

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015045720901**

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

RE: Abed Adam Darwish, Respondent
General Securities Representative
CRD No. 5313061

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Abed Darwish ("Darwish" or "Respondent") 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

Darwish entered the securities industry in 2007 when he became associated with a FINRA-regulated broker-dealer. Darwish holds the following securities licenses: Series 7 (May 2007); Series 24 (April 2010); and Series 66 (June 2009).

In November 2010, Darwish joined Key Investment Services, Inc. ("KIS" or the "Firm"), a FINRA-regulated broker-dealer, as a General Securities Representative ("GSR"), a General Securities Principal ("GSP"), and an Investment Advisor. In a Uniform Termination Notice for Securities Industry Registration ("Form U5") dated June 3, 2015, KIS reported the termination of Darwish's registration and association with the Firm.

From June 8 to June 11, 2015, Darwish was associated with another FINRA-regulated broker-dealer. Although Darwish is not currently associated with a FINRA-regulated broker-dealer, he remains subject to FINRA's jurisdiction, pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Darwish has no relevant disciplinary history in the securities industry.

OVERVIEW

In March 2013, Darwish violated FINRA Rule 2010 when he used the personal identification information of two customers of a bank affiliated with KIS (the "Bank"), without their knowledge and consent, to establish online access to a brokerage account held by the customers at another FINRA-regulated broker-dealer so that he could prepare alternate investment recommendations and convince the customers to transfer their account to the Firm.

In January 2015, Darwish had a Firm customer sign an incomplete change of beneficiary form and, thereafter, without the customer's knowledge and/or authorization, Darwish added his wife as a beneficiary to the customer's variable annuity, in violation of FINRA Rule 2010. In doing so, Darwish also violated FINRA Rules 4511 and 2010 by causing KIS to maintain inaccurate books and records in violation of Section 17(a) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 17a-3 thereunder.

During the Firm's investigation regarding the changes to the customer's beneficiaries, Darwish also made false statements to the Firm, in violation of FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Darwish's Use of Customers' Personal Identification Information

FINRA Rule 2010 provides that a "member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade." The impersonation of a customer in a business-related matter violates FINRA Rule 2010.

On March 8, 2013, Darwish visited the investor website of a third-party FINRA-regulated broker-dealer and, using the personal identification information of Bank customers JC and BC, established online access for the joint brokerage account JC and BC held at the third party broker-dealer. Darwish used the information he obtained to prepare alternate investment recommendations for JC and BC that might convince them to transfer their brokerage account to the Firm. As a registered representative of KIS, Darwish had access to JC and BC's personal banking information; however, neither JC nor BC authorized Darwish to establish online access for their third-party brokerage account.

By virtue of the foregoing conduct, Darwish violated FINRA Rule 2010.

Darwish Added His Wife as Beneficiary to a Firm Customer's Variable Annuity and Made False Statements to the Firm

In January 2015, Darwish had IS, a customer of the Firm, sign an incomplete change of beneficiary form for her variable annuity. Thereafter, without IS's knowledge and/or authorization, Darwish added his wife as a 50% primary beneficiary to IS's variable annuity. Approximately ten days later, when customer IS received notification from the

annuity company advising her of the addition of Darwish's wife as a beneficiary, IS immediately notified Darwish and requested that her husband be named as the sole beneficiary of the variable annuity. Darwish corrected customer IS's annuity beneficiary designations that day.

Shortly thereafter, the Firm received an anonymous complaint regarding Darwish's handling of IS's variable annuity. During the course of the Firm's investigation into the errors on customer IS's change-of-beneficiary form, Darwish made false statements to the Firm regarding the reason for, and events that led to the submission of, the change of beneficiary for IS's variable annuity. Among other things, Darwish stated that the changes to IS's variable annuity were the result of his determining that IS had not designated any contingent beneficiaries. That statement was false since, at the time of the proposed change, IS had already designated her husband's estate as the contingent beneficiary of her variable annuity.

By virtue of the foregoing, Darwish violated FINRA Rule 2010.

Darwish Caused KIS to Maintain False and Inaccurate Books and Records

FINRA Rule 4511 requires member firms to make and preserve books and records in conformity with Rules 17a-3 and 17a-4 of the Exchange Act. Rule 17a-3 requires firm's to preserve, among other things, records of instructions and/or modifications received in connection with the purchase and sale of securities, and the records must be accurate. A violation of FINRA Rule 4511 also constitutes a violation of FINRA Rule 2010.

Darwish had Firm customer IS sign an incomplete change-of-beneficiary form for her variable annuity and then (i) completed that form by adding an unauthorized and incorrect beneficiary, and (ii) submitted the false and inaccurate form to the annuity company. In doing so, Darwish caused the Firm to make and preserve a false and inaccurate record of IS's designated beneficiaries in violation of Section 17(a) of the Exchange Act and Rule 17a-3 promulgated thereunder. By virtue of the foregoing, Darwish violated FINRA Rules 4511 and 2010.

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

1. An 18-month suspension from associating with any FINRA member-firm in any capacity; and
2. A fine in the amount of \$7,500.

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 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 bar or suspension (*see* FINRA Rules 8310 and 8311).

The fine shall be due and payable either immediately upon reassociation with a member firm, 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(s) imposed in this matter.

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

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.

5/19/2017
Date (mm/dd/yyyy)


Abed Adam Darwish, Respondent

Reviewed by:

Mark Kowalsky, Esq.
Counsel for Respondent
Jaffe Raim Huen & Weiss, P.C.
2777 Franklin Road, Suite 2500
Southfield, MI 48034
Phone: 248-727-1468
Fax: 248-351-3082

Accepted by FINRA:

6/9/17
Date

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

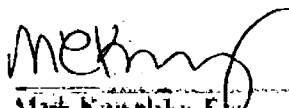

Richard Chin
Chief Counsel
FINRA Department of Enforcement
One Brookfield Place
200 Liberty Street, 11th Floor
New York, N.Y. 10281-1003

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Date (mm-dd-yyyy)

Abel Adam Darwish, Respondent

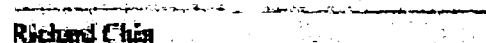
Reviewed by:


Mark Kowalsky, Esq.
Counsel for Respondent
Jaffe Rabin Hower & Weiss, P.C.
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Chief Counsel
FINRA Department of Enforcement
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