

NASD OFFICE OF HEARING OFFICERS

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

IFTIKHAR UL HAQ
(CRD No. 4212059),

Respondent.

**Disciplinary Proceeding
No. ELI2004026701**

Hearing Officer -

COMPLAINT

The Department of Enforcement alleges:

JURISDICTION

1. Respondent Iftikhar Ul Haq ("Respondent") first became registered with NASD, as a General Securities Representative ("GSR"), on approximately September 8, 2000.
2. Respondent was registered with GunnAllen Financial, Inc. ("GunnAllen") from on or about October 21, 2002 through on or about October 26, 2005.
3. On November 18, 2005, GunnAllen filed a Uniform Termination Notice for Securities Industry Registration ("Form U-5") on behalf of Respondent.
4. Respondent became registered with NASD as a GSR on or about November 3, 2005, through another member firm and is currently registered with NASD. Thus, NASD retains jurisdiction over Respondent.

FIRST CAUSE OF COMPLAINT
(Unauthorized Trading)
(NASD Conduct Rule 2110)

5. Paragraphs 1 through 4 are re-alleged and incorporated herein by reference.
6. In or about October 2003, Respondent became the registered representative for customer KS's account at GunnAllen.

7. On or about October 26, 2003, KS left the United States in order to travel to Pakistan. Respondent drove him to JFK airport that day and was therefore aware KS was out of the country. KS returned to the United States on or about April 2, 2004. Respondent picked up KS at JFK Airport when he returned from Pakistan.

8. During the time KS was out of the country, Respondent executed, or caused to be executed, 83 transactions in the account of KS, without KS's prior knowledge, authorization or consent. Thereafter, Respondent executed, or caused to be executed, 39 more transactions in the account of KS, without KS's prior knowledge, authorization or consent. The unauthorized transactions effectuated by Respondent are set forth in Exhibit A hereto (the "Unauthorized Transactions"), which is incorporated by reference hereto.

9. KS's account sustained trading losses, commissions and fees arising out of the Unauthorized Transactions.

The foregoing conduct by Respondent violated NASD Conduct Rule 2110.

SECOND CAUSE OF COMPLAINT
(Alternative to First Cause)
(Exercise of Discretion Without Written Authorization)
(Violation of NASD Conduct Rules 2510 and 2110)

10. Paragraphs 1 through 10, above, are re-alleged and incorporated herein by reference.

11. During the period from October 2003 to May 2004, Respondent exercised discretionary trading authority in KS's GunnAllen account without obtaining prior written authorization from KS and without obtaining written acceptance of the discretionary trading account by GunnAllen.

By reason of the foregoing, Respondent violated NASD Conduct Rules 2510 and 2110.

THIRD CAUSE OF COMPLAINT
(Quantitative Unsuitability – Excessive Trading)
(Violation of NASD Conduct Rules 2310 and 2110)

12. Paragraphs 1 through 10 are re-alleged and incorporated herein by reference.

13. KS's new account form, completed when he opened his account with GunnAllen in October 2002, indicated that KS was born in [REDACTED] and operated a motel in High Point, N.C. According to his new account form, KS was married, had an annual income of \$100,000 and a net worth of 500,000. The new account form indicated that KS's investment objectives were "Income (quality emphasized)." There was no written discretionary authority given to Respondent. After taking over the account, at no time did Respondent procure a new or updated account form for KS.

14. Respondent had control over KS's account.

15. Respondent's trading activity involved frequent short-term buying and selling of the same securities. The trading activity in KS's account was excessive in size and frequency in view of KS's financial circumstances and investment objectives.

16. Respondent executed the transactions, or caused the transactions to be executed, without reasonable grounds for believing that the level of activity represented by such transactions was suitable based on KS's financial situation, investment objectives and needs.

17. During the period from October 2003 to May 2004, Respondent executed, or caused to be executed, 122 purchases in KS's account totaling approximately \$2,419,658, using an average monthly account equity of approximately \$97,865. This activity resulted in a turnover rate (total purchases divided by average monthly equity) of at least 24.725, indicating that the securities in the account were replaced by new securities at least 24

times. On a projected annualized basis, the turnover rate would have been 37.087, with the securities in the account being replaced by new securities at least 37 times.

18. The total costs of trading (i.e. commissions, margin interest and account maintenance expenses) incurred by KS during the above eight-month period were approximately \$23,876.15. The cost-to-equity ratio in the account (total costs of trading divided by average monthly equity) was approximately 24.4%. On an annualized basis, the cost-to-equity ratio was at least 36.6%. Accordingly, it would have been necessary for KS to earn a rate of return of at least 24% to break even on the investments, and, on a projected annualized basis, KS would have needed a rate of return of at least 36% to break even.

By reason of the foregoing, Respondent violated NASD Conduct Rules 2310 and 2110.

PRAYER FOR RELIEF

WHEREFORE, the Department respectfully requests that the Panel:

- A. order that one or more of the sanctions provided under NASD Rule 8310(a) be imposed, including that the Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest; and
- B. order that the Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Rule 8330.

NASD DEPARTMENT OF ENFORCEMENT

Date: November 30, 2006



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EXHIBIT A

Symbol	Trade Date	Quantity	Buy/Sell
CRAY	10/29/03	2,000	B
CRAY	10/29/03	3,000	B
EXTR	10/30/03	10,000	B
LNUX	10/30/03	5,000	B
CRAY	10/30/03	3,000	S
CRAY	10/30/03	2,000	S
EXTR	10/30/03	10,000	S
LNUX	10/30/03	2,300	S
EXTR	10/31/03	10,000	B
EXTR	10/31/03	10,000	S
LNUX	11/03/03	500	S
LNUX	11/03/03	2,200	S
ATML	11/05/03	4,000	S
EXTR	11/06/03	5,000	B
EXTR	11/06/03	5,000	B
RFMD	11/06/03	5,000	B
RFMD	11/06/03	5,000	B
EXTR	11/06/03	5,000	S
EXTR	11/06/03	5,000	S
RFMD	11/06/03	5,000	S
AKAM	11/10/03	8,000	B
AKAM	11/10/03	3,000	S
AKAM	11/13/03	5,000	S
BRCD	11/13/03	3,000	S
GNTA	11/14/03	2,000	B
LNUX	11/14/03	5,000	B
RFMD	11/18/03	1,800	B
GNTA	11/19/03	2,000	S
RFMD	11/19/03	2,000	S
LNUX	11/20/03	5,000	B
NOVL	12/05/03	13,500	B
NOVL	12/05/03	13,500	S
LNUX	12/08/03	5,000	B
RFMD	12/12/03	340	S
RFMD	12/12/03	460	S
LNUX	12/19/03	10,000	B
LNUX	12/19/03	10,000	S
CRAY	12/22/03	5,000	B
CRAY	12/22/03	5,000	S
NOVL	12/23/03	5,000	B
NOVL	12/23/03	5,000	S
CAMP	12/24/03	5,000	B
CAMP	12/24/03	5,000	S
CBMX	01/12/04	5,000	B

Symbol	Trade Date	Quantity	Buy/Sell
CBMX	01/12/04	5,000	S
RFMD	01/12/04	4,000	S
NGEN	01/13/04	2,000	B
SOHU	01/13/04	4,000	B
SOHU	01/13/04	4,000	S
NGEN	01/14/04	2,000	B
CREE	01/16/04	4,000	B
BRCD	01/16/04	2,000	S
CREE	01/16/04	4,000	S
NGEN	01/16/04	4,000	S
JNPR	01/20/04	4,000	B
JNPR	01/20/04	4,000	S
GNTA	01/21/04	5,000	B
GNTA	01/21/04	5,000	S
CYD	01/22/04	2,000	B
CYD	01/22/04	2,000	B
CYD	01/22/04	2,000	S
LU	01/23/04	5,000	B
CYD	01/23/04	2,000	S
LU	01/26/04	5,000	S
SGEN	01/27/04	1,000	B
SGEN	01/27/04	1,000	S
EXTR	01/28/04	2,470	B
EXTR	01/28/04	45	B
EXTR	01/28/04	2,485	B
LNUX	02/02/04	2,000	S
EXTR	02/04/04	2,470	S
EXTR	02/05/04	45	S
NTAP	02/18/04	4,000	B
NTAP	02/18/04	4,000	S
EXTR	02/24/04	2,485	S
LNUX	03/18/04	3,900	S
RMBS	03/26/04	3,000	B
RMBS	03/26/04	800	S
RMBS	03/26/04	2,200	S
MAMA	03/31/04	5,000	B
MAMA	03/31/04	5,000	S
GNTA	04/01/04	5,000	B
GNTA	04/01/04	5,000	S
TASR	05/03/04	1,000	B
TASR	05/03/04	1,000	S
RMBS	05/04/04	2,000	B
RMBS	05/04/04	2,000	B
RMBS	05/04/04	2,000	B
RMBS	05/04/04	2,000	S
RMBS	05/04/04	2,000	S
RMBS	05/04/04	2,000	S

Symbol	Trade Date	Quantity	Buy/Sell
TBUS	05/05/04	5,000	B
TBUS	05/05/04	5,000	B
TBUS	05/05/04	5,000	S
TBUS	05/05/04	5,000	S
IPIX	05/06/04	3,000	B
IPIX	05/06/04	3,000	B
IPIX	05/06/04	3,000	S
IPIX	05/06/04	3,000	S
OSIP	05/07/04	500	B
OSIP	05/07/04	1,000	B
TBUS	05/07/04	3,000	B
OSIP	05/07/04	500	S
OSIP	05/07/04	1,000	S
TBUS	05/07/04	3,000	S
TASR	05/11/04	1,000	B
TASR	05/11/04	2,000	B
TASR	05/11/04	1,000	S
TASR	05/11/04	2,000	S
OSIP	05/12/04	500	B
TASR	05/12/04	500	B
OSIP	05/12/04	500	S
TASR	05/12/04	500	S
CRAY	05/13/04	3,000	B
CRAY	05/13/04	5,000	B
CRAY	05/13/04	2,000	S
CRAY	05/13/04	3,000	S
CRAY	05/14/04	6,000	B
CRAY	05/14/04	6,000	S
CRAY	05/17/04	6,000	S
LNUX	05/17/04	275	S
LNUX	05/18/04	8,825	S