

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

CHRISTOPHER CHARLES SCHAEFFER
(CRD No. 1483859),

Respondent.

DISCIPLINARY PROCEEDING
No. 2016049603001

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. From February 2015 through March 2016, Christopher Charles Schaeffer ("Respondent") willfully failed to disclose that he filed for personal bankruptcy on his Uniform Application for Securities Industry Registration or Transfer ("Form U4"). Respondent's willful failure to disclose this material fact on his Form U4 violated Article V, Section 2 of the FINRA By-Laws and FINRA Rules 1122 and 2010.

RESPONDENT AND JURISDICTION

2. Respondent first became registered with FINRA in February 1986 as a General Securities Representative ("GSR"). From 1986 through 2006, Respondent was registered as a GSR through five other FINRA member firms.
3. Since April 25, 2006, Respondent has been registered with FINRA as a GSR through an association with Chelsea Financial Services (BD No. 47770).

SOLE CAUSE OF ACTION

**Willful Failure to Timely Update Form U4 to Disclose Bankruptcy
(Article V, Section 2 of FINRA By-Laws, FINRA Rules 1122 and 2010)**

4. On February 18, 2015, Respondent and his wife filed a joint Chapter 7 bankruptcy petition in the United States Bankruptcy Court for the Southern District of Indiana, Case No. 15-00932.
5. On May 19, 2015, Respondent and his wife received a discharge in the bankruptcy proceedings pursuant to 11 U.S.C. § 727.
6. At all relevant times, Question 14K(1) of the Form U4 asked, "Within the past 10 years: have you made a compromise with creditors, filed a bankruptcy petition or been the subject of any involuntary bankruptcy petition?"
7. If a registered representative affirmatively answers Question 14K(1) on his Form U4, then they are required to provide detailed information about the bankruptcy, including, among other things, the date it was filed, the court, docket number and the disposition type and date. The representative is required to make the disclosure within 30 days of learning the facts that are required to be disclosed.
8. Pursuant to FINRA's By-Laws and consistent with FINRA Rule 1122, Respondent was required to amend his Form U4, Question 14K(1), to disclose his bankruptcy filing by no later than March 20, 2015. Respondent did not disclose the bankruptcy filing by that date.
9. On July 15, 2015, Respondent amended his Form U4 to disclose certain items. Respondent did not, however, disclose his bankruptcy filing in July 2015 and answered "No" to Question 14K(1).
10. On March 11, 2016, Respondent amended his Form U4 to disclose his bankruptcy filing.

11. Article V, Section 2(c) of the FINRA by-Laws requires that associated persons keep their Forms U4 “current at all times by supplementary amendments . . . not later than 30 days after learning of the facts or circumstances giving rise to the amendment.” FINRA Rule 1122 provides that “no member or person associated with a member shall file with FINRA information with respect to membership or registration which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or fail to correct such filing after notice thereof.” FINRA Rule 2010 provides that “[a] member, in the conduct of [his] business, shall observe high standards of commercial honor and just and equitable principles of trade.” Failing to file prompt, accurate amendments to a Form U4 thus violates Article V, Section 2(c) of the FINRA By-Laws and FINRA Rules 1122 and 2010.
12. Respondent failed to timely update his Form U4 to disclose his bankruptcy filing.
13. The bankruptcy filing constituted a material fact for purposes of Form U4 disclosures, and Respondent’s failure to disclose his bankruptcy filing on his Form U4 was willful.
14. As a result of the foregoing conduct, Respondent willfully failed to update his Form U4 to disclose a bankruptcy in violation of Article V, Section 2(c) of the FINRA By-Laws and FINRA Rules 1122 and 2010.

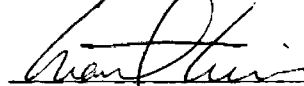
RELIEF REQUESTED

WHEREFORE, the Department of Enforcement 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 Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330; and
- D. make specific findings that Respondent's conduct, as alleged in the Sole Cause of Action, was willful; the omitted information was material; and, the omission to state material facts was on a Form U4 application.

Date: April 5, 2017

FINRA DEPARTMENT OF ENFORCEMENT



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