

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20070074005-03**

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

RE: Robert A. Bellia, Jr., Respondent
General Securities Principal and General Securities Representative
(CRD No. 2387955)

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

From February 28, 2006 through June 21, 2007, Robert A. Bellia, Jr. was associated with FINRA member Westpark Capital, Inc. as a General Securities Representative and General Securities Principal. From August 10, 2009 through the present, Bellia has been associated with another FINRA member as a General Securities Representative and General Securities Principal.

RELEVANT DISCIPLINARY HISTORY

On January 5, 2009, FINRA issued an Order accepting Bellia's Offer of Settlement in which he consented to a 10-day suspension in all capacities, a 90-day principal capacity suspension, a \$10,000.00 fine and findings that between April 1999 and March 2006, while serving as co-branch manager and co-owner of Salomon Grey's Melville branch office, he failed to supervise registered

representative REH adequately and thereby violated Conduct Rules 3010 and 2110. (Disciplinary Proceeding No. 2005001502703).

On November 8, 2005, NASD accepted an AWC in which Bellia was fined \$5,000.00 and suspended from association with any FINRA member in a principal capacity for 30 business days for his failure to supervise a registered representative's excessive mark-ups and mark-downs and thereby violated Conduct Rules 3010 and 2110. (No. ELI2002010504).

OVERVIEW

Between February 2006 and June 2007, Bellia failed to supervise three registered representatives who churned and executed unsuitable and unauthorized trades in at least 12 customer accounts. By failing to take appropriate action that was reasonably designed to detect and prevent these violations, Bellia violated NASD Conduct Rules 3010 and 2110.

FACTS AND VIOLATIVE CONDUCT

From February 2006 through June 2007, Bellia served as branch manager and designated principal of the former Melville branch office of FINRA member Westpark Capital, Inc. ("Melville"). He was also the co-owner and, from mid-February 2007 through June 2007, the sole owner, of the branch.

Bellia, in his designated principal and branch manager capacity, was responsible for supervising the Melville representatives, including REH, PCD, and MQ. The firm's written supervisory procedures, among other things, required him to review customer account transactions on a daily and periodic basis, and to take reasonable steps to ensure that the transactions were authorized and that the representatives' recommendations were suitable.

From April 2006 through March 2007, REH, PCD, and MQ engaged in misconduct that caused losses in at least 12 customer accounts. That misconduct included: (i) executing unauthorized trades; (ii) churning and engaging in unsuitably excessive trading (the accounts' annualized cost to equity ratios ranged from 63% to 488%; and their annualized turnover rates ranged from 9.89 to 108.14); (iii) engaging in qualitatively unsuitable trading in multiple accounts by using extensive amounts of margin and concentrating accounts in single securities; (iv) with regard to REH and PCD, reporting "solicited" trades as "unsolicited"; and (v) with regard to MQ, exercising discretion without written authorization. This conduct constituted a violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, as well as various provisions of the NASD Conduct Rules.

There were multiple red flags that should have prompted Bellia's greater scrutiny of these representatives' activities in general and investigation of specific account activity in particular:

- All three representatives had previously been associated with disciplined firms. MQ and PCD had been associated with two firms and REH had been associated with three firms that had been expelled for sales practice violations;¹
- REH and PCD had each been involuntarily terminated or permitted to resign from three firms;
- PCD had previously been suspended for unauthorized trading. While associated with Westpark, REH received a Wells notice indicating that NASD intended to charge him with unauthorized trading that occurred at a prior firm;
- REH and PCD had a history of customer complaints that included unauthorized trading, forgery and/or unsuitable transactions;
- PCD was associated with 15 firms in the nine years preceding his Westpark association. REH was associated with six firms in the 11 years preceding his Westpark association;
- There were multiple "sell-outs" and Reg. T extensions in REH's and MQ's customer accounts. In May 2006 alone, there were nine sell outs and nine Reg. T extensions in REH's accounts; and six sell outs and seven Reg. T extensions in MQ's customer accounts;
- REH, PCD, and MQ executed trades on a riskless principal basis as well as on an agency basis in the same customer account. Higher cost trades, i.e., trades in which the fee charged exceeded \$800.00 (and on many occasions was between \$3,000.00 and \$6,000.00 per transaction) were typically executed on a riskless principal basis whereas lower cost trades, typically involving sales of the same securities that had been purchased on a riskless principal basis, were executed on an agency basis;
- The turnover rates and the cost-to-equity ratios in their customer accounts were high and suggested excessive trading; and
- Their customer accounts were highly margined and frequently concentrated in one security.

Bellia failed to adequately scrutinize the representatives' conduct in general and to investigate and address these red flags in particular. Rather, his supervision was primarily limited to reviewing individual transactions and ensuring that commissions or markups did not exceed five percent. Consequently, Bellia failed to supervise REH, PCD, and MQ in a manner reasonably designed to achieve

¹ MQ's previous associations included Salomon Grey Financial Corp. and Continental Broker-Dealer Corp; PCD's previous associations included Salomon Grey Financial Corp. and LH Ross & Co.; and REH's previous associations included Salomon Grey Financial Corp., Continental Broker Dealer Corp., and Stratton Oakmont, Inc.

compliance with applicable securities laws and NASD rules, in violation of NASD Conduct Rules 3010 and 2110.

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

A bar from association with any FINRA member in a principal capacity and a fine in the amount of \$10,000.00.

I understand that this settlement includes a finding that I failed to supervise individuals who violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and that under Article III, Section 4 of FINRA's By-Laws, this makes me subject to a statutory disqualification with respect to association with a member.

I agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

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

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

Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

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 prejudice of the General Counsel, 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 response to public inquiries about my disciplinary record;
 - 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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

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.

1/9/2010

Date (mm/dd/yyyy)

Robert A. Bellia, Jr.

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Reviewed by:

Howard E. Greenberg

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Accepted by FINRA:

02/10/2010

Date

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

Joel T. Kornfeld

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