

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2017056432607**

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

RE: Peter N. Girgis (Respondent)
General Securities Representative
CRD No. 4520444

Pursuant to FINRA Rule 9216, Respondent Peter N. Girgis submits 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 Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, 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

Girgis first registered with FINRA as a General Securities Representative (GS) through a member firm in July 2002. Between August 2013 and November 2016, Girgis was registered with FINRA as a GS through former member firm Legend Securities, Inc. (CRD No. 44952). Between November 2016 and December 2019, Girgis was registered as a GS through Worden Capital Management LLC (CRD No. 148366) (WCM). From December 2019 to the present, Girgis has been registered as a GS and Investment Banking Representative through another member firm.

On April 24, 2013, Girgis entered into a Letter of Acceptance, Waiver and Consent with FINRA for failing to timely disclose four unsatisfied judgments and liens.¹ Girgis consented to a three-month suspension and a \$5,000 fine. On October 23, 2014, Girgis entered into a Letter of Acceptance, Waiver and Consent with FINRA for violating Regulation S-P when he sent nonpublic personal information about a customer to an unauthorized individual.² Girgis consented to a 45 day suspension and a \$5,000 fine.³

¹ *Peter N. Girgis*, AWC No. 2011029919602 (Apr. 24, 2013).

² *Peter N. Girgis*, AWC No. 2013037123901 (Oct. 23, 2014).

³ For more information about the respondent, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

OVERVIEW

From September 2015 through December 2018, while registered through Legend and then WCM, Girgis excessively traded four customers' accounts in violation of FINRA Rules 2111 and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 2111(a) provides in pertinent part that “[a] member or an associated person must have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer, based on the information obtained through the reasonable diligence of the member or associated person to ascertain the customer’s investment profile.” As explained in the Supplementary Material found at 2111.05(c):

Quantitative suitability requires a member or associated person who has actual or de facto control over a customer account to have a reasonable basis for believing that a series of recommended transactions, even if suitable when viewed in isolation, are not excessive and unsuitable for the customer when taken together in light of the customer’s investment profile, as delineated in Rule 2111(a). No single test defines excessive activity, but factors such as the turnover rate, the cost-equity ratio, and the use of in-and-out trading in a customer’s account may provide a basis for a finding that a member or associated person has violated the quantitative suitability obligation.⁴

Turnover rate represents the number of times that a portfolio of securities is exchanged for another portfolio of securities. The cost-to-equity ratio measures the amount an account has to appreciate just to cover commissions and other expenses. In other words, it is the break-even point where a customer may begin to see a return. An annualized turnover rate of six or an annualized cost-to-equity ratio above 20 percent generally indicates that excessive trading has occurred.

A violation of FINRA Rule 2111 also constitutes a violation of FINRA Rule 2010, which requires associated persons to act with high standards of commercial honor and just and equitable principles of trade.

From September 2015 through December 2018, Girgis engaged in quantitatively unsuitable trading in four customer accounts. Girgis recommended high frequency trading in the four customer accounts with each customer often holding concentrated positions in one or two securities for short periods of time. Girgis’s customers routinely followed his recommendations and, as a result, Girgis exercised *de facto* control over the four customers’ accounts.

⁴ FINRA Rule 2111 was amended effective June 30, 2020. The quoted excerpt is from the pre-June 30, 2020 version which applies to the conduct at issue here.

Girgis's trading of the four accounts resulted in high turnover rates and cost-to-equity ratios as well as significant losses, as set forth below.

1. From February 2017 to December 2018, Girgis effected 61 trades in Customer A's account, resulting in an annualized turnover rate of 18.66 and an annualized cost-to-equity ratio of 84.63%. Girgis's trading in Customer A's account generated total trading costs of \$93,521, including \$81,437 in commissions and \$9,602 in margin interest, and caused \$137,215 in realized losses.
2. From April 2016 to December 2018, Girgis effected 45 trades in Customer B's account, resulting in an annualized turnover rate of 10.64 and an annualized cost-to-equity ratio of 46.84%. Girgis's trading in Customer B's account generated total trading costs of \$46,182, including \$44,060 in commissions, and caused \$34,929 in realized losses.
3. From March 2016 to June 2017, Girgis effected 33 trades in Customer C's account, resulting in an annualized turnover rate of 11.81 and an annualized cost-to-equity ratio of 56.6%. Girgis's trading in Customer C's account generated total trading costs of \$33,630, including \$32,195 in commissions, and caused \$18,542 in realized losses.⁵
4. From September 2015 through December 2018, Girgis effected 44 trades in Customer D's account, resulting in an annualized turnover rate of 7.31 and an annualized cost-to-equity ratio of 33.03%. Girgis's trading in Customer D's account generated total trading costs of \$26,289, including \$24,185 in commissions, and caused \$33,887 in realized losses.

Girgis's trading in these four customers' accounts was excessive and unsuitable given the customers' investment profiles. As a result of Girgis's excessive trading, the customers suffered collective realized losses of \$224,573, while paying total trading costs of \$199,622, including commissions of \$181,877.

Therefore, Girgis violated FINRA Rules 2111 and 21010.

B. Respondent also consents to the imposition of the following sanctions:

- a nine-month suspension from associating with any FINRA member in all capacities;
- a \$7,500 fine; and
- restitution of \$169,677, as described below.

⁵ Customer C already received \$12,200 in partial restitution in connection with the Letter of Acceptance, Waiver and Consent entered into by WCM. *See* AWC No. 2017056432601 (Dec. 31, 2020).

Respondent agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanctions imposed in this matter.

Restitution is ordered to be paid to the four customers listed on Attachment A to this AWC in the total amount of \$169,677. Respondent shall submit satisfactory proof of payment of restitution (separately specifying the date and amount of each paid to each customer listed on Attachment A) or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted by email to EnforcementNotice@FINRA.org. The email must identify Respondent and the case number and include a copy of the check, money order, or other method of payment. This proof shall be provided by email to EnforcementNotice@FINRA.org no later than 120 days after the date of the notice of acceptance of the AWC.

If for any reason Respondent cannot locate any customer identified in Attachment A after reasonable and documented efforts within 120 days after the date of the notice of acceptance of the AWC, or such additional period agreed to by FINRA in writing, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property, or abandoned property fund for the state in which the customer is last known to have resided. Respondent shall provide satisfactory proof of such action to FINRA in the manner described above, within 14 calendar days of forwarding the undistributed restitution and interest to the appropriate state authority.

The imposition of a restitution order or any other monetary sanction in this AWC, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, he 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 in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against him;
- 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, Respondent specifically and voluntarily waives 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 its acceptance or rejection.

Respondent further specifically and voluntarily waives 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

Respondent understands 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 Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;

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3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
 4. Respondent 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. Respondent 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 Respondent's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he 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.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's provisions voluntarily; and no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

November 1, 2021

Date

PETER GIRGIS

Peter N. Girgis
Respondent

Reviewed by:

Michael Farkas

Michael C. Farkas, Esq.
Counsel for Respondent
Michael C. Farkas, Esq., PLLC
32 Court Street, Suite 408
Brooklyn, NY 11201

Accepted by FINRA:

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

December 1, 2021

Date

Jackie Wells

Jackie Wells
Senior Counsel
FINRA
Department of Enforcement
Brookfield Place
200 Liberty Street, 11th Floor
New York, NY 10281

Attachment A

Customer	Restitution Amount
A	\$81,437
B	\$44,060
C	\$19,995
D	\$24,185