

**NASD REGULATION, INC.  
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant

vs.

RUSSELL O. HODDER, JR.  
Registered Representative  
(CRD No. 2179109)

Respondent

**Disciplinary Proceeding  
No. E8A2003076301**

Hearing Officer

**COMPLAINT**

Upon information and belief, Complainant alleges as follows:

1. From on or about January 1, 1999 to on or about September 9, 2003, Russell O. Hodder, Jr. ("Respondent Hodder") was registered as a General Securities Representative with Oppenheimer & Co., Inc. ("Member") a member of NASD. Respondent Hodder is not currently registered with any member of NASD. Since this Complaint is filed within two years of the termination of Respondent Hodder's registration with the Member, Respondent Hodder is subject to the jurisdiction of NASD, pursuant to Article V, Section 4 of the NASD's By-Laws.

2. During all times mentioned herein, EB, E&KH, RL, UG, CY, PAP-C and M&AG were members of the public, who maintained securities accounts or individual retirement accounts with the Member, which were serviced by Respondent Hodder.

**FIRST CAUSE FOR COMPLAINT**

**Conduct Rule 2110 by Respondent Hodder - Unauthorized Sales of Securities Owned in  
EB's IRA Accounts by Respondent Hodder.**

3. Paragraph numbers 1 and 2 above are re-alleged and incorporated herein by reference as paragraph 3.

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4. On or about April 2, 2003 and on or about August 12, 2003, Respondent Hodder sold or caused to be sold securities for the accounts of EB, as reflected on Schedule A, attached hereto and incorporated herein by this reference, without the knowledge or consent of EB and in the absence of written or oral authorization to Respondent Hodder to exercise discretion in said accounts.

5. The acts, practices and conduct set forth above constitute separate and distinct violations of NASD Conduct Rule 2110 by Respondent Hodder.

**SECOND CAUSE FOR COMPLAINT**  
**Conduct Rules 2110 and 2330 by Respondent Hodder - Misuse of EB's Funds by**  
**Respondent Hodder.**

6. Paragraph numbers 1 through 5 above are re-alleged and incorporated herein by reference as paragraph 6.

7. On or about April 7, 2003 Respondent Hodder: signed EB's name or caused EB's name to be signed on two Withdrawal Statement forms, which caused two separate withdrawals from EB's accounts in the amounts of \$5,500 and \$5,300, and requested that the checks for these amounts be delivered to him at his branch office; received the two checks; deposited the checks or caused them to be deposited into a checking account in the name of iNetShelves LLC; and, used the funds to invest in iNetShelves LLC, all without the knowledge or consent of EB and in the absence of written or oral authorization to Respondent Hodder to exercise discretion in said accounts or to sign EB's name on documents.

8. On or about August 18, 2003, Respondent Hodder: signed EB's name or caused EB's name to be signed on a Withdrawal Statement form, which caused a withdrawal from EB's account in the amount of \$5,000, and requested that the check be delivered to him at his branch office; received the checks; signed EB's name or caused EB's name to be signed the check:

cashed the check; and used the funds to invest in iNetShelves LLC, all without the knowledge or consent of EB and in the absence of written or oral authorization to Respondent Hodder to exercise discretion in said accounts or sign EB's name to documents.

9. The acts, practices and conduct set forth above constitute separate and distinct violations of NASD Conduct Rules 2110 and 2330 by Respondent Hodder.

**THIRD CAUSE FOR COMPLAINT**  
**Conduct Rule 2110 by Respondent Hodder - Unauthorized Sales of Securities Owned in E&KH's Securities Account by Respondent Hodder.**

10. Paragraph numbers 1 through 9 above are re-alleged and incorporated herein by reference as paragraph 10.

11. On or about May 19, 2003, Respondent Hodder sold or caused to be sold securities for the account of E&KH, as reflected on Schedule A, attached hereto and incorporated herein by this reference, without the knowledge or consent of E&KH and in the absence of written or oral authorization to Respondent Hodder to exercise discretion in said account.

12. The acts, practices and conduct set forth above constitute separate and distinct violations of NASD Conduct Rule 2110 by Respondent Hodder.

**FOURTH CAUSE FOR COMPLAINT**  
**Conduct Rules 2110 and 2330 by Respondent Hodder - Misuse of E&KH's Funds by Respondent Hodder.**

13. Paragraph numbers 1 through 12 above are re-alleged and incorporated herein by reference as paragraph 13.

14. On or about April 22, 2003 Respondent Hodder: obtained a check for \$15,000 made payable to E&KH, which was issued at the branch office; deposited the checks or caused them to be deposited into a checking account in the name of iNetShelves LLC; and used the funds to invest in iNetShelves LLC, all without the knowledge or consent of E&KH and in the

absence of written or oral authorization to Respondent Hodder to exercise discretion in said account or to sign E&KH's name on the check.

15. The acts, practices and conduct set forth above constitute separate and distinct violations of NASD Conduct Rules 2110 and 2330 by Respondent Hodder.

**FIFTH CAUSE FOR COMPLAINT**

**Conduct Rule 2110 by Respondent Hodder - Unauthorized Sales of Securities Owned in RL's IRA Account by Respondent Hodder.**

16. Paragraph numbers 1 through 15 above are re-alleged and incorporated herein by reference as paragraph 16.

17. On or about July 2, 2003, Respondent Hodder sold or caused to be sold securities for the individual retirement account of RL, as reflected on Schedule A, attached hereto and incorporated herein by this reference, without the knowledge or consent of RL and in the absence of written or oral authorization to Respondent Hodder to exercise discretion in said accounts.

18. The acts, practices and conduct set forth above constitute separate and distinct violations of NASD Conduct Rule 2110 by Respondent Hodder.

**SIXTH CAUSE FOR COMPLAINT**

**Conduct Rules 2110 and 2330 by Respondent Hodder - Misuse of RL's Funds by Respondent Hodder.**

19. Paragraph numbers 1 through 18 above are re-alleged and incorporated herein by reference as paragraph 19.

20. On or about July 8, 2003 Respondent Hodder: signed RL's name or caused RL's name to be signed on a Withdrawal Statement form, which caused a withdrawal from RL's IRA account in the amounts of \$10,000, and requested that the check for this amount be delivered to him at his branch office; received the check; deposited the checks or caused them to be deposited into a checking account in the name of iNetShelves LLC; and, used the funds to invest in

iNetShelves LLC, all without the knowledge or consent of RL and in the absence of written or oral authorization to Respondent Hodder to exercise discretion in said accounts or to sign RL's name on documents.

21. The acts, practices and conduct set forth above constitute separate and distinct violations of NASD Conduct Rules 2110 and 2330 by Respondent Hodder.

**SEVENTH CAUSE FOR COMPLAINT**  
**Conduct Rules 2110 and 2330 by Respondent Hodder - Misuse of UG's Funds by Respondent Hodder.**

22. Paragraph numbers 1 through 21 above are re-alleged and incorporated herein by reference as paragraph 22.

23. On or about June 26, 2003 Respondent Hodder: caused \$10,000 to be withdrawn from UG's account at his branch office; obtained the check; deposited the checks or caused them to be deposited into a checking account in the name of iNetShelves LLC; and, used the funds to invest in iNetShelves LLC, all without the knowledge or consent of UG and in the absence of written or oral authorization to Respondent Hodder to exercise discretion in said account or to sign UG's name on the check.

24. The acts, practices and conduct set forth above constitute separate and distinct violations of NASD Conduct Rules 2110 and 2330 by Respondent Hodder.

**EIGHTH CAUSE FOR COMPLAINT**  
**Conduct Rules 2110 and 2330 by Respondent Hodder - Misuse of CY's Funds by Respondent Hodder.**

25. Paragraph numbers 1 through 24 above are re-alleged and incorporated herein by reference as paragraph 25.

26. On or about September 3, 2003 Respondent Hodder: signed CY's name or caused CY's name to be signed on a Withdrawal Statement form, which caused a withdrawal from CY's

individual retirement account in the amounts of \$5,700, and requested that the check for this amount be delivered to him at his branch office; received the check for \$5,700; deposited the checks or caused them to be deposited into a checking account in the name of iNetShelves LLC; and, used the funds to invest in iNetShelves LLC, all without the knowledge or consent of CY and in the absence of written or oral authorization to Respondent Hodder to exercise discretion in said accounts or to sign CY's name on the documents.

27. The acts, practices and conduct set forth above constitute separate and distinct violations of NASD Conduct Rules 2110 and 2330 by Respondent Hodder.

**NINETH CAUSE FOR COMPLAINT**  
**Conduct Rule 2110 by Respondent Hodder - Unauthorized Purchase of Securities Owned**  
**in PAP-C's Account by Respondent Hodder.**

28. Paragraph numbers 1 through 27 above are re-alleged and incorporated herein by reference as paragraph 28.

29. On or about December 30, 2002, Respondent Hodder purchased or caused the purchase of securities for the accounts of PAP-C, as reflected on Schedule A, attached hereto and incorporated herein by this reference, without the knowledge or consent of PAP-C and in the absence of written or oral authorization to Respondent Hodder to exercise discretion in said account.

30. The acts, practices and conduct set forth above constitute separate and distinct violations of NASD Conduct Rule 2110 by Respondent Hodder.

**TENTH CAUSE FOR COMPLAINT**  
**Conduct Rule 2110 by Respondent Hodder - Unauthorized Purchase and Sales of**  
**Securities Owned in M&AG's Account by Respondent Hodder.**

31. Paragraph numbers 1 through 30 above are re-alleged and incorporated herein by reference as paragraph 31.

32. On or about May 30, 2003, June 5, 2003 and June 11, 2003, Respondent Hodder purchased or caused the purchase and sold or caused the sale of securities for the account of M&AG, as reflected on Schedule A, attached hereto and incorporated herein by this reference, without the knowledge or consent of M&AG and in the absence of written or oral authorization to Respondent Hodder to exercise discretion in said account.

33. The acts, practices and conduct set forth above constitute separate and distinct violations of NASD Conduct Rule 2110 by Respondent Hodder.

**ELEVENTH CAUSE FOR COMPLAINT**

**Conduct Rule 2110 and Procedural Rule 8210 by Respondent Hodder - Failure to Respond to the Staff's Requests for Information by Respondent Hodder.**

34. Paragraph numbers 1 through 33 above are re-alleged and incorporated herein by reference as paragraph 34.

35. On or about October 17, 2003, NASD staff ("Staff") sent to Respondent Hodder a request that he provide certain documents and information related to the complaints of EB, E&KH, PAP-C and M&AG, pursuant to and in accordance with the provisions of NASD Procedural Rule 8210. The request for information was sent by first class mail and by certified mail, return receipt requested, to Respondent Hodder's addresses of record as contained in the records of the Central Registration Depository ("CRD Address"). The first class mailing was not returned to the Staff and the certified mailing was returned marked "Undeliverable As Addressed," and "FOE," for forwarding order expired.

36. On or about October 29, 2003, the Staff sent to Respondent Hodder a Final Request that he provide certain documents and information related to the complaints of EB, E&KH, PAP-C and M&AG, pursuant to and in accordance with the provisions of NASD Procedural Rule 8210. The request for information was sent by first class mail and by certified

mail, return receipt requested, to Respondent Hodder's CRD Addresses and an address which the Staff learned about during its investigation in Comstock Park Michigan ("Comstock Address"). The first class and the certified mailings to the CRD Address were returned to the Staff marked "Undeliverable As Addressed," and "FOE," for forwarding order expired. The first class mailing to the Comstock Address was not returned to the Staff and the certified return receipt for the mailing to the Comstock Address was returned apparently signed by Respondent Hodder.

37. On or about November 12, 2003, the Staff received a response from Respondent Hodder, dated November 3, 2003, in which he responds to the Staff's requests for information and supplies a new address, which was a post office box in Grand Rapids, Michigan ("Grand Rapids Address").

38. On or about December 4, 2003, the Staff sent to Respondent Hodder a request for additional information that he provide certain documents and information related to iNetShelves LLC, pursuant to and in accordance with the provisions of NASD Procedural Rule 8210. The request for information was sent by first class mail and by certified mail, return receipt requested, to Respondent Hodder's CRD Addresses and to his Grand Rapids Address and his Comstock Park Address. The first class and the certified mailings to the CRD Address were returned to the Staff marked "Undeliverable As Addressed," and "FOE," for forwarding order expired. The first class mailings to the Grand Rapids Address and the Comstock Address were not returned to the Staff. The certified return receipt for the mailing to the Grand Raids Address was returned apparently signed by Respondent Hodder. Neither the certified mailing nor the certified return receipt sent to the Comstock Address was returned to the Staff.

39. On or about December 23, 2003, the Staff received a response from Respondent Hodder, dated November 3, 2003, in which he responds to the Staff's requests for information.

40. On or about August 4, 2004, the Staff sent to Respondent Hodder a request that he provide certain documents and information related to the complaints of EB, E&KH, RL, UG, CY and M&AG, as detailed in paragraphs 3 through 27 and 31 through 33 above, pursuant to and in accordance with the provisions of NASD Procedural Rule 8210. A response was requested by August 18, 2004. That request for information was sent by first class mail and by certified mail, return receipt requested, to Respondent Hodder's CRD Address, and to his Grand Rapids Address. The first class mailings to both addresses were not returned to the Staff. The certified mailing that was mailed to Respondent Hodder's CRD Address was returned marked "FOE," for Forwarding Order Expired. The return receipt for the mailing to Respondent Hodder's Grand Rapids Address was returned to the Staff apparently signed by Respondent Hodder.

41. On or about August 24, 2004, the Staff sent to Respondent Hodder a second request that he provide the additional documents and information requested relating to the complaints of EB, E&KH, RL, UG, CY and M&AG, as detailed in paragraphs 3 through 27 and 31 through 33 above, pursuant to and in accordance with the provisions of NASD Procedural Rule 8210. A response was requested by September 6, 2004. That request for information was sent by first class mail and by certified mail, return receipt requested, to Respondent Hodder's CRD Address and his Grand Rapids Address. The first class mailing and certified mailing that was mailed to Respondent Hodder's CRD Address was returned marked "FOE," for Forwarding Order Expired. The first class mailing, the certified mailing and the certified return receipt sent to Respondent Hodder's Grand Rapids Address were not returned to the Staff.

42. Respondent Hodder failed to respond to each and all of the requests for documents and information described in paragraphs 40 and 41 above, and the time for Respondent Hodder to respond has passed.

43. The aforementioned acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 and NASD Procedural Rule 8210 by Respondent Hodder.

**PRAYER FOR RELIEF**

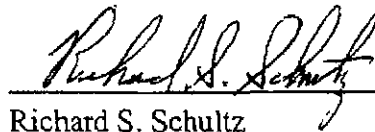
WHEREFORE, Complainant respectfully requests:

- 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 imposing such costs of any proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Rule 8330; and,

D. An order imposing any other fitting sanction.

August 17, 2005

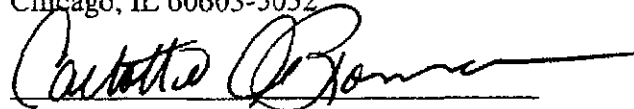
Date



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August 17, 2005

Date



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Disciplinary Proceeding No. E8A2003076301 - Schedule A

Respondent Hodder's Unauthorized Transactions

Table 3

| Customer | B/S | Date     | Amount       | # of shares | Securities Purchased or Sold               | Gross Commissions |
|----------|-----|----------|--------------|-------------|--------------------------------------------|-------------------|
| EB       | S   | 04/02/03 | \$5,111.77   | 524         | Nike GRIT #79                              | 0                 |
| EB       | S   | 04/02/03 | \$5,524.19   | 3,406       | Nike Bandwidth #5                          | 0                 |
| EB       | S   | 08/12/03 | \$4,874.01   | 345.171     | Oppenheimer Quest Balanced Value Fund      | 0                 |
| E&KH     | S   | 05/19/03 | \$7,224.10   | 712         | FT GNMA Reinvest Income Trust #85          | 0                 |
| E&KH     | S   | 05/19/03 | \$8,984.24   | 865         | FT Key 3 Portfolio Ser 3 ½ yr.             | 0                 |
| RL       | S   | 07/02/03 | \$10,000.01  | 684.932     | Oppenheimer Quest Balanced Value Fund      | 0                 |
| PAP-C    | B   | 12/30/02 | \$9,008.47   | 843         | FT GNMA Reinvest INCM Trust #86            | 0                 |
| M&AG     | B   | 5/30/03  | \$164,648.89 | 160,000     | CMS Energy Corp. 7.625% Due 11/15/04       | \$3,200           |
| M&AG     | S   | 6/5/03   | \$102,762.05 | 10,165      | FT GNMA Reinv INCM Unit SER #88 Cash       | 0                 |
| M&AG     | S   | 6/11/03  | \$55,807.08  | 60,000      | CMS Energy GTN Ser F b/e 7.25% Due 8/15/08 | 0                 |
|          |     |          |              |             |                                            |                   |