

**NASD
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Joseph Zaragoza,
CRD No. 2417735

Respondent.

Disciplinary Proceeding
No. E8A2002109804

Hearing Officer

COMPLAINT

Upon information and belief, Complainant alleges as follows:

1. Between November 1999 and July 2002, Joseph Zaragoza ("Respondent") was registered as an Investment Company/Variable Contracts Products Representative with David A. Noyes & Co., a member of NASD. Since July 2002, Zaragoza has been and is currently registered in the same capacity with another member of NASD. Respondent therefore is subject to the jurisdiction of NASD, pursuant to Article V, Section 4 of the NASD's By-Laws.

**FIRST CAUSE OF COMPLAINT
NASD Conduct Rules 3030 and 2110
Outside business activity**

2. In or about May 2002, Respondent engaged in outside business activity by receiving compensation of approximately \$4,500 for the sale of fixed annuities to at least one public customer.
3. In connection therewith, Respondent failed and neglected to give prompt written notice of his engagement in such activities to the Member.

4. The acts, practices and conduct described above constitute separate and distinct violations of NASD Conduct Rules 2110 and 3030 by Respondent.

SECOND CAUSE OF COMPLAINT
NASD Conduct Rules 2110 and 2510
Discretionary Trading Without Written Authorization

5. During all times mentioned herein, DV was a member of the public who maintained a securities account with the Member. Respondent Zaragoza was responsible for servicing said account.

6. From approximately March 2000 until July 2002, Respondent Zaragoza effected approximately 10 discretionary transactions in the account of public customer DV without having obtained prior written authorization from DV and prior to written acceptance of the accounts as discretionary by the Member.

7. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 2110 and 2510 by Respondent Zaragoza.

THIRD CAUSE OF COMPLAINT
NASD Conduct Rules 2310 and 2110
Excessive Trading

8. Between March 2000 and July 2002, Respondent Zaragoza exercised effective control over the account of DV and recommended to DV numerous purchases and sales of securities without having reasonable grounds for believing that such recommendations were suitable for DV in view of the size and frequency of the transactions and the nature of the account.

9. DV, who was 67 years old and retired, had an investment objective of growth and growth and income.

10. During the relevant period, Zaragoza purchased approximately \$1,024,459 in securities for customer DV's account. The value of DV's account, which had an annualized turnover rate in excess of 6 and an annualized cost/equity ratio of 17%, plummeted from \$138,688.79 to \$17,073.

11. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 2110 and 2310 on the part of Respondent Zaragoza.

FOURTH CAUSE OF COMPLAINT
NASD Conduct Rule 2110
Failure to submit email correspondence
for supervision and review

12. During the relevant period, Respondent Zaragoza failed to submit at least 10 pieces of e-mail correspondence to the Member for review and approval before sending the electronic correspondence to customer DV.

13. Respondent Zaragoza's failure to submit the correspondence constitutes a violation of NASD Conduct Rule 2110.

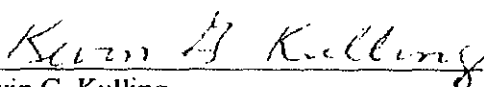
PRAYER FOR RELIEF

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 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: September 8, 2006



Kevin G. Kulling
Regional Counsel
Mark A. Koerner
Regional Chief Counsel
NASD Department of Enforcement
55 W. Monroe St., Suite 2700
Chicago, IL 60603
(312) 899-4348

NASD District Director

Carlotta A. Romano
Senior Vice President and
Regional Director
NASD District 8
55 W. Monroe St., Suite 2700
Chicago, IL 60603
(312) 899-4324

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

Mark P. Dauer, Of Counsel
NASD Department of Enforcement
1100 Poydras St.
Energy Centre, Suite 850
New Orleans, LA 70163
(504) 412-2405