

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

OSI TREVOR ISAACS
(CRD No. 2724629),

Respondent.

Disciplinary Proceeding

No. 2011030031502

Hearing Officer – MC

DEFAULT DECISION

April 25, 2013

Respondent Osi Trevor Isaacs is barred from associating with any FINRA member firm in any capacity for violating FINRA Rules 8210 and 2010 by (i) failing to respond timely to two Rule 8210 requests, and (ii) failing to respond in any manner to an additional three Rule 8210 requests.

Appearances

Kathryn M. Wilson, Esq., Boca Raton, Florida, for the Department of Enforcement.

No appearance by or for Respondent Osi Trevor Isaacs.

DECISION

I. Background

The Department of Enforcement filed and served the attached Complaint charging Respondent Osi Trevor Isaacs with violating FINRA Rules 8210 and 2010. The first cause of action alleges that Isaacs failed to respond timely to requests for information made in the course of FINRA's investigation into allegations that he had engaged in unauthorized trading in customer accounts. The second cause of action charges that he failed to respond in any manner to requests for information concerning judgments and liens that had been filed against him.

Isaacs failed to file an Answer or otherwise respond to the Complaint. Therefore, Enforcement filed and served a Second Notice of Complaint. Isaacs has not filed an Answer or other response. Consequently, Enforcement filed a Motion for Entry of Default Decision (“Motion”) supported by the Declaration of Kathryn M. Wilson, Esq., and three exhibits. Isaacs did not respond to the Motion.

Isaacs’ failure to file an Answer to the Complaint constitutes a default.¹ Accordingly, for the reasons set forth below, Enforcement’s Motion is granted.²

II. Findings of Fact and Conclusions of Law

A. Jurisdiction

Isaacs entered the securities industry in December 1995. On February 14, 2011, he became employed by former FINRA member firm Brookstone Securities, Inc.³ Brookstone terminated his employment on October 28, 2011.⁴ Since then, Isaacs has not been associated with any FINRA member firm. Nonetheless, he remains subject to FINRA’s jurisdiction for the purposes of this disciplinary proceeding pursuant to Article V, Section 4 of FINRA’s By-Laws, because the Complaint charges him with misconduct for failing to respond to Rule 8210 requests within two years after he was last associated with a FINRA member, and because the Complaint was filed less than two years after the termination of his registration with Brookstone.⁵

¹ *Dep’t of Enforcement v. Verdiner*, No. CAF020004, 2003 NASD Discip. LEXIS 42, at *5 (N.A.C. Dec. 9, 2003).

² The factual determinations in this Decision are based on the allegations in the Complaint, which are deemed admitted pursuant to FINRA Rule 9269(a)(2); Enforcement’s Motion; the Declaration of Kathryn M. Wilson, Esq. (“Wilson Decl.”); and Enforcement’s exhibits CX-1 through CX-3.

³ FINRA’s Central Registration Depository (“CRD”) records reflect that Brookstone filed a Form BDW on June 20, 2012.

⁴ CX-1, at 3.

⁵ Compl. ¶ 3.

B. Respondent's Default

On November 2, 2012, Enforcement served the Complaint and Notice of Complaint on Isaacs by certified and first-class mail at his residential address as it appears in the Central Registration Depository ("CRD address") and to a second address Isaacs provided to FINRA staff.⁶ U.S. Postal Service records indicate that the certified mailing to Isaacs' CRD address was unclaimed and that the certified mailing to the second address was not delivered.⁷ The Postal Service has not returned the first-class mailings to Enforcement.⁸ Isaacs did not respond to the Complaint.⁹

On December 2, 2012, Enforcement served the Second Notice of Complaint and Complaint on Isaacs by certified and first-class mail, as before, at Isaacs' CRD address and second address.¹⁰ Postal Service records indicate that the certified mailing to Isaacs' CRD address was delivered on December 6, 2012, but the certified mailing to the second address was not delivered or returned.¹¹ The Postal Service has not returned the first-class mailings to Enforcement.¹² Isaacs has not filed an Answer or responded in any fashion to the Complaint.¹³

Enforcement complied with Rule 9134 by mailing the Complaint and Notices of Complaint to Isaacs' CRD address, thereby giving him constructive notice of this proceeding. By failing to file an Answer, Isaacs defaulted. Accordingly, pursuant to Rules 9215(f) and 9269(a)(2), the allegations in the Complaint are deemed admitted.

⁶ Wilson Decl. ¶13; ¶12(n) & n. 3.

⁷ *Id.* ¶ 14.

⁸ *Id.* ¶ 15.

⁹ *Id.* ¶ 16.

¹⁰ *Id.* ¶ 17.

¹¹ *Id.* ¶ 18.

¹² *Id.* ¶ 19.

¹³ *Id.* ¶ 20.

C. Isaacs' Failures to Provide Information

1. The Investigation into Alleged Unauthorized Trades

In October 2011, a customer alleged that Isaacs had effected unauthorized trades in the customer's account. Later that month, a second customer made similar allegations.¹⁴ CRD records reflect that Brookstone terminated Isaacs' employment on October 28, 2011, as a result of allegations that Isaac had executed unauthorized transactions in a customer's account.¹⁵

These allegations caused FINRA staff, in January 2012, to initiate an investigation and issue a request for information to Isaacs pursuant to FINRA Rule 8210.¹⁶ FINRA staff sent the request to Isaacs at his CRD address by certified and first-class mail and set a February 2, 2012, deadline for Isaacs' response. The Postal Service returned the receipt for the certified mailing. It appeared to have been signed by "Richard Allyn."¹⁷

When Isaacs failed to provide any information, in February 2011, FINRA staff sent a second Rule 8210 request, identical to the first, with a March deadline for Isaacs' response. As before, the staff sent the request to Isaacs at his CRD address by certified and first-class mail. Postal Service records document the delivery of the certified mailing to the CRD address.¹⁸

Because Isaacs again failed to respond, FINRA sent him a notice of suspension pursuant to FINRA Rule 9552 at his CRD address by FedEx overnight delivery and first-class mail on May 9, 2012. FedEx records reflect the delivery of the suspension notice to the CRD address.

¹⁴ Wilson Decl. ¶¶ 12(c), 12(d).

¹⁵ *Id.* ¶¶ 12(b), 12(d).

¹⁶ *Id.* ¶ 12(c) n. 2.

¹⁷ *Id.* ¶¶ 12(e), 12(f); Compl. ¶¶ 5-7.

¹⁸ Wilson Decl. ¶¶ 12(g), 12(f).

The notice informed Isaacs that the suspension would take effect on June 4, 2012, unless he produced the requested information by that date.¹⁹

On June 4, FINRA suspended Isaacs from associating with any FINRA member in any capacity, and notified him by FedEx.²⁰

The evidence suggests that Isaacs received FINRA's suspension notice because, on the date his suspension took effect, Isaacs sent FINRA a response, by facsimile, to the January and February 2012 information requests.²¹ Despite the tardiness of Isaacs' response, on June 11, 2012, FINRA informed Isaacs by letter that it was lifting the suspension. The staff cautioned Isaacs, however, that his untimely response to the requests for information contravened FINRA rules and thus subjected him to disciplinary action.²² By failing to respond until June 4, more than four months after the initial deadline, Isaacs violated FINRA Rules 8210 and 2010.

2. The Investigation into Undisclosed Judgments or Liens

As set forth above, FINRA initially investigated Isaacs as a result of customer complaints of unauthorized trading. While conducting its investigation, FINRA staff learned that ten undisclosed judgments or liens had been filed against Isaacs. In late June 2012, FINRA staff sent a Rule 8210 request by first-class mail to Isaacs at his CRD address seeking information from him relating to this discovery. The Postal Service did not return the mailing but Isaacs did not respond to the information request.²³

Consequently, in July FINRA staff issued a second Rule 8210 request, this time by certified and first-class mail to both Isaacs' CRD address and the second address that Isaacs had

¹⁹ Compl. ¶¶ 14, 15.

²⁰ Wilson Decl. ¶¶ 12(i)-(k).

²¹ *Id.* ¶ 12(l).

²² *Id.*, ¶ 12(m); Compl. ¶¶ 16-17.

²³ Compl. ¶¶ 21, 23-24.

provided to the staff. The Postal Service returned the receipt to the certified mailing sent to the CRD address. Like the certified return receipt from the staff's initial January mailing, it appeared to have been signed by "Richard Allyn." The Postal Service also returned the receipt for the certified mailing to the second address, marked "Return to Sender Insufficient Address Unable to Forward."²⁴ The Postal Service did not return the first-class mailings.²⁵ Isaacs did not respond to the request.²⁶

As a result, in September 2012, FINRA staff sent a third Rule 8210 request for the same information it sought in June and July, by certified and first-class mail to Isaacs' CRD and second addresses. Postal Service records show that the certified mailing was delivered to the CRD address. The first-class mailing was not returned.

Isaacs has not responded in any manner to these three requests for information, and has therefore violated FINRA Rules 8210 and 2010.²⁷

III. Sanctions

FINRA's Sanction Guidelines state that when an individual completely fails to provide the information requested in a Rule 8210 request, "a bar should be standard." If mitigating factors are present, or the individual responds in an untimely manner, the Guidelines recommend considering suspension in any and all capacities for up to two years.²⁸ The Guidelines note that if the individual delays responding until after a complaint is filed, adjudicators should treat the tardy response presumptively as if it were "a complete failure to respond."²⁹

²⁴ Wilson Decl. ¶¶ 12(n)-(p).

²⁵ Compl. ¶ 27.

²⁶ *Id.* ¶ 28.

²⁷ *Id.* ¶¶ 29-32.

²⁸ *FINRA Sanction Guidelines* 33 (2011).

²⁹ *Id.* at n.1.

The Principal Consideration in Determining Sanctions for Rule 8210 violations, for both complete failures to respond and untimely responses, is the importance to FINRA of the information requested. Additional Principal Considerations for an untimely Rule 8210 response include the number of requests issued and the degree of “regulatory pressure” that regulators must employ in order to obtain the information.³⁰

As set forth above, FINRA initially sought information to advance its investigation into allegations that Isaacs had engaged in unauthorized trading in customer accounts, a matter clearly important to FINRA and its mission of protecting investors. FINRA issued its first request for information in this investigation in January 2012, but it was not until months later, after FINRA issued a second request, a notice of suspension, and suspension, that Isaacs finally provided his response. When FINRA sought information about undisclosed judgments or liens, Isaacs failed to respond at all. Thus, in both FINRA inquiries, Isaacs impeded FINRA’s ability to discharge its regulatory responsibilities. He frustrated FINRA’s effort to determine the truth of serious allegations of unauthorized trading, and stymied FINRA’s ability to ascertain the circumstances of Isaacs’ apparent failure to disclose numerous judgments or liens.

In this record, there are no mitigating factors. Instead, it is clear that Isaacs’ conduct constituted an abdication of his fundamental obligation to cooperate with FINRA, and was “so fundamentally incompatible” with FINRA’s self-regulatory function,³¹ and subversive of FINRA’s ability to carry out that function,³² that the only appropriately remedial sanction is a bar.

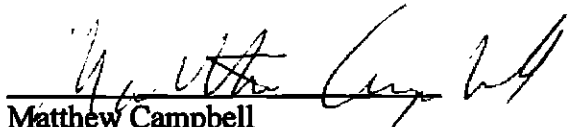
³⁰ *Sanction Guidelines* at 33.

³¹ *Joseph Ricupero*, Exchange Act Rel. No. 62891, 2010 SEC LEXIS 2988, at *21 (Sept. 10, 2010), *aff’d* 436 F. App’x 31 (2d Cir. 2011) (citing *Paz Securities, Inc.*, Exchange Act Rel. No. 57656, 2008 SEC LEXIS 820, at *9 (April 11, 2008) (quoting *Charles C. Fawcett, IV*, Exchange Act. Rel. 56770, 2007 SEC LEXIS 2598, at *21-22 (Nov. 8, 2007))).

³² *Robert J. Langley*, Exchange Act Rel. No. 50917, 2004 SEC LEXIS 3048, at *9-10 (Dec. 22, 2004).

IV. Order

Respondent Osi Trevor Isaacs is barred from associating with any FINRA member firm in any capacity for violating FINRA Rules 8210 and 2010 by failing to respond timely to two requests for information, as alleged in Cause One of the Complaint, and by failing to respond in any manner to three additional requests for information, as alleged in Cause Two of the Complaint. The bars will be effective immediately if this Default Decision becomes FINRA's final disciplinary action in this proceeding.


Matthew Campbell
Hearing Officer

Copies to:

Osi Trevor Isaacs (*via overnight courier and first-class mail*)
Kathryn M. Wilson, Esq. (*via electronic and first-class mail*)
David B. Klafter, Esq. (*via electronic mail*)
Mark P. Dauer, Esq. (*via electronic mail*)
Jeffrey D. Pariser, Esq. (*via electronic mail*)

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Osi Trevor Isaacs
(CRD No. 2724629),

Respondent.

DISCIPLINARY PROCEEDING
No. 2011030031501

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Osi Trevor Isaacs failed to timely respond to requests for information from FINRA staff and then failed to respond to the Staff's requests for additional information and documents, in violation of FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Isaacs entered the securities industry in December 1995 when he became associated with a FINRA member. Isaacs first became registered with FINRA as a corporate securities representative (CSR) on March 4, 1997, through an association with another FINRA member firm. From February 14, 2011, through October 28, 2011, Isaacs was registered with FINRA as a CSR through an association with Brookstone

Securities, Inc. (CRD No. 13366).¹ Since he was last associated with Brookstone, Isaacs has not been associated with another FINRA member.

3. Although Isaacs 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 Isaacs's registration with Brookstone, namely, October 28, 2011; and (2) the Complaint charges him with failing to timely respond to FINRA requests for information and then failing to respond to FINRA requests for new information and documents 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

Failure to Timely Respond to Requests for Information (Violations of FINRA Rules 8210 and 2010)

4. The Department realleges and incorporates by reference paragraphs 1 through 3 above.
5. In order to investigate claims by two Brookstone customers that Isaacs engaged in alleged unauthorized trading and/or unauthorized use of margin, on January 19, 2012, FINRA Staff sent Isaacs a letter pursuant to FINRA Rule 8210, requesting information pertaining to the customers' claims (the January Request).
6. Isaacs residential address of record on CRD is [REDACTED] (CRD Address). FINRA Staff sent the January Request to Isaacs at [REDACTED]

¹ Brookstone filed a Form U5 on October 28, 2011, reflecting his termination as of that same date.

██████████ by certified mail, return receipt requested, and first class mail and required a response on or before February 2, 2012.

7. The first class mailing of the January Request was not returned to FINRA. The receipt for the certified mailing was returned and signed by "Richard Allyn".
8. The Staff telephoned Isaacs on February 2, 2012, inquiring on the status of Isaacs's response. Isaacs requested an extension of time until February 14, 2012 to respond to the January Request.
9. Isaacs did not respond to the January Request.
10. On February 22, 2012, the Staff sent a second letter to Isaacs, pursuant to FINRA Rule 8210, requesting that he provide the same information that had been requested in the January Request (the February Request).
11. The Staff sent the February Request by certified mail, return receipt requested, and first class mail to Isaacs's CRD Address and required his response on or before March 7, 2012.
12. The first class mailing of the February Request was not returned to FINRA. According to the U.S. Postal Service, the certified mailing was delivered on February 27, 2012; however, FINRA did not receive the return receipt.
13. Isaacs did not respond to the February Request.
14. On May 9, 2012, FINRA sent Isaacs, pursuant to FINRA Rule 9552, a notice of suspension letter, which enclosed copies of the January and February Requests. The notice of suspension informed Isaacs that on June 4, 2012, he would be suspended

from associating with any FINRA member in any capacity because he failed to provide FINRA with the information sought in the January and February Requests.

15. The notice of suspension informed Isaacs that if complied with the requests before the suspension date, the suspension would not take effect and he might still be subject to disciplinary action due to his untimely response. The notice of suspension also outlined that Isaacs could request a hearing in response to the notice and could request a termination of the suspension.
16. On June 4, 2012, FINRA sent Isaacs a letter informing him that, in accordance with the notice of suspension, he was suspended as of that date. On that same day, FINRA received a facsimile from Isaacs wherein he finally responded to the January and February Requests.
17. On June 11, 2012, FINRA sent Isaacs a letter terminating the suspension. The letter informed Isaacs that he could still be subject to disciplinary action for his untimely response to the January and February Requests.
18. Isaacs's failure to timely respond to the January and February Requests impeded the Staff's investigation.
19. By failing to timely respond to the January and February Requests, Isaacs violated FINRA Rules 8210 and 2010.

SECOND CAUSE OF ACTION

Failure to Respond to Requests for Information and Documents Violations of FINRA Rules 8210 and 2010

20. The Department realleges and incorporates by reference paragraphs 1 through 19 above.

21. While investigating the claims made by the two Brookstone customers, the Staff discovered public records that reflected ten judgments and/or liens against Isaacs.
22. On or about June 7, 2012, the Staff spoke to Isaacs who provided an additional mailing address: [REDACTED] (the Second Address).
23. On June 29, 2012, in order to investigate his alleged failure to disclose these judgments and/or liens, the Staff sent Isaacs a letter, pursuant to FINRA Rule 8210, requesting information pertaining to the judgments and/or liens (the June Request), which was material to FINRA's investigation.
24. The June Request was sent by first class mail to Isaacs's CRD Address and required his response on or before July 12, 2012. The first class mailing was not returned to FINRA and Isaacs did not respond to the June Request.
25. On July 24, 2012, the Staff sent a second letter to Isaacs, pursuant to FINRA Rule 8210, requesting that he provide the same documents and information that had been requested in the June Request (the July Request).
26. The July Request was sent by certified mail, return receipt requested, and first class mail to Isaacs's CRD Address and to the Second Address and required his response on or before August 7, 2012.
27. The first class mailings of the July Request were not returned to FINRA. The return receipt for the certified mailing to the CRD Address was returned and signed by "Richard Allyn". The certified mailing to the Second address was returned to FINRA as "Insufficient Address Unable to Forward".
28. Isaacs did not respond to the July Request.

29. On September 20, 2012, the Staff sent a third letter to Isaacs, pursuant to FINRA Rule 8210, requesting the same documents and information that had been requested in the June and July Requests (the September Request).
30. The September Request was sent by certified mail, return receipt requested, and first class mail to Isaacs's CRD Address and the Second Address and required a response on or before October 4, 2012.
31. To date, the first class and certified mailings of the September Request were not returned to FINRA. According to the U.S. Postal Service, the certified mailing to Isaacs's CRD Address was delivered on September 25, 2012; however, FINRA has not received the return receipt.
32. Isaacs did not respond to the September Request.
33. Isaacs's failure to respond to the July and September Requests impeded the Staff's investigation.
34. By failing to respond to the July and September Requests, Isaacs violated FINRA Rules 8210 and 2010.

RELIEF REQUESTED

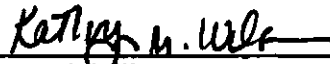
WHEREFORE, the Department respectfully requests that the Panel:

- 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.

- 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

Dated: November 2, 2012



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