

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

Department of Enforcement,

Complainant,

v.

Patrick W. Chapin (CRD No. 2149171),

and

Christopher B. Birli (CRD No. 4366441),

Respondents.

DISCIPLINARY PROCEEDING
No. 2012032120001

Hearing Officer: DRS

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: July 1, 2014

INTRODUCTION

Disciplinary Proceeding No. 2012032120001 was filed on March 27, 2014, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondents Patrick W. Chapin and Christopher B. Birli submitted an Offer of Settlement (Offer) to Complainant dated June 12, 2014. 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, Respondents have 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 understand that this Order will become part of Respondents' permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Chapin entered the securities industry in May 1991. Chapin became associated with MetLife Securities, Inc. ("MetLife") in January 2001, where he maintained the Series 6 and 63 licenses. MetLife terminated Chapin for cause and, in connection with that termination, filed a Form U5 on April 9, 2012 reporting that Chapin was terminated for "not fully disclos[ing] material information on new business applications."

MetLife filed an amended Form U5 for Chapin on October 31, 2012 disclosing a customer complaint that Chapin had "provided misleading directions regarding the transfer of retirement savings into variable annuities." Since his termination, Chapin has not been associated with any other member firm.

Birli entered the securities industry in March 2001, when he became associated with MetLife. At MetLife, Birli maintained the Series 6 and 63 licenses. MetLife terminated Birli for cause and, in connection with that termination, filed a Form U5 on April 9, 2012 reporting that Birli was terminated for "not fully disclos[ing] material information on new business applications."

MetLife filed an amended Form U5 for Birli on April 24, 2012 disclosing a customer complaint that Birli had made an inappropriate "recommendation to transfer funds from an existing variable annuity into a new variable annuity." Since his termination Birli has not been associated with any other member firm.

Although Respondents are no longer registered or associated with a FINRA member, they remain 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 Respondents' registration with MetLife namely, April 9, 2012; (2) the Complaint was filed within two years after the amended Form U5 filed for Chapin on October 31, 2012 and the amended Form U5 filed for Birli on April 24, 2012, and (2) the Complaint charges each 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:

SUMMARY

1. At all relevant times herein, Respondents Patrick W. Chapin ("Chapin") and Christopher B. Birli ("Birli") were associated with MetLife Securities, ("MetLife" or "the Firm") and were located in Williamsville, New York.
2. They focused their business on servicing State University of New York ("SUNY") employees who participated in the SUNY retirement program.
3. For seven years, between approximately July 2004, and December 2011 (the "Relevant Period"), Chapin and Birli recommended that 45 of their SUNY customers switch existing MetLife variable annuities (Financial Freedom Account or "FFA") contained within their SUNY retirement accounts with new MetLife variable annuities (Preference Plus Select/MetLife Preference Premier or "PPS/MPP") contained in MetLife IRA accounts held outside the SUNY retirement plan.

4. MetLife generally prohibited the direct exchange of the FFA for the PPS/MPP, but allowed such exchanges on an exception basis.

5. Rather than comply with MetLife policies and procedures, Chapin and Birli intentionally circumvented the prohibition through a two-step transaction.

6. Chapin and Birli recommended that their customers (1) surrender their FFAs and use the funds to purchase a product offered by TIAA-Cref, contained within the SUNY retirement program; (2) wait at least 90 days, and then sell the TIAA-Cref product and use the funds to purchase the PPS/MPP product in a MetLife IRA.

7. Respondents concealed the nature of this two-step transaction they recommended from MetLife, submitted false and misleading paperwork, and made misrepresentations and material omissions to Firm personnel, including when asked why their customers were moving their money to TIAA-Cref.

8. Respondents' conduct in evading Firm policies, coupled with misrepresentations and omissions, was unethical.

9. Additionally, Respondents' conduct in recommending the two-step transaction was unsuitable because Respondents' strategy subjected their customers to unnecessary risks and actual harm.

10. First, customers were all given new seven-year surrender schedules with their new PPS/MPP variable annuities, thereby exposing them to liquidity risk in the event they needed to access their capital.

11. MetLife would not have subjected these customers to a new surrender period had the customers effected a direct exchange between the FFA and PPS/MPP.

12. Second, customers lost any death benefits that had accrued in excess of their contract value when they purchased the TIAA-Cref product. In addition, the TIAA-Cref product did not have death benefit protection, thereby subjecting them to the risk that their death benefit would further decrease if their accounts dropped as a result of market fluctuations.

13. Birli and Chapin's strategy of recommending customers engage in a two-step transaction to move funds between the FFA and PPS/MPP, in fact, harmed certain customers. Seven of Chapin's and Birli's customers paid surrender charges in the PPS/MPP and 22 of the customers lost death benefit value as a result of Chapin and Birli's strategy.

14. Chapin and Birli were unjustly enriched by having their customers engage in this two-step transaction.

15. Unaware that the money had originated within MetLife, MetLife treated the PPS/MPP purchases as "new money" (rather than an internal exchange) thereby crediting Chapin and Birli with full gross dealer concessions ("GDC") of 7.15% on the transactions.

16. If the exchanges had been made directly, Chapin and Birli would have earned only a 2% GDC on the transactions.

17. As a result, Chapin and Birli received hundreds of thousands of dollars in commissions to which they were not entitled.

18. In addition, in March 2014, Chapin and Birli intentionally failed to appear for testimony and intentionally failed to provide information and documents requested pursuant to FINRA Rule 8210.

19. By reason of the foregoing, Chapin and Birli violated NASD Rule 2110, FINRA Rule 2010, NASD Rule 2310, and FINRA Rule 8210.

FACTS

20. Prior to joining MetLife, Chapin had been a registered representative with Aetna Investment Services, LLC ("Aetna").

21. At Aetna, Chapin had cultivated a substantial book of business, primarily consisting of SUNY employees who, for the most part, held life insurance policies and variable annuities through the SUNY retirement program.

22. Chapin was hired by MetLife in early 2001 and transferred more than 200 of his clients from Aetna to MetLife, nearly his entire book of business.

23. Birli was hired by MetLife in April 2001 to be Chapin's partner, to assist him in expanding the SUNY market, in managing and servicing Chapin's clients, and to be positioned to take over Chapin's clients upon Chapin's retirement.

24. Generally, Chapin and Birli worked as a team and split commissions received on the sale of variable annuities.

The SUNY Retirement Program and Relevant MetLife Policies

25. The SUNY retirement program offered MetLife products as well as products from other plan providers, such as TIAA-Cref, which offered its own variable annuity.

26. SUNY employees could not invest in the PPS/MPP through the SUNY retirement program.

27. MetLife's PPS/MPP was a retail variable annuity which was generally only available for purchase through a non-qualified brokerage account or an IRA.

28. The PPS/MPP had higher annual fees and expenses as compared to the variable annuities offered within the SUNY retirement platform.

29. During the Relevant Period, MetLife maintained an internal exchange program known as the "Enterprise Exchange," which governed exchanges between MetLife approved products, including variable annuities.

30. Under this program, customers generally could not exchange the FFA for the PPS/MPP.

31. MetLife, however, permitted such exchanges on an "exception" basis.

32. During the Relevant Period, MetLife granted, on an exception basis, exchanges from the FFA to the PPS/MPP for brokers other than Birli and Chapin and customers other than Birli's and Chapin's.

33. MetLife did not impose new surrender schedules on internal exchanges of variable annuities submitted through the Enterprise Exchange Program.

34. MetLife agents earned a reduced commission for Enterprise Exchange transfers compared to purchases of variable annuities with funds from outside MetLife.

35. A transfer of FFA to PPS/MPP, if allowed through an exception, would have generated a 2% GDC for the agents.

36. In contrast, when customers purchased new B-Class PPS/MPP products with money from outside MetLife, the GDC for such transactions was 7.15 %.

37. MetLife's internal exchange program and policies had other limits.

38. For example, to ensure that customers did not lose valuable death benefits through an exchange, internal exchanges were not permitted when the death benefit in the existing variable annuity product was greater than 110% of that product's account value at the time of the transfer.

Chapin and Birli Implement a Plan to Circumvent MetLife Policies

39. After Chapin joined MetLife, he placed his clients who were within the SUNY retirement platform into MetLife's FFA.

40. Beginning in approximately July 2004, Chapin and Birli sought to place their FFA clients' funds into the PPS/MPP product when their clients either retired from or were no longer employed by SUNY.

41. Chapin and Birli did not seek an exception from MetLife through the exchange program to transfer their clients' funds from the FFA to the PPS/MPP.

42. Instead, Chapin and Birli recommended a two-step transaction to clients to move their clients' funds from the FFA to the PPS/MPP.

43. As a result of the two-step transaction, Chapin and Birli earned higher commissions than if they had used a direct exchange to transfer client funds from the FFA to the PPS/MPP.

44. Chapin and Birli's two-step transaction worked as follows: they had their clients surrender the FFA, placed the customer's funds in a TIAA-Cref variable annuity within the SUNY retirement plan for at least 90 days, and then transferred those funds from the TIAA-Cref product to the PPS/MPP (B-Class) product.

45. Chapin and Birli had their clients keep client funds in the TIAA-Cref product for at least 90 days to avoid scrutiny by MetLife: Chapin and Birli knew that MetLife's compliance

systems monitored for transfers of funds outside MetLife that returned to MetLife within 90 days.

46. During the Relevant Period, based on Chapin's and Birli's advice, the 45 customers identified on Exhibit A¹ elected to use this two-step transaction to move one or more of their FFAs into the PPS/MPP(s).

47. The total approximate value of the funds that were moved from FFAs through TIAA-Cref into the PPS/MPPs was \$21 million.

48. For the customers identified in Exhibit A, Chapin and/or Birli prepared the paperwork required for both steps of the transaction, and their clients signed the paperwork the brokers prepared.

Supervisory Review

49. MetLife did not know that Chapin and Birli were recommending that their clients transfer funds out of the FFA to a TIAA-Cref product.

50. Accordingly, MetLife performed no suitability or other review of the first step of the transactions.

51. For the second step of the transactions, moving funds from the TIAA-Cref product to the PPS/MPP, MetLife, as well as New York State, required significant documentation as to the suitability of the customer recommendation.

¹ The Department of Enforcement separately provided Respondents with a list of customer names corresponding to the initials set forth on Exhibit A.

52. MetLife policies required the “rationale” for a transfer to be “thoroughly documented,” and required “fair, accurate and complete disclosure of all relevant facts” to both the client and the Firm.

53. The New York State Insurance Department’s Regulation 60 required, among other information, disclosure of “the primary reason that the agents recommended the new annuity contract.”

54. On all paperwork related to their clients’ purchase of the PPS/MPP, Chapin and Birli disclosed only the second step of the transaction, the transfer of funds from the TIAA-Cref product to the PPS/MPP, suggesting in every case that the rationale for the recommendation and for the customers’ choices was based on a comparison of the TIAA-Cref product to the PPS/MPP.

55. Neither Chapin nor Birli disclosed on any paperwork submitted to the Firm or New York State that the purchase of the PPS/MPP with funds from TIAA-Cref was the second step of the transfer of customer funds from FFA to PPS/MPP.

56. Similarly, Chapin and Birli did not disclose on any of the paperwork:

- a. that the true source of funds for the purchase of the PPS/MPP contracts were the FFA contracts;
- b. that certain customers lost benefits, in particular death benefits, when moving from the FFA contracts to TIAA-Cref; or,
- c. that they were involved in recommending that customers move funds to TIAA-Cref – the contracts now being replaced – within the prior 36 months.

57. Rather, Chapin and Birli used the same four factors, in nearly identical terms, to justify the suitability of the transfer for almost every customer. Those four factors were:

- a. the customer's desire to place funds in a "stretchable IRA";
- b. the customer's interest in a death benefit protection feature;
- c. the customer's interest in a greater variety of investment options than available in the TIAA-Cref product; and
- d. the customer's interest in the availability of a "liquid fixed income," i.e., a liquid fixed account feature.

58. These factors were misleading because they compared the PPS/MPP to the TIAA-Cref product – not to the FFA.

59. In addition, not all of these factors would have justified an exchange between the FFA and PPS/MPP.

60. For example, neither Chapin nor Birli understood the stretch provision contained within the PPS/MPP and, accordingly, both lacked a reasonable basis to recommend the PPS/MPP on that basis.

61. In addition, the FFA had the same automatic 5 year step-up death benefit protection as did the PPS/MPP; to the extent a customer was interested in this feature, there was no difference between the two products.

62. Although the PPS/MPP offered an annual step-up rider for additional death benefit protection, 27 of the 45 customers did not purchase the enhanced death benefit rider.

63. Nevertheless, for those customers, Chapin and Birli still listed increased death benefit protection to justify (in part) the transfer on Firm and State Insurance Department records, even though there was no difference in the death benefit offered through the PPS/MPP compared with the FFA.

64. Based on Chapin and Birli's failure to disclose the full extent of the two-step transaction, MetLife principals incorrectly believed that the money had originated in the TIAA-Cref product and reviewed the transaction's suitability based on a comparison of the TIAA-Cref product to the PPS/MPP product.

Other Misconduct

65. The Firm prohibited associated persons from using personal email accounts for business purposes.

66. Chapin and Birli knew of this prohibition and had been expressly told to adhere to the Firm's policies with regard to use of personal emails.

67. Nevertheless, Chapin and Birli used personal email accounts to communicate with their customers, including with respect to the two-step transactions.

68. Chapin and Birli also used their personal email accounts to communicate with TIAA-Cref.

69. By using their personal email accounts in furtherance of the two-step transactions, Respondents avoided supervisory review of their emails.

70. Chapin and Birli also intentionally falsified portions of the paperwork associated with the two-step transactions.

71. This included having customers sign disclosures in blank, later completing those disclosures and dating the paperwork themselves, and making inaccurate comparisons of the costs and expenses associated with the TIAA-Cref annuities compared to the PPS/MPP.

False and Misleading Responses to MetLife Inquiries

72. During the Relevant Period, MetLife compliance personnel on occasion asked Chapin and Birli about the customer funds being transferred from the FFA to the TIAA-Cref product, and, in some instances, referred to specific customers with recent transfers as examples.

73. Chapin and Birli responded falsely by claiming that customers in general, and the specific customers referred to, were being solicited to purchase the TIAA-Cref product by TIAA-Cref agents and that Chapin and Birli were trying to recover the business.

74. For example, in or about the fourth quarter of 2010 Birli told a MetLife representative that he had successfully been able to get Customer DLA (No. 38 on Exhibit A) and Customer JLG (No. 36 on Exhibit A) back to MetLife, after they had been solicited to TIAA-Cref by TIAA-Cref agents.

75. In fact, these customers went to TIAA-Cref at Chapin's and Birli's direction.

76. Accordingly, Birli's statements were false.

77. Birli also falsely claimed that SUNY was offering a retirement incentive program that required the customers to transfer funds from their FFAs to the TIAA-Cref product.

78. Birli's statement was false. Customers were selling the FFA and purchasing the TIAA-Cref product on Birli's and Chapin's recommendation – not based on any SUNY retirement incentive program requirements.

79. In or about the third quarter of 2010 Chapin falsely told a MetLife representative that TIAA-Cref agents had influenced Customer CRE (No. 32 on Exhibit A) to return his money to TIAA-Cref.

80. In fact, Customer CRE had purchased a TIAA-Cref product on Chapin's recommendation.

81. Accordingly, Chapin's statement was false.

82. On a number of occasions, MetLife sent Chapin and Birli "conservation notices" in connection with some of the transfers by customers between the FFA and the TIAA-Cref product to request that Chapin and Birli seek to retain these customers' business.

83. Rather than disclosing to MetLife that the withdrawal was the first step of a two-step transaction that would end with customer funds returning to MetLife, Chapin and Birli gave reasons suggesting that they could not conserve the business.

84. For example, Chapin was contacted by MetLife on June 4, 2010, to discuss conserving the business of Customer CRE (No. 32 on Exhibit A).

85. Chapin responded in an email the same day by stating "In his case we are better off letting this case go to them. Thanks for the Heads Up [sic] though."

86. Chapin was contacted by MetLife in or about September, 2010, to discuss conserving the business of Customer CCD (No. 35 on Exhibit A).

87. Chapin left a voicemail message for the MetLife agent stating that they should let the accounts go.

88. Chapin's comments relating to Customer CRE and CCD were deliberately misleading.

89. Chapin also misled the Firm after it became suspicious of the transfers at issue.

90. In November 2011, Chapin was asked by the Firm to explain the transfers.

91. Chapin failed to disclose his role in the transfers, instead telling the Firm that the customers were being solicited by TIAA-Cref, with the promise of percentage bonuses, and that customers only came back when Chapin or Birli were able to subsequently meet with the customers and recover their business.

92. Chapin's oral representations were, again, deliberately misleading.

Loss of Liquidity and Death Benefit Protection

93. Chapin and Birli's strategy of having their customers engage in a two-step transaction to sell their FFA and purchase the PPS/MPP caused certain of their customers to lose valuable death benefits that had accrued in the FFA, because the customers lost the death benefit in transferring funds from the FFA to the TIAA-Cref product and did not regain them when they transferred funds from the TIAA-Cref product to the PPS/MPP.

94. Pursuant to its own internal policies, MetLife would have rejected such an exchange in which a customer lost a significant death benefit, specifically any instance where the forfeited death benefits were greater than 110% of the value of the contract at the time of transfer.

95. Eighteen customers lost death benefits during the first step of the transaction with ten of them losing more than 110% of the value of one or more of their contracts.

96. For example, Customer GAB (No. 29 on Exhibit A) lost approximately \$250,000 in death benefits by transferring his three FFA contracts to TIAA-Cref; the customer's aggregate FFA death benefit values were approximately 154% of the FFA's market value.

97. Had Chapin and Birli routed these exchanges through MetLife's internal exchange program, or disclosed to the Firm that they were engaging in a two-step transaction, MetLife would have rejected these transactions because customers were losing valuable death benefits worth more than 110% of the value of the FFA.

98. In addition, because the TIAA-Cref product offered no death benefit protection, customers were exposed to the risk of decline in market value and a corresponding loss of the value of the death benefit while their money was parked at TIAA-Cref.

99. This risk materialized for eight customers who lost death benefits while the money was parked at TIAA-Cref -- four of these customers had already lost death benefits during the first step of the transfer and thus lost additional death benefits; four lost death benefits while at TIAA-Cref.

100. For example, Customer JEE (No. 26 on Exhibit A) lost approximately \$290,000 of account value due to declining market value while his funds were parked in the TIAA-Cref product, approximately 26% of the account value at the time he transferred to TIAA-Cref.

101. Thus, in total, 22 of the 45 customers lost death benefits as a result of Chapin and Birli's two-step transaction.

102. Chapin and Birli's two-step transaction also resulted in every one of their 45 customers being subjected to a new surrender period in the PPS/MPP that would not have been imposed had the customers done a direct exchange between the FFA and PPS/MPP.

103. Seven customers withdrew funds from the PPS/MPP during the new surrender period and were assessed surrender charges.

FIRST CAUSE OF ACTION

(UNETHICAL CONDUCT, MATERIAL MISREPRESENTATIONS AND OMISSIONS: FINRA RULE 2010, NASD RULES 2110)²

104. FINRA Rule 2010, formerly NASD Rule 2110, provides that “[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade.”

105. It is a violation of FINRA Rule 2010 for an associated person to intentionally evade firm policies and procedures, to make misrepresentations and omissions to the firm or its representatives, and to falsify records maintained in a member firm’s official records.

106. As alleged more fully above, Chapin and Birli carried out a scheme together over more than seven years to evade, circumvent, and thwart the Firm’s policies and procedures.

107. They concealed their misconduct by, among other things, submitting false, misleading, and incomplete paperwork, using personal emails to communicate with customers and TIAA-Cref, and by making false and misleading statements to Firm personnel.

108. As a result of their misconduct, Chapin and Birli received (and MetLife paid) commissions to which Chapin and Birli were not entitled, their customers were exposed to additional liquidity and death benefit risks, some customers were actually harmed by their strategy, and MetLife was prevented from properly reviewing the transactions for suitability.

109. By virtue of the above conduct, Chapin and Birli violated FINRA Rule 2010 and NASD Rule 2110.

² FINRA Rule 2010 superseded NASD Rule 2110 on December 15, 2008. Both rules apply because the relevant conduct occurred both before and after December 15, 2008.

SECOND CAUSE OF ACTION

(SUITABILITY: NASD RULE 2310, NASD RULE 2110, AND FINRA RULE 2010)³

110. NASD Rule 2310 provides that in making a recommendation to a customer, an associated person must have “reasonable grounds” for believing the security is suitable for the customer on “the basis of the facts, if any, disclosed by [the] customer as to his other securities holdings and as to his financial situation and needs.”

111. The duty of fair dealing requires that a broker have a reasonable basis, formed through investigation, for recommending an investment to a customer.

112. Chapin and Birli failed to have a reasonable basis to recommend transfers of the FFA to the PPS/MPP via the two-step transaction described above.

113. With Chapin and Birli having structured the transaction in two steps, rather than processing the transactions through MetLife’s internal exchange program, all 45 customers were (i) unnecessarily subjected to a new 7-year surrender schedule that reduced liquidity; (ii) deprived of the benefit of the 110% death benefit rule designed to ensure that customers not lose significant death benefits on internal exchanges; and (iii) exposed to the temporary loss of death benefit protection during the period that funds were held away from the Firm.

114. Accordingly, the two-step transaction was unsuitable for any customer.

115. In addition, as alleged above, 22 of the 45 customers experienced an actual loss of death benefit protection and 7 of the 45 customers paid surrender charges as a result of the new surrender schedule.

³ NASD Conduct Rule 2310 applies because the relevant conduct occurred prior to July 9, 2012, the date NASD Rule 2310 was superseded by FINRA Rule 2111.

116. By virtue of the above conduct, Chapin and Birli violated NASD Rules 2310 and 2110 and FINRA Rule 2010.

THIRD CAUSE OF ACTION

(FAILURE TO COOPERATE WITH FINRA INVESTIGATION: FINRA RULE 8210 AND FINRA RULE 2010)

Failure to Appear For Testimony

117. As part of its investigation, the Department conducted on-the-record interviews of Chapin on October 10, 2013 and of Birli on October 11, 2013, in Rockville, Maryland.

118. In late February, 2014, the Department contacted counsel for Respondents in order to schedule a second day of testimony for each Respondent and proposed the week of March 10, 2014 in Buffalo, New York.

119. Citing various alleged scheduling conflicts, counsel for Respondents sought to postpone the testimony.

120. Accordingly, after further colloquy, the Department and counsel for Respondents agreed to hold the interviews on March 24 and March 25, 2014 in Buffalo, New York.

121. On March 7, 2014, the Department sent a letter pursuant to FINRA Rule 8210 to counsel for Respondents, by first class certified mail, requesting that Respondents appear for testimony at designated offices in Buffalo, New York, on March 24, 2014 and March 25, 2014 at 9 a.m. so that staff could take their testimony under oath on oral examination.

122. Respondents failed to appear for testimony and failed to seek any adjournment of such testimony.

123. Rather, in communications on the eve of testimony dated March 20, 2014 and March 21, 2014, Respondents, through their counsel, advised the Department that they would not be complying further under Rule 8210 based on their belief that FINRA's jurisdiction had expired on March 16, 2014.

124. The Department explained in writing the legal and factual basis for jurisdiction over the Respondents, which as alleged elsewhere herein, continues well past March 16, 2014.

125. Nevertheless, Respondents continued to unreasonably assert, without factual or legal basis, that jurisdiction has lapsed. This position was unreasonable, not taken in good faith, and was a transparent effort to obstruct the FINRA investigation.

Failure to Comply With Request For Information

126. As part of its investigation, the Department sought to obtain information and documents from Respondents regarding their use of personal emails to conduct business.

127. Accordingly, on March 7, 2014, the Department sent a letter pursuant to FINRA Rule 8210 to counsel for Respondents, by first class certified mail, requesting that Respondents identify personal emails accounts and provide other information by March 21, 2014.

128. Respondents failed to provide such information and documents on or before March 21, 2014.

129. Rather, as alleged above, in communications on the eve of testimony dated March 20, 2014 and March 21, 2014, Respondents, through their counsel, advised the Department that they would not be complying further under Rule 8210 based on their belief that FINRA's jurisdiction had expired on March 16, 2014.

Respondents' Continuing Failure To Cooperate

130. Respondents neither provided the requested information and documents nor appeared for their on-the-record interviews in accordance with Enforcement's FINRA Rule 8210.

131. FINRA Rule 8210 requires associated persons "to provide information orally, in writing or electronically ... and testify at a location specified by FINRA staff, under oath or affirmation ... with respect to any matter involved in the investigation, complaint, examination, or proceeding...."

132. By reason of the facts alleged above, Respondents violated FINRA Rules 8210 and 2010.

Based on the foregoing, Respondents violated FINRA Rules 2010 and 8210 and NASD Rules 2110 and 2310.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondents 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 Respondents be barred from associating with any member firm in any capacity.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this Order.

SO ORDERED.

FINRA

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

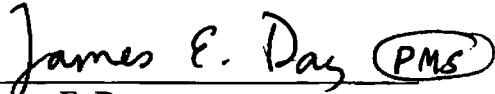

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EXHIBIT A

Cust. #	Cust. Initials	Number of FFA Contracts	Approximate Date of Transfer(s) From FFA to TIAA-CREF	Approximate Date of Transfer(s) From TIAA-CREF to PPS/MPP	Number of PPS/MPP Contracts	RR name on PPS/MPP New Business Paperwork
1	WEA	1	July-04	November-04	1	Birli
2	J H	3	Oct., Nov. - 04	March-05	1	Chapin
3	FCC	1	December-04	April-05	1	Birli
4	JKW	2	February-05	June-05	1	Birli
5	WWW	2	February-05	July-05	1	Birli
6	JRB	2	April-05	August-05	2	Birli
7	RAB	3	May-05	Aug., Sept.-05	2	Joint
8	DPB	3	September-05	December-05	1	Joint
9	EMH	2	October-05	Apr., May-06	1	Joint
		1	January-10	June-10	1	Joint
10	JFB	2	February-06	June-06	1	Chapin
11	JAS	1	March-06	June-06	1	Joint
12	JAG	1	August-06	Dec-06, Jan.-07	1	Chapin
13	IYC	3	September-06	Dec.-06, Feb.-07	2	Joint
14	JLD	2	November-06	March-07	1	Joint
15	SCI	2	December-06	May-07	1	Birli
16	F L	2	December-06	June-07	1	Birli
17	DAB	2	July-07	November-07	1	Joint
				July-08	1	Joint

EXHIBIT A

Cust. #	Cust. Initials	Number of FFA Contracts	Approximate Date of Transfer(s) From FFA to TIAA-CREF	Approximate Date of Transfer(s) From TIAA-CREF to PPS/MPP	Number of PPS/MPP Contracts	RR name on PPS/MPP New Business Paperwork
18	CJB	2	July-07	December-07	1	Joint
19	LKC	1	July-07	December-07	1	Chapin
20	AJR	2	July-07	November-07	2	Joint
21	NW	2	November-07	March-08	1	Joint
22	KGZ	2	January-08	April-08	1	Joint
23	DLK	3	Mar., Apr.-08	August-08	1	Joint
				February-09	1	Joint
24	RDB	2	March-08	September-09	2	Joint
25	ERK	3	June-08	October-08	1	Joint
			June-08	April-09	1	Joint
26	JEE	3	June-08	November-08	1	Joint
				February-09	1	Joint
27	KLP	3	June-08	November-08	1	Joint
				February-09	1	Joint
28	DLC	1	April-09	December-09	1	Birdi
		2	Aug., Sep.-09			Birdi
29	GAB	3	May, June-09	November-09	1	Joint
30	CMF	3	June, July-09	December-09	1	Chapin
31	KPG	2	June-10	February-11	2	Birdi
32	CRE	2	June, July-10	April-11	1	Birdi

EXHIBIT A

Cust. #	Cust. Initials	Number of FFA Contracts	Approximate Date of Transfer(s) From FFA to TIAA-CREF	Approximate Date of Transfer(s) From TIAA-CREF to PPS/MPP	Number of PPS/MPP Contracts	RR name on PPS/MPP New Business Paperwork
33	SJM	1	February-10	January-11	1	Chapin
34	PDM	2	August-10	April-10	2	Chapin
35	CCD	3	Sept., Oct.-10	February-11	1	Joint
36	JLG	2	Sept., Nov.-10	February-11	1	Birti
37	CSS	2	October-10	Feb., Apr.-11	1	Joint
38	DLA	3	November-10	March-11	2	Birti
39	TJP	2	December-10	May-11	1	Birti
40	TRK	1	December-10	June-11	1	Joint
41	DWT	1	February-11	November-11	1	Joint
42	RRC	3	June-11	October-11	2	Joint
43	WHB	3	June, July-11	November-11	2	Joint
44	RMR	3	June, July-11	Nov., Dec.-11	2	Joint
45	KKM	1	August-11	December-11	1	Joint