

**NASD  
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant

v.

**Feltus B. M<sup>c</sup>Kowen**  
General Securities Representative  
[CRD No. 1231747],

Respondent

Disciplinary Proceeding  
No. E052003017101

Hearing Officer: \_\_\_\_\_

**COMPLAINT**

Upon information and belief, Complainant alleges as follows:

1. Feltus B. M<sup>c</sup>Kowen ("M<sup>c</sup>Kowen") entered the securities industry in February 15, 1983 as a General Securities Representative of member firm Lehman Brothers Inc. Feltus B. M<sup>c</sup>Kowen was associated with member firm Vanguard Capital, Inc. during all periods mentioned herein and until May 28, 2004. He was associated with another member firm from August 19, 2004 through March 7, 2005. Although M<sup>c</sup>Kowen is not currently registered, he remains subject to the jurisdiction of NASD, pursuant to Article V, Section 4 of NASD's By-Laws, which provides for a two-year period of retained jurisdiction over formerly registered persons.

**CAUSE OF COMPLAINT**  
NASD Conduct Rule 2110, Unauthorized Transactions, Against Respondent M<sup>c</sup>Kowen

2. During January 2003, Feltus B. M<sup>c</sup>Kowen effected the following securities sale transactions for the accounts of public customer LSA (a non-profit corporation) without the customer's prior knowledge or consent:

| <u>No.</u> | <u>Trade Date</u> | <u>Description</u>                                                                                | <u>Price</u> | <u>Net Amount</u> |
|------------|-------------------|---------------------------------------------------------------------------------------------------|--------------|-------------------|
| 1.         | 1/23/03           | \$50,000 Federal Home Loan Mortgage Corporation note, 6.1% due 4/15/22                            | 99.75        | \$49,936.78       |
| 2.         | 1/22/03           | \$75,000 Federal Home Loan Mortgage Corporation note, 6.1% due 4/15/22                            | 99.75        | \$74,908.17       |
| 3.         | 1/22/03           | \$75,000 Federal Home Loan Mortgage Corporation note, 6.1% due 4/15/22                            | 99.75        | \$74,908.17       |
| 4.         | 1/17/03           | \$150,000 Federal National Mortgage Association Investment note, 6.0% due 8/28/26                 | 97.25        | \$149,394.00      |
| 5.         | 1/22/03           | \$75,000 Federal Home Loan Mortgage Corporation note, 6.1% due 4/15/22                            | 99.75        | \$74,908.17       |
| 6.         | 1/7/03            | \$300,000 SG Holdings, Inc. Index Linked Certificates, "ILIDS," 0%, due 11/30/05, CUSIP 784186AL2 | 93.71        | \$281,124.00      |
| 7.         | 1/7/03            | \$80,000 SG Holdings, Inc. Index Linked Certificates, "ILIDS," 0%, due 12/30/05, CUSIP 784186AN8  | 93.09        | \$74,466.00       |
| 8.         | 1/8/03            | \$80,000 SG Holdings, Inc. Index Linked Certificates, "ILIDS," 0%, due 12/30/05, CUSIP 784186AM0  | 92.65        | \$74,114.00       |

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|       |         |                                                                                                          |       |                                  |
|-------|---------|----------------------------------------------------------------------------------------------------------|-------|----------------------------------|
| 9.    | 1/10/03 | \$300,000 SG Holdings, Inc.<br>Index Linked Certificates, "ILIDS,"<br>0%, due 11/30/05, CUSIP 784186AK4  | 89.79 | \$269,364.00                     |
| 10.   | 1/22/03 | \$75,000 Federal Home Loan<br>Mortgage Corporation note,<br>6.1% due 4/15/22                             | 99.75 | \$74,908.17                      |
| 11.   | 1/7/03  | \$150,000 SG Holdings, Inc.<br>Index Linked Certificates, "ILIDS,"<br>0%, due 11/30/05, CUSIP 784186AL2  | 93.71 | \$140,559.00                     |
| 12.   | 1/7/03  | \$245,000 SG Holdings, Inc.<br>Index Linked Certificates, "ILIDS,"<br>0%, due 12/30/05, CUSIP 784186AN8  | 93.09 | \$228,064.50                     |
| 13.   | 1/8/03  | \$245,000 SG Holdings, Inc.<br>Index Linked Certificates, "ILIDS,"<br>0%, due 12/30/05, CUSIP 784186AM0  | 92.65 | \$226,986.50                     |
| 14.   | 1/10/03 | \$461,000 SG Holdings, Inc.<br>Index Linked Certificates, "ILIDS,"<br>0%, due 10/31/05, CUSIP 784186AH1  | 89.66 | \$413,326.60                     |
| 15.   | 1/10/03 | \$150,000 SG Holdings, Inc.<br>Index Linked Certificates, "INLIDS",<br>0%, due 11/30/05, CUSIP 784186AK4 | 89.79 | \$134,679.00                     |
| 16.   | 1/22/03 | \$65,000 Federal Home Loan<br>Mortgage Corporation note,<br>6.1% due 4/15/22                             | 99.75 | \$64,919.61                      |
| <hr/> |         |                                                                                                          |       |                                  |
|       |         |                                                                                                          |       | <u>TOTAL      \$2,406,566.67</u> |

3. Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 by Respondent Feltus B. M<sup>c</sup>Kowen.
4. Customer LSA realized losses of \$169,493.33 on the 16 unauthorized transactions described in paragraph 2 above.

5. Respondent M<sup>c</sup>Kowen received commissions totaling \$25,248.00 on the 16 unauthorized transactions described in paragraph 2 above.

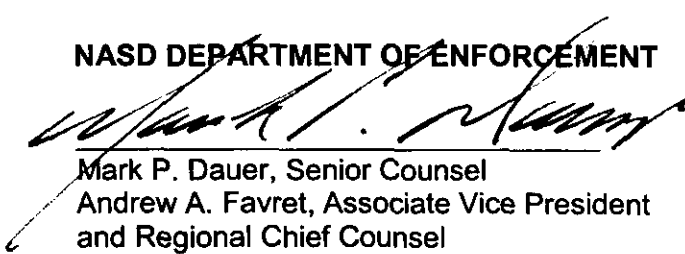
**PRAYER FOR RELIEF**

WHEREFORE, Complainant respectfully requests:

- A. Findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. An order imposing sanctions upon the Respondent in accordance with NASD Rule 8310;
- C. An order requiring Respondent 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 Rule 8330; and
- E. An order imposing any other fitting sanction.

Date: March 17, 2006

**NASD DEPARTMENT OF ENFORCEMENT**



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