

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Roman Sledziejowski (CRD No. 3141438)

Respondent.

DISCIPLINARY PROCEEDING
No. 2012033559602

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. From approximately June 2009 through August 2012, while associated with TWS Financial, LLC (“TWS” or the “Firm”), Roman Sledziejowski (“Sledziejowski” or “Respondent”), as part of a fraudulent scheme, converted and/or misused funds from at least three customers and provided false account statements to two of those customers in an attempt to conceal the misconduct. As a result of this conduct, Sledziejowski willfully violated Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder, and violated NASD Conduct Rule 2330(a) and FINRA Rules 2010, 2020 and 2150. Additionally, when FINRA staff attempted to question Sledziejowski on the record about these transactions, he refused to appear before the staff and provide the requested testimony, in violation of FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Sledziejowski first became registered with FINRA as a General Securities Representative (“GSR”) on or about October 19, 1998 through his association with a FINRA member. From August 1, 2006 through the present, Sledziejowski has been registered with FINRA as a GSR and General Securities Principal through TWS (CRD No. 128572), where he is both the president and owner of the Firm. On November 9, 2012, TWS filed a Uniform Request for Withdrawal from Broker-Dealer Registration (“Form BDW”), which is currently awaiting approval. To date, TWS has not filed a Uniform Termination Notice for Securities Industry Registration (“Form U5”) for Sledziejowski. Sledziejowski is a native of Poland and his firm, TWS, catered to Polish nationals.
3. Since Sledziejowski is currently registered with a FINRA member, he remains subject to FINRA’s jurisdiction for purposes of this proceeding.

FACTS COMMON TO ALL CAUSES OF ACTION

4. Sledziejowski is the President and owner of TWS, a firm that catered to Polish nationals. Sledziejowski is also the owner of a company called Innovest Holdings LLC (“Innovest”). Innovest was listed on Schedule A of the TWS Uniform Application for Broker-Dealer Registration (“Form BD”) as a majority owner of TWS and Sledziejowski is listed on Schedule B of the Form BD as the owner of Innovest.
5. During the relevant portions of 2011 and 2012, TWS utilized two clearing firms, (“Clearing Firm 1”) and (“Clearing Firm 2”).

6. Between June 2009 and January 2012, during the course of Sledziejowski's fraudulent scheme, a total of approximately \$4.8 million was wired to Innovest from the bank and brokerage accounts of three TWS customers, all of whom were Polish nationals. Sledziejowski provided two of the customers with account statements and account snapshots that displayed account balances consistent with what the customers believed to be in their TWS brokerage accounts. However, based on the actual account statements provided by the clearing firms, the statements provided by Sledziejowski were fabrications and the values and holdings in the customers' TWS brokerage accounts differed significantly from what they were led to believe were in their brokerage accounts by Sledziejowski.
7. Sledziejowski, through fraud and deceit, converted and/or misused approximately \$4.8 million in funds invested by the three TWS customers. To date, he has only returned approximately \$1.5 million of those funds to the customers.

Customer AB

8. Customer AB, a native of Poland, is the President and CEO of a company called All, which is located in Brooklyn, NY and imports produce, deli and liquor products.
9. Beginning in June 2011, based on the verbal recommendations of his TWS financial adviser Sledziejowski during telephone conversations and in-person meetings, customer AB effectuated ten transfers totaling approximately \$3,815,000 from his and/or his company All's bank accounts or brokerage accounts to Innovest's bank account for various investment purposes. Sledziejowski represented to AB that the funds were being invested in an Innovest account of TWS.

10. The first set of transfers occurred between November 3, 2011 and February 16, 2012 and totaled \$2,000,000. Sledziejowski represented that the following funds would be used to help Innovest acquire a Polish bank located in Chicago:

- a. On November 3, 2011, \$600,000 was wired from the Chase Bank joint account of AB and his spouse APB to Innovest's account at Bank of America.
- b. On November 3, 2011, \$400,000 was transferred from AB's brokerage account at Charles Schwab to Innovest's account at Bank of America.
- c. On February 16, 2012, \$1,000,000 was transferred from All's account at Chase to Innovest's account at Bank of America.

11. The second set of transfers occurred between November 8, 2011 and November 16, 2011 and totaled \$915,000. Sledziejowski represented to AB that through the following transactions he was investing in the stock of CEDC, a company based in Poland that produces vodka:

- a. On November 8, 2011, \$500,000 was wired from the Chase Bank joint account of AB and APB to Innovest's account at Bank of America.
- b. On November 8, 2011, \$215,000 was transferred from AB's brokerage account at Charles Schwab to Innovest's account at Bank of America.
- c. On November 15, 2011, \$200,000 was wired from the Chase Bank joint account of AB and APB to Innovest's account at Bank of America.

12. In or about December 2011, AB requested account documentation from Sledziejowski. Sledziejowski provided AB with a purported TWS account summary sheet, dated December 19, 2011 (the "December 19th Account Summary"), which

showed that AB's TWS account ending in 481 had a balance of \$230,406.48 Canadian Dollars ("CAD").

13. The December 19th Account Summary was a fabricated document. The clearing firm is identified at the top of the document as Clearing Firm 1, but then identified as Clearing Firm 2 on the bottom of the document. In fact, the actual value of the account was only about one tenth of the value represented on the fabricated December 19th Account Summary. A December 2011 account statement provided to FINRA by Clearing Firm 1, the clearing firm for the AB account ending in 481, stated that AB's TWS account began the month of December with a balance of only \$23,552 USD and, as of December 31, 2011, the actual balance in the account was only \$22,476.64 USD. There were no deposits or withdrawals during that month.

14. A third set of transfers occurred between December 19, 2011 and January 27, 2012. Based on Sledziejowski's recommendations, AB provided Innovest with an additional \$900,000 through the following transactions to purchase additional CEDC shares and options, as well as for other general investment purposes:

- a. On December 19, 2011, \$50,000 was transferred from the All Chase Bank account to Innovest's Bank of America account.
- b. On December 21, 2011, \$450,000 was transferred from the Chase corporate account of company JPB to Innovest's account at Bank of America. AB was listed as the sender on the transfer form.
- c. On January 27, 2012, \$340,000 was wired from the Chase Bank joint account of AB and APB to Innovest's account at Bank of America.

- d. On January 27, 2012, \$60,000 was transferred from a Chase Bank account in the name of All to Innovest's account at Bank of America.
15. In total, AB transferred \$3,815,000 to Innovest believing that the funds were being deposited into a subaccount and/or affiliated broker dealer of TWS.
16. Sledziejowski did not provide him with any promissory notes or other documentation to memorialize any of the investments in question.
17. On July 17, 2012, Innovest wired \$1,100,000 back to All.
18. In August 2012, AB requested that Sledziejowski liquidate all of the investments he made through Innovest. Sledziejowski repeatedly told AB that the additional money would be forthcoming. However, Sledziejowski did not return any additional funds to AB as requested.
19. In August 2012, Sledziejowski also provided AB with a screen shot of a purported account summary for the account of a company AB owned, called All, dated August 13, 2012 (the August 13th Account Summary") which stated that the account ending in 338 in the name of All "via Innovest Holdings, LLC" had a cash balance of \$4,207,464.19.
20. Clearing Firm 2 confirmed to FINRA staff during the investigation that the All account ending in 338 had not held any assets or cash since September 23, 2011 and had a zero balance. None of this was known at the time to AB.
21. Further, the account number and account name reflected on the August 13th Account Summary were not accurate. Prior to December 9, 2011, the All account number ended in 338, but the number was not preceded by the letter "I" as shown on the

August 13th Account Summary. On and after December 9, 2011, the All account number was changed to XXXXX-066 because the clearing firm began using a new back office platform. During the life of the account, the name of the account was listed as All and did not contain the phrase “via Innovest Holdings, LLC” as listed on the August 13th Account Summary.

22. Clearing Firm 2’s records indicate that as of August 13, 2012, there were no balances found for the All account and that the account had no holdings.
23. To date, approximately \$2,715,000 of AB’s funds are unaccounted for and have not been returned.

Customer AA

24. Customer AA is a United Nations elected official working for the Polish Consulate. Sledziejowski was his financial adviser at TWS.
25. Beginning in July 2009, five wire transfers were effectuated from AA’s TWS account ending in 691:
 - a. On June 23, 2009, \$286,000 was transferred from the AA account to Innovest’s account at Bank of America.
 - b. On September 29, 2009, \$400,000 was transferred from the AA account to Innovest’s account at Bank of America.
 - c. On September 30, 2009, \$15,000 was transferred from the AA account to Innovest’s account at Bank of America.
 - d. On November 23, 2009, \$190,000 was transferred from the AA account to Innovest’s account at Bank of America.

e. On October 14, 2011, \$40,000 was transferred from the AA account to Innovest's account at Bank of America.

26. AA never authorized any wires to Innovest and was unaware of Innovest.

27. In total, \$931,000 was wired from AA's account to Innovest without AA's knowledge or consent.

28. In or about December 2011, Sledziejowski provided AA with an account summary, dated December 2, 2011 (the December 2nd Account Summary"). The December 2nd Account Summary stated that AA's TWS account ending in 691, which cleared through Clearing Firm 2, had a balance of \$88,500 and that AA's TWS account ending in 1010, which cleared through Clearing Firm 1, had an account balance of \$1,010,668.04 and held two Eaton Mutual Funds.

29. The December 2nd Account Summary was a fabricated document. A December 2011 account statement provided by Clearing Firm 2 to FINRA staff during the investigation indicated that AA's account had a balance of \$45,500 on November 30, 2011 and, as of December 31, 2011, the actual balance in the account was \$0. There were no deposits or withdrawals during that month. None of this was known at the time to AA.

30. Additionally, Clearing Firm 1 advised the FINRA staff during the investigation that AA's account ending in 1010 was never funded. Again, none of this was known at the time to AA.

31. In or about June 2012, Sledziejowski provided AA with an account summary, dated June 20, 2012 (the "June 20th Account Summary"). The June 20th Account Summary

stated that AA's account ending in 691, which cleared through Clearing Firm 2, had a balance of \$64,290 and that AA's account ending in 1010, which cleared through Clearing Firm 1, had an account balance of \$1,010,709.83 and held two Eaton Mutual Funds.

32. The June 20th Account Summary was a fabricated document. A June 2012 account statement provided by Clearing Firm 2 to FINRA staff during the investigation indicated that, in fact, AA's account began the month of June with a balance of only \$5049.59 and, as of June 30, 2012, the actual balance in the account was only \$4237.01. There were no deposits or withdrawals during that month. Clearing Firm 2 also told FINRA staff during the investigation that the account number on the June 12th Account Summary was not accurate. In or about December 9, 2011, the account number was changed to XXXX-5211 because the clearing firm began using a new back office platform.
33. Additionally, Clearing Firm 1 indicated to FINRA during its investigation that AA's account ending in 1010 was never funded.
34. In or about July 2012, AA requested that Sledziejowski transfer the assets that he was led to believe were in his TWS accounts into an account outside of TWS.
35. On July 16, 2012, Sledziejowski wired \$198,803.84 from Innovest to AA.
36. On July 18, 2012, Sledziejowski wired an additional \$137,500 from Innovest to AA.
37. Thereafter, AA has been unable to reach Sledziejowski.
38. To date, approximately \$594,696.16 of AA's funds are unaccounted for and have not been returned to him.

Customer SR

39. Customer SR, a Polish national, had an account at TWS. Sledziejowski was his financial adviser at TWS.
40. On October 11, 2011, \$120,000 was wired from SR's TWS account to Innovest's account at Bank of America. SR did not give TWS or Sledziejowski authority to withdraw these funds from his account.
41. In or about November 2011, SR spoke with Sledziejowski and asked why the funds had been wired from his account without his authorization. Sledziejowski stated that the funds were withdrawn in error and would be returned to SR.
42. On November 18, 2011, Sledziejowski sent a letter to SR on TWS letterhead apologizing for the "inadvertent error" that occurred in SR's account.
43. On December 19, 2011, SR sent a letter to Sledziejowski at TWS requesting that he wire the funds to his Citibank account.
44. On December 21, 2011, SR's Citibank account received a wire from Innovest in the amount of \$117,500.

FIRST CAUSE OF ACTION

Fraud

(Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and FINRA Rule 2020 and 2010)

45. The Department realleges and incorporates by reference paragraphs 1-44 above.
46. Sledziejowski, by engaging in the conduct referenced in paragraphs 1-44 above, directly or indirectly, by the use of the means or instrumentalities of interstate commerce, or of the mails, knowingly or recklessly, employed manipulative or

deceptive devices, schemes or artifices to defraud; made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and engaged in acts, practices, or a course of business which operated or would operate as a fraud or deceit upon any person.

47. By reason of the foregoing, Sledziejowski willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and violated FINRA Rules 2020 and 2010.

SECOND CAUSE OF ACTION
Conversion and Misuse of Funds
(NASD Conduct Rule 2330(a) and FINRA Rules 2150 and 2010)

48. The Department realleges and incorporates by reference paragraphs 1-47 above.

49. By converting and/or misusing the funds and securities of customers AB, All, AA, and SR, Sledziejowski violated NASD Conduct Rule 2330(a) and FINRA Rules 2150 and 2010.

THIRD CAUSE OF ACTION
Falsification of Documents
(FINRA Rule 2010)

50. The Department realleges and incorporates by reference paragraphs 1-49 above.

51. By providing falsified account documents to TWS customers AB and AA, Sledziejowski violated FINRA Rule 2010.

FOURTH CAUSE OF ACTION
Failure to Cooperate
(FINRA Rules 8210 and 2010)

52. The Department realleges and incorporates by reference paragraphs 1-51 above.

53. On November 9, 2012, FINRA sent Sledziejowski a request, pursuant to FINRA Rule 8210, requiring him to appear for an OTR on November 14, 2012. The request was sent via first class mail, electronic mail, and certified mail, return receipt requested, to Sledziejowski's attorney.
54. The day before his OTR was scheduled to be held, on November 13, 2012, Sledziejowski's attorney sent an email to FINRA stating that he and Sledziejowski were unable to appear on November 14, 2012. The email stated that Sledziejowski would be unable to appear for an OTR on November 14, 2012 because, "among other reasons, [the attorney had] a previously-scheduled business trip to Washington, DC on an unrelated matter scheduled for November 14th-15th. The email also requested that FINRA "consider employing means other than multiple OTRs...such as a telephone interview or written request for information."
55. On November 13, 2012, FINRA sent Sledziejowski a second request, pursuant to FINRA Rule 8210, re-scheduling the OTR and requiring him to appear for testimony on November 16, 2012. The request was sent via first class mail, electronic mail, and certified mail, return receipt requested, to Sledziejowski's attorney.
56. On November 15, 2012, Sledziejowski's attorney sent an email to FINRA stating, in pertinent part, that "TWS filed a Form BDW this week. A 'live' examination has now turned into an autopsy. Mr. Sledziejowski respectfully declines to appear for the 8210 examination that [FINRA] re-scheduled."
57. Accordingly, Sledziejowski violated FINRA Rules 8210 and 2010.

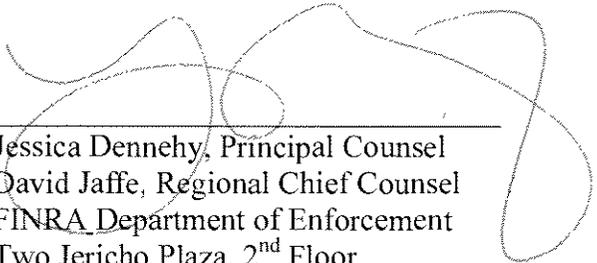
RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a) be imposed, including that Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest;
- C. make specific findings that Respondent willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder; and
- D. order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: November 28, 2012



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