

FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Jason Elliot Kronick (CRD No. 3249742),

Respondent.

DISCIPLINARY PROCEEDING
No. 2012033036301

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Respondent Jason Elliot Kronick, while associated with two FINRA member firms willfully failed to amend his Uniform Application for Securities Industry Registration ("Form U4") to disclose two unsatisfied judgments totaling \$330,574.54 in violation of Article V, Section 2(c) of FINRA's By-Laws, and FINRA Rules 1122 and 2010.
2. Further, Kronick failed to respond to three Rule 8210 requests for information from FINRA. As a result, Kronick violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

3. In July 2000, Kronick first became registered with FINRA as a Uniform Securities Agent and Corporate Securities Limited Representative through an association with a FINRA member firm. In June 2005, Kronick became registered as a General Securities Principal ("GSP") through the same member firm. From July 2011 through June 2012, Kronick was registered with Standard Credit Securities, Inc. (BD

No. 42813) ("SC" or the "Firm"), and from December 2012 through March 1, 2013, Kronick was registered with Vandham Securities Corp. (BD No 26258) ("Vandham"), in the same capacities.

4. On June 21, 2012, SC filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") stating that Kronick was terminated due to "unauthorized trading and unauthorized positions." His last date of employment with SC was May 24, 2012.
5. On March 1, 2013, Vandham filed a Form U5 stating that Kronick was "permitted to resign to address issues relating to his failure to adequately disclose personal information on his U-4 regarding liens." His last date of employment with Vandham was March 1, 2013.
6. Although Kroninck 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 Kronick's registration with Vandham, namely March 1, 2013; and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member and with failing to respond to FINRA's requests for 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
Willful Failure to Amend Form U4 to Disclose Material Information
(Article V, Section 2(c) of the FINRA By-Laws, and FINRA Rules 1122 and 2010)

7. The Department realleges and incorporates by reference paragraphs 1 through 6 above.
8. Article V, Section 2(c) of the FINRA By-Laws requires that registrations filed with FINRA be kept current at all times and that amendments must be filed with FINRA not later than 30 days after learning of the facts or circumstances giving rise to the amendment.
9. FINRA Rule 1122 provides, "No member or person associated with a member shall file with FINRA information with respect to membership or registration which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or fail to correct such filing after notice thereof."
10. FINRA Rule 2010 requires the observance of high standards of commercial honor and just and equitable principles of trade.
11. At all times relevant to this Complaint, Question 14M of the Form U4 asked: "Do you have any unsatisfied judgments or liens against you?" If an affirmative answer is given to Question 14M, the registered person is required to provide details about the judgment or lien.
12. On or about April 9, 2012, Kerzner International North American Inc. ("Kerzner") caused a judgment to be entered against Kronick in the amount of \$237,365 (the "Kerzner Judgment"). The Kerzner Judgment remains unsatisfied.

13. Kronick was registered with FINRA when he learned about the Kerzner Judgment but never amended his Form U4 to disclose the judgment.
14. On or about September 11, 2012, Fidelity Brokerage Services, LLC ("Fidelity") caused a judgment to be entered against Kronick in the amount of \$93,209.54 (the "Fidelity Judgment"). The judgment remains unsatisfied.
15. Kronick was registered with FINRA when he learned about the Fidelity Judgment but has never amended his Form U4 to disclose the judgment.
16. On or about October 1, 2012, Kronick completed and signed an "Application for Employment" with Vandham. As part of the application, Kronick was asked, "[H]ave you ever had a judgment against you or have you ever had your wages assigned, attached or garnished?" Kronick answered, "No."
17. At the time Kronick completed the Application for Employment with Vandham, both the Kerzner Judgment and Fidelity Judgment had been entered against Kronick, and Kronick was aware of at least the Kerzner Judgment.
18. On November 23, 2012, Vandham filed an initial Form U4 on behalf of Kronick. No judgments were disclosed in the initial Vandham Form U4 filing, notwithstanding the fact that the Kerzner Judgment and Fidelity Judgment had been entered against Kronick.
19. On January 4, 2013, Vandham filed an amended Form U4 on behalf of Kronick, which disclosed a civil judgment filed by another creditor on December 7, 2012 in the amount of \$165,005.67. The Kerzner Judgment and the Fidelity Judgment were not disclosed in the filing.

20. Both the November 2012 and January 2013 amendments to Kronicks' Forms U4 were inaccurate because they failed to disclose the Kerzner and Fidelity Judgments.
21. By willfully failing to amend his Form U4 to disclose the Kerzner Judgment and the Fidelity Judgment, Kronick violated Article V, Section 2(c) of FINRA's By-Laws, and FINRA Rules 1122 and 2010.

SECOND CAUSE OF ACTION
Failure to Respond to 8210 Requests for Information
(FINRA Rules 8210 and 2010)

22. The Department realleges and incorporates by reference paragraphs 1 through 21 above.
23. FINRA Rule 8210(a)(1) authorizes FINRA, in the course of an investigation, to require persons associated with a FINRA member to "provide information orally [or] in writing . . . with respect to any matter involved in the investigation" FINRA Rule 8210(c) requires those persons to provide information when requested by FINRA. A person subject to the requirement to provide information pursuant to FINRA Rule 8210 who fails to do so violates both FINRA Rule 8210 and FINRA Rule 2010.
24. FINRA Rule 8210(d) provides that notice under the Rule is deemed received by mailing or otherwise transmitting such notice to a person's last known residential address reflected in the Central Registration Depository ("CRD") and any other more current address known by FINRA.
25. On or about July 24, 2012, FINRA began an investigation into whether Kronick may have engaged in questionable trading practices, failed to disclose certain judgments

and liens on his Form U4, and engaged in unauthorized outside business activities (the "Investigation").

FINRA's First Request for Information

26. On February 21, 2013, as part of the Investigation, FINRA staff sent a letter to Kronick, pursuant to FINRA Rule 8210, requesting documents and information relating to the Investigation (the "First Request for Information").
27. The First Request for Information requested that Kronick provide his response by no later than March 7, 2013.
28. FINRA staff sent the First Request for Information to Kronick via certified mail, return receipt requested, and first class mail to (1) Kronick's residential address, as reflected in CRD, (the "CRD Address"), and (2) another address in Woodcliff Lakes, New Jersey provided by Kronick to FINRA staff.(the "Woodcliff Lakes Address").
29. The certified mailings were returned unsigned and marked "unclaimed."
30. The first class mail envelopes were not returned by the U.S. Postal Service and are presumed to have been delivered.
31. Kronick did not provide the requested information and documents by March 7, 2013.

FINRA's Second Request for Information

32. On March 12, 2013, FINRA staff sent a second letter to Kronick, pursuant to FINRA Rule 8210, requesting the same information and documents that were previously requested on February 21, 2013 (the "Second Request for Information").
33. The Second Request for Information requested that Kronick provide his response by no later than March 26, 2013.

34. FINRA staff sent the Second Request for Information to Kronick via certified mail, return receipt requested, and first class mail to the CRD Address and the Woodcliff Lakes Address.
35. The certified mailings were returned unsigned and marked "unclaimed."
36. The first class mail envelopes were not returned by the U.S. Postal Service and are presumed to have been delivered.
37. On March 12, 2013, FINRA staff sent a copy of the Second Request for Information to an email address at yahoo.com that Kronick had used to communicate with FINRA staff (the "Yahoo Email Address"). That same day, Kronick tacitly acknowledged receipt of FINRA's email by responding.
38. Kronick did not provide the requested information and documents by March 26, 2013.
39. On August 4, 2013 and August 28, 2013, FINRA staff sent additional copies of the First Request for Information and the Second Request for Information to Kronick at his Yahoo Email Address.
40. In an email dated August 28, 2013, to FINRA staff from Kronick (from the Yahoo Email Address), Kronick confirmed receipt of the August 28, 2013 email from FINRA.

FINRA's Third Request for Information

41. On March 6, 2014, FINRA staff spoke with Kronick via telephone.
42. On March 7, 2014, FINRA staff sent Kronick a letter, pursuant to FINRA Rule 8210, memorializing the telephone call, attaching the First Request for Information and the

Second Request for Information, and once again asking that Kronick provide responsive information and documentation (the "Third Request for Information").

43. The Third Request for Information requested that Kronick provide his response by no later than March 14, 2014.
44. FINRA staff sent the Third Request for Information to Kronick via certified mail, return receipt requested, and first class mail to the CRD Address and the Woodcliff Lakes Address.
45. The certified mailings were returned with a signature which purports to be that of "Erica Kronick," who, upon information and belief, is Kronick's wife. The certified mailing reflected a date delivered of March 13, 2014.
46. The first class mail envelopes were not returned by the U.S. Postal Service and are presumed to have been delivered.
47. On March 7, 2014, FINRA sent a copy of the Third Request for Information (including all attachments) to Kronick's Yahoo Email Address.
48. On March 7, 2014, Kronick sent an email to FINRA staff from his Yahoo Email Address in which he confirmed receipt of the Third Request for Information.
49. Kronick did not provide the requested information and documents by March 14, 2014.
50. Kronick's failure to comply and provide documents and information requested by FINRA impeded FINRA's investigation and prevented FINRA from completing its regulatory responsibilities to fully investigate potential rule violations.

51. To date, Kronick has not responded to the First Request for Information, the Second Request for Information, or the Third Request for Information.

52. By failing to provide requested documents and information, Kronick violated FINRA Rules 8210 and 2010.

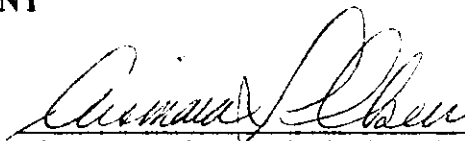
RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Kronick committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed;
- C. order that Kronick bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330; and
- D. make specific findings that Kronick's conduct, as alleged in the First Cause of Action, was willful; the omitted information was material; and, the omission to state material facts was on a Form U4 application.

FINRA DEPARTMENT OF ENFORCEMENT

Date: February 26, 2015



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