

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Gerard Chandler Gremillion
(CRD No. 1816351),

Respondent.

DISCIPLINARY PROCEEDING
No. 2015044600801

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. In April 2006 and July 2010, the United States Internal Revenue Service (“IRS”) filed federal tax liens against Respondent Gerard Chandler Gremillion (hereinafter “Gremillion” or “Respondent”), during which time Gremillion was associated with FINRA member firm ProFinancial, Inc. (“ProFinancial” or the “Firm”). Gremillion willfully failed to amend his Form U4 (Uniform Application for Securities Industry Registration or Transfer) to report the federal tax lien filed against him in April 2006, which pertained to \$182,334.91 in unpaid taxes for tax years 1997, 1998, and 2002, and the federal tax lien filed against him in July 2010, which pertained to \$41,663.43 in unpaid taxes for tax years 2005 and 2006. In addition, while associated with ProFinancial, Gremillion willfully failed to amend his Form U4 to report his filing of a petition for bankruptcy on June 28, 2012 and willfully failed to amend his Form U4 to report a state-court judgment that was issued against him in the amount of \$27,833.20 on March

5, 2013. By virtue of that conduct, Gremillion violated Article V, Section 2(c) of the NASD By-Laws (for conduct before July 30, 2007); Article V, Section 2(c) of the FINRA By-Laws (for conduct after July 29, 2007); NASD Conduct Rule 2110 (for conduct before December 15, 2008); NASD Membership and Registration IM-1000-1 (for conduct before August 17, 2009); and FINRA Rules 2010 (for conduct after December 14, 2008) and 1122 (for conduct after August 16, 2009).

RESPONDENT AND JURISDICTION

2. Gremillion first entered the securities industry in June 1988 as a General Securities Representative.

3. Gremillion was associated with FINRA member ProFinancial from May 16, 2000 to March 25, 2001 and from April 20, 2004 to August 20, 2015.

4. On August 21, 2015, ProFinancial filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") stating that Gremillion was discharged due to "lack of production" and for having "significant debts."

5. Gremillion is not currently associated with a FINRA member; however, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because: (i) the Complaint was filed within two years after the effective date of termination of Respondent's registration with ProFinancial, namely, August 21, 2015, and (ii) the Complaint charges Gremillion with misconduct committed while he was associated with a FINRA member.

BACKGROUND AND FACTS

Gremillion Willfully Failed to Update His Form U4 to Disclose Multiple Tax Liens.

6. On April 30, 2004, Gremillion submitted a Form U4 to become registered through ProFinancial.

7. In the Form U4 application, Gremillion answered “yes” to Disclosure Question 14M, which asked: “Do you have any unsatisfied judgements or liens against you?”

8. In connection with that affirmative response, Gremillion completed a Judgement/Lien Disclosure Reporting Page (“DRP”), in which he represented that the IRS had filed a lien against him for unpaid taxes for tax years 1995 and 1996.

9. On March 24, 2006, the IRS issued a “Notice of Federal Tax Lien” addressed to Gremillion at his work address, 7902 Wrenwood Boulevard, Suite D, Baton Rouge, Louisiana 70809, for unpaid taxes in the amount of \$182,334.91, for tax years 1997, 1998 and 2002 (hereinafter, “Tax Lien One”).

10. Tax Lien One was filed and recorded with the Clerk of Court for the Parish of East Baton Rouge on Wednesday, April 12, 2006.

11. Pursuant to 26 U.S.C. § 6320(a)(1) and (2), the IRS was required to serve notice of the lien on the debtor, Gremillion, within five business days of filing the lien.

12. Gremillion received notice of Tax Lien One on or about April 19, 2006.

13. Tax Lien One remained unsatisfied from April 12, 2006 through May 21, 2015.

14. Gremillion did not update his Form U4 to disclose Tax Lien One within 30 days of his receipt of notice of the lien or at any time during his employment with ProFinancial.

15. On November 13, 2009, Gremillion submitted a Form U4 amendment in which he disclosed other tax liens but not Tax Lien One.

16. On July 6, 2010, the IRS issued a “Notice of Federal Tax Lien” addressed to Gremillion at his work address, 7902 Wrenwood Boulevard, Suite D, Baton Rouge, Louisiana 70809, for unpaid taxes in the amount of \$41,663.43, for tax years 2005 and 2006 (hereinafter, “Tax Lien Two”).

17. Tax Lien Two was filed and recorded with the Clerk of Court for the Parish of East Baton Rouge on Friday, July 16, 2010.

18. Pursuant to 26 U.S.C. § 6320(a)(1) and (2), the IRS was required to serve notice of the lien on the debtor, Gremillion, within five business days of filing the lien.

19. Gremillion received notice of Tax Lien Two on or about July 23, 2010.

20. Tax Lien Two remained unsatisfied from July 16, 2010 through at least August 21, 2015.

21. Gremillion did not update his Form U4 to disclose Tax Lien Two within 30 days of his receipt of notice of the lien or at any time during his employment with ProFinancial.

Gremillion Willfully Failed to Update His Form U4 to Disclose the His Filing of a Bankruptcy Petition and an Unsatisfied Judgment.

22. On March 2, 2011, FINRA member UBS Financial Services, Inc. (“UBS”) filed a Statement of Claim with FINRA Dispute Resolution alleging that Gremillion — who had been associated with UBS from October 1992 through August 1994 — had failed to repay UBS the outstanding balance of two employee forgivable loans.

23. On January 10, 2012, the presiding arbitrator issued an award ordering Gremillion to pay UBS compensatory damages in the amount of \$43,317.72, representing the outstanding balance of the two loans, plus attorneys' fees and costs (hereinafter, "Arbitration Award").

24. After the Arbitration Award was issued, on June 28, 2012, Gremillion filed a Voluntary Petition under Chapter 11 with the U.S. Bankruptcy Court for the Middle District of Louisiana.

25. Gremillion did not update his Form U4 to disclose his filing of a petition for bankruptcy within 30 days of the filing or at any time during his employment with ProFinancial.

26. On July 2, 2012, Gremillion filed a Form U4 amendment in which he falsely answered "no" to Question 14K(1), which asked: "Within the past 10 years have you made a compromise with creditors, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition?"

27. On July 18, 2012, the U.S. Bankruptcy Court dismissed Gremillion's bankruptcy petition due to his failure to pay the required filing fee.

28. On August 23, 2012, Gremillion filed another Form U4 amendment in which he falsely answered "no" to Question 14K(1).

29. After the bankruptcy proceeding was dismissed, UBS filed an action in Louisiana state court to confirm the Arbitration Award. On March 4, 2013, the 19th Judicial District Court for the Parish of East Baton Rouge, State of Louisiana, issued a judgment confirming the Arbitration Award (hereinafter, "Judgment").

30. On March 5, 2013, the Clerk of Court for the Parish of East Baton Rouge mailed a copy of the Judgment to Gremillion at his home address ([REDACTED])

██████████) and work address (7902 Wrenwood Boulevard, Suite D, Baton Rouge, Louisiana 70809).

31. Gremillion received notice of the Judgment shortly thereafter in March 2013.

32. The Judgment remained unsatisfied from March 4, 2013 through at least August 21, 2015.

33. Gremillion did not update his Form U4 to disclose the Judgment within 30 days of his receipt of notice of the Judgment or at any time during his employment with ProFinancial.

FIRST CAUSE OF ACTION

**Willful Failure to Timely Disclose Material Information on Form U4
(Article V, Section 2(c) of the NASD By-Laws, Article V, Section 2(c) of the FINRA By-Laws,
NASD Conduct Rule 2110, NASD Membership and Registration IM-1000-1 and FINRA Rules
2010 and 1122)**

34. Article V, Section 2(c) of FINRA's By-Laws and its predecessor, Article V, Section 2(c) of NASD's By-Laws, require associated persons to keep their Form U4 "current at all times by supplementary amendments" and to amend Form U4 "not later than 30 days after learning of the facts or circumstances giving rise to the amendment."

35. NASD Membership and Registration IM-1000-1 provides: "The filing with the Association of information with respect to membership or registration as a Registered Representative which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or the failure to correct such filing after notice thereof, may be deemed to be conduct inconsistent with just and equitable principles of trade and when discovered may be sufficient case for appropriate disciplinary action."

36. FINRA Rule 1122, which superseded NASD IM-1000-1 effective August 17, 2009, provides: "No member or person associated with a member shall file with FINRA

information with respect to membership or registration which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or fail to correct such filing after notice thereof.”

37. A violation of Article V, Section 2(c) of NASD’s By-Laws; Article V, Section 2(c) of FINRA’s By-Laws; NASD IM-1000-1; or FINRA Rule 1122 is also a violation of NASD Conduct Rule 2110 and FINRA Rule 2010.

38. At all times relevant to this Complaint, Form U4 Disclosure Question 14M and its predecessor, Disclosure Question 23M, asked: “Do you have any unsatisfied judgments or liens against you?” If the answer was yes, the registered person was required to provide details about the unsatisfied judgment(s) or lien(s) in the applicable DRP.

39. At all times relevant to this Complaint, Form U4 Disclosure Question 14K(1) asked: “Within the past 10 years, have you made a compromise with creditors, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition?” If the answer was yes, the registered person was required to provide details about the unsatisfied judgment(s) or lien(s) in the applicable DRP.

40. Since at least April 30, 2004, Gremillion was aware that he was obligated to keep his Form U4 current at all times by supplementary amendments that must be filed within 30 days after learning of the facts or circumstances giving rise to the amendment.

41. Gremillion willfully failed to timely amend his Form U4 to disclose Tax Liens One and Two, the Judgment, and his filing of a petition for bankruptcy.

42. Unsatisfied tax liens, unsatisfied judgments, and bankruptcy petitions are material facts.

43. As a result of the foregoing conduct, Respondent Gremillion violated Article V, Section 2(c) of NASD's By-Laws (for the time period before July 30, 2007); Article V, Section 2(c) of FINRA's By-Laws (for the time period after July 29, 2007); NASD Conduct Rule 2110 (for the time period before December 15, 2008); FINRA Rule 2010 (for the time period after December 14, 2008); NASD IM-1000-1 (for the time period before August 17, 2009); and FINRA Rule 1122 (for the time period after August 16, 2009).

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; and
- D. make specific findings that Respondent's conduct as alleged in the First Cause of Action was willful; the omitted information was material; and, the omission to state material facts was on a Form U4 application.

FINRA DEPARTMENT OF ENFORCEMENT

Date: May 24, 2017



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