

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

Department of Enforcement,

Complainant,

v.

Maximillian Santos (CRD No. 3030271),

Respondent.

Disciplinary Proceeding
No. 2014041546501

Hearing Officer - KBW

**ORDER ACCEPTING
OFFER OF SETTLEMENT**

Date: October 4, 2016

INTRODUCTION

Disciplinary Proceeding No. 2014041546501 was filed on July 18, 2016 as the Second Amended Complaint by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complaint). Respondent Maximillian Santos (Santos or Respondent) submitted an Offer of Settlement (Offer) to Complainant dated October 4, 2016. 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, 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, 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

Santos first became associated with a FINRA member firm in September 1997. Santos obtained his Series 7 license in May 1998, his Series 63 license in June 1998, his Series 9 license in July 2001, his Series 10 license in August 2002, his Series 24 license in September 2004, and his Series 65 license in July 2009.

Santos was registered with several member firms between May 1998 and January 2001. In March 2001 Santos became registered with Oppenheimer & Co, Inc. ("Oppenheimer" or the "Firm"). Santos was discharged from Oppenheimer on June 25, 2014 and his registration with Oppenheimer was terminated on July 14, 2014 when the Firm determined that he was sharing confidential client information with a third party by utilizing a non-Firm email address.

Following his termination from Oppenheimer, Santos was registered with another member firm from June 26, 2014 through July 17, 2014. He was permitted to resign from that firm once it became aware of Santos's conduct at Oppenheimer that led to his termination. Santos next registered with another member firm from May 14, 2015 until March 11, 2016 when he was terminated as a result of the Offer of Settlement entered into with the Securities and Exchange Commission. Santos is not currently registered or associated with a FINRA member firm.

Although Santos is no longer registered or associated with a FINRA member firm, 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 Santos's last registration with a FINRA member firm, 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:

SOLE CAUSE OF ACTION Structuring Cash Withdrawals (FINRA Rule 2010)

1. 31 U.S.C. §5324(a) provides that no person shall, for the purpose of evading federal reporting requirements, (1) cause or attempt to cause a domestic financial institution to fail to file a required transaction report, (2) cause or attempt to cause a domestic financial institution to file a required transaction report containing a material omission or misstatement of fact, or (3) structure or assist in structuring, any transaction with one or more domestic financial institutions, or attempt to do so.

2. 31 C.F.R. §1010.314 similarly provides that no person shall, for the purpose of evading the reporting requirements under the regulations, (1) cause or attempt to cause a domestic financial institution to fail to file a report required by the regulations, (2) cause or attempt to cause a domestic financial institution to fail to file a report required by the regulations containing a material omission or misstatement of fact, or (3) structure, assist in structuring, or attempt to structure or assist in structuring any transaction with one or more domestic financial institutions.

3. 31 C.F.R. §1010.311 requires that financial institutions file CTRs for currency transactions in excess of \$10,000.

4. 31 C.F.R. §1010.100(xx) defines structuring as acting alone or in conjunction with, or on behalf of, other persons to conduct or attempt to conduct one or more transactions in

currency, in any amount, at one or more financial institutions, on one or more days, in any manner, for the purpose of evading reporting requirements under the regulations. "In any manner" includes the breaking down of a single sum of currency exceeding \$10,000 into smaller sums at or below \$10,000 or the conduct of a series of currency transactions at or below \$10,000.

5. FINRA Rule 2010 requires members and associated persons to "observe high standards of commercial honor and just and equitable principles of trade."

6. During the period Santos was registered with Oppenheimer, the Firm's written policies and procedures prohibited structuring.

7. Santos was aware of the currency reporting requirements for domestic financial institutions during the relevant period.

8. During the relevant period, Santos made 24 counter (*i.e.* non-ATM) withdrawals of cash in amounts ranging from \$5,000 to \$9,500 from his JP Morgan personal bank account at various branches, totaling \$198,800. Specifically, Santos made the following cash withdrawals:

- a. On December 9, 2011, Santos withdrew \$9,000. Six days later, on December 15, 2011, Santos withdrew \$8,500.
- b. On January 17, 2012, Santos withdrew \$8,500.
- c. On February 15, 2012, Santos withdrew \$9,500. Three days later, on February 18, 2012, Santos withdrew \$8,500.
- d. On March 9, 2012, Santos withdrew \$8,000. Six days later, on March 15, 2012, Santos withdrew \$8,500.
- e. On April 25, 2012, Santos withdrew \$8,900.

f. On May 16, 2012, Santos withdrew \$9,000. Six days later, on May 22, 2012, Santos withdrew \$7,900. Nine days later, on June 1, 2012, Santos withdrew \$5,500.

g. On June 18, 2012, Santos withdrew \$6,500.

h. On August 15, 2012, Santos withdrew \$8,500. The next day, August 16, 2012, Santos withdrew \$7,500. Fifteen days later, on August 31, 2012, Santos withdrew \$8,500.

i. On November 14, 2012, Santos withdrew \$8,500. Two days later, on November 16, 2012, Santos withdrew \$9,000. Five days later, on November 19, 2012, Santos withdrew \$7,500.

j. On December 7, 2012, Santos withdrew \$9,000.

k. On December 21, 2012, Santos withdrew \$8,500. Six days later, on December 27, 2012, Santos withdrew \$8,500. Eight days later, on January 4, 2013, Santos withdrew \$9,000.

l. On February 21, 2013, Santos withdrew \$9,000. Seven days later, on February 28, 2013, Santos withdrew \$7,000.

9. In contrast, during the same relevant period (December 9, 2011 through February 28, 2013), Santos made only two non-ATM withdrawals in amounts larger than \$10,000: on July 2, 2012, Santos withdrew \$33,800 and on December 21, 2012, he withdrew \$108,000 (the same day he also made a non-ATM withdrawal of \$8,500). According to Santos, these two withdrawals took the form of cashier's checks and consisted of a deposit and down payment, respectively, towards a real estate purchase.

10. During the same relevant period, Santos also made 86 withdrawals of cash from various ATMs. Each of the 86 ATM withdrawals was in an amount less than or equal to \$1,000. The 86 ATM withdrawals totaled \$35,936.45.

11. Santos intentionally structured the 24 cash withdrawals described in paragraph 8 above in an attempt to evade the reporting requirements of 31 U.S.C. §5324(a) and 31 C.F.R., Chapter X in that he acted with the purpose of precluding the bank from filing and/or intended to cause the bank to fail to file a CTR reporting a receipt of currency in excess of \$10,000.

12. By reason of the foregoing, Santos violated FINRA Rule 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.

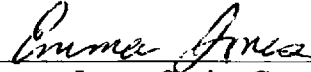
SANCTIONS

It is ordered that Respondent be barred in all capacities from associating with any FINRA member firm. The sanctions herein shall be effective on a date set by FINRA staff. A bar or expulsion is effective upon approval or acceptance of this Offer.

SO ORDERED.

FINRA

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

A handwritten signature in cursive script, appearing to read "Emma Jones", is written over a horizontal line.

Emma Jones, Senior Counsel
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