

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

STEPHEN SLOANE
(CRD No. 1257601),

Respondent.

Disciplinary Proceeding
No. 2016049414401

Hearing Officer—MJD

**ORDER DIRECTING RESPONDENT TO FILE
ANSWER COMPLIANT WITH FINRA RULE 9215**

The Department of Enforcement initiated this disciplinary proceeding by filing a two-cause Complaint against Respondent Stephen Sloane on July 20, 2020. Cause one alleges that Respondent made unsuitable recommendations to 14 retail customers to engage in active, short-term trading of U.S. Treasuries, in violation of FINRA Rules 2111(a) and 2010. Cause two alleges that, in connection with five transactions in U.S. Treasuries, Respondent charged five customers excessive markups in violation of FINRA Rules 2121 and 2010.

On August 13, 2020, Respondent timely filed an Answer in which he also requested a hearing. On August 19, 2020, Enforcement moved for an order requiring Respondent to file a rule-Compliant Answer. As grounds, Enforcement noted that Respondent altogether failed to answer paragraphs 18 and 63-91 of the Complaint and therefore did not comply with FINRA Rule 9215(b).

On August 25, 2020, I held an initial prehearing conference in this proceeding. During the conference, Respondent stated that he did not understand that he was obligated to also answer paragraphs 63-91 of the Complaint. Because he failed to answer all the paragraphs of the Complaint, Respondent's Answer does not comply with Rule 9215. Rule 9215(b) sets forth the requirements for an answer to a complaint:

Unless otherwise ordered by the Hearing Officer, an answer shall specifically admit, deny, or state that the Respondent does not have and is unable to obtain sufficient information to admit or deny, each allegation in the complaint. When a Respondent intends to deny only part of an allegation, the Respondent shall specify so much of it as is admitted and deny only the remainder. A statement of lack of information shall be

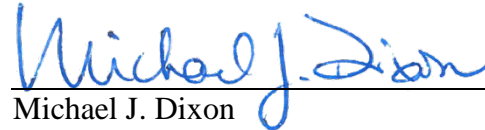
deemed a denial. Any allegation not denied in whole or in part shall be deemed admitted. Any affirmative defense shall be asserted in the answer.

I therefore order Respondent to file with the Office of Hearing Officers an amended Answer to the Complaint that addresses paragraphs 18 and 63-91 **on or before September 8, 2020**, and serve a copy on Enforcement as required by Rule 9215. The amended Answer should contain numbered paragraphs corresponding to each numbered paragraph in the Complaint. As required by Rule 9215(b), Respondent should admit, deny, or state that he does not have and is unable to obtain sufficient information to admit or deny each allegation of the Complaint. If Respondent fails to deny or state that he has insufficient knowledge with respect to any specific paragraph of the Complaint, I will deem the allegations in such paragraph(s) to be admitted. Respondent should also assert any affirmative defense(s) in the Answer.

Respondent is cautioned that if he fails to file a Rule-compliant Answer by September 8, 2020 that comports with the requirements of Rule 9215, I will deem him to be in default and treat the allegations of the Complaint as having been admitted by him.

Questions regarding this Order may be directed to the Case Administrator, April Blackwood, at April.Blackwood@finra.org.

SO ORDERED.



Michael J. Dixon
Hearing Officer

Dated: August 25, 2020

Copies to:

Stephen Sloane (via email)
Ralph DeSena, Esq. (via email)
Jonathan E. Pahl, Esq. (via email)
Brody W. Weichbrodt, Esq. (via email)
Jennifer L. Crawford, Esq. (via email)