

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

Department of Enforcement,

Complainant,

v.

Melanie A. Melton (CRD No. 4258504),

Respondent.

DISCIPLINARY PROCEEDING
No. 2016050951801

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Respondent Melanie A. Melton failed to respond to two requests for written information and documents as requested pursuant to FINRA Rule 8210 in violation of FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Respondent entered the securities industry on August 15, 2000 when she became associated with Allstate Financial Services, LLC (the "Firm"). While at the Firm, she first became registered with FINRA as an Investment Company Shares and Variable Contracts Representative on July 2, 2002.

3. On August 9, 2016, the Firm filed a Uniform Termination Notice for Securities Registration ("Form U5") for Respondent disclosing that she had been terminated on August 8, 2016 due to a "[l]oss of confidence after failure to disclose multiple judgments/liens."

4. Although Respondent is no longer registered with FINRA or associated with a member firm, she remains subject to FINRA's jurisdiction for purposes of this proceeding,

pursuant to Article V, Section 4 of FINRA's By-Laws, because the Complaint (1) was filed within two years after the effective date of termination of Respondent's registration with the Firm, namely, before August 8, 2018, and (2) charges her with failing to respond to FINRA requests for information during the two-year period after the date upon which she ceased to be registered.

BACKGROUND

5. On August 15, 2016, FINRA's Preliminary Investigations Unit ("PIU"), pursuant to FINRA Rule 8210, sent a request for written information to Respondent via certified mail to her Central Registration Depository address in Rockwall, Texas ("CRD Address"). PIU's request concerned Respondent's tax liens as reported on the Firm's Form U5 filing made in connection with Respondent's termination. PIU set an August 29, 2016 response date for the request. According to information provided by the United States Postal Service ("USPS"), PIU's request was delivered on August 20, 2016. Respondent failed to respond to the request by the response date. Respondent did not request an extension of time or explain why she could not respond on time.

6. On September 2, 2016, PIU, pursuant to FINRA Rule 8210, sent a second request for the information requested in the August 15, 2016 request. PIU's second request was sent via certified mail to Respondent's CRD Address and had a response date of September 16, 2016. According to the USPS, PIU's second request was delivered on September 6, 2016. Once again, Respondent failed to respond to the second request by the response date. Respondent again did not request an extension of time or explain why she could not respond on time.

7. On December 20, 2016, Enforcement, pursuant to FINRA Rule 9552, sent Respondent a letter notifying her that she would be suspended on January 13, 2017 for failing to

respond to PIU's requests. The letter also informed Respondent that the suspension would not take effect if, by the suspension date, she either complied with PIU's requests or requested a hearing under FINRA Rule 9552(e). The notice was sent via certified mail to the CRD Address and another address in Garland, Texas that had been located through a public records search ("Garland Address"). According to USPS.com, the copy of the notice of suspension sent to the CRD Address was delivered on December 24, 2016. The copy sent to the Garland Address went unclaimed and was returned to Enforcement.

8. By January 13, 2017, Respondent had not responded to PIU's requests, nor had she requested a FINRA Rule 9552(e) hearing. Pursuant to FINRA Rule 9552, Enforcement sent Respondent a letter notifying her that she was suspended as of January 13, 2017. This letter was sent via certified mail to the CRD Address and the Garland Address. According to USPS.com, the copy of the letter sent to the CRD Address was delivered on January 18, 2017. The copy sent to the Garland Address went unclaimed and was returned to Enforcement.

9. On February 7, 2017, Respondent called Enforcement. Respondent requested reinstatement and explained that her delay in responding to PIU's request was due to medical issues. Respondent also confirmed that her CRD Address was correct and that she did not reside at the Garland Address.

10. On March 23, 2017, Respondent responded to PIU's requests using her husband's e-mail account. Respondent confirmed her phone number in the e-mail.

11. On April 3, 2017, Enforcement sent a letter via certified mail to the CRD Address and an e-mail to the account that Respondent used to respond to PIU's requests, notifying Respondent that her suspension had been terminated in light of her response to PIU's requests.

According to USPS.com, the copy sent to the CRD Address was picked up at a postal facility in Rockwall, Texas on May 8, 2017.

**SOLE CAUSE OF ACTION
FAILURE TO TIMELY RESPOND TO REQUESTS
FOR INFORMATION AND DOCUMENTS
(FINRA Rules 8210 and 2010)**

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

13. On April 28, 2017, Enforcement, pursuant to FINRA Rule 8210, sent Respondent a letter ("First Request") requesting written information and documents concerning her tax liens. The First Request was sent via certified mail to Respondent's CRD Address and set a response date of May 15, 2017. According to USPS.com, the First Request was picked up at a postal facility in Rockwall, Texas on May 8, 2017. Enforcement also received a return receipt confirming delivery.

14. On May 15, 2017, Respondent called Enforcement to request an extension because she asserted that she was experiencing medical issues. Enforcement granted Respondent an extension until May 29, 2017. However, Respondent did not respond to the First Request by that date.

15. On June 6, 2017, Respondent called Enforcement to request another extension, again asserting that she was experiencing medical issues. Enforcement granted Respondent a further extension until June 13, 2017. However, Respondent did not respond to the First Request by that date.

16. On June 16, 2017, Respondent called Enforcement to request another extension of her time to respond and asserted that she had been hospitalized. At Respondent's request, Enforcement granted her a further extension until June 20, 2017. However, Respondent failed to

respond to the First Request by that date. She did not request any further extension of her time to respond.

17. On July 5, 2017, Enforcement attempted to contact the Respondent via telephone. When the Respondent did not answer the telephone call, Enforcement left a voicemail for Respondent notifying her that it anticipated issuing a second FINRA Rule 8210 request for the same information requested in the First Request.

18. On July 6, 2017, Enforcement, pursuant to FINRA Rule 8210, sent Respondent a letter setting forth a second request ("Second Request") for the information sought in the First Request (a copy of which was enclosed) via certified mail to Respondent's CRD Address. According to USPS.com, the Second Request was delivered on July 13, 2017. The deadline for responding to the Second Request was July 20, 2017. However, Respondent failed to provide a response by that date. In addition, Respondent did not request an extension of her time to respond or explain why she could not timely respond.

19. On July 21, 2017, Enforcement attempted to contact the Respondent by telephone. When she did not answer the telephone call, Enforcement left a voicemail for Respondent requesting that she call Enforcement about the First Request and Second Request. On July 25, 2017, Respondent left a voicemail for Enforcement in which she asserted that she was experiencing new medical problems. Enforcement returned Respondent's call and left her a voicemail asking her for a firm response date. On August 4, 16, 22, and 23, Enforcement attempted to contact Respondent via telephone. Each such time Enforcement left a voicemail inquiring about whether Respondent would belatedly respond to the requests.

20. On August 24, 2017, Respondent left a voicemail for Enforcement asserting that she was still experiencing medical problems and would attempt to have someone help her with

the requests. Enforcement returned her call that same day and left a voicemail asking her to call Enforcement to discuss the requests. Respondent did not return Enforcement's call. Respondent did not respond to the First Request and Second Request.

21. On January 9, 2018, Enforcement attempted to reach Respondent again by telephone and left a voicemail. Respondent did not return Enforcement's call, and she did not respond to the First Request and Second Request.

22. FINRA Rule 8210(a) provides that for purposes of an investigation, Department of Enforcement staff has the right to "(1) require a member, person associated with a member, or any other person subject to FINRA's jurisdiction to provide information ... in writing ... with respect to any matter involved in the investigation ...; and (2) inspect and copy the books, records, and accounts of such member or person with respect to any matter involved in the investigation ... that is in such member's or person's possession, custody or control."

23. FINRA Rule 8210(c) further provides that "[n]o member or person shall fail to provide information ... or to permit an inspection and copying of books, records, or accounts pursuant to this Rule."

24. By failing to produce the written information and documents Enforcement requested in the First Request and Second Request, pursuant to FINRA Rule 8210, on April 28, 2017 and July 6, 2017, respectively, Respondent violated FINRA Rule 8210.

25. By violating FINRA Rule 8210, Melton also violated FINRA Rule 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 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: March 13, 2018



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