

**NASD
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

TANVEER A. PARACHA,
(CRD No. 4601108)

Respondent.

Disciplinary Proceeding
No. C9B050001

Hearing Officer -

COMPLAINT

Upon information and belief, Complainant alleges the following:

1. Respondent Tanveer A. Paracha ("Paracha") became registered with NASD as a Series 7 general securities representative on or about October 29, 2002.
2. From on or about October 22, 2002, through on or about December 19, 2003, Paracha was associated with Continental Broker-Dealer Corp. ("Continental"), a NASD member firm from on or about November 9, 1983, until it was expelled from membership on or about May 6, 2004.
3. On or about December 19, 2003, Continental filed a Form U -5 on behalf of Paracha terminating his employment as of that date.
4. Paracha is not currently registered with any NASD member firm, but is still within the jurisdiction of NASD pursuant to Article V, Section 4, of NASD's By-Laws. NASD retains jurisdiction over Paracha until at least December 18, 2005, which is two years after the date that he was last associated with an NASD member firm.

FIRST CAUSE OF ACTION

PARACHA'S EXCESSIVE TRADING/SUITABILITY VIOLATIONS **Violation of IM-2310-2 and NASD Conduct Rules 2110, 2310 and 2860(b)(19)**

5. Paragraphs 1 through 4 are realleged and are incorporated by reference herein.
6. In or about February 2003, Customer PS received an unsolicited telephone call and agreed to open a securities brokerage account [REDACTED] at Continental.
7. Paracha served as PS's account executive from in or about May 2003 through in or about July 2003.
8. When PS opened his account at Continental, he was forty years old, married, the father of two young children and self-employed as a manager and owner of a drug store. In addition, PS had an annual income of less than \$100,000 and a total net worth of approximately \$500,000.
9. Prior to opening this account, PS had no securities investment experience.
10. PS funded this account with several cash deposits totaling approximately \$90,500.
11. When PS opened this account he was interested in preserving his funds as they were earmarked for his retirement.
12. While Paracha served as his account executive, PS relied on Paracha to make appropriate investment decisions in PS's account.
13. From in or about May 2003 through in or about July 2003, Paracha, while exercising effective control over customer PS's account, effected or caused to be effected numerous and excessive purchase and sale transactions in PS's account, as more fully detailed in Schedule A attached to this Complaint and incorporated herein by reference, without having reasonable grounds for believing that such transactions were suitable for PS in view of the size

and frequency of the transactions, the nature of the account and PS's financial situation, investment objectives and needs.

14. The transactions referred to in paragraph 13 above were excessive, costing a total of approximately \$554,393, while the average monthly equity in the account was approximately \$32,821.

15. Paracha's trading activity in PS's account from in or about May 2003 through in or about July 2003, generated an annualized Cost-to-Equity Ratio (converted to a percentage) of approximately 300%, an annualized Commission-to-Equity Ratio (converted to a percentage) of approximately 282% and an annualized Turnover Ratio of 67.564. Accordingly, PS's account would have had to earn nearly 300% return just to break even.

16. Between May 2003 and July 2003, customer PS paid approximately \$23,165 in commissions, while sustaining losses of approximately \$16,078.

17. Many of the transactions referred to in paragraph 13 above were effected through the use of margin and resulted in PS paying approximately \$1,464 in margin interest. On June 30, 2003, PS's account had a margin balance of approximately \$110,748 while the account's equity was approximately \$51,421.

18. The margin utilized by Paracha in PS's account was unsuitable for PS in view of the size and the nature of the account and PS's financial situation and needs.

19. By reason of the foregoing, Paracha violated IM-2310-2 and NASD Conduct Rules 2110, 2310 and 2860(b)(19).

SECOND CAUSE OF ACTION

FAILURE TO APPEAR FOR TESTIMONY

Violation of NASD Procedural Rule 8210 and NASD Conduct Rule 2110

20. Paragraphs 1 through 19 are realleged and are incorporated by reference herein.

21. On or about December 17, 2003, NASD staff sent Paracha a written request, pursuant to NASD Procedural Rule 8210, requiring him to appear at the District 9-New Jersey office on February 12, 2004, for an on-the-record interview (hereinafter the "December 17th Request").

22. The December 17th Request was sent by first class and certified mail to Paracha at his CRD residential address of record, [REDACTED] (hereinafter "CRD residential address").

23. A copy of the December 17th Request was also sent by facsimile to the attorney who was representing Paracha at the time.

24. The letters sent to Paracha at his CRD residential address and the certified mailing "green card" have not been returned to the District 9-New Jersey office.

25. On February 5, 2004, NASD staff received a telephone call from an attorney who was representing Paracha at the time. During this call, Paracha's counsel acknowledged receipt of the December 17th Request and requested an adjournment of Paracha's on-the-record interview until March 8, 2004. NASD staff granted this adjournment.

26. On February 5, 2004, NASD staff sent Paracha a letter confirming that his on-the-record interview had been rescheduled at the request of his counsel (hereinafter the "February 5th Request").

27. The February 5th Request was issued pursuant to NASD Procedural Rule 8210 and notified Paracha that he was required to appear at the District 9-New Jersey office on March 8, 2004, for an on-the-record interview. The February 5th Request also advised Paracha that if he failed to appear he could be subject to disciplinary action.

28. The February 5th Request was sent by first class and certified mail to Paracha at his CRD residential address.

29. A copy of the December 17th Request was also sent by facsimile to the attorney who was representing Paracha at the time.

30. The letters sent to Paracha at his CRD residential address and the certified mailing "green card" have not been returned to the District 9-New Jersey office.

31. On March 3, 2004, NASD staff received a telephone call from the attorney who was representing Paracha at the time. During this call, Paracha's counsel acknowledged receipt of the February 5th Request and informed NASD staff that he was no longer going to represent Paracha.

32. On that same day, NASD staff received a telephone call from Paracha. During this call, Paracha: (i) acknowledged his obligation to appear for the on-the-record interview on March 8, 2004; (ii) informed NASD staff that his H1 Visa had been revoked; (iii) noted that he was temporarily in the United States on a tourist Visa and that he would be returning to Pakistan in thirty days; and (iv) informed NASD staff that although he still received forwarded mail from his CRD residential address, for the next thirty days, he could be reached at an alternative address, namely [REDACTED] (hereinafter the "Alternative Address").

33. On March 8, 2004, Paracha failed to appear for an on-the-record interview.

34. On March 8, 2004, NASD staff sent Paracha a letter informing him that he failed to appear for the on-the-record interview that was scheduled earlier that day and requested that he appear at the District 9-New Jersey office on March 15, 2004, for an on-the-record interview (hereinafter the "March 8th Request").

35. The March 8th Request was issued pursuant to NASD Procedural Rule 8210 and it notified Paracha that if he failed to appear for an on-the-record interview on March 15, 2004, he could be subject to disciplinary action.

36. The March 8th Request was sent by first class, certified and Federal Express overnight mail to Paracha at his CRD residential address and to the Alternative Address that Paracha had previously provided to the staff.

37. The letters sent to Paracha at his CRD residential address, the letter sent to Paracha by first class mail at the Alternative Address and the certified mailing "green card" have not been returned to the District 9-New Jersey office.

38. NASD staff has, however, received a confirmation from Federal Express reflecting that the letter sent to Paracha at his CRD residential address, by overnight mail, was delivered to that address on March 9, 2004 at 10:09 a.m. and signed by "S.Shin." Additionally, on April 6, 2004, the certified letter sent to Paracha at the Alternative Address was returned to the District office by the United States Postal Service and marked, "Unclaimed." Furthermore, on June 4, 2004, the letter sent to Paracha at the Alternative Address, by overnight mail, was returned to the District office by Federal Express and marked, "Moved."

39. On March 15, 2004, Paracha failed to appear for an on-the-record interview and neither he nor anyone on his behalf have contacted the staff to seek any adjournment.

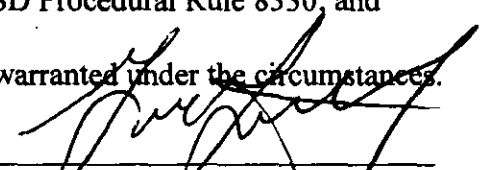
40. By reason of the foregoing, Paracha has violated NASD Procedural Rule 8210 and NASD Conduct Rule 2110.

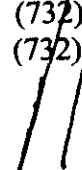
PRAYER FOR RELIEF

WHEREFORE, Complainant respectfully requests:

- A. Findings of fact and conclusions of law that Respondent Paracha committed the violations charged and alleged herein;
- B. An order imposing appropriate sanctions upon Respondent Paracha in accordance with NASD Procedural Rule 8310;
- C. An order requiring Respondent Paracha to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest;
- D. An order imposing such costs of any proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Procedural Rule 8330; and
- E. An order granting all further relief that is warranted under the circumstances.

Dated: January 7, 2005



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MAY 2003 THROUGH JULY 2003

1	5/1/2003	GENERAL ELECTRIC COMPANY	BUY	5	\$14.40	OPTIONS	\$7,466.86	
2	5/1/2003	MICROSOFT CORP	BUY	2	\$4.50	OPTIONS	\$995.21	
3	5/5/2003	GENERAL ELECTRIC COMPANY	SELL	500	\$28.25	COMMON STOCK	\$14,084.33	
4	5/5/2003	MICROSOFT CORP	SELL	500	\$24.70	COMMON STOCK	\$12,309.42	
5	5/7/2003	DELTA AIR LINES INC DEL	SELL	10	\$3.10	OPTIONS	\$2,845.29	
6	5/7/2003	CISCO SYS INC COM	BUY	5	\$0.55	OPTIONS	\$354.95	
7	5/7/2003	CISCO SYS INC COM	SELL	5	\$4.20	OPTIONS	\$1,950.20	
8	5/7/2003	INTEL CORPORATION	BUY	1	\$1.25	OPTIONS	\$167.33	
9	5/7/2003	INTEL CORPORATION	BUY	4	\$1.25	OPTIONS	\$549.50	
10	5/7/2003	INTEL CORPORATION	SELL	1	\$5.50	OPTIONS	\$493.71	
11	5/7/2003	INTEL CORPORATION	SELL	4	\$5.50	OPTIONS	\$2,094.66	
12	5/9/2003	CISCO SYS INC COM	BUY	1000	\$16.67	COMMON STOCK	\$16,708.00	
13	5/9/2003	INTEL CORPORATION	BUY	1000	\$20.53	COMMON STOCK	\$20,572.00	
14	5/9/2003	DELTA AIR LINES INC DEL	BUY	1000	\$15.74	COMMON STOCK	\$15,780.00	
15	5/13/2003	AOL TIME WARNER INC	BUY	10	\$8.40	OPTIONS	\$8,758.77	
16	5/15/2003	AOL TIME WARNER INC	SELL	1000	\$12.70	COMMON STOCK	\$12,660.40	
17	5/19/2003	ADVANCED MICRO DEVICES	BUY	15	\$0.85	OPTIONS	\$1,441.22	
18	5/19/2003	ADVANCED MICRO DEVICES	SELL	25	\$0.05	OPTIONS	\$75.00	
19	5/21/2003	CISCO SYS INC COM	SELL	5	\$6.40	OPTIONS	\$2,994.01	
20	5/21/2003	E M C CORP MASS	SELL	30	\$2.45	OPTIONS	\$6,876.33	
21	5/21/2003	E M C CORP MASS	BUY	15	\$0.20	OPTIONS	\$390.00	
22	5/23/2003	E M C CORP MASS	BUY	3000	\$9.65	COMMON STOCK	\$28,975.00	
23	5/23/2003	MICROSOFT CORP	BUY	5	\$3.10	OPTIONS	\$1,698.65	
24	5/23/2003	MICROSOFT CORP	SELL	5	\$6.80	OPTIONS	\$3,190.45	
25	5/27/2003	ADVANCED MICRO DEVICES	BUY	1	\$1.05	OPTIONS	\$155.23	
26	5/27/2003	ADVANCED MICRO DEVICES	BUY	24	\$1.05	OPTIONS	\$2,765.60	
27	5/27/2003	ADVANCED MICRO DEVICES	SELL	25	\$1.30	OPTIONS	\$2,891.74	
28	6/2/2003	MICRON TECHNOLOGY INC	SELL	20	\$4.00	OPTIONS	\$7,603.07	
29	6/2/2003	E M C CORP MASS	BUY	30	\$3.60	OPTIONS	\$10,840.00	
30	6/2/2003	MICRON TECHNOLOGY INC	BUY	15	\$0.50	OPTIONS	\$864.25	
31	6/4/2003	E M C CORP MASS	SELL	3000	\$10.52	COMMON STOCK	\$31,518.52	
32	6/4/2003	INTL BUSINESS MACHS CORP	BUY	5	\$0.35	OPTIONS	\$215.00	
33	6/4/2003	MICRON TECHNOLOGY INC	BUY	5000	\$11.85	COMMON STOCK	\$59,295.00	
34	6/5/2003	ADVANCED MICRO DEVICES	SELL	15	\$0.90	OPTIONS	\$1,176.28	
35	6/5/2003	PALM INC COM NEW	SELL	10	\$4.40	OPTIONS	\$4,112.08	

EXHIBIT A - TRADES IN PS's ACCOUNT
MAY 2003 THROUGH JULY 2003

36	6/5/2003	ADVANCED MICRO DEVICES	BUY	25	\$1.35	OPTIONS	\$3,735.32
37	6/5/2003	ADVANCED MICRO DEVICES	BUY	10	\$2.45	OPTIONS	\$2,667.27
38	6/5/2003	PALM INC COM NEW	BUY	5	\$0.25	OPTIONS	\$215.00
39	6/9/2003	ADVANCED MICRO DEVICES	SELL	5000	\$6.89	COMMON STOCK	\$34,383.38
40	6/9/2003	PALM INC COM NEW	BUY	1000	\$14.53	COMMON STOCK	\$14,568.50
41	6/9/2003	MICRON TECHNOLOGY INC	BUY	20	\$5.70	OPTIONS	\$11,440.00
42	6/9/2003	PALM INC COM NEW	BUY	10	\$6.80	OPTIONS	\$6,840.00
43	6/10/2003	PMC-SIERRA INC	SELL	25	\$5.60	OPTIONS	\$13,464.09
44	6/10/2003	PMC-SIERRA INC	SELL	10	\$5.70	OPTIONS	\$5,501.63
45	6/10/2003	CARDINAL HEALTH INC	SELL	2	\$7.50	OPTIONS	\$1,382.55
46	6/10/2003	BRISTOL MYERS SQUIBB CO	SELL	2	\$3.20	OPTIONS	\$539.96
47	6/10/2003	MICROSOFT CORP	SELL	5	\$1.45	OPTIONS	\$613.18
48	6/10/2003	PMC-SIERRA INC	BUY	25	\$0.85	OPTIONS	\$2,375.37
49	6/10/2003	PMC-SIERRA INC	BUY	5	\$0.85	OPTIONS	\$467.08
50	6/10/2003	CARDINAL HEALTH INC	BUY	3	\$1.50	OPTIONS	\$540.00
51	6/10/2003	BRISTOL MYERS SQUIBB CO	BUY	3	\$0.60	OPTIONS	\$270.00
52	6/10/2003	MICROSOFT CORP	BUY	5	\$0.65	OPTIONS	\$415.00
53	6/11/2003	MICRON TECHNOLOGY INC	SELL	5000	\$13.36	COMMON STOCK	\$66,756.87
54	6/11/2003	PALM INC COM NEW	SELL	1000	\$16.24	COMMON STOCK	\$16,194.24
55	6/12/2003	PMC-SIERRA INC	BUY	7000	\$11.96	COMMON STOCK	\$83,785.20
56	6/12/2003	CARDINAL HEALTH INC	BUY	500	\$65.57	COMMON STOCK	\$32,826.00
57	6/12/2003	BRISTOL MYERS SQUIBB CO	BUY	500	\$27.82	COMMON STOCK	\$13,950.00
58	6/13/2003	ABBOTT LABORATORIES INC	SELL	2	\$7.00	OPTIONS	\$1,299.65
59	6/13/2003	PMC-SIERRA INC	BUY	25	\$6.60	OPTIONS	\$16,540.00
60	6/13/2003	PMC-SIERRA INC	BUY	10	\$6.50	OPTIONS	\$6,500.00
61	6/13/2003	ABBOTT LABORATORIES INC	BUY	2	\$0.30	OPTIONS	\$150.00
62	6/16/2003	INTEL CORPORATION	BUY	5	\$0.55	OPTIONS	\$365.00
63	6/16/2003	CISCO SYS INC COM	BUY	5	\$0.15	OPTIONS	\$165.00
64	6/17/2003	MEDAREX INC	SELL	6	\$2.00	OPTIONS	\$1,107.95
65	6/17/2003	MEDAREX INC	SELL	10	\$2.00	OPTIONS	\$1,913.24
66	6/17/2003	MEDAREX INC	SELL	34	\$2.00	OPTIONS	\$6,505.04
67	6/17/2003	PMC-SIERRA INC	SELL	3000	\$12.40	COMMON STOCK	\$37,158.25
68	6/17/2003	PMC-SIERRA INC	SELL	700	\$12.40	COMMON STOCK	\$8,679.59
69	6/17/2003	PMC-SIERRA INC	SELL	3300	\$12.40	COMMON STOCK	\$40,918.08
70	6/17/2003	MEDAREX INC	BUY	10	\$0.30	OPTIONS	\$369.70

EXHIBIT A - TRADES IN PS's ACCOUNT
MAY 2003 THROUGH JULY 2003

71	6/17/2003	MEDAREX INC	BUY	10	\$0.30	OPTIONS	\$329.70	
72	6/17/2003	MEDAREX INC	BUY	10	\$0.30	OPTIONS	\$329.70	
73	6/17/2004	ABBOTT LABORATORIES INC	BUY	500	\$47.47	COMMON STOCK	\$23,773.00	
74	6/19/2003	MEDAREX INC	BUY	10000	\$7.17	COMMON STOCK	\$71,767.00	
75	6/24/2003	MEDAREX INC	BUY	25	\$1.80	OPTIONS	\$4,750.73	
76	6/24/2003	MEDAREX INC	BUY	25	\$1.95	OPTIONS	\$5,085.72	
77	6/26/2003	MEDAREX INC	SELL	25	\$2.00	OPTIONS		\$4,743.11
78	6/26/2003	MEDAREX INC	SELL	25	\$2.00	OPTIONS		\$4,783.12
79	7/7/2003	MEDAREX INC	BUY	25	\$2.35	OPTIONS	\$5,940.00	
80	7/7/2003	MEDAREX INC	BUY	25	\$2.45	OPTIONS	\$6,150.00	
81	7/7/2003	ABBOTT LABORATORIES INC	BUY	2	\$5.70	OPTIONS	\$1,230.00	
82	7/7/2003	BRISTOL MYERS SQUIBB CO	BUY	2	\$3.60	OPTIONS	\$810.00	
83	7/7/2003	CARDINAL HEALTH INC	BUY	2	\$9.70	OPTIONS	\$2,030.00	
84	7/9/2003	ABBOTT LABORATORIES INC	SELL	500	\$44.08	COMMON STOCK	\$21,948.96	
85	7/9/2003	BRISTOL MYERS SQUIBB CO	SELL	500	\$27.36	COMMON STOCK	\$13,589.35	
86	7/9/2003	CARDINAL HEALTH INC	SELL	500	\$66.18	COMMON STOCK	\$32,998.45	
87	7/9/2003	MEDAREX INC MARGIN MAINTENANCE	SELL	10000	\$6.62	COMMON STOCK	\$66,179.90	
88	7/18/2003	PMC-SIERRA INC	SELL	30	\$0.40	OPTIONS	\$1,109.94	
89	7/21/2003	MEDAREX INC	SELL	5	\$0.20	OPTIONS	\$59.99	
90	7/21/2003	MEDAREX INC	SELL	10	\$0.20	OPTIONS	\$199.99	
91	7/21/2003	MEDAREX INC	SELL	10	\$0.20	OPTIONS	\$199.99	
92	7/21/2003	MEDAREX INC	SELL	5	\$0.20	OPTIONS	\$99.99	
93	7/21/2003	RANDGOLD & EXPL LTD SPONSORED	BUY	5000	\$11.20	COMMON STOCK	\$56,021.00	
94	7/24/2003	RANDGOLD & EXPL LTD SPONSORED	SELL	300	\$11.20	COMMON STOCK	\$3,319.84	
95	7/24/2003	RANDGOLD & EXPL LTD SPONSORED	SELL	133	\$11.20	COMMON STOCK	\$1,489.53	
96	7/24/2003	RANDGOLD & EXPL LTD SPONSORED	SELL	1000	\$11.20	COMMON STOCK	\$11,199.47	
97	7/24/2003	RANDGOLD & EXPL LTD SPONSORED	SELL	1000	\$11.20	COMMON STOCK	\$11,199.47	
98	7/24/2003	RANDGOLD & EXPL LTD SPONSORED	SELL	2400	\$11.20	COMMON STOCK	\$26,878.74	
99	7/24/2003	RANDGOLD & EXPL LTD SPONSORED	SELL	167	\$11.20	COMMON STOCK	\$1,870.31	