

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

OMAR SHARIF AMANAT  
(CRD No. 2710334),

Respondent.

Disciplinary Proceeding  
No. E1020040945(01)

**DEFAULT DECISION**

Hearing Officer – SW

Date: September 19, 2008

**Respondent was barred for violating: (i) Conduct Rule 2110 and IM-1000-1 by willfully and repeatedly failing to update his Form U4 to disclose required material information; and (ii) Conduct Rule 2110 and Procedural Rule 8210 by failing to respond to requests for information issued by the FINRA staff pursuant to Rule 8210.**

**Appearances**

Gary A. Chodosh, Esq., Senior Regional Counsel, New York, NY, for the  
Department of Enforcement.

No appearance by or for Respondent Omar Sharif Amanat.

**DECISION**

**I. Introduction**

On May 20, 2008, the Department of Enforcement ("Enforcement") filed the attached two-count Complaint against Respondent Omar Sharif Amanat ("Respondent") alleging that he: (i) willfully failed to update his Uniform Applications for Securities Industry Registration or Transfer ("Form U4") during the period September 2003 through May 24, 2006, to disclose various material facts and circumstances including, but not limited to, bankruptcy petitions, reportable civil actions, outstanding court

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judgments, and an SEC investigation, in violation of Conduct Rule 2110 and IM-1000-1; and (ii) failed to respond to requests for information issued by the FINRA staff pursuant to Procedural Rule 8210, in violation of Conduct Rule 2110 and Rule 8210.

On August 4, 2008, Enforcement filed a Motion for Entry of Default Decision ("Motion"), supported by the Declaration of Gary A. Chodosh, Esq., Senior Regional Counsel in FINRA's New York, NY office, and 19 exhibits. For the reasons set forth below, the Hearing Officer grants Enforcement's Motion.

## **II. Respondent's Default**

On May 20, 2008, Enforcement served the Complaint and Notice of Complaint on Respondent, via first-class and certified mail, at his two addresses of record in FINRA's Central Registration Depository ("CRD addresses") and at an alternate address.<sup>1</sup> On June 24, 2008, Enforcement served the *Second Notice of Complaint* and Complaint on Respondent, via first-class and certified mail, at his CRD addresses and the alternate address.<sup>2</sup>

The Hearing Officer finds that Enforcement complied with Procedural Rule 9134(b)(1) by sending the mailings to Respondent's CRD addresses.<sup>3</sup> Accordingly, the

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<sup>1</sup> Enforcement learned the alternate address in April 2008 from a Lexis database search. Enforcement also sent a copy of the Complaint and Notice of Complaint to Respondent's bankruptcy counsel.

<sup>2</sup> Enforcement also sent a copy of the Complaint and the *Second Notice of Complaint* to Respondent's bankruptcy counsel.

<sup>3</sup> See *Department of Enforcement v. Verdiner*, No. CAF020004, 2003 NASD Discip. LEXIS 42, at \* 5 n.1 (NAC Dec. 9, 2003) (finding that respondent received constructive notice when the complaint was mailed to respondent's CRD address).

Hearing Officer finds that Respondent received effective constructive notice of this proceeding and further finds that Respondent defaulted by failing to answer the Complaint.<sup>4</sup>

### III. Findings of Fact and Conclusions of Law

#### A. Jurisdiction

In April 1999, Respondent became registered as a general securities representative with Sort Securities, LLC ("Sort" or the "Firm"), and became registered as a general securities principal with Sort on March 17, 2003. While registered with Sort, Respondent was the Firm's chief executive officer and an owner of the Firm. Respondent's registrations were effectively terminated on May 25, 2006, when FINRA cancelled Sort's FINRA membership. Respondent is not currently associated with any FINRA member firm.

Respondent remains subject to FINRA jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of the FINRA By-Laws, because (1) the Complaint was filed within two years after his registration via Sort was terminated, and (2) the Complaint charges him with misconduct while he was registered with a FINRA member, and failure to provide information requested pursuant to Rule 8210 during the period of retained jurisdiction.

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<sup>4</sup> The factual determinations in this Decision are based on the Motion for Entry of Default Decision, the Declaration in Support of the Motion, the exhibits attached thereto, and the allegations in the Complaint, deemed admitted pursuant to Rules 9215(f) and 9269, and *Notice to Members* 99-77 (Sept. 1999).

**B. Respondent Failed to Update His Form U4 to Disclose Numerous Material Facts and Circumstances**

Count one of the Complaint alleges that, from September 2003 through May 24, 2006, Respondent willfully and repeatedly failed to update his Form U4 to disclose facts or circumstances, which he knew were required to be disclosed. Specifically, Respondent failed to answer "yes" to the following items on his Form U4:

(1) 14G(2) on Form U4 to disclose that in a July 15, 2003 Wells notice, the SEC staff advised Respondent and MarketXT, Inc., another broker-dealer for which Respondent had been President and Chief Operating Officer, that the SEC was considering an action against him and the broker-dealer for violating Sections 10(b), 15(c)(1)(A) and 17(a)(1) of the Securities and Exchange Act of 1934 ("Exchange Act") and SEC Rules 10b-5, 15c-3-1(a), 17a-3(a)(2) and (11), and 17a-5(a)(2)(iii) and 17a-11;<sup>5</sup>

(2) 14K on Form U4 to disclose that on March 26, 2004, an involuntary bankruptcy petition had been filed against MarketXT Holding Corp., an organization that Respondent controlled, and that on November 10, 2004, an involuntary bankruptcy petition had been filed against Respondent;<sup>6</sup>

(3) 14M on Form U4 to disclose an unsatisfied judgment issued on April 6, 2004, in the amount of \$159,965, and an unsatisfied judgment issued on October 5, 2004, in the amount of \$6,665,210;<sup>7</sup> and

(4) 14H(2) and 14I(1)(a) on Form U4 to disclose that he was named as a defendant in a pending civil action, *Kevin Waltzer v. Tradescape & Co., LLC, et al.*, that alleged, among other things, that Respondent had made fraudulent misrepresentations and omissions in connection with Waltzer's investment in Tradescape & Company, and that he was named as a defendant in another pending civil action, *E\*Trade Financial Corp. v. Amanat, et al.*, that alleged, among other things, that Respondent made fraudulent misrepresentations in

<sup>5</sup> Question 14G(2) asks, "Have you been notified, in writing, that you are now the subject of any: . . . investigation that could result in a "yes" answer to any part of 14A, B, C, D, or E? Subpart C of Question 14 asks, "Has the U.S. Securities and Exchange Commission . . . ever: . . . (2) found you to have been involved in a violation of its regulations or statutes?" The SEC investigation mentioned in the July 15, 2003 Wells notice could have resulted in a "yes" answer to Question 14C and therefore required a "yes" answer to Question 14G(2).

<sup>6</sup> Question 14K asks, "Within the past 10 years: (1) have you . . . been the subject of an involuntary bankruptcy petition? (2) based upon events that occurred while you exercised control over it, has an organization . . . been the subject of an involuntary bankruptcy petition?"

<sup>7</sup> Question 14M asks, "Do you have any unsatisfied judgments or liens against you?"

connection with the sale of certain Tradescape entities.<sup>8</sup>

In addition, the Complaint alleges that Respondent was aware of each of the above seven material facts because he (i) responded to the SEC Wells notice, (ii) answered one of the bankruptcy petitions, and sought to dismiss the other bankruptcy petition, (iii) testified about the two unsatisfied judgments, and (iv) with respect to the civil actions, filed an answer in the Waltzer proceeding, and acknowledged receipt of the E\*Trade complaint.

Article V, Section 2(c) of the FINRA By-Laws requires that associated persons keep their Form U4s "current at all times," and that they file amendments to Form U4s "not later than 30 days after learning of the facts or circumstances giving rise to the amendment."

Conduct Rule 2110 states, "[a] member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade." Rule 2110 is violated whenever a member violates the federal securities laws, regulations, or FINRA rules, "because members are expected and required to abide by the applicable rules and regulations."<sup>9</sup>

IM-1000-1 provides that "[t]he filing with [FINRA] of information with respect to membership or registration as a Registered Representative which is incomplete or

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<sup>8</sup> Question 14H(2) asks, "Are you named in any pending investment-related civil action that could result in a "yes" answer to any part of 14H(1)?" Question 14H(1) asks, in relevant part, "Has any domestic . . . court ever: . . . (b) found that you were involved in a violation of any investment-related statute(s) or regulations(s)?" Question 14I(1)(a) asks, "Have you ever been named as a respondent/defendant in an investment-related, consumer-initiated arbitration or civil litigation which alleged that you were involved in one or more sales practice violations and which: (a) is still pending . . . ?"

<sup>9</sup> *Dep't of Enforcement v. Shvarts*, No. CAF980029, 2000 NASD Discip. LEXIS 6, \*12-13 (NAC June 2, 2000). See also *Stephen J. Gluckman*, Exch. Act Rel. No. 41,628, 1999 SEC LEXIS 1395, at \*22 (July 20, 1999) (finding that a violation of any SEC or FINRA rule constitutes a violation of Rule 2110).

inaccurate so as to be misleading, or which could in any way tend to mislead, or the failure to correct such filing after notice thereof, may be deemed to be conduct inconsistent with just and equitable principles of trade. . . ."

Accordingly, Article V, Section 2(c) of the FINRA By-Laws, Conduct Rule 2110, and IM-1000-1 require associated persons to answer the questions of the Form U4 accurately and fully and to keep the information updated.

The allegations in the first cause of the Complaint and the evidence submitted by Enforcement are sufficient to establish that Respondent violated Conduct Rule 2110 and IM-1000-1 by acting in contravention of Article V, Section 2(c) of the FINRA By-Laws.

In addition, the Hearing Panel finds the allegations in the first cause of the Complaint and the evidence submitted by Enforcement are sufficient to establish that (i) the information that Respondent failed to disclose on his Form U4 was material information,<sup>10</sup> and (ii) Respondent's failure to disclose the information on the Form U4 was willful.<sup>11</sup>

**C. Respondent Failed to Respond to FINRA Requests for Information**

Count two of the Complaint alleges that Respondent failed to respond to two requests for information issued pursuant to Procedural Rule 8210 by the FINRA staff in connection with the investigation of Respondent's non-disclosure of various events and proceedings. The FINRA staff sent the requests for information to Respondent at his

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<sup>10</sup> *Dept. of Enforcement v. Knight*, No. C120020060, 2004 Discip. LEXIS 5, at \*14 (NAC Apr. 27, 2004) (finding information is material if a reasonable employer, reading a Form U4 would view the disclosure of the omitted information as significantly altering the total mix of information available).

<sup>11</sup> *Christopher LaPorte*, Exch. Act Rel. No. 39,171, 1997 SEC LEXIS 2058, at \*8 (Sept. 30, 1997) (finding willfulness when respondent knew or should have known under the particular facts and circumstances that his conduct was improper).

two CRD addresses on October 11, 2007, and November 5, 2007, via first-class and certified mail.<sup>12</sup> Respondent failed to respond in any manner to the requests for information.

The Hearing Officer finds that Respondent is deemed to have received the requests for information sent to his CRD addresses pursuant to Rule 8210(d). Failure to comply with Rule 8210 requests for information is a serious violation because it subverts FINRA's ability to perform its regulatory responsibilities.<sup>13</sup>

Based on the allegations deemed admitted, the Hearing Officer finds that Respondent violated Conduct Rule 2110 and Procedural Rule 8210 as alleged in the second cause of the Complaint.

#### IV. Sanctions

##### A. Respondent Willfully Failed to Update His Form U4 to Disclose Material Information

For filing a false, misleading, or inaccurate Form U4, the *FINRA Sanction Guidelines* recommend a fine ranging from \$2,500 to \$50,000, as well as the consideration of a 5 to 30 business-day suspension in all capacities.<sup>14</sup> In egregious cases, such as those involving habitual misconduct, the Guidelines suggest a longer suspension of up to two years, and possibly even a bar.<sup>15</sup>

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<sup>12</sup> FINRA also sent a copy of the two requests for information to Respondent's counsel in his bankruptcy proceeding.

<sup>13</sup> See, e.g., *Richard J. Rouse*, Exch. Act Rel. No. 32,685, 1993 SEC LEXIS 1831, at \*7 (1993); *Joseph G. Chiulli*, Exch. Act Rel. No. 42,359, 2000 SEC LEXIS 112, at \*16 (Jan. 28, 2000) (noting that Rule 8210 provides a means for FINRA to conduct its investigations effectively, and emphasizing that FINRA members and associated persons must fully cooperate with requests for information).

<sup>14</sup> *FINRA Sanction Guidelines*, p. 73 (2007), available at <http://www.finra.org/web/groups/enforcement/documents/enforcement/p011038.pdf>.

<sup>15</sup> *Id.* at 74.

A Form U4 is fundamental to the business and integrity of the securities industry. It is "used by all the self-regulatory organizations, including [FINRA], state regulators, and broker-dealers to monitor and determine the fitness of securities professionals,"<sup>16</sup> and "serves as a vital screening device for hiring firms and [FINRA] against individuals with 'suspect history.'"<sup>17</sup>

In this case, Enforcement requested that the Hearing Officer bar Respondent for repeatedly and willfully failing to update his Form U4 to disclose material information on seven separate occasions.<sup>18</sup> Respondent's actions in repeatedly failing to disclose required information on his Form U4 constituted habitual misconduct.

Accordingly, the Hearing Officer accepts Enforcement's recommendation. The Hearing Officer bars Respondent for repeatedly and willfully failing to update his Form U4, in violation of Article V, Section 2(c) of the FINRA By-Laws, Conduct Rule 2110, and IM-1000-1.

**B. Respondent Failed to Respond to FINRA Requests for Information**

For failing to respond to two requests for information issued by the FINRA staff pursuant to Procedural Rule 8210, Enforcement recommended that Respondent be barred. The *Guidelines* provide that a bar should be standard when an individual

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<sup>16</sup> *Rosario R. Ruggiero*, Exch. Act Rel. No. 37,070, 1996 SEC LEXIS 990, at \*8-9 (Apr. 5, 1996).

<sup>17</sup> *Dist. Bus. Conduct Comm. v. Prewitt*, Complaint No. C07970022, 1998 NASD Discip. LEXIS 37, at \*8 (NAC Aug. 17, 1998). See also, *Thomas R. Alton*, Exch. Act Rel. No. 36,058, 1995 SEC LEXIS 1975, at \*4 (Aug. 4, 1995).

<sup>18</sup> Enforcement only sought non-monetary sanctions against Respondent consistent with an order from the United States Bankruptcy Court for the Southern District of New York issued on September 28, 2007, which lifted an automatic stay. The United States Bankruptcy Court allowed FINRA to bring and prosecute a formal disciplinary action against Respondent provided FINRA only sought and imposed non-monetary sanctions.

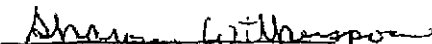
respondent does not respond in any manner to a request issued pursuant to Rule 8210.<sup>19</sup>

The record does not indicate the existence of any mitigating factors that would warrant a lesser sanction.

Accordingly, the Hearing Officer accepts Enforcement's recommendation and bars Respondent for failing to respond to the two requests for information, in violation of Conduct Rule 2110 and Procedural Rule 8210.

#### V. Order

Respondent Omar Sharif Amanat is barred from associating with any FINRA member firm in any capacity for violating: (i) Conduct Rule 2110 and IM-1000-1 by willfully failing to update his Form U4; and (ii) Conduct Rule 2110 and Procedural Rule 8210 by failing to respond to requests for information issued by the FINRA staff pursuant to Rule 8210. The bars will become effective immediately upon this Default Decision becoming the final disciplinary action of FINRA.

  
Sharon Witherspoon  
Hearing Officer

Dated: Washington, DC  
September 19, 2008

Copies to:

Omar Sharif Amanat (via FedEx and first-class mail)  
Gabriel Del Virginia, Esq. (via facsimile and first-class mail)  
Gary A. Chodos, Esq. (via electronic and first-class mail)  
Mark P. Dauer, Esq. (via electronic and first-class mail)  
David R. Sonnenberg, Esq. (via electronic and first-class mail)

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<sup>19</sup> Guidelines at 35 (2007).

**FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)  
OFFICE OF HEARING OFFICERS**

**DEPARTMENT OF ENFORCEMENT,**

Complainant,

v.

**OMAR SHARIF AMANAT,**  
(CRD No. 2710334),

Respondents.

DISCIPLINARY PROCEEDING  
No. E1020040945

**COMPLAINT**

The Department of Enforcement alleges:

**SUMMARY**

1. During the period September 2003 through May 24, 2006, while registered with FINRA through a former member firm, Respondent Omar Sharif Amanat, also known as Omar Ifikhar Amanat ("Amanat"), willfully failed to update his amended Uniform Application for Securities Industry or Transfer (Form U4), dated March 13, 2003, to disclose various material facts and circumstances.
2. Specifically, he failed to update his Form U4 to disclose: (a) The Securities and Exchange Commission had served a Wells notice on him that advised of possible fraud charges against him; (b) He was named as a defendant in two separate, reportable civil actions; (c) He was personally the subject of an involuntary bankruptcy petition; (d) A corporation, over which he exercised control, was the subject of a separate involuntary bankruptcy petition (based on events occurring while he exercised control

over that organization); and (e) There were two large court judgments against him outstanding.

3. Amanat also failed to respond to FINRA staff's written requests for documents and information, issued in October and November 2007, pursuant to NASD Procedural Rule 8210, during its investigation of the foregoing conduct.

#### JURISDICTION

4. Amanat first became registered with FINRA as a General Securities Representative, ("GSR") through Sort Securities, LLC (BD No. 44326) ("Sort") on April 5, 1999. He also became registered through Sort as a General Securities Principal ("GSP") on March 17, 2003.
5. He remained registered with Sort until May 25, 2006.
6. While registered with Sort, Amanat was the firm's Chief Executive Officer and an owner of the firm.
7. Amanat's registration through Sort was effectively terminated on May 25, 2006, when FINRA cancelled Sort's membership.
8. Amanat is not currently registered with FINRA, but remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

#### FIRST CAUSE OF ACTION

##### Willful Failure to Amend Form U4 to Disclose Material Information (NASD IM-1000-1 and Conduct Rule 2110)

9. The Department realleges and incorporates by reference paragraphs 1 through 8 above.
10. On March 13, 2003, Amanat submitted, or caused to be submitted, an amended Form U4 in connection with his FINRA registration through Sort (the "Form U4").

11. The Form U4 contained disclosure questions with instructions that "yes" answers required complete details of all events or proceedings on appropriate Disclosure Reporting Pages.
12. Pursuant to Article V, Section 2(c) of FINRA's By-Laws, every application for registration filed with FINRA shall be kept current at all times by supplementary amendments to be filed not later than 30 days after learning of the facts or circumstances giving rise to the amendment.
13. Amanat never amended the Form U4 that he submitted, or caused to be submitted, on March 13, 2003.
14. He failed to update his Form U4 regarding material facts or circumstances, of which he had knowledge, which were required to be disclosed.

SEC Wells Notice (Question 14G)

15. Question 14G(2) on the Form U4 asked, "Have you been notified, in writing, that you are now the subject of any: . . . *investigation* that could result in a "yes" answer to any part of 14A, B, C, D or E? (If yes, complete the Regulatory Action Disclosure Reporting Page.)
16. Question 14C, in turn, provided, in relevant part:

"Has the U.S. Securities and Exchange Commission . . . ever: . . .

(2) *found* you to have been *involved* in a violation of its regulations or statutes?

(3) *found* you to have been a cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted?

(4) entered an *order* against you in connection with *investment-related* activity?

(5) imposed a civil money penalty on you, *ordered* you to cease and desist from any activity?"

17. Amanat had answered "no" to Question 14G(2).

18. By letter dated July 15, 2003, SEC staff advised Amanat and MarketXT, Inc.

("MarketXT"), a broker-dealer for whom Amanat was President and Chief Operating Officer, that the SEC was considering an action against him and MarketXT, Inc. for violating Sections 10(b), 15(c)(1)(A) and 17(a)(1) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rules 10b-5, 15c3-1(a), 17a-3(a)(2) and (11), 17a-5(a)(2)(iii) and 17a-11 thereunder. This SEC Wells notice advised Amanat that the proposed action would be based on fraudulent wash sales/matched orders, net capital and related violations, and excessive access fees charged to non-subscribing broker-dealers for access to Nasdaq's automatic routing system. The letter also stated that Amanat was "a controlling person and an active participant in his firm's violations." That SEC investigation could have resulted in a "yes" answer to Question 14C.

19. Amanat and MarketXT responded to the SEC by Joint Wells Submission dated September 3, 2003. Accordingly, Amanat knew of the SEC's Wells notice on or before that date.

Civil Actions (Questions 14H(2) and 14I(1)(a)) – Two Actions

20. Question 14H(2) on the Form U4 asked, "Are you named in any pending *investment-related* civil action that could result in a "yes" answer to any part of 14H(1)?" Question 14(H)(1), in turn, asked in relevant part, "Has any domestic . . . court ever: . . . (b) *found*

that you were *involved* in a violation of any *investment-related* statute(s) or regulation(s)?"

21. Question 14I(1) on the Form U4 asked, "Have you ever been named as a respondent/defendant in an *investment-related*, consumer-initiated arbitration or civil litigation which alleged that you were *involved* in one or more *sales practice violations* and which: (a) is still pending . . ."
22. Amanat had answered "no" to Questions 14H(2) and 14I(1)(a).

*Consumer-Initiated Civil Action - Waltzer  
(Questions 14H(2) and 14I(1)(a))*

23. He failed to disclose, in response to Questions 14H(2) and 14I(1)(a), that he was named as a defendant in a pending civil action, *Kevin Waltzer v. Tradescape & Co., LLC, et al.*, Index No. 603415/01 (New York County Supreme Court) ("*Waltzer*"). In that action, Waltzer alleged, among other things, that Amanat had made fraudulent misrepresentations and omissions in connection with Waltzer's investment in Tradescape & Company. That action could have resulted in a finding that Amanat was involved in a violation of an investment-related statute or regulation.
24. Amanat filed an amended answer in *Waltzer* on February 18, 2003, and knew about the action on or before that date.

*Additional Civil Action - E\*Trade (Question 14H(2))*

25. His response to Question 14H(2) on the Form U4 should have also been amended to disclose that he was named as a defendant in another pending civil action, *E\*Trade Financial Corp. v. Amanat, et al.*, No. 04-CV-2745, in the U.S. District Court for the Southern District of New York ("*E\*Trade*"). The complaint alleged that Amanat, among

other things, engaged in fraudulent misrepresentations, in violation of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in connection with the sale of certain Tradescape entities.

26. Amanat acknowledged receipt of the *E\*Trade* complaint on May 6, 2004, and knew about the action on or before that date.

Involuntary Bankruptcy Proceedings (Question 14K(1) and (2)) – Two Proceedings

27. Question 14K on the Form U4, in relevant part, asked:

“Within the past 10 years:

(1) have you . . . been the subject of an involuntary bankruptcy petition?

(2) based upon events that occurred while you exercised *control* over it, has an organization . . . been the subject of an involuntary bankruptcy petition?”

28. Amanat had answered no to Question 14K(1) and (2).

Involuntary Bankruptcy Proceeding Against Amanat (Question 14K(1))

29. On November 10, 2004, an involuntary bankruptcy petition (No. 04-43361) was filed against Amanat in the United States Bankruptcy Court for the Southern District of New York.
30. Amanat filed an answer in that bankruptcy proceeding in or around November 29, 2004, and knew on or before that date of the proceeding.

Involuntary Bankruptcy Proceeding Against An Organization that Amanat Controlled (Question 14K(2))

31. On March 26, 2004, an involuntary bankruptcy petition (No. 04-12078) was filed in the United States Bankruptcy Court for the Southern District of New York against MarketXT

Holding Corp., f/k/a Tradescape Corp. The petition was filed in connection with events that occurred while Amanat, who was the Chief Executive Officer of that organization, exercised control over it.

32. Amanat signed an affidavit, dated June 2, 2004, seeking to dismiss the involuntary bankruptcy petition against MarketXT Holding Corp., and knew on or before that date of that proceeding.

Unsatisfied Judgments (Question 14M) – Two Judgments

33. Question 14M on the Form U4, asked “Do you have any unsatisfied judgments or liens against you?”
34. Amanat had answered “no” to Question 14M.

*Waltzer Judgment*

35. On October 5, 2004, the New York Supreme Court entered a \$6,665,210 judgment against Amanat in the *Waltzer* case. The judgment remained unsatisfied while Amanat remained registered through Sort.
36. On December 14, 2004, Amanat testified about the *Waltzer* judgment against him. He knew of the unsatisfied judgment on or before that date.

*Sanderson Judgment*

37. On April 6, 2004, the New York Supreme Court entered a \$159,965.10 judgment against Amanat in *Michael O. Sanderson v. Tradescape Corp. and Omar Amanat*, Index No. 121699/03. The judgment remained unsatisfied while Amanat remained registered through Sort.

38. Amanat testified about the *Sanderson* judgment against him when testifying in the *Waltzer* case on January 8, 2004. He knew of that unsatisfied judgment on or before that date.
39. Each and every event and proceeding set forth above in paragraphs 18, 23, 25, 29, 31, 35 and 37 was material.
40. Amanat's failure to amend his Form U4 to disclose each of the above-referenced events and proceedings responsive to questions on his Form U4 was willful.

By reason of the foregoing, Amanat acted in contravention of Article V, Section 2(c) of FINRA's By-Laws, and thus, violated NASD Membership and Registration Rule IM-1000-1 and Conduct Rule 2110.

SECOND CAUSE OF ACTION  
Failure to Respond to Requests for Documents and Information  
(NASD Procedural Rule 8210 and Conduct Rule 2110)

41. The Department realleges and incorporates by reference paragraphs 1 through 40 above.

*First Request For Documents and Information*

42. On October 11, 2007, FINRA staff (the "staff") sent a letter to Amanat, requesting that he provide certain documents and information in connection with its investigation relating to his non-disclosure of various events and proceedings in forms filed with FINRA.
43. The letter requested that he produce copies of various Forms U4, Uniform Termination Notices for Securities Industry Registration (Forms U5), Forms BD (as to member firms whom Amanat owned or controlled), and amendments thereto, and copies of certain regulatory notices, civil complaints, arbitration claims, and unsatisfied judgments and liens.

44. The letter also requested that Amanat provide a signed statement addressing the different events and proceedings, and his reasons for not disclosing those facts and circumstances on the forms.
45. The letter required his response by no later than October 25, 2007. The letter was made pursuant to NASD Procedural Rule 8210 and warned of possible disciplinary action if Amanat failed to respond
46. The staff sent the request by regular first class mail and by certified mail, return receipt requested, to Amanat's two last known addresses, as reflected in FINRA's Central Registration Depository - [REDACTED] and [REDACTED] (collectively, the "CRD Addresses").
47. The staff also sent a copy of the request by first class mail to Gabriel Del Virginia, Esq., Amanat's counsel in his involuntary bankruptcy proceeding.
48. The mailings to the [REDACTED] East 31 Street address were returned by the United States Postal Service (the "USPS"), stamped "NOT DELIVERABLE AS ADDRESSED[,] UNABLE TO FORWARD."
49. The first class mailing to the [REDACTED] East 69<sup>th</sup> Street address was not returned by the USPS.
50. The return receipt card for the certified mailing to the [REDACTED] East 69<sup>th</sup> Street address was returned by USPS, with handwriting indicating that the certified mailing was delivered as addressed on October 13, 2007.
51. Amanat failed to respond in any manner to the staff's October 2007 request.

*Second Request For Documents and Information*

52. On November 5, 2007, FINRA sent Amanat a second letter (the Second Request Letter"), which enclosed a copy of its first request and requested that Amanat provide the information and documents previously requested by no later than November 19, 2007.
53. This Second Request Letter was also expressly made pursuant to NASD Procedural Rule 8210 and warned of possible disciplinary action if Amanat failed to respond
54. The staff sent the Second Request Letter by first class mail and by certified mail, return receipt requested, to Amanat's two CRD addresses. The staff also sent a copy of the request by first class mail and by certified mail, return receipt requested, to Del Virginia.
55. The mailings to the ■ East 31 Street address were returned by the USPS, stamped "NOT DELIVERABLE AS ADDRESSED[,] UNABLE TO FORWARD."
56. The first class mailing to the ■ East 69<sup>th</sup> Street address was not returned by the USPS. The return receipt card for the certified mailing to the ■ East 69<sup>th</sup> Street address was returned by USPS, with handwriting indicating that the certified mailing was delivered as addressed on November 8, 2007.
57. The first class mailing to Del Virginia was not returned by the USPS. The return receipt card for the certified mailing to that attorney was returned by the USPS, with handwriting indicating the certified mailing was delivered as addressed on November 8, 2007.
58. Amanat failed to respond in any manner to the Second Request Letter.
59. To date, FINRA has not received any response to the foregoing requests.

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

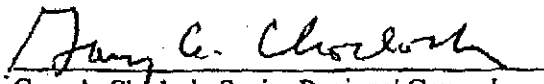
**RELIEF REQUESTED**

WHEREFORE, the Department respectfully requests that the Panel:

- A. Order that one or more of the non-monetary sanctions, provided under NASD Rule 8310(a), be imposed.<sup>1</sup>
- B. Make specific findings that Amanat's conduct, as alleged in the First Cause of Action, was willful; the omitted information was material; and, the omission to state material facts was on and in connection with a Form U4 application.

**FINRA DEPARTMENT OF ENFORCEMENT**

Date: May 20, 2008

  
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<sup>1</sup> On September 28, 2007, the United States Bankruptcy Court for the Southern District of New York, in Bankruptcy Case No. 04-43361, lifted an automatic stay so as to allow FINRA to: (a) Complete its investigation of Amanat; and (b) Bring and prosecute a formal disciplinary action against Amanat seeking and imposing, without leave of Court, non-monetary sanctions only.