

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Samuel Philip-James Cannizzaro
(CRD No. 5041027),

Respondent.

**DISCIPLINARY PROCEEDING
No. 2014041637701**

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Respondent Samuel Philip-James Cannizzaro ("Cannizzaro" or "Respondent") was the owner of an independent insurance agency affiliated with State Farm VP Management Corp. ("State Farm").

2. Between December 2012 and December 2013, in violation of FINRA Rule 2010, Cannizzaro signed seven customers' names on mutual fund applications, allegedly at the request of these customers, without written authority to do so, without placing any notation on the applications that he had signed on his customers' behalves, and without advising State Farm that he had signed the applications for the customers.

3. On or about December 11, 2013, Cannizzaro completed and signed two State Farm Mutual Funds Roth or Traditional Individual Retirement Account Applications for his brother and sister-in-law. On both forms, Cannizzaro falsely checked "No" to the question, "Are you a State Farm VP Management Corp. (SFVPMC) Registered State Farm Agent . . ., sibling or

sibling's spouse of the foregoing?" By doing so, the customers purchased the mutual funds at the public offering price when they could have purchased the mutual funds at net asset value. Cannizzaro therefore violated FINRA Rule 2010.

4. On or about December 12, 2014, in violation of FINRA Rule 2010, Cannizzaro completed and signed a State Farm Mutual Funds Roth or Traditional Retirement Account Application on behalf of a client, and, on the same day, he purchased a mutual fund for the account without the knowledge or consent of the customer, in violation of FINRA Rule 2010.

5. Cannizzaro also failed to respond to three FINRA letters that were sent pursuant to FINRA Rule 8210, requesting information about the conduct described above, in violation of FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

6. Between July 2009 and June 11, 2014, Cannizzaro was registered as an Investment Company/Variable Contracts Products Representative with State Farm VP Management Corp. ("State Farm" or the "firm"), a FINRA-registered firm.

7. Although Cannizzaro 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 State Farm, namely, June 18, 2014; and (2) the Complaint charges Cannizzaro with misconduct committed while he was registered or associated with a FINRA member and with failing to respond to FINRA requests for information during the two-year period after the date upon which Cannizzaro ceased to be registered with a FINRA member.

FACTS COMMON TO ALL CAUSES OF ACTION

8. During 2012 and 2013, Cannizzaro knew and understood that State Farm required its registered representatives to sell at least six mutual funds per year in order to maintain their registration with State Farm.

9. Cannizzaro sold six mutual funds in December of 2012; likewise, he sold another six mutual funds in December of 2013. For each mutual fund sold by Cannizzaro during 2012 and 2013, the customer invested a total of \$50.

10. Each year, Cannizzaro gave \$50 stipends to each of his State Farm team members, requesting that they purchase mutual funds through him in order for him to meet his sales goals. Two team members and two relatives purchased mutual funds in 2012.

11. Three of the mutual funds sold in 2012, and all six of the mutual funds sold in 2013, were paid for with funds from a bank account or credit card belonging to Cannizzaro.

FIRST CAUSE OF ACTION Affixing Customers' Signatures Violation of FINRA Rule 2010

12. The Department realleges and incorporates by reference paragraphs 1-11 above.

13. On or about December 11, 2012, Cannizzaro completed and signed customer SC's name on a State Farm Mutual Funds Roth or Traditional Roth Individual Retirement Account Application, allegedly at the customer's request.

14. On or about December 10, 2013, Cannizzaro completed and signed customer GG's name on a State Farm Mutual Funds Roth or Traditional Roth Individual Retirement Account Application, allegedly at the customer's request.

15. On or about December 12, 2013, Cannizzaro completed and signed customer AC's name on a State Farm Mutual Funds Roth or Traditional Roth Individual Retirement Account Application, allegedly at the customer's request.

16. On or about December 24, 2013, Cannizzaro completed and signed customer DM's name on a State Farm Mutual Funds Roth or Traditional Roth Individual Retirement Account Application, allegedly at the customer's request.

17. On or about December 24, 2013, Cannizzaro completed and signed customer SM's name on a State Farm Mutual Funds Roth or Traditional Roth Individual Retirement Account Application, allegedly at the customer's request.

18. On or about December 27, 2013, Cannizzaro completed and signed customer CU's name on a State Farm Mutual Funds Roth or Traditional Roth Individual Retirement Account Application, allegedly at the customer's request.

19. On or about December 27, 2013, Cannizzaro completed and signed customer AF's name on a State Farm Mutual Funds Roth or Traditional Roth Individual Retirement Account Application, allegedly at the customer's request.

20. Cannizzaro had no written authority to sign the customers' names to the applications, placed no notation on the applications to indicate that he had signed on his customers' behalves, and did not advise his firm that he was signing the applications for the customers.

21. In light of the foregoing, Cannizzaro violated FINRA Rule 2010.

SECOND CAUSE OF ACTION
False Documents
Violation of FINRA Rule 2010

22. The Department realleges and incorporates by reference paragraphs 1-21 above.

23. On or about December 11, 2012, Cannizzaro completed and signed customer AC's name on a State Farm Mutual Funds Roth or Traditional Roth Individual Retirement Account Application, allegedly at the customer's request.

24. On or about December 11, 2012, Cannizzaro completed and signed customer SC's name on a State Farm Mutual Funds Roth or Traditional Roth Individual Retirement Account Application, allegedly at the customer's request.

25. AC and SC were Cannizzaro's brother and sister-in-law, respectively.

26. On each of the mutual fund applications, Cannizzaro checked "No" to the question, "Are you a State Farm VP Management Corp. (SFVPMC) Registered State Farm Agent, Field Sales Associate (FSA), Zone Sales Associate Manager (ZSAM), Agency Field Consultant (AFC), Agency Field Executive (AFE), or a spouse, lineal ascendant, lineal descendant, lineal descendant's spouse, sibling or sibling's spouse of the foregoing?"

27. The mutual fund applications provided that, by checking "Yes" to the question above, the customer purchased institutional shares of the mutual fund at net asset value. In addition, checking "Yes" would have required that the customer sign an Institutional Share Class Eligibility or Purchase at Net Asset Value Form. Accordingly, by checking "No" to the question on the mutual fund applications, customers AC and SC purchased retail shares at the public offering price, instead of purchasing institutional shares at net asset value.

28. In light of the foregoing, Cannizzaro violated FINRA Rule 2010.

THIRD CAUSE OF ACTION
Unauthorized Trade
Violation of FINRA Rule 2010

29. The Department realleges and incorporates by reference paragraphs 1-28 above.

30. On or about December 12, 2013, Cannizzaro used funds from his bank account to purchase a mutual fund, LifePath 2050 Fund, for the securities account of customer AC, without the knowledge and authorization of AC, and without discretionary authority. The total amount invested in the mutual fund was \$50.

31. In light of the foregoing, Cannizzaro violated FINRA Rule 2010.

**FOURTH CAUSE OF ACTION
Failure to Respond
Violation of FINRA Rules 8210 and 2010**

32. The Department realleges and incorporates by reference paragraphs 1-31 above.

33. On September 30, 2014, FINRA staff sent to Cannizzaro a request that he provide certain information, pursuant to and in accordance with the provisions of FINRA Rule 8210. In the letter, Cannizzaro was reminded of his testimony during a prior on-the-record interview with FINRA staff, namely, that during 2011, 2012 and 2013, he had customers pay him for the purchases of mutual funds, that he would deposit the customer funds into his bank account ending in 8876 at TCF National Bank, and that he would then have the funds automatically withdrawn from his account to pay for the purchase of mutual funds on behalf of those customers. FINRA, therefore, requested that Cannizzaro provide his TCF National Bank account statements for the years 2011, 2012, and 2013 and identify on the statements the funds deposited by Cannizzaro's customers and the payments made from the TCF account to pay for the nine mutual funds. The request for information was sent by first class mail and by certified mail, return receipt requested, to an address that was both Cannizzaro's last known address and Cannizzaro's address of record as contained in the records of the Central Registration Depository ("CRD address"). The first class mailing was not returned. A certified mail receipt was returned to FINRA on October 14, 2014, indicating that someone with the last name of Cannizzaro had signed for the letter. USPS records evidence that the certified mailing was received and signed for on October 2, 2014.

34. On or about October 14, 2014, FINRA staff sent to Cannizzaro a second request that he provide information, pursuant to and in accordance with the provisions of FINRA Rule 8210. The contents of this request were identical to the request sent by FINRA staff to

Cannizzaro on September 30, 2014. The second request for information was sent by first class mail and by certified mail, return receipt requested, to an address that was both Cannizzaro's last known address and his CRD address. The first class mailing was not returned. A certified mail receipt was returned to FINRA on October 21, 2014, indicating that someone with the last name of Cannizzaro signed for the letter. USPS records evidence that the certified mailing was received and signed for on October 18, 2014.

35. On or about May 2, 2016, FINRA staff sent to Cannizzaro a third request that he provide information, pursuant to and in accordance with the provisions of FINRA Rule 8210. The contents of this request were identical to the requests sent by FINRA staff to Cannizzaro on September 30, 2014 and on October 14, 2014. The third request for information was sent by first class mail and by certified mail, return receipt requested, to an address that was both Cannizzaro's last known address and his CRD address. The first class mailing was not returned. A certified mail receipt was returned to FINRA on May 6, 2016, indicating that someone with the last name of Cannizzaro signed for the letter.

36. To date, Cannizzaro has failed to respond to the requests for information described above, and the dates for responding to these requests have passed.

37. In light of the foregoing, Cannizzaro violated FINRA Rules 8210 and 2010.

RELIEF REQUESTED

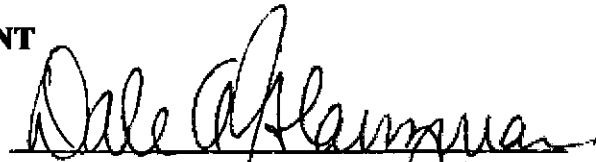
WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent 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;

- 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: June 9, 2016



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