

NASD OFFICE OF HEARING OFFICERS

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

LISA M. JALOMO
(CRD No. 1431206),

Respondent.

Disciplinary Proceeding
No. E062004037101

Hearing Officer—Andrew H. Perkins

DEFAULT DECISION

March 13, 2006

Respondent improperly instructed her subordinate to sign a loan document that the Respondent then used to provide false account information to her mortgage lender, in violation of Conduct Rule 2110. The Respondent is barred from association with any member firm in any capacity.

Appearances

Mark P. Dauer, Senior Counsel, New Orleans, LA (Rory C. Flynn, Chief Litigation Counsel, Washington, D.C., and Roger D. Hogoboom, Deputy Chief Litigation Counsel, Denver, CO, Of Counsel) for the Department of Enforcement.

No appearance by or for the Respondent.

DECISION

I. Introduction

On November 21, 2005, the Department of Enforcement (“Enforcement”) filed the Complaint against the Respondent Lisa M. Jalomo (“Jalomo” or the “Respondent”). The Complaint charges that, on or about July 16, 2004, Jalomo submitted false information regarding her account balance to a lender in connection with her application for a home mortgage loan, in violation of NASD Conduct Rule 2110.

Jalomo did not answer or otherwise respond to the Complaint. Consequently, on February 24, 2006, Enforcement filed a Motion for Entry of Default Decision ("Motion"). Enforcement's Motion is supported by the Declaration of Mark P. Dauer ("Decl.") and six exhibits. Jalomo did not respond to the Motion. Thus, pursuant to NASD Procedural Rules 9215 and 9269, the Hearing Officer grants Enforcement's Motion.

II. Respondent's Default

Enforcement served Jalomo by certified mail in accordance with NASD Procedural Rules 9134(a)(2) and 9134(b)(1). On November 17, 2005, Enforcement mailed copies of the Complaint and Notice of Complaint to Jalomo at her last known residential address shown in the Central Registration Depository (the "CRD address") by certified mail.¹ She received and signed for the mailing on December 6, 2005.² Then, on December 14, 2005, Jalomo provided Enforcement with an updated mailing address.³ Jalomo did not provide a further response to the Complaint.

On January 6, 2006, Enforcement served Jalomo with the Second Notice of Complaint. The staff mailed the Second Notice of Complaint to Jalomo at both her CRD address and the newer address that she had provided to the staff. Jalomo did not respond to these mailings.⁴

The Hearing Officer finds that Jalomo received actual notice of this proceeding. Accordingly, the Hearing Officer finds Jalomo in default and deems the allegations of the Complaint admitted.⁵

¹ Decl. ¶ 12.

² *Id.*

³ *Id.* ¶ 13.

⁴ *Id.* ¶ 14.

⁵ The following Findings of Fact incorporate the allegations in the attached Complaint.

III. Findings of Fact and Conclusions of Law

A. Jurisdiction

Article V, Section 4 of the NASD By-Laws allows NASD to retain jurisdiction over a formerly registered person for two years following the effective date his or her registration terminated.

Jalomo was associated with Fixed Income Securities, LP, an NASD member firm, from February 2001 until October 2004, at which time she was discharged for “improperly obtaining access to confidential customer account information and misusing that information.”⁶ Jalomo was the firm’s Chief Compliance Officer. In addition, she was registered as a General Securities Representative from February 2001 until November 11, 2004. Thereafter, she has not been registered with NASD or associated with a member firm.⁷

Enforcement filed the Complaint, within two years after Jalomo’s registration terminated. Accordingly, the Hearing Officer finds that NASD has jurisdiction of this proceeding.

B. False Deposit Verification Form

The Complaint charges that Jalomo, in connection with her application for a home mortgage loan, directed another employee at Fixed Income Securities to sign an incomplete “Request for Verification of Deposit” form (“Verification Form”). At the time, Jalomo was the employee’s supervisor. The top portion of the Verification Form had been completed by the lender, and the bottom portion was to be completed by Fixed

⁶ Ex. 1 at 2; Ex. 2 (Form U-5).

⁷ Ex. 1 at 2.

Income Securities, Jalomo's employer. The Verification Form requested Fixed Income Securities to confirm the balance in Jalomo's account at the firm.

Jalomo completed the Verification Form with false information. She overstated the amount she had on deposit, provided a false account number, and inserted "Retail Account Mgr." following the employee's signature. The employee who signed the Verification Form at Jalomo's direction never held the position of retail account manager. The account number actually belonged to another Fixed Income Securities' employee.⁸

The allegations in the Complaint and the evidence submitted by Enforcement are sufficient to establish that Jalomo improperly instructed her subordinate to sign the Verification Form and that Jalomo then used the signed form to report a false account balance to her lender. Accordingly, the Hearing Officer finds that Jalomo violated NASD Conduct Rule 2110.

IV. Sanctions

For forgery and falsification of records, the NASD Sanction Guidelines ("Sanction Guidelines") recommend a fine of \$5,000 to \$100,000 and a suspension of up to two years. In egregious cases, the Sanction Guidelines recommend that a bar be considered.⁹ This is an egregious case, and there is no evidence of any mitigating factors. Jalomo attempted to defraud her mortgage lender by providing false information about the amount she had in her Fixed Income Securities account. Such dishonesty is antithetical to "high standards of commercial honor and just and equitable principles of

⁸ Decl. at 2-3.

⁹ NASD Sanction Guidelines 39 (2005 ed.).

trade.”¹⁰ Accordingly, the Hearing Officer concludes that the Respondent should be barred from the securities industry.

V. Order

Lisa M. Jalomo is barred from association with any member firm in any capacity. The bar will become effective immediately if this Default Decision becomes NASD’s final disciplinary action in this proceeding.

A handwritten signature in black ink, appearing to read 'A. H. Perkins', written over a horizontal line.

Andrew H. Perkins
Hearing Officer

Copies to:

Lisa M. Jalomo (by overnight courier and first-class mail)
Mark P. Dauer, Esq. (by first-class and electronic mail)
Rory C. Flynn, Esq. (by first-class and electronic mail)
Roger D. Hogoboom, Esq. (by first-class and electronic mail)

¹⁰ NASD Conduct Rule 2110.

**NASD
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Lisa M. Jalomo, General Securities
Principal, General Securities Sales
Supervisor, Municipal Securities Principal,
and General Securities Representative,
[CRD No. 1431206]

Respondent.

Disciplinary Proceeding

No. E062004037101

Hearing Officer: ____

COMPLAINT

Upon information and belief, Complainant alleges as follows:

1. Lisa M. Jalomo entered the securities industry on August 11, 1999 as a General Securities Representative of Prudential Securities Incorporated, a member of the NASD. During all periods mentioned herein, Lisa M. Jalomo was associated with member firm Fixed Income Securities, LP as the firm's Chief Compliance Officer and was registered with NASD under Article V of the By-Laws as a General Securities Principal, General Securities Sales Supervisor, Municipal Securities Principal, and General Securities Representative.
2. Lisa M. Jalomo was associated with Fixed Income Securities, LP until her termination on October 28, 2004. Fixed Income Securities, LP filed the Uniform Termination Notice for Securities Industry Registration ("Form U-5") on October 28,

2004. Jalomo is not currently associated with another member firm. Although she is not currently registered, she remains subject to the jurisdiction of NASD, pursuant to Article V, Section 4 of the NASD's By-Laws, which provides for a two-year period of retained jurisdiction over formerly associated persons.

CAUSE OF COMPLAINT

NASD Conduct Rule 2110; Against Respondent Jalomo

3. On or about July 16, 2004, Lisa M. Jalomo instructed a firm employee whom Jalomo supervised to sign, on behalf of the firm, an incomplete "Request for Verification of Deposit" form. Jalomo then completed the form with information that overstated the value of her personal account with the firm and transmitted the document to a mortgage broker in connection with Jalomo's pending application for a home mortgage loan.
4. By virtue of such conduct, Lisa M. Jalomo violated NASD Conduct Rule 2110.

PRAYER FOR RELIEF

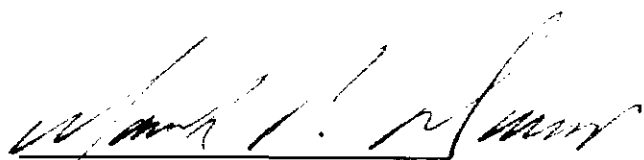
WHEREFORE, Complainant respectfully requests:

- 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, 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.

November 17, 2005
Date

NASD Senior Vice President and
Regional Director
Warren A. Butler, Jr.

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