

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

John Soon Lee (CRD No. 2689460),

Respondent.

DISCIPLINARY PROCEEDING
No. 2014041372002

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. From November 8, 2013 through April 2, 2014, John Soon Lee's supervisor at Wunderlich Securities, Inc. ("Wunderlich" or the "Firm"), ND, permitted Lee to use his credit card to pay for various business travel expenses. Lee's supervisor permitted the credit card use based on an agreement that Lee would reimburse ND following Lee's reimbursement by the Firm for the business travel expenses. While he sought and obtained reimbursement from Wunderlich for various business travel expenses he charged on ND's American Express credit card, Lee failed to reimburse ND and instead converted the funds for personal use. To date, Lee has failed to repay ND \$10,810.59 in business travel expenses charged to ND's credit card in violation of FINRA Rule 2010.

2. In connection with FINRA staff's investigation into whether Lee had converted funds and concerning possible violations of the federal securities laws and/or FINRA rules, FINRA staff requested that Lee provide information and appear for on-the-record testimony. However, Lee failed to provide any of the information requested, and entirely failed to appear twice for on-the-record testimony, as requested pursuant to FINRA Rule 8210. As a result, Lee violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

3. Lee was associated with Wunderlich Securities, Inc. ("Wunderlich" or "Firm") from September 5, 2013 through April 28, 2014. A Non-Registered Fingerprint ("NRF") filing for Lee was made by Wunderlich on September 5, 2013. Lee was an associated person of Wunderlich by virtue of the activities he engaged in as a real estate analyst for the firm.
4. In February 2014 the Firm sponsored Lee for the Series 79 (Investment Banking Representative) security licensing exam administered by FINRA, and filed a Uniform Application for Securities Industry Registration or Transfer (Form U4) on Lee's behalf on February 20, 2014. Lee was terminated by the firm prior to taking the examination. Lee ended his employment with Wunderlich on April 28, 2014.
5. The Firm filed a Uniform Termination Notice for Securities Industry Registration (Form U5) which terminated his association with Wunderlich on May 27, 2014.
6. Lee is not currently associated with a FINRA member. 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 date upon which he ceased to be associated with a FINRA member, namely, April 28, 2014 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 staff's requests for information and 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.

FIRST CAUSE OF ACTION

**Conversion
(FINRA Rule 2010)**

7. The Department realleges and incorporates by reference paragraphs 1 through 6 above.
8. Since 2012, ND has been the Managing Director in Wunderlich's investment banking department and leads the Real Estate investment banking practice.
9. On or about August 30, 2013, Lee joined Wunderlich as a vice president and acted as a real estate analyst in Wunderlich's investment banking department.
10. Throughout Lee's employment with Wunderlich, ND served as his supervisor.
11. After Lee joined Wunderlich, he informed ND that he did not have a credit card due to personal financial issues and that it would take some time for him to work through those issues.
12. ND offered Lee, and Lee accepted, the use of ND's Orbitz account and American Express credit card, which was linked to his Orbitz account, to use for business travel.

13. ND discussed with Lee that Lee would submit expense reports to Wunderlich directly for reimbursement for these business travel expenses and, as Lee was reimbursed by Wunderlich, Lee would reimburse ND for the charges Lee incurred on ND's American Express credit card. Lee agreed to this arrangement.
14. Between November 8, 2013 and April 2, 2014, Lee charged a total of \$13,310.59 in business travel expenses to ND's American Express credit card. All of the business expenses incurred appear to relate to business travel.
15. Between November 19, 2013 and April 3, 2014, Lee submitted various travel expense reports to Wunderlich for purposes of reimbursement. Wunderlich reimbursed Lee accordingly.
16. Subsequently, Wunderlich discovered that Lee's travel expense reports reflected both charges he incurred personally and charges he incurred by utilizing ND's American Express credit card.
17. In connection with those travel expense reports that Lee submitted between November 19, 2013 and April 3, 2014 that combined Lee's personal charges and those that he incurred by utilizing ND's American Express credit card, Wunderlich reimbursed Lee at least \$16,635.13 directly.¹ Of that amount, at least \$12,903.89 corresponds to charges on ND's American Express credit card.²

¹ This reflects both Lee's personal expenses incurred via cash or what appears to be a debit card combined with those expenses he incurred using ND's American Express credit card.

² While Lee charged a total of \$13,310.59 on ND's American Express credit card, a comparison of the expenses charged and the travel expense reports and receipts submitted to Wunderlich demonstrates that Lee only submitted \$12,903.89 of the \$13,310.59 for reimbursement.

18. In January 2014, Lee provided ND a check for \$2,500 for partial reimbursement of the \$13,310.59 charges. However, Lee has never reimbursed ND for the remaining amount. To date, Lee still owes ND \$10,810.59.
19. Conversion is “an intentional and unauthorized taking of and/or exercise of ownership over property by one who neither owns the property nor is entitled to possess it.”
20. Lee converted \$10,810.59 from ND by using ND’s American Express card to incur business travel expenses, submitting the expense forms to Wunderlich for reimbursement, obtaining reimbursement directly from Wunderlich, but failing to reimburse ND the funds as per their agreement.
21. By converting \$10,810.59 from ND, Lee acted in a matter inconsistent with high standards of commercial honor and just and equitable principles of trade.
22. As a result of the foregoing conduct, Lee violated FINRA Rule 2010.

SECOND CAUSE OF ACTION

Failure to Respond Fully to Requests for Information (FINRA Rules 8210 and 2010)

23. The Department realleges and incorporates by reference paragraphs 1 through 22 above.
24. On May 27, 2014 Wunderlich filed a Form U5 with FINRA regarding Lee. The Form U5 disclosed that Lee was permitted to resign on April 28, 2014 due to wrongful taking of property. In response to the Form U5 filing, FINRA staff commenced an investigation into whether Lee, while associated with a FINRA

member, had engaged in any violations of the federal securities laws and/or FINRA rules.

25. During the course of its investigation, FINRA staff made numerous requests, including pursuant to FINRA Rule 8210, seeking information from Lee. Lee was advised that failure to respond could result in disciplinary action. However, in spite of the numerous requests and admonitions, Lee failed to provide information requested by FINRA staff.

The July 18th Request

26. On July 18, 2014, FINRA staff sent Lee an initial letter, via first class mail only, addressed to his residential address as listed in the Central Registration Depository (“CRD”).³ The July 18, 2014 letter requested that Lee provide a detailed explanation describing the circumstances in which he was terminated from Wunderlich, his employment responsibilities at the Firm, his use of a fellow employee’s personal credit card to pay for the expenses he incurred at a conference, discussions he had with ND regarding use of the credit card, reimbursement for the expenses incurred, detailing where the reimbursed funds were deposited and how the funds were used and whether he reimbursed or failed to reimburse ND for the expenses. The July 18, 2014 letter further requested that Lee respond by August 1, 2014.

27. On July 29, 2014 Lee spoke with FINRA staff by telephone, acknowledged receipt of the July 18th Request, and asked for an extension of time to respond. FINRA staff granted Lee an extension of time to respond until August 11, 2014. In addition, on July 29, 2014, FINRA staff received an email message from Lee confirming the

³ This initial request was not made pursuant to FINRA Rule 8210.

extension of time to respond. Specifically, Lee stated in his July 29, 2014 email: “I will email a PDF of my signed responses to these questions by 8/11/14, with the original letter to arrive subsequently.”

28. On August 11, 2014, Lee spoke with FINRA staff by telephone and requested a further extension of time to respond to the July 18th Request. FINRA staff again granted Lee an extension of time to respond until August 18, 2014. On August 11, 2014, FINRA staff received an email message from Lee confirming the extension of time to respond. Specifically, Lee stated in his August 11, 2014 email “As we just discussed on the phone, I am confirming you are amenable to me sending my responses to your attention by next Monday, August 18th.” Lee failed to provide a response by August 18, 2014.

The September 8th Request

29. On September 8, 2014, FINRA staff sent Lee a second letter, via first class and certified mail, addressed to his CRD residential address. The September 8th Request was sent pursuant to FINRA Rule 8210 and included a copy of the previous request letter dated July 18, 2014. The September 8th Request letter further requested that Lee respond by September 22, 2014. On September 19, 2014, FINRA staff received a signed certified mailing receipt reflecting delivery of the September 8, 2014 letter. The signature is unclear with respect to the identity of the signing party. The letter sent by first class mail was not returned. Lee failed to provide a response by September 22, 2014.

30. Subsequently, during the week of September 26, 2014, Lee spoke with FINRA staff by telephone, acknowledged receipt of the September 8th Request, and requested an

extension of time to respond to the September 8th Request. FINRA staff granted Lee an extension of time to respond until September 29, 2014. On September 26, 2014, FINRA staff received an email message from Lee confirming the extension of time to respond. Specifically, Lee stated in his September 26, 2014 email “As we discussed earlier this week, I am emailing to confirm your extension of time to respond to the questions sent to me. As we discussed, I will send my responses by Monday, 9/29.” Lee failed to provide a response by September 29, 2014.

The October 1st Request

31. On October 1, 2014, FINRA staff sent Lee a third letter, via first class and certified mail, addressed to his CRD residential address. The October 1st Request was sent pursuant to FINRA Rule 8210 and included a copy of the previous request letters dated July 18, 2014 and September 8, 2014. The October 1st Request further requested that Lee respond by October 15, 2014. On October 8, 2014, FINRA staff received a signed certified mailing receipt reflecting delivery of the October 1, 2014 letter. The signature is unclear with respect to the identity of the signing party. The letter sent by first class mail was not returned. Lee failed to provide FINRA staff with any of the requested information by October 15, 2014.

32. Subsequently, on October 16, October 20, October 21, October 22, October 27, October 30, October 31 and November 3, 2014, FINRA staff received email messages from Lee stating he had or would respond to FINRA staff’s October 1st Request:

- On October 16, 2014, Lee emailed FINRA staff stating that he “Just wanted to confirm that you received my response letter. At your convenience, please confirm that you received it.”

FINRA staff responded that she “had not received it. When was it mailed?” Lee responded “It was sent on Tuesday. I can send it again.”

- On October 20, 2014, Lee emailed FINRA staff stating “Just wanted to confirm that you received it by now.” FINRA staff responded “No, I have not. Please email a copy and resend original in the mail.”
- On October 21, 2014, Lee responded to FINRA staff’s last email, stating “I will do so. I apologize, but I was in the ER for several hours with my son yesterday.”
- On October 22, 2014, Lee emailed FINRA staff stating “I appreciate your understanding, In addition to dealing with my father-in-law in hospice, my son had an incident at school and is being treated medically. I could not find my original response on my PC last night, but will re-create it if necessary. I will send it to you ASAP, hopefully by this afternoon.”
- On October 27, 2014, Lee emailed FINRA staff stating “I apologize, but have been dealing with not only my father-in-law’s hospice, but my son was admitted to the ER, removed from school and now I have to take him to visit a psychologist today. I am missing my original responses to you (and still don’t understand why you didn’t receive them in the mail), so I have to re-create them. I will do so today after returning from his appointment and you will have them by tomorrow. I appreciate your patience as I deal with these external issues. I take it seriously and you will have the responses.”
- On October 27, 2014, FINRA staff emailed Lee stating “Please call me.”
- On October 28, 2014, Lee emailed FINRA staff stating “I was with my child’s psychologist all yesterday dealing with an issue. I will call you this AM.”
- On October 30, 2014, Lee emailed FINRA staff stating “I am putting it in the mail and will send you a scanned copy as soon as I get to a scanner. Thank you for your patience and understanding.” In response, FINRA staff emailed Lee that “If I do not get your response by the end of the day today, I will send the final written request out tomorrow. Thereafter, if you still do not respond, FINRA will begin proceedings to charge

you with failing to respond.” Lee responded “I will send it to you as soon as I get to a scanner.”

- On October 31, 2014, Lee emailed FINRA staff stating “My wife is scanning and sending it. You’ll have it; no need for the letter.”
- On November 3, 2014, Lee emailed FINRA staff stating “My wife had problems finding a working scanner, but has now found one. It will be sent to you.” FINRA staff responded stating “If I do not receive your letter by noon CST, a new letter is going out!”

33. However, by November 7, 2014, FINRA staff still had not received any information in response to the October 1st Request sent to Lee.

The November 7th Request

34. On November 7, 2014, FINRA staff sent Lee a fourth letter, via first class and certified mail, addressed to his CRD residential address. The November 7 Request was sent pursuant to FINRA Rule 8210 and included a copy of the previous request letters dated July 18, 2014, September 8, 2014, and October 1, 2014. The November 7 Request further requested that Lee respond by November 14, 2014. On November 17, 2014, FINRA staff received a signed certified mailing receipt reflecting delivery of the November 7, 2014 letter. The signature is unclear with respect to the identity of the signing party. The letter sent by first class mail was not returned.

35. To date, Lee has failed to provide the requested information or any explanation why he cannot acquire the information which had been requested by the staff, pursuant to FINRA Rule 8210.⁴

⁴ Months later, both in connection with FINRA’s attempts to resolve the matter and to take Lee’s on-the-record interview (as detailed in the Third Cause of Action herein), Lee informed FINRA staff that he believed he had

36. Lee's failure to respond fully to the September 8, 2014, October 1, 2014 and November 7, 2014 requests for information constitutes separate and distinct violations of FINRA Rules 8210 and 2010 by Respondent Lee.

THIRD CAUSE OF ACTION
**Failure to Appear and Testify
(FINRA Rules 8210 and 2010)**

37. The Department realleges and incorporates by reference paragraphs 1 through 36 above.

The February 27th Request

38. On February 27, 2015, FINRA staff sent Lee a letter, via email,⁵ first class mail, and certified mail. The first class and certified mail letters were addressed to his CRD residential address. The February 27, 2015 letter requested, pursuant to FINRA Rule 8210, Lee to appear and testify on-the-record at FINRA's Rockville, Maryland office on March 11, 2015 at 11:00 am EST. Moreover, the February 27 Request advised that Lee's failure to appear could result in disciplinary action against him.

39. The February 27th Request sent via first class mail to Lee was not returned. On March 11, 2015, FINRA staff received a signed certified mailing receipt reflecting delivery of the February 27, 2015 testimony letter. The signature is unclear with respect to the identity of the signing party.

previously provided a response. After being advised that FINRA staff had never received Lee's response, Lee made additional representations that he would provide a written response. He failed to do so.

⁵ FINRA staff did not receive any read or delivery receipt, or notification from FINRA's mail delivery subsystem concerning whether Lee had received the email.

The March 4th Request

40. On March 4, 2015, FINRA staff sent Lee a letter, via email,⁶ first class mail, and certified mail informing Lee that the start time of the on-the-record interview had changed from 11:00 am EST to 12:00 pm EST. The first class and certified mail letters were addressed to his CRD residential address. The March 4, 2015 letter requested, pursuant to FINRA Rule 8210, Lee to appear and testify at FINRA's Rockville, Maryland office on March 11, 2015 at 12:00 pm EST. The letter also requested that Lee contact FINRA staff by March 9, 2015 to confirm that he intended to appear on March 11, 2015. Moreover, the March 4, 2015 letter advised that Lee's failure to appear could result in disciplinary action against him.
41. The March 4, 2015 testimony letter sent via first class mail to Lee was not returned. On March 16, 2015, FINRA staff received a signed certified mailing receipt reflecting delivery of the March 4, 2015 testimony letter. The signature is unclear with respect to the identity of the signing party.
42. On March 10, 2015 FINRA staff sent Lee an email requesting that Lee confirm his appearance at the March 11, 2015 on-the-record interview in FINRA's Rockville, Maryland office. On March 10, 2015 FINRA's mail delivery subsystem returned a message: "the delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server".

⁶ FINRA staff did not receive any read or delivery receipt, or notification from FINRA's mail delivery subsystem concerning whether Lee had received the email.

43. On March 10, 2015 FINRA staff spoke with Lee. Lee informed FINRA staff that he was in the process of hiring an attorney. FINRA staff and Lee also discussed that FINRA had still not received Lee's written response to the prior September 8, 2014, October 1, 2014 and November 7, 2014 requests for information. FINRA staff advised Lee that he must send his written response via FedEx and provide FINRA with the tracking number. FINRA staff also advised that Lee's attorney must cancel any future on-the-record interviews if there is a scheduling conflict. Because Lee represented that he was in the process of hiring an attorney, FINRA staff cancelled the March 11, 2015 on-the-record interview so as to afford Lee sufficient opportunity to do so. FINRA staff verbally advised Lee during the call that FINRA would cancel the on-the-record interview and reschedule.

The March 11th Request

44. On March 11, 2015, FINRA staff sent Lee a letter, via email,⁷ first class mail, and certified mail. The first class and certified mail letters were addressed to his CRD residential address. The March 11, 2015 letter requested, pursuant to FINRA Rule 8210, Lee to appear and testify on-the-record at FINRA's Rockville, Maryland office on March 26, 2015 at 11:00 am EST. Moreover, the March 11, 2015 letter advised that Lee's failure to appear could result in disciplinary action against him.
45. The March 11, 2015 testimony letter sent via first class mail to Lee was not returned.
46. On March 19, 2015 FINRA staff left Lee a voice message requesting that Lee provide the name of his attorney who he had retained to represent him at the March 26, 2015

⁷ FINRA staff did not receive any read or delivery receipt, or notification from FINRA's mail delivery subsystem concerning whether Lee had received the email.

on-the-record interview. FINRA staff also advised Lee that FINRA staff had still not received the information requested pursuant to FINRA Rule 8210. FINRA staff also sent an email to Lee on the same day confirming the contents of the voicemail.⁸ Lee did not respond to either the email message or voicemail.

47. On March 23, 2015, FINRA staff received a signed certified mailing receipt reflecting delivery of the March 11, 2015 testimony letter. The signature is unclear with respect to the identity of the signing party. However, the printed name appears to contain the last name of "Lee."

48. On March 25, 2015, Lee left FINRA staff a voicemail indicating that he had retained an attorney who was supposed to call and discuss delaying or postponing the on-the-record interview scheduled for March 26, 2015 and to discuss settlement. Lee did not leave a contact name or number for his attorney. FINRA staff returned Lee's call and left a voicemail indicating that FINRA staff would not postpone or delay Lee's on-the-record interview unless his attorney contacted FINRA staff directly about rescheduling. FINRA staff also sent Lee a follow-up email⁹ stating the following:

I am in receipt of your voicemail this morning. You say that you have retained an attorney and he is supposed to call me to discuss delaying or postponing the testimony scheduled for tomorrow and to discuss settlement. As I told you previously, and as stated in my voicemail this morning, we will not postpone or delay the testimony unless you have your attorney contact me directly about rescheduling. You say he/she is supposed to contact me. I have not heard from anyone. And, you did not leave me the name of an attorney to contact. Therefore, the testimony will go forward tomorrow as scheduled. You are advised that failure to appear

⁸ FINRA staff did not receive any read or delivery receipt, or notification from FINRA's mail delivery subsystem concerning whether Lee had received the email.

⁹ FINRA staff did not receive any read or delivery receipt, or notification from FINRA's mail delivery subsystem concerning whether Lee had received the email.

pursuant to FINRA Rule 8210 may result in enforcement action or additional sanctions taken against you.

At no point did any attorney contract FINRA staff on Lee's behalf.

49. On March 26, 2015, Lee failed to appear and provide on-the-record testimony.

FINRA staff proceeded to make a record of Lee's failure to appear and testify.

The March 30th Request

50. On March 30, 2015, FINRA staff sent Lee a letter via email,¹⁰ first class mail, and certified mail. The first class and certified mail letters were addressed to his CRD residential address. The March 30, 2015 letter requested, pursuant to FINRA Rule 8210, Lee to appear and testify at FINRA's Rockville, Maryland office on April 8, 2015 at 10:00 am EST. Moreover, the March 30, 2015 letter advised that Lee's failure to appear could result in disciplinary action against him.

51. The March 30, 2015 letter sent via first class mail to Lee was not returned. FINRA staff did not receive a signed receipt certifying delivery; however, USPS Tracking reflects that on April 4, 2015 at 1:42 pm "Notice Left (No Authorized Recipient Available)."

52. On April 6, 2015 FINRA staff left Lee a voice message and sent him an email message requesting that he contact FINRA staff to discuss his appearance at the April 8, 2015 on-the-record interview and to advise Lee that his failure to appear pursuant to FINRA Rule 8210 may result in an enforcement action and sanctions against him.

On April 6, 2015 FINRA's mail delivery subsystem returned a message: "the delivery

¹⁰ FINRA staff did not receive any read or delivery receipt, or notification from FINRA's mail delivery subsystem concerning whether Lee had received the email.

to these recipients or groups is complete, but no delivery notification was sent by the destination server”.

53. On April 8, 2015 FINRA staff received a voice mail message from Lee at approximately 8:00 am CST indicating that he would not be appearing for the on-the-record interview and that he has been unable to retain counsel. FINRA staff telephoned Lee back at approximately 8:45 PM CST, but received a recording stating that the caller was not accepting calls at this time. On April 8, 2015 FINRA staff sent Lee an email message advising Lee that the staff was going forward with the on-the-record interview and that his failure to appear pursuant to FINRA Rule 8210 may result in an enforcement action and sanctions against him. On April 8, 2015 FINRA’s mail delivery subsystem returned a message: “the delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server”.

54. Lee failed to appear on April 8, 2015 and testify as requested. FINRA staff proceeded to make a record of Lee’s failure to appear and testify.

55. To date, Lee has not contacted FINRA to explain his failure to twice appear for an on-the-record interview and provide testimony.

56. Lee’s failure to appear and testify on March 26, 2015 and April 8, 2015, as requested pursuant to FINRA Rule 8210, constitutes separate and distinct violations of FINRA Rules 8210 and 2010 by Lee.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

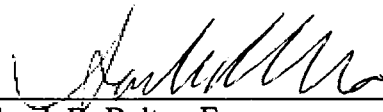
A. make findings of fact and conclusions of law that Respondent committed the

violations charged and alleged herein;

- B. order that one or more of the sanctions provided under FINRA Rule 8310(a) be imposed, including that Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest;
- 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: August 5, 2015



Sarah B. Belter, Esq.
Senior Regional Counsel
FINRA Department of Enforcement
Energy Centre
1100 Poydras Street, Suite 850
New Orleans, LA 70163-1108
Phone: 504-412-2406
Fax: 504-581-3699
E-mail: sarah.belter@finra.org

David B. Klafter, Esq.
Regional Chief Counsel
Authorized House Counsel
Member of NY and NJ Bars Only
FINRA – Department of Enforcement
5200 Town Center Circle
Tower 1, Suite 200
Boca Raton, FL 33486
Phone: 561-443-8110; Fax: 561-443-7998
Email: david.klafter@finra.org