

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

Department of Enforcement,

Complainant,

v.

James Lukezic
CRD No. 4284800,

Respondent.

Disciplinary Proceeding
No. 2022073425001

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. On February 7, 2022, while associated with Old Slip Capital Management, Inc. (CRD No. 7360), Respondent James Lukezic placed six mutual fund exchanges with a total principal value of approximately \$1.1 million in the accounts of five customers without the customers' authorization. By engaging in unauthorized trading, Lukezic violated FINRA Rule 2010.

2. In addition, during FINRA's investigation of his unauthorized trading, Lukezic provided false and misleading information in response to FINRA's Rule 8210 requests for information and in testimony he provided pursuant to FINRA Rule 8210. In particular, in both his written statements in response to Rule 8210 requests and in his testimony, Lukezic falsely denied that he had effected four of the mutual fund exchanges. By providing false and misleading written statements and testimony to FINRA, Lukezic violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

3. Lukezic first registered with FINRA in January 2001.

4. Since January 2019, Lukezic has been registered with FINRA as a General Securities Representative through his association with Old Slip Capital Management, and since December 2019, he also has been registered with FINRA as a General Securities Principal through his association with that firm.

5. Lukezic has been a managing principal of Old Slip Capital Management since January 2019. Since December 2019, Lukezic has also served as the firm's Chief Executive Officer and Chief Compliance Officer.

6. Lukezic is subject to FINRA's jurisdiction because he is currently registered with a FINRA member and the Complaint charges him with misconduct committed while he was registered with FINRA and associated with a FINRA member.

FACTS

A. Lukezic effected six transactions without his customers' authorization.

7. In January 2019, Lukezic acquired ownership of a FINRA member firm and changed the name of the firm to Old Slip Capital Management.

8. Old Slip Capital Management inherited a number of customer accounts from its predecessor firm, including the accounts of the five customers (Customers 1 through 5) in which Lukezic later made the unauthorized mutual fund exchanges at issue here.

9. Each of the five customers owned shares of mutual funds that were distributed by a separate FINRA member firm (Firm A) and held at Firm A's affiliated transfer agent (Transfer Agent A). The five customers' accounts that held the mutual funds were serviced by Old Slip Capital Management as the dealer of record.

10. In December 2021 and January 2022, Lukezic, as Managing Principal of Old Slip Capital Management, sought dealer-level access for himself to Transfer Agent A's mutual fund platform that would permit him to place trades in accounts for which Old Slip Capital Management was the dealer firm, including the accounts of Customers 1 through 5.

11. On January 19, 2022, Old Slip Capital Management received access to the mutual fund platform and was assigned a specific user credential, which was associated with Lukezic.

12. Lukezic was the only Old Slip Capital Management employee with access to the mutual fund platform through that user credential.

13. On February 7, 2022, Lukezic accessed the mutual fund platform and effected six mutual fund exchange transactions in the five customers' accounts.

14. Lukezic effected all six mutual fund exchange transactions for Customers 1 through 5 within a span of approximately ten minutes.

15. Each of the transactions involved an exchange of Class A mutual fund shares to other Class A mutual fund shares that also were distributed by Firm A.

16. The total principal value of the six mutual fund exchanges was approximately \$1.1 million.

17. Lukezic did not contact any of the five customers prior to effecting these mutual fund exchange transactions.

18. Lukezic had not communicated with any of the five customers prior to placing the exchanges on February 7, 2022.

19. None of the five customers authorized the mutual fund exchanges that Lukezic effected in their accounts.

20. Lukezic's unauthorized trading in the five customers' accounts caused losses of approximately \$44,500.

21. On February 8, 2022, the day after he placed the mutual fund exchanges, Lukezic called Transfer Agent A concerning the exchanges.

22. During that February 8, 2022 telephone call, which Transfer Agent A recorded, Lukezic identified himself and stated, "We made some exchanges on the [] platform yesterday." Lukezic further explained that the exchanges were "A-share for A-share exchanges, and we're just wondering, how do we get paid on that."

23. A representative of Transfer Agent A informed Lukezic that the February 7, 2022 mutual fund exchange transactions were ineligible for commissions. The representative of Transfer Agent A further informed Lukezic that, if the customers agreed to convert their shares from Class A shares to Class F shares, Old Slip Capital Management could request a conversion of the shares and begin to assess fees on the customers' accounts.

24. Transfer Agent A also explained that, once Old Slip Capital Management verified the clients' intention to convert the shares, Old Slip Capital Management would need to email or fax Transfer Agent A with the instructions to convert the shares from Class A to Class F on behalf of Old Slip Capital Management's customers.

25. That same day, February 8, 2022, Lukezic sent an email to Firm A and Transfer Agent A, stating "[w]e need to change all Old Slip Capital Management Inc. account[s] from A to F share. Please let me know how we can complete this."

26. Between February 9, 2022 and April 19, 2022, during telephone calls with representatives of Transfer Agent A, all five customers complained that they had not authorized

any of the mutual fund exchange transactions that were made in their accounts on February 7, 2022.

27. Between February 2022 and June 2022, Transfer Agent A cancelled and reversed the February 7, 2022 mutual fund exchange transactions in the accounts of the five customers and returned the original mutual fund holdings to the customer accounts.

28. On March 2, 2022, March 3, 2022, and March 7, 2022, Transfer Agent A called Lukezic to discuss the February 7, 2022 mutual fund exchanges. On those telephone calls in March 2022, which Transfer Agent A recorded, Lukezic stated that he did not effect the exchanges at issue.

B. Lukezic provided false and misleading written statements to FINRA in response to requests made pursuant to FINRA Rule 8210.

29. On May 5, 2023, in connection with FINRA's investigation in this matter, FINRA requested, pursuant to FINRA Rule 8210, that Old Slip Capital Management provide all documents and communications related to the February 7, 2022 mutual fund exchanges. Staff addressed the FINRA Rule 8210 request to Lukezic, as Old Slip Capital Management's Chief Executive Officer and Chief Compliance Officer.

30. On May 22, 2023, Lukezic, as CEO and Managing Principal of Old Slip Capital Management, responded in writing to FINRA's Rule 8210 request. In his response, Lukezic falsely stated that Old Slip Capital Management did not have the ability to execute trades on Transfer Agent A's platform. In addition, Lukezic falsely stated, "no mutual funds were placed by our firm and no mutual fund trade was ever discussed, only the transition of entire accounts to [another broker-dealer]."

31. In fact, as alleged above, Lukezic effected the six mutual fund exchanges at issue on February 7, 2022, and he called Transfer Agent A the following day, during which telephone

call he acknowledged Old Slip Capital Management made the mutual fund exchanges and asked how the firm would get paid on the exchanges.

32. On May 9, 2024, in connection with FINRA’s investigation of the misconduct charged in this matter, FINRA Staff requested, pursuant to Rule 8210, that Old Slip Capital Management provide documents and information, including “such additional communications between [Old Slip Capital Management and Transfer Agent A] concerning the Mutual Fund Trades that have not previously been provided to FINRA or confirm that all such communications have been provided to FINRA in your earlier responses...” Staff addressed the FINRA Rule 8210 request to Lukezic, as Old Slip Capital Management’s Chief Executive Officer and Chief Compliance Officer.

33. On May 17, 2024, Lukezic, as CEO and Managing Principal of Old Slip Capital Management, responded in writing to FINRA’s Rule 8210 request. In his response, Lukezic falsely stated “I was not involved in placing any trades.”

34. In fact, as alleged above, Lukezic effected the six mutual fund exchanges at issue on February 7, 2022, and he called Transfer Agent A the following day, during which call he acknowledged Old Slip Capital Management had made the mutual fund exchanges and asked how the firm would get paid on the exchanges.

D. Lukezic provided false and misleading testimony in response to a request made pursuant to FINRA Rule 8210.

35. On July 19, 2023, in connection with its investigation, FINRA staff sent Lukezic a request pursuant to FINRA Rule 8210 to provide on-the-record (“OTR”) testimony.

36. Pursuant to that request, Lukezic appeared and provided OTR testimony on August 25, 2023.

37. During his August 25, 2023 OTR, Lukezic denied executing the four mutual fund exchanges for four of the five customers (Customer 1, Customer 3, Customer 4, and Customer 5) on February 7, 2022.

38. Lukezic's testimony was false and misleading. As alleged above, on February 7, 2022, Lukezic effected the four mutual fund exchanges for Customer 1, Customer 3, Customer 4, and Customer 5.

**FIRST CAUSE OF ACTION
Unauthorized Trading
(Violations of FINRA Rule 2010)**

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

40. FINRA Rule 2010 requires registered representatives, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

41. Unauthorized trading occurs when a registered representative effects trades in a customer's non-discretionary account without first obtaining the customer's authorization or consent.

42. Unauthorized trading is a breach of the duty to observe high standards of commercial honor and just and equitable principles of trade and, thus, is a violation of FINRA Rule 2010.

43. On February 7, 2022, Lukezic effected six mutual fund exchanges in the accounts of five customers without first obtaining their required authorization or consent.

44. By virtue of the foregoing, Lukezic violated FINRA Rule 2010.

SECOND CAUSE OF ACTION
Providing False or Misleading Information to FINRA
Requested Pursuant to FINRA Rule 8210
(Violations of FINRA Rules 8210 and 2010)

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

46. 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 provide information orally, in writing, or electronically . . . with respect to any matter involved in [a FINRA] investigation [or] examination.”

47. Providing false or misleading information to FINRA in writing requested pursuant to FINRA Rule 8210 is a violation of FINRA Rule 8210 and 2010.

48. Lukezic provided false and misleading information in response to two separate requests for documents and information issued pursuant to FINRA Rule 8210. As alleged above, on May 5, 2023 and May 9, 2024, FINRA requested, pursuant to FINRA Rule 8210, documents and information concerning the mutual fund exchanges at issue. On May 22, 2023 and again on May 17, 2024, in written correspondences submitted in response to FINRA’s requests, Lukezic falsely denied that he effected the four mutual fund exchanges at issue.

49. By virtue of the foregoing, Lukezic violated FINRA Rules 8210 and 2010.

THIRD CAUSE OF ACTION
Providing False or Misleading Information in Testimony
Requested Pursuant to FINRA Rule 8210
(Violations of FINRA Rules 8210 and 2010)

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

51. 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, . . . with respect to any matter involved in [a FINRA] investigation [or] examination.”

52. Providing false or misleading information to FINRA during on-the-record testimony requested pursuant to FINRA Rule 8210 is a violation of FINRA Rule 8210 and 2010.

53. During the August 25 OTR, Lukezic testified that he did not execute the four mutual fund exchanges for Customer 1, Customer 3, Customer 4, and Customer 5 on February 7, 2022.

54. Lukezic’s testimony was false and misleading. As alleged above, Lukezic, in fact, effected the four mutual fund exchanges for Customer 1, Customer 3, Customer 4, and Customer 5 on February 7, 2022, all without authorization.

55. By virtue of the foregoing, Lukezic 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 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: December 17, 2024



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