

FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Ricardo Rodriguez-Stern (CRD No.
4676168),

Respondent.

DISCIPLINARY PROCEEDING
No. 2016048870601

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. In 2016, Enforcement opened an investigation into Ricardo Rodriguez-Stern's ("Rodriguez-Stern") potential misconduct regarding his failure to timely disclose ten unsatisfied tax liens and civil judgments filed between 2006 and 2013 via amended Uniform Application for Securities Industry Registration or Transfer ("Form U4"). Enforcement also sought to investigate the circumstances behind twelve customer complaints that had been lodged against Rodriguez-Stern. As part of that investigation, FINRA repeatedly requested pursuant to FINRA Rule 8210 that Rodriguez-Stern provide certain written information. From May 24, 2017 through the present, Rodriguez-Stern has failed to comply with these requests in violation of FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Rodriguez-Stern became registered as a Series 7 General Securities Representative (“GSR”) and a Series 24 General Securities Principal (“GP”) in July 2003 and October 2005, respectively. Between July 2003 and February 2010, Rodriguez-Stern was registered as a GSR with four FINRA regulated broker-dealers. Between October 2005 and February 2010, he was also registered as a GP with these four FINRA regulated broker-dealers.
3. In November 2010, Rodriguez-Stern registered with Chase Investment Services Corp. (now J.P. Morgan Securities LLC) (collectively, “JPMorgan” or the “Firm”), a FINRA regulated broker-dealer, as a GSR. On January 29, 2016, the Firm filed a Uniform Termination Notice for Securities Industry Registration (“Form U5”) reporting that Rodriguez-Stern’s employment was terminated on January 14, 2016, because he accessed a client’s account in order to contact the client for personal reasons.
4. Although Respondent is no longer registered or associated with a FINRA regulated broker-dealer, 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 JPMorgan, namely, January 29, 2016; 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 regulated broker-dealer.

SOLE CAUSE OF ACTION

Failure to Cooperate (FINRA Rules 8210 and 2010)

5. The Department realleges and incorporates by reference paragraphs 1-4 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) and to testify at a location specified by FINRA staff, under oath or affirmation administered by a court reporter or a notary public if requested, with respect to any matter involved in the investigation, complaint, examination, or proceeding.”
7. FINRA Rule 2010 requires FINRA regulated broker-dealers and associated persons to “observe high standards of commercial honor and just and equitable principles of trade.” Failure to comply with FINRA Rule 8210 is a violation of FINRA Rule 2010.
8. On April 12, 2016, Enforcement opened an investigation into Rodriguez-Stern’s failure to timely disclose tax liens and civil judgments on Form U4, and with regard to customer complaints that had been lodged against him by customers of JPMorgan.
9. As part of its investigation, Enforcement sent a FINRA Rule 8210 request to Rodriguez-Stern on April 28, 2016, seeking documents and information. This request was sent to Rodriguez-Stern’s Great Neck, New York residential address listed in the Central Registration Depository (the “CRD Address”), as well as to the personal email address that Rodriguez-Stern had provided to FINRA (the “Yahoo Email Address”). Rodriguez-Stern complied with the request and provided responsive documents and information to Enforcement in May 2016.

10. On November 14, 2016, Enforcement sent a FINRA Rule 8210 request to Rodriguez-Stern, requesting that Rodriguez-Stern appear for on-the-record testimony (“OTR”) on December 8, 2016. This request was sent to Rodriguez-Stern’s CRD Address as well as to his Yahoo Email Address. Rodriguez-Stern complied with that request and Enforcement took his OTR on December 8, 2016. During the OTR testimony, Rodriguez-Stern confirmed that his CRD Address was his current residential address.
11. On April 17, 2017, Enforcement held a telephone call with Rodriguez-Stern to discuss the next steps in the investigation. During that call, Rodriguez-Stern asked Enforcement what would happen if Rodriguez-Stern stopped responding to Enforcement’s investigation.
12. On May 24, 2017, Enforcement sent a letter to Rodriguez-Stern pursuant to FINRA Rule 8210, requesting that he provide information including written explanations concerning the dates he had lived at certain addresses between 2006 and 2013 (the “May 24th Letter”). The information was important to FINRA’s investigation because Rodriguez-Stern had denied receiving notice of liens and judgments disclosable during that time period, citing his frequent address changes. The May 24th Letter asked that Rodriguez-Stern provide the requested information by no later than June 7, 2017.
13. The May 24th Letter was sent to Rodriguez-Stern at his CRD Address via first class mail and certified mail, return receipt requested. The May 24th Letter was also sent to Rodriguez-Stern at his Yahoo Email Address at 9:56 AM on May 24, 2017.
14. The May 24th Letter sent by certified mail, return receipt requested to the CRD Address was returned to Enforcement, marked “Returned to Sender,” “Vacant,” and

“Unable to Forward.” The May 24th Letter sent by first class mail to the CRD Address was not returned to Enforcement. The May 24th Letter sent by email to the Yahoo Email Address was not returned to Enforcement as undeliverable.

15. Rodriguez-Stern failed to provide the information requested in the May 24th Letter by June 7, 2017.
16. On May 24, 2017 at 11:02 AM, Enforcement sent a separate email to Rodriguez-Stern’s Yahoo Email Address, notifying him that he would soon receive a Federal Express package containing authorization forms to allow Enforcement to access information about his tax liens from the federal and state taxation authorities, and requesting that that he sign the authorization forms and return them to Enforcement. At 3:18 PM on May 24, 2017, Rodriguez-Stern responded to Enforcement’s 11:02 AM email from his Yahoo Email Address, notifying Enforcement that he would not sign the authorization forms.
17. On June 9, 2017, Enforcement sent a second letter to Rodriguez-Stern (the “June 9th Letter”) requesting pursuant to FINRA Rule 8210 that Rodriguez-Stern provide the written information initially requested in the May 24th Letter. The June 9th Letter requested that Rodriguez-Stern provide the requested written information by June 23, 2017.
18. The June 9th Letter was sent to Rodriguez-Stern’s CRD Address by first class mail and certified mail, return receipt requested. The June 9th Letter was also sent to Rodriguez-Stern’s Yahoo Email Address.

19. The June 9th Letter sent by certified mail, return receipt requested to the CRD

Address was returned to Enforcement, marked “Return to Sender,” “Not Deliverable as Addressed,” and “Unable to Forward.” The June 9th Letter sent by first class mail to Rodriguez-Stern’s CRD Address was not returned to Enforcement. The June 9th Letter sent by email to the Yahoo Email Address was not returned to Enforcement as undeliverable.

20. Rodriguez-Stern failed to provide the information requested in the June 9th Letter by June 23, 2017.

21. Enforcement has sent two requests for information pursuant to FINRA Rule 8210, dated May 24, 2017 and June 9, 2017, to Rodriguez-Stern’s CRD Address and Yahoo Email Address, as described above.

22. To date, Rodriguez-Stern has failed to provide any response to these two FINRA Rule 8210 requests for information.

23. The acts, practices, and conduct described above demonstrate Rodriguez-Stern’s failure to cooperate with this investigation and constitute violations of 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 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 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: 10/30/17



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