

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

V.

Daniel G. Sharp
(CRD No. 2194385),

Respondent.

DISCIPLINARY PROCEEDING
No. 2011029681602

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. From on or about July 15, 2011 to on or about September 9, 2011, (the "Relevant Period"), while associated with member firm The Huntington Investment Company ("HIC" or the "Firm"), Respondent Daniel G. Sharp made unsuitable switches of Class A mutual fund shares to unit investment trusts ("UITs") in the accounts of 13 customers. In most cases, the Class A mutual funds (for which the customers paid front-end fees totaling \$17,915.29) had been held by the customers for 12 months or less with none held longer than sixteen months when they were sold and the proceeds used to purchase the UITs (for which the customers paid front-end fees totaling \$8,533.09).
2. Sharp did not have reasonable grounds for believing that these recommendations and transactions were suitable for the customers based upon their investment

objectives and needs. The transactions made no economic sense based on the initial costs the customers incurred with the Class A purchases and additional costs associated with the UITs purchases.

3. In addition, Sharp failed to timely appear for an on-the-record interview (OTR). OTRs were initially scheduled on April 11, 2012 and April 30, 2012, respectively, in FINRA's Philadelphia District Office. The OTRs had been requested by FINRA staff, pursuant to FINRA Rule 8210, seeking information relating to the switches effected by Sharp. A Notice of Suspension under FINRA Rule 9552 was issued on July 19, 2012. On August 13, 2012, Sharp was suspended. Sharp finally appeared and testified on September 7, 2012 – five months after the initial request had been made.
4. Based on the foregoing, Sharp violated NASD Conduct Rule 2310 and FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

5. On or about December 16, 1991, Sharp first became registered with FINRA as a General Securities Representative.
6. From on or about September 28, 2009 to on or about October 10, 2011, Sharp was registered with FINRA through an association with HIC.
7. On or about October 11, 2011, HIC filed a Uniform Termination Notice for Securities Industry Registration (Form U5) stating that Sharp was terminated for not fully cooperating with the Firm's investigation of his trading practices.
8. Although Sharp 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 Sharp's registration with HIC, namely October 11, 2011, and (2) the Complaint charges him with misconduct committed while he was a registered with a FINRA member.

**FIRST CAUSE OF ACTION
Unsuitable Switches
(NASD Conduct Rule 2310 and FINRA Rule 2010)**

9. The Department realleges and incorporates by reference paragraphs 1 through 8 above.
10. During the Relevant Period, Sharp made 38 unsuitable switches of Class A mutual fund shares to UITs in the HIC accounts of thirteen customers. These transactions are detailed in Attachment A to this Complaint, attached hereto and incorporated by reference.
11. All the transactions were effected in retirement accounts.
12. The customers' ages ranged from 37 years old to 63 years old and their primary investment objectives were all "capital appreciation" with some also having a secondary investment objective of "income."
13. The Class A mutual fund shares in nine customer accounts had been held for 12 months or less and in four customer accounts had been held for 16 months or less before Sharp effected the sales.
14. All of the Class A shares that were sold had been subject to a front-end sales load of at least 5%.
15. The UITs purchased had a sales charge of up to 3.5%, with the customer paying a 1% load up front and the balance through a possible Contingent Deferred Sales Charge ("CDSC").

16. Following the trades, HIC required Sharp to provide switch letters explaining his rationale. Sharp had no rational explanation for the recommendations. For example, where Sharp asserted that some switches addressed purported customer concerns about market volatility, a need for diversification and lower exposure to equities, he could not explain why some of the customers were switched into UITs that had more equity exposure and a narrower focus than their mutual fund holdings
17. On August 16, 2011, Sharp was placed on a 30-day Performance Improvement Program ("PIP") due to decreased production. As detailed in Attachment A, at least 21 of the 32 of the unsuitable switches Sharp recommended and effected occurred after he was placed on the PIP.
18. HIC refunded to the customers the fees that had been paid in connection with the Class A shares that were sold to purchase the UITs, which fees totaled \$17,915.29.
19. The customers paid front-end fees totaling \$8,533.09 to purchase the UITs.
20. Sharp received commissions of \$2,587.76 for the UIT purchases.
21. Based on the foregoing, Sharp violated NASD Conduct Rule 2310 and FINRA Rule 2010.

**SECOND CAUSE OF ACTION
FAILURE TO TIMELY APPEAR FOR OTR
(FINRA RULES 8210 AND 2010)**

22. The Department realleges and incorporates by reference paragraphs 1 through 21 above.

23. On March 12, 2012, pursuant to FINRA Rule 8210, the Member Regulation staff of FINRA's Philadelphia District office (the "Staff") sent a letter to Sharp requesting his appearance at the Philadelphia District Office on April 11, 2012 to testify at an OTR. The purpose of the OTR was to obtain information from Sharp regarding the aforementioned switches. The letter was sent by first-class and certified mail, return receipt requested, to Sharp's current residential address as reflected in Web CRD: [REDACTED] (the "CRD Address").
24. On March 16, 2012, Sharp telephoned the Staff and stated that appearing in Philadelphia for the OTR would be a hardship because of family-related issues. Based on Sharp's claim of hardship, the Staff agreed to conduct the OTR by telephone and confirmed with Sharp that his OTR would take place by telephone on April 11, 2012.
25. On April 5, 2012, the Staff called Sharp and confirmed that he would be appearing via telephone at the OTR on April 11, 2012. In addition, that same day, FINRA staff sent Sharp a letter by first-class mail to the CRD Address confirming his appearance at the OTR on April 11. On April 11, 2012, Sharp failed to appear at his OTR.
26. On April 23, 2012, the Staff sent Sharp a letter by first-class and certified mail, return receipt requested, to the CRD address requesting his appearance at the Philadelphia District Office for an OTR on April 30, 2012. Again, Sharp failed to appear for the OTR on April 30, 2012.
27. Based on Sharp's failures to appear for the two OTRs requested by the Staff, on July 19, 2012, Sharp was served with a FINRA Rule 9552 Notice of Suspension.

On August 13, 2012, Sharp was suspended. After receiving that suspension letter, Sharp contacted the Staff who were handling the non-summary proceeding, and told them he was willing to testify.

28. On September 7, 2012, Sharp appeared for an OTR.
29. Based on the foregoing, Sharp violated FINRA Rules 8210 and 2010.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

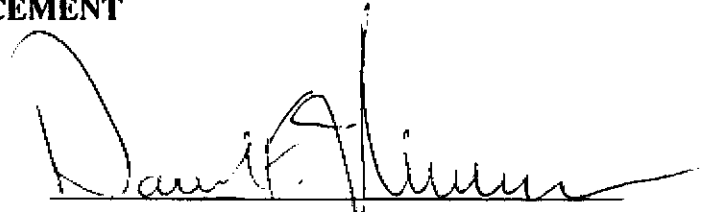
- A. make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed, including that Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest.
- 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: October 7, 2013

A handwritten signature in black ink, appearing to read "David F. Newman", written over a horizontal line.

David F. Newman, Senior Regional Counsel
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ATTACHMENT A – CHART OF TRADES
DOE v. DANIEL G. SHARP
DISCIPLINARY PROCEEDING NO. 2011029681602

Customer Initials	Trade Date	Buy/Sell	Product	Amount	UIT Sales Charge	Class A Share Initial Sales Charge
1. KB	7/15/2011	Sell	Federated Capital Appreciation (Class A shares)	10,291.52		\$562.52
	8/8/2011	Buy	FT Unit 314 Tactical Income Port Ser 9	\$5,141.59	\$161.98	
	8/8/2011	Buy	Ft Unit 2977 Target Global Dvd Leaders 3Q11	\$5,141.68	\$115.75	
2. RC	8/8/2011	Sell	Federated Clover Small Value Fund (Class A shares)	\$5,686.12		\$652.92
	8/8/2011	Sell	Federated Capital Appreciation (Class A shares)	\$5,538.59		
	8/9/2011	Buy	FT Unit 3134 Tactical Income Port Ser 9	\$3,803.89	\$119.81	
	8/9/2011	Buy	FT Unit 2977 Target Global Dvd Leaders	\$3,801.38	\$85.54	
	8/9/2011	Buy	FT Unit 3023 Diversified Equity Strategic Allocation Port 3Q 11	\$3,802.51	\$85.56	
3. TA	8/8/2011	Sell	Federated Balanced Allocation (Class A shares)	\$18,235.59		\$1,039.40
	8/8/2011	Buy	FT Unit 3134 Tactical Income Port Ser 9	\$6,084.31	\$191.64	
	8/8/2011	Buy	FT Unit 2977 Target Global Dvd Leaders 3Q 11	\$6,089.25	\$137.02	
	8/8/2011	Buy	Ft Unit 3023 Diversified Equity Strategic Allocation Port 3Q11	\$6,085.78	\$136.94	
4. TM	8/8/2011	Sell	Federated Clover Small Value Fund (Class A shares)	\$3,265.41		\$835.37
	8/8/2011	Sell	The Growth Fund of America (Class A shares)	\$3,351.59		
	8/8/2011	Sell	Prudential Jennison (Class A shares)	\$3,321.69		
	8/8/2011	Sell	Developing Markets Fund (Class A shares)	\$3,105.25		
	8/9/2011	Buy	FT Unit 3134 Tactical Income Port Ser 9	\$4,340.46	\$136.72	
	8/9/2011	Buy	Ft Unit 2977 Target Global Dvd Leaders 3Q11	\$4,338.15	\$97.61	
	8/9/2011	Buy	Ft Unit 3023 Diversified Equity Strategic Allocation Port 3Q11	\$4,338.20	\$97.61	
	8/9/2011	Sell	Federated Small Value Fund (Class A shares)	\$1,844.91		\$487.58
5. JV	8/9/2011	Sell	The Growth Fund of America (Class A shares)	\$1,927.43		
	8/9/2011	Sell	Developing Markets Fund (Class A shares)	\$1,849.95		
	8/9/2011	Sell	Prudential Jennison (Class A shares)	\$1,828.40		
	8/12/2011	Buy	Ft Unit 3134 Tactical Income Port Ser 9	\$3,721.48	\$117.24	
	8/2/2011	Buy	Ft Unit 3023 Diversified Equity Strategic Allocation Port 3Q11	\$3,717.66	\$83.63	

Customer Initials	Trade Date	Buy/Sell	Product	Amount	UIT Sales Charge	Class A Share Initial Sales Charge
6. AY	8/9/2011	Sell	Federated Capital Appreciation (Class A shares)	\$10,600.32		\$655.80
	8/12/2011	Buy	Ft Unit 3134 Tactical Income Port Ser 9	\$5,299.70	\$166.95	
	8/12/2011	Buy	Ft Unit 3023 Diversified Equity Strategic Allocation Port 3Q 11	\$5,297.00	\$119.16	
7. MP	8/10/2011	Sell	Federated Clover Small Value Fund (Class A shares)	\$9,286.66		\$2,237.35
	8/10/2011	Sell	Federated Capital Appreciation (Class A shares)	\$9,243.62		
	8/10/2011	Sell	Federated International Leaders Fund (Class A shares)	\$9,062.01		
8. BG	8/10/2011	Sell	Prudential Jennison (Class A shares)	\$9,715.99		
	8/12/2011	Buy	FT Unit 3134 Tactical Income Port Ser 9	\$12,440.66	\$391.91	
	8/12/2011	Buy	FT Unit 2977 Target Global DVD Leaders 3Q 11	\$12,442.28	\$279.92	
8. BG	8/12/2011	Buy	FT Unit 3023 Diversified Equity Strategic Allocation Port 3Q 11	\$12,448.39	\$280.04	
	8/22/2011	Sell	Federated Clover Value Fund (Class A shares)	\$5,748.53		\$716.81
	8/22/2011	Sell	Federated Clover Small Value Fund (Class A shares)	\$5,680.68		
9. WL	8/23/2011	Buy	FT Unit 3134 Tactical Income Port Ser 9	\$5,736.45	\$180.72	
	8/23/2011	Buy	FT Unit 2977 Target Global DVD Leaders 3Q 11	\$5,737.04	\$129.11	
	8/23/2011	Sell	Federated Total Return Bond (Class A shares)	\$7,000.00		\$2,284.96
9. WL	8/23/2011	Sell	Federated Strategic Income (Class A shares)	\$7,000.00		
	8/23/2011	Sell	Federated Capital Appreciation (Class A shares)	\$23,446.92		
	8/23/2011	Sell	Federated Bond Fund (Class A shares)	\$12,000.00		
9. WL	8/23/2011	Buy	FT 2977 Target Global DVD Leaders 3Q 11	\$8,696.27	\$274.03	
	8/23/2011	Buy	FT Unit 3134 Tactical Income Port Ser 9	\$16,305.13	\$513.67	
	8/23/2011	Buy	FT Unit 3023 Diversified Equity Strategic Allocation Port 3Q 11	\$16,303.35	\$366.77	
9. WL	8/24/2011	Sell	Federated Gov Income Securities (Class A shares)	\$8,385.78		\$762.45
	8/24/2011	Sell	Federated Fund U.S. Gov Securities (Class A shares)	\$8,373.99		
	8/25/2011	Buy	FT Unit 3134 Tactical Income Port Ser 9	\$8,698.52	\$274.03	
10. TW	8/25/2011	Buy	FT Unit 2977 Target Global DVD Leaders 3Q 11	\$8,696.27	\$195.69	
	8/24/2011	Sell	Federated Capital Appreciation (Class A shares)	\$8,780.13		\$490.31
	8/24/2011	Buy	Ft unit 3134 Tactical Income Port Ser 9	\$4,378.19	\$137.93	
11. M M	8/25/2011	Buy	FT Unit 3023 Diversified Equity Strategic	\$4,377.48	\$98.50	
	9/7/2011	Sell	Federated Clover Small Value Fund (Class A shares)	\$9,036.84		\$2,088.89
	9/7/2011	Sell	Federated Capital Appreciation (Class A shares)	\$9,331.60		
11. M M	9/7/2011	Sell	Developing Markets Fund A (Class A shares)	\$9,954.99		
	9/7/2011	Sell				

Customer Initials	Trade Date	Buy/Sell	Product	Amount	UIT Sales Charge	Class A Share Initial Sales charge
	9/7/2011	Sell	Prudential Jennison (Class A shares)	\$9,193.26		
	9/8/2011	Buy	FT Unit 3134 Tactical Income Port Ser 9	\$18,708.39	\$589.36	
	9/8/2011	Buy	FT Unit 3097 Market Strength Allocation Plus Port Ser 8	\$18,706.74	\$563.64	
	9/7/2011	Sell	Federated Capital Appreciation (Class A shares)	\$11,448.19		\$3,044.72
12. LM	9/7/2011	Sell	Federated Clover Small Value Fund(Class A shares)	\$11,098.43		
	9/7/2011	Sell	Prudential Jennison (Class A shares)	\$11,303.26		
	9/7/2011	Sell	Developing Markets Fund A (Class A shares)	\$12,236.45		
	9/8/2011	Buy	FT Unit 3097 Market Strength Allocation	\$23,008.89	\$693.27	
13. LD	9/8/2011	Buy	FT Unit 3134 Tactical Income Port Ser 9	\$23,004.54	\$724.70	
	9/8/2011	Sell	Federated Clover Small Value Fund (Class A shares)	\$7,740.14		\$2,056.21
	9/8/2011	Sell	Federated Capital Appreciation (Class A shares)	\$7,925.47		
	9/8/2011	Sell	Developing Markets Fund A (Class A shares)	\$8,148.56		
	9/8/2011	Sell	Prudential Jennison (Class A shares)	\$7,843.14		
	9/8/2011	Buy	FT Unit 3134 Tactical Income Port Ser 9	\$15,800.12	\$497.72	
	9/9/2011	Buy	FT Unit 3097 Market Strength Allocation Plus Port Ser 8	\$15,800.77	\$488.92	
TOTALS				\$8,533.09	\$17,915.29	