

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Demitrios Hallas (CRD No. 4199832),

Respondent.

DISCIPLINARY PROCEEDING
No. 2015047828802

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. On two occasions during March and April 2017, Respondent Demitrios Hallas ("Hallas") failed to appear and provide testimony requested pursuant to FINRA Rule 8210. As a result, Hallas violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. In February 2000, Hallas entered the securities industry when he became associated with a FINRA member. During May 2001, he obtained a license as an Investment Company Products/Variable Contracts Representative. Since then, he has been associated with several FINRA member broker-dealers. In addition, Hallas obtained licenses as a General Securities Principal, a General Securities Principal, and an Investment Advisor.

3. From April 19, 2013 until he voluntarily resigned on May 22, 2014, Hallas was registered with FINRA through an association with FINRA member Santander Securities LLC ("Santander").
4. Subsequent to his association with Santander, Hallas was associated with two other FINRA member firms. On December 3, 2015, Hallas's member firm employer filed with FINRA a Uniform Termination Notice for Securities Industry Registration ("Form U5") reporting that Hallas had voluntarily resigned.
5. On March 8, 2016, Santander filed an amended Form U5 for Hallas, reporting that during October 2015, a former customer of Hallas's alleged to Santander that Hallas recommended an unsuitable transaction in a variable annuity and that the customer was seeking \$14,000 in damages.
6. Although Hallas is not currently 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 Hallas's registration with a FINRA member, December 3, 2015; and (2) the Complaint charges him with failing to appear for on-the-record testimony pursuant to FINRA Rule 8210 during the two-year period after the date upon which he ceased to be registered or associated with a FINRA member.

Background

7. Pursuant to FINRA Rule 8210, FINRA sent to Hallas requests dated December 3, 2015 (first request) and January 5, 2016 (second request) for documents and information relating to the customer complaint and to certain events that Hallas was

required to disclose on his Uniform Application for Securities Industry Registration or Transfer ("Form U4").

8. The response to the first request was due on January 4, 2016 and the response to the second request was due on January 19, 2016. Hallas did not provide any responses by those dates.
9. On March 25, 2016, FINRA sent a Notice of Suspension letter to Hallas, pursuant to FINRA Rule 9552 ("Suspension Notice Letter"), which stated that Hallas would be suspended from associating with any FINRA member in any capacity because he failed to comply with the first and second requests. In addition, in the Suspension Notice Letter, FINRA advised Hallas that if he failed to request termination of the suspension on the basis of full compliance with the requests by April 18, 2016, then he would be barred from associating with any FINRA member in any capacity on June 28, 2016.
10. Between March 29, 2016 and May 19, 2016, Hallas belatedly provided incomplete responses to the first and second requests to FINRA. By letter dated April 19, 2016, FINRA notified Hallas that on April 18, 2016 he was suspended from associating with any FINRA member in any capacity.
11. During June 2016, Hallas belatedly provided additional information to FINRA in response to the first and second requests. By letter dated June 29, 2016, FINRA notified Hallas that FINRA had determined to terminate the suspension.

**Failure to Appear and Provide Testimony
(FINRA Rules 8210 and 2010)**

12. The Department realleges and incorporates by reference paragraphs 1 - 11 above.

13. On March 15, 2017, to investigate the Santander customer complaint and other potential sales practice allegations against Hallas, FINRA staff sent Hallas a written request ("First Request Letter") pursuant to FINRA Rule 8210 that required Hallas to appear and provide testimony under oath on March 30, 2017.
14. The First Request Letter informed Hallas that he was obligated to appear for testimony pursuant to FINRA Rule 8210. The First Request Letter advised Hallas that "[f]ailure to answer any questions completely and truthfully, or failure to provide any information requested by the staff, could violate Rule 8210 and could be the basis for the initiation of a disciplinary proceeding that could lead to the imposition of sanctions, including a bar from the industry, suspension, censure and/or fine."
15. The First Request Letter was sent by both First Class Mail and Certified Mail to Hallas's CRD Address ("CRD Address"). FINRA staff also sent the First Request Letter to an email address that Hallas had provided to FINRA staff ("Hallas's email address").
16. The Certified Mail return receipt for the First Request Letter sent by Certified Mail to Hallas's CRD Address was not returned to FINRA Enforcement. The First Request Letter itself sent by Certified Mail to Hallas's CRD Address was returned by the United States Postal Service ("USPS") to FINRA as "unclaimed."
17. The First Request Letter sent by First Class Mail to Hallas's CRD address was not returned to FINRA by the USPS.
18. On March 15, 2017, Hallas replied to FINRA staff's email with a single sentence stating that he was "in the process of seeking of legal advice at the moment." That same day, FINRA staff responded to Hallas's email, requesting that his attorney, if

and when retained, contact FINRA staff. Hallas did not respond to FINRA staff's March 15, 2017 reply email to him.

19. On March 23, 2017, Hallas sent an email to FINRA staff refusing to testify "until I know what and who am I being questioned about." The same day, staff replied to Hallas's email offering to discuss Hallas's questions via telephone. Staff also called Hallas's cellular telephone and left a voice message for him. Hallas, however, never returned FINRA staff's call in response to its offer or returned staff's phone message.
20. On March 28, 2017, FINRA staff sent an email to Hallas's email address reminding Hallas that he was required to appear for on-the-record testimony on March 30, 2017 pursuant to the First Request Letter. In its March 28, 2017 email, staff further advised Hallas that the subject matter of his testimony related to certain customer complaints filed against him.
21. Hallas replied to FINRA staff's email that same day refusing to testify or appear for his scheduled on-the-record testimony. While Hallas stated in this email response that he was "not available" on the scheduled date, he never provided any reason for his unavailability, nor did he provide staff with any proposed alternative dates for his on-the-record testimony. In his email response, Hallas indicated that he would call staff "tomorrow" (meaning March 29, 2017), but Hallas did not contact staff the following day to reschedule his testimony.
22. Hallas failed to appear to provide testimony on March 30, 2017.
23. On March 31, 2017, FINRA staff sent Hallas a second request (Second Request Letter) pursuant to FINRA Rule 8210 for Hallas to appear and provide testimony under oath on April 11, 2017.

24. The Second Request Letter informed Hallas that he was obligated to appear for testimony pursuant to FINRA Rule 8210. The Second Request Letter advised Hallas that “[f]ailure to answer any questions completely and truthfully, or failure to provide any information requested by the staff, could violate Rule 8210 and could be the basis for the initiation of a disciplinary proceeding that could lead to the imposition of sanctions, including a bar from the industry, suspension, censure and/or fine.”
25. The Second Request Letter was sent by both First Class Mail and Certified Mail to Hallas’s CRD Address. FINRA staff also sent the Second Request Letter to Hallas’s email address.
26. On April 7, 2017, FINRA staff received a Certified Mail receipt for the Second Request Letter sent by Certified Mail to Hallas’s CRD Address bearing Hallas’s signature.
27. The Second Request Letter sent by First Class Mail to Hallas’s CRD address was not returned by the USPS.
28. The Second Request Letter sent by Certified Mail to Hallas’s CRD address was not returned to FINRA.
29. Hallas did not respond to FINRA’s email transmitting the Second Request Letter.
30. On April 10, 2017, FINRA staff sent an email to Hallas’s email address, reminding him that he was required to appear for on-the-record testimony on April 11, 2017 pursuant to the Second Request Letter.
31. The same day, Hallas replied to FINRA staff’s email stating that he would not appear and testify. In this email, Hallas stated that he was not available to testify but did not

provide any reason for his unavailability or provide staff with any alternative dates to reschedule his on-the-record testimony.

32. Hallas failed to appear to provide testimony on April 11, 2017.

33. As a result of the foregoing conduct, Hallas violated FINRA Rules 8210 and 2010.

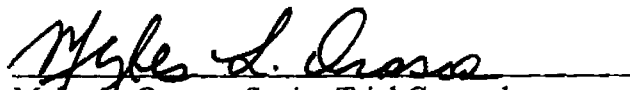
RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Hallas 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; and
- C. order that Hallas 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: June 16, 2017


Myles L. Orosco, Senior Trial Counsel
Gina Petrocelli, Chief Counsel
Sara Raisner, Director
FINRA Department of Enforcement
Brookfield Place, 200 Liberty Street, 11th Floor
New York, NY 10281-1003
Phone: (646) 315-7383; Fax: (202) 689-3419
myles.orosco@finra.org