

NASD OFFICE OF HEARING OFFICERS

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

ALEXANDER M. WILLIAMS
(CRD No. 3046599)

Respondent.

Disciplinary Proceeding
No. E1020040687-01

Hearing Officer –

COMPLAINT

Upon information and belief, the Department of Enforcement alleges that:

JURISDICTION

1. On or about August 4, 1998, Alexander M. Williams (hereinafter “Respondent”) first became registered with NASD as a General Securities Representative (“GSR”) through an association with a member firm.
2. Respondent was subsequently registered as a GSR through associations with, *inter alia*, the following firms:
 - a. InvestPrivate, Inc. (BD No. 103737) (“Investprivate”), from on or about February 7, 2001, through on or about June 7, 2002; and
 - b. J.P. Turner & Co., LLC (BD No. 43177) (“JPT”), from on or about March 22, 2002, through on or about April 10, 2003.
3. On or about April 10, 2003, JPT filed a Uniform Termination Notice for Securities Industry Registration (“Form U-5”) to terminate Respondent’s registration. The Form U-5 indicated that Respondent’s termination was voluntary.
4. On or about April 7, 2004, JPT filed an amendment to the Form U-5 stating that JPT had received a complaint dated February 26, 2004, from customers RP and NP (married couple,

hereinafter collectively referred to as “R&NP”) alleging that Respondent had engaged in “unauthorized use of margin and misuse of funds.”

5. Upon information and belief, Respondent is not currently registered with NASD, nor is he otherwise employed in the securities industry. However, Respondent remains subject to the jurisdiction of NASD pursuant to Article V, Section 4 of its By-Laws.

BACKGROUND

6. Paragraphs 1 through 5 above are re-alleged and incorporated herein by reference.

Investprivate Account

7. On or about February 13, 2001, at Respondent’s suggestion, customer NP opened a brokerage account at Investprivate (“Investprivate account”), for which Respondent was the registered representative.
8. Although the Investprivate account was opened in the name of customer NP, Respondent communicated only with customer NP’s husband, customer RP, regarding NP’s Investprivate account and, as discussed further below, R&NP’s joint JPT account.
9. NP’s new Investprivate account form, completed on or about February 13, 2001, indicated that NP’s income was between \$75,000 – \$124,999. The new account form indicated that her investment objectives were growth and speculation.

JPT Account

10. Subsequent to his association with Investprivate, on or about March 22, 2002, Respondent became associated with JPT.
11. On or about April 3, 2002, at Respondent’s suggestion, R&NP opened a joint brokerage account at JPT (“JPT account”) for which Respondent was the registered representative.

12. R&NP's new JPT account card, completed on or about April 3, 2002, indicated that R&NP's estimated annual income from all sources was \$150,000. The new account card indicated that their investment objectives were: safety of principal, income, trading profits, and speculation.

FIRST CAUSE OF COMPLAINT
(Excessive Trading – Investprivate Account)
Violation of NASD Conduct 2310 and 2110

13. Paragraphs 1 through 12 above are re-alleged and incorporated herein by reference.
14. Respondent exercised control over trading in NP's Investprivate account during the period from September 2001 through March 2002.
15. With respect to the Investprivate account, during the period from September 2001 through March 2002:
- a. Respondent recommended and effected purchases of securities totaling approximately \$485,258.
 - b. The average month-end equity in the account was approximately \$35,782.
 - c. The total of the costs (including commissions, margin interest, and other costs) incurred in the account as a result of these transactions was approximately \$13,816.
 - d. The turnover rate in an account measures the number of times during a given period that the securities in the account are replaced by new securities, and is calculated by dividing the total cost of purchases by the average equity in the account. The total turnover rate for this account was 13.56, or 23.25 on an annualized basis.

- e. The cost-to-equity ratio is calculated by dividing the total of all transaction costs incurred in an account by the average equity in the account. The cost-to-equity ratio for this account was approximately 38.61%. On an annualized basis, the cost-to-equity ratio for this account was 66.19%.
16. While exercising control over the Investprivate account, Respondent engaged in a level of trading in the account that was excessive and unsuitable based upon NP's financial circumstances and investment objectives.

By reason of the foregoing, Respondent violated NASD Conduct Rules 2110 and 2310(a).

SECOND CAUSE OF COMPLAINT
(Excessive Trading – JPT Account)
Violation of NASD Conduct 2310 and 2110

17. Paragraphs 1 through 16 above are re-alleged and incorporated herein by reference.
18. Respondent exercised control over trading in the R&NP's JPT account during the period from approximately April 4, 2002, through August 31, 2002.
19. With respect to the JPT account, during the period from approximately April 4, 2002, through August 31, 2002:
- a. Respondent recommended and effected purchases of securities totaling approximately \$209,694.
 - b. The average month-end equity in the account was approximately \$21,634.
 - c. The total of the costs (including commissions, margin interest, and other costs) incurred in the account as a result of these transactions was approximately \$5,186.
 - d. The total turnover rate was 9.69, or 23.26 on an annualized basis.
 - e. The cost-to-equity ratio was approximately 23.97%. On an annualized basis, the cost-to-equity ratio was 57.53%.

20. While exercising control over the JPT account, Respondent engaged in a level of trading in the account that was excessive and unsuitable based upon R&NP's financial circumstances and investment objectives.

By reason of the foregoing, Respondent violated NASD Conduct Rules 2110, and 2310(a).

THIRD CAUSE OF COMPLAINT
(Misuse of Customer Funds)
Violation of NASD Conduct Rules 2110

21. Paragraphs 1 through 20 are re-alleged and incorporated herein by reference.

22. In or around November 2001, Respondent requested that RP invest funds in Respondent's company, "Parker-Williams L.L.C." ("PWL").

23. In or around November 2001, RP made an investment of \$25,000 in PWL.

24. In or around June 2002, Respondent asked RP to make an additional investment in PWL, by offering RP the opportunity to receive 50% of the profits derived from the buying and selling of mobile homes.

25. At Respondent's suggestion, on or about June 18, 2002, RP liquidated \$10,000 from R&NP's JPT account. Subsequently, on or about June 20, 2002, RP wired \$10,000 into PWL's bank account for the purpose of the mobile home venture.

26. Rather than invest all of RP's \$10,000 in a real estate or mobile home venture as he represented he would, Respondent, without RP's knowledge, authorization or consent, used at least \$6,000 of RP's \$10,000 to purchase securities for PWL in a JPT account maintained by PWL.

By reason of the foregoing, Respondent violated NASD Conduct Rule 2110.

FOURTH CAUSE OF COMPLAINT
(Failure to Respond)
Violations of NASD Procedural Rule 8210 and Conduct Rule 2110

27. Paragraphs 1 through 26 are re-alleged and incorporated herein by reference.

December 21, 2004, Letter

28. By letter dated December 21, 2004, the staff of NASD's District No. 10 office (the "Staff") requested that Respondent provide certain documentation and information relating to the PWL bank account and RP's investments, by January 6, 2005 ("First Request Letter").

29. The First Request Letter was sent to Respondent's last known residential address [REDACTED] [REDACTED] as reflected in NASD's Central Record Depository ("CRD Address") via certified and first class mail.

30. The First Request Letter was also sent to an address provided to the Staff by the Respondent on May 27, 2004 [REDACTED] via certified and first class mail.

31. The First Request Letter sent to Respondent's CRD Address via certified mail was returned to the Staff bearing the notation "Moved, not forwardable".

32. The First Request Letter sent to the Respondent's Bedford Address via certified mail was returned to the Staff bearing the notation "UNCLAIMED".

33. Both of the First Request Letters sent to the Respondent via first class mail were not returned to the Staff.

34. Respondent did not respond to the Staff's First Request Letter.

January 10, 2005, Letter

35. By letter dated January 10, 2005, the Staff renewed its request for certain documents and information by referring to the First Request Letter and stating the "previously requested materials must arrive. . . on or before January 17, 2005." ("Second Request Letter").
36. The Second Request Letter was sent to the Respondent's CRD Address by certified and first class mail.
37. The Second Request Letter was also sent to the Respondent's Bedford Address by certified and first class mail.
38. The Second Request Letter sent to Respondent's CRD Address via certified mail was returned to the Staff with the address crossed out and with the Bedford Address written on the envelope.
39. The Second Request Letter sent to the Respondent's Bedford Address via certified mail was returned to the Staff bearing the notation "UNCLAIMED".
40. Both of the Second Request Letters sent to the Respondent via first class mail were not returned to the Staff.
41. Respondent did not respond to the Staff's Second Request Letter.

By reason of the foregoing, Respondent violated NASD Procedural Rule 8210 and Conduct Rule 2110.

PRAYER FOR RELIEF

WHEREFORE, Complainant respectfully requests:

- A. Findings of fact and conclusions of law that Respondent committed the violations alleged within this Complaint;
- 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.

NASD DEPARTMENT OF ENFORCEMENT

Date: January 10, 2006


Christina J. Kang, Regional Attorney
David Jaffe, Regional Chief Counsel
NASD Department of Enforcement
District 10
One Liberty Plaza, 48th Floor
New York, NY 10006
(212) 858-4009; Fax No. (212) 858-4770

NASD District Director

Hans Reich
Senior Vice President
NASD, District 10
One Liberty Plaza
New York, NY 10006

Of Counsel

Rory C. Flynn, Of Counsel
NASD Department of Enforcement
1801 K Street, N.W., Suite 800
Washington, D.C. 20006
(202) 974-2974; Fax No. (202) 721-8318

Roger D. Hogoboom, Of Counsel
NASD Department of Enforcement
370 17th Street, Suite 2900
Denver, CO 80202
(303) 446-3114; Fax No. (303) 620-9540