

FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Gregory Barton (CRD No. 1680043),

Respondent.

DISCIPLINARY PROCEEDING
No. 2013037128401

HEARING OFFICER

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. While respondent Gregory Barton was registered with FINRA through several FINRA member firms, he willfully failed to amend his Uniform Application for Securities Industry Registration ("Form U4") to disclose two New York state tax warrants, three federal tax liens, and a voluntary bankruptcy petition.
2. This conduct violated (i) Article V, Section 2(c) of the FINRA By-Laws, (ii) NASD Interpretive Material 1000-1 (for the conduct on or before August 16, 2009) and FINRA Rule 1122 (for the conduct on or after August 17, 2009), and (iii) NASD Conduct Rule 2110 (for the conduct on or before December 14, 2008) and FINRA Rule 2010 (for the conduct on or after December 15, 2008).

RESPONDENT AND JURISDICTION

3. Barton first became registered with FINRA in October 2006.
4. From January 2007 to June 2008, he was registered with FINRA through an association with a FINRA member firm as a Corporate Securities Representative, a General Securities Representative, and a General Securities Principal.
5. From June 2008 to December 2010, Barton was registered with FINRA through an association with another FINRA member firm as a Corporate Securities Representative, a General Securities Representative, and a General Securities Principal.
6. From July 2011 to June 2012, he was registered with FINRA through an association with another FINRA member firm as a General Securities Representative and a General Securities Principal. (Barton was not registered with FINRA between December 2010 and July 2011.)
7. Most recently, from June 19, 2012 to May 30, 2013, Barton was registered with FINRA through an association with Stock USA Execution Services, Inc. (BD No. 107403) ("Stock USA") as a General Securities Representative and a General Securities Principal.
8. On May 30, 2013, Stock USA filed a Uniform Termination Notice for Securities Registration, indicating that Barton was terminated because "Stock USA could not comply [with a FINRA] record request [related to Barton's financial disclosures] because Mr. Barton would not provide information to Stock USA."

9. Although Barton 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 Barton's registration with Stock USA, namely, May 30, 2013; and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member.

FACTUAL BACKGROUND

10. At all times relevant to this Complaint, Question 14K(1) of the Form U4 asked: "Within the past 10 years: have you made a compromise with creditors, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition?" If an affirmative answer is given to Question 14K(1), the registered person is required to provide details about the compromise or bankruptcy petition.
11. On or about September 14, 2012, Barton filed a voluntary petition for bankruptcy under Chapter 7 of Title 11 of the United States Code (Bankruptcy Code) (the "September 2012 bankruptcy petition").
12. When Barton filed the September 2012 bankruptcy petition, he was registered with FINRA through an association with Stock USA. Barton has never updated his Form U4 to disclose the September 2012 bankruptcy petition, even though he knew that he had filed for bankruptcy.
13. 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 lien or judgment.

14. Between May 2008 and September 2011, Barton became the subject of three tax liens and two tax warrants, as follows:

- a. On or about May 14, 2008, the Internal Revenue Service recorded a Federal Tax Lien against Barton in the amount of \$19,224.96 (the "May 2008 lien"). The May 2008 lien was satisfied in the undisclosed bankruptcy on or about January 11, 2013.
- b. On or about October 6, 2008, the Internal Revenue Service recorded a Federal Tax Lien against Barton in the amount of \$4,971.76 (the "first October 2008 lien"). The first October 2008 lien was satisfied in the undisclosed bankruptcy on or about January 11, 2013.
- c. On or about October 15, 2008, the Internal Revenue Service recorded a Federal Tax Lien against Barton in the amount of \$4,528.99 (the "second October 2008 lien"). The second October 2008 lien was satisfied in the undisclosed bankruptcy on or about January 11, 2013.
- d. On or about October 6, 2010, the New York State Department of Taxation and Finance recorded a Warrant against Barton in the amount of \$4,856.50 (the "October 2010 warrant"). The October 2010 warrant is not satisfied.
- e. On or about September 12, 2011, the New York State Department of Taxation and Finance recorded a Warrant against Barton in the amount of \$1,051.08

(the "September 2011 warrant"). The September 2011 warrant was satisfied on or about December 27, 2013.

15. Barton had notice of the three liens and the two warrants. He filed multiple initial and amended Forms U4 between 2008 and 2013, but never disclosed the liens and warrants on his Form U4, even though four of these five liens and warrants remained unsatisfied until 2013 and one remains unsatisfied to date.

CAUSE OF ACTION

Willful Failure to Amend Form U4 to Disclose Material Information (Article V, Section 2(c) of the FINRA By-Laws, NASD Interpretive Material 1000-1, NASD Conduct Rule 2110, and FINRA Rules 1122 and 2010)

16. The Department realleges and incorporates by reference paragraphs 1 through 15 above.
17. 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."
18. NASD Interpretive Material ("IM") 1000-1 provided, "The filing with the Association of information with respect to membership or registration as a Registered Representative which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or the failure to correct such filing after notice thereof, may be deemed to be conduct inconsistent with just and equitable principles of trade and when discovered may be sufficient cause for appropriate disciplinary action."

19. FINRA Rule 1122, which superseded NASD IM-1000-1 effective August 17, 2009, 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.”
20. NASD Conduct Rule 2110 required the observance of high standards of commercial honor and just and equitable principles of trade.
21. FINRA Rule 2010, which superseded NASD Conduct Rule 2110 effective December 15, 2008, requires the observance of high standards of commercial honor and just and equitable principles of trade.
22. Barton failed to timely update his Form U4 to correct material information that had become inaccurate.
23. Barton received notice of these liens, warrants, and his bankruptcy petition while he was registered with FINRA, and he was obligated to timely disclose these matters on his Form U4. Yet, Barton never disclosed any of these items.
24. Based on the foregoing, Barton willfully failed to amend his Form U4 to disclose the May 2008 lien, the first October 2008 lien, the second October 2008 lien, the October 2010 warrant, the September 2011 warrant, and the September 2012 bankruptcy petition, in violation of Article V, Section 2(c) of FINRA’s By-Laws, NASD IM-1000-1 (for the conduct on or before August 16, 2009), FINRA Rule 1122 (for the conduct on or after August 17, 2009), NASD Conduct Rule 2110 (for the conduct on

or before December 14, 2008), and FINRA Rule 2010 (for the conduct on or after December 15, 2008).

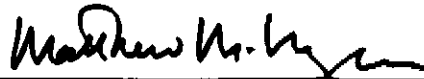
RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Barton 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 Barton 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 Barton's conduct as alleged 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: May 18, 2015



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