

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Fred Perelman (CRD No. 2866846),

Respondent.

DISCIPLINARY PROCEEDING
No. 2015047104201

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Respondent Fred Perelman failed to respond to two requests for information and documentation made pursuant to FINRA Rule 8210. Both of the requests were sent three times to Perelman at his CRD address of record, and FINRA Staff received confirmation of the delivery of each copy of each request.

RESPONDENT AND JURISDICTION

2. Respondent Fred Perelman first became registered with FINRA (formerly NASD) as a General Securities Representative (GSR) in February 2002, through an association with a FINRA regulated firm. He was subsequently registered with FINRA as a GSR through consecutive associations with 12 other FINRA regulated firms.

3. In November 2012, Perelman became registered with Avenir Financial Group, Inc. (BD No. 148490) (Avenir). On November 5, 2013, Avenir filed a Uniform Termination Notice for Securities Industry Registration (Form U5) terminating Perelman's registration.

The Form U5 stated that Perelman had been discharged, and Avenir provided as an explanation: “job abandonment, lack of production and bouncing a check to the firm for \$4,612.” Avenir further noted that Perelman “[c]urrently owes Avenir \$4,612.33.” The Form U5 indicated that Perelman’s last date of registration with Avenir was November 5, 2013.

4. Although Respondent 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 Respondent’s registration with Avenir, namely, November 5, 2013, and (2) the Complaint charges him with failing to respond to FINRA requests for information during the two-year period after the date upon which he ceased to be registered or associated with a FINRA member.

FIRST CAUSE OF ACTION

Failure to Respond to Request for Information

(FINRA Rules 8210 and 2010)

5. The Department realleges and incorporates by reference paragraphs 1 through 4 above.

6. FINRA Rule 8210(a)(1) requires “a member, person associated with a member, or any other person subject to FINRA’s jurisdiction to provide information orally, in writing, or electronically (if the requested information is, or is required to be, maintained in electronic form) . . . , with respect to any matter involved in the investigation, complaint, examination, or proceeding.”

7. During 2015, the staff of FINRA's District 10 Member Regulation Department (Staff) was conducting a cycle examination of Avenir.

8. During the course of the cycle examination, the Staff sent two requests for information and documentation pursuant to FINRA Rule 8210 to which Perelman did not respond. The first request asked Perelman to complete a Personal Activity Questionnaire (PAQ). The second request asked him to provide information regarding six liens and judgments that had been filed against him and that were not timely disclosed on his Uniform Application for Securities Industry Registration or Transfer (Form U4).

The PAQ Requests

9. By letter dated July 1, 2015, the Staff first sent Perelman the PAQ and requested, pursuant to FINRA Rule 8210, that he complete it (PAQ Request). The deadline was July 14, 2015. The PAQ asked about Perelman's Avenir customers and his communications with them, his outside business activities, and his business practices during his registration with Avenir.

10. The Staff sent the July 1, 2015 PAQ Request letter to Perelman at the residential address reflected in the Central Registration Depository (the CRD Address).

11. The Staff sent the PAQ Request via certified mail. The Staff received back an executed certified mail receipt, dated July 6, 2015, for the July 1, 2015 mailing of the PAQ Request. Based on publicly available information, the name on the executed certified mail receipt (KL) is the building superintendent or manager for the building located at the CRD Address.

12. Perelman failed to respond to the PAQ Request by July 14, 2015.

13. By letter dated July 16, 2015, the Staff sent a second request pursuant to FINRA Rule 8210 to Perelman to complete the PAQ Request. The deadline was July 24, 2015.

14. The Staff sent the July 16, 2015 second PAQ Request letter to Perelman at his CRD Address, via certified mail. The Staff received back an executed certified mail receipt, dated July 18, 2015, for the July 16, 2015 second PAQ Request letter. The signature on the executed certified mail receipt is not legible.

15. Perelman failed to respond to the PAQ Request by July 24, 2015.

16. By letter dated July 27, 2015, the Staff sent a third and final request pursuant to FINRA Rule 8210 for Perelman to complete the PAQ Request. The deadline was August 4, 2015.

17. The Staff sent the July 27, 2015 third and final PAQ Request letter to Perelman at his CRD Address, via certified mail. The Staff received back an executed certified mail receipt, dated July 30, 2015, for the July 27, 2015 third and final PAQ Request letter. The signature on the executed certified mail receipt is not legible.

18. Perelman failed to respond to the PAQ Request by August 4, 2015.

19. Each of the three letters requesting that Perelman complete the PAQ Requests included a reference to Perelman's responsibilities pursuant to FINRA Rule 8210, and a warning that the failure to comply with the request could subject him to disciplinary action, including a bar from the securities industry.

20. To date, Perelman has not responded to the PAQ Request.

The Undisclosed Liens and Judgments Request

21. In a separate letter dated July 1, 2015, pursuant to FINRA Rule 8210, the Staff requested that Perelman provide information and documentation regarding the six liens and judgments that had been filed against him, and his disclosure of those liens and judgments to Avenir. Among the information requested was the status of the liens and judgments, whether the

liens and judgments had been disclosed to Avenir, and the reason the liens and judgments were not timely disclosed on Perelman's Form U4. The July 1, 2015 liens and judgment letter requested that Perelman provide the information and documentation to the Staff by July 15, 2015.

22. The Staff sent the July 1, 2015 liens and judgments letter to Perelman at his CRD Address. It was sent via certified mail and first class mail. The Staff received back an executed certified mail receipt, dated July 6, 2015, for the July 1, 2015 liens and judgments letter. The name on the executed certified mail receipt was KL. The first class mail copy of the July 1, 2015 liens and judgments letter was not returned to the Staff.

23. Perelman failed to respond to the July 1, 2015 liens and judgments letter by July 15, 2015.

24. By letter dated July 16, 2015, the Staff sent a second request, pursuant to FINRA Rule 8210, for Perelman to provide the information and documentation requested in the liens and judgments letter. The deadline was July 24, 2015.

25. The Staff sent the July 16, 2015 liens and judgments letter to Perelman at his CRD Address, via certified mail and first class mail. The Staff received back an executed but undated certified mail receipt for the July 16, 2015 liens and judgments letter. The name on the executed certified mail receipt was KL. The first class mail copy of the July 16, 2015 liens and judgments letter was not returned to the Staff.

26. Perelman failed to respond to the July 16, 2015 liens and judgments letter by July 24, 2015.

27. By letter dated July 27, 2015, the Staff sent a third and final request to Perelman pursuant to FINRA Rule 8210, to provide the information and documentation requested in the liens and judgments letter. The deadline was August 4, 2015.

28. The Staff sent the July 27, 2015 liens and judgments letter to Perelman at his CRD Address, via certified mail. The Staff received back an executed certified mail receipt, dated July 30, 2015, for the July 27, 2015 liens and judgments letter. The signature on the executed certified mail receipt is not legible.

29. Perelman failed to respond to the July 27, 2015 liens and judgments letter by August 4, 2015.

30. To date, Perelman has not responded to the liens and judgments request.

31. Each of the letters requesting a response to the liens and judgments requests included a reference to Perelman's responsibilities pursuant to FINRA Rule 8210, and a warning that the failure to comply with the request could subject him to disciplinary action, including a bar from the securities industry.

32. Perelman's failure to provide the information and documentation requested in the two July 1, 2015 request letters impeded the Staff's investigation into the underlying conduct.

33. By reason of the foregoing, Perelman violated FINRA Rules 8210 and 2010.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent committed the violation 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 the Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: October 15, 2015



Susan Light, Sr. Vice President & Chief Counsel
Myles Orosco, Senior Trial Counsel
Carolyn O'Leary, Counsel
Elissa Meth Kestin, Director
FINRA Department of Enforcement
Brookfield Place
200 Liberty Street, 11th Floor
New York, New York 10281-1003
Tel.: 646.315.7333
Email: susan.light@finra.org