

**NASD
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

LAWRENCE NALLIE
General Securities Representative
CRD # 2364153 ,

Respondent.

Disciplinary Proceeding
No. C8A050004

Hearing Officer

COMPLAINT

Upon information and belief, Complainant alleges as follows:

1. Lawrence Nallie ("Respondent Nallie") was associated with American Express Financial Advisors ("Member"), a member of NASD, from about October 9, 1996 until November 19, 2003. During that time, Respondent Nallie was associated with the Member as a sales representative and was registered with NASD as a General Securities Representative.

**FIRST CAUSE OF COMPLAINT
Misuse of Customer Funds
Violation of NASD Conduct Rule 2110**

2. Paragraph number 1, above, is realleged and incorporated herein by reference.
3. From approximately March 17, 2003 until October 7, 2003, while Respondent Nallie was associated with the Member, he obtained personal checks payable to "Lawrence

Nallie and Associates" totaling \$6,500 from seven customers, including KH, GT, TP, MM, LF, SF and TW, in payment for financial plans and/or financial advice, which checks Respondent Nallie deposited into a checking account over which he exerted control, or cashed without providing the financial plans and/or financial advice to the customers.

4. Respondent Nallie's conduct constitutes a misuse of customer funds in violation of NASD Conduct Rule 2110.

SECOND CAUSE OF COMPLAINT
Outside Business Activities
Violations of NASD Conduct Rules 2110 and 3030

5. Paragraphs 1 through 4 of the Complaint are realleged and incorporated herein by reference for purposes of this cause of action.
6. From approximately March 17, 2003 until October 7, 2003, Respondent Nallie engaged in outside business activities by selling financial plans and/or financial services to customers TW, LF, SF, MM, KH and TP. Respondent Nallie collected approximately \$6,500 from the customers as compensation for providing the financial plans and/or financial services. Respondent failed to provide prompt written notice of his activities to the Member.
7. The acts, practices and conduct described above constitute separate and distinct violations of NASD Conduct Rules 2110 and 3030 by Respondent Nallie.

THIRD CAUSE OF COMPLAINT
Failure to Timely Respond
NASD Conduct Rule 2110 and NASD Procedural Rule 8210

8. Paragraphs 1 through 7 of the Complaint are realleged and incorporated herein by reference for purposes of this cause of action.
9. On or about December 19, 2003, NASD staff sent to Respondent Nallie a request that he provide certain documents and information, pursuant to and in accordance with the provisions of NASD Procedural Rule 8210. That request for information was sent by first class mail and certified mail, return requested, to Respondent Nallie's address of record as contained in the records of the Central Registration Depository ("CRD address"). The first class mailing was not returned to NASD and the certified mailing was returned to NASD staff stamped "Other".
10. On or about January 8, 2004, NASD staff sent to Respondent Nallie the same request that he provide certain documents and information, pursuant to and in accordance with the provisions of NASD Procedural Rule 8210. That request for information was sent by first class mail and by certified mail, return receipt requested, to Respondent Nallie's CRD address. The first class mailing was not returned to NASD. The receipt for the certified mailing to Respondent Nallie was returned to NASD staff with the notation that it was accepted with the signature of Cheryl Nallie, Respondent Nallie's wife.
11. On or about January 8, 2004, NASD staff sent to Respondent Nallie the same request that he provide certain documents and information, pursuant to and in accordance with the provisions of NASD Procedural Rule 8210. That request for information was sent by certified mail, return receipt requested, to an additional residential

address for Respondent Nallie, which was returned to NASD marked "Unclaimed".

12. Respondent Nallie failed to respond to each and all of the requests for documents and information described in Paragraphs 7, 8 and 9 above by the due date of January 22, 2004.

13. On or about December 17, 2004, Respondent Nallie submitted a response to the requests for information from NASD described in paragraphs 9-12, which response was almost one year late and incomplete.

14. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 and NASD Procedural Rule 8210.

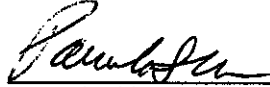
PRAYER FOR RELIEF

WHEREFORE, Complainant respectfully requests:

- A. Findings of fact and conclusions of law that Respondent Nallie committed the violations charged and alleged herein;
- B. An order imposing sanctions upon Respondent Nallie in accordance with NASD Procedural Rule 8310;

- C. An order imposing such costs of any proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Procedural Rule 8330;
- D. An order imposing any other fitting sanction.

1-13-05
Date


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1-13-05
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