

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

Department of Enforcement,

Complainant,

v.

Lee Robert Sobel
(CRD No. 2232865)

Respondent.

DISCIPLINARY PROCEEDING
No. 2014038991402

COMPLAINT

The Department of Enforcement (the “Department”) alleges:

SUMMARY

1. Respondent Lee Robert Sobel (“Sobel”) failed to appear and provide investigative testimony on two occasions, in violation of FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Sobel entered the securities industry in 1992. He associated with several FINRA member firms where, at various times, he was registered as a Direct Participation Programs Representative, a Direct Participation Programs Principal, an Investment Company Products/Variable Contracts Representative, and an Investment Company Products/Variable Contracts Principal. From February 2013 through August 2013, Sobel was associated with Equinox Securities, Inc. (“Equinox”) and registered as a Direct Participation Programs Representative.

3. Although he is no longer registered or associated with a FINRA member, Sobel 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 his registration with Equinox, namely August 16, 2013, and (2) the Complaint charges him with failing to appear for on-the-record testimony during the two-year period after the date upon which he ceased to be registered or associated with a FINRA member.

**CAUSE OF ACTION
FAILURE TO APPEAR FOR ON-THE-RECORD TESTIMONY
(FINRA Rules 8210 and 2010)**

4. The Department realleges and incorporates by reference paragraphs 1 through 3 above.

5. In 2014, FINRA staff (the "Staff") began investigating the sale of interests in Opportunity Drilling and Acquisition Fund, LLC ("ODAF") by Equinox from approximately April 2013 through August 2013. Sobel, along with several other registered representatives associated with Equinox, sold interests in the ODAF private placement to several Equinox customers. The Staff's investigation included, among other things, an inquiry into whether Sobel violated NASD and/or FINRA Rules, and/or the federal securities laws, in connection with the offer and sale of interests in ODAF.

6. As part of its investigation, the Staff requested Sobel's on-the-record testimony on two occasions, as detailed below.

First Request for Testimony

7. On or about April 6, 2015, the Staff sent a letter to Sobel, pursuant to Rule 8210, requesting his on-the-record testimony in connection with its investigation described in

Paragraph 5 (the “First Request”). The First Request requested that Sobel appear for on-the-record testimony at 9:00 a.m. on May 1, 2015, at FINRA’s offices at 300 South Grand Ave., 9th Floor, Los Angeles, California (“FINRA’s Los Angeles Office”).

8. The First Request was sent by certified mail to Sobel’s residential address in Los Angeles, California, as listed in the Central Registration Depository (the “CRD Address”).

9. On or about May 27, 2015, the certified mailing of the First Request sent to Sobel’s CRD Address was returned by the United States Postal Service (“USPS”) with the marking, “Return to Sender Unclaimed Unable to Forward.”

10. On April 16, 2015, the Staff sent an email to Sobel at MRLEESOBEL@[REDACTED].COM, an email address that Staff obtained through a search. In the email, the Staff wrote, “I am reaching out to you since I did not hear back regarding your OTR appearance on May 1st. Please call or email me at the number below to discuss your testimony.” Sobel did not respond to this April 16, 2015 email.

11. On April 16, 2015, the Staff also sent an email to Sobel at SOBEL_LEE@[REDACTED].COM, another email address that Staff obtained through a search. The email contained the same message quoted in Paragraph 10, above. This email was returned with a failed delivery message.

12. Sobel did not appear for, or provide, on-the-record testimony on May 1, 2015.

Second Request for Testimony

13. On or about May 19, 2015, the Staff sent a second letter to Sobel, pursuant to FINRA Rule 8210, that again requested Sobel’s appearance for on-the-record testimony in connection with the investigation described in Paragraph 5 (the “Second Request”). The Second

Request requested that Sobel appear for on-the-record testimony at 9:00 a.m. on June 2, 2015, at FINRA's Los Angeles Office.

14. Copies of the Second Request were sent by first class mail and certified mail to Sobel's CRD Address and to an additional address in Torrance, CA (the "Torrance Address"), which was obtained through Staff's search.

15. The first class mailings of the Second Request sent to the CRD Address and the Torrance Address were not returned.

16. On or about June 12, 2015, the certified mailing of the Second Request to the CRD Address was returned by USPS with the marking, "Return to Sender Attempted – Not Known Unable to Forward."

17. The Staff confirmed through the USPS Tracking and Information System that the certified mailing of the Second Request to the Torrance Address was delivered on May 21, 2015, and signed by "Lee Sobel."

18. On May 26, 2015, the Staff contacted Sobel telephonically using a telephone number obtained as a result of Staff's search. The Staff spoke to Sobel on the telephone, during which time he confirmed his identity. When asked by the Staff whether he intended to appear for testimony on June 2, 2015, Sobel responded, "no comment."

19. Sobel did not appear for, or provide, on-the-record testimony on June 2, 2015.

20. Sobel's failure to provide the requested on-the-record testimony materially impeded the Staff's investigation of several critical matters, including whether Sobel violated NASD and/or FINRA Rules, and/or the federal securities laws, in connection with the offer and sale of interests in ODAF.

21. By failing to provide on-the-record testimony pursuant to FINRA Rule 8210 on two occasions, Sobel 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 Sobel 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 Sobel 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: July 20, 2015



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