

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

Department of Enforcement,

Complainant,

v.

Joey Giamichael (CRD No. 3248158),

Respondent.

Disciplinary Proceeding
No. 2012031436601

Hearing Officer - RLP

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: July 10, 2013

INTRODUCTION

Disciplinary Proceeding No. 2012031436601 was filed on May 23, 2013, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Joey Giamichael submitted an Offer of Settlement (Offer) to Complainant dated July 3, 2013. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, to the entry of

findings and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

1. Respondent Giamichael ("Giamichael"), while employed as a research analyst with FINRA member Global Hunter Securities, LLC ("GHS"), violated FINRA's Research Analyst rule by: (i) executing personal trades in equity securities of a covered company in the 30-day period immediately preceding the analyst's publication of a research report on that company, in violation of NASD Conduct Rule 2711(g)(2) and FINRA Rule 2010; and (ii) executing personal trades in equity securities of a company followed by an analyst under Respondent's supervision, in violation of NASD Conduct Rule 2711(g)(6) and FINRA Rule 2010.
2. Respondent Giamichael entered the securities industry in June 1999 as an associated person of a FINRA member. He began his career as a research analyst in April 2004 while registered with another FINRA member. In April 2006, Respondent became registered with another FINRA member as a research analyst and subsequently served as the member firm's Director of Research. From May 11, 2010 through September 14, 2012, Respondent was employed by GHS as a research analyst and registered with FINRA as an Equity Trader, a General Securities Principal, a General Securities Representative, and a Research Analyst. Respondent terminated his registration with GHS on September 14, 2012. Respondent has not been associated with a FINRA member since then.
3. 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: (i) the Complaint was filed within two years after the effective date of termination of Respondent's registration with GHS, namely, September 14, 2012; and (ii) the Complaint charges Respondent with misconduct committed while he was registered or associated with a FINRA member.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

4. As a research analyst for GHS, Respondent served as a managing director in the Firm's research department and headed the department's China research group, which consisted of Respondent and two other analysts. The China Research group was responsible for providing research coverage on more than 50 China-based companies whose securities traded on United States exchanges.
5. As head of the China research group, Respondent was responsible for the review and approval of research reports prepared by other analysts in the group. In addition, Respondent was responsible for preparing research reports on companies on which he was the primary analyst. One such company was Zhongpin, Inc. ("Zhongpin"), a China-based meat and food products distributor, whose shares are and were, at all times relevant herein, traded on the NASDAQ.
6. While employed with GHS, Respondent maintained a personal brokerage account with another FINRA member.

Restrictions on Personal Trading by Research Analysts
NASD Conduct Rule 2711(g)(2) and FINRA Rule 2010

7. NASD Conduct Rule 2711(g) imposes restrictions on personal trading by research analysts.

Specifically, Rule 2711(g)(2) provides that:

No research analyst account may purchase or sell any security issued by a company that the research analyst follows, or any option on or derivative of such security, for a period beginning 30 calendar days before and ending five calendar days after the publication of a research report concerning the company or a change in the rating or price target of the company's securities.

8. On June 30, 2010, GHS published a research report initiating coverage on Zhongpin with a "buy" rating and a share-price target of \$15.
9. Giamichael was the primary analyst for coverage on Zhongpin and the author of the June 30 report.
10. Within the 30-day period preceding publication of the June 30 report, Respondent executed the following trades of Zhongpin stock shares in his personal brokerage account:
- a. June 7, 2010 – purchase of 1,512 shares;
 - b. June 14, 2010 – sale of 1,512 shares;
 - c. June 17, 2010 – short sale of 3,837 shares; and
 - d. June 23, 2010 – purchase of 3,837 shares.
11. In addition, on July 1, 2010, one day after the publication of the research report, Respondent purchased 2,500 shares of Zhongpin stock in his personal brokerage account. Respondent sold the shares on July 12, 2010.
12. Respondent realized a net profit of approximately \$2,779 from the trades described above.

13. Respondent did not seek or obtain GHS's approval before executing the trades described above.

14. As a result of the foregoing conduct, Respondent Giamichael violated NASD Conduct Rule 2711(g)(2) and FINRA Rule 2010.

Restrictions on Personal Trading by Research Analysts
NASD Conduct Rule 2711(g)(6) and FINRA Rule 2010

15. NASD Conduct Rule 2711(g) imposes restrictions on personal trading by persons who oversee research analysts. Specifically, Rule 2711(g)(6) provides that:

Legal or compliance personnel of the member shall pre-approve all transactions of persons who oversee research analysts to the extent such transactions involve equity securities of subject companies covered by the research analysts that they oversee. This pre-approval requirement shall apply to all persons, such as the director of research, supervisory analyst, or member of a committee, who have direct influence or control with respect to the preparation of the substance of research reports or establishing or changing a rating or price target of a subject company's equity securities.

16. At all times relevant herein, GHS research analyst DS was a member of the China research group and the primary analyst for coverage of Fushi Copperweld, Inc. ("FCI"), a China-based manufacturer of bimetallic wire products whose stock shares are and were, at all times relevant herein, traded on the NASDAQ.

17. As head of the China Research group, Respondent served as DS's immediate supervisor and, by virtue of that position, had direct influence or control with respect to the preparation of the substance of research reports prepared by DS, including those relating to FCI.

18. While under the direct supervision of Respondent, DS prepared and published the following research reports on FCI:

- a. report dated June 23, 2010, initiating coverage with a “buy” rating and a price target of \$15/share;
- b. report dated October 19, 2010, reiterating “buy” rating and price target of \$15/share;
- c. report dated November 3, 2010, reiterating “buy” rating and price target of \$15/share; and
- d. report dated January 27, 2011, reiterating “buy” rating and price target of \$15/share.

19. While serving as DS’s immediate supervisor, Respondent executed the following trades in FCI stock in his personal brokerage account:

- a. May 24, 2010 – purchase of 2,500 shares;
- b. May 27, 2010 – purchase of 2,500 shares;
- c. May 28, 2010 – sale of 2,500 shares;
- d. June 1, 2010 – sale of 2,500 shares;
- e. July 6, 2010 – purchase of 2,500 shares;
- f. July 23, 2010 – sale of 2,500 shares;
- g. January 6, 2011 – purchase of 2,500 shares; and
- h. January 12, 2011 – sale of 2,500 shares.

20. Respondent realized a net profit of approximately \$2,199 from the trades described above.

21. Respondent did not seek or obtain GHS’s approval before executing the trades described above.

22. As a result of the foregoing conduct, Respondent Giamichael violated NASD Conduct Rule

2711(g)(6) and FINRA Rule 2010.

Based on the foregoing, Respondent Giamichael violated NASD Conduct Rule 2711(g)(2), NASD Conduct Rule 2711(g)(6) and FINRA Rule 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

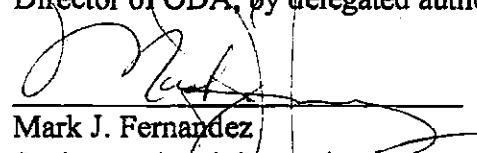
It is ordered that Respondent Joey Giamichael be suspended for one month in all capacities from association with any FINRA member firm, and fined in the amount of \$7,478, of which \$4,978 represents disgorgement of trading profits.¹

The sanctions imposed herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA

Signed on behalf of the
Director of ODA, by delegated authority



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¹ After discovering Giamichael's improper trades, GHS ordered him to pay a \$2,500 penalty for his misconduct. Giamichael paid the penalty. The fine imposed by FINRA gives Giamichael credit for the \$2,500 penalty payment.