

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

DEPARTMENT OF MARKET REGULATION,

Complainant,

v.

JAIME ANDRES DIAZ (CRD 4298373),

Respondent.

DISCIPLINARY PROCEEDING
NO. 20110295459 - 02

HEARING OFFICER:

COMPLAINT

The Department of Market Regulation alleges:

Summary

1. Beginning in December 2009 and continuing through November 2011, Jaime Andres Diaz ("Diaz"), while registered at a FINRA member firm, by means of deceptive, manipulative, and other fraudulent devices or contrivances, converted approximately \$850,000 from four customers, one of whom, customer CW, was elderly. Diaz also converted \$50,000 from a registered representative who worked at Diaz's FINRA member firm. Diaz told customers that their funds would be used to invest in two new restaurants in New York City and told one customer that his funds would be invested in real estate developments in New York City and a resort in Bermuda. Diaz, however, did not invest the funds as he had represented to his customers. Instead, he converted the funds for his personal use, to pay expenses related to his branch office business and to pay earlier investors.

2. As a result, Diaz engaged in transactions, acts, practices and courses of business that constituted willful violations of Section 10(b) of the Exchange Act of 1934 and SEC Rule 10b-5 thereunder, and violations of FINRA Rules 2010, 2020, and 2150.

3. In addition, Diaz participated in private securities transactions for which he was compensated. Diaz, however, failed to provide written notice to his employer member firm describing in detail the proposed transactions, his role therein in, or whether he was receiving or would receive selling compensation in connection therewith, in violation of FINRA Rule 2010 and NASD Rule 3040.

4. Moreover, Diaz solicited investments from clients of his employer FINRA member firm and falsely denied that he had solicited those investments to his FINRA member firm in violation of FINRA Rule 2010.

5. Furthermore, in connection with FINRA's investigation of this matter, Diaz failed to timely respond and completely failed to respond to FINRA Rule 8210 requests for documents and information in violation of FINRA Rules 2010 and 8210.

The Respondent and Jurisdiction

6. Diaz first became employed in the securities industry when he registered as a General Securities Representative with a FINRA member firm in November 2000. Diaz continued in the industry and registered with his most recent employing FINRA member firm in July 2007. In April 2008, Diaz also registered as a General Securities Principal. He remained registered until December 1, 2011, when his firm filed a Form U5 terminating his registration. On June 27, 2012, Diaz's former firm filed an amended Form U5 disclosing a customer complaint/arbitration by customer JM alleging that Diaz may have engaged in conduct actionable under applicable federal securities laws and regulations and the rules of FINRA. Although

Respondent is no longer registered or associated with a FINRA member, 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 Respondent's registration with a FINRA member firm, namely, December 1, 2011; (2) the Complaint was filed within two years after the date upon which his FINRA member firm filed an amended Form U5 disclosing actionable conduct, namely, June 27, 2012; and (3) the Complaint charges him with misconduct committed while he was registered with a FINRA member and with failing to respond to a FINRA request for documents and information during the two-year period after the date upon which he ceased to be registered or associated with a FINRA member.

The Fraudulent Scheme

7. Beginning in or about December 2009, Diaz employed a deceptive, fraudulent scheme involving the solicitation of four customers and a co-worker to invest money in three separate business ventures: (1) Nuela Restaurant; (2) Nordica Development; and (3) Marca Restaurant.

8. The promissory notes and equity interests that Diaz sold to customers relating to these business ventures were securities pursuant to Section 3(a)(10) of the Securities Exchange Act of 1934.

Diaz Solicits Customers JM and CW to Invest in Nuela Restaurant

9. In 2007, Diaz, along with two other investors, became involved in developing a new restaurant in New York City called Nuela. Nuela was intended to be a Latin inspired restaurant and was supposed to open in late 2007 or early 2008. The investors, however, did not have enough money to complete the project. In late 2008, Diaz and his brother invested

\$500,000 in Nuela. A few months later, Diaz began receiving capital calls from other investors stating that another \$1 million was needed to complete the project. In mid-2009, Diaz and his brother invested an additional \$500,000 in Nuela and he solicited his friend AT to also invest \$500,000 in Nuela.

10. In late 2009, Diaz began soliciting clients of his FINRA member firm to invest in Nuela.

Customer JM

11. In December 2009, Diaz solicited a client of his FINRA member firm, JM, to invest in Nuela. Diaz told JM that his investment would be used to purchase an equity interest in Nuela. Diaz, however, did not tell JM about the capital calls he had received, that the opening of the restaurant had been delayed, or that he may not receive a return on his investment and could lose his principal investment.

12. On or about December 22, 2009, upon Diaz's recommendation and advice, JM sold approximately \$70,000 worth of securities that he held in his brokerage account at Diaz's FINRA member firm.

13. The next day, on December 23, 2009, JM wired the \$70,000, plus an additional \$130,000 from another source, for a total of \$200,000 to the bank account for Diaz's investment advisory company, Worldwide Asset Protection. The balance in the Worldwide Asset Protection account was \$6,717.54 immediately before JM's wire transfer.

14. After he received JM's wire transfer of \$200,000, on or about December 23, 2009, Diaz wired \$75,000 from the Worldwide Asset Protection account to the bank account for Nuela.

15. Also on December 23, 2009, Diaz wired \$125,000 from the Worldwide Asset Protection account to AT, Diaz's friend who had also invested in Nuela.

16. Diaz did not deliver any shares in Nuela to JM or provide him with any documents evidencing his purported \$200,000 equity investment in Nuela.

17. On or about January 15, 2010, upon Diaz's recommendation and advice, JM again sold securities, approximately \$50,000 worth, from his brokerage account and wired the proceeds to Diaz's Worldwide Asset Protection account. The balance in the Worldwide Asset Protection account was \$262.54 immediately before JM's wire transfer.

18. On January 15, 2010, shortly after he received JM's \$50,000 wire transfer, Diaz wrote a check payable to himself for \$9,000. In the memo line, Diaz wrote "payment Nuela interest." On January 20, 2010, Diaz wrote a second check payable to himself for \$6,200 and the memo line stated "payment Nuela interest."

19. On January 25, 2010, Diaz wired \$35,000 from the Worldwide Asset Protection account to VF, another one of Diaz's friends who had also invested in Nuela.

20. Diaz did not provide JM any shares or other documents evidencing his purported \$50,000 equity investment in Nuela.

21. Contrary to his representations to JM, Diaz did not invest all of JM's funds in Nuela. Diaz misappropriated JM's funds by falsely representing that he would use the money to purchase an equity interest in Nuela, when instead, Diaz converted JM's funds for his personal use and to make payments to earlier investors.

22. Diaz did not tell JM that his funds would be used in this manner, nor did JM authorize Diaz to use his funds in this manner.

Customer CW

23. In February 2010, Diaz solicited another client of his FINRA member firm, CW, age 79 at the time, to invest in Nuela. Diaz did not tell CW about the capital calls, that the opening of the restaurant had been delayed, or that he may not receive any return on his investment and that he could lose his principal investment.

24. Diaz solicited CW to purchase a promissory note in the amount of \$100,000. The promissory note was to pay interest on a periodic basis. Diaz told CW that his funds would be used to invest in Nuela.

25. On or about February 16, 2010, CW, upon Diaz's recommendation and advice, borrowed \$75,000 against the securities in the brokerage account he held at Diaz's FINRA member firm. CW wired the proceeds to his personal bank account with Citibank.

26. On February 17, 2010, Diaz sent CW an email with instructions on how to wire funds from his Citibank account to Diaz's Worldwide Asset Protection account. After receiving the email, CW wired the \$75,000 he borrowed from his brokerage account plus an additional \$25,000, for a total of \$100,000, from his personal bank account with Citibank to Diaz's Worldwide Asset Protection account. The balance in the Worldwide Asset Protection account was \$137.54 immediately before the wire transfer from CW.

27. On the same day that he received the wire transfer from CW, Diaz wired \$50,000 from the Worldwide Asset Protection account to his personal bank account. The balance in Diaz's personal bank account was \$3.93 immediately before he wired in \$50,000 from the Worldwide Asset Protection account.

28. On February 18, 2010, Diaz wrote two checks payable to himself from his personal bank account, one for \$35,000 and one for \$15,000, leaving a balance in his personal bank account of \$3.93.

29. Diaz deposited the \$15,000 check into his Worldwide Wealth Management account and used the money to pay for expenses related to his branch office business including telephone bills and other expenses. Diaz deposited the \$35,000 check into another one of his personal bank accounts.

30. Also on February 18, 2010, Diaz wired \$40,000 from his Worldwide Asset Protection Account to Nuela.

31. That same day, Diaz wrote two checks payable to himself from the Worldwide Asset Protection account, one for \$5,000, and one for \$5,100. In the memo line for the \$5,000 check, Diaz wrote "Nuela" and in the memo line for the \$5,100 check, Diaz wrote "Jaime Reimbursement!"

32. CW did not receive a promissory note from Diaz and did not receive any documents evidencing his investment in Nuela. He did, however, receive one interest payment of \$10,000 on his investment but did not receive any other interest payments. CW repeatedly asked Diaz to return his principal investment of \$100,000 but Diaz did not return his funds.

33. In July 2010, CW sold all of the securities in his brokerage account at Diaz's FINRA member firm and used the proceeds to repay the \$75,000 loan against the securities in his brokerage account that he had taken in order to invest with Diaz.

34. Contrary to his representations to CW, Diaz did not invest all of his funds in Nuela. Diaz misappropriated CW's funds by falsely representing that he would use the money to

invest in Nuela, when instead, Diaz converted CW's funds for his personal use and for expenses related to his branch office business.

35. Diaz did not tell CW that his funds would be used in this manner, nor did CW authorize Diaz to use his funds in this manner.

Diaz Solicits Customer JM to Invest in Nordica Development

36. In or around mid-2010, Diaz became involved with Nordica Development. According to Diaz, the purpose of Nordica was to develop a new housing project in New York and to develop a resort community in Bermuda. Diaz personally invested \$70,000 in Nordica and again solicited investors, including clients of his FINRA member firm, to invest in Nordica.

37. In July 2010, Diaz convinced JM to invest \$300,000 in Nordica. Diaz told JM that his funds would be used to purchase a fractional interest in the New York housing development and the resort in Bermuda.

38. Diaz, however, did not tell JM that he had not received any financial data for Nordica, that the developers were having difficulty getting permits to begin construction, or that he had not conducted any due diligence on the principal investors who were responsible for completing the project.

39. On July 13, 2010, JM wired \$150,000 from his personal bank account to Diaz's Worldwide Asset Protection account. The balance in Diaz's Worldwide Asset Protection account was \$1,171.68 immediately before JM's wire transfer.

40. Shortly after he received JM's wire transfer of \$150,000, Diaz transferred \$90,000 to his personal bank account and used those funds to pay for his personal expenses.

41. On July 16, 2010, JM sold approximately \$150,000 worth of securities in his brokerage account at Diaz's FINRA member firm.

42. JM wired the proceeds of his sale to his personal bank account and on July 20, 2010, he wired \$150,000 from his personal bank account to Diaz's Worldwide Asset Protection account.

43. On July 21, 2010, Diaz wired \$100,000 from the Worldwide Asset Protection account to his friend, VF.

44. Also on July 21, 2010, Diaz wrote a check from the Worldwide Asset Protection account for \$10,000 and, that same day, deposited a check for \$10,000 into his personal account. Diaz used the funds to pay for his personal expenses.

45. On July 23, 2010, Diaz transferred \$8,000 from the Worldwide Asset Protection account to his personal account, and on July 26, 2010, he transferred \$10,000 to his personal account. Diaz used the funds to pay for his personal expenses.

46. Contrary to his representations to JM, Diaz did not invest JM's funds in Nordica. Diaz misappropriated JM's funds by falsely representing that he would use the money to invest in Nordica, when instead, Diaz converted JM's funds for his personal use and used the funds to make a payment to an earlier investor.

47. Diaz did not tell JM that his funds would be used in this manner, nor did JM authorize Diaz to use his funds in this manner.

48. In total, JM invested approximately \$550,000 with Diaz between his investment in Nuela and his investment in Nordica. Diaz, however, did not make any interest payment to JM and, despite requests to do so, Diaz did not return his principal investment and did not provide JM with documents regarding his investments in Nordica or Nuela.

Diaz Solicits Customers DKB and DMB and Co-worker CR to invest in Marca Restaurant

49. In or around late 2010, Diaz became involved in a second restaurant venture, Marca Restaurant. According to Diaz, Marca was intended to be an Argentinian steakhouse with an underground nightlife space. Diaz personally invested \$800,000 in Marca and again, began soliciting investors, including clients of, and a co-worker at, his FINRA member firm.

50. In or about January 2011, Diaz solicited CR, a registered representative with Diaz's FINRA member firm, to invest \$50,000 in Marca. Diaz told CR that he was an owner of Marca and that by investing in the restaurant, CR's funds would be used to purchase an equity interest in Marca. Diaz, however, was not an owner in Marca and was not authorized to make any representations on behalf of Marca or to sell CR an equity interest in Marca.

51. Diaz told CR that Marca was a good investment. In doing so, Diaz failed to tell CR that he (i) had conducted no due diligence on the principal investors responsible for the project; (ii) had not received any financial documents from the principal investors; and, (iii) knew that the developers did not have the necessary permits to complete the project.

52. Diaz also asked CR to solicit clients of their FINRA member firm to invest in Marca. Diaz told CR to have investors deposit funds into one of two bank accounts for Marca, one at HSBC and one at Citibank. Diaz, however, did not tell CR that he did not have authority to access any bank accounts that had been created for Marca by the principal investors of the restaurant. Further, Diaz did not have the authority to direct investors to deposit funds into any Marca bank account.

53. CR transferred, via bank journal, \$50,000 from his personal bank account at HSBC to the HSBC bank account purportedly for Marca. CR, however, did not receive any documents evidencing his equity interest in Marca.

54. CR, at Diaz's request, called two clients of their FINRA member firm, DKB and DMB, and asked them to invest \$100,000 each in Marca.

55. DKB deposited \$100,000 from his personal bank account into the HSBC bank account purportedly for Marca.

56. DMB sold \$100,000 worth of securities that he held in a brokerage account with Diaz's FINRA member firm and received a check from the firm for the proceeds. Once he received the money, DMB deposited it into his personal account and then wrote a check payable to Marca and mailed it to Citibank for deposit into the account purportedly for Marca.

57. Diaz drafted promissory notes for DKB and DMB evidencing their purported investment in Marca and emailed them to CR, who in turn, emailed the notes to DKB and DMB.

58. The promissory notes provided for 10 percent interest and the return of their principal by the end of 2011. Diaz told CR that if Marca reached \$5 million in sales in any of the first three years, investors would all receive an additional interest payment of six percent.

59. Diaz, however, did not tell CR that he did not have the authority to sell Marca promissory notes to DKB or DMB or to make any representations on behalf of Marca.

60. At the end of 2011, Marca had not opened for business but the principal and 10 percent interest was due on the promissory notes. Diaz did not make any payments on the notes.

61. CR requested that Diaz return his funds and the funds of DKB and DMB. When he had not returned their funds after repeated requests to do so, CR filed a complaint with the New York Attorney General.

62. After he filed the complaint, Diaz returned DKB's and DMB's funds. Diaz did not return CR's funds.

63. Contrary to his representations, Diaz did not have the authority to make any representations on behalf of Marca. Consequently, Diaz falsely sold an equity interest in Marca to CR and falsely sold Marca promissory notes to DKB and DMB. Moreover, instead of investing the funds as he represented, Diaz misappropriated and converted the funds for his personal use.

FIRST CAUSE OF ACTION
Manipulative and Deceptive Devices
(Section 10(b) of the Securities Exchange Act,
Rule 10b-5, and FINRA Rules 2010 and 2020)

64. Market Regulation realleges and incorporates by reference all preceding paragraphs.

65. By engaging in the foregoing conduct, Diaz, in connection with the purchase or sale of a security, directly or indirectly, by use of means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange, knowingly or recklessly, employed a device, scheme or artifice to defraud; made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances in which they were made, not misleading; and engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit upon any person, in willful violation of Section 10(b) of the Exchange Act of 1934 and SEC Rule 10b-5 thereunder.

66. In addition, Diaz effected transactions in, or induced the purchase or sale of, securities by means of manipulative, deceptive or other fraudulent devices or contrivances, in violation of FINRA Rules 2010 and 2020.

SECOND CAUSE OF ACTION
Improper Use and Conversion of Customers' Funds
(FINRA Rules 2010 and 2150)

67. Market Regulation re-alleges and incorporates by reference all preceding paragraphs.

68. Customers JM, CW, DKB or DMB neither knew about nor authorized Diaz's misappropriation of their funds for his own personal use.

69. By engaging in the foregoing conduct, Diaz made improper use of, and converted, his customers' funds in violation of FINRA Rules 2010 and 2150.

THIRD CAUSE OF ACTION
Improper Use and Conversion of Funds
(FINRA Rule 2010)

70. Market Regulation re-alleges and incorporates by reference all preceding paragraphs.

71. CR neither knew about nor authorized Diaz's misappropriation of his funds for his own personal use.

72. By engaging in the foregoing conduct, Diaz made improper use of, and converted, CR's funds in violation of FINRA Rule 2010.

FOURTH CAUSE OF ACTION
Private Securities Transactions in Marca
(FINRA Rule 2010 and NASD Rule 3040)

73. Market Regulation re-alleges and incorporates by reference all preceding paragraphs.

74. Diaz, while associated with a FINRA member firm, participated in private securities transactions involving his sale of promissory notes in Marca, without disclosing his participation in such private securities transactions to his employing FINRA member firm.

75. In January 2011, Diaz sold two promissory notes in Marca totaling \$200,000 to DKB and DMB, customers of Diaz's FINRA member firm.

76. The promissory notes bore a 10 percent interest rate. The notes included a date on which all outstanding principal and interest was due. The funds were provided to Diaz for the purpose of investing in Marca.

77. Diaz was compensated from the issuance of the promissory notes by virtue of his use of the proceeds generated by the sale of the notes, including the use of the proceeds for his personal benefit.

78. Prior to participating in the private securities transactions involving Marca, Diaz failed to provide written notice to the member firm with which he was associated describing in detail the proposed transaction and his proposed role therein and whether he had received or might receive selling compensation in connection with each transaction.

79. As a result, Diaz's employing member firm was unaware that Diaz was engaging in private securities transactions with customers of the firm or that Diaz was receiving compensation in connection with the transactions.

80. By engaging in the foregoing conduct, Diaz violated FINRA Rule 2010 and NASD Rule 3040.

**FIFTH CAUSE OF ACTION
Providing False Information to his FINRA Member Firm
(FINRA Rule 2010)**

81. Market Regulation realleges and incorporates by reference all preceding paragraphs.

82. On his Outside Business Disclosure form in the Central Registration Depository System ("CRD"), Diaz identified Worldwide Asset Protection, Worldwide Wealth Management

and Nuela Restaurant as outside business activities. Diaz identified Nuela as a non-investment related business activity. Diaz did not disclose Marca or Nordica as outside business activities.

83. On March 16, 2011, Diaz completed the firm's semi-annual compliance questionnaire.

84. On the questionnaire, Diaz falsely certified that his outside business disclosure form in CRD was accurate and there were no additions/deletions or changes. Diaz's certification was false because he had not disclosed his involvement in Nordica or Marca in CRD. In addition, although Diaz identified Nuela as an outside business activity, he falsely claimed that it was a non-investment business activity.

85. Question 6.1 of the questionnaire asked: "[w]hile engaged in this outside business [Nuela] have you raised capital, issued debt, made referrals for financial arrangements, loaned or invested funds either personally or on behalf of others?" Diaz falsely answered "no." In fact, Diaz personally invested \$1 million in Nuela, solicited a customer of his FINRA member firm to purchase a \$100,000 promissory note for Nuela and solicited another customer of his FINRA member firm to invest \$250,000 in Nuela. Further, Diaz did not receive prior written approval, as required by his FINRA member firm, for CW or JM to invest or otherwise participate in Nuela.

86. Question 10 of the questionnaire asked: "[d]id you receive any verbal complaints or written complaints or grievances between July 1, 2010 and present?" Diaz falsely answered "no." Diaz's response was false because customers CW and JM had complained to him about their investments in Nuela and/or Nordica.

87. Question 12 of the questionnaire asked: "[b]etween July 1, 2010 and present, have you raised capital for any group or entity other than through business that was conducted through

your Broker Dealer?” Diaz falsely answered “no.” In fact, Diaz had raised capital for Nuela, Nordica and Marca.

88. Question 47 of the questionnaire asked: “[h]ave you been involved in any capacity in the purchase or sale of a security not conducted through your Broker Dealer?” Diaz falsely answered “no.” In fact, Diaz did solicit the sale of promissory notes on behalf of Marca and Nuela.

89. Question 55 of the questionnaire asked: “[d]o you recommend securities to clients over age 60?” Diaz falsely answered “no.” In truth, Diaz solicited customer CW, age 79 at the time, to purchase a promissory note, a security, in Nuela.

90. On May 19, 2011, Diaz completed his firm’s outside business interest form for Nordica. In response to question 5 “[w]ill any customers of [the firm] also be customers, investors or otherwise involved in this [Nordica] outside business interest?” Diaz falsely answered “no.”

91. To the contrary, Diaz had raised capital for Nordica by soliciting a customer of his FINRA member firm to invest \$300,000 in Nordica.

92. By engaging in the foregoing conduct, Diaz violated FINRA Rule 2010.

SIXTH CAUSE OF ACTION
Failure to Fully and Timely Respond and Complete Failure to Respond
to FINRA Rule 8210 Requests (FINRA Rules 2010 and 8210)

93. Market Regulation re-alleges and incorporates by reference all preceding paragraphs.

Untimely Response

94. On October 14, 2011, Office of Fraud Detection and Market Intelligence (OFDMI) staff sent Diaz a letter pursuant to FINRA Rule 8210 requesting information in

connection with OFDMI's investigation of this matter. OFDMI staff sent the FINRA Rule 8210 letter to the residential address that was provided in CRD via certified mail, first class mail and FedEx. The certified mail letter was returned to staff as undeliverable.

95. On October 25, 2011, OFDMI staff sent Diaz a follow-up letter pursuant to FINRA Rule 8210 requesting information in this matter. OFDMI staff sent the follow-up FINRA Rule 8210 letter to his residential CRD address via certified mail and first class mail. A copy of the letter was also sent to the compliance officer at Diaz's FINRA member firm.

96. On October 26, 2011, OFDMI staff received an email from the law firm representing Diaz in this matter. The law firm requested on behalf of Diaz, and was granted, an extension to respond to the FINRA Rule 8210 request until November 3, 2011.

97. On November 3, 2011, Diaz's attorney requested, and was granted, a second extension to respond to the FINRA Rule 8210 request until November 10, 2011.

98. On November 16, 2011, six days after the response was due, Diaz's attorney requested, and was granted, a third extension to respond to the FINRA Rule 8210 request until November 18, 2011.

99. On November 18, 2011, Diaz, through his attorney, submitted an incomplete response to the FINRA Rule 8210 request. In reviewing his response, staff noticed that Diaz did not produce all of his personal bank account statements for the period July 2007 through October 2011.

100. On December 8, 2011, staff called Diaz's attorney and requested the documents that had not been produced. Diaz's attorney did not provide the missing documents.

101. On March 16, 2012, staff called Diaz's attorney and again requested the documents that had not been produced. On March 27, 2012, Diaz's attorney told staff that Diaz

was producing the bank account statements that had been previously requested. The staff, however, did not receive the bank account statements from Diaz or his attorney.

102. On April 3, 2012, when his response had still not be received, staff sent a second follow-up FINRA Rule 8210 request to Diaz, through his attorney, with a list of documents and information that had not been included in the November 18, 2011 production.

103. On April 11, 2012, when staff still had not received the requested documents, staff contacted Diaz's attorney to again request the documents that had not been produced.

104. On April 16, 2012, when staff still had not received the requested documents, staff again contacted Diaz's attorney to request the documents that had not been produced.

105. On April 16, 2012, Diaz, through his attorney, provided a second incomplete response to the FINRA Rule 8210 request. Diaz failed to produce all bank statements from July 2009 through October 2011 for accounts in which he had a financial interest. On April 27, 2012, staff requested that Diaz's attorney produce the remaining bank account statements. The staff, however, did not receive the remaining bank statements.

106. On May 24, 2012, staff again contacted Diaz's attorney and requested the documents that had not been produced. The staff, however, did not receive the remaining bank statements.

107. On June 1, 2012, staff sent Diaz, through his attorney, a third follow-up FINRA Rule 8210 request with a list of the documents and information that had not been included in either the November 18, 2011 production or the April 16, 2012 production. Diaz, however, did not respond to this request and did not request an extension.

108. On September 12, 2012, more than two months later, when his response had still not been received, staff initiated a FINRA Rule 9552 proceeding against Diaz for failing to fully

respond to repeated FINRA Rule 8210 requests. The Notice of Suspension was sent via FedEx and first class mail to Diaz's CRD address. A copy of the Notice of Suspension was sent to Diaz's attorney.

109. The Notice of Suspension letter included, among other things, notice that Diaz would be suspended from associating with any FINRA member in any capacity unless he fully complied with the FINRA Rule 8210 requests on or before October 9, 2012.

110. On September 24, 2012, Diaz, through his attorney, submitted a third incomplete response to the FINRA Rule 8210 letter. Diaz did not submit all of the bank account statements that had been requested in the initial FINRA Rule 8210 request.

111. On October 2, 2012, staff contacted Diaz, through his attorney, and informed him that the response was still incomplete and identified the specific documents and information that had not been submitted. Diaz, however, did not respond and did not request an extension.

112. On October 9, 2012, Diaz was sent a letter informing him that he was suspended from associating with any FINRA member firm in any capacity and would be barred on December 12, 2012, if he did not fully comply with the FINRA Rule 8210 response. On December 10, 2012, two days before he was to be barred, Diaz, through his attorney, submitted additional documents and information. At that time, staff reasonably believed that Diaz had substantially complied with the FINRA Rule 8210 requests.

Complete Failure to Respond

113. On May 7, 2013, staff took Diaz's testimony to question him about his involvement with Nuela, Nordica, and Marca and to determine what happened to the customers' money.

114. During his investigative testimony, Diaz testified that he had several millions of dollars. The bank account statements that Diaz provided in his prior FINRA Rule 8210 responses, however, did not support his claim.

115. In his testimony, Diaz stated that he kept the majority of his funds in a bank account in the name of WVI, which is a company that he owns with his wife. Diaz, however, had not provided any documents or other information for the WVI account in response to the previous FINRA Rule 8210 requests.

116. On May 10, 2013, staff sent Diaz, through his attorney, a FINRA Rule 8210 request and identified the specific documents that had not been produced in any of his prior responses. The response was due on May 22, 2013. Diaz did not respond and did not request an extension.

117. On May 22, 2013, Diaz's attorney sent staff a letter stating that he no longer represented Diaz in this matter.

118. On June 4, 2013, staff contacted Diaz directly and sent him the FINRA Rule 8210 letter that had previously been sent to his attorney. The FINRA Rule 8210 letter was sent to Diaz via email and, on June 5, 2013, Diaz responded to staff's email. Staff provided Diaz until June 10, 2013 to provide a response to the FINRA Rule 8210 letter.

119. To date, Diaz has not responded to the FINRA Rule 8210 letter and has not requested an extension.

120. As a result of Diaz's untimely and incomplete responses and his complete failure respond to Rule 8210 requests for documents and information, FINRA staff was prevented from pursuing material areas of its investigation into Diaz's conduct in this matter.

121. By engaging in the foregoing conduct, Diaz violated FINRA Rules 2010 and 8210.

Prayer for Relief

WHEREFORE, the Department of Market Regulation respectfully requests that the

Panel:

- A. make findings of fact and conclusions of law that Respondent Jaime Andres Diaz committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Procedural Rule 8310 be imposed, including that the Respondent be required to disgorge fully any and all ill-gotten gains and/or make full restitution, together with interest;
- C. make specific findings that Respondent willfully violated Section 10(b) of the Securities Exchange Act and Rule 10b-5 promulgated thereunder;
- D. order that Respondent bear such costs of any proceeding as are deemed fair and appropriate under the circumstances, in accordance with FINRA Procedural Rule 8330; and
- E. grant all further relief, legal or equitable, that is warranted under the circumstances.

Dated: NOV. 22, 2013

FINRA Department of Market Regulation



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