

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

Department of Enforcement,

Complainant,

v.

Michael R. Rosalia
(CRD No. 2323953),

Respondent.

Disciplinary Proceeding
No. 2019060753508

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Respondent Michael R. Rosalia (“Rosalia”) failed to appear and provide testimony requested pursuant to FINRA Rule 8210 as part of FINRA’s investigation into whether Rosalia engaged in excessive and unsuitable trading in his customers’ accounts. As a result, Rosalia violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Rosalia first became registered with FINRA as a General Securities Representative (“GS”) through his association with a member firm in June 1993. Between June 1993 and December 2015, Rosalia was registered as a GS and as a General Securities Principal (“GP”) through various FINRA member firms.

3. From December 2015 to April 2021, Rosalia was registered as a GS and as a GP through his association with Worden Capital Management LLC (“Worden”).

4. From April 2021 to August 2022, Rosalia was registered as a GS, as a GP, and as

an Investment Banking Representative (“IB”) through his association with SW Financial (“SWF”).

5. On August 29, 2022, SWF filed a Uniform Termination Notice for Securities Industry Registration (“Form U5”) terminating Rosalia’s registration through the firm.

6. Rosalia has not been registered with FINRA since August 29, 2022.

7. In December 2022, a FINRA arbitration panel entered an arbitration award against Rosalia for \$2,000 to be paid in connection with a customer arbitration alleging, among other things, that Rosalia churned and excessively traded one customer’s account and made unsuitable investment recommendations to that customer.

8. In February 2023, FINRA suspended Rosalia from associating with any FINRA member firm in all capacities for his failure to comply with the December 2022 arbitration award pursuant to Article VI, Section 3 of FINRA By-Laws, and FINRA Rule 9554.

9. Although Rosalia 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 August 29, 2022, which was the effective date of termination of Rosalia’s registration with SWF; and (2) the Complaint charges him with failing to appear for on-the-record (“OTR”) 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)

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

11. FINRA Rule 8210(a)(1) provides that FINRA staff may “require a member, person associated with a member, or any other person subject to FINRA’s jurisdiction . . . to testify at a location specified by FINRA staff, under oath or affirmation administered by a court reporter or a notary public if requested, with respect to any matter involved in [an] investigation, complaint, examination, or proceeding.”

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

13. 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”).

14. 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.

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

16. FINRA staff was investigating Rosalia’s potential excessive and unsuitable trading between May 2016 and August 2022 in the accounts of at least five of his Worden and SWF customers.

17. On January 3, 2024, as part of its investigation, FINRA staff sent Rosalia a letter pursuant to FINRA Rule 8210 requesting that he appear by videoconference for OTR testimony on February 1 and 2, 2024 (the “First Testimony Request”).

18. FINRA staff sent the First Testimony Request by certified mail, return receipt requested, and first-class mail to Rosalia's last known residential address as reflected in CRD ("Rosalia's CRD Address").

19. The First Testimony Request sent by certified mail to Rosalia's CRD Address was not delivered because there was "No Authorized Recipient Available" and was returned to FINRA.

20. The First Testimony Request sent by first-class mail was not returned to FINRA.

21. On January 22, 2024, FINRA staff spoke with Rosalia via telephone. During that telephone call, FINRA staff informed Rosalia that he was scheduled to appear for testimony on February 1 and 2, 2024.

22. During that telephone call, Rosalia advised FINRA staff that he moved to a different residential address, provided FINRA staff with his new residential address ("Rosalia's New Address"), and provided FINRA staff with his email address ("Rosalia's Email Address").

23. On January 22, 2024, FINRA staff sent a copy of the First Testimony Request to Rosalia's Email Address. On January 25, 2024, Rosalia confirmed via email that he received the First Testimony Request.

24. Rosalia did not appear for testimony on February 1, 2024, nor did he request an extension of the testimony date.

25. On February 1, 2024, after Rosalia failed to appear for testimony, FINRA staff spoke with Rosalia via telephone. During that telephone call, Rosalia informed FINRA staff that he would not appear for testimony on February 2, 2024.

26. On February 2, 2024, as part of its investigation, FINRA staff sent Rosalia a second letter pursuant to FINRA Rule 8210, requesting that he appear by videoconference for OTR testimony on February 23 and 28, 2024 (the “Second Testimony Request”).

27. FINRA staff sent the Second Testimony Request by certified mail, return receipt requested to Rosalia’s CRD Address and to Rosalia’s New Address, and by first-class mail to Rosalia’s CRD Address. FINRA staff also sent a copy of the Second Testimony Request to Rosalia’s Email Address.

28. The Second Testimony Request sent by certified mail to Rosalia’s CRD Address was not delivered because there was “No Authorized Recipient Available” and was returned to FINRA.

29. The Second Testimony Request sent by certified mail to Rosalia’s New Address was not delivered because there was “No Authorized Recipient Available” and was returned to FINRA.

30. The Second Testimony Request sent by first-class mail to Rosalia’s CRD Address was not returned to FINRA.

31. On February 20, 2024, Rosalia responded to FINRA staff’s email to him of the Second Testimony Request and informed FINRA staff via email that he would not appear for testimony on February 23 and 28, 2024.

32. On March 25, 2024, as part of its investigation, FINRA staff sent a third letter to Rosalia pursuant to FINRA Rule 8210, requesting that he appear by videoconference for OTR testimony on April 18, 2024 (the “Third Testimony Request”).

33. FINRA staff sent the Third Testimony Request by certified mail, return receipt requested, and first-class mail to Rosalia's CRD Address and to Rosalia's New Address. FINRA staff also sent a copy of the Third Testimony Request to Rosalia's Email Address.

34. The Third Testimony Request sent by certified mail to Rosalia's CRD Address was "Delivered, Left with Individual" on April 1, 2024.

35. The Third Testimony Request sent by certified mail to Rosalia's New Address was not delivered because there was "No Authorized Recipient Available" and was returned to FINRA.

36. The Third Testimony Requests sent by first-class mail to Rosalia's CRD Address and to Rosalia's New Address were not returned to FINRA.

37. Rosalia did not appear for testimony on April 18, 2024, nor did he request an extension of the testimony date.

38. Rosalia's testimony was material to FINRA staff's investigation into whether Rosalia engaged in misconduct when he placed trades in his customers' accounts, and it was necessary for FINRA staff to complete its investigation into whether Rosalia engaged in excessive and unsuitable trading in customer accounts.

39. Rosalia's failure to appear for testimony has impeded FINRA staff's investigation into his conduct.

40. By failing to appear for testimony requested pursuant to FINRA Rule 8210, Rosalia violated FINRA Rules 8210 and 2010.

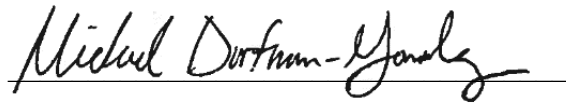
RELIEF REQUESTED

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

- A. make findings of fact and conclusions of law that Rosalia 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 Rosalia 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: June 20, 2024



Michael Dorfman-Gonzalez
Senior Counsel
FINRA Department of Enforcement
Brookfield Place, 200 Liberty Street
11th Floor
New York, New York 10281
Phone: 212-858-4721
E-mail: michael.dorfman-gonzalez@finra.org

Adam Balin
Director
FINRA Department of Enforcement
1601 Market Street, Suite 2700
Philadelphia, PA 19103
Phone: 212-858-4392
E-Mail: adam.balin@finra.org

Kay Lackey
Chief Counsel
FINRA Department of Enforcement
Brookfield Place, 200 Liberty Street
11th Floor
New York, New York 10281
Phone: 646-315-7301
E-mail: kay.lackey@finra.org