

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022077330501**

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

RE: Joseph A. Eisler (Respondent)
Former General Securities Representative
CRD No. 2503507

Pursuant to FINRA Rule 9216, Respondent Joseph A. Eisler 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 accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Eisler first registered with FINRA in 1995. Eisler was registered with FINRA as a General Securities Representative and Investment Banking Representative through an association with Morgan Stanley (CRD No. 149777) from June 2009 until December 2022, when the firm filed a Uniform Termination Notice for Securities Industry Registration (Form U5) terminating Eisler's registration. The Form U5 disclosed that Eisler had resigned after being placed on "administrative leave pending further investigation into (i) allegations of unauthorized sharing of confidential client trading information through an unapproved messaging platform and (ii) an alleged agreement with a client to receive unapproved compensation in exchange for certain trading opportunities." Eisler remained registered with FINRA through his association with another FINRA member firm from December 19, 2022, through March 27, 2025.

Eisler is not currently registered or associated with any FINRA member. However, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4, of FINRA's By-Laws.¹

¹ For more information about the respondent, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

OVERVIEW

From at least August 2014 to June 2022, Eisler allocated shares of new issues to a customer in exchange for a portion of the customer's realized profits when the stock was sold, in the form of excessive compensation on unrelated transactions. Moreover, Eisler shared in the profits in his customer's account despite not obtaining prior written authorization from his firm or from the customer. As a result, he violated FINRA Rules 5131(a), 2150(c), and 2010.

Eisler also used text messages on his personal device to conduct securities business even though Morgan Stanley prohibited their use. As a result, the firm did not preserve the text messages as required by Section 17(a) of the Securities Exchange Act of 1934 and Exchange Act Rule 17a-4(b)(4). As a result, Eisler violated FINRA Rules 4511 and 2010.

For these violations, Eisler is barred from associating with any FINRA member in all capacities.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's review of Eisler's Form U5.

Eisler shared in customer profits in exchange for allocations of new issues.

FINRA Rule 5131 addresses potential misconduct in the allocation and distribution of new issues. FINRA Rule 5131(a) prohibits quid pro quo allocations. It states that no "person associated with a member may offer or threaten to withhold shares it allocates of a new issue as consideration or inducement for the receipt of compensation that is excessive in relation to the services provided by the member." FINRA Regulatory Notice 10-60 explains that pursuant to FINRA Rule 5131(a), associated persons are "prohibit[ed] . . . from using an allocation of a new issue as a means of obtaining a 'kick back' from the recipient." Regulatory Notice 10-60 further states that "[a]n assessment of whether compensation is excessive will be based upon all relevant facts and circumstances, including . . . the rates generally charged for such services."

FINRA Rule 2150(c) states, in pertinent part, that "no member or person associated with a member shall share directly or indirectly in the profits or losses in any account of a customer carried by the member or any other member" unless the associated person (a) obtains prior written authorization from the employer firm, (b) obtains the customer's prior written authorization, and (c) shares in the profits or losses in direct proportion to their financial contributions.

Violations of FINRA Rules 5131(a) and 2150(c) are also violations of FINRA Rule 2010, which requires associated persons to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

From at least August 2014 through June 2022, Morgan Stanley prohibited registered representatives from sharing, directly or indirectly, in customer profits, and further prohibited representatives from establishing any form of arrangement with customers

involving new issue allocations. The firm also did not permit compensation of any kind relating to new issue transactions other than a customary sales concession.

During this period, Eisler provided a customer with new issue allocations in exchange for a portion of the customer's realized profits when the stock was sold. Eisler and the customer agreed that Eisler would receive a portion of the customer's new issue profits by charging the customer additional, unearned commissions in subsequent, unrelated transactions. Eisler never disclosed the profit-sharing agreement to Morgan Stanley, nor did he obtain prior written authorization from the customer or the firm. Eisler also did not make any financial contribution to the customer's new issue purchases and, although he shared in his customer's realized gains, Eisler did not compensate the customer for any losses.

Ultimately, in exchange for more than 100 new issue allocations, Eisler received more than \$120,000 from the customer through artificially inflated commissions on unrelated transactions. Eisler's compensation was excessive because the firm did not permit compensation of any kind relating to new issue transactions other than customary sales concessions.

As a result, Eisler violated FINRA Rules 5131(a), 2150(c), and 2010.

Eisler used personal text messages for business-related communications.

FINRA Rule 4511(a) requires each member to "make and preserve books and records as required under the FINRA Rules, the Exchange Act, and the applicable Exchange Act rules." Section 17(a) of the Exchange Act and Exchange Act Rule 17a-4(b)(4) require member firms to maintain, for a period of not less than three years, the originals of all communications received, and copies of all communications sent, by the member relating to the member's business, including text messages and other electronic messages. A registered representative who causes his or her member firm to fail to comply with its recordkeeping obligations violates FINRA Rule 4511. A violation of FINRA Rule 4511 is also a violation of FINRA Rule 2010.

At all relevant times, Morgan Stanley's written policies and procedures provided that electronic business communications could only be accessed and transmitted through systems approved by the firm. The firm prohibited associated persons from communicating about firm business via text messages on personal devices.

For eight years, however, Eisler exchanged hundreds of text messages on his personal phone related to the firm's securities business, including communications with the customer with whom Eisler had the new issue profit-sharing agreement. These messages included, among other things, authorizations to execute securities transactions, trade confirmations, and account performance information. By communicating through his personal texts, Eisler intended to hide his communications from his firm, and he knew that such communications violated firm policy. Indeed, each year from 2014 through 2022, Eisler falsely attested to Morgan Stanley that he complied with the firm's prohibition against using text messages on personal devices to communicate about firm business. Because Eisler used personal text messages for business-related communications, Morgan Stanley did not capture or maintain

these communications as required by Section 17(a) of the Exchange Act and Rule 17a-4(b)(4). Therefore, Eisler violated FINRA Rules 4511 and 2010.

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

- a bar from associating with any FINRA member in all capacities.

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. A bar or expulsion shall become effective upon approval or acceptance of this AWC.

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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

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.

April 1, 2025

Date

Joseph A. Eisler

Joseph A. Eisler
Respondent

Reviewed by:



Matthew Plant
Counsel for Respondent
Lax, Neville & Intelisano LLP
350 Fifth Avenue, Suite 4640
New York, NY 10118

Accepted by FINRA:

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

April 11, 2025

Date



Alex Feldman
Principal Counsel
FINRA
Department of Enforcement
200 Liberty Street
New York, NY 10281