

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014043075801**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Anthony M. Lanza, Respondent
General Securities Representative
CRD No. 1581644

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, without admitting or denying the findings, 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, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Respondent Anthony M. Lanza entered the securities industry in 1988. He joined Citigroup Global Markets, Inc. in July 1993, and joined Morgan Stanley Smith Barney in June 2009 when Citigroup Global Markets and Morgan Stanley's Global Wealth Management Group combined to form Morgan Stanley Smith Barney LLC (MSSB). His registration with MSSB was terminated on November 7, 2014 for the conduct discussed herein. Lanza held Registered Commodity Representative (Series 3), General Securities Representative (Series 7), and State Agent (Series 63) licenses. He worked in the Manhattan Beach, California office of MSSB during the period discussed herein. Lanza has no prior disciplinary history.

Although Lanza 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 this AWC (1) is being issued within two years after the date upon which he ceased to be registered with a FINRA member, namely November 7, 2014, and (2) charges him with conduct committed while he was registered with a FINRA member.

OVERVIEW

Between November 2009 and May 2014, Lanza allowed a former MSSB customer ("Customer A") – who had been banned from doing business with the firm – to continue trading through MSSB using accounts held in the name of an entity owned by Customer A's relatives. Lanza accepted third-party instructions from Customer A without documenting Customer A's trading authorization in MSSB's books and records (which would have alerted the firm to the Customer A's circumvention of the firm's trading ban against him). Lanza also improperly certified that no one other than the owners of the entity had authorization to place trades in the accounts and listed a person other than Customer A as the referral source for those accounts.

By reason of the foregoing, Lanza violated FINRA Rule 2010, NASD Rule 3110(c), and FINRA Rule 4512(a).

FACTS AND VIOLATIVE CONDUCT

Customer A had held accounts with Lanza since approximately 2005. He had generally used these accounts to get access to syndicate business, which meant having access to initial public offerings and secondary offerings. He was a very active customer, making approximately 1,000 trades per year through Lanza and investing millions of dollars. Customer A's accounts were among Lanza's most profitable accounts.

Prior to October 2009, MSSB received information alleging that Customer A was opening accounts on behalf of an undisclosed entity in order to obtain initial public offering shares. In response to this information, MSSB put Customer A on a list of individuals and entities that were prohibited from doing business with the firm because of their potential connection to illicit activity. All new accounts, outgoing wires, and third-party checks were screened against this list, and all registered representatives and managers were informed about the list and the screening requirements. The firm in particular told Lanza that Customer A's account was being put on the list and being closed.

Shortly thereafter, Customer A asked Lanza to open accounts for his sister-in-law, and Lanza agreed to do so. In November 2009, Lanza opened two accounts in the name of an entity, SCI, which was owned by Customer A's sister-in-law and brother-in-law. Lanza knew that these accounts were being opened in response to the firm's refusal to do business with Customer A. Lanza (with the permission of one of the owners of SCI) thereafter allowed Customer A to place orders in the accounts, and communicated almost entirely with Customer A about the SCI accounts. Contrary to MSSB policies and procedures, Lanza failed to obtain or file any written documentation for Customer A's trading authority in the SCI accounts.

In addition to allowing Customer A to resume trading through the firm after the firm had shut down his accounts and banned Customer A as a customer, Lanza provided inaccurate information on the account documentation for the SCI accounts. MSSB required that registered representatives complete enhanced due diligence (EDD) questionnaires for accounts owned by entities. Instead of accurately identifying Customer A on the EDD questionnaires as the referral source for the SCI accounts, Lanza caused the new account documents to identify a person other than Customer A as the source of the referral. In addition, Lanza improperly certified on the EDD questionnaire that no one other than the named owners of SCI had authority to trade the accounts. Lanza also failed to comply with MSSB's requirement that third-party trading authorizations be in writing.

The accounts held in the name of SCI conducted business from December 2009 until May 2014, during which time they purchased approximately \$85 million in securities and generated more than \$222,500 in commissions for Lanza and his group.

Resulting Violations

Lanza engaged in unethical behavior by concealing Customer A's control over the SCI accounts. Knowing that Customer A was prohibited from doing business at his firm, Lanza opened accounts through which Customer A was able to continue to have access to public offerings. He misled the firm by withholding the fact that Customer A was controlling trading in the accounts, and by submitting inaccurate entries in the EDD system as to Customer A's control over the SCI accounts and the referral source for them. This violated FINRA Rule 2010.

Lanza also violated NASD Rule 3110(c) and FINRA Rule 4512(a), the books and records rules. NASD Rule 3110(c)(1)(D), in effect at the time the SCI accounts were opened, required firms to maintain information as to the names of any person authorized to transact business on behalf of any customer that was a corporation, partnership, or other legal entity.¹ Lanza caused MSSB's books and records to be inaccurate by failing to provide this information, and by providing inaccurate information on the EDD forms as to Customer A's authority to place transactions in the accounts and as to the referral source of the SCI accounts.

* * *

By virtue of the foregoing, Lanza violated NASD Rule 3110(c) and FINRA Rules 2010 and 4512(a).

¹ NASD Rule 3110(c) was superseded by FINRA Rule 4512(a) on December 15, 2011.

B. I also consent to the imposition of the following sanctions:

- 1. an 18-month suspension from association with any FINRA member firm in all capacities; and**
- 2. a \$20,000 fine.**

The sanctions imposed herein shall be effective on a date set by FINRA staff.

The fine shall be due and payable either immediately upon reassociation with a member firm following the 18-month suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

I understand that if I am suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the suspension (see FINRA Rules 8310 and 8311).

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;**
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;**
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and**
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.**

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's

participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the *ex parte* prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144 in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

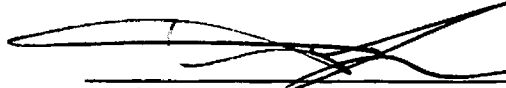
I understand that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

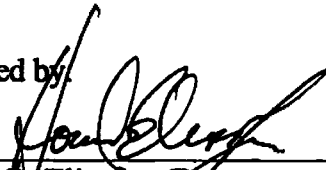
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

6/21/16
Date


Anthony M. Lanza
Respondent

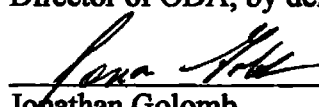
Reviewed by:

 6/24/16
Howard R. Elisofon, Esq.
Counsel for Respondent
Herrick Feinstein
Two Park Avenue
New York, NY 10016
(212) 592-1437

Accepted by FINRA:

July 18, 2016
Date

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


Jonathan Golomb
Senior Special Counsel
FINRA Department of Enforcement
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Rockville, MD 20832