

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

GREGORY GOLDSTEIN,
CRD No. 2412387,

Respondent.

DISCIPLINARY PROCEEDING
No. 2011030210103

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. During the period October 2008 through August 2009, Respondent Gregory Goldstein made unauthorized trades in the accounts of two customers after his firm, Marquis Financial Services, Inc., acquired the accounts from a defunct broker-dealer. Goldstein thereby violated NASD Rule 2110 and FINRA Rule 2010.
2. Goldstein also failed to disclose an outside business activity to Marquis Financial Services during the period 2005 through August 2011, in violation of NASD Rules 3030 and 2110 and FINRA Rules 3270 and 2010, and violated FINRA Rule 2010 by falsely attesting to Marquis Financial Services and to FINRA that he did not have any outside business activities.
3. In addition, from 2005 until 2011, Goldstein maintained undisclosed accounts at another firm, in violation of NASD Rules 3050(c) and 2110 and FINRA Rule 2010. He also violated NASD Rule 2110 by falsely claiming not to be affiliated with any member firm, and instead providing a false name of an employer, on the new account applications he submitted to that

firm, and violated FINRA Rule 2010 by falsely attesting to Marquis Financial Services and to FINRA that he did not have any outside accounts.

RESPONDENT AND JURISDICTION

4. Goldstein entered the securities industry in April 1995. He worked at three member firms before joining Marquis Financial Services in July 2001. He served as president of Marquis, as well as producing manager in the California home office. Goldstein was registered with FINRA through Marquis Financial Services as a General Securities Representative, General Securities Principal, and Options Principal.

5. Goldstein was suspended, and eventually barred, in a proceeding brought under FINRA Rule 9552 for his refusal to answer questions during an on-the-record interview and to provide information and documents requested by the staff pursuant to FINRA Rule 8210. Goldstein refused to provide information about the outside business activity described in the Second Cause of Action below. The Department of Enforcement issued a Notice of Suspension on March 13, 2012. Goldstein requested a hearing concerning the Notice of Suspension, and, on January 14, 2013, a Hearing Panel denied his challenge to the suspension, and ordered him to comply with the requests. He appealed the decision to the Securities and Exchange Commission on January 18, 2013 and sought a stay of the suspension. The SEC refused the request for a stay on February 11, 2013. The suspension became effective on February 15, 2013, and converted to a bar on May 15, 2013. The appeal is still pending before the SEC.

6. 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 Marquis Financial Services,

namely, February 15, 2013; and (2) the Complaint charges him with conduct that commenced prior to the termination of his registration.

FIRST CAUSE OF ACTION

Unauthorized Transactions (Violation of NASD Rule 2110 and FINRA Rule 2010)

7. Enforcement realleges and incorporates by reference paragraphs 1-6 above.
8. In 2004, Marquis Financial Services acquired several thousand customer accounts from a number of defunct broker dealers. The accounts were assigned to Marquis by its clearing firm.
9. Among those accounts transferred to Marquis Financial Services were the account of an entity referred to as "P.E.," and one of P.E.'s owners, "L.F."
10. The customers identified in the preceding paragraph received written notification (in the form of negative consent letters) that Marquis had taken over their accounts, but did not complete any paperwork or take any other action until after the unauthorized trades described below had been made. Marquis nonetheless opened accounts in their names without their permission.
11. Goldstein was the registered representative for the accounts described in paragraph 9.
12. As of September 30, 2008, L.F. held approximately 12,200 shares of the John Hancock Regional Bank Fund (FRBAX). She had purchased these shares several years earlier and had not made any trades in the account since it was transferred to Marquis.
13. Beginning in October 2008, Goldstein began executing unauthorized trades in L.F.'s account. He made the following trades in the account without authorization between October 2008 and August 2009:

Date	B/S	Stock	Shares	Net Amount	Comm'n/Fees
10/1/08	Sell	FRBAX	12,206.744	\$248,529.31	--
10/1/08	Buy	LNCM	45,000	\$225,035	\$35
10/10/08	Buy	LNCM	5,700	\$23,405	\$35
7/13/09	Buy	LNCM	20,000	\$63,085	\$85
7/14/09	Buy	LNCM	2,000	\$6,685	\$85
7/21/09	Sell	LNCM	3,000	\$7,724.79	\$135.21
8/4/09	Sell	LNCM	20,000	\$63,113.32	\$1,886.68
8/5/09	Buy	LNCM	200	\$785	\$35

14. As of December 31, 2008, P.E. held 2,250 shares of Time Warner and approximately \$77,500 in a money market fund in its account at Marquis Financial Services. It had owned the shares of Time Warner for several years and had not made any trades in the account since it was transferred to Marquis.

15. Beginning in March 2009, Goldstein began executing unauthorized trades in the P.E. account. He made the following trades in the account without authorization:

Date	B/S	Stock	Shares	Net Amount	Comm'n/Fees
3/10/09	Buy	LNCM	29,500	\$73,785	\$35
3/12/09	Buy	LNCM	5,600	\$27,755	\$35
3/19/09	Sell	LNCM	6,000	\$23,964.86	\$35.14
6/12/09	Sell	TWX	188	\$5,720.31	\$85.15
6/12/09	Sell	TWX	750	\$19,339.50	\$85.50
6/12/09	Buy	LNCM	15,000	\$52,550	\$50
6/12/09	Buy	LNCM	2,500	\$9,035	\$285
7/7/09	Sell	LNCM	10,800	\$36,576.05	\$35.95
8/14/09	Sell	LNCM	33,000	\$94,792.44	\$4,537.56
8/17/09	Buy	LNCM	33,000	\$94,835	\$785

16. L.F. and her husband were unaware of the unauthorized trades described in paragraphs 13 and 15 until approximately July 2010, when they received a notification from the Internal Revenue Service indicating that they owed back taxes on capital gains incurred in 2009.

17. These customers complained to Marquis' Chief Compliance Officer as soon as they learned about the unauthorized trading.

18. By engaging in unauthorized trading, Goldstein engaged in conduct inconsistent with high standards of commercial honor and just and equitable principles of trade, thereby violating NASD Rule 2110 (for conduct pre-dating December 15, 2008) and FINRA Rule 2010 (for conduct on or after December 15, 2008).

SECOND CAUSE OF ACTION

Failure to Disclose Outside Business Activities (Violation of NASD Rules 3030 and 2110 and FINRA Rules 3270 and 2010)

19. Enforcement realleges and incorporates by reference paragraphs 1-18 above.

20. Goldstein was the majority owner, sole voting shareholder, chairman, and president of an entity called Wall Street at Home ("WSAH"), which was the indirect owner of Marquis Financial Services.

21. Goldstein performed consulting work for WSAH, including reviewing corporate structures, performing due diligence, and other work, between at least 2005 and April 2012. Clients paid fees to WSAH for Goldstein's service.

22. Pursuant to FINRA Rule 3270 and its predecessor, NASD Rule 3030, an associated person may not be employed by, or receive compensation from, any other person as a result of any business activity without providing written notice to his or her firm. This includes serving as an officer, sole proprietor, independent contractor, director, or partner of the outside business. Goldstein was the officer and sole proprietor of WSAH, and was the person who performed all of its business functions.

23. Goldstein did not disclose this involvement to Marquis Financial Services as an outside business activity until approximately August 2011.

24. By failing to disclose his involvement in WSAH, Goldstein violated NASD Rule 3030 (for conduct pre-dating December 15, 2010) and FINRA Rule 3270 (for conduct on or after

December 15, 2010). By so doing, he also violated NASD Rule 2110 (for conduct pre-dating December 15, 2008) and FINRA Rule 2010 (for conduct on or after December 15, 2008).

THIRD CAUSE OF ACTION

Failure to Disclose Outside Securities Accounts
(Violation of NASD Rules 3050(c) and 2110 and FINRA Rule 2010)

25. Enforcement realleges and incorporates by reference paragraphs 1-24 above.
26. Goldstein maintained two accounts at another brokerage firm, including one regular account and one Roth IRA.
27. These accounts were opened in 2005.
28. NASD Rule 3050(c) requires an associated person to notify that person's employing firm in writing of the creation or existence of any securities account the person maintains at another broker-dealer.
29. Goldstein failed to disclose to Marquis Financial Services the securities accounts he maintained at this other broker-dealer.
30. By failing to disclose these outside securities accounts, Goldstein violated NASD Rule 3050(c). By so doing, he also violated NASD Rule 2110 (for conduct pre-dating December 15, 2008) and FINRA Rule 2010 (for conduct on or after December 15, 2008).

FOURTH CAUSE OF ACTION

*False Representations About Outside
Securities Accounts and Outside Business Activities*
(Violation of NASD Rule 2110 and FINRA Rule 2010)

31. Enforcement realleges and incorporates by reference paragraphs 1-30 above.
32. When Goldstein opened his personal securities accounts at another firm in 2005, he provided false information to hide his employment in the brokerage industry. The new account forms, which Goldstein signed, indicate "no" in response to the question "Is the Client or any

immediate family member affiliated with any securities firms or other financial institutions (NYSE Rule 407)?" Under employment information, Goldstein is listed as a self-employed owner of a different business.

33. Goldstein falsely denied having any outside securities accounts in his March 2010 and March 2011 annual certifications to Marquis, although he acknowledged in writing that he was required to disclose any such account.

34. Goldstein also falsely denied having any outside business activities in his March 2010 and March 2011 annual certifications to Marquis, although he acknowledged in writing that he was required to disclose any such account.

35. On May 28, 2010, Goldstein falsely told a FINRA examiner during an on-site examination that he did not have any outside business activities or securities accounts, and sent an email to the examiner later that day stating: "This Email is as per your request from the meeting we had this morning in my office that I do not have any outside business activities or private securities transactions or outside security accounts."

36. By providing false certifications to Marquis Financial Services and to FINRA as to his lack of outside accounts and business activities, Goldstein engaged in conduct inconsistent with high standards of commercial honor and just and equitable principles of trade, thereby violating FINRA Rule 2010.

37. By providing false information regarding his employment to the firm at which his outside accounts were held, Goldstein engaged in conduct inconsistent with high standards of commercial honor and just and equitable principles of trade, thereby violating NASD Rule 2110.

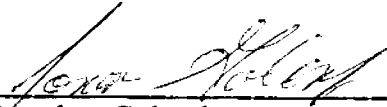
RELIEF REQUESTED

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; 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: November 6, 2013


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