

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

DALE PARA (CRD No. 1028917),

Respondent.

DISCIPLINARY PROCEEDING
No. 2013037332701

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. This case involves a deceptive course of conduct in which the respondent, Dale Para (“Para”), over a three and one-half year period, repeatedly and intentionally misled former customers “CG” and his father, “WG,” regarding the status of CG’s account and Para’s failure to execute over one hundred orders in the account as directed by WG.
2. CG first opened an account with Para at a former member firm in 2001. CG’s father, WG, had written power of attorney over CG’s account at that time and at all times relevant to this case. In 2004, Para joined former member firm Jesup & Lamont Securities Corp. (BD No. 39056) (“Jesup & Lamont”) and CG’s account was transferred to that firm. Para left Jesup & Lamont in 2010 and changed firms two more times, becoming registered through former member firm Anderson & Strudwick, Inc. (BD No. 48) (“Anderson & Strudwick”) in 2010 and Meyers Associates, L.P. (BD No. 34171) (“Meyers”) in 2011. After leaving Jesup &

Lamont, each time Para switched firms he misled WG and CG into believing that CG's account had been transferred with Para to his next firm. In fact, the account was never transferred to Anderson & Strudwick or Meyers.

3. Moreover, during the period September 2009 through April 2013, while Para was successively registered with FINRA through Jesup & Lamont, Anderson & Strudwick and Meyers, WG instructed Para to execute over 100 trades in CG's account. Throughout this time, Para falsely represented to WG, orally and in writing, that the trades had been executed as WG instructed in CG's account. In fact, unbeknownst to WG and CG, since September 2009, Para intentionally failed to execute any trades whatsoever for WG and/or CG, and CG did not even have an account at Anderson & Strudwick or Meyers.
4. By deliberately and repeatedly misleading WG and CG into believing that CG's account had been transferred to Para's new firms and that Para was executing the orders to purchase and sell securities that WG was placing with him when in fact he was not, Para violated FINRA Rule 2010.

RESPONDENT(S) AND JURISDICTION

5. Para first became registered with FINRA as a General Securities Representative ("GSR") in March 1982 through former member firm Antaeus Capital, Inc., d/b/a Oftring & Co. (BD No. 627) ("Oftring"). Thereafter, he became registered through Oftring as a General Securities Principal ("GP") in January 1984, a Registered Options Principal ("OP") in December 1985, and an Equity Trader ("ET") in December 1999. In January 2004, Para joined former member firm Jesup & Lamont as a GSR, GP, OP and ET. Para remained at Jesup & Lamont until June 2010. In July 2010, he became associated with Anderson & Strudwick as a GSR, GP, OP and ET. In August 2011, he joined Meyers as a GSR, GP, OP and ET.

6. On June 25, 2013, Meyers filed a Uniform Termination Notice for Securities Industry Registration (Form U5) terminating Para's association with the firm as of June 19, 2013. Para is not currently associated with any FINRA member firm. Although Para 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 Respondent's registration with Meyers, namely, June 25, 2013 and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member.

**FIRST CAUSE OF ACTION
Intentional Misrepresentations
(Violation of FINRA Rule 2010)**

7. The Department realleges and incorporates by reference paragraphs 6 above.
8. In 2001, WG's adult son, CG, opened an account with Para at Oftring. WG had written power of attorney over the account, pursuant to which WG conducted all of the trading in the account.
9. In 2004, Para joined Jesup & Lamont and CG's account was transferred to that firm. After the account was transferred to Jesup & Lamont, WG had written power of attorney over the account and WG directed all of the trading in the account.
10. In September 2009, CG's account sustained significant losses on short-term trades that WG made in the account. As a result of the losses, the equity value of CG's account was reduced from \$40,656 to \$4,133.

11. Several days later, WG telephoned Para to place an unsolicited order to purchase another equity security for a short-term trade in CG's account. At the time, there was insufficient equity in CG's account to execute the trade.
12. Rather than explain to WG that there was insufficient equity in CG's account to buy the stock, Para, instead, told WG that he would execute the order. Para, however, intentionally failed to execute the order. Para never told WG that he failed to follow the instructions to place the trade. Instead, Para lied to WG and said that he had placed the trade for CG's account.
13. Shortly thereafter, WG telephoned Para to instruct him to sell the same position in the equity security that he had earlier instructed Para to buy in CG's account. Para again lied to WG and told him that he would execute this order as well.
14. Thereafter, in or around October 2009, WG telephoned Para to place another unsolicited order to purchase an equity security for a short-term trade in CG's account. Again, there was insufficient equity in CG's account to execute the trade without triggering a margin call.
15. Once again, Para lied to WG and said he would execute the order even though he had no intention of doing so. And once again, Para never informed WG (or CG) of his decision. Later, WG telephoned Para to sell and close out the position. Para continued to lie to WG and said he would sell out the position. In fact, there was no position to sell because Para had never followed WG's instructions to buy the stock in the first place.
16. From September 2009 through April 2013, Para repeated this misconduct on more than 100 orders. The pattern was the same. WG would telephone Para to buy a stock and Para would agree to buy it for CG's account. Para, however, would never place the order to buy. Then,

sometime later, WG would telephone Para to sell a stock and Para would agree to sell the stock out of CG's account. Para, however, could not place an order to sell because he had never executed the order to buy in the first place. During this more than three year period, WG placed well over 100 orders with Para. Para never told WG that he had not placed a single trade.

17. In addition, during this period, Para changed firms twice, joining Anderson & Strudwick in 2010 and Meyers in 2011. Each time he changed firms, he informed WG and led WG to believe that CG's account was being transferred to those firms. In fact, CG's account was never transferred to either Anderson & Strudwick or Meyers.
18. In addition, Para created misleading written reports of purported activity in CG's account to deceive WG into believing that Para had executed the orders as instructed. From time to time, Para would send these reports to WG by facsimile or by U.S. Mail to show him the profits and losses that purportedly resulted from WG's short-term trades. In fact, not one of the trades shown in these reports was ever executed.
19. Para continued his misconduct until May 2013 when his scheme finally unraveled and his misrepresentations were discovered. At that time, one of the orders that WG had placed (and Para never executed) would have resulted in a significant profit had the transaction been executed. When WG contacted Meyers to realize the profit and withdraw funds from the account he believed to be held at the Firm, it quickly became apparent that Para never made any of the trades that WG had requested, CG's account had never been transferred with Para after leaving Jesup & Lamont and Para had repeatedly lied to WG for years about non-existent trades in a non-existent account.

20. FINRA Rule 2010 requires members and associated persons to “observe high standards of commercial honor and just and equitable principles of trade,” and Para’s conduct in the handling of CG’s account was inconsistent with such standards and principles
21. As a result of the foregoing conduct, Respondent Para violated FINRA Rule 2010.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent Dale Para 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; and
- C. order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

DATED: December 13, 2013

Respectfully submitted,



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