

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014041211201**

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

RE: David Paul Santos, Respondent
Former Registered Representative
CRD No. 1834067

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, 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

David Paul Santos ("Santos" or "Respondent") entered the securities industry in 1991 when he became associated with a FINRA member firm. Santos became a General Securities Representative (Series 7) ("GSR") in March 1998. From February 1998 to September 2006, Santos was registered as a GSR with three different FINRA member firms. Santos became registered as GSR with Cetera Investment Services, LLC ("Cetera" or "the Firm") on September 20, 2006, and registered as a General Securities Principal (Series 24) with the Firm in April 2010. The Firm terminated Santos's employment by filing Form U5 on May 12, 2014. Santos is not currently registered with any FINRA member. He has no relevant disciplinary history.

FINRA retains jurisdiction over Santos pursuant to Article V, Section 4(a) of FINRA's By-Laws because the conduct that serves as the basis for this action commenced prior to Santos's termination of registration with a FINRA member and the AWC has been filed within two years after the effective date of his last termination of registration with a FINRA member.

OVERVIEW

Between February 12, 2014 and April 8, 2014, after receiving email instructions to transfer funds from an imposter who hacked into Firm customer JR's e-mail account, Santos falsified JR's name on ten letters of authorization ("LOAs"), and JR's wife's name on three of those LOAs, allowing the imposter to fraudulently transfer \$160,000 from JR's individual and joint brokerage accounts. Santos also executed 12 unauthorized trades in JR's individual and joint brokerage accounts to fund the transfer requests and mismarked the corresponding order tickets for those unauthorized trades as "unsolicited." By virtue of the foregoing, Santos violated FINRA Rules 4511 and 2010 and MSRB Rules G-17 and G-8.

FACTS AND VIOLATIVE CONDUCT

On February 12, 2014, an imposter hacked into JR's email account and sent Santos an e-mail request to wire funds from JR and his wife's joint brokerage account to a third party bank account. The bank account was not in the name of, or related to, JR or his wife, ER. Santos replied to the imposter's email and told the imposter that the Firm required a signed LOA to wire the funds to a third party account. The imposter, however, using JR's email account, claimed to be unable to provide the LOA and instructed Santos to process the wire without it. Santos obliged and affixed known signatures of JR and ER to the LOA.

Between February 14, 2014, and April 8, 2014, Santos received nine additional e-mail requests from the imposter to transfer funds from JR's joint or individual brokerage accounts to the same third party bank account. Santos processed these requests in the same manner by affixing JR's signature to the LOAs. Santos also affixed ER's signature to 3 of the 10 LOAs.

In total, Santos falsified his customers' signatures on 10 LOAs allowing the imposter to fraudulently wire and misappropriate \$160,000 from JR and ER's accounts. Once the imposter was discovered by the third party bank, the Firm recovered some of the funds from the third party bank and reimbursed JR and ER for their entire loss.

Santos also executed a total of 12 unauthorized sales of stocks and municipal bonds in JR's individual and joint brokerage accounts to fund the imposter's fraudulent wire transfers. Santos did not have discretion to execute trades in the brokerage accounts and he never received authorization to execute these trades. He received \$256.69 in commissions for the unauthorized transactions.

In addition, Santos mismarked the order tickets for the unauthorized trades as "unsolicited" when, in fact, they were solicited.

By falsifying his customers' signatures on 10 LOAs and executing 12 unauthorized trades, Santos violated FINRA Rule 2010 and MSRB Rule G-17.

By falsifying the LOAs and mismarking order tickets, Santos caused the Firm's records to be inaccurate, thereby violating FINRA Rules 4511 and 2010 and MSRB Rules G-17 and G-8.

B. I also consent to the imposition of the following sanctions:

A bar from associating with any FINRA member in any capacity.

I understand that if I am barred or suspended from associating 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 clerical 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. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- 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, I specifically and voluntarily waive 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.

I further specifically and voluntarily waive 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

I understand that:

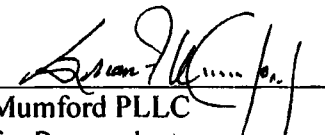
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 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. I 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. I 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 my: (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.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have 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 me to submit it.

03/30/2015
Date (mm/dd/yyyy)


David Paul Santos, Respondent

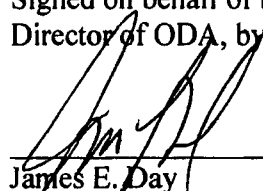
Reviewed by:


Brian F. Mumford PLLC
Counsel for Respondent
Cahill Gambino, Attorneys
60 Railroad Place
Saratoga Springs, NY 12866
518-584-1991

Accepted by FINRA:

4/22/18
Date

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


James E. Day
Vice President and Chief Counsel
FINRA Department of Enforcement
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