

NASD OFFICE OF HEARING OFFICERS

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

EPKO A. STEELE
(CRD No. 2611651),

Respondent.

Disciplinary Proceeding
No. ELI20040286-02

Hearing Officer – DMF

DEFAULT DECISION

March 10, 2006

Respondent is barred from associating with any NASD member in any capacity for participating in a scheme to defraud mortgage lenders, in violation of Rule 2110.

Appearances

Paul Hare, Esq., and David Jaffe, Esq., New York, NY (Rory C. Flynn, Esq., Washington, DC, and Roger D. Hogoboom, Esq., Denver, CO, Of Counsel), for
Complainant.

No appearance by or for Respondent.

DECISION

I. Introduction

The Department of Enforcement filed a Complaint (attached to this Decision as Exhibit A) on November 11, 2005, alleging that Respondent Epko A. Steele participated in a scheme to defraud mortgage lenders, in violation of Rule 2110. Respondent did not file an Answer to the Complaint. On January 24, 2006, Enforcement filed a motion for a

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default decision, supported by the declaration of Paul Hare and seven exhibits.

Respondent did not reply to the motion.¹

II. Respondent's Default

Enforcement sent the Complaint and Notice of Complaint to Respondent on November 10, 2005, by regular and certified first class mail to Respondent's two most current residential addresses listed in the Central Registration Depository (the "CRD addresses"). Enforcement sent the Complaint and Second Notice of Complaint to Respondent by regular and certified first class mail to the CRD addresses on December 9, 2005. Respondent did not file an Answer to the Complaint.

Enforcement served the Complaint and the Notices of Complaint on Respondent in accordance with Rule 9134, giving him constructive notice of this proceeding. By failing to respond, he defaulted. Pursuant to Rule 9215(f), the Hearing Officer will deem the allegations in the Complaint admitted.

III. Jurisdiction

Respondent was registered through J.P. Turner & Company, LLC as a General Securities Representative from October 1998 until February 2001 and was registered in the same capacity through Milestone Group Management, LLC from February 2001 until July 2004. Respondent is not currently registered or associated with any NASD member, but NASD retains jurisdiction over him, pursuant to Art. V, § 4 of NASD's By-Laws, because the Complaint charges him with misconduct while he was registered, and it was filed within two years after the termination of his last registration.

¹ The factual determinations in this decision are based on the allegations of the attached Complaint, which are deemed admitted, and the additional materials filed by Enforcement with its motion.

IV. Violation

The sole cause of the Complaint alleges that on or about January 31, 2005, Respondent pled guilty in New York state court to the crime of Scheme to Defraud in the Second Degree, a Class A Misdemeanor under New York law. In pleading guilty, Respondent admitted that from on or about December 29, 2001 to on or about March 15, 2002, he was involved with others in a scheme to defraud Washington Mutual Bank and America Home Lenders. In particular, on or about March 6, 2002, he assisted an impostor to obtain a fraudulent mortgage as part of the scheme, by transporting and accompanying the impostor to a real estate closing, knowing that the purpose of the closing was for the impostor to forge the mortgage documents and obtain a mortgage under false pretenses. These allegations, which are deemed admitted, are sufficient to establish, for purposes of this default decision, that Respondent failed to observe high standards of commercial honor and just and equitable principles of trade, in violation of Rule 2110.

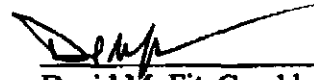
V. Sanctions

There are no directly applicable sanction guidelines for Respondent's violation, but the allegations, which are deemed admitted, establish that Respondent's conduct was highly egregious. In addition, the record includes a transcript of Respondent's guilty plea, during which he admitted that he participated in the fraudulent scheme, and, specifically, that he received \$15,000 for bringing an impostor to a real estate closing, knowing that the impostor was not an authentic purchaser of the property. Thus, Respondent admits intentionally participating in a fraud to obtain improper financial gains for himself and others -- conduct that clearly warrants a bar for the protection of the investing public.

VI. Conclusion

Respondent Epko A. Steele. is barred from associating with any NASD member firm in any capacity for participating in a scheme to defraud mortgage lenders, in violation of Rule 2110. The bar will become effective immediately if this decision becomes NASD's final disciplinary action.

SO ORDERED.



David M. FitzGerald
Hearing Officer

Copies to: Epko A. Steele (*via overnight courier and first class mail*)
Paul Hare, Esq. (*via electronic and first class mail*)
Roger D. Hogoboom, Esq. (*via electronic and first class mail*)
Rory C. Flynn, Esq. (*via electronic and first class mail*)