

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

Department of Enforcement,

Complainant,

v.

David Wong,
CRD No. 4689031,

Respondent.

Disciplinary Proceeding
No. 2021069373001

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Respondent David Wong, while associated with FINRA member firm Integrity Brokerage, LLC, converted and misused approximately \$9,500 in customer funds on two separate occasions.
2. In March 2022, Wong converted and misused \$3,230.75—100% of the funds in an Integrity Brokerage Roth IRA account belonging to Customer A—when he transferred Customer A’s funds into Integrity’s own bank account.
3. Similarly, in January 2023, Wong converted and misused \$6,200 from a trust account established for the benefit of Customers B and C when he transferred the account’s funds into Integrity’s bank account.
4. By converting and making improper use of \$9,430.75 in customer funds, Wong violated FINRA Rule 2150(a), and he violated FINRA Rule 2010, both independently and by virtue of violating FINRA Rule 2150.

RESPONDENT AND JURISDICTION

5. Wong first registered with FINRA in September 2003 as a General Securities Representative through an association with a FINRA member firm. From 2003 through the present, Wong has been registered with FINRA through associations with thirteen different FINRA member firms. He became registered with FINRA as a General Securities Principal for the first time in 2020.

6. Wong registered with FINRA as a General Securities Representative in April 2020 and as a General Securities Principal in May 2020 through an association with Integrity. Wong is the majority owner, Chief Executive Officer, Chief Financial Officer, and Chief Compliance Officer of Integrity.

7. FINRA has jurisdiction over Wong because he is registered with FINRA through his association with a FINRA member firm.

FACTS

A. Wong Converted and Misused Funds from Customer A's Account

8. Customer A was married to a former Integrity Registered Representative who was registered with the firm from 2017 until April 20, 2020. Customer A's husband passed away on January 20, 2022.

9. At the time of Customer A's husband's death, he and Integrity were respondents in two FINRA customer arbitrations, which related to the sales activities of Customer A's husband. Wong was a respondent in one of these FINRA customer arbitrations.

10. On March 11, 2022, Wong directed Integrity's clearing firm to impose a charge of \$3,230.75 on Customer A's Roth IRA account at Integrity. This charge represented the entire balance held in the account at the time. The result of the charge was to move the funds into Integrity's bank account.

11. Customer A's account statement for this period indicated that the charge was for "FINRA ARB [redacted]."

12. Wong took funds from Customer A's account into the firm's account without asking Customer A's permission or obtaining her approval.

13. Customer A did not authorize the transfer of funds from her account to the firm's account.

14. Wong knew that Customer A's funds did not belong to him or to the firm.

15. Nonetheless, Wong directed the clearing firm to deposit funds belonging to Customer A into Integrity's checking account.

B. Wong Converted and Misused Funds from a Trust Account Held for the Benefit of Customers B and C

16. Customers B and C were the children and heirs to Integrity customers who passed away in January 2021. Customers B and C opened a trust account with Integrity in order to receive the funds from their parents' individual Integrity accounts.

17. Customers B and C were both the trustees and beneficiaries of the trust.

18. On June 17, 2022, Customers B and C's attorney wrote a letter to Integrity complaining about Integrity's handling of their parents' accounts after they passed away.

19. Integrity provided a copy of the June 17, 2022 letter to FINRA on January 12, 2023 in response to FINRA's request for information to the firm regarding customer complaints.

20. On January 25, 2023, Wong directed Integrity's clearing firm to impose two fees in the total amount of \$6,200 on the trust account. As a result, \$6,200 was deposited into Integrity's account from the trust account.

21. The account statement for the trust account for this period described the charges as a \$5,000 "FINRA fine complaint" fee and a \$1,200 "FINRA investigation" fee.

22. Wong directed the clearing firm to take the funds from the trust account without asking permission or obtaining approval from Customers B and C.

23. Neither Customer B nor Customer C authorized the transfer of the funds from the trust account to the firm's account.

24. Wong knew that the funds in the trust account did not belong to him or to the firm.

25. Nonetheless, Wong directed the clearing firm to deposit funds belonging to Customers B and C into Integrity's checking account.

FIRST CAUSE OF ACTION

Conversion and Improper Use of Customer Funds (Violation of FINRA Rules 2150(a) and 2010 regarding Customer A)

26. The Department of Enforcement realleges and incorporates by reference all prior paragraphs.

27. FINRA Rule 2150(a) prohibits any person associated with a FINRA member firm from making improper use of a customer's securities or funds.

28. Improper use of funds occurs when an associated person fails to apply a customer's funds as directed or uses the funds for a purpose other than that directed by the customer.

29. Conversion is the intentional and unauthorized taking of and/or exercise of ownership of property by one who neither owns the property nor is entitled to possess it. Conversion of a customer's funds violates FINRA Rules 2150(a) and 2010.

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

31. A violation of FINRA Rule 2150 constitutes a violation of FINRA Rule 2010.

32. Conversion and improper use of customer funds is also an independent violation of FINRA Rule 2010.

33. As alleged above, on March 11, 2022, Wong intentionally and without Customer A's knowledge or consent took \$3,230.75 of Customer A's funds from her account at the firm and directed the clearing firm to deposit those funds into the firm's account.

34. Wong neither owned nor was entitled to any of Customer A's funds over which he took ownership and control.

35. As a result of Wong's conduct, Customer A was deprived of the ownership and use of her funds.

36. As a result of the foregoing, Wong improperly used and converted customer funds in violation of FINRA Rule 2150(a), and in violation of FINRA Rule 2010, both independently and by virtue of violating FINRA Rule 2150.

SECOND CAUSE OF ACTION

Conversion and Improper Use of Funds of Customer Funds (Violation of FINRA Rules 2150(a) and 2010 regarding Customers B and C)

37. The Department of Enforcement realleges and incorporates by reference all prior paragraphs.

38. As alleged above, on January 25, 2023, Wong intentionally and without Customers B and C's knowledge or consent took \$6,200 from a trust account held at the firm for which they were the trustees and beneficiaries and directed the clearing firm to deposit those funds into the firm's account.

39. Wong neither owned nor was entitled to any of the funds over which he took ownership and control.

40. As a result of Wong's conduct, Customers B and C were deprived of the ownership and use of their funds.

41. As a result of the foregoing, Wong improperly used and converted customer funds in violation of FINRA Rule 2150(a), and in violation of 2010, both independently and by virtue of violating FINRA Rule 2150.

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 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: May 7, 2024



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