

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2015048118501**

TO: Department of Enforcement  
Financial Industry Regulatory Authority (“FINRA”)

RE: Sandy Galuppo, Respondent  
Former Registered Representative  
CRD No. 2630674

Pursuant to FINRA Rule 9216 of FINRA’s Code of Procedure, I submit this Letter of Acceptance, Waiver and Consent (“AWC”) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against me alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. I hereby accept and consent, without admitting or denying the findings, 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, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

**BACKGROUND**

Sandy Galuppo (“Galuppo” or “Respondent”) first entered the securities industry in May 1995 when he associated with Merrill Lynch, Pierce, Fenner & Smith Inc. (“Merrill Lynch” or “the Firm”). He obtained his Series 7 and 63 licenses in August 1995 and his Series 65 license in October 1995. Merrill Lynch terminated Galuppo’s registration on October 26, 2016 for some of the conduct described herein. In March 2017, Galuppo associated with another FINRA member firm, from which his registration was terminated on April 17, 2017.

Although Galuppo is no longer associated with a FINRA member firm, FINRA retains jurisdiction over him pursuant to Article V, Section 4 of the FINRA By-Laws.

**OVERVIEW**

From 2012 to 2015 (the “Relevant Period”), while associated with the Firm, Respondent submitted dozens of business expense reimbursement requests that he

knew or was reckless in not knowing were not compliant with the Firm's reimbursement policies. As a result, Respondent made improper use of Firm funds in violation of FINRA Rule 2010.

### **FACTS AND VIOLATIVE CONDUCT**

During the Relevant Period, Galuppo was a managing director in the Firm's Private Executive Services team. As part of his job, he traveled extensively, often meeting and dining with clients, prospective clients, business colleagues, and team members with whom he worked. Each year, Galuppo incurred substantial business expenses which were reimbursable under Firm policy through either a corporate expense account funded by the Firm or a business development account funded largely by Galuppo's pre-tax earnings. Firm policies also dictated the types and amounts of expenses that could be charged against these accounts.

The Firm permitted Galuppo to use his personal credit card to charge business expenses. When seeking reimbursement of those expenses from the Firm, Galuppo was required to submit his receipts along with an expense report to document, among other things, the business purpose of the expenses and, where relevant, other persons involved or present.

During the Relevant Period, Galuppo submitted over 600 expense reimbursement requests. Galuppo's practice was to provide his receipts to subordinate employees at the Firm so that they could prepare and submit the associated expense report to the Firm on his behalf. Given the frequency of his business travel and entertaining, Galuppo often provided these subordinate employees numerous receipts at the same time, and on some occasions he provided information that he knew or was reckless in not knowing was inaccurate. Galuppo's expense reimbursement requests sometimes described meals with his team members as meals with clients, or personal meals as business meals. In other instances Galuppo also provided his subordinates inaccurate information about the reported attendees at meals. For example, Galuppo submitted an April 18, 2015 expense for \$430 that was identified as a client meal with a client representative in attendance, when in fact only Galuppo and another Merrill Lynch employee were present.

In total, FINRA found that approximately 82 expenses, primarily business-related meals, contained inaccurate information. By failing to ensure that his expense reimbursement requests were accurate, Galuppo caused, among other things, non-reimbursable expenses to be charged against his expense accounts and prevented the Firm from properly ensuring that only expenses consistent with its policies be reimbursed.

FINRA Rule 2010 requires an associated person in the conduct of his or her business to observe high standards of commercial honor and just and equitable principles of trade. When an associated person uses or causes firm funds to be

applied in a manner not intended by the firm, he or she makes improper use of those funds in violation of FINRA Rule 2010.

By virtue of the foregoing, Respondent violated FINRA Rule 2010.

B. I also consent to the imposition of the following sanctions:

A one-year suspension in all capacities and a \$10,000 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm, 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.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

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

## II.

### WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

### **III.**

#### **OTHER MATTERS**

I understand that:

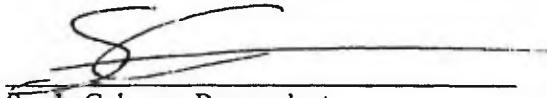
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
  - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
  - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
  - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
  - 4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my: (i) testimonial obligations; or (ii) right to take legal or factual

positions in litigation or other legal proceedings in which FINRA is not a party.

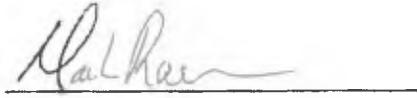
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

10/20/2017  
Date (mm/dd/yyyy)

  
Sandy Galuppo, Respondent

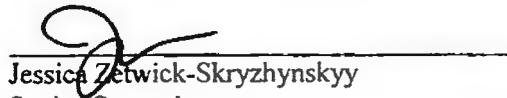
Reviewed by:

  
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Accepted by FINRA:

11/08/2017  
Date

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

  
Jessica Zetwick-Skryzhynskyy  
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FINRA Department of Enforcement  
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