

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

Department of Enforcement,

Complainant,

v.

Stephen Silver,
CRD No. 5941173,

Respondent.

Disciplinary Proceeding
No. 2013037629301

Hearing Officer - RSH

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: May 3, 2016

INTRODUCTION

Disciplinary Proceeding No. 2013037629301 was filed on February 6, 2015, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Stephen Silver submitted an Offer of Settlement (Offer) to Complainant dated April 29, 2016. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA 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 as amended by the Offer of Settlement, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to

which FINRA is a party, to the entry of findings and violations consistent with the allegations of the Complaint as amended by the Offer of Settlement, and to the imposition of 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 FINRA.

BACKGROUND

1. Silver first became registered with FINRA as a Limited Representative-Investment Banking through an association with Casimir Capital L.P. (BD No. 105061) ("Casimir") in September 2011. While associated with Casimir in November 2012, he also became registered as a General Securities Representative (Series 7). Silver resigned from Casimir on June 16, 2013.

2. Silver was associated with Fairfax Securities Corporation as a Limited Representative-Investment Banking and GSR starting in September 2013. Silver has been registered with FINRA through his association with Jett Capital Advisors LLC as a Limited Representative-Investment Banking and GSR between March 2014 and February 2016.

3. Silver has not been associated with any FINRA member firm since February 2, 2016.

4. Under Article V of FINRA's By-Laws, FINRA possesses jurisdiction over Silver for purposes of this proceeding because: (a) the Complaint charges him with misconduct committed while he was registered with FINRA and associated with a member firm and (b) the Complaint was filed while Silver was associated with a FINRA member firm.

FINDINGS AND CONCLUSIONS

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

5. In 2013, Silver participated in two private securities transactions by facilitating the sale of shares of an Australian gold mining company to a Singapore-based gold company.

The gross proceeds of these transactions exceeded USD\$6 million, and Silver received compensation in the amount of USD\$200,000 for his participation. Silver failed to provide written or any other notification of his participation to his employer member firm, Casimir, at any time. By this conduct, Silver violated NASD Conduct Rule 3040 and FINRA Rule 2010.

6. NASD Conduct Rule 3040 prohibits associated persons from participating in any manner in a private securities transaction outside their regular course of employment with a member firm, without providing prior written notice to the member firm.

7. FINRA Rule 2010 requires that members and associated persons observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

8. In or about early 2013, while Silver was employed with Casimir, JG, a longtime family friend of Silver's, introduced him to representatives of Company A, a Singapore-based gold company.

9. Silver subsequently made multiple trips to Singapore during which he met in person with representatives of Company A.

10. During these meetings, Company A's representatives and Silver discussed having Silver locate opportunities for Company A to invest in gold companies.

11. In or around late April 2013, JS, an advisor to the chairman of Company A, and NN, CEO of Company A at the time, informed Silver that they had identified a company, Company B, in which Company A was interested in buying shares of stock.

12. During April 2013 and as of the date of this Complaint, Company B is a gold mining company that trades publicly on the Australian Stock Exchange.

13. At JS's and NN's request, during April 2013, Silver told the two largest shareholders

of Company B, a firm called AG and a state retirement system (“System A”), of Company A’s interest.

14. Silver also provided information regarding AG and System A to Company A’s broker in Australia, who was not affiliated with Casimir.

15. In addition to communicating with JS and NN, Silver communicated on multiple occasions with Company A’s chief counsel and its Vice President of Business & Corporate Development about the prospective transactions.

16. During May 2013, Silver also negotiated the amount that he would receive as compensation for his participation in the transactions with Company A, which ultimately agreed to pay Silver USD\$200,000.

17. On multiple occasions in or about early May 2013, Silver also communicated by telephone and email with representatives of AG and System A to facilitate the sale of AG’s and System A’s blocks of Company B stock to Company A.

18. In addition, over the course of several hours leading up to execution of these transactions on or about May 9 and May 10, 2013, Silver emailed with representatives of AG and Company A, as well as with brokers unaffiliated with Casimir, to help these parties coordinate their communications and to provide the parties with updates regarding the progress of the transactions.

19. Company A purchased AG’s and System A’s blocks of Company B stock in early May 2013, while Silver was employed with Casimir. First, Company A purchased approximately 55,600,000 shares of Company B stock at approximately AUD\$0.072 per share from AG. Second, Company A purchased approximately 37,000,000 shares at approximately

AUD\$0.072 per share from System A. The gross proceeds of the two sales exceeded USD\$6 million.

20. Company A compensated Silver in the amount of USD\$200,000 for his participation in these transactions.

21. Silver failed to provide any written or other notice of his private securities transactions to Casimir at any time.

22. By reason of the foregoing, Silver violated NASD Conduct Rule 3040 and FINRA Rule 2010.

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 FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be:

- Suspended from associating with any FINRA member in any capacity for a period of six months;
- Ordered to pay disgorgement in the amount of \$40,000; and
- Fined in the amount of \$10,000

The fine shall be due and payable either immediately upon reassociation with a member firm following the six-month suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

Disgorgement of selling compensation received, which is ordered to be paid to FINRA in the amount of \$40,000, plus interest at the rate set forth in Section 6621(a)(2) of the Internal

Revenue Code, 26 U.S.C. 6621, from June 19, 2013 until the date this Offer is accepted by the NAC. Disgorgement shall be due and payable either immediately upon reassociation with a member firm following the six-month suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA

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

A handwritten signature in black ink, reading "Reema Abdelhamid". The signature is written in a cursive style with a large, looping initial "R".

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