

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015045654001**

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

RE: Matthew P. Schulman, Respondent
CRD No. 3126179

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Matthew Schulman, ("Schulman"), 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

In 1998, Schulman first became registered with FINRA as a General Securities Representative. From June 2006 through May 2015, Schulman was registered in that capacity through Vandham Securities Corporation (CRD No. 26258) ("Vandham" or the "Firm")

On May 20, 2015, Vandham filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") terminating Schulman's registration with the Firm.

Schulman is not currently registered or associated with a FINRA member. However, pursuant to Article V, Section 4 of FINRA's By-Laws, FINRA retains jurisdiction over him.

RELEVANT DISCIPLINARY HISTORY

Schulman has no relevant formal disciplinary history with the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

OVERVIEW

Schulman engaged in a fraudulent trading scheme through which he effected bond trades between his personal brokerage account and Vandham's proprietary trading account at disproportionate prices that significantly favored him at the Firm's expense, resulting in illicit profits of approximately \$30,000. By this misconduct, Schulman willfully violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 promulgated thereunder, and violated FINRA Rules 2020 and 2010.

FACTS AND VIOLATIVE CONDUCT

From in or about December 2014 through in or about May 2015 (the "Relevant Period"), Schulman was a bond trader for Vandham and was authorized by the Firm to make bond trades in the Firm's proprietary account. In this capacity, Schulman had a duty to act for the Firm's benefit.

During the Relevant Period, Schulman maintained a personal brokerage account at Vandham. Vandham's procedures required that Schulman obtain prior approval for all trades in his personal brokerage account by submitting a "Pre-Approval Form for Personal Account Trades" listing the relevant trade details, including the quantity and price of the security transaction.

During the Relevant Period, Schulman effected approximately 23 bond transactions between his personal brokerage account and the Firm's proprietary account through which he caused the Firm to sell bonds from its proprietary account to his personal account, and then promptly thereafter, caused the Firm to repurchase the same bonds from his personal account at a higher price.

Schulman determined the bond prices for the trades and always provided himself with a disproportionate financial gain to the Firm's detriment, either requiring that the Firm sell bonds to his personal account at a substantial discount, or charging the Firm significantly more to purchase bonds from his personal account than what he had paid to buy the same bonds from the Firm's account.

The one-sided nature of these bond transactions is illustrated by the fact that in some instances, Schulman paid approximately 50% less to buy a bond from the Firm's proprietary account (versus what the Firm paid for the same security), and in some instances, Schulman charged the Firm 500% or more to buy a bond from his personal account (versus what Schulman paid to buy the same bond from the Firm).

Schulman's trading scheme resulted in a profit to Schulman of approximately \$30,000, and a corresponding loss to the Firm.

By reason of the foregoing, Schulman willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, and violated FINRA Rules 2020 and 2010.

- B. I also consent to the imposition of a bar from association with any FINRA member in any capacity.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article II, 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 bar or suspension (see FINRA Rules 8310 and 8311).

I understand that this settlement includes a finding that I willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and that under Article III, Section 4 of FINRA's By-Laws, this makes me subject to a statutory disqualification with respect to association with a member.

A bar or expulsion shall become effective upon approval or acceptance of this AWC.

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 General Counsel, 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:

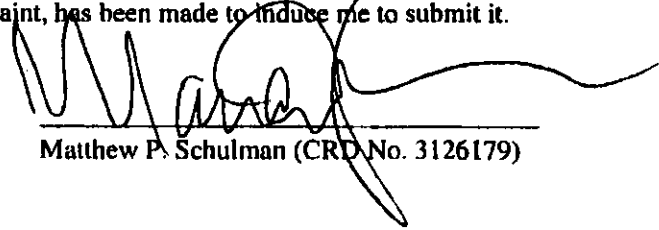
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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 response to public inquiries about my disciplinary record;
 - 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.

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.

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.

9/2/2015

Date (mm/dd/yyyy)



Matthew P. Schulman (CRD No. 3126179)

Reviewed by:



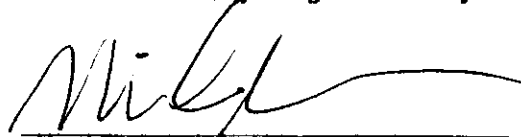
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Accepted by FINRA:

9/16/15

Date

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



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