

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

Department of Enforcement,

Complainant,

v.

Francis Joseph Velten
(CRD No. 2291911),

Respondent.

Disciplinary Proceeding
No. 2020066032801

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Respondent Francis Joseph Velten failed to respond in any way to FINRA's requests for information made pursuant to FINRA Rule 8210. As a result, Velten violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Velten, through his association with Ameriprise Financial Services, LLC (CRD No. 6363) ("Ameriprise") was registered with FINRA as a general securities sales supervisor and general securities representative from January 27, 2020 to April 28, 2020. Velten resigned from Ameriprise after the firm asked him about the allegations described in paragraph 5.

3. Previously, Velten was registered with FINRA in those same capacities through his association with Summit Brokerage Inc. (CRD. No. 34643) ("Summit") from 2006 through 2018.

4. Although Velten is no longer registered or associated with any 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 the Complaint (1) was filed within two years after April 28, 2020, which was the effective date of termination of Velten's registrations with FINRA, and (2) charges him with failing to provide information in response to FINRA Rule 8210 requests during the two-year period after he ceased to be registered or associated with a FINRA member.

FACTS

5. In 2020, FINRA began investigating an allegation that Velten "churned" and "flipped" his elderly customers' accounts at Summit, encouraging "one retiree after another" to surrender their annuities and sell mutual fund holdings away from Summit and use the proceeds to purchase bonus annuities. In these instances, it was alleged, the customers incurred significant surrender charges while Velten pocketed the commissions.

6. For purposes of FINRA's investigation, and pursuant to FINRA Rule 8210, on October 25, 2021, FINRA sent Velten a letter requesting that he provide information by November 8, 2021. Specifically, FINRA requested that Velten provide a written statement addressing the allegations as well as detailed information on Velten's treatment of specified elderly customer accounts.

7. FINRA served its request by certified mail and first-class mail to Velten's last known residential address as reflected in the Central Registration Depository ("CRD Address").

8. Although FINRA had no actual knowledge that the CRD Address was inaccurate or out of date, out of an abundance of caution, prior to sending the request, FINRA obtained a LEXIS report and confirmed the CRD Address was current.

9. Neither of the mailings were returned, although United States Postal Service (USPS) tracking information does not indicate that the certified mailing was delivered.
10. Velten did not respond to the request in any way.
11. When Velten failed to respond to the request, FINRA sent its request for a second time on November 12, 2021, again for the purpose of its investigation and pursuant to FINRA Rule 8210 and requested that Velten provide the information by November 29, 2021.
12. FINRA served its second request by certified mail and first-class mail to the CRD Address, which FINRA subsequently determined via another LEXIS search was Velten's current address.
13. Neither of the mailings were returned, although USPS tracking information indicates that the certified mailing remains in transit.
14. Also on November 12, 2021, FINRA called Velten at a telephone number obtained through a LEXIS report. After the voicemail prompt identified the number as belonging to Velten, FINRA left a voicemail.
15. Velten did not respond to the request in any way.
16. When Velten failed to respond, FINRA sent its request for a third time on January 26, 2022, again for the purpose of its investigation and pursuant to FINRA Rule 8210 and requested that Velten provide the information by February 9, 2022.
17. FINRA served its third request to the CRD Address by first-class mail and FedEx with a signature required.
18. The FedEx mailing was delivered on January 28, 2022 and signed for by an individual "G. Velten." Staff's first-class mailing was not returned.
19. Again, Velten did not respond in any way.

20. When Velten failed to respond, FINRA sent its request for a fourth and final time on February 10, 2022, again for the purpose of its investigation and pursuant to FINRA Rule 8210, and requested that Velten provide the information by March 3, 2022.

21. FINRA served its fourth request to the CRD Address by certified mail and FedEx, overnight, with a signature required.

22. Although the certified mailing remains out for delivery, the FedEx mailing was delivered on February 15, 2022, and signed for by an individual “F. Velten.”

23. Again, Velten did not respond in any way.

24. In December 2021 and March 2022, FINRA searched property records for the CRD Address and confirmed that Velten owned the property at the CRD Address.

**CAUSE OF ACTION
Failure to Provide Information
(FINRA Rules 8210 and 2010)**

25. The Department of Enforcement realleges and incorporates by reference all preceding paragraphs.

26. 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, complaint, examination, or proceeding.”

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

28. A violation of FINRA Rule 8210 also constitutes a violation of FINRA Rule 2010, which requires associated persons to “observe high standards of commercial honor and just and equitable principles of trade.”

29. While subject to FINRA's jurisdiction, Velten failed to provide information FINRA requested pursuant to FINRA Rule 8210.

30. FINRA's requests sought information that was material to FINRA's investigation. The requested information was necessary to investigate the allegations that Velten excessively traded on customer accounts and conducted transactions away from the employing firm, or engaged in other misconduct, in violation of FINRA rules.

31. By virtue of the foregoing, Velten violated FINRA Rules 8210 and 2010.

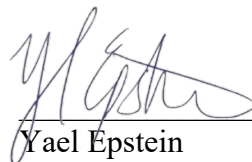
RELIEF REQUESTED

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

- A. make findings of fact and conclusions of law that Velten 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 Velten 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: March 31, 2022



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