

**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

Hearing Officer: DRS

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: October 10, 2016

INTRODUCTION

Disciplinary Proceeding No. 2014041637701 was filed on June 10, 2016, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Samuel Philip-James Cannizzaro ("Cannizzaro") submitted an Offer of Settlement (Offer) to Complainant dated September 27, 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

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. Cannizzaro is not currently associated with a FINRA-registered firm.

FINDINGS AND CONCLUSIONS

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

SUMMARY

1. Cannizzaro was the owner of an independent insurance agency affiliated with 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.

FACTS

Facts Common To All Causes Of Action

6. 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.

7. 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.

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

9. 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.

**Affixing Customers' Signatures
Violation of FINRA Rule 2010**

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. 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.

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

False Documents
Violation of FINRA Rule 2010

19. 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.

20. 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.

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

22. 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?"

23. 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.

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

**Unauthorized Trade
Violation of FINRA Rule 2010**

25. 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.

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

**Failure to Respond
Violation of FINRA Rules 8210 and 2010**

27. 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.

28. 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.

29. 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.

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

31. In light of the foregoing, Cannizzaro violated FINRA Rules 8210 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.

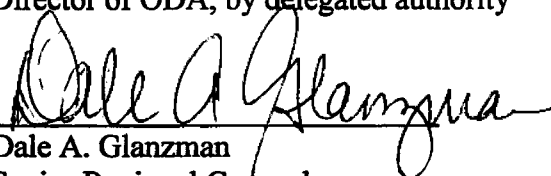
SANCTIONS

It is ordered that Respondent be barred from association with any member of FINRA in any capacity. 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 Order.

SO ORDERED.

FINRA

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

A handwritten signature in black ink, appearing to read "Dale A. Glanzman", is written over a horizontal line.

Dale A. Glanzman
Senior Regional Counsel
FINRA Department of Enforcement
55 W. Monroe Street, Suite 2700
Chicago, IL 60603
(312)899-4312; Fax (312)899-4600
Dale.Glanzman@finra.org