

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013038774902**

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

RE: Eric Andre Dallas, Sr., Respondent
General Securities Representative
CRD No. 3193223

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Eric Andre Dallas, Sr., 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent 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

Dallas entered the securities industry in 1994 through an association with FINRA registered broker-dealer Citigroup Global Markets, Inc., previously known as Salomon Smith Barney (BD No. 7059) ("CGMI"). Through that association, Dallas was first registered with FINRA as a General Securities Representative ("GSR") in December 1999 and as a General Securities Sales Supervisor ("SU") in March 2005. In June 2009, Dallas's registration with CGMI was terminated, and he became associated with Morgan Stanley (BD No. 149777) ("Morgan Stanley" or the "Firm"), a FINRA registered broker-dealer, through a mass transfer of registrations from CGMI to Morgan Stanley. Through his association with the Firm, Dallas also became registered with FINRA as a GSR and SU in June 2009. While associated with the Firm, he worked at a branch located in New York, New York.

Dallas remained registered with FINRA through Morgan Stanley until October 8, 2013, when the Firm submitted to FINRA a Uniform Termination Notice for Securities Industry Registration ("Form U5") regarding him. The Form

U5 stated that Dallas had been discharged due to the Firm's "loss of confidence relating to employee's personal check-writing activity (non-client related)."

Dallas is not currently registered or associated with a FINRA member firm. FINRA retains jurisdiction over Dallas pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Dallas does not have any disciplinary history with FINRA, any state securities agency, the Securities and Exchange Commission, or any other self-regulatory organization.

OVERVIEW

From 2011 until October 8, 2013, while he was registered with FINRA as a GSR and SU through his association with Morjan Stanley, Dallas engaged in a check kiting scheme through which he wrote checks to himself drawn against his two personal brokerage accounts that he maintained at the Firm when he knew the accounts contained insufficient funds to cover the checks. For example, during 2013, Dallas wrote approximately 85 such insufficient funds checks totaling approximately \$44,000. Dallas also approved bounced checks in his own personal brokerage accounts, thereby clearing multiple checks written against his personal brokerage accounts despite insufficient funds. Further, Dallas reversed various fees that had been charged to his accounts, including returned check fees. For example, during 2013, Dallas reversed over 250 fees totaling over \$6,000. Additionally, Dallas made misstatements to his supervisors at the Firm to facilitate his misconduct. By engaging in the foregoing activities, Dallas violated FINRA Rule 2010.

Additionally, from October 2014 to May 2015, Dallas violated FINRA Rules 8210 and 2010 when he failed to timely respond to requests for information sent to him pursuant to FINRA Rule 8210. He sent his request seven months after the due date in the original request letter, and only after FINRA had initiated non-summary suspension proceedings against him due to his failure to respond.

FACTS AND VIOLATIVE CONDUCT

Violation of Rule-2010 – Improper Use of Personal Account Funds and Misstatements to his Firm

Check kiting is the practice of writing a check against a banking account knowing that the check amount exceeds the funds available; depositing the check into another account, knowing it will eventually be dishonored; and making use of the funds before the check is dishonored by writing checks or withdrawing funds from the second account. Check kiting violates FINRA Rule 2010's requirement

that members and associated persons observe high standards of commercial honor and just and equitable principles of trade.

At Morgan Stanley, Dallas was employed as Complex Risk Officer, which was a compliance role involving day to day reviews of customer accounts. His responsibilities included approving wire transfers, journals, payments and fees.

Dallas maintained two personal brokerage accounts at the Firm. The brokerage accounts included banking and checking functions. From 2011 through 2013, Dallas wrote approximately 85 checks with insufficient funds totaling approximately \$44,000, drawn against one or the other of the personal brokerage accounts he maintained. At the time he wrote each check, Dallas knew that he had insufficient funds in the accounts to cover the checks. In the 85 instances, Dallas wrote a check drawn on one account and deposited it into a second account and, immediately upon depositing the check, withdrew funds or made expenditures from the second account. In so doing, Dallas knew that excluding the deposit of the aforementioned checks, the second account lacked sufficient funds to cover the withdrawals and expenditures.

On at least one occasion, when questioned by his supervisor about bounced checks in his personal brokerage accounts, Dallas misstated that the returned checks were due to administrative issues and not because of insufficient funds. Further, Dallas approved a number of insufficient funds checks in his personal brokerage account, thereby clearing multiple checks written against his account despite insufficient funds.

In addition, Dallas improperly reversed over-limit, returned check, ATM and other fees that had been charged to his personal brokerage accounts. Dallas provided the first approval for these fee reversals. On at least one occasion, he convinced a supervisor to provide final approval by misstating that his manager had approved the reversals. During 2013, Dallas reversed over 250 such fees that totaled over \$6,000.

By engaging in check kiting, approving his insufficient funds checks for payment, reversing fees imposed on his accounts, and making misstatements to his Firm, Dallas violated FINRA Rule 2010.

Violation of Rules 8210 and 2010 – Failure to Timely Respond

FINRA's Requests for Information Pursuant to FINRA Rule 8210

On October 9, 2014, the staff of FINRA's Enforcement Department ("Enforcement") sent to Dallas written requests for documents and information pursuant to FINRA Rule 8210. The requests related to the allegations reported in the Firm's October 2013 Form U5 filing that Dallas was discharged due to the Firm's loss of confidence relating to Dallas' personal check-writing activity,

which was not client-related.

Enforcement sent the letter by certified and first class mail to the residential address listed for Dallas in FINRA's Central Registration Depository ("CRD Residential Address"). The response due date was October 24, 2014. Dallas did not respond to the request by October 24, 2014.

On October 30, 2014, Enforcement sent Dallas a follow-up second request for documents and information pursuant to FINRA Rule 8210. The response due date was November 14, 2014. Enforcement sent the October 30, 2014 request letter by certified and first class mail to Dallas at his CRD Residential Address. Dallas did not respond to the second request by November 14, 2014.

The Rule 9552 Proceeding

On February 24, 2015, Enforcement initiated against Dallas a non-summary suspension proceeding pursuant to FINRA Rule 9552. During that proceeding, on February 24, 2015, Enforcement sent Dallas a letter notifying him that he would be suspended on March 20, 2015 if he failed to respond to the outstanding request for documents and information by that date. The letter also notified Dallas that he would be barred on May 27, 2015 from associating with any FINRA member in any capacity if he failed, by that date, to respond to the outstanding requests for information and request termination of the suspension.

On May 27, 2015, the bar date, Enforcement received from Dallas a written response via fax and electronic mail to the outstanding requests for documents and information. Dallas sent FINRA his response seven months after the due date in Enforcement's October 9, 2014 letter. Based on this response, FINRA terminated the Rule 9552 proceeding, and Dallas was not barred.

By failing to provide a timely response to Enforcement's requests for documents and information, Dallas violated FINRA Rules 8210 and 2010.

B. Dallas also consents to the imposition of the following sanctions:

- A bar from association with any FINRA member in any and all capacities.

I understand that if I am barred or suspended from association with any FINRA member, I become 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, I may not be associated with any FINRA member in any capacity, including clearing or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff. A bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent 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, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, 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.

Respondent 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

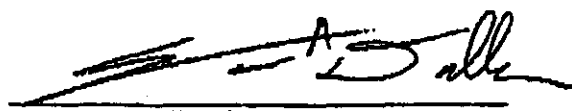
Respondent understands that:

- 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 him; and
- C. If accepted:
1. this AWC will become part of his 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 accordance with FINRA Rule 8313;
 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 4. Respondent 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. Respondent 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 his: (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.
- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. He understands that he may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

Respondent, Eric Andrew Dallas, Sr., 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.

7/25/15
Date


Eric Andre Dallas, Sr., CRD No. 3193223

Accepted by FINRA:

8/18/15
Date

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

Susan Light

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