

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Aaron D. Small (CRD No. 3064188),

Respondent.

DISCIPLINARY PROCEEDING
No. 2011028257102

HEARING OFFICER – LOM

ORDER ACCEPTING OFFER OF SETTLEMENT

INTRODUCTION

Disciplinary Proceeding No. 2011028257102 was filed on October 21, 2013 by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Aaron D. Small submitted an Offer of Settlement (Offer) to Complainant on November 26, 2013. 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 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

Respondent entered the securities industry in May 1998 by applying for registration as a General Securities Representative with a FINRA member. His application was approved in July 1998.

In May 2000, Respondent first became registered as an Equity Trader. In October 2001, he first became registered as a General Securities Sales Supervisor. And in June 2006, he first became registered as a General Securities Principal.

On or about January 2, 2008, Respondent became registered at FINRA member White Pacific Securities, Inc. (the Firm). The table below summarizes the various registrations he held while employed there:

Registration Category	Approved
General Securities Representative	01/02/2008
Equity Trader	02/13/2008
General Securities Principal	02/13/2008
General Securities Sales Supervisor	04/07/2008
Financial and Operations Principal	07/04/2008
Registered Options Principal	03/12/2009
Investment Banking Representative	04/08/2010

On or about March 2, 2012, each of the above-described registrations were terminated when the Firm filed a Uniform Termination Notice for Securities Industry Registration for Respondent. Respondent has not since become associated with or registered at any other FINRA member. Although Respondent 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: (a) the Complaint was filed within two years after the effective date of termination of Respondent's registration with the Firm, namely, March 2, 2012; and (b) the Complaint charges Respondent with misconduct committed while he was registered or associated with a FINRA member.

FINDINGS AND CONCLUSIONS

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

At all times relevant to the Complaint and Offer, Respondent was responsible for supervising all trades conducted by registered representative SL in the account of customer BG.

During the time period from on or about March 1, 2008 through on or about December 31, 2008, SL recommended and executed a total of approximately 49 purchases and 50 sales of securities in BG's account. As a result of those transactions: (a) the cost-to-equity ratio for the BG account during that period was 19.07%, resulting in an annualized ratio of 22.75%; and (b) the turnover rate for the BG account during that period was 38.05, resulting in an annualized rate of 45.39.

During the time period from on or about January 1, 2009 through on or about December 31, 2009, SL recommended and executed a total of approximately 32 purchases and 34 sales of securities in BG's account. As a result of those transactions: (a) the cost-to-equity ratio for the BG account during that period was 25.23%; and (b) the turnover rate for the BG account during that period was 28.80.

During the time period from on or about January 1, 2010 through on or about April 30, 2010, SL recommended and executed a total of approximately 40 purchases and 41 sales of securities in BG's account. As a result of those transactions: (a) the cost-to-equity ratio for the

BG account during that period was 28.60%, resulting in an annualized ratio of 86.99%; and (b) the turnover rate for the BG account during that period was 52.56, resulting in an annualized rate of 159.87.

SL controlled the trading in the BG account. SL's recommendations to BG, as described above, were unsuitable because SL did not have reasonable grounds to believe the volume of trading was consistent with BG's financial circumstances and investment objectives.

From on or about March 1, 2008 through on or about April 30, 2010, Respondent failed to reasonably supervise SL by failing to take adequate steps to prevent SL from engaging in excessive trading in BG's account, as described above.

Based on the foregoing, Respondent violated NASD Rules 3010 and 2110 for the period from March 1, 2008 through December 14, 2008, and NASD Rule 3010 and FINRA Rule 2010 for the period from December 15, 2008 through April 30, 2010.

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 suspended from association with all FINRA members in all principal capacities for a period of 15 business-days and fined in the amount of \$5,000.

The fine shall be due and payable pursuant to the installment payment plan beginning either immediately upon reassociation with a member firm or prior to any application or request

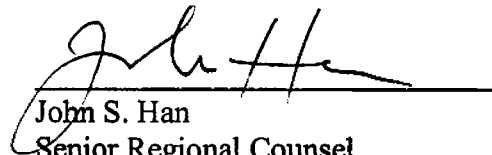
for relief from any statutory disqualification resulting from this or any other event or proceeding,
whichever is earlier.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA

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

A handwritten signature in black ink, appearing to read "John S. Han", is written over a horizontal line.

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