

FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

Department of Enforcement,	
Complainant,	
v.	
Ellen Vratoric (CRD No. 2345611),	DISCIPLINARY PROCEEDING
Respondent.	No. 2016049420501

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. On two occasions during October and November 2017, Respondent Ellen Vratoric (“Vratoric”) failed to appear and provide investigative testimony requested pursuant to FINRA Rule 8210. As a result, Vratoric violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Vratoric joined the securities industry in approximately March 1993. Vratoric obtained her Series 6 (Investment Company and Variable Contracts Products Representative) in October 1993 and has since been associated with seven present and former FINRA members. Vratoric also obtained the following additional securities licenses: Series 63 (Uniform Securities Agent State Law Exam) in May 1993, Series 7 (General Securities Representative) in August 1997, Series 65 (Uniform Investment

Advisor) in August 2001, and Series 24 (General Securities Principal) in December 2004.

3. From March 6, 2008 until her termination on March 29, 2016, Vratoric was registered with FINRA through an association with FINRA member The Huntington Investment Company (“Huntington” or the “Firm”).
4. On March 29, 2016, the Firm filed with FINRA a Uniform Termination Notice for Securities Registration (“Form U5”) reporting that it had terminated Vratoric’s employment effective March 16, 2016 due to allegations that Vratoric had violated “the Firm’s policy on document integrity along with an excessive number of complaints within the prescribed time period.”
5. On April 11, 2016, the Firm filed an amended Form U5 disclosing that Vratoric had been discharged after allegations that during a routine branch review, a compliance specialist had discovered a document integrity issue related to a variable annuity purchase. Specifically, the disclosure stated that “the signature page on the document was undated, there appeared to be use of white out and the signature page appeared to be re-used.”
6. On June 23, 2016, the Firm filed a second amended Form U5 reporting that a former customer of Vratoric’s had complained that Vratoric had transferred his money into a variable annuity without his authorization. The customer also alleged that Vratoric failed to disclose the risk that the variable annuity could lose value, that he was required to take a required minimum distribution (RMD) from the annuity, and that selling bank CDs to fund the variable annuity prior to the CDs’ maturity would result in penalties.

7. Although Vratoric is no longer registered with FINRA or associated with a FINRA member, she 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 Vratoric's registration with Huntington, namely, March 29, 2016; and (2) the Complaint charges her with failing to appear for on-the-record testimony during the two-year period after the date upon which she ceased to be registered or associated with a FINRA member.

Background

8. On April 22, 2016, FINRA sent to Vratoric requests for documents and information concerning the allegations disclosed in the Form U5 and her termination from the Firm, pursuant to FINRA Rule 8210. FINRA sent the request to Vratoric's address as listed in FINRA's Central Registration Depository ("Vratoric's CRD Address"). The response was due no later than May 6, 2016. Vratoric responded to the requests on April 27, 2016.
9. On October 24, 2016, FINRA sent to Vratoric additional requests for documents and information pursuant to FINRA Rule 8210. FINRA sent the requests to Vratoric's CRD Address. The response was due no later than November 7, 2016. Vratoric responded to the requests on November 2, 2016.

FIRST CAUSE OF ACTION

FAILURE TO APPEAR FOR ON-THE-RECORD TESTIMONY (FINRA Rules 8210 and 2010)

10. The Department of Enforcement realleges and incorporates by reference paragraphs 1-9 above.

11. On September 15, 2017, following the allegations contained in the Form U5 and subsequent amendments and after additional customers complained about Vratoric's sales of variable and fixed annuities, FINRA staff sent a letter to Vratoric pursuant to FINRA Rule 8210 (the "First Request Letter") requesting that she appear and provide testimony under oath on October 19, 2017.
12. The First Request Letter informed Vratoric that she was obligated to appear for testimony pursuant to FINRA Rule 8210. The First Request Letter advised Vratoric 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."
13. FINRA sent the First Request Letter by Certified Mail (Return Receipt Requested) and First Class Mail to Vratoric's CRD Address. FINRA staff also sent the First Request Letter to an email address ("Vratoric's Email Address") that Vratoric had used to communicate with FINRA staff on several occasions, including as recently as October 11, 2017.
14. The Certified Mail return receipt for the First Request Letter was returned by the United States Postal Service ("USPS") without a signature. The USPS website reflects that USPS delivered the First Request Letter sent by Certified Mail on October 3, 2017.
15. The First Request Letter that FINRA sent by First Class Mail to Vratoric's CRD Address was not returned to FINRA.

16. On October 11, 2017, Vratoric sent an email to FINRA staff requesting an estimate of the amount of time her testimony would take. That same day, FINRA staff replied to Vratoric via email and provided the requested information. FINRA staff also stated that it would endeavor to accommodate Vratoric if she had particular constraints on her time. FINRA staff offered to arrange a time to discuss this further by phone.
17. On Saturday, October 14, 2017, Vratoric called FINRA staff and left a voicemail stating that she did not intend to appear for testimony on October 19, 2017.
18. During a telephone call with FINRA staff on Monday, October 16, 2017, Vratoric acknowledged that she had received the First Request Letter and stated again that she would not appear for on-the-record testimony.
19. Vratoric did not appear for testimony on October 19, 2017.
20. On November 1, 2017, FINRA staff sent Vratoric a second letter pursuant to FINRA Rule 8210 (the "Second Request Letter") requesting that Vratoric appear and provide testimony under oath on November 9, 2017.
21. FINRA sent the Second Request Letter by Certified Mail (Return Receipt Requested) and First Class Mail to Vratoric's CRD Address. FINRA staff also sent the Second Request Letter to Vratoric's Email Address.
22. The Second Request Letter that FINRA sent by Certified Mail was unclaimed and is being returned to FINRA.
23. The Second Request Letter that FINRA sent by First Class Mail to Vratoric's CRD Address was not returned to FINRA by USPS.

24. Vratoric did not respond to FINRA staff's November 1, 2017 email transmitting the Second Request Letter.

25. Vratoric failed to appear for testimony on November 9, 2017.

26. As a result of the foregoing conduct, Vratoric violated FINRA Rules 8210 and 2010.

RELIEF REQUESTED

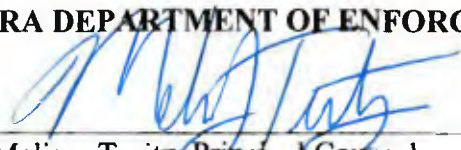
WHEREFORE, the Department of Enforcement respectfully requests that the Panel:

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

Date:

12/22/17

FINRA DEPARTMENT OF ENFORCEMENT


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