

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

Department of Enforcement,

Complainant,

v.

Shadi Taysir Barakat
CRD No. 5031281,

Respondent.

Disciplinary Proceeding
No. 2018056490315

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. In June and July 2024, Respondent Shadi Taysir Barakat (“Barakat” or “Respondent”), failed to provide on-the-record (“OTR”) testimony requested pursuant to FINRA Rule 8210 as a part of FINRA’s investigation into whether Barakat engaged in churning and excessive trading in his customers’ accounts. As a result, Barakat violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Barakat first became registered with FINRA as a General Securities Representative through his association with a member firm in April 2006.¹

¹ See Barakat Central Registration Depository (CRD) Registrations Summary.

3. From May 2017 through October 2022, Barakat was registered with FINRA as a General Securities Representative through his association with Spartan Capital Securities, LLC (CRD No. 146251) (“Spartan”).²

4. On October 15, 2022, Spartan filed a Uniform Termination Notice for Securities Industry Registration (“Form U5”) disclosing that the firm had discharged Barakat because of his “[f]ailure to follow Firm Policies and procedures.”³

5. Barakat was registered with FINRA through an association with another member firm from October 21, 2022, through October 24, 2022.⁴

6. Although Barakat 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 October 24, 2022, which was the effective date of termination of Respondent’s registration with his most recent FINRA member firm, and (2) the Complaint charges Barakat with failing to appear for on-the-record testimony during the two-year period after the date on which he ceased to be registered or associated with a FINRA member.

CAUSE OF ACTION
Failure to Appear for Testimony
(Violation of FINRA Rules 8210 and 2010)

7. Enforcement realleges and incorporates by reference all preceding paragraphs.

8. FINRA Rule 8210(a)(1) states, in relevant part, that FINRA may require a person subject to FINRA’s jurisdiction to “testify at a location specified by FINRA staff, under oath or

² Barakat CRD Registrations Summary.

³ Form U5, dated October 15, 2022 (filed by Spartan).

⁴ Barakat CRD Registrations Summary; Form U5, dated October 24, 2022 (filed by Alexander Capital, L.P.).

affirmation administered by a court reporter or a notary public if requested, with respect to any matter involved in the investigation, complaint, examination, or proceeding . . .”

9. FINRA Rule 8210(c) provides that “[n]o member or person shall fail to provide information or testimony . . . pursuant to this Rule.”

10. 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 CRD.

11. A violation of FINRA Rule 8210 also is a violation of FINRA Rule 2010, which requires persons associated with a FINRA member to “observe high standards of commercial honor and just and equitable principles of trade” in the conduct of their business.

12. FINRA staff was investigating potential churning and excessive trading by Barakat in his customers’ accounts at Spartan.

13. On May 2, 2024, FINRA staff spoke with Barakat by telephone. During the May 2, 2024 telephone call, Barakat stated that he was presently residing in Florida, but that the address listed for him in the Central Registration Depository (“Barakat’s CRD Address”) remained his residential address and was properly listed as his address in CRD.

14. On May 10, 2024, FINRA staff spoke with Barakat by telephone regarding the scheduling of his OTR. During the call, Barakat stated he would be available for an OTR on June 18, 2024. Barakat and FINRA staff agreed to schedule the OTR for June 18, 2024.

15. On May 13, 2024, FINRA staff sent a request to Barakat, pursuant to FINRA Rule 8210, requesting that Barakat provide OTR testimony on June 18, 2024 (the “First OTR Request”).

16. FINRA sent the First OTR Request via certified and first-class mail to Barakat's CRD Address. FINRA also sent a courtesy copy of the First OTR Request via certified and first-class mail to a second address for Barakat, identified by FINRA staff through a Lexis-Nexis search ("Barakat's Florida Address").

17. The United States Postal Service ("USPS") tracking information associated with the certified mailing to Barakat's CRD Address on May 13, 2024, indicated that the First OTR Request for Barakat's testimony was delivered on May 16, 2024.

18. The USPS tracking information associated with the certified mailing to Barakat's Florida Address on May 13, 2024, indicated that the First OTR Request for Barakat's testimony was delivered on May 16, 2024.

19. The first-class mailings of the First OTR Request for Barakat's testimony sent to Barakat's CRD Address and Barakat's Florida Address on May 13, 2024, were not returned to FINRA.

20. On May 22, 2024, FINRA staff called Barakat during which Barakat confirmed his availability for the OTR on June 18, 2024.

21. Barakat did not appear for testimony on June 18, 2024, nor did he contact FINRA staff requesting a rescheduling of the date for the OTR.

22. On June 24, 2024, FINRA staff sent a request to Barakat, pursuant to FINRA Rule 8210, requesting that Barakat provide OTR testimony on July 11, 2024 (the "Second OTR Request").

23. FINRA sent the Second OTR Request via certified and first-class mail to Barakat's CRD Address. FINRA also sent a courtesy copy of the Second OTR Request via certified and first-class mail to Barakat's Florida Address.

24. The USPS tracking information associated with the certified mailing to Barakat's CRD Address on June 24, 2024, indicated that the Second OTR Request for Barakat's testimony was delivered on June 28, 2024.

25. The USPS tracking information associated with the certified mailing to Barakat's Florida Address on June 24, 2024, indicated that the Second OTR Request for Barakat's testimony was delivered to the front desk/reception/mail room on July 6, 2024.

26. The first-class mailings of the Second OTR Request for Barakat's testimony sent to Barakat's CRD Address and Barakat's Florida Address on June 24, 2024, were not returned to FINRA.

27. Barakat did not appear for testimony on July 11, 2024, nor did he contact FINRA staff requesting a rescheduling of the date for the OTR.

28. The testimony requested of Barakat pursuant to FINRA Rule 8210 in the First OTR Request and Second OTR Request was material to FINRA's investigation of Barakat's potential churning and excessive trading of customer accounts at Spartan.

29. Barakat's refusal to appear for an OTR impeded FINRA's investigation into his potential misconduct.

30. By failing to appear for testimony requested pursuant to FINRA Rule 8210, Barakat 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 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: September 9, 2024

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