

**NASD
OFFICE OF HEARING OFFICERS**

Department of Enforcement,	Disciplinary Proceeding
Complainant,	No. C8A050029
v.	Hearing Officer
Arthur Booze	COMPLAINT
CRD No. 2570386	
Respondent.	

Upon information and belief, Complainant alleges as follows:

1. Between October 2000 and December 2002, Respondent Arthur Booze was registered with Banc One Securities, Inc., a member of NASD. Respondent Booze was thereafter continuously registered with other members of NASD from February 2003 until September 2004. As a result, pursuant to Article V, Section 4 of NASD's By-Laws, Respondent Booze is subject to the jurisdiction of NASD.

**FIRST CAUSE OF COMPLAINT
NASD Conduct Rule 2110
Altering a mutual fund product switch form**

2. On or about January 22, 2002, Respondent Booze recommended and effected the sale of \$10,000 worth of shares in the Van Kampen Equity Income Fund and the purchase of \$10,000 worth of shares in the One Group Government Bond Fund in the account of customer E.G.

3. As required by the Member, Booze completed a mutual fund product switch letter, which was signed and dated by customer E.G. and Booze.
4. At some point, Booze filled in the switch letter by hand to include the reason for the switch (Client wants to diversify his portfolio), the surrender charge for the sale of the Van Kampen Fund (\$509), and an initial sales charge for purchase of the One Group Fund (\$450). Booze admitted that he did not tender a copy of the switch letter with the true and accurate sales charges to customer E.G.
5. Booze faxed the switch letter to the Member's principal review desk (PRD) for approval, which was granted.
6. At the same time he faxed the form to PRD or shortly thereafter, Booze used "white out" on the signed mutual fund product switch letter to erase the surrender charge. He then wrote false figures over the white out to show a surrender charge of \$0. The true and accurate surrender charge was \$509, as indicated on the switch letter faxed to PRD.
7. Booze placed the altered product switch letter that contained the false surrender charge in customer E.G.'s file.
8. The above represents separate and distinct violations of NASD Conduct Rule 2110.

SECOND CAUSE OF COMPLAINT
NASD Conduct Rule 2110
Altering a mutual fund product switch form

9. On or about May 30, 2002, Respondent Booze recommended and effected the sale of \$21,753 worth of shares in the Van Kampen Equity Income Fund and the purchase of \$21,753 worth of shares in the One Group Small Cap Value Fund in the account of customer W.B.

10. As required by the Member, Respondent Booze completed a mutual fund product switch letter that was signed and dated by customer W.B. and Booze.
11. At some point, Booze completed the product switch letter to indicate the surrender charge for the sale of the Van Kampen fund (\$1009.76) and the initial sales charge for the purchase of the One Group fund (\$1087.65).
12. Booze sent the switch letter to the Member's PRD for approval.
13. PRD sent the form back to Booze because the form failed to state a reason for the switch.
14. Booze then handwrote that the "client's goal has changed to aggressive growth. Equally his risk tolerance has moved to aggressive. Thus the reason for the small cap value recommendation." Booze then faxed the form back to PRD. Booze did not tender a copy of the switch letter with the accurate fees to the customer.
15. At the same time he faxed the form back to PRD or shortly thereafter, Booze used "white out" on the mutual fund product switch letter to erase the surrender charge and the initial sales charge. He then wrote on top of the white out to show a false surrender charge of \$109 and a false initial sales charge of \$108.
16. Booze placed the altered product switch letter with the false sales figures in customer W.B.'s file.
17. The above represents separate and distinct violations of NASD Conduct Rule 2110.

THIRD CAUSE FOR COMPLAINT
NASD Conduct Rules 2310, IM 2310-2 and 2110
Suitability

18. Regarding the above transactions detailed in Counts I and II, Booze recommended to customers E.G. and W.B. that they sell their existing mutual funds and purchase mutual

funds in a different fund family. Booze's recommendation was made without any review or consideration of the customers' financial situation, objectives and needs and without reasonable efforts to obtain information concerning the customers' financial status, the customers' tax status or the customers' investment objectives and without discussing the possibility of purchasing similar mutual funds within the existing fund family.

19. Booze's recommendations were made primarily for the purpose of benefiting Booze and increasing his sales.
20. As a result, the customers incurred surrender charges and sales charges that could have been avoided because a similar product in the same fund family was available for no additional cost.
21. Customer E.G. incurred a surrender charge of \$500 and customer W.B. incurred a surrender charge of \$1009.76.
22. By reason of the foregoing, Booze violated NASD Conduct Rules 2310, IM 2310-2 and 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.

Date: May 13, 2005

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