

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

Department of Enforcement,

Complainant,

v.

Thomas J. Baumann
(CRD No. 5254392),

Respondent.

Disciplinary Proceeding
No. 2018056490310

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Respondent Thomas J. Baumann (“Baumann”) failed to provide information and documents that FINRA requested pursuant to FINRA Rule 8210 as part of its investigation into whether Baumann engaged in unauthorized trading in the account of a customer. As a result, Baumann violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Baumann first became registered with FINRA as a General Securities Representative (“GS”) through his association with a member firm in February 2007. Between February 2007 and February 2013, Baumann was registered as a GS through various FINRA member firms.

3. From January 2013 to March 2022, Baumann was registered as a GS through his association with Spartan Capital Securities, LLC (“Spartan”).

4. On March 2, 2022, Spartan filed a Uniform Termination Notice for Securities

Industry Registration (“Form U5”) terminating Baumann’s registration through the firm. Spartan terminated Baumann for “ow[ing] [the] firm \$97,122.00.”

5. On July 22, 2022, Spartan filed a Form U5 amendment for Baumann disclosing a customer complaint alleging that Baumann engaged in unauthorized trading in a customer’s account.

6. Although Baumann is no longer registered or associated with a FINRA member, he 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 July 22, 2022, which was the date of an amendment to Baumann’s notice of termination that was filed within two years of his original notice of termination and that disclosed that Baumann may have engaged in conduct actionable under any applicable statute, rule, or regulation; and (2) the Complaint charges him with failing to respond to FINRA requests for information and documents during the two-year period after the date on which Spartan amended his notice of termination from registration with a FINRA member.

CAUSE OF ACTION
Failure to Provide Information and Documents
(Violation of FINRA Rules 8210 and 2010)

7. The Department of Enforcement realleges and incorporates by reference all paragraphs above.

8. FINRA Rule 8210(a)(1) provides that FINRA staff may “require a . . . person subject to FINRA’s jurisdiction to provide information orally, in writing, or electronically . . . with respect to any matter involved in [an] investigation.”

9. FINRA Rule 8210(a)(2) provides that FINRA may “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.”

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

11. FINRA Rule 8210(d) specifies that notice under Rule 8210 shall be deemed received by a currently or formerly registered person to whom it is directed by mailing or otherwise transmitting the notice to the last known residential address of the person as reflected in FINRA’s Central Registration Depository system (“CRD”).

12. FINRA Rule 2010 requires member firms and associated persons to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

13. Conduct that violates FINRA Rule 8210 also violates FINRA Rule 2010.

14. FINRA staff was conducting an investigation into Baumann’s potentially unauthorized trading of equity securities between May 2021 and January 2022 in the account of one of his Spartan customers.

15. On July 20, 2023, FINRA staff sent Baumann a letter pursuant to FINRA Rule 8210 requesting that he provide information and documents in connection with FINRA's investigation into Baumann's potentially unauthorized trading in the account of one of his customers, including evidence that Baumann contacted the customer, such as telephone records, text messages, and electronic communications, and an explanation regarding whether Baumann executed any trades in the customer's account without his authorization (the "First Rule 8210 Request"). Baumann's response to the First Rule 8210 Request was due by August 10, 2023 (despite the typographical error stating it was due on August 10, 2022).

16. FINRA staff sent the First Rule 8210 Request by certified mail and first-class mail to Baumann's residential address as reflected in CRD ("Baumann's CRD Address"). FINRA staff also sent a copy of the First Rule 8210 Request by certified mail and first-class mail to what was identified in Lexis-Nexis as a current residential address on July 19, 2023 ("Baumann's Lexis-Nexis Address"). Additionally, FINRA staff sent a copy of the First Rule 8210 Request to Baumann's personal email address, which he previously used to communicate with FINRA staff ("Baumann's Email Address").

17. The First Rule 8210 Request sent by certified mail to Baumann's CRD Address was not delivered, and the tracking information stated that the current "Addressee" was "Unknown." The mailing was subsequently returned to FINRA on August 2, 2023. The returned certified mailing indicated that mail sent to Baumann's CRD Address was to be forwarded to Baumann's Lexis-Nexis Address, but that the "Forward Time Exp[ired]" and was therefore "Return[ed] to Sender."

18. According to tracking information, the First Rule 8210 Request sent by certified mail to Baumann's Lexis-Nexis Address was "Delivered, Left with Individual" on July 26, 2023. However, the certified mailing sent to Baumann's Lexis-Nexis Address was subsequently returned to FINRA on August 16, 2023. The returned certified mailing stated that Baumann's Lexis-Nexis Address was a "commercial mailbox" that "has been closed" and to "Please stop mail to this address."

19. The first-class mailings of the First Rule 8210 Request to Baumann's CRD Address and Baumann's Lexis-Nexis Address were not returned to FINRA.

20. The copy of the First Rule 8210 Request sent by email was not returned to FINRA.

21. Baumann did not respond to the First Rule 8210 Request in any way, nor did he request an extension of the response deadline.

22. On August 16, 2023, FINRA staff sent Baumann a second letter pursuant to FINRA Rule 8210, requesting the same information and documents sought in the First Rule 8210 Request in connection with FINRA's investigation (the "Second Rule 8210 Request"). Baumann's response to the Second Rule 8210 Request was due by September 6, 2023.

23. FINRA sent the Second Rule 8210 Request by certified mail and first-class mail to Baumann's CRD Address and a copy to Baumann's Lexis-Nexis Address. Baumann's Lexis-Nexis Address was again identified as Baumann's current residential address through a Lexis-Nexis search conducted by FINRA staff on August 15, 2023. Additionally, FINRA staff sent a copy of the Second Rule 8210 Request to Baumann's Email Address.

24. The Second Rule 8210 Request sent by certified mail to Baumann's CRD Address was not delivered, and was returned to FINRA on August 23, 2023. The returned certified mailing indicated that mail sent to Baumann's CRD Address was to be forwarded to Baumann's Lexis-Nexis Address but that the "Forward Time Exp[ired]" and was therefore "Return[ed] to Sender."

25. According to tracking information, the Second Rule 8210 Request sent by certified mail to Baumann's Lexis-Nexis Address was "Delivered, Left with Individual" on August 23, 2023. However, the tracking information associated with the certified mailing sent to Baumann's Lexis-Nexis Address subsequently stated, "Moved, Left no Address," and the mailing was returned to FINRA on September 1, 2023. The returned certified mailing stated that Baumann's Lexis-Nexis Address was a "commercial mailbox" that "has been closed" and to "Please stop mail to this address."

26. The first-class mailings of the Second Rule 8210 Request to Baumann's CRD Address and Baumann's Lexis-Nexis Address were also returned to FINRA on August 23, 2023, and September 5, 2023, respectively.

27. The copy of the Second Rule 8210 Request sent by email was not returned to FINRA.

28. Baumann did not respond to FINRA's Second Rule 8210 Request in any way, nor did he request an extension of the response deadline.

29. The information and documents requested of Baumann pursuant to FINRA Rule 8210 were material to FINRA staff's investigation into whether Baumann engaged in misconduct when he placed trades in his customer's account, and they were necessary for FINRA staff to complete its investigation into whether Baumann made unauthorized transactions.

30. Baumann's failure to respond to FINRA's First Rule 8210 Request and Second Rule 8210 Request has impeded FINRA staff's investigation into his conduct.

31. By failing to provide information and documents requested pursuant to FINRA Rule 8210, Baumann violated FINRA Rules 8210 and 2010.

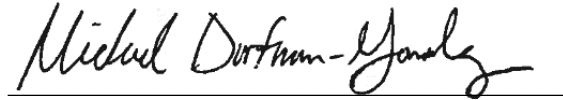
RELIEF REQUESTED

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

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

FINRA DEPARTMENT OF ENFORCEMENT

Date: April 10, 2024

A handwritten signature in black ink, reading "Michael Dorfman-Gonzalez", is positioned above a horizontal line.

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