

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

FRED PERELMAN
(CRD No. 2866846),

Respondent.

Disciplinary Proceeding
No. 2015047104201

Hearing Officer–LOM

DEFAULT DECISION

March 29, 2016

Respondent is barred from associating with any FINRA member firm in any capacity for failing to provide information and documentation requested pursuant to FINRA Rule 8210.

Carolyn O’Leary, Esq., for FINRA’s Department of Enforcement.

No appearance by or on behalf of Fred Perelman, Respondent.

DECISION

I. Introduction

Fred Perelman was registered with member firm Avenir Financial Group, Inc. (“Avenir” or the “Firm”) as a General Securities Representative from November 2012 to November 5, 2013. The Complaint charges Perelman with failing to provide information and documentation in connection with a District 10 Member Regulation Department cycle examination of Avenir.

Perelman did not answer or otherwise respond to the Complaint. Accordingly, Enforcement filed a motion for entry of default decision (“Default Motion”) and counsel’s declaration (“Decl.”) in support of the motion with supporting exhibits. Respondent did not respond to the motion.

For the reasons set forth below, I find Respondent in default and grant Enforcement’s Default Motion.

II. Findings of Fact and Conclusions of Law

A. Respondent's Background

Perelman first became registered with a FINRA member firm in 2002.¹ From that time until November 2012, Perelman was associated with a dozen different FINRA member firms.² From November 2012 through November 5, 2013, Perelman was associated with Avenir as a General Securities Representative.³ Perelman has not been associated with a FINRA member since his registration was terminated on November 5, 2013.⁴

B. FINRA's Jurisdiction

FINRA retains jurisdiction over Respondent pursuant to Article V, Section 4(a) of FINRA's By-Laws. Enforcement filed the Complaint within two years after the effective date of termination of his FINRA registration, and the Complaint charges him with failing to respond to FINRA Rule 8210 requests for information and documentation during the two-year period after the termination of his registration.

C. Origin of the Investigation

This proceeding arose out of the 2015 cycle examination of Avenir by FINRA's District 10 Member Regulation Department.⁵ During the course of the examination, the Staff sent two requests for information and documentation to Perelman pursuant to FINRA Rule 8210.⁶ The first Rule 8210 request asked Perelman to complete a Personal Activity Questionnaire ("PAQ Request").⁷ The second Rule 8210 request asked him to provide information regarding six liens and judgments that had been filed against him but were not timely disclosed on his Uniform Application for Securities Industry Registration or Transfer ("Form U4 Request").⁸

¹ Decl. ¶ 4.

² Decl. ¶ 4.

³ Decl. ¶ 5.

⁴ Decl. ¶¶ 5-6. I have taken official notice of Perelman's record in the Central Registration Depository ("CRD"), which confirms that he was first registered as a General Securities Representative in 2002 and that his registration with FINRA terminated on November 5, 2013.

⁵ Complaint ("Compl.") ¶ 7.

⁶ Compl. ¶ 8.

⁷ *Id.*

⁸ *Id.*

D. Respondent's Default

On October 15, 2015, Enforcement served Perelman with the Notice of Complaint and Complaint by certified mail sent to his residential address, as recorded in the CRD (the "CRD Address").⁹

Perelman did not respond to the first Notice of Complaint. On November 19, 2015, Enforcement served the Second Notice of Complaint and Complaint on Perelman by certified mail at his CRD Address.¹⁰

Respondent did not file an answer or otherwise respond to the Complaint. Accordingly, the Hearing Officer finds that Respondent defaulted.¹¹

E. Respondent Failed To Provide Information and Documentation Requested Pursuant to FINRA Rule 8210

The Complaint alleges that Perelman did not provide information and documentation requested by FINRA pursuant to FINRA Rule 8210. FINRA Rule 8210(a)(1) requires that a person subject to FINRA's jurisdiction provide information orally, in writing, or electronically, with respect to any matter involved in an investigation, examination, or proceeding. FINRA Rule 8210(d) provides that notice shall be deemed received by a formerly registered person by mailing it to the last known residential address of the person as reflected in CRD. Rule 8210(d) further provides that, if FINRA staff is aware that a CRD Address is out of date or incorrect, FINRA staff shall mail or otherwise transmit a copy of its request to any other current address known to the staff.

For the reasons stated below, I find that Enforcement properly served Perelman three separate times with two series of information requests in compliance with the requirements of FINRA Rule 8210 and that Perelman failed to provide the information and documentation requested.

On July 1, 2015, the Staff sent Perelman the PAQ Request. The PAQ Request asked about Perelman's Avenir customers and his communications with them, his outside business activities, and his business practices during his registration with Avenir. The deadline to respond

⁹ Decl. ¶ 7; CX-1 and CX-2.

¹⁰ Decl. ¶ 11; CX-5 and CX-6.

¹¹ Respondent is notified that he may move to set aside the default pursuant to FINRA Rule 9269(c) upon a showing of good cause.

to the PAQ Request was July 14, 2015.¹² Enforcement sent the PAQ Request via certified mail to Perelman's CRD Address.¹³ Perelman did not respond to the PAQ Request.¹⁴

In a separate letter dated July 1, 2015, the Staff sent Perelman the Form U4 Request. The Form U4 Request asked that he provide information and documentation regarding six liens and judgments that had been filed against him and his disclosure of those liens and judgments to Avenir. The Form U4 Request asked about the status of the liens and judgments, whether they had been disclosed to Avenir, and the reasons why they were not disclosed on Perelman's Form U4. The deadline to provide the information and documentation was July 15, 2015.¹⁵ Enforcement sent the Form U4 Request via certified mail to Perelman's CRD Address.¹⁶ Perelman did not respond to it.¹⁷

On July 16, 2015, the Staff sent Perelman a second letter pursuant to FINRA Rule 8210 asking that he respond to the PAQ Request. The deadline to respond was July 24, 2015.¹⁸ Enforcement sent the second letter via certified mail to Perelman's CRD Address.¹⁹ Perelman did not respond to the PAQ Request.²⁰

Separately, on July 16, 2015, the Staff sent Perelman a second letter pursuant to FINRA Rule 8210 asking that he respond to the Form U4 Request. The deadline to respond was July 24, 2015.²¹ Enforcement sent the second letter via certified mail to Perelman's CRD Address.²² Perelman did not respond to the Form U4 Request.²³

On July 27, 2015, the Staff sent Perelman a third and final letter pursuant to FINRA Rule 8210 asking that he complete the PAQ Request. The deadline to respond to the request was

¹² Compl. ¶ 9.

¹³ *Id.* ¶ 11.

¹⁴ *Id.* ¶ 12.

¹⁵ *Id.* ¶ 21.

¹⁶ *Id.* ¶ 22.

¹⁷ *Id.* ¶ 23.

¹⁸ *Id.* ¶ 13.

¹⁹ *Id.* ¶ 14.

²⁰ *Id.* ¶ 15.

²¹ *Id.* ¶ 24.

²² *Id.* ¶ 25.

²³ *Id.* ¶ 26.

August 4, 2015.²⁴ Enforcement sent the letter via certified mail to Perelman's CRD Address.²⁵ Perelman did not respond to the PAQ Request.²⁶

Separately, on July 27, 2015, the Staff sent Perelman a third and final letter pursuant to FINRA Rule 8210 asking that he respond to the Form U4 Request. The deadline to respond was August 4, 2015.²⁷ Enforcement sent the letter via certified mail to Perelman's CRD Address.²⁸ Perelman did not respond to the Form U4 Request.²⁹

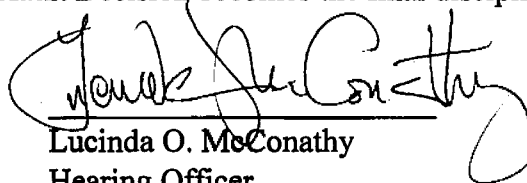
Perelman failed to provide any of the information and documentation sought by either the PAQ Request or the Form U4 Request. In failing to respond, Perelman violated FINRA Rule 8210.³⁰ A violation of Rule 8210 constitutes conduct inconsistent with just and equitable principles of trade and thereby violates Rule 2010.³¹

III. Sanctions

FINRA's Sanction Guidelines recommend that, if an individual did not respond in any manner to a FINRA Rule 8210 request, a bar in all capacities should be standard.³² The conduct under investigation was serious. Moreover, there are no mitigating factors present in this case. Thus, I conclude that the appropriate sanction is a bar in all capacities.

IV. Order

Respondent is barred from associating with any FINRA member firm in any capacity for failing to provide information and documentation requested pursuant to FINRA Rule 8210. The bar shall become effective immediately if this Default Decision becomes the final disciplinary action of FINRA.


Lucinda O. McConathy
Hearing Officer

²⁴ Compl. ¶ 16.

²⁵ *Id.* ¶ 17.

²⁶ *Id.* ¶ 18.

²⁷ *Id.* ¶ 27.

²⁸ *Id.* ¶ 28.

²⁹ *Id.* ¶ 29.

³⁰ See *Dep't of Enforcement v. Reichman*, No. 200801201960, 2011 FINRA Discip. LEXIS 18, at *28-29 (NAC July 21, 2011) (finding violation of FINRA Rules 8210 and 2110 by failing to appear for on-the-record testimony); *Joseph Ricupero*, Exchange Act Release No. 62891, 2010 SEC LEXIS 2988, at *9-13 (Sept. 10, 2010) (finding violation of FINRA Rules 8210 and 2110 by failing to respond to several requests for information).

³¹ See *CMG Inst. Trading, LLC*, Exchange Act Release No. 59325, 2009 SEC LEXIS 215, at *30 (Jan. 30, 2009).

³² FINRA Sanction Guidelines at 33 (2015).