

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

ELIZABETH J. CANJAR
(CRD No. 5191483),

Respondent.

Disciplinary Proceeding
No. 2011029074301

Hearing Officer—LBB

DEFAULT DECISION

Dated: December 27, 2013

Respondent is barred for converting more than \$96 million from her member firm, in violation of FINRA Rule 2010. Respondent is separately barred for failing to appear for on-the-record interviews, in violation of FINRA Rules 8210 and 2010.

Appearances

Michael J. Rogal and Thomas S. Kimbrell, for the Department of Enforcement.

No appearance by or for Respondent.

DECISION

The Department of Enforcement (“Enforcement”) filed the two-cause Complaint in this disciplinary proceeding on August 21, 2013. The First Cause of Action charges Respondent Elizabeth J. Canjar with conversion of funds. The Second Cause of Action charges Respondent with failing to appear and testify at two on-the-record interviews (“OTRs”). Despite being properly served with the Complaint, Notice of Complaint, and Second Notice of Complaint, Respondent has not filed an answer or otherwise responded to the Complaint.

On November 15, 2013, Enforcement filed a Motion for Entry of a Default Decision and Imposition of Sanctions. Respondent did not file a response to Enforcement’s motion. For the

reasons set forth below, Enforcement's motion is granted. Accordingly, pursuant to FINRA Rules 9215(f) and 9269, the allegations of the Complaint are deemed admitted.¹

I. Respondent and Jurisdiction

Respondent was associated with Credit Suisse Securities (USA) in a non-registered capacity from July 2006 to September 9, 2011, when her employment was terminated. Decl. ¶ 4; CX-1. While at Credit Suisse, Respondent held the title of Vice President and Director, and was a manager overseeing accounting functions for various Credit Suisse departments in the Mergers & Acquisitions Accounting/Syndicate Accounting group in the firm's Raleigh, North Carolina Office. Decl. ¶ 4; CX-2. She oversaw a group that initiated wire transfers and sent money from Credit Suisse's proprietary accounts to third parties. Complaint ¶ 6. Respondent is not currently registered with a FINRA member firm. Decl. ¶ 4; CX-1.

Article I of FINRA's By-Laws provide that a "person associated with a member," includes "a natural person engaged in the ... securities business who is directly or indirectly controlling or controlled by a member, whether or not any such person is registered or exempt from registration with the NASD under these By-Laws or the Rules of the Association...." The definition of "associated person" should be construed broadly "in order to take regulatory action in circumstances where a person's connection with a member firm implicates the public interest."² The definition of the securities business includes "the business, carried on by a

¹ The factual determinations in this decision are based on the allegations of the attached Complaint and the materials Enforcement filed with its default motion, which included the Declaration of Michael Rogal, and supporting documentation that was attached to counsel's Declaration. Counsel's Declaration is cited herein as "Decl. ¶ ____." The supporting documentation is cited as "CX-____."

² *Dep't Enforcement v. Hedge Fund Capital Partners, LLC*, No. 2006004122402, 2012 FINRA Discip. LEXIS 42, at *31 (N.A.C. May 1, 2012) (citing *DBBC v. Paramount*, No. C3A940048, 1995 NASD Discip LEXIS 248, at *12 (NBCC Oct. 20, 1995)); *Joseph Patrick Hannan*, 1998 SEC LEXIS 1955, at *1 n.1 (1998) (finding that an unregistered person who received an hourly wage, answered telephones, photocopied, prepared sales reports and received and opened packages was an associated person).

broker[or] dealer ... of purchasing securities and offering the same for sale as a dealer....”³

Respondent was a person associated with Credit Suisse, a FINRA member firm. As the Complaint alleges, she was directly involved in accounting and handling of funds for her firm’s proprietary trading. Proprietary trading fits within the definition of “securities business” in FINRA’s By-Laws.

Although Respondent is not currently associated with a FINRA member firm, FINRA has jurisdiction to bring this disciplinary proceeding pursuant to Article V, Section 4 of FINRA’s By-laws because: (1) the Complaint was filed within two years following the termination of her association with a FINRA member firm; and (2) the Complaint charges her with a violation that occurred while she was associated with a member firm, and with failing to respond to FINRA’s requests for testimony made during the two-year period following the termination of her association with a member firm.⁴

II. Respondent’s Default

On August 21, 2013, Enforcement served Respondent’s counsel with the Complaint and Notice of Complaint by certified mail at his business address. Respondent’s counsel was authorized to represent Respondent and agreed to accept service of the Complaint. Decl. ¶ 6; CX-3, CX-4. Respondent does not have an address listed in the Central Registration Depository because she is not registered with FINRA. Decl. ¶ 8.⁵ Respondent did not file an answer or otherwise respond to the Complaint. On September 23, 2013, Enforcement served the Second Notice of Complaint and Complaint on Respondent’s counsel by first-class and certified mail. Decl. ¶ 7; CX-5. Respondent has not answered or otherwise responded to the Complaint.

³ Article I, Sec. (u) FINRA By-Laws.

⁴ Article V, Sec. 4(a), FINRA By-Laws, available at www.finra.org/rules.

⁵ Respondent’s counsel represented to Enforcement that Respondent is incarcerated in a federal prison in West Virginia. Decl. ¶ 8.

Despite being properly served with the Complaint, Notice of Complaint, and Second Notice of Complaint, Respondent has not answered or otherwise responded to the Complaint. By failing to file a response to the Complaint, she defaulted.

III. First Cause of Action: Respondent Violated FINRA Rule 2010 by Converting Funds from Her Member Firm

The First Cause of Action charges Respondent with converting more than \$96 million from Credit Suisse. “Conversion is the wrongful exercise of dominion over the personal property of another” and violates the ethical mandate of Rule 2010.⁶ FINRA Rule 2010 requires associated persons to “observe high standards of commercial honor and just and equitable principles of trade.” FINRA’s disciplinary authority under Rule 2010 encompasses business-related conduct that is inconsistent with just and equitable principles of trade, even if that activity does not involve a security.⁷

Respondent’s Conversion of \$96 Million from Credit Suisse

Credit Suisse’s policies and procedures required that separate employees initiate and approve wire transfers from its proprietary account. As a manager of a group that initiated wire transfers, Respondent had the authority to approve wire transfers initiated by her subordinates. Complaint ¶ 6.

In late July and early August 2011, Respondent established three accounts at a broker-dealer firm outside of Credit Suisse, to receive the fraudulent wire transfers that are the subject

⁶ *Dep’t of Enforcement v. Mullins*, No. 20070094345, 2011 FINRA Discip. LEXIS 61, at *21 (N.A.C. Feb. 24, 2011) (quoting *Dep’t of Enforcement v. Paratore*, No. 2005002570601, 2008 FINRA Discip. LEXIS 1, at *10 (N.A.C. Mar. 7, 2008)); see also FINRA Sanction Guidelines 38 n.2 (2011), available at www.finra.org/sanctionguidelines (Conversion is “an intentional and unauthorized taking of and/or exercise of ownership over property by one who neither owns the property nor is entitled to possess it.”).

⁷ *Vail v. SEC*, 101 F.3d 37, 39 (5th Cir. 1996) (per curiam) (affirming SEC’s finding that representative violated just and equitable principles of trade by misappropriating funds belonging to a political club while serving as that organization’s treasurer), *aff’d*, 52 S.E.C. 339, 342 (1995) (holding that “Vail commingled his and the Club’s funds for the sake of his own personal convenience” and, in doing so, “make[s] us doubt his commitment to the high fiduciary standards demanded by the securities industry”).

of this Complaint. Complaint ¶ 7. In late July or early August 2011, Respondent misappropriated a subordinate's password and username for Credit Suisse's computerized wire transfer system. Complaint ¶ 8. Between August 3 and 15, 2011, Respondent used the stolen password and username to cause four wires totaling \$96 million to be sent from a Credit Suisse proprietary account to her accounts at the outside broker-dealer. In each case, she logged into the wire transfer system as herself and approved the wire transfers she had fraudulently initiated using the subordinate's name. Complaint ¶ 9.

Respondent's Conversion of \$460,000 to Purchase Real Estate

On May 4, 2011, Respondent directed a subordinate to send an outgoing wire for \$460,000 from Credit Suisse to a law firm that Respondent had retained to handle the purchase of a condominium. She told the subordinate that the wire was for legal fees related to a pending Credit Suisse investment banking transaction. She showed the subordinate a fake e-mail that she had created, which purported to be the approval of the expenditure by a senior Credit Suisse investment banking employee. She thereafter logged herself in and approved the transfer of funds to her attorney. Complaint ¶ 12.

Respondent lived in a condominium in Raleigh, North Carolina. In May 2011, Respondent purchased a second condominium in the same building where she lived, using the funds she fraudulently converted from Credit Suisse by directing them to her law firm. Respondent offered to let a work colleague with whom she had a personal relationship live in the condominium free of charge. Complaint ¶ 11.

Respondent's Conversion of Credit Suisse Checks

One of the responsibilities of the department that Respondent managed was to receive and process miscellaneous third-party checks, payable to Credit Suisse, associated with Credit Suisse's investment banking transactions. Upon receiving the checks, the department would

credit them to the appropriate investment banking transaction. Complaint ¶ 13. In at least six instances between March and August 2011, instead of crediting third-party checks to the appropriate Credit Suisse transactions for the benefit of the firm, Respondent changed the payee of the checks from Credit Suisse to “Elizabeth Canjar,” and attempted to deposit the checks in her own accounts, thereby converting the checks. The total amount of these checks was approximately \$41,000. Complaint ¶ 14.

These allegations, which are deemed admitted, are sufficient to establish, for purposes of this default decision, that Respondent violated FINRA Rule 2010 by converting Credit Suisse funds, thereby violating FINRA Rule 2010.

IV. Second Cause of Action: Respondent Violated FINRA Rules 8210 and 2010 by Failing to Appear and Testify at On-the-Record Interviews After Receiving Rule 8210 Requests

On June 12, 2012, Enforcement staff directed Respondent to appear for an on-the-record interview on July 19, 2012, pursuant to FINRA Rule 8210. Respondent failed to appear for the on-the-record interview. Complaint ¶ 15. On July 27, 2012, Enforcement staff directed Respondent to appear for an on-the-record interview on August 28, 2012, pursuant to FINRA Rule 8210. Respondent failed to appear for the on-the-record interview. Complaint ¶ 16.

These allegations, which are deemed admitted, are sufficient to establish, for purposes of this default decision, that Respondent failed to appear and testify at two on-the-record interviews despite being properly served with Rule 8210 requests, in violation of FINRA Rule 8210. A violation of FINRA Rule 8210 is also a violation of FINRA Rule 2010.⁸

⁸ *Dep't of Enforcement v. Hoeper*, No. C02000037, 2001 NASD Discip. LEXIS 37, at *5 (N.A.C. Nov. 2, 2001) (violation of NASD Procedural Rule 8210 was a violation of NASD Conduct Rule 2110).

V. Sanctions

The Hearing Officer imposes separate bars for the conversion and Rule 8210 violations that are set forth in the First and Third Causes of Action.

For conversion, FINRA's Sanction Guidelines recommend a bar regardless of the amount converted.⁹ Here, Respondent converted a very large sum of money from her firm. She converted funds on several occasions. There are no mitigating factors. Respondent is barred for converting funds from Credit Suisse.

For a complete failure to respond to a request for information pursuant to FINRA Rule 8210, a bar is standard.¹⁰ Here, Respondent failed to appear and testify at two on-the-record interviews. There are no mitigating factors. Respondent is barred for violating Rules 8210 and 2010.

Respondent was ordered to pay \$1,467,385 in restitution to Credit Suisse when she pled guilty to wire fraud. Complaint ¶ 4. Enforcement is not seeking restitution, and the Hearing Officer does not order restitution.

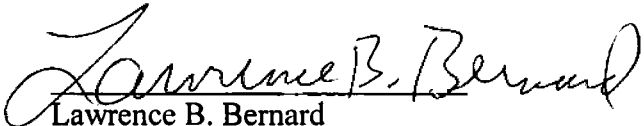
VI. Conclusion

For conversion of funds, in violation of FINRA Rule 2010, Respondent Elizabeth J. Canjar is barred from associating with any member firm in any capacity. Respondent is also barred for failing to appear and testify at two on-the-record interviews, in violation of FINRA Rules 8210 and 2010.

⁹ FINRA Sanction Guidelines at 36 (2011).

¹⁰ FINRA Sanction Guidelines at 33.

The bars will be effective immediately if this decision becomes FINRA's final disciplinary action in this proceeding.


Lawrence B. Bernard
Hearing Officer

Copies to: Wade M. Smith, Esq. (*via overnight courier and first-class mail*)
 Michael J. Rogal, Esq. (*via email and first-class mail*)
 Thomas S. Kimbrell, Esq. (*via email*)
 Jeffrey D. Pariser, Esq. (*via email*)

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

**DEPARTMENT OF ENFORCEMENT,

COMPLAINANT,**

v.

**ELIZABETH J. CANJAR
(CRD No. 5191483),**

RESPONDENT.

**DISCIPLINARY PROCEEDING
No. 2011029074301**

HEARING OFFICER—_____

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. In August 2011, while she was associated with Credit Suisse Securities (USA) LLC (“Credit Suisse” or “firm”), Respondent Elizabeth Canjar converted \$96 million from a Credit Suisse proprietary account through four fraudulent wire transfers sent to three accounts Canjar held at another broker-dealer firm. Between approximately March 2011 and August 2011, Canjar also converted more than \$500,000 from Credit Suisse through (i) a separate fraudulent wire transfer of \$460,000, the proceeds of which Canjar used to purchase a condominium; and (ii) conversion of six checks totaling approximately \$41,000. In July and August 2012, Canjar failed to appear for on-the-record interviews requested by FINRA staff pursuant to FINRA Rule 8210.

2. By converting more than \$96.5 million from Credit Suisse, Canjar violated FINRA Rule 2010. By failing to appear for on-the-record interviews requested pursuant to FINRA Rule 8210, Canjar violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

3. Elizabeth J. Canjar (CRD # 5191483) was associated with Credit Suisse from July 2006 until her termination in September 2011. While at Credit Suisse, Canjar held the title of Vice President and Director, and was a manager in the Mergers & Acquisitions Accounting/Syndicate Accounting group in the firm's Raleigh, N.C. office. Canjar is not currently associated with a FINRA member.

4. In April 2012, the U.S. Attorney charged Canjar with one count of wire fraud in violation of 18 U.S.C. § 1343 for engaging in fraudulent wire transfers from a Credit Suisse proprietary account. Canjar pled guilty pursuant to a criminal Information and in January 2013 she was sentenced to a 63-month prison term. Canjar was also ordered to pay restitution to Credit Suisse in the amount of \$1,467,385.¹

5. Although Canjar is no longer registered or associated with a FINRA member, she remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) this Complaint was filed within two years after the date upon which she ceased to be associated with a FINRA member, namely, September 9, 2011 and (2) this Complaint charges her with misconduct committed while she was associated with a FINRA member and with failing to respond to FINRA requests for on-the-record testimony during the two-year period after the date upon which she ceased to be registered or associated with a FINRA member.

¹ *U.S. v. Elizabeth Jane Canjar*, No. 5:12-CR-00126-BO (E.D.N.C.) (January 3, 2013 Judgment).

STATEMENT OF FACTS

CANJAR'S CONVERSION OF \$96 MILLION FROM CREDIT SUISSE

6. While employed at Credit Suisse, Canjar oversaw a group that handled the accounting for the firm's Capital Markets, Advisory, Private Equity and Private Fund departments. In 2011, that group initiated wire transfers and sent money from Credit Suisse's proprietary accounts to third parties. Credit Suisse's policies and procedures required that separate employees initiate and approve such wire transfers. As a manager of that group, Canjar had the authority to approve wire transfers initiated by her subordinates.

7. In late July and early August 2011, Canjar established three accounts at a broker-dealer firm outside of Credit Suisse. She established the accounts to receive the illicit proceeds of her fraudulent wire transfers as described herein.

8. In late July or early August 2011, Canjar misappropriated a subordinate's password and username for Credit Suisse's computerized wire transfer system. Canjar obtained the password and username by requesting that her subordinate log into the system in her presence under the pretense that she wanted to ensure he had the most current version of the wire transfer program installed on his computer. Canjar then learned the password and username by watching over her subordinate's shoulder as he typed that information into his computer.

9. Between August 3 and 15, 2011, Canjar used the stolen password and username to cause four wires totaling \$96 million to be sent from a Credit Suisse proprietary account to her accounts at the outside broker-dealer. She thereby converted those Credit Suisse funds. In each case, Canjar logged into the wire transfer system as

herself and approved the wires she had fraudulently initiated in her subordinate's name.

10. After the wires were sent, a subordinate asked Canjar about one of the wires during a routine monthly accounting reconciliation. In order to avoid detection of her scheme, Canjar falsely told the subordinate that the wire was part of a firm-wide "write down" of assets. Canjar falsely assured the subordinate that the wire was legitimate and would be accounted for appropriately.

CANJAR'S CONVERSION FROM CREDIT SUISSE TO PURCHASE REAL ESTATE

11. Canjar lived in a condominium in Raleigh, North Carolina. In or about May 2011, Canjar purchased a second condominium in the same building where she lived, and offered to let a work colleague with whom she had a personal relationship live in the condominium free of charge. Canjar purchased this condominium using funds converted from Credit Suisse through another fraudulent wire transfer.

12. On May 4, 2011, Canjar directed a subordinate to send an outgoing wire for \$460,000 from a Credit Suisse account to a law firm she had retained to handle the purchase of the condominium. Canjar told the subordinate that the wire was for legal fees related to a pending Credit Suisse investment banking transaction. Canjar showed the subordinate a hard copy of an email approving the payment which purported to be from a senior investment banking employee of Credit Suisse. In fact, this hard copy email was a fake email that Canjar created by altering a legitimate email. Canjar thereafter logged in as herself and approved the transfer. Canjar subsequently used the funds to purchase the condominium.

CANJAR'S CONVERSION OF CREDIT SUISSE CHECKS

13. One of the responsibilities of the department that Canjar managed was

to receive and process miscellaneous third party checks, payable to Credit Suisse, associated with Credit Suisse's investment banking transactions. Upon receiving the checks, the department would credit them to the appropriate investment banking transaction.

14. In at least six instances between March and August 2011, instead of crediting third party checks to the appropriate firm transactions for the benefit of the firm, Canjar changed the payee of the checks from Credit Suisse to "Elizabeth Canjar" and attempted to deposit the checks in her own accounts, thereby converting the checks. The amount of these checks totaled approximately \$41,000.

CANJAR FAILED TO APPEAR FOR AN ON-THE-RECORD INTERVIEW

15. On June 12, 2012, Enforcement staff requested Canjar's appearance for an on-the-record interview on July 19, 2012 pursuant to FINRA Rule 8210. Canjar failed to appear for the on-the-record interview on July 19, 2012.

16. On July 27, 2012, Enforcement staff requested Canjar's appearance for an on-the-record interview on August 28, 2012 pursuant to FINRA Rule 8210. Canjar failed to appear for the on-the-record interview on August 28, 2012.

FIRST CAUSE OF ACTION CONVERSION (FINRA RULE 2010)

17. The Department reallages and incorporates by reference paragraphs 1 through 16 above.

18. FINRA Rule 2010 requires associated persons, in the conduct of their business, to "observe high standards of commercial honor and just and equitable principles of trade."

19. Canjar stole \$96 million from a Credit Suisse proprietary account by causing wires in that amount to be sent from Credit Suisse to three accounts she held at another broker-dealer firm. Canjar stole an additional \$460,000 from a Credit Suisse proprietary account by causing a wire in that amount to be sent from Credit Suisse to a law firm to purchase a condominium in her name and for her benefit. She also converted six Credit Suisse checks totaling approximately \$41,000 for her own benefit.

20. Canjar did not have authorization to wire Credit Suisse funds to her own accounts or to purchase a condominium. She also did not have authorization to take checks payable to Credit Suisse. Canjar engaged in fraudulent means to send the wires, including misappropriating a subordinate's password, logging in to the firm wire system as another employee, lying to a subordinate and creating a fake email authorization.

21. By taking and using Credit Suisse money and property for her own benefit without authorization, Canjar stole Credit Suisse money and property. By doing this, Canjar committed conversion by intentionally and in an unauthorized manner taking and exercising ownership over money and property she did not own nor was she entitled to possess.

22. By converting Credit Suisse money and property without authorization, Canjar acted inconsistent with high standards of commercial honor and just and equitable principles of trade.

23. As a result of the foregoing conduct, Canjar violated FINRA Rule 2010.

**SECOND CAUSE OF ACTION
FAILURE TO APPEAR FOR AN ON-THE-RECORD INTERVIEW
(FINRA RULES 8210 AND 2010)**

24. The Department reallages and incorporates by reference paragraphs 1 through 23 above.

25. FINRA Rule 8210 requires any person subject to FINRA's jurisdiction to provide information orally and to testify under oath as requested by FINRA staff concerning any matter involved in an investigation.

26. On July 19, 2012 and August 28, 2012, Canjar failed to appear for on-the-record interviews requested by FINRA pursuant to FINRA Rule 8210.

27. By failing to appear for on-the-record interviews as requested, Canjar violated FINRA Rule 8210. As a result of the violation of FINRA Rule 8210, Canjar also violated FINRA Rule 2010.

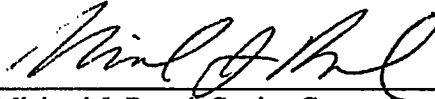
RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that the Respondent committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, 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

Date: August 21, 2013



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