

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

Department of Enforcement,

Complainant,

v.

Andrew H. Conley (CRD No. 1419304),

Respondent.

DISCIPLINARY PROCEEDING
No. 2012033614501

COMPLAINT

The Department of Enforcement (“Department”) alleges:

SUMMARY

1. From June 2004 through July 2011, while associated with FSC Securities Corporation (“FSC”), Respondent Andrew Conley was subject, at various times, to six tax liens and an unsatisfied judgment totaling \$476,599.57. Conley failed to update his Form U4 to disclose the liens and judgment until May 11, 2012, well after FINRA’s 30-day reporting deadline. In August 2012, shortly after Conley associated with B.B. Graham & Company, Inc. (“B.B. Graham”), the California Franchise Tax Board recorded a lien against him in the amount of \$4,977.20. Conley did not update his Form U4 until October 2013 to disclose that additional lien.

2. Conley willfully failed to timely amend his Form U4 to disclose the liens and judgment and thereby violated FINRA Rules 2010 and 1122, NASD Rule 2110, NASD IM-1000-1, and Article V, Section 2(c) of the NASD and FINRA By-Laws.

RESPONDENT AND JURISDICTION

3. Conley has been employed in the securities industry since he associated with a member firm in 1985. He obtained a Series 6 (Investment Company Products/Variable Contracts) license in November 1985, a Series 7 (General Securities Representative) license in May 1993, and a Series 24 (General Securities Principal) license in May 1996.

4. Conley was registered with FINRA through FSC from August 16, 1995 to July 25, 2012. From August 24, 2012 to the present, he has been registered with FINRA through B.B. Graham.

FACTUAL BACKGROUND

5. On or about July 24, 1995, Conley completed a Form U4 Uniform Application For Securities Industry Registration or Transfer ("Form U4") to become associated with FSC. At that time, and during all other times relevant to this Complaint, Form U4 included the question, "Do you have any unsatisfied judgments or liens against you?" Conley reported that he was not subject to any liens or unsatisfied judgments.

6. After submitting his July 1995 Form U4, Conley became the subject of at least seven tax liens and one unsatisfied judgment, recorded between June 2004 and August 2012, as follows:

- On June 8, 2004, the Internal Revenue Service recorded a Federal Tax Lien against him in the amount of \$144,677.43 ("June 2004 lien"). The June 2004 lien was released on December 29, 2004.
- On September 21, 2006, the California Franchise Tax Board recorded a State Tax Lien against him in the amount of \$12,009.41 ("September 2006 lien"). The September 2006 lien was released on January 29, 2007.

- On September 9, 2008, National Credit Adjusters recorded an Abstract of Judgment reflecting an unsatisfied judgment against him, entered on January 2, 2008, in the amount of \$15,387.85 (“January 2008 judgment”). The January 2008 judgment has not been satisfied.
- On November 13, 2008, the California Franchise Tax Board recorded a State Tax Lien against him in the amount of \$30,653.15 (“November 2008 lien”). The November 2008 lien has not been released.
- On September 21, 2009, the California Franchise Tax Board recorded a State Tax Lien against him in the amount of \$9,469.61 (“September 2009 lien”). The September 2009 lien has not been released.
- On December 10, 2010, the California Franchise Tax Board recorded a State Tax Lien against him in the amount of \$4,835.43 (“December 2010 lien”). The December 2010 lien was released on or about October 30, 2013.
- On August 22, 2011, the Internal Revenue Service recorded a Federal Tax Lien against him in the amount of \$259,566.69 (“August 2011 lien”). The August 2011 lien has not been released.
- On August 30, 2012, the California Franchise Tax Board recorded a State Tax Lien against him in the amount of \$4,977.20 (“August 2012 lien”). The August 2012 lien has not been released.

7. Conley remained associated with FSC until July 25, 2012, but did not update his Form U4 until May 11, 2012, to disclose the June 2004 lien, the September 2006 lien, the January 2008 judgment, the November 2008 lien, the September 2009 lien, the December 2010

lien, and the August 2011 lien, despite having notice of the liens and judgment on or about the time that each was recorded.

8. On or about August 24, 2012, Conley completed a Form U4 to become associated with B.B. Graham.

9. Six days later, on August 30, 2012, the California Franchise Tax Board recorded the August 2012 lien.

10. Conley did not update his Form U4 to disclose the August 2012 lien until October 16, 2013, despite having notice of the lien on or about the time that it was recorded.

CAUSE OF ACTION

Willful Failure to Timely Update Form U4

(Article V, Section 2(c) of the NASD and FINRA By-Laws, FINRA Rules 1122 and 2010, NASD Rule 2110, and NASD IM-1000-1)

11. The Department realleges and incorporates by reference Paragraphs 1 through 10 above.

12. Article V, Section 2 of the NASD and FINRA By-Laws requires that associated persons who apply for registration must provide “such . . . reasonable information with respect to the applicant as [NASD or FINRA] may require” and further that such applications “shall be kept current at all times by supplementary amendment . . . filed . . . not later than 30 days after learning of the facts or circumstances giving rise to the amendment.”

13. NASD IM-1000-1 and its successor, FINRA Rule 1122 (effective August 17, 2009), prohibit associated persons from filing or failing to correct registration information that is incomplete or inaccurate so as to be misleading.

15. Conley failed to timely update his Form U4 to correct material information that had become inaccurate.

16. Specifically, while associated with FSC, Conley did not update his Form U4 until May 11, 2012 to disclose the June 2004 lien, the September 2006 lien, the January 2008 judgment, the November 2008 lien, the September 2009 lien, the December 2010 lien, and the August 2011 lien, despite having notice of the liens and judgment on or about the time that each was recorded.

17. Similarly, while associated with B.B. Graham, Conley did not update his Form U4 until October 16, 2013 to disclose the August 2012 lien despite having notice of the lien on or about the time that it was recorded.

18. By willfully failing to update his Form U4 in a timely manner to disclose the June 2004 lien, the September 2006 lien, the January 2008 judgment, and the November 2008 lien, Conley violated Article V, Section 2(c) of the By-Laws, NASD Rule 2110, NASD IM-1000-1 and FINRA Rule 2010.

19. By willfully failing to update his Form U4 in a timely manner to disclose the September 2009 lien, the December 2010 lien, the August 2011 lien, and the August 2012 lien, Conley violated Article V, Section 2(c) of the By-Laws, and FINRA Rules 1122 and 2010.

RELIEF REQUESTED

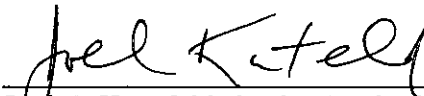
WHEREFORE, the Department respectfully requests that the Panel:

- 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 monetary sanctions, be imposed;
- C. order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330;

- D. make specific findings that Respondent's conduct 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: August 21, 2014



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