

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

Department of Enforcement,

Complainant,

v.

Stuart Siegel,
CRD No. 835515,

Respondent.

Disciplinary Proceeding
No. 2012035272901

Hearing Officer: CC

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: June 17, 2014

INTRODUCTION

Disciplinary Proceeding No. 2012035272901 was filed on December 30, 2013, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Stuart Siegel submitted an Offer of Settlement (Offer) to Complainant dated June 3, 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, Respondent has 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 understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Siegel has worked at various member firms dating back to September 1975. He obtained his Series 7, 8, 31, 63 and 65 licenses, and was employed at Morgan Stanley Smith Barney (MSSB) from June 17, 1994 through December 3, 2012. During approximately his last 15 years at MSSB, Siegel worked as the resident branch manager in MSSB's Venice, Florida branch office. Siegel was terminated by MSSB in December 2012 for "concerns regarding [Siegel's] dealings with a private foundation," as referenced on Siegel's Form U5 filed on December 17, 2012. Thereafter, Siegel was associated through Oppenheimer & Co., Inc., until January 6, 2014 when Oppenheimer filed a Form U5 indicating that Siegel was permitted to resign as a result of Enforcement's filing of the Complaint in the present matter.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

1. Siegel met ES in 1982 and first began servicing a brokerage account for ES in approximately 1983. Over the course of several years, ES closed various accounts she held at other firms and transferred the assets to the account Siegel serviced for her.
2. When ES passed away in 2004, her estate established the Foundation under Internal Revenue Code Section 501(c)(3) as a tax-exempt charitable organization whose mission was to promote Jewish charitable, advocacy, and educational causes.

3. The Foundation appointed Siegel as its President and opened a brokerage account at MSSB to help fund its activities.
4. Siegel obtained permission from MSSB to serve as President of the Foundation, but MSSB's policies prohibited Siegel from receiving any compensation as an officer of the Foundation and from serving as the registered representative for the Foundation's brokerage account. Thus, Siegel ceased being the broker of record at MSSB for the Foundation.
5. In addition to MSSB policies prohibiting Siegel from receiving compensation from the Foundation, the Foundation's Articles of Incorporation limited the use of funds, specifically stating that "no parts of the assets or net earnings...shall be distributed to or inure to the benefit of its members, directors, [or] officers."
6. Siegel's role as President of the Foundation included general oversight of the Foundation, as well as the review of grants and charitable donations. Siegel was also responsible for placing trades in the Foundation's brokerage account.
7. As President of the Foundation, Siegel had access to the Foundation's checking account, could withdraw funds from that account, and had authority to use its debit card, which bore his name.
8. From February 2011 through September 2012, Siegel used the Foundation's funds for his personal benefit on at least nine separate occasions, totaling more than \$76,000. The individual instances in which he used Foundation funds for personal purposes are described in paragraphs 14 through 23.

9. On February 3, 2011 Siegel used Foundation funds to make a \$17,500 payment to Citibank to repay Siegel's personal loan.
10. On June 1, 2011 Siegel used Foundation funds to make a \$7,586.93 payment to Tuition Management Systems to pay for Siegel's children's school tuition.
11. On September 6, 2011 Siegel used Foundation funds to make an additional \$7,586.93 payment to Tuition Management Systems to pay for his children's school tuition.
12. On December 20, 2011 Siegel used Foundation funds to make a \$552 payment to MetLife Benefits to pay Siegel's personal life insurance policy premium.
13. On April 16, 2012 Siegel used Foundation funds to make a \$12,000 payment to Citibank to repay a personal loan.
14. On May 29, 2012 Siegel used Foundation funds to make a \$7,900 payment to Tuition Management Systems to pay for his children's school tuition.
15. On June 25, 2012 Siegel used Foundation funds to make another \$552 payment to MetLife Benefits to pay his personal life insurance policy premium.
16. On August 31, 2012 Siegel used Foundation funds to make another \$7,900 payment to Tuition Management Systems to pay for his children's school tuition.
17. On September 11, 2012 Siegel used Foundation funds to make a \$15,000 payment to Citibank to repay a personal loan.
18. Siegel did not inform fellow Foundation officers or board members that he used Foundation funds for personal expenses, nor did he seek their permission prior to doing so.

19. In late 2012, MSSB discovered that Siegel had used Foundation funds to pay his personal expenses. Only then, after MSSB had discovered these payments, did Siegel reimburse the Foundation for these expenditures.

FIRST CAUSE OF ACTION
(Conversion of Funds—FINRA Rule 2010)

20. By virtue of the foregoing, Siegel wrongfully converted more than \$76,000 of Foundation funds for his personal use. By doing so he failed to observe high standards of commercial honor and just and equitable principles of trade, in violation of FINRA Rule 2010.

Based on the foregoing, Respondent violated FINRA Rule 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent 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 Respondent be permanently barred from the securities industry.

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

A handwritten signature in black ink, appearing to read "Thomas B. Lawson", written over a horizontal line.

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