

**NASD
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant

vs.

PHILIP L. REGANO
Limited Registered Representative
(CRD No. 1187182)

Respondent

**Disciplinary Proceeding
No. E8A2004059501**

Hearing Officer Sara Nelson Bloom

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: June 30, 2006

INTRODUCTION

Disciplinary Proceeding No. E8A2004059501 was filed on April 25, 2006, by the Department of Enforcement of NASD ("Complainant"). Respondent Philip L. Regano ("Regano" or "Respondent") submitted an Offer of Settlement ("Offer") to Complainant on June 5, 2006. Pursuant to Code of Procedure Rule 9270(e), the Complainant and the National Adjudicatory Council ("NAC") Review Subcommittee or the Office of Disciplinary Affairs ("ODA") have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to Code of Procedure Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD is a party, to the entry of findings and violations consistent with the allegations of the Complaint, and to the imposition of

**Order Accepting Offer of Settlement in
Disciplinary Proceeding No. E8A2004059501**

the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by NASD.

BACKGROUND

Philip L. Regano entered the securities industry on June 26, 1984, as an Investment Company and Variable Contracts Products Representative of a member of NASD. On August 12, 1997, Regano became registered in the same capacity with WRP Investments, Inc. ("WRP Investments") a member of NASD. He was registered in such capacity with WRP Investments until January 2, 2002. On January 30, 2002, Regano became registered in the same capacity with Allegheny Investments, LTD. ("Member"), a member with NASD. He was registered in such capacity with the Member until April 28, 2004. He is not currently registered with any member of NASD and has no disciplinary history.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

FIRST CAUSE FOR COMPLAINT

**Conduct Rule 2110 by Regano - Misuse of Customers' Funds Which Were Intended For
the Purchase of Fixed Annuities By Regano.**

1. During all times mentioned herein MC, W&DK, HM, RS, JL, PB, LR and RA were members of the public.
2. From on or about January 11, 2000 to on or about September 5, 2003, Regano received a total of \$619,584.87 in funds from MC, W&DK, HM, RS, JL, PB, LR and RA, as listed on Schedule A, attached hereto and incorporated by reference, with instructions that the

funds be used to purchase interests in Jackson National Life ("JNL") Fixed Annuities, but Regano failed to follow these instructions and used the funds for some purpose other than the benefit of the customers. Moreover, in order to lull the customers into believing that their funds were used for their intended purpose, Regano created fictitious statements showing that the customers' funds were used to purchase interests in a fixed annuity through JNL.

SECOND CAUSE FOR COMPLAINT

Conduct Rules 2110 and 3040 by Respondent Regano - Engaging in Private Securities Transactions Without Submitting A Written Notice to the Member and Receiving Written Approval to Sell the Securities.

3. During all times mentioned herein A&HS, RG, RG/TL, VD, BH/LH, PB, DG, W&DK, MC/LC, G&HG, C&IM, TL FBO CL, ET, C&IM, DC, PB, AP, JR, S&GW, MF, MarB and MelB were members of the public.

4. During all times mentioned herein, Financial Center Enterprises ("FCE"), was an assumed business name for Regano, and Regano represented himself as the "Primary Principal" of FCE.

5. From on or about June 19, 1997 to on or about November 21, 2003, Regano, while employed by the Member, engaged in private securities transactions, in that he participated in 32 sales of promissory notes between FCE and A&HS, RG, RG/TL, VD, BH/LH, PB, DG, W&DK, MC/LC, G&HG, C&IM, TL FBO CL, ET, C&IM, DC, PB, AP, JR, S&GW, and MF, as more fully detailed on Schedule B, attached hereto and incorporated herein by reference. As shown on Schedule B, the total amount invested by members of the public for the 29 sales was \$1,514,335.60. The promissory notes purportedly paid annual rates of return ranging from at least 8% to 23.36%. Regano told the customers who purchased the promissory notes that he was able to pay them large returns because he was using the proceeds from their purchases of

**Order Accepting Offer of Settlement in
Disciplinary Proceeding No. E8A2004059501**

promissory notes with FCE to invest in the purchase and sale of gold coins. Regano did not purchase any gold products for the investors.¹

6. Regano participated in the sales of the promissory notes listed on Schedule B, without providing prior written notice to the Member and obtaining written approval from the Member, as required under NASD Rule 3040.

7. From on or about March 20, 1995 to on or about January 16, 1997, Regano, while employed by the Member, engaged in private securities transactions, in that he participated in five sales of an investment entitled "Private Annuity" to [REDACTED] and [REDACTED], as more fully detailed on Schedule C, attached hereto and incorporated herein by reference. As shown on Schedule C, the total amount invested by [REDACTED] and [REDACTED] for the five sales was \$152,642.55.

8. Regano participated in the sales of the "Private Annuities" listed on Schedule C, without providing prior written notice to the Member and obtaining written approval from the Member, as required under NASD Rule 3040.

9. On or about September 6, 2002, Regano executed a 2002 Annual Compliance Meeting Certification stating that he understood his obligation to report outside business activities and private securities transactions to the Member, and confirmed that he had not borrowed money or securities. On or about September 5, 2003, Regano signed a 2003 Annual Compliance Meeting Certification stating that he had no outside business activities, did not

¹ On December 21, 2005, Regano plead guilty to one count of Mail Fraud (18 U.S.C. § 1341), before the United States District Court for the Northern District of Ohio, in U.S. v. Philip L. Regano, Case No. 4:05-cr-00437-AA. Regano was sentenced to 63 months in prison and was ordered to make restitution to customers in the amount of \$2,532,072.06.

**Order Accepting Offer of Settlement in
Disciplinary Proceeding No. E8A2004059501**

participate in any private securities transactions and understood that he was not permitted to borrow money or securities from customers. Despite the compliance certifications, Regano participated in the sale of seven promissory notes that were not approved by the Member.

Based on the foregoing, Respondent violated NASD Conduct Rules 2110 and 3040.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by NASD, of its regulatory responsibility under the Securities Exchange Act of 1934.

**Order Accepting Offer of Settlement in
Disciplinary Proceeding No. E8A2004059501**

SANCTIONS

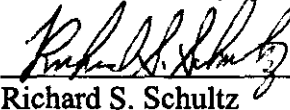
It is ordered that Respondent Regano be barred from association with any member of NASD in any capacity.

The sanctions imposed herein shall be effective on a date set by NASD staff. Pursuant to IM-8310-2(f), a bar or expulsion shall become effective upon approval or acceptance of this Order by the NAC.

SO ORDERED.

NASD

Signed on behalf of the
Director of ODA, by delegated authority



Richard S. Schultz

Regional Counsel

NASD, District 8

55 West Monroe Street

Chicago, IL 60603-5052

(312) 899-4330; Fax. No. (312) 899-4600