**FINANCIAL INDUSTRY REGULATORY AUTHORITY**
**LETTER OF ACCEPTANCE, WAIVER, AND CONSENT**
**NO. 2018060806601**

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

RE: Alfonse Joseph Stazzone (Respondent)
Corporate Securities Representative
CRD No. 4908107

Pursuant to FINRA Rule 9216, Respondent Alfonse Joseph Stazzone 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

Stazzone entered the securities industry in January 2005. He became registered with FINRA as a Corporate Securities Representative through his association with a FINRA member firm in March 2005. He was associated with Woodstock Financial Group, Inc. (Woodstock) from May 2013 through November 2019. Stazzone is currently registered with FINRA through an association with another member firm.[1]

### OVERVIEW

Between September 2017 and August 2018, Stazzone excessively and unsuitably traded one customer's account, in violation of FINRA Rules 2111 and 2010.

### FACTS AND VIOLATIVE CONDUCT

This matter originated from a firm examination of Woodstock.

FINRA Rule 2111 provides that an associated person "must have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or

[1] For more information about the respondent, visit BrokerCheck® at www.finra.org/brokercheck.

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." A customer's investment profile includes such factors as the customer's age, financial situation and needs, investment objectives, investment experience, and investment time horizon.

FINRA's suitability rule includes an obligation to adhere to standards of "quantitative suitability" – i.e., whether the quantity of activity within a given timeframe is suitable in light of the customer's financial circumstances and investment objectives. Excessive trading occurs, and is unsuitable, when a registered representative has either actual or de facto control over trading in an account and the level of activity in that account is inconsistent with the customer's financial circumstances and investment objectives.

Although there is no single test to establish excessive trading, one factor considered in determining whether there has been a violation of the suitability rule is the cost-to-equity ratio. An account's cost-to-equity ratio represents the percentage return on the customer's average net equity needed to pay commissions and other account expenses. The cost-to-equity ratio measures the amount an investment would have to appreciate to break even. A cost-to-equity ratio in excess of 20 percent is generally indicative of excessive trading.

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

Between September 2017 and August 2018, while he was registered through Woodstock, Stazzone engaged in quantitatively unsuitable trading in the account of one customer (Customer 1), a 57 year old manager at a printing company whose only prior experience with securities was with mutual funds in his retirement account. The funds with which Customer 1 opened his account at Woodstock came from savings bonds. Stazzone and another registered representative with whom he worked recommended all of the trades in Customer 1's account and Customer 1 followed their recommendations. As a result, Stazzone exercised de facto control over Customer 1's account.

Stazzone recommended frequent trading in Customer 1's account, which resulted in an annualized cost-to-equity ratio of 221.56. This means that Customer 1's investments had to grow by more than 221 percent to break even. Customer 1 paid more than $173,000 in commissions during this period.[2] The securities transactions recommended by Stazzone in Customer 1's account were excessive and unsuitable given the customer's investment profile.

Therefore, Stazzone violated FINRA Rules 2111 and 2010.

[2] Customer 1 initiated an arbitration against, among others, Stazzone and Woodstock. Woodstock subsequently settled with Customer 1.

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

- a four-month suspension from associating with any FINRA member in all capacities and
- a $5,000 fine.

Respondent agrees to pay the monetary sanction 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 sanction imposed in this matter.

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;

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.

August 2, 2021

Date

Alfonse Joseph Stazzone

Alfonse Joseph Stazzone
Respondent

Reviewed by:

SCOTT HOLCOMB

Scott Holcomb
Counsel for Respondent
Holcomb & Ward, LLP
3455 Peachtree Road NE, Suite 500
Atlanta, Georgia 30326
(404) 601-2803
scott@holcombward.com

Accepted by FINRA:

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

August 16, 2021

Date

Rebecca L. Segrest

Rebecca L. Segrest, Senior Counsel
FINRA, Department of Enforcement
One Ameris Center, Suite 500
3490 Piedmont Road, N.E.
Atlanta, Georgia 30305
(404) 239-6125
rebecca.segrest@finra.org

Tino Lisella, Director
FINRA, Department of Enforcement
Boca Center – Tower 1
5200 Town Center Circle, Unit 200
Boca Raton, FL 33486
(561) 443-8034
tino.lisella@finra.org