

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016051244301**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Denise DeBlasio, Respondent
General Securities Representative
CRD No. 1051236

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Denise DeBlasio ("DeBlasio" or "Respondent") submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against me alleging violations based on the same factual findings described herein.

**I.
ACCEPTANCE AND CONSENT**

- A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

DeBlasio entered the securities industry in April 1982, and has been associated with five FINRA-regulated broker-dealers. DeBlasio holds the following securities licenses: Series 7 (July 1983), and Series 63 (January 1992).

From December 2014 to May 2016, DeBlasio was registered with National Securities Corporation ("NSC" or the "Firm"), a FINRA-regulated broker-dealer, as a General Securities Representative. In an Uniform Termination Notice for Securities Industry Registration ("Form U5") dated May 13, 2016, NSC reported DeBlasio's voluntary termination.

DeBlasio is not currently associated with a FINRA-regulated broker-dealer; however, she remains subject to FINRA's jurisdiction pursuant to Article V, Section 4(a) of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

On or around January 18, 1996, DeBlasio entered into a stipulation and consent agreement with the State of Florida Department of Banking and Finance providing for

injunctive relief in connection with allegations that DeBlasio violated Florida law concerning the fraudulent sales of securities, sales of unregistered securities, and sales of securities by unregistered persons.

OVERVIEW

For the period of January 2010 to May 2016, DeBlasio was appointed as the power of attorney, health care representative, executor, and beneficiary for TK, a Firm customer. Although DeBlasio was the registered representative assigned to TK's account, she did not disclose these fiduciary appointments to the Firm, and provided inaccurate and misleading answers in response to inquiries from the Firm regarding these appointments, in violation of FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 2010 requires associated persons to "observe high standards of commercial honor and just and equitable principles of trade." Providing false or misleading answers to a FINRA member firm on compliance questionnaires or during the course of its internal investigation violates FINRA Rule 2010.

From December 2014 to May 2016, NSC's written supervisory procedures prohibited the Firm's registered representatives from acting in a fiduciary capacity for any customer, other than a relative, and explained that acting in a fiduciary capacity for a customer other than an immediate family member, such as a parent, spouse or child, may create insurmountable conflicts of interest.

DeBlasio originally accepted appointment as power of attorney, executor, and beneficiary for her customer TK in 2010, while associated with another FINRA-member firm. In November 2014, DeBlasio was advised that TK re-appointed her as power of attorney and health care representative, and as a co-executor and beneficiary of his estate. Prior to associating with NSC in December 2014, DeBlasio completed an application for association. The application for association required DeBlasio to identify, among other things, whether she was named as trustee or executor for any account on which she would be the registered representative of record. Although DeBlasio was the registered representative assigned to TK's Firm account, she did not disclose her recent appointments as TK's power of attorney, health care representative, executor and beneficiary.

In January 2016, during the course of its review of TK's account, the Firm learned of DeBlasio's appointment as his power of attorney. During the course of its review, the Firm asked DeBlasio why she had not disclosed previously that she was TK's power of attorney, and DeBlasio responded that she and TK had only informally discussed his needing assistance with his affairs. The Firm also asked DeBlasio who the executor and beneficiary of TK's estate were; DeBlasio indicated she would ask the customer who he named as an executor but indicated she was not comfortable inquiring about his beneficiary(ies). However, at the time of her responses, DeBlasio knew that TK had

named her as a beneficiary and executor of his estate when he gave her power of attorney in November 2014. Finally, the Firm asked DeBlasio whether TK had any next of kin, and DeBlasio responded that he did not have any next of kin, even though she knew he had a niece by marriage.

By virtue of the foregoing, DeBlasio violated FINRA Rule 2010.

B. I also consent to the imposition of the following sanctions:

1. A four (4) month suspension from association with any FINRA member in any capacity; and
2. A \$10,000 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (*see* FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II. WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and

then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III. OTHER MATTERS

I understand that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a

party.

- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

04/06/2018
Date (mm/dd/yyyy)

Denise DeBlasio
Denise DeBlasio, Respondent

Reviewed by:

Robert I. Rabinowitz
Robert I. Rabinowitz
Counsel for Respondent
Becker & Poliakoff
331 Newman Springs Road, Ste. 225
Red Bank, New Jersey 07701

Accepted by FINRA:

4/20/2018
Date

Signed on behalf of the
Director of ODA, by delegated authority

Rebecca Carvalho
Rebecca Carvalho
Principal Counsel
FINRA Department of Enforcement
One Brookfield Place
200 Liberty Street, 11th Floor
New York, NY 10281