

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

CHRISTOPHER FREDERIC VEALE
CRD No. 2536489,

Respondent.

Disciplinary Proceeding
No. 2015044099801

Hearing Officer – DRS

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: August 18, 2015

INTRODUCTION

Disciplinary Proceeding No. 2015044099801 was filed on April 29, 2015, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Christopher Frederic Veale submitted an Offer of Settlement (Offer) to Complainant dated July 29, 2015. 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

In August 1994, Veale first became registered with FINRA as a General Securities Representative (GSR) through an association with a FINRA member firm. He became registered with FINRA as a General Securities Principal (GSP) in December 2002. Between 1994 and 2013, Veale has been registered with FINRA through an association with 17 different firms. In May 2013, Veale became registered with FINRA as a GSR and GSP through an association with Legend Securities, Inc. (BD No. 34171) (Legend or the Firm). Veale remained at Legend until February 20, 2015, when the Firm filed a Uniform Termination Notice for Securities Industry Registration (Form U5). Veale is not currently associated with any FINRA-regulated entity.

Although Respondent is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction 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 Veale's registration with Legend, namely February 20, 2015, and (2) the Complaint charged him with failing to respond to FINRA requests for information and failing to appear for on-the-record testimony during the two-year period after the date upon which he ceased to be registered with a FINRA member.

Veale has disciplinary history. On December 22, 2004, FINRA accepted an AWC from Veale containing findings that Veale engaged in a pattern of trading activity in the accounts of two customers that was excessive in light of the customers' objectives, financial situation, and

needs, in violation of NASD Conduct Rules 2310 and 2110. Veale was suspended from associating with any FINRA member firm in any capacity for 45 calendar days and fined \$10,000. Veale was also ordered to pay restitution in the amount of \$36,696.48.

FINDINGS AND CONCLUSIONS

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

SUMMARY

1. In March 2015, in connection with an examination concerning potential violations of FINRA's rules by Respondent Christopher Frederic Veale ("Veale"), FINRA sent Veale letters requesting, pursuant to FINRA Rule 8210, that he provide written information and documents and on-the-record testimony. Veale refused to provide the documents, information, and testimony requested by FINRA. On April 29, 2015, FINRA filed and served a Complaint alleging that Veale's refusal violated FINRA Rules 8210 and 2010. After FINRA filed the Complaint, however, Veale belatedly provided on-the-record testimony on May 27, 2015 and belatedly provided documents and information that had been requested prior to the filing of the Complaint on June 25, 2015 and June 30, 2015. Veale failed to timely respond to FINRA's requests for documents, information, and testimony. As a result, Veale violated FINRA Rules 8210 and 2010.
2. In the period September 2012 through February 2015, while Veale was registered with FINRA through various member firms, Veale learned about four tax liens filed against him, which totaled approximately \$730,000. Veale, however, willfully failed to amend his Uniform Application for Securities Industry Registration or Transfer

("Form U4") to disclose those four tax liens. By such conduct, Veale violated Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010.

RESPONDENT AND JURISDICTION

3. Veale first became registered with FINRA through former member firm Stratton Oakmont Inc. (BN No. 18692) as a General Securities Representative ("GSR") in August 1994, where he remained until December 1996. Between 1994 and 2015, Veale worked at 18 member firms including former member firms HJ Meyers & Co., Inc. (BD No. 15609), Sands Brothers & Co. (BD No. 26816), S.W. Bach & Co. (BD No. 43522), New York Global Securities, Inc. (BD No. 46429), Great Eastern Securities Inc. (BD No. 2061), and John Thomas Financial (BD No. 40982). Veale first became registered with FINRA as a General Securities Principal ("GSP") in 2002 and held that license at each firm he was associated with from that time forward. Between June and November 2012, Veale was registered with FINRA as a GSR and GSP through an association with Blackwall Capital Markets, Inc. (BD No. 144403) (n/k/a PHX Financial, Inc.) ("Blackwall"). Between November 2012 and March 2013, Veale was registered with FINRA as a GSR and GSP through an association with Meyers Associates (BD No. 34171). Between April and May 2013, Veale was registered with FINRA as a GSR and GSP through an association with JTF. In May 2013, Veale joined Legend Securities, Inc. (BD No. 44952) ("Legend") as a GSR and GSP. He remained at Legend until February 20, 2015, the date that Legend filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") with FINRA, disclosing that Veale's employment was terminated voluntarily as of that date.

4. Although Veale 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 Veale's registration with Legend, namely, February 20, 2015; and (2) the Complaint charged him with failing to respond to FINRA requests for information and failing to appear for on-the-record testimony during the two-year period after the date upon which he ceased to be registered with a FINRA member.

FACTS

5. In January 2015, FINRA's Member Regulation Department began an investigation of Veale. That examination was focused on a review of Veale's outside securities accounts, outside business activities, and potential sales practice concerns in Veale's customer accounts, among other matters. The examination also focused on Veale's potential violation of FINRA rules with respect to requirements to disclose certain outstanding liens and judgments on his Form U4.
6. At the time FINRA began the examination, Veale was registered with FINRA and associated with Legend. FINRA's Member Regulation Department discovered that Veale also was currently working for a company called Legend Advance Funding ("LAF"). Veale's employment with LAF was not disclosed on his Form U4. According to LAF's current website, its business consists of making Merchant Cash Advances to small to mid-size businesses.
7. On February 20, 2015, shortly after FINRA learned that Veale was working for LAF, Veale resigned from Legend.

**FACTS COMMON TO THE FIRST
AND SECOND CAUSES OF ACTION**

**Veale Failed To Cooperate with FINRA's Examination by Failing
To Timely Respond to Requests for Documents, Information, and Testimony**

The Requests for Documents and Information

8. On March 11, 2015, FINRA sent Veale a letter, pursuant to FINRA Rule 8210 (the "First Request"). The First Request sought written information and documents concerning Veale's undisclosed employment with LAF, other outside business activities that Veale was engaged in, and several unsatisfied judgments and liens against Veale.
9. The First Request was sent by certified and first-class mail to Veale and by e-mail to an address provided by Veale. The First Request required Veale's response on or before March 17, 2015.
10. On March 16, 2015, Veale requested (by telephone) an extension to respond to the First Request. FINRA consented to his request and Veale confirmed, by e-mail sent at 4:13 p.m. on March 16, 2015, that the original due date of March 17, 2015 had been extended to March 20, 2015.
11. As of March 23, 2015, Veale failed to respond to the First Request. Accordingly, on March 24, 2015, FINRA sent Veale a letter, pursuant to FINRA Rule 8210 (the "Second Request"), requesting that he provide the documents and information originally requested in the First Request.
12. The Second Request was sent by certified and first-class mail to the address provided by Veale. A response to the Second Request was due on or before March 31, 2015.

13. Veale failed to timely respond to the First or Second Request.

The Request for On-the-Record Testimony

14. On March 13, 2015, FINRA sent a request to Veale to appear on March 25, 2015 for on-the-record testimony ("OTR") concerning the subject matter of the examination pursuant to FINRA Rule 8210 (the "OTR Request").

15. The OTR Request was sent to Veale by certified and first-class mail and by e-mail to the address provided by Veale. In an e-mail sent on March 18, 2015 at 4:08 p.m., Veale acknowledged receiving the OTR Request and confirmed his appearance on March 25, 2015 "as requested in FINRA's March 13, 2015 request letter."

16. Veale failed to timely appear for his OTR.

Veale's Refusal To Timely Provide Written Information, Documents, and Testimony

17. On the morning of March 25, 2015, the day he had agreed to appear for an OTR, Veale sent FINRA an e-mail stating that he would not respond to the Second Request or appear for his OTR as called for in the OTR Request.

18. On March 25, 2015, FINRA staff called Veale concerning his e-mail. Veale confirmed that he would not comply with the OTR Request and that he would not respond to the First and Second Requests.

19. On March 27, 2015, FINRA staff contacted Veale again. Veale again stated that he would not comply with the OTR Request and that he would not respond to the First and Second Requests.

20. Veale's refusal to respond to the outstanding Rule 8210 requests impeded FINRA's ability to complete its examination.

After FINRA Filed a Complaint Against Veale, Veale Belatedly Provided the Documents, Information, and Testimony

21. On April 29, 2015, FINRA filed and served on Veale the Complaint, which alleged that Veale failed to produce documents and information in response to the First and Second Requests and failed to provide testimony in response to the OTR Request, in violation of FINRA Rules 8210 and 2010.

22. On April 29, 2015, Veale communicated to FINRA staff that, despite his earlier refusal, he would now produce the documents and information requested in the First and Second Requests and would also provide testimony in response to the OTR Request.

23. On May 6, 2015, FINRA sent Veale a letter, pursuant to FINRA Rule 8210 (the "Post-Complaint Request"), requesting that he produce documents and information originally requested in the First and Second Requests and that he appear for an OTR concerning the subject matter of the examination.

24. The Post-Complaint Request was sent by certified and first-class mail to Veale and by e-mail to an address provided by Veale.

25. On May 6, 2015, FINRA filed and served on Veale a Notice of Issuance of Post-Complaint Rule 8210 Requests, which requested production of documents and information by May 13, 2015 and requested that Veale appear on May 27, 2015 for an OTR.

26. On May 27, 2015, Veale appeared and gave OTR testimony in response to the Post-Complaint Request.
27. On June 1, 2015, Veale answered the Complaint.
28. Although Veale had informed FINRA staff by May 13, 2015 that he did not believe he had documents or information responsive to the Post-Complaint Request, after his OTR testimony, Veale located such documents and information and made productions on June 25, 2015 and June 30, 2015.

FIRST CAUSE OF ACTION

(Failure To Timely Produce Documents and Information (FINRA Rules 8210 and 2010))

29. The Department realleges and incorporates by reference paragraphs 1 through 28 above.
30. FINRA Rule 8210 provides that for the purposes of an investigation FINRA staff shall have the right to require a person subject to FINRA's jurisdiction to provide information or testimony "with respect to any matter involved in the investigation, complaint, examination, or proceeding," as well as obtain copies of "the books, records, and accounts" of such person with respect to "any matter" involved in the investigation, complaint, examination, or proceeding. Pursuant to FINRA Rule 8210(c), no person "shall fail to provide information or testimony or to permit an inspection and copying of books, records, or accounts pursuant to this Rule."
31. As set forth above, Veale failed to timely produce the documents and information responsive to FINRA's First and Second Requests and only produced such documents and information after the filing of the Complaint in this matter.

32. As a result of such conduct, Veale violated FINRA Rules 8210 and 2010.

SECOND CAUSE OF ACTION

(Failure To Timely Appear for Investigative Testimony (FINRA Rules 8210 and 2010))

33. The Department realleges and incorporates by reference paragraphs 1 through 32 above.

34. As set forth above, Veale failed to timely comply with the OTR Request and only appeared for his OTR and gave testimony after the filing of the Complaint in this matter.

35. As a result of such conduct, Veale violated FINRA Rules 8210 and 2010.

THIRD CAUSE OF ACTION

(Willful Failure To Amend Form U4 (Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010))

36. The Department realleges and incorporates by reference paragraphs 1 through 35 above.

37. All applicants for registration with FINRA must complete and sign a Form U4.

Pursuant to Article V, Section 2(c) of FINRA's By-Laws, every such application filed with FINRA shall be kept current at all times by supplementary amendments. Such amendments shall be filed with FINRA not later than 30 days after learning of the facts or circumstances giving rise to the amendment.

The New York State Lien Totaling \$27,969.69

38. On or about September 10, 2012, at a time when Veale was registered with FINRA through an association with Blackwall, a Warrant concerning taxes due totaling

\$27,979.69 was filed against Veale by the New York State Department of Taxation and Finance (the "First Lien").

39. Veale learned of the existence of the First Lien on or about the date when it was filed against him.

40. Veale failed to update his Form U4 at Blackwall (where he remained employed until November 29, 2012) to report the First Lien.

41. Specifically, within 30 days of the First Lien (or no later than October 10, 2012), Veale should have disclosed the First Lien on his Form U4 in response to Form U4 Question 14M, which asks, "Do you have any unsatisfied judgments or liens against you?"

42. Indeed, Veale's Form U4 was not updated to disclose the First Lien until September 10, 2013, after FINRA brought the First Lien to the attention of his employing firm. Thus, the First Lien was not disclosed until approximately one year after Veale learned of it.

The Federal Lien Totaling \$503,008.62

43. On or about June 17, 2013, at a time when Veale was registered with FINRA through an association with Legend, a Notice of Federal Tax Lien in the total amount of \$503,008.62 was filed against Veale by the Internal Revenue Service ("IRS") (the "Second Lien"). The lien notice specified that the Second Lien covered tax periods ending December 31 for the years 2006, 2009, 2010, and 2011.

44. Veale learned of the existence of the Second Lien on or about the date when it was filed against him.

45. Specifically, within 30 days of the Second Lien (or no later than July 17, 2013), Veale should have disclosed the Second Lien on his Form U4 in response to Form U4 Question 14M, which asks, "Do you have any unsatisfied judgments or liens against you?"

46. Indeed, Veale's Form U4 was not updated to disclose the Second Lien until September 10, 2013, after FINRA brought the Second Lien to the attention of his employing firm. Thus, the Second Lien was not disclosed until almost three months after Veale learned of it.

The Federal Tax Lien Totaling \$189,377.04

47. On or about May 15, 2014, at a time when Veale was registered with FINRA through an association with Legend, a Notice of Federal Tax Lien in the total amount of \$189,377.04 was filed against Veale by the IRS (the "Third Lien"). The lien notice specified that the Third Lien covered tax periods ending December 31 for the years 2002, 2003, 2004, 2007, 2008, and 2012.

48. Veale learned of the existence of the Third Lien on or about the date when it was filed against him.

49. Veale failed to update his Form U4 at Legend (where he remained employed until February 20, 2015) to report the Third Lien.

50. Specifically, within 30 days of the Third Lien (or no later than June 14, 2014), Veale should have disclosed the Third Lien on his Form U4 in response to Form U4 Question 14M, which asks, "Do you have any unsatisfied judgments or liens against you?"

51. While Veale answered "Yes" to Form U4 Question 14M on an October 20, 2014, Form U4 amendment, Veale only disclosed information about other liens against him and did not disclose information regarding the Third Lien.

52. To date, Veale has not updated his Form U4 to report the Third Lien.

The Federal Tax Lien Totalling \$21,002.18

53. On or about December 31, 2014, at a time when Veale was registered with FINRA through an association with Legend, a Notice of Federal Tax Lien in the total amount of \$21,002.18 was filed against Veale by the IRS (the "Fourth Lien"). The lien notice specified that the Fourth Lien covered the tax period ending December 31, 2013.

54. Veale learned of the existence of the Fourth Lien on or about the date when it was filed against him.

55. Veale failed to update his Form U4 at Legend (where he remained employed until February 20, 2015) to report the Fourth Lien.

56. Specifically, within 30 days of the Fourth Lien (or no later than January 30, 2015), Veale should have disclosed the Fourth Lien on his Form U4 in response to Form U4 Question 14M, which asks, "Do you have any unsatisfied judgments or liens against you?"

57. To date, Veale has not updated his Form U4 to report the Fourth Lien.

58. Veale willfully failed to amend his Form U4 to disclose the First, Second, Third, or Fourth Liens.

59. By reason of the foregoing, Veale violated Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010.

Based on the foregoing, Respondent's: (1) failure to timely respond to FINRA's requests for documents, information, and testimony violated FINRA Rules 8210 and 2010; and (2) willful failure to amend his Form U4 to disclose the First, Second, Third, and Fourth Liens violated Article V, Section 2(c) of FINRA's By-Laws and 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 censured, suspended from associating with any FINRA member in any capacity for a period of 12 months, and fined \$5,000.

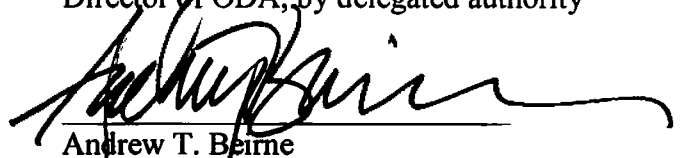
The fine shall be due and payable either immediately upon reassociation with a member firm following the 12-month suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

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

SO ORDERED.

FINRA

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

A handwritten signature in black ink, appearing to read "Andrew T. Beirne", is written over a horizontal line.

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