

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Paul James Marshall (CRD No. 1889692),

Respondent.

DISCIPLINARY PROCEEDING
No. 2011029657101

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Paul James Marshall converted funds totaling \$25,000 from a firm customer, by accepting two checks for investment and failing to either invest those funds as directed, or return them to the customer, in violation of NASD Conduct Rules 2330 and 2110. Marshall also used an unapproved business card that falsely identified him as a managing director of a broker-dealer with which he was not associated, in violation of FINRA Rule 2010. Finally, Marshall failed to respond to FINRA staff's multiple requests for documents, including tax returns and copies of statements for bank accounts he controlled, in violation of FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Marshall entered the securities industry on June 23, 1989, as a General Securities Representative of a member of FINRA. During the time period mentioned herein, Marshall was associated first with Oppenheimer & Co. Inc. and then with American Wealth Management, Inc., both FINRA member firms, and was registered with FINRA under Article V of the By-Laws as a General Securities Sales Supervisor and a General Securities Representative. On January 24, 2011, Marshall's employment with American Wealth Management was terminated.
3. Although Marshall 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 American Wealth Management, namely, January 24, 2011; and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member and with failing to respond to FINRA requests for information during the two-year period after the date upon which he ceased to be registered or associated with a FINRA member.

FIRST CAUSE OF ACTION

NASD Conduct Rules 2330 and 2110 — Conversion of Customer Funds

4. The Department realleges and incorporates by reference paragraphs 1-3 above.
5. On or about February 8, 2007, and March 27, 2007, CW, an Oppenheimer customer of Marshall's, provided two checks to Marshall, one in the amount of \$5,500, and one

in the amount of \$19,500. The first check was made payable to Paul Marshall and the second to U.S. Tax Advisory, an entity for which Marshall served as president and director. The checks were provided to Marshall by CW for purposes of investment in a real estate entity called Devon Cove. Marshall had solicited her to invest in Devon Cove and provided her with a written contract, which she signed, to invest \$30,000 in earnest money for the real estate project. Marshall deposited the checks into a bank account he controlled, but failed to invest funds in Devon Cove on CW's behalf, and instead converted the funds to his own use and benefit. To date, Marshall has failed to return any of the funds to her.

6. As a result of the foregoing conduct, Marshall violated NASD Conduct Rules 2330 and 2110.

SECOND CAUSE OF ACTION

FINRA Rule 2010 –

Use of Unapproved, False and Misleading Business Card

7. The Department realleges and incorporates by reference paragraphs 1- 6 above.
8. While he was associated with American Wealth Management, Marshall provided a business card to a customer that reflected false and misleading information. Specifically, the business card reflected that Marshall was a managing director of the "RIFA Division" of Raymond James. At no time was Marshall associated with or employed by Raymond James, nor did he receive approval to use the card from American Wealth Management.
9. As a result of the foregoing conduct, Marshall violated FINRA Rule 2010.

THIRD CAUSE OF ACTION

FINRA Rules 8210 and 2010 – Failure to Respond Fully to Requests for Information

10. The Department realleges and incorporates by reference paragraphs 1-9 above.
11. In eight letters, dated February 29, 2012, March 23, 2012, May 10, 2012, September 19, 2012, October 5, 2012, October 24, 2012, November 14, 2012, and December 4, 2012, FINRA staff requested, pursuant to FINRA Rule 8210, that Marshall provide information to the staff, including personal tax returns and copies of statements for bank accounts he controlled.
12. Marshall provided partial responses to certain of the requests. However, to date, Marshall has failed to provide the majority of the requested documents, specifically, his personal tax returns and the bank account statements for entities he controlled, namely The Midland Group and U.S. Tax Advisory, which had been requested by the staff in accordance with, and pursuant to, FINRA Rule 8210.
13. The requested documents were material to the staff's investigation, and Marshall's failure to produce them impeded the staff's ability to conduct the investigation.
14. As a result of the foregoing conduct, Marshall violated FINRA Rules 8210 and 2010.

RELIEF REQUESTED

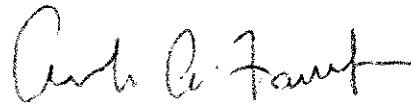
WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;

- B. order that one or more of the sanctions provided under FINRA Rule 8310(a) be imposed, including that Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest; 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: January 18, 2013



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