

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

DEPARTMENT OF ENFORCEMENT,

COMPLAINANT,

v.

DAVID M. MANSOUR (CRD # 4082348),

RESPONDENT.

DISCIPLINARY PROCEEDING
No. 2014041526002

HEARING OFFICER: MAD

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: February 14, 2017

INTRODUCTION

Disciplinary Proceeding No. 2014041526001 was filed on June 3, 2016, by the Department of Enforcement of the Financial Industry Regulatory Authority ("FINRA") ("Complainant"). Respondent David M. Mansour ("Mansour" or "Respondent") submitted an Offer of Settlement (Offer) to Complainant dated February 1, 2017. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council ("NAC"), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA") have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint (as amended by the Offer of Settlement), 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, to the entry of findings and violations consistent with the allegations of

the Complaint (as amended by the Offer of Settlement), and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Mansour received his Series 7 registration in December 1999. Since that date, Mansour has been associated with a number of different FINRA member firms. From February 2001 through June 10, 2014, Mansour was associated with Frost Brokerage Services, Inc. ("Frost Brokerage" or the "Firm") and registered with FINRA as a General Securities Representative. On June 10, 2014, the Firm filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") involuntarily terminating Mansour's employment at Frost Brokerage. During the course of his career in the securities industry, Mansour also obtained his Series 63 license. Mansour is not currently associated with a FINRA member firm.

Although Mansour 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 Frost Brokerage, namely, June 10, 2014, and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

1. Respondent, while associated with Frost Brokerage, a FINRA member firm, willfully failed to timely update his Uniform Application for Securities Industry Registration ("Form U4") to timely disclose an event that was required to be disclosed. This event occurred

on October 28, 2013, but was not reported on his Form U4 until June 10, 2014. As a result of this conduct, Mansour willfully acted in contravention of Article V, Section 2(c) of FINRA's By-Laws and violated FINRA Rules 1122 and 2010.

2. In addition, Mansour, without the authority to do so and without advising anyone of his actions, agreed on behalf of FB (which was a bank affiliated with Frost Brokerage) for FB to become the trustee of a trust that was established for the benefit of one of Mansour's customers. In connection with the sale of mineral rights from that trust and withdrawal of the proceeds from the trust, Mansour also misrepresented that he was a "Trust Officer" of FB, when in fact he held no such position with FB. By engaging in this conduct, Mansour violated FINRA Rule 2010.

STATEMENT OF FACTS

Mansour willfully failed to timely disclose an event on his Form U4.

3. On July 16, 2013, Mansour completed his annual "Registered Person Certification" and provided it to Frost Brokerage. Mansour attested that "I know I have to report to the Compliance Specialist, in writing, all changes that need to be made to my U-4 (i.e. address change, new disclosures, name change, arrests, etc.)."

4. On October 28, 2013, an event occurred that required Mansour to give an affirmative response to Question 14.B on his Form U4.

5. On November 18, 2013 – approximately three weeks after the event – Mansour submitted a revised Form U4 to a Compliance Specialist at Frost Brokerage to notify the Firm that Mansour had moved to a new address. Mansour did not, however, disclose the event in this updated Form U4.

6. From October 28, 2013 through June 10, 2014, Mansour willfully failed to timely amend his Form U4 to disclose the material fact that occurred on October 28, 2013.

7. Finally, on June 10, 2014, after a brief internal investigation, Frost Brokerage terminated Mansour's association and filed a Form U5 disclosing the event for the first time, stating: "Registered Representative violated FINRA Bylaws and FINRA Rule 2010 by failing to notify the Firm of a U4 disclosure event."

8. Mansour was aware that he was required to timely disclose the event on the Form U4. Indeed, Mansour specifically attested to this knowledge on an annual basis when he completed his "Registered Person Certification." Moreover, Mansour previously had similar events occur, and thus was aware that he had an obligation to timely disclose such events. Specifically, Mansour had a similar event in May 1995, a fact that was first disclosed on his Form U4 in April 2001, when he first associated with Frost Brokerage. In October 2002, Mansour had another similar event, which was disclosed on Mansour's Form U4 in September 2003.

Mansour improperly acted as a "Trust Officer" at FB.

9. On December 12, 2014, Frost Brokerage amended Mansour's Form U5 to disclose the resolution of a customer complaint pertaining to the fact that Mansour "misrepresented himself as an appointed trust officer of FB to a client."

10. One of Mansour's customers at the Firm, TS, was the beneficiary of a trust that owned property and mineral rights. This customer had previously inherited this property pursuant to one of her parent's last will and testament, and she held these properties in a trust that was formed for her benefit (the "Trust").

11. FB has specific procedures in place for the acceptance of new trust relationships, including a mandatory review and approval of prospective trust relationships by a FB committee. These procedures are designed to ensure that FB properly executes its fiduciary role as trustee.

Mansour circumvented these procedures. Without any authority to do so, and without advising anyone at FB of his actions, Mansour unilaterally committed FB to serve as the successor trustee of the Trust.

12. On March 1, 2013, Mansour executed a Fiduciary Warranty Deed, which purported that FB was the successor trustee of the Trust. By executing this document, Mansour, without authorization to do so, effectively committed FB to serve as trustee of the Trust. Pursuant to this document, FB, in its purported capacity as successor trustee, granted and conveyed certain mineral and/or royalty interests to a third party. The document further bound FB to defend and warrant the property against any subsequent challenges to ownership. Under the heading “FB, TRUSTEE OF THE [TS] TRUST,” Mansour executed this document, falsely representing by his signature that he was an “Assistant Vice President and Trust Officer.”

13. On March 15, 2007, the trustees of the Trust resigned, and FB was appointed successor Trustee. Although he was not authorized by FB to do so, Mansour, unbeknownst to FB, accepted this appointment on behalf of FB.

14. On April 28, 2013, Mansour executed a second document in his purported capacity as a “Trust Officer” of FB. This document – a Letter Agreement specifying the terms of a purchase of mineral and/or royalty interests – set forth the terms and conditions of the Trust’s sale of interests to a third party, which on information and belief was owned by the former trustee of the Trust. Once again, Mansour signed this document under the heading “FB, Trustee,” in his purported capacity as “Assistant Vice President and Trust Officer.”

15. The purpose of the March 1, 2013 and April 28, 2013 documents was to complete a sale of mineral and/or royalty rights that was held by the Trust for TS’s benefit.

16. At no time was Mansour a Trust Officer at FB. His representation to the contrary on the March 1, 2013 and April 28, 2013 documents was false. As a result of Mansour's unauthorized actions as a Trust Officer, FB entered into a settlement agreement with the Trust, pursuant to which it reconstituted the assets which had been removed from the Trust, in the amount of \$248,299.

**FIRST CAUSE OF ACTION
WILLFUL FAILURE TO TIMELY REPORT EVENT ON FORM U4
(VIOLATION OF ARTICLE V, SECTION 2(C) OF FINRA'S BY-LAWS
AND FINRA RULES 1122 AND 2010)**

17. Article V, Section 2(c) of FINRA's By-Laws requires associated persons to keep their Form U4 applications "current at all times," and that amendments to Forms U4 "be filed with [FINRA] not later than 30 days after learning of the facts or circumstances giving rise to the amendment."

18. FINRA Rule 1122 provides that: "No member or person associated with a member shall file with FINRA information with respect to membership or 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."

19. FINRA Rule 2010 requires a registered person "shall observe high standards of commercial honor and just and equitable principles of trade."

20. Mansour had an event occur on October 28, 2013 that required him to provide an affirmative response to question 14.B of Form U4.

21. From October 28, 2013 through June 10, 2014, Mansour willfully failed to timely amend his Form U4 to disclose the material fact.

22. As a result of the foregoing conduct, Mansour willfully acted in contravention of Article V, Section 2(c) of FINRA's By-Laws and violated FINRA Rules 1122 and 2010.

**SECOND CAUSE OF ACTION
ACTING AS TRUST OFFICER WITHOUT AUTHORITY
(FINRA RULE 2010)**

23. FINRA Rule 2010 requires a registered person “shall observe high standards of commercial honor and just and equitable principles of trade.” This Rule prohibits registered representatives from executing documents without authority to do so, and from acting outside the scope of their designated authority with their employer.

24. Without the authority to do so, and without advising anyone at FB of his actions, Mansour agreed on behalf of FB for FB to become the successor trustee of the Trust. Mansour’s actions circumvented the established procedures at FB for the review and acceptance of new trust relationships.

25. On March 1, 2013 and April 28, 2013, Mansour executed documents on behalf of FB, in its capacity of Trustee of the Trust. Mansour was not authorized by FB to execute documents on its behalf.

26. In executing these documents on March 1, 2013 and April 28, 2013, Mansour falsely represented that he was an “Assistant Vice President and Trust Officer” of FB. Mansour was never an appointed Trust Officer at FB.

27. As a result of the foregoing conduct, Mansour violated FINRA Rule 2010.

Based on the foregoing, Respondent willfully failed to disclose a material fact on a Form U4 in willful violation of Article V, Section 2(c) of FINRA’s By-Laws, and violated FINRA Rules 1122 and 2010

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

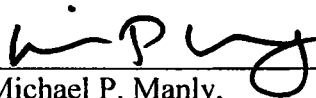
It is ordered that Respondent be barred from associating with any FINRA member in any capacity.

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 Order.

SO ORDERED.

FINRA

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



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