

FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

CHRISTOPHER FRANCIS SMITH
(CRD No. 2710455),

Respondent.

DISCIPLINARY PROCEEDING
No. 2012032715001

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. From January 29, 2011 through February 7, 2012 ("relevant period"), Respondent Christopher Francis Smith ("Smith") violated FINRA Rules 2150(a) and 2010 by converting \$7,000 from a brokerage customer to his personal use, without authority. In addition, Smith converted \$2,300 from the same brokerage customer's Chase Bank account, in violation of FINRA Rule 2010. Smith also converted \$10,000 in funds from two Chase Bank customers, in violation of FINRA Rule 2010.

2. Additionally, Smith violated FINRA Rules 8210 and 2010 by failing to respond to the staff of the Enforcement Department's (the "Staff") requests for documents and information.

RESPONDENT AND JURISDICTION

3. Smith entered the securities industry in September 1997, as an Investment Company Products/Variable Contracts Representative (“IR”) with Dreyfus Service Corporation (BD No. 231). From November 2009 until his registration was terminated in May 10, 2012, Smith was registered with FINRA through Chase Investment Services Corp. (BD No. 25574) (“Chase Investment Services” or the “Firm”), as a General Securities Representative.

4. On May 24, 2012, Chase Investment Services’ filed an amended Uniform Termination Notice for Securities Industry Registration (“Form U5”) for Smith. The Form U5 amendment disclosed that it had concluded an internal review of Smith. The internal review disclosed that Smith had “voluntarily resigned while under review for misappropriating \$19,300 from customer accounts.”

5. Although Smith is not currently 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 the FINRA By-Laws, because the Complaint was filed within two years after the effective date of termination of Smith’s registration with a FINRA member, namely, May 10, 2012, and the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member and with failing to respond to FINRA requests for documents and information during the two-year period after the date upon which he ceased to be registered or associated with a FINRA member.

FIRST CAUSE OF ACTION
Conversion of Brokerage Customer Funds
(FINRA Rules 2150(a) and 2010)

6. The Department realleges and incorporates by reference paragraphs 1 through 5 above.

7. FINRA Rule 2150(a) prohibits associated persons from making improper use of a customer's securities or funds.

8. FINRA Rule 2010 provides that associated persons in the conduct of their business, shall observe high standards of commercial honor and just and equitable principles of trade.

9. During the relevant period, while registered with Chase Investment Services, Smith improperly used \$9,300 from a Chase Investment Services customer, IC.

10. On January 29, 2011, Smith processed a \$10,000 withdrawal from IC's brokerage account, without her knowledge or permission, through the use of a cashier's check. Smith then deposited that check into IC's Chase Bank checking account, less \$3,500 in cash, which Smith kept for himself.

11. One year later, on January 19, 2012, Smith again processed a \$10,000 withdrawal from IC's other brokerage account, without her knowledge or permission, through the use of a second cashier's check. Smith then deposited the check into IC's Chase Bank checking account, less \$3,500 in cash, which Smith kept for himself.

12. On February 7, 2012, Smith withdrew \$2,300 from IC's Chase Bank checking account without her knowledge or permission in which he kept for himself.

13. The acts, practices, and conduct described in paragraphs 6 to 11 above, constitute violations of FINRA Rules 2150(a) and 2010.

14. The acts, practices, and conduct described in paragraph 12 above, constitutes a violation of FINRA Rule 2010.

SECOND CAUSE OF ACTION
Conversion
(FINRA Rule 2010)

15. The Department realleges and incorporates by reference paragraphs 1 through 14 above.

16. FINRA Rule 2010 requires associated persons to observe high standards of commercial honor and just and equitable principles of trade.

17. Conversion of customer funds, even if the customer is not a brokerage customer, violates FINRA Rule 2010.

18. During the relevant period, while registered with Chase Investment Services, Smith converted \$10,000 from two Chase Bank customers.

19. On November 30, 2011, Smith withdrew \$7,000 from EB's Chase Bank checking account without her knowledge or permission.

20. EB did not have a Chase Investment Services brokerage account.

21. On January 11, 2012, Smith withdrew \$3,000 from BG's Chase Bank checking account without her knowledge or permission.

22. BG did not have a Chase Investment Services brokerage account.

23. The acts, practices, and conduct described in paragraphs 15 to 22 above, constitute a violation of FINRA Rule 2010.

THIRD CAUSE OF ACTION
Failure to Respond to Request Letters for Documents and Information
(FINRA Rules 8210 and 2010)

24. The Department realleges and incorporates by reference paragraphs 1 through 23 above.

First Request for Information

25. On August 22, 2012, Enforcement Staff sent Smith a letter (the “First Request”) requesting, among other things, information concerning allegations that while registered through Chase, he misappropriated a customer’s funds.

26. The First Request was sent, pursuant to, and in accordance with, FINRA Rule 8210. A response was required by September 5, 2012. The First Request was sent by certified mail and U.S. Mail to Smith’s Hicksville, New York, address as reflected in the records of the Central Registration Depository (the “CRD Address”). The Request Letter sent by first class mail was not returned. The Request Letter sent by certified mail was delivered on August 28, 2012. Smith did not respond to the First Request.

Second Request for Information

27. On September 10, 2012, Enforcement staff again request that Smith provide the same information requested in the August 22nd Letter (the “Second Request”).

28. The Second Request was sent pursuant to, and in accordance with, FINRA Rule 8210. A response was due by September 24, 2012. The Second Request was sent by certified mail and U.S. Mail to the CRD Address. The Request Letter sent by first class mail was not returned. The Request Letter sent by certified mail was delivered on September 14, 2012. Smith did not respond to Second Request.

29. By failing to respond to request letters for documents and information, Smith violated FINRA Rules 8210 and 2010.

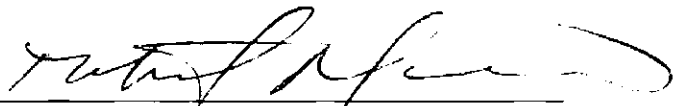
RELIEF REQUESTED

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), including a permanent bar from associating with any FINRA member firm, 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: April 30, 2013


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