

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

Department of Market Regulation,

Complainant,

v.

Peter Raymond Quartararo  
(CRD No. 3079675),

Respondent.

Disciplinary Proceeding  
No. 20120314510-01

**COMPLAINT**

The Department of Market Regulation alleges:

**Summary**

1. Beginning in March 2011, registered representative Peter Raymond Quartararo (“Quartararo” or “Respondent”) embarked on a scheme to defraud two acquaintances, WV and MBV, in connection with the purported purchase of shares of Electric Moto Corp. Inc. (“EMOT”). Specifically, WV and MBV completed new account forms and provided Quartararo with a check for \$10,000 based on his false representations that he would open an account for them, that he would use the proceeds from the check to purchase EMOT securities, and that their investment in EMOT could yield a return of \$120,000 within two months. Contrary to these representations, Quartararo did not open an account for WV and MBV or use their funds to purchase EMOT securities, nor did he ever intend to do so. Instead, he misappropriated the funds for his own personal use. Through this misconduct, Quartararo willfully violated Section

10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, and violated FINRA Rules 2020 and 2010.

2. In connection with the investigation into this matter, on March 27, 2012, FINRA staff requested that Quartararo provide information and documents on or before April 9, 2012 and appear for testimony on April 16, 2012, in Rockville, Maryland. Quartararo failed to respond to the request for information and documents and failed to appear for testimony, in violation of FINRA Rules 8210 and 2010.

### **The Respondent**

3. Quartararo first became associated with a FINRA member firm in 1998. In March 2011, he became registered as a general securities representative at his most recent employing member firm, which terminated his registration on September 19, 2011. Although Quartararo 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 his most recent employing firm, namely September 19, 2011; and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member, and with failing to provide information and to appear for testimony during the two-year period after the date upon which he ceased to be registered or associated with a FINRA member.

### **Statement of Facts**

4. Quartararo was acquainted with WV and MBV for over eight years, and their sons played on the same baseball team. He approached them in or around March 2011, telling them that he had a tip on a penny stock. For several weeks, Quartararo contacted WV and MBV

repeatedly, both in person and by telephone, to solicit their investment in the penny stock. As a result, WV gave a \$10,000 check to Quartararo in May 2011 based on his representations that he would use the funds to purchase shares of EMOT and that the investment could yield a return of \$120,000 within two months. Quartararo requested that WV and MBV complete new customer account forms, which they returned to him after they had been completed and signed. Quartararo also provided a business card to MBV, though, unbeknownst to MBV, the firm's name was misspelled and was not in the firm's approved format.

5. Quartararo did not open an account for WV and MBV, and did not use their funds to purchase shares of EMOT.

6. In or about June and July 2011, MBV repeatedly contacted Quartararo when she did not receive any paperwork or proof of her investment. In response to MBV's repeated requests for account documents and transaction confirmations, Quartararo stated that he could not provide any documentation because he learned of the investment opportunity in EMOT through insider information and, therefore, they could both get in trouble. Not satisfied with that response, MBV contacted the firm, which told her that Quartararo had never opened an account for her and that Quartararo had not purchased securities for her through the firm.

7. After Quartararo left and was no longer associated with his employing member firm, he engaged in conduct in an attempt to conceal the misconduct committed while he was registered. For example, in or around October 2011, WV and MBV met Quartararo at an office building in Jericho, New York, where the firm had a branch office (though Quartararo had never worked out of that branch office). WV and MBV met with Quartararo in a conference room, where he tried to put them at ease regarding the purported investment. Remaining suspicious, MBV later returned to the building and quizzed the building's receptionist, who apologized to

MBV and stated that she allowed Quartararo to use the conference room despite the fact that he did not work there.

8. Having received no proof of her investment and suspicious that she had been the victim of fraud, MBV continued to contact Quartararo, and in late 2011 or early 2012 he agreed to return her money. He delivered to her three “starter” checks, in the amounts of \$3,500, \$3,500, and \$3,000, dated January 20, 2012, January 27, 2012, and February 1, 2012. The checks did not clear.

**FIRST CAUSE OF ACTION**  
**Manipulative and Deceptive Devices**  
**(Section 10(b) of the Securities Exchange Act,**  
**Rule 10b-5, and FINRA Rules 2020 and 2010)**

9. Market Regulation realleges and incorporates by reference all preceding paragraphs.

10. Beginning in March 2011, Quartararo carried out a fraudulent scheme that included, among other things, falsely representing both in person and by telephone that he would use funds provided by WV and MBV to purchase securities that he never intended to purchase, obtaining new customer account forms when he never intended to open an account, claiming without any basis that a \$10,000 investment could yield a return of \$120,000, presenting a fake business card, and falsely claiming that he could not provide account documentation because he utilized inside information in purchasing securities.

11. By engaging in the foregoing conduct, Quartararo, in connection with the purchase or sale of a security, directly or indirectly, by use of means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange, knowingly or recklessly, employed a device, scheme or artifice to defraud; made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of

the circumstances in which they were made, not misleading; and engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit upon other persons, in willful violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and in violation of FINRA Rules 2020 and 2010.

**SECOND CAUSE OF ACTION**  
**Standards of Commercial Honor and Principles of Trade**  
**(FINRA Rule 2010)**

12. Market Regulation realleges and incorporates by reference all preceding paragraphs.

13. Quartararo misappropriated \$10,000 from WV and MBV by falsely representing that he would use the money to purchase securities when, instead, he deposited the money into a bank account he controlled and used the funds for his own purposes.

14. By engaging in the foregoing conduct, Quartararo, in the conduct of his business, engaged in conduct that was inconsistent with high standards of commercial honor and just and equitable principles of trade, in violation of FINRA Rule 2010.

**THIRD CAUSE OF ACTION**  
**Failure to Provide Information and to Appear for Testimony**  
**(FINRA Rules 8210 and 2010)**

15. Market Regulation realleges and incorporates by reference all preceding paragraphs.

16. On March 27, 2012, FINRA staff served two separate written requests upon Quartararo pursuant to Rule 8210, one for testimony and one for information and documents.

17. The first request required that written responses to questions and requested documents be produced by Quartararo to FINRA staff on or before April 9, 2012. Quartararo

failed to respond. A follow-up request was sent pursuant to Rule 8210 on April 12, 2012.

Again, Quartararo failed to respond.

18. The second request required him to appear for testimony in Rockville, Maryland on April 16, 2012, in connection with FINRA's investigation of his fraudulent scheme and misappropriation of funds. Quartararo failed to appear.

19. Quartararo's failure to appear for testimony and complete failure to provide written responses and documents inhibited FINRA staff's ability to investigate his deceptive conduct.

20. By engaging in the foregoing conduct, Quartararo violated FINRA Rules 8210 and 2010.

## **RELIEF REQUESTED**

WHEREFORE, the Department of Market Regulation respectfully requests that the

Panel:

- A. make findings of fact and conclusions of law that Respondent Peter Raymond Quartararo committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a) be imposed, including that the Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest;
- C. make specific findings that Respondent willfully violated Section 10(b) of the Securities Exchange Act and Rule 10b-5 promulgated thereunder;
- D. order that Respondent bear such costs of any proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330; and
- E. grant all further relief, legal or equitable, that is warranted under the circumstances.

## **FINRA DEPARTMENT OF MARKET REGULATION**

Date: September 25, 2012



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