Class A mutual fund trades involve sales loads and other fees, frequently buying and selling these funds and holding them for less than eight months is not consistent with a growth objective.

56. For example, in J.P. Turner account xxx8039, Goldberg effected the following short-term mutual fund trades:

Account Number	Fund Name	Fund Symbol	Date Bought	Date Sold	Period of Time Held
xxx8039	Eaton Vance Greater India A	ETGIX	January 2008	September 2009	8 months
xxx8039	DWS Latin America A	SLANX	September 2008	April 2009	7 months

xxx8039	Van Eck Intl Investors Gold A	GHAAX	April 2009	September 2009	5 months
xxx8039	Ivy Global Natural Resources A	IGNAX	September 2009	February 2010	5 months
xxx8039	Van Eck Intl Investors Gold A	GHAAX	February 2010	July 2010	5 months

57. While managing JK's account number xxx7941 at J.P. Turner, Goldberg entered into a series of short-term mutual fund transactions including, the following:

Account Number	Fund Name	Fund Symbol	Date Bought	Date Sold	Period of Time Held
xxx7941	DWS Latin America Equity A	SLANX	August 2007	January 2008	5 months
xxx7941	Eaton Vance Greater India A	ETGIX	January 2008	September 2009	8 months
xxx7941	DWS Latin America Equity A	SLANX	July & September 2008	December 2008	5 months & 3 months
xxx7941	Van Eck Internatn'l Investors Gold A	INIVX	December 2008	May 2009	5 months
xxx7941	Prudential Jennison Natural Resources A	PGNAX	May 2009	October 2009	5 months
xxx7941	DWS Latin America Equity A	SLANX	October 2009	March 2010	5 months
xxx7941	Templeton Developing Markets A	TEMGX	March 2010	July 2010	4 months

58. Goldberg's trading in JK's accounts included patterns of in and out trading of certain mutual funds. For example,

- Goldberg bought DWS Latin America Equity A (SLANX) for JK in account xxx7941 in August 2007 and sold it in account xxx8039 in January 2008.
- He again bought SLANX for account xxx7941 in July and September 2008 and sold it in December 2008 (account xxx7941) and also in April 2009 (account xxx8039).
- He then purchased SLANX again for account xxx7941 in October 2009 and sold it again in March 2010 in the same account.

59. Further, Goldberg at times bought and sold JK's shares in a particular mutual fund category only to repurchase shares a few months later in the same or similar fund category. For example, on April 21, 2009, Goldberg bought shares in Van Eck Global Hard Assets A (GHAAX) for JK's account xxx8039. This is a natural resources fund. He then sold it in September 2009 in the same account. He then bought shares in Ivy Global Natural Resources (IGNAX) in September 2009 and sold it in February 2010. Goldberg then went back into GHAAX in February 2010 and again sold it in July 2010.

60. Due to Goldberg's short term mutual fund switches, JK lost more than $24,800 in her J.P. Turner accounts for the life of those accounts.

61. During the same time period, Goldberg generated commissions of approximately $8,400 from mutual fund switches in these accounts.

(b) JK's Newport Accounts – Mutual Fund Switching

62. In 2010, without JK's knowledge or consent, Goldberg transferred the assets in JK's two accounts from J.P. Turner to Newport. At Newport, Goldberg opened two accounts for JK -- xxx2738 (rollover IRA) and xxx2704 (family trust). Again, JK learned that her accounts had been moved to Newport only when she later received her first account statement from Newport. At Newport, Goldberg continued the same mutual fund switching activities for positions held for less than one year.

63. Although JK earned a profit of approximately $2,000, Goldberg generated commissions of approximately $1,500 on mutual fund switches in JK's Newport accounts for the life of the accounts.

(c) Forged JK Documents / Inaccurate Account Information

64. As discussed above, JK's relationship with Goldberg began in or around 2005 when Goldberg was registered with another member firm. From the very beginning, JK made it clear to Goldberg that she was not interested in high risk investments and that her objective was to preserve the principal in the accounts and grow the accounts conservatively. JK initially invested $75,000 with Goldberg in 2005 and later added another $10,000 to the accounts. Goldberg forged, or caused to be forged, JK's signatures on the new account forms opening her two accounts at Newport. As mentioned, JK did not learn that Goldberg had moved her accounts to Newport in 2010 until she began receiving account statements from Newport. Accordingly, JK did not execute new account forms to open these accounts at Newport. JK's signatures on the new account forms for these Newport accounts were all forged.

65. Additionally, JK's New Account Approval Forms for her accounts at Newport indicated her investment objectives as "short term growth with high risk" and "long term growth with greater risk - aggressive growth." As indicated above, JK had told Goldberg that she was not interested in high risk investments but wanted to preserve the principals of these accounts and keep the balances safe. Therefore, Goldberg caused these forms to misstate important information regarding JK's investment objectives.

66. Further, JK's account contained two mutual fund switch letters, both dated February 4, 2011, that purportedly contained her signatures. JK did not sign these documents and therefore her signatures on these documents were forged. Goldberg forged, or caused to be forged, the JK signatures on these documents. These switch letters further indicated that the mutual fund switch transactions were "unsolicited" and gave the purported reasons why JK was ordering the sale of the subject mutual funds as "Wants Latin America. Feels it will out-perform

USA." JK was not aware that these mutual fund switch transactions were taking place, and therefore the transactions were in fact solicited by Goldberg. Also the purported reason given on these two switch letters as to why JK was ordering the mutual fund switches was fabricated. Goldberg's signature appears on these two documents as a certification that the falsified information contained therein was accurate.

67. Goldberg entered, or caused to be entered, approximately 31 trades into Turner's and Newport's electronic system where he falsely identified JK's transactions as "unsolicited" when these transactions were all solicited.

(d) Exercising Discretion in JK's Accounts

68. Throughout the life of her accounts, Goldberg regularly exercised discretion in JK's accounts. Goldberg exercised discretion over when, and at what price, to purchase or sell securities for all of JK's accounts. Goldberg did not have the required written authorization from JK to exercise discretionary power in her accounts. Additionally, JK's accounts had not been accepted, in writing, by J.P. Turner and/or Newport as discretionary accounts.

69. In addition to the fraudulent mutual fund transactions, Goldberg exercised discretion in JK's accounts including effecting at least two ETF transactions in JK's accounts. Goldberg directed all of the improper ETF transactions in JK's account.

Customer LR

70. Customer LR was 59 years old when she invested with Goldberg at J.P. Turner in 2007. At the time of her investment, LR had been a flight attendant with United Airlines for many years. Goldberg and LR had been long-time friends. From the very beginning, LR informed Goldberg that her investment objectives were to protect the principal in her accounts and achieve long-term growth with very little risk.

(a) LR's J.P. Turner Accounts – Mutual Fund Switching

71. In July and August 2007, LR's assets were transferred from a prior firm to J.P. Turner without her prior consent. Goldberg opened the following three LR accounts at J.P. Turner: IRA account xxx8551 (later changed to xxx1215), IRA account xxx3849 (later changed to xxx1503) and xxx3881. Goldberg serviced these accounts until he was terminated from J.P. Turner in October 2010.

72. Between April 2009 and July 2010, Goldberg engaged in a series of Class A short-term mutual fund switch transactions in LR's accounts. Again, each mutual fund was held for approximately six months. These short-term mutual fund switches were unsuitable for LR because Goldberg knew or should have known that her main objective was to preserve the money in her account in order to create a stream of income for herself and her husband upon retirement. Goldberg proceeded to engage in the repeated short-term purchasing and selling of Class A mutual funds which meant that LR's accounts were charged front-end sales loads, in addition to commissions. This practice was not consistent with LR's stated objectives of preserving the principal and growing the account.

73. For example, Goldberg effected the following short-term mutual fund trades in LR's xxx8551 account:

Account Number	Fund Name	Fund Symbol	Date Bought	Date Sold	Period of Time Held
xxx8851	Eaton Vance Greater India A	ETGIX	October 2009	February 2010	4 months
xxx8851	Van Eck Global Hard Assets A	GHAAX	February 2010	July 2010	5 months

74. Goldberg effected the following short-term mutual fund transactions in LR's xxx3849 account:

Account Number	Fund Name	Fund Symbol	Date Bought	Date Sold	Period of Time Held
xxx3849	Eaton Vance Greater India A	ETGIX	April 2009	March 2010	11 months
xxx3849	Putnam Voyager A	PVOYX	March 2010	July 2010	4 months

75. Goldberg effected the following short-term mutual fund transactions in LR's xxx3881 account:

Account Number	Fund Name	Fund Symbol	Date Bought	Date Sold	Period of Time Held
xxx3881	Columbia Acorn USA A	LAIAX	November 2008	May 2009	6 months
xxx3881	DWS Latin America A	SLANX	May 2008	November 2008	6 months
xxx3881	MFS Technology Class A	MTCAX	October 2009	March 2010	5 months
xxx3881	Invesco Van Kampen Technology Fund Class A	VTFAX	May 2009	October 2009	5 months

76. Goldberg's activities resulted in cumulative losses in LR's J.P. Turner accounts of approximately $14,700 for the life of the accounts.

77. In contrast, Goldberg generated commissions of approximately $3,300 from LR's J. P. Turner accounts.

(b) LR's Newport Account – Mutual Fund Switching

78. At Newport, Goldberg opened accounts xxx4163 (later changed to xxx8802), IRA xxx3868, and xxx6425 (beneficiary account) for LR in 2010. While at Newport, Goldberg sold one position he had purchased for LR nine months previously in her J.P. Turner account.

(c) Forged LR Documents / Incorrect Account Information

79. When she first opened her account, LR informed Goldberg that she "did not have a lot of money" and was only interested in "safe investments." LR informed Goldberg that she was not interested in investments with a high risk but wanted to preserve the value of the

accounts. She told Goldberg not to be aggressive with the investments and that the main purpose of opening the accounts with him was to create a retirement plan for her husband who was self-employed.

80. Between 2007 and 2010, LR earned approximately $45,000 in annual income. She and her husband did not have many other investments and lived "paycheck-to-paycheck" without having much in savings. In spite of this, Goldberg caused LR's new account documents at J.P. Turner, for accounts xxx8551, xxx3881 and xxx3849, to indicate that LR had a net worth of "over $500,000." He also caused the information on these forms to identify LR's risk tolerance as "moderate and aggressive." This information was false.

81. Also, LR was not aware that her assets had been transferred to J.P. Turner and Newport until she subsequently received statements from those companies. Accordingly, LR did not sign the new account forms for J.P. Turner accounts xxx8551, xxx3849, and xxx3881. LR also never signed the new account forms for Newport accounts xxx3868, xxx6425 and xxx4163. However, these documents contained signatures purporting to be LR's signatures. These documents also contained Goldberg's signature as the principal handling the account and thereby attesting that the information contained therein came from the LR. However, Goldberg forged or caused to be forged LR's signatures on to these account documents and the information contained therein had been fabricated.

82. Further, Goldberg caused Newport's mutual fund switch form, dated 12/22/10, to indicate that the mutual fund transaction in connection with account xxxx4163 was unsolicited. This information is false because Goldberg solicited the transaction. The form also gave LR's purported reason for requesting the transaction as "Feels world emberg. Mkts a little overdone. Wants Brazil and oil funds in future." All of this information was false.

83. Goldberg entered, or caused to be entered, approximately 13 trades into J.P. Turner's and Newport's electronic systems where he falsely identified LR's transactions as "unsolicited" when these transactions were all solicited. Indicating that these transactions were "unsolicited" created false records in the firms' systems.

(d) Exercising Discretion in LR's Accounts

84. Throughout the life of her accounts, Goldberg regularly exercised discretion in LR's accounts. Goldberg exercised discretion over when, and at what price, to purchase or sell securities for all of LR's accounts. Goldberg did not have the required written authorization from LR to exercise discretionary power in her accounts. Additionally, LR's accounts had not been accepted, in writing, by J.P. Turner and/or Newport as discretionary accounts.

Customer LM

85. Customer LM was 52 years old when she first started investing with Goldberg in 2005. LM had worked in advertising at a local newspaper at or around the time she first began investing with Goldberg. LM became one of Goldberg's clients because she had inherited a real estate investment account from her father and Goldberg managed that account. LM did not have any prior investment experience. When the real estate market crashed in or around 2008, the real estate investment account she had inherited lost most of its value. At this time, LM informed Goldberg that her investment objective was to preserve the remaining funds and conservatively grow the money. LM specifically told Goldberg "try not to make the money disappear."

(a) LM's J.P. Turner Accounts - Mutual Fund Switching

86. In July 2007, Goldberg transferred the assets from LM's account at a prior firm and opened the following four accounts at J.P. Turner: IRA xxx8420 (later changed to xxx1210),

Roth IRA xxx5273, account xxx1119 and xxx2270 (later changed to xxx1747). Goldberg serviced these accounts until the time he was terminated from J.P. Turner in October 2010.

87. Throughout the life of these accounts, Goldberg engaged in a series of short-term Class A mutual fund switches in LM's accounts. Each mutual fund was held for an average of six months. For example, Goldberg effected the following mutual fund transactions in account xxx8420:

Account Number	Fund Name	Fund Symbol	Date Bought	Date Sold	Period of Time Held
xxx8420	Eaton Vance Greater India A	ETGIX	April 2008	November 2008	7 months
xxx8420	DWS Latin America A	SLANX	November 2008	July 2009	8 months
xxx8420	Eaton Vance Greater India A	ETGIX	July 2009	December 2009	5 months
xxx8420	MFS Technology Class A	MTCAX	December 2009	April 2010	4 months
xxx8420	Eaton Vance Greater India A	ETGIX	April 2010	September 2010	5 months

88. Goldberg's trading in LM's account included patterns of in and out trading of certain mutual funds. For example, as seen in the above chart, Goldberg purchased and sold the Eaton Vance Greater India A fund in three short term transactions over three years.

89. These mutual fund switch transactions were unsuitable for LM because, among other things, Goldberg knew or should have known that LM's objective was to preserve the money in these accounts in order to have income upon retirement. The constant buying and short-term selling of Class A mutual funds was inconsistent with this objective.

90. LM incurred a loss of approximately $600 due to Goldberg's mutual fund switches in her J. P. Turner accounts throughout the life of the accounts.

91. Goldberg generated commissions of at least $400 from the mutual fund switches in LM's accounts at J.P. Turner.

(b) LM's Newport Accounts – Mutual Fund Switching

92. While at Newport, Goldberg opened several accounts for LM, including rollover IRA xxx5095 (later changed to xxx8861), xxx5111 (later changed to xxx8863), Roth IRA xxx5103 (later changed to xxx8862), account xxx6053 and account xxx0060.

93. At Newport, Goldberg continued to effect short term mutual fund transactions in LM's accounts. For example, in September 2010, Goldberg bought SLANX for LM's xxx1119 account. Less than a year later, in July 2011, he sold SLANX in LM's xxx5111 account. All of Goldberg's short term mutual fund transactions in LM's accounts were effected without LM's authorization.

94. LM's accounts at Newport incurred losses of approximately $1,600 for the life of the accounts due to Goldberg's short term mutual fund transactions.

(c) Forged LM Documents / Incorrect Account Information

95. As mentioned above, LM was not aware that her accounts had been transferred to J.P. Turner, and later Newport, until she received account statements from these firms. Therefore, LM did not sign the new account forms opening the accounts with J.P. Turner or Newport. The signatures purporting to be LM's signature on new account forms for accounts xxx8420, xxx5273, xxx5111, xxx5095, xxx5103, xxx0060 and xxx6053 are all forged signatures. Goldberg forged or caused to be forged LM's signatures on these forms. LM also did not sign the Transfer of Assets form in connection with Turner account xxx2270. Goldberg caused LM's signature to be forged on this document.

96. Also, although LM had informed Goldberg that she was interested only in safe investments (low in risk), Goldberg caused LM's new account forms for her J.P. Turner accounts xxx8420 and xxx5273 to indicate that LM's investment objective as "aggressive." Similarly,

Goldberg caused LM's Newport account forms for accounts xxx5103, xxx5111, and xxx5095 to indicate that her investment objective was "short term growth with high risk," "speculative" and "capital appreciation with high risk." All of this information was false.

97. Further, although LM only had approximately $10,000 in the bank, and had no other liquid cash, Goldberg caused LM's new account forms for accounts xxx5103, xxx5111, and xxx5095 to indicate that she had over $500,000 in liquid cash with a net worth of over $500,000, excluding her primary residence. This information was false and Goldberg knew or should have known this to be the case at the time.

98. Goldberg entered, or caused to be entered, approximately 22 trades into Turner's and Newport's electronic systems where he falsely identified LM's transactions as "unsolicited" when these transactions were all solicited.

(d) Exercising Discretion in LM's Accounts

99. Throughout the life of her accounts, Goldberg regularly exercised discretion in LM's accounts. Goldberg exercised discretion over when, and at what price, to purchase or sell securities for all of LM's accounts. Goldberg did not have the required written authorization from LM to exercise discretionary power in her accounts. Additionally, LM's accounts had not been accepted, in writing, by J.P. Turner and/or Newport as discretionary accounts.

100. In addition to the fraudulent mutual fund transactions in LM's accounts, Goldberg exercised discretion in LM's accounts including effecting at least 28 different ETF transactions in LM's accounts. Goldberg directed all of the improper ETF transactions in LM's accounts.

In and out trading across customer accounts

101. Goldberg's lack of investment strategy for the above referenced customers' accounts is exemplified in the patterns that emerge across the customer accounts. Goldberg's

decision to buy or sell a customer's mutual fund shares did not reflect his assessment of the performance of a particular fund. In fact, Goldberg often bought a fund for one customer and around the same time that he sold the same fund in another customer's account. For example,

- On September 11, 2007, Goldberg sold shares of Eaton Vance Greater India A (ETGIX) from customer JC's Account.
- Six days later, on September 17, 2007, Goldberg bought shares of ETGIX for customer LR's account.
- Approximately seven months later, on April 25, 2008, Goldberg repurchased shares of ETGIX for customer JC's account.
- A few weeks later, in May 2008, Goldberg sold shares of ETGIX in the accounts of customers LR and ST.
- On October 12, 2009, Goldberg bought shares of ETGIX shares for customer LR's account.
- Two months later, on December 11, 2009, Goldberg sold shares of ETGIX in customer LM's account.
- Similarly, on February 11, 2010, Goldberg bought shares of Ivy Global Natural Resources A (IGNAX) for customer JC's account.
- One day later, on February 12, 2010, Goldberg sold shares of IGNAX from customer JK's account.

Falsification of Customer Addresses

102. While at J.P. Turner, Goldberg instructed his sales assistant, DS, to falsify the records for accounts held by customers NB and RB. Beginning in January 2010, Goldberg was not licensed as a securities representative in the state of Tennessee. Customers NB and RB, long

time Goldberg customers, remained Tennessee residents. Goldberg instructed his sales assistant, DS, to put her California home address into J.P. Turner's system as the address of record for customers NB and RB. Sales assistant DS complied with this instruction.

103. DS left Goldberg's employment in 2010. When Goldberg moved to Newport in November 2010, he transferred NB and RB's accounts to Newport. These accounts, as received by Newport, contained DS's California address as the address of record for these customers. When his former sales assistant, DS, refused to continue accepting these customers' account information at her home, Goldberg then instructed his new sales assistant, MM, to falsify the account records by changing the address on file to MM's California address. He then continued to instruct MM to falsify the address on file for these customers by filing several change of address forms to continuously update the firm records to reflect new fraudulent addresses for these customers.

104. Similarly, at all relevant times, customers KN and RL lived in Jamaica Plains, Massachusetts. While at Newport, Goldberg was only periodically registered in Massachusetts. During the periods of registration lapses, Goldberg was not licensed as a securities representative in Massachusetts. Goldberg instructed his assistant, MM, to submit a change of address form changing KN and RL's address of record to MM's address.

105. The change of address forms included signatures purporting to be signatures belonging to customers KN, RN & NB. However, these customers did not sign these documents and did not know these documents existed.

106. In so instructing DS and MM, Goldberg caused the falsification of J.P. Turner's and Newport's books and records in connection with NB, RB, KN and RL's accounts.

FIRST CAUSE OF ACTION

Willful Violations of Section 10(b) of the Exchange Act, Rule 10b-5 (a) & (c) promulgated thereunder and Acting in Contravention of Sections 17(a)(3) of the Securities Act 1933 and Thereby Violating NASD Rule 2110 and FINRA Rule 2010 and also Violating NASD Rule 2120 and 2110 and FINRA Rules 2020 and 2010

107. The Department realleges and incorporates by reference paragraphs 1 through 105, above.

108. Section 10(b) of the Exchange Act prohibits the use of any "manipulative or deceptive device or contrivance" in connection with the purchase or sale of a security.

109. Rule 10(b)5, promulgated under the Exchange Act, provides that:

> It shall be unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails or of any facility of any national securities exchange.
>
> (a) To employ any device, scheme, or artifice to defraud,
>
> . . ., or
>
> (c) To engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security.

110. Section 17(a)(1) of the Securities Act makes it unlawful, in the offer or sale of a security, "directly or indirectly . . . (1) to employ any device, scheme or artifice to defraud." A violation of Section 17(a) is a violation of FINRA Rule 2010.

111. NASD Rule 2120 prohibited the same misconduct. NASD Rule 2120 was renumbered as FINRA Rule 2020 on December 15, 2008.

112. From August 2007 through February 2012, Goldberg engaged in a scheme, practice and course of business through which he directed approximately 90 short-term mutual fund transactions in the accounts belonging to customers JK, LR, ST, LM, and JC. All of those customers had trusted Goldberg to invest their money in their best interests, and he used that

trust to trade in his own interest instead. His trading strategy in the accounts of these customers had no purpose other than to generate commissions for himself.

113. Goldberg acted with scienter. He intentionally or at least recklessly handled the accounts of customers JK, LR, ST, LM, and JC in a manner in which he placed his interests above his customer's interests. Specifically, Goldberg traded these accounts with the intention and for the purpose of generating commissions for himself and without the intention of serving the customers' interests.

114. In connection with his misconduct, Goldberg employed the means of interstate commerce and the mails by causing confirmations and account statements reflecting the subject trades to be sent to customers JK, LR, ST, LM, and JC.

115. The approximately 90 short-term mutual fund switch transactions effected in these accounts was inconsistent with the customers' financial circumstances and/or investment objectives.

116. By reason of the foregoing, Goldberg willfully violated Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5(a) and (c) promulgated thereunder, and willfully acted in contravention of Section 17(a)(1) of the Securities Act of 1933 thereby violating NASD Rule 2110 and FINRA Rule 2010 and also violated FINRA Rules 2020 and 2010 (for misconduct on or after December 15, 2008) and NASD Rules 2120 and 2110 (for misconduct prior to December 15, 2008).[2]

[2] *For the purpose of this settlement, the second cause of action in the Complaint has been dropped. This cause of action was brought as an alternative to the first cause of action and is not necessary for the purpose of the settlement.*

THIRD CAUSE OF ACTION
Unsuitable Mutual Fund Switching/Trading
(NASD Rules 2310 and 2110, IM-2310-2, and FINRA Rules 2111 and 2010)

117. The Department realleges and incorporates by reference paragraphs 1 through 115 above.

118. Goldberg effected short-term mutual fund transactions in the accounts belonging to customers JK, LR, ST, LM and JC, usually selling the investment after only approximately five to six months, only to buy and sell another mutual fund. The violative conduct lasted throughout the life of these accounts when Goldberg was the sole registered representative assigned to the accounts.

119. NASD Rule 2310(a) requires that a registered representative "have reasonable grounds for believing that the recommendation is suitable for such customer upon the basis of the facts, if any, disclosed by such customer as to his other security holdings and as to his financial situation and needs." This rule was superseded by FINRA Rule 2111 on July 9, 2012, which in substance requires the same.

120. A pattern of mutual fund switching is presumptively unsuitable and therefore a violation of NASD Rule 2310(a) and FINRA Rule 2111.

121. Additionally, NASD Rule 2110, superseded by FINRA Rule 2010, requires that an associated person, in the conduct of his/her business, "shall observe high standards of commercial honor and just and equitable principles of trade."

122. As demonstrated above, Goldberg engaged in extensive short-term mutual fund switch transactions in accounts belonging to five different customers. As explained in detail above, Goldberg also bought mutual funds in one customer's account while at the same time selling the same funds in another customer's account. He further sold customers' shares in a

particular mutual fund only to later repurchase shares in the same fund for the same customers. Goldberg did so without having reasonable grounds for believing that such transactions were suitable for these customers in view of the nature, frequency, and size of the recommended transactions and in light of each customer's financial situation, investment objectives, risk tolerance and circumstances.

123. Additionally, Goldberg only bought and sold Class A mutual funds in these accounts. These shares necessitated that each of the subject customers pays upfront sales charges, known as "front-end loads", for each of these trades. The collective amount of sales charges paid by these five customers was at least $53,100.

124. Goldberg did not discuss with these customers the different types of shares available for investment, or the sales charges and operating expenses associated with each share class and their effect on potential returns. Goldberg also did not disclose cost-saving options that were available.

125. During the approximately six years that Goldberg engaged in short-term mutual fund switch transactions, customers JK, LR, ST, LM, and JC, collectively suffered approximately $129,000 in account losses due to Goldberg's unsuitable recommendations and unethical conduct. Conversely, from these five customers, Goldberg generated approximately $53,000 in commissions from these activities.

126. Importantly, no unusual circumstances existed to justify a clear departure from standard mutual fund trading practice. The mutual fund switches charged herein made no economic sense. Goldberg did not have reasonable grounds for believing that his recommendations, and these transactions, were suitable for these customers.

127. Accordingly, by engaging in the above-described unsuitable short-term mutual fund switch transactions, Goldberg violated NASD Rules 2310 and IM-2310-2 (for misconduct pre-dating July 9, 2012) and FINRA Rules 2111 (for misconduct on or after July 9, 2012). Goldberg also violated NASD Rule 2110 (for misconduct pre-dating December 15, 2008) and FINRA Rule 2010 (for misconduct on or after December 15, 2008).

FOURTH CAUSE OF ACTION
Exercising Discretion Without Written Authorization
(NASD Rules 2510 and 2110 and FINRA Rule 2010)

128. The Department realleges and incorporates by reference paragraphs 1 through 126 above.

129. NASD Rule 2510(b) states that no "registered representative shall exercise any discretionary power in a customer's account unless such customer has given prior written authorization to a stated individual or individuals and the account has been accepted by the member, as evidenced in writing by the member or the partner, officer or manager, duly designated by the member, in accordance with Rule 3010."

130. From August 2007 through August 2014, Goldberg regularly exercised discretion in accounts belonging to customers ST, LM, JC, JK and LR by engaging in short term switch transactions involving mutual funds and ETFs. Goldberg exercised discretion over when, and at what price, to purchase or sell securities for these accounts. He also exercised discretion over which securities to purchase for these accounts without consulting the customers.

131. However, Goldberg did not have written authorization from any of these customers to exercise discretionary power in these accounts. Additionally, these accounts had not been accepted in writing by J.P. Turner or Newport as discretionary accounts. Goldberg therefore exercised discretion in these accounts without written authorization.

132. Due to his wrongful exercise of discretion in these accounts, Goldberg caused the accounts belonging to Customers ST, LM, JC, JK and LR to incur losses of approximately $123,600. In connection with those transactions, Goldberg generated approximately $77,900 in commissions.

133. By exercising discretionary power in these accounts without written authorization from the customers or approval by the relevant firm, Goldberg violated NASD Rules 2510(b) and FINRA Rule 2010 (for misconduct on or after December 15, 2008) and NASD Rule 2110 (for misconduct prior to December 15, 2008).

FIFTH CAUSE OF ACTION
Falsification of Electronic Records,
Mutual Fund Switch Forms and New Account Documents
(NASD Rules 3110 and 2110 and FINRA Rules 4511 and 2010)

134. The Department realleges and incorporates by reference paragraphs 1 through 132 above.

135. As described in detail above, Goldberg falsified, or caused to be falsified, information in the electronic trading systems, mutual fund switch letters and new account forms associated with the accounts belonging to customers JK, LR, ST, LM, and JC.

136. When directing trades for his customers at J.P. Turner and Newport, Goldberg or someone else at his direction, entered the order information into an electronic trading system. Included in the entered information was whether the trade was "solicited" or "unsolicited." As described above, Goldberg or someone under his direction, from August 2007 through August 2014, repeatedly marked trades in the accounts of LR, LM, JC, JK and ST as "unsolicited" when those trades were in fact solicited. All 238 trades in the attached trading charts that are marked "unsolicited" were falsely marked in the electronic trading systems of Goldberg's then firm. By this misconduct, Goldberg caused the books and records of his firms to be inaccurate.

137. From July 2007 through October 2010, Goldberg provided false information to J.P. Turner regarding the mutual fund transactions he executed in connection with accounts belonging to customers JK, LR, ST, LM, and JC. As described above, Goldberg effected all of the mutual fund trades without consulting with these customers. Therefore, each of the trades was a solicited trade. Nevertheless, during this time, Goldberg falsely identified those J.P. Turner transactions as "unsolicited" on the Mutual Fund Disclosure Letters relating to those trades, or caused these transactions to be so identified. Goldberg also caused false information pertaining to the basis for these short term mutual fund transactions to be included in the above-described falsified mutual fund switch letters. Accordingly, Goldberg's actions caused J. P. Turner to maintain inaccurate books and records.

138. From November 2010 through April 2013, Goldberg provided false information to Newport regarding the mutual fund transactions involving customers JK, LR, ST, LM and JC. Goldberg effected all of the mutual fund trades without consulting with these customers. Therefore, each of those trades was a solicited trade. Goldberg falsely identified those Newport transactions as "unsolicited" in Mutual Fund Exchange Forms relating for those trades, or caused these transactions to be so identified. Goldberg also caused false information pertaining to the basis for these short term mutual fund transactions to be included in the above-described falsified mutual fund switch letters. Goldberg's actions caused Newport to maintain inaccurate books and records.

139. Additionally, Goldberg caused the falsification of customers' new account forms, identified above, in connection with accounts belonging to customers JK, LR, ST, LM and JC. It was Goldberg's practice to fill out or direct his sales assistant to fill out the Investment Objectives, Net Worth, and Investment Experience sections on the New Account Approval

Forms for each of these customers. As described in more detail above, Goldberg did not consult with JK, LR, ST, LM or JC to obtain the correct information for the new account forms and instead simply fabricated the information when he filled out the forms or caused the forms to be filled out. As a result, these documents contained false information relating to each customer's net worth, investment objectives, and risk tolerance. Goldberg's actions caused the firms to maintain inaccurate books and records.

140. By reason of the foregoing, Goldberg violated NASD Rules 3110(a) (for misconduct predating December 5, 2011) and FINRA Rule 4511(a) (for misconduct on or after December 5, 2011) and NASD Rule 2110 (for misconduct pre-dating December 15, 2008), FINRA Rule 2010 (for misconduct on or after December 15, 2008).

SIXTH CAUSE OF ACTION
Forgery of Customer Signatures
(NASD Rules 3110 and 2110 and FINRA Rules 4511 and 2010)

141. The Department realleges and incorporates by reference paragraphs 1 through 139 above.

142. Both J.P. Turner and Newport required new customers to execute new account forms when opening an investment account with these firms. As described above, these firms also required customers to execute mutual fund switch forms when selling a position in one mutual fund and using the proceeds to purchase shares in another mutual fund.

143. In connection with accounts belonging to customers JK, LR, ST, LM and JC, Goldberg caused the forgery of each customer's signature on new account forms and mutual fund switch letters. On the identified new account forms and mutual fund switch letters, Goldberg signed the customers' names or caused the customers' names to be signed by someone

other than the customers. Goldberg did not have authorization to sign the customers' names or to cause someone else to sign these customers' names on these documents.

144. By reason of the foregoing, Goldberg violated NASD Rules 3110(a) (for misconduct predating December 5, 2011) and FINRA Rule 4511(a) (for misconduct on or after December 5, 2011) and NASD Rule 2110 (for misconduct pre-dating December 15, 2008), FINRA Rule 2010 (for misconduct on or after December 15, 2008).

SEVENTH CAUSE OF ACTION
Falsification of Records – Customer Addresses
Customers NB, RB, KN and LR
(NASD Rules 2110 and 3110 and FINRA Rules 4511 and 2010)

145. The Department realleges and incorporates by reference paragraphs 1 through 143 above.

146. From in or around January 2010 through November 2014, Goldberg caused false information to be included in the books and records for J.P. Turner and Newport by instructing his sales assistants to place their personal home addresses in the firms' systems as the addresses of record for Customers NB, RB, KN and RL.

147. In doing so, Goldberg misled the firms.

148. By providing false information to J.P. Turner and Newport, Goldberg violated NASD Rules 3110(a) (for misconduct predating December 5, 2011) and FINRA Rule 4511(a) (for misconduct on or after December 5, 2011) and NASD Rule 2110 (for misconduct pre-dating December 15, 2008), FINRA Rule 2010 (for misconduct on or after December 15, 2008).

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future

misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be:

Permanently barred from associating with any FINRA member in any and all capacities.

The sanctions herein shall be effective on a date set by FINRA staff. A bar is effective upon approval or acceptance of this Offer.

SO ORDERED.

4/11/2016
Date

FINRA

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

Susan Light (CM)

Susan Light, Senior Vice President
& Chief Counsel
FINRA Department of Enforcement
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