

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012035005801

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Aaron Nash Kazinec, Respondent
Registered Representative
CRD No. 2371296

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Aaron Nash Kazinec ("Kazinec" or "Respondent"), submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Kazinec alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Kazinec hereby accepts and consents, without admitting or denying the findings, 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, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Kazinec first entered the securities industry in May 1993. Between October 1994 and March 2007, Kazinec worked at two FINRA member firms: first as an Investment Company Products/Variable Contracts Representative and later as an Investment Company Products/Variable Contracts Principal. In March 2007, Kazinec became registered with FINRA through associations with MetLife Securities, Inc. (BD No. 14251) and Metropolitan Life Insurance Co. (BD No. 4095) ("Metropolitan Life"). Kazinec's registration through Metropolitan Life was terminated in July 2007, when Metropolitan Life filed a Uniform Request for Broker-Dealer Withdrawal. He remained with MetLife until December 2012. From March 2007 to November 2012, while at MetLife, Kazinec also worked as an independent insurance agent selling various fixed insurance policies to the public.

On December 14, 2012, MetLife filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") disclosing that Kazinec had been discharged on November 30, 2012 for accepting checks without payee information from customers and depositing the checks into his personal account.

Kazinec is not currently registered with FINRA or associated with any FINRA member firm.

RELEVANT DISCIPLINARY HISTORY

Kazinec has no prior disciplinary history.

OVERVIEW

Between May 2009 and August 2012, Kazinec misappropriated \$745,250 from four life insurance customers (Collectively the "Customers") in violation of FINRA Rule 2010. The Customers provided personal checks to Kazinec for various non-securities investments. Rather than invest the Customers' funds, Kazinec deposited their checks into his personal bank account. In addition, Kazinec failed to update his Form U4 to reflect that in June 2011 he became subject to a federal tax lien in the amount of \$22,206. As a result, Kazinec violated Article V, Section 2(c) of the FINRA By-Laws and FINRA Rules 1122 and 2010.

FACTS AND VIOLATIVE CONDUCT

Kazinec Misappropriated Funds from at Least Four Insurance Customers

Between May 2009 and August 2012, Kazinec offered various non-securities fixed annuity investments to four insurance customers. In each instance, Kazinec told the Customers to write checks, in varying amounts, and leave the payee field blank and/or to make the checks payable to "cash." The Customers complied, believing that Kazinec would use the funds for investments he had offered to them away from his broker-dealer. Kazinec took the checks from the Customers and deposited them into his own bank account. He never invested the funds for the Customers, instead using the funds for himself, without the permission or knowledge of the Customers. Kazinec misappropriated \$745,250, as follows:

- MG met Kazinec socially in 2004. In 2007, MG bought a Metropolitan Life Insurance policy from Kazinec. Later, in late 2010 or early 2011, Kazinec suggested that MG purchase a fixed annuity. He told MG that she would need to write a series of checks to fund the annuity. MG agreed and between January 7, 2011 and August 10, 2012, MG wrote personal checks totaling \$530,250 for the alleged annuity investment. At Kazinec's direction, MG left the payee blank on each of the checks. Kazinec never

made the investment of MG's behalf and instead deposited the funds into his own bank account and used the money for his own benefit.

- BT and HT, brothers who knew Kazinec socially, also held insurance policies that they purchased from Kazinec. In May 2009, Kazinec recommended that BT make an investment in a "private fund." Kazinec never described the nature of the investment. BT provided a check to Kazinec for \$21,000 leaving the payee field blank. Kazinec did not invest the \$21,000 BT provided and instead used it for his own personal benefit. Kazinec followed the same pattern with HT. He offered him an opportunity to place funds into an unidentified investment vehicle in exchange for a 9% return on investment and the ability to withdraw funds at will. Between May 18, 2009 and July 13, 2010, HT wrote personal checks totaling \$174,000 for the purported investment. Pursuant to Kazinec's instructions HT made the checks payable to "cash." Again, Kazinec did not invest the funds and instead deposited the checks into his own bank account, using the funds for his own benefit.
- Additionally, Kazinec proposed to GH, an insurance customer of Kazinec, an investment in a trust account purportedly paying 7.5%. On July 22, 2011, GH wrote a personal check to Kazinec in the amount of \$20,000. GH made the check payable to "cash." Kazinec did not invest the funds and instead deposited the check into his own bank account, using the funds for his own benefit.

In total, Kazinec misappropriated \$745,250 from the four Insurance Customers. Through this misconduct, Kazinec failed to observe high standards of commercial honor and just and equitable principles of trade in violation of FINRA Rule 2010.

Kazinec Failed to Update his Form U4 to Disclose a Tax Lien

Article V, Section 2(c) of FINRA's By-Laws requires registered representatives to keep their Forms U4 current. Additionally, most amendments to Forms U4 must be made no later than 30 days after learning of the event triggering the requirement to amend. Question 14M on the Form U4 requires the disclosure of judgments or liens. More specifically, Question 14M asks whether the registered representative has any unsatisfied judgments or liens against him. A "Yes" answer to Question 14M must be provided within in 30 days of the triggering event.

FINRA Rule 1122 requires persons associated with member firms to ensure that Form U4 filings made on their behalf are accurate and complete. In addition, the rule requires associated persons to correct inaccurate filings.

FINRA Rule 2010 requires that associated persons observe high standards of commercial honor and just and equitable principles of trade. Failure to comply with FINRA Rule 1122 and with the FINRA By-Laws constitute violations of Rules 2010 and 2110.

In June 2011, Kazinec was subject to a federal tax lien in the amount of \$22,006.36. Kazinec was required to provide a "yes" answer to Question 14M of his Form U4 to disclose the lien. Kazinec failed to timely update his Form U4 to reflect the existence of his federal tax lien.

As a result, Kazinec violated Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010.

B. Kazinec also consents to the imposition of the following sanction:

- A bar from associating with any FINRA member in any capacity.

Kazinec understands that if he is barred or suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, Kazinec may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311)

The sanction 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 AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

Kazinec specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against him;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;

- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Kazinec specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Kazinec further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Kazinec understands that:

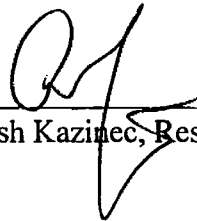
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Kazinec; and
- C. If accepted:
 - 1. this AWC will become part of Kazinec's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against him;

2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Kazinec's disciplinary record;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
4. Kazinec may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Kazinec may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Kazinec's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

Kazinec certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that he has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce him to submit it.

8/6/13

Date (mm/dd/yyyy)



Aaron Nash Kazinec, Respondent

Accepted by FINRA:

8/27/13

Date

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



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