

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

Department of Enforcement,

Complainant,

v.

Norma M. Skeete (CRD No. 1175911),

Respondent.

Disciplinary Proceeding

No. 2013036555501

Hearing Officer: Lucinda McConathy

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: September 2, 2015

INTRODUCTION

Disciplinary Proceeding No. 20130365555 was filed on March 24, 2015, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Norma M. Skeete submitted an Offer of Settlement (Offer) to Complainant dated August 29, 2015. 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

Respondent was associated with PFS Investments Inc. (the "Firm"), a FINRA regulated broker-dealer, from 1984 to 2011. Respondent obtained her Series 6 and Series 63 licenses in 1983, her Series 7 license in 1984 and her Series 24 license in 1985.

Respondent voluntarily terminated her association with the Firm in October 2011, and she is not currently associated with a FINRA regulated broker-dealer. On April 9, 2013, the Firm filed an amended Form U5 disclosing a complaint by customer JA alleging that Respondent convinced him to loan money to a third party for a non-Firm related real estate investment that had no risk and guaranteed a ten percent return.

Although Respondent is no longer registered or associated with a FINRA member, she 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 of the April 9, 2013 filing of an amended Form U5 which disclosed that Respondent may have engaged in actionable misconduct, and (2) the Complaint charges her with misconduct committed while she was registered or associated with a FINRA member.

FINDINGS AND CONCLUSIONS

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

From March 2011 to July 2011 Respondent, in violation of FINRA Rule 2010, made negligent misrepresentations to JA, a customer of her member firm, in connection with a loan that JA made to a real estate venture.

FINRA Rule 2010 requires associated persons to observe high standards of commercial honor and just and equitable principles of trade. A registered representative who negligently makes statements relating to a business matter to a customer without a sufficient basis for such statements violates FINRA Rule 2010.

In 2010, while she was associated with the Firm, Respondent received an email solicitation from SA, a purported partner in a North Carolina company (the "Company"), who represented that the Company was looking for loan guarantors for commercial and residential properties. Over the next several months, Respondent engaged in telephone conversations with SA and SA's partner, PK, and received cursory information about the Company, including that it would attempt to buy foreclosed properties at discount prices. Respondent did not know anyone who had prior dealings with the Company, and she did not conduct any investigation about the Company.

In March 2011, SA and PK asked Respondent if she knew anyone who could loan them approximately \$85,000 for a real estate venture. They represented that the loan, including 12% interest, would be repaid in May 2011. Following this conversation, Respondent identified Firm customer JA, who had previously invested in real estate, as a potential lender for the real estate venture.

On or about March 31, 2011, Respondent told JA that two men in North Carolina were looking for a loan of \$85,000 until May 15, 2011 and that the borrowers would repay the loan, plus 12%, in approximately five weeks. Respondent stated that the purpose of the loan was to

buy bank repossessed real property which thereafter would be sold at a profit. In describing the loan with JA, Respondent relied solely on general information she received from SA and PK and was unfamiliar with the loan's purpose. JA agreed to loan the \$85,000.

When Respondent told PK that JA had agreed to loan \$85,000, PK stated that Respondent was mistaken about the loan amount, and in fact they needed a loan of \$160,000. Though PK initially told Respondent that the amount of the loan was \$85,000, she emailed JA on or about April 1, 2011 to tell him that the amount required was \$160,000. She wrote in the same email to JA that the money would be "safe" and that \$179,200 would be returned to him in mid-May 2011. JA agreed to loan the increased amount.

In late April 2011, JA sought an update about his loan from Respondent. After checking with SA and/or PK, Respondent told JA in an email dated April 30, 2011 that "things are going according to plan" and that the deal would close by May 27, 2011.

On or about May 27, 2011, Respondent told JA that the deal had been delayed but that his funds were "not in jeopardy" and that he was "absolutely going to be reimbursed exactly as [she] said." Respondent did not have any basis for making these statements.

Throughout June and July 2011, PK told Respondent that the deal for which they needed JA's loan was delayed. Based solely on a conversation with PK, Respondent told JA in a July 16, 2011 email that the deal should be completed by the end of July and that "[it] is going to happen-no question."

Contrary to Respondent's representations, JA's funds were not safe and he was not repaid. In late July, after JA's loan had still not been repaid and Respondent ceased getting definite responses from PK, Respondent realized that JA had been the victim of a scam. JA never recovered his funds and lost \$160,000.

Respondent negligently made the misrepresentations set forth above about JA's loan without making reasonable attempts to verify what she told JA. Respondent relied solely on representations by SA and PK and did not take any independent steps to understand how the loans would be documented, where the funds were held, who held the funds, whether SA and PK had taken any steps to secure the real estate, or how JA would be repaid. Respondent did not request or review any documentation in connection with the loan. Respondent had no reasonable basis to believe that JA's funds were safe or that his return was guaranteed.

As a result of the foregoing conduct, Respondent violated FINRA Rule 2010. Each of the misrepresentations detailed above constitute separate and distinct violations 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 suspended from associating with any FINRA registered broker-dealer in any capacity for 20 business days; and fined in the amount of \$2,500.

The fine shall be due and payable either immediately upon reassociation with a member firm following the 20 business day suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA

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



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