

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

Department of Enforcement,

Complainant,

v.

John Allan Waldock, Jr.
(CRD No. 2995364),

Respondent.

DISCIPLINARY PROCEEDING
No. 2012031142101

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. While associated with Lazard Middle Market LLC (“Lazard” or the Firm), John Allan Waldock (“Waldock”) converted a customer’s property by making personal use of retail gift cards provided by the customer to Lazard for business promotion purposes. Through this conduct, Waldock violated FINRA Rule 2010.

RESPONDENT AND JURISDICTION

2. Waldock entered the securities industry in June 2002. From May 19, 2008 to January 13, 2012, Waldock was associated with Lazard, a FINRA-registered broker-dealer, and registered as a general securities representative and general securities principal. At Lazard, Waldock was a Vice-President in the Industrial Products group, which advised clients in various industrial sectors on mergers, acquisitions, and other strategic transactions.

3. From September 6, 2012 to October 25, 2012, Waldock was associated with another FINRA-registered broker-dealer.

4. 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) this Complaint was filed within two years after the date upon which he ceased to be associated with a FINRA member, namely October 25, 2012, and (2) this Complaint charges Waldock with misconduct committed while associated with a FINRA member.

FIRST CAUSE OF ACTION
CONVERSION (FINRA RULE 2010)

5. The Department realleges and incorporates by reference paragraphs 1-4, above.

6. In the fall of 2011, Sundance Holdings Group, LLC ("Sundance") retained Lazard to provide investment banking advice and services in connection with a potential sale of the company or other strategic transaction ("Potential Transaction"). Sundance offers clothing, handmade jewelry, accessories, and home decor products through catalogs, a website, retail stores, and an outlet store. As an initial step toward a Potential Transaction, Sundance and Lazard developed a list of potential counterparties (e.g., retailers, investment bankers, private equity firms) for Lazard to approach regarding interest in a Potential Transaction.

7. As part of his work with the Industrial Products group, Waldock had no involvement with a Potential Transaction on behalf of Sundance.

8. In November 2011, Sundance asked Lazard to coordinate a mailing to individuals associated with potential counterparties, hoping to "tease" their interest in the Potential Transaction. Each mailing consisted of: (1) a cover letter from Lazard introducing Sundance and expressing holiday wishes; (2) copies of three different Sundance catalogs to familiarize the recipient with Sundance's product offerings and marketing style; and, (3) a \$100 Sundance gift card with an expiration date of December 23, 2011. Sundance, at its own expense, provided 300

gift cards to Lazard for the mailing. The mailings were assembled and sent from Lazard's Minneapolis offices throughout November and December 2011. The primary mailing took place in November 2011.

9. After the primary mailing, Lazard kept the unused Sundance gift cards on the desk of an unoccupied cubicle in an open area of Lazard's office on the 47th floor of Capella Tower, located in downtown Minneapolis at 225 South 6th Street, Minneapolis, Minnesota 55402. Waldock's office at Lazard was also on the 47th floor of Capella Tower. Lazard intended to mail the remaining cards to additional potential counterparties throughout November and December 2011.

10. On or about December 19 or 20, 2011, Waldock took at least twenty of the Sundance gift cards from the empty cubicle with the intent to use the gift cards for his personal benefit. The Sundance gift cards taken by Waldock were the property of Sundance, and Waldock was not authorized to take the gift cards or use them for any purpose.

11. Waldock placed three separate orders with Sundance, and paid for the goods ordered with the converted Sundance gift cards.

12. Waldock placed his first order ("First Order") on December 21, 2011, for footwear. The cost of the items in this First Order totaled \$351.95, including taxes and shipping. Waldock paid for the First Order with four of the Sundance gift cards, valued at \$100 each, which he had improperly taken from Lazard's office. He had the First Order shipped to his home address.

13. Waldock placed his second order ("Second Order") on December 23, 2011, for a watch and other items. The cost of the items in the Second Order totaled \$457.95, including tax. Waldock paid for the Second Order with five of the Sundance gift cards, valued at \$100 each,

which he had improperly taken from Lazard's office. Waldock had the Second Order shipped to himself at his parents' home address.

14. Waldock placed his third order ("Third Order") on December 23, 2011, for two watches and other items. The cost of the items in the Third Order totaled \$1,461, excluding taxes and shipping costs. Waldock paid for the majority of the Third Order with thirteen of the Sundance gift cards, valued at \$100 each, that he had improperly taken from Lazard's office. Waldock directed that the Third Order be shipped to his parents' home address.

15. The First Order and the Second Order were shipped to Waldock before Sundance detected his unauthorized use of the gift cards. The Third Order was never delivered because Waldock cancelled it after his unauthorized use of the gift cards was detected by Sundance and brought to the attention of Lazard's management. Subsequent to cancelling the Third Order, Waldock returned to Sundance the items he had received in the First and Second Orders.

16. By making personal use of gift cards belonging to Sundance and provided by Sundance to Lazard for business purposes, Waldock converted client property, in violation of FINRA Rule 2010.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

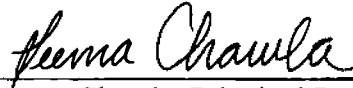
A. make findings of fact and conclusions of law that Waldock committed the violations charged and alleged herein;

B. order that one or more of the sanctions provided under FINRA Rule 8310(a) be imposed; and

C. order that Waldock 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: July 9, 2013



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