

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Eric David Kennedy (CRD No. 5194734),

Respondent.

DISCIPLINARY PROCEEDING

No. 2013039558401

COMPLAINT

The Department of Enforcement (“Enforcement”) alleges:

SUMMARY

1. On November 22, 2013, while registered with People’s Securities, Inc. (the “Firm”) and simultaneously employed as a branch manager with the Firm’s parent bank (the “Bank”), Respondent converted approximately \$2,500 from his teller drawer in violation of FINRA Rule 2010.
2. On July 30, 2012 and July 10, 2013, while registered with the Firm, Respondent became the subject of two unsatisfied judgments against him. Respondent failed to disclose these judgments on his Uniform Application for Securities Industry Registration or Transfer (“Form U4”) in violation of Article V, Section 2(c) of the FINRA By-Laws and FINRA Rules 1122 and 2010.
3. In addition, Respondent failed to respond to two FINRA Rule 8210 requests for information from FINRA staff in violation of FINRA Rule 8210.

RESPONDENT AND JURISDICTION

4. Respondent entered the securities industry in December 2005 when he became associated with the Firm, a FINRA member, as a non-registered employee. In September 2006, he registered as an Investment Company and Variable Contracts Products Representative (Series 6) with the Firm.¹ While associated with the Firm, Respondent was also employed as a branch manager at a Bank branch office located in Bridgeport, Connecticut. Respondent remained associated with the Firm and the Bank until his termination from both on November 25, 2013. Respondent is not currently associated with a FINRA member firm.
5. Although Respondent 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 the Firm, namely, December 18, 2013; and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member, and with failing to respond to FINRA requests for information during the two-year period after the date upon which he ceased to be registered or associated with a FINRA member.

FIRST CAUSE OF ACTION FINRA RULE 2010 (Conversion of Employer Funds)

6. The Department realleges and incorporates by reference paragraphs 1 through 5 above.
7. FINRA Rule 2010 states that a member or associated person "in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade."

¹ From on or around January 25, 2012 through on or around February 1, 2012, Respondent's registration was CE_Inactive.

8. On November 22, 2013, Respondent, intentionally and without authorization from the Bank, took \$2,569.36 that belonged to the Bank from his teller drawer for his personal use.
9. On November 25, 2013, Respondent admitted to the Bank that he took the money for personal use.
10. In an undated, signed statement submitted to FINRA, Respondent admitted that he took the money to pay his rent and utilities.
11. By virtue of the foregoing, Respondent converted funds from the Bank in violation of FINRA Rule 2010.

**SECOND CAUSE OF ACTION
ARTICLE V, SECTION 2(C) OF THE FINRA BY-LAWS AND FINRA RULES 1122 AND 2010
(FAILURE TO UPDATE FORM U4)**

12. The Department realleges and incorporates by reference paragraphs 1 through 11 above.
13. Article V, Section 2(c) of the FINRA By-Laws requires that associated persons keep their Forms U4 “current at all times by supplementary amendments...not later than 30 days after learning of the facts or circumstances giving rise to the amendment.”
14. FINRA Rule 1122 prohibits filing with FINRA information regarding 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.”
15. At all relevant times, Question 14M on 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.
16. On July 31, 2006, the Firm filed an Initial Form U4 on Respondent’s behalf. The Form U4 indicated “No” in response to Question 14M inquiring about unsatisfied judgments and liens against Respondent.

17. On or about July 30, 2012, a civil judgment in the amount of \$471.90 was entered against Respondent by the Small Claims Court in Danbury, Connecticut. On or about July 31, 2012 a disposition notice was sent to Respondent.
18. On or about July 10, 2013, a civil judgment in the amount of \$557.11 was entered against Respondent by the Small Claims Court in Danbury, Connecticut. On or about July 15, 2013 a disposition notice was sent to Respondent.
19. Both of these judgments remain unsatisfied.
20. Respondent did not amend his Form U4 to disclose the existence of these undisclosed judgments.
21. On March 1, 2013, the Firm filed an Amended Form U4 on Respondent's behalf. The Form U4 indicated "No" in response to Question 14M inquiring about unsatisfied judgments or liens against Respondent.
22. By virtue of the foregoing, Respondent violated Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010.

**THIRD CAUSE OF ACTION
FINRA RULES 8210 AND 2010
(FAILURE TO PROVIDE INFORMATION)**

23. The Department realleges and incorporates by reference paragraphs 1 through 22 above.
24. FINRA Rule 8210(a) requires that persons associated with a member firm, or persons subject to FINRA's jurisdiction provide information orally, in writing, or electronically and testify at a location specified by FINRA.
25. On December 20, 2013, FINRA sent a letter to Respondent, pursuant to FINRA Rule 8210, requesting that Respondent submit a written statement addressing allegations that he converted money from his employer, and whether Respondent was the subject of any outstanding liens, judgments or personal bankruptcies. The letter was sent by certified mail,

return receipt requested, and first class mail to Respondent at his last known residential address as reflected in the Central Registration Depository (the “CRD Address”).

26. Respondent did not respond to the December 20 Letter.
27. On January 6, 2014, FINRA sent a second letter to Respondent (the “January 6 Letter”), pursuant to FINRA Rule 8210. The letter was sent by certified mail, return receipt requested, and first class mail to Respondent at his CRD Address.
28. The January 6 certified mailing was returned to FINRA marked “Return to Sender” and identifying a different address for Respondent.
29. In an undated response to the January 6 Letter submitted to FINRA, Respondent provided a new residential address, which was the same address contained on the returned January 6 certified mailing.
30. In his response to the January 6 Letter, Respondent admitted that he took money from the Bank for his personal use. However, Respondent claimed that he disclosed the unsatisfied judgments entered against him to the Firm.
31. On January 24, 2014, FINRA filed an amendment to Respondent’s Uniform Termination Notice for Securities Industry Registration updating his residential address (“New CRD Address”) to reflect the address provided by Respondent in his response to the January 6 Letter.
32. On January 31, 2014, Enforcement sent a letter to Respondent (the “January 31 Letter”) requesting, pursuant to FINRA Rule 8210, information concerning unsatisfied civil judgments against Respondent. Among other things, Enforcement requested information about Respondent’s claim that he disclosed unsatisfied judgments entered against him to the Firm. This information was material to Enforcement’s investigation. The January 31 Letter

was sent by certified mail, return receipt requested, and by first class mail to Respondent's New CRD Address. The January 31 Letter notified Respondent that his response was due by February 14, 2014 and that his failure to adhere to FINRA Rule 8210 requests could expose Respondent to sanctions, including a bar from the securities industry.

33. Delivery of the certified mailing by the United States Postal Service ("USPS") was attempted on February 3, 2014, and a notice of attempted delivery was left at Respondent's CRD Address. The certified mailing was returned to FINRA marked "Return to Sender. No Mail Receptacle. Unable to Forward." The letter sent by first class mail was not returned to FINRA.

34. Respondent has not responded to the January 31 Letter.

35. On March 5, 2014, Enforcement sent a second letter to Respondent (the "March 5 Letter") requesting, pursuant to FINRA Rule 8210, the same information as the January 31 Letter. Among other things, Enforcement requested information about Respondent's claim that he disclosed unsatisfied judgments entered against him to the Firm. The March 5 Letter was sent by certified mail, return receipt requested, and by first class mail to Respondent's New CRD Address. The March 5 Letter notified Respondent that his response was due by March 19, 2014 and that his failure to adhere to FINRA Rule 8210 requests could expose Respondent to sanctions, including a bar from the securities industry.

36. Delivery of the certified mailing by the USPS was attempted on March 7, 2014, and a notice of attempted delivery was left at Respondent's CRD Address. The letter sent by first class mail was not returned to FINRA.

37. Respondent has not responded to the March 5 Letter.

38. By virtue of his failure to respond to the January 31 and March 5 Letters, Respondent violated FINRA Rules 8210 and 2010.

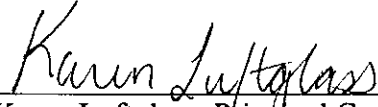
RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. Make findings of fact and conclusions of law that Respondent 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 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

Date: April 30, 2014



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