

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

LAUREN NICOLE SCHEIBLE
(CRD No. 6952986),

Respondent.

Disciplinary Proceeding
No. 2021069496201

Hearing Officer–BEK

DEFAULT DECISION

February 3, 2022

Respondent is barred from associating with any FINRA member firm in any capacity for failing to comply with requests for information and documents and failing to provide testimony during an investigation.

Appearances

For the Complainant: Matthew Aglialoro, Esq., and Daniel Hibshoosh, Esq., Department of Enforcement, Financial Industry Regulatory Authority

For the Respondent: No appearance

DECISION

I. Introduction

The Department of Enforcement properly served Respondent Lauren Nicole Scheible with First and Second Notices of Complaint and the Complaint alleging one cause of action: that she failed to provide requested information, documents, and sworn testimony to FINRA staff. Scheible did not file an Answer.

On December 8, 2021, Enforcement filed a motion for entry of default decision and request for imposition of sanctions (“Default Motion”). This motion is supported by the declaration of Enforcement counsel Matthew Aglialoro (“Aglialoro Decl.”) and 13 exhibits. Scheible did not respond to the Default Motion.

For the reasons below, I find Scheible in default, deem the allegations in the Complaint admitted, and grant Enforcement’s Default Motion.

II. Findings of Fact and Conclusions of Law

A. Respondent's Background

Scheible entered the securities industry in May 2018 through an association with FINRA member firm Fidelity Brokerage Services LLC ("Fidelity"). She sought to register as a general securities representative, but her registration never became effective. On February 8, 2021, Fidelity filed a Uniform Termination Notice for Securities Industry Registration (Form U5), stating that Scheible voluntarily resigned from the firm on January 29, 2021.¹

B. FINRA's Jurisdiction

Although Scheible is no longer registered or associated with a FINRA member firm, she remains subject to FINRA's jurisdiction for purposes of this proceeding pursuant to Article V, Section 4(a) of FINRA's By-Laws. This is because (1) the Complaint was filed within two years after January 29, 2021, the date on which she no longer was associated with a FINRA member firm, and (2) the Complaint charges her with failing to respond to FINRA requests for information and documents and failing to appear for on-the-record ("OTR") testimony during the two-year period after January 29, 2021.

C. Origin of the Investigation

Scheible took the Securities Industry Essentials ("SIE") examination on November 13, 2020. The test administrator filed two incident reports with FINRA alleging that, while taking the exam, Scheible violated FINRA's Qualification Examinations Rules of Conduct by removing scratch paper from the exam room and accessing unauthorized materials. FINRA began investigating the allegations in January 2021.²

D. Respondent's Default

Enforcement served Scheible with the First and Second Notices of Complaint and the Complaint on September 21 and October 20, 2021. In each case, Enforcement served Scheible by first-class mail and first-class certified mail, return receipt requested, at her last known residential address as reflected in the Central Registration Depository ("CRD Address").³ Enforcement also sent copies to Scheible's email address.⁴

¹ Complaint ("Compl.") ¶ 2; Complainant's Exhibit ("CX-") CX-3, at 3-4; CX-4.

² Compl. ¶¶ 8-9.

³ Aglialoro Decl. ¶¶ 7-9, 17; CX-6; CX-8. In accordance with FINRA Rule 9215(f), the Second Notice of Complaint informed Scheible that her failure to answer the Complaint would allow the Hearing Officer, in the exercise of his discretion, to treat as admitted the Complaint's allegations and to enter a default decision against her. Aglialoro Decl. ¶ 23; CX-8. Enforcement is not aware of any other address for Scheible besides her CRD Address. Aglialoro Decl. ¶ 8.

⁴ Aglialoro Decl. ¶¶ 10, 18; CX-6, at 1; CX-8, at 1.

Pursuant to FINRA Rule 9215, Scheible was required to file an Answer or otherwise respond to the Complaint by November 8, 2021. She has not done so. I thus find that she has defaulted. Pursuant to FINRA Rules 9215(f) and 9269(a)(2), I grant the Default Motion and deem the allegations in the Complaint admitted.⁵

E. Scheible Failed to Respond to Written Requests for Information and Documents and Failed to Provide On-the-Record Testimony

FINRA Rule 8210 requires anyone subject to FINRA's jurisdiction to provide the information and testimony requested by FINRA staff and "is at the heart of the self-regulatory system for the securities industry."⁶ Because FINRA lacks subpoena power, it relies on Rule 8210 to obtain information necessary to carry out "its investigations and fulfill its regulatory mandate."⁷ Failing to provide information, documents, and/or testimony violates FINRA Rules 8210 and 2010.⁸

The single cause of action in the Complaint alleges that Scheible failed to provide information, documents, and sworn testimony in response to Rule 8210 requests. On May 24, 2021, FINRA staff sent Scheible written requests for information, documents, and sworn testimony related to Scheible's conduct during the SIE exam.⁹ FINRA staff sent these requests to her CRD Address by certified mail, return receipt requested. FINRA staff also personally served them on Scheible on May 28.¹⁰ The May 24 requests required Scheible to provide information and documents by June 18 and to provide sworn testimony on June 22, 2021.¹¹

When Scheible failed to comply with these requests, FINRA staff sent her additional requests on June 22, 2021, requiring Scheible to provide information and documents by July 16 and to provide sworn testimony on July 21, 2021.¹² FINRA staff sent these requests to her CRD Address by certified mail, return receipt requested, and personally served them on Scheible on

⁵ Scheible may move to set aside the default pursuant to FINRA Rule 9269(c) upon a showing of good cause.

⁶ *Howard Brett Berger*, Exchange Act Release No. 58950, 2008 SEC LEXIS 3141, at *13 (Nov. 14, 2008), *petition for review denied*, 347 F. App'x 692 (2d Cir. 2009).

⁷ *CMG Inst'l Trading, LLC*, Exchange Act Release No. 59325, 2009 SEC LEXIS 215, at *15 (Jan. 30, 2009).

⁸ *Dep't of Enforcement v. Felix*, No. 2018058286901, 2021 FINRA Discip. LEXIS 7, at *13-14 (NAC May 26, 2021), *appeal docketed*, No. 3-20380 (SEC June 28, 2021); *Dep't of Enforcement v. Evansen*, No. 2010023724601, 2014 FINRA Discip. LEXIS 10, at *24 (NAC June 3, 2014), *aff'd*, Exchange Act Release No. 75531, 2015 SEC LEXIS 3080 (July 27, 2015).

⁹ Compl. ¶¶ 10-11, 14; CX-10; CX-12. Scheible also failed to respond to previous requests for information and documents that Enforcement sent on March 9 and April 1, 2021, and to requests to provide sworn testimony sent on April 5 and 28, 2021. CX-10, at 1; CX-12, at 1. The Complaint does not charge Scheible with failing to respond to these earlier requests.

¹⁰ Compl. ¶ 13; CX-10; CX-12.

¹¹ Compl. ¶ 11; CX-10; CX-12.

¹² Compl. ¶¶ 15-16; CX-11; CX-13.

June 23, 2021.¹³ She failed to comply with any of these requests.¹⁴ I thus find that she violated FINRA Rules 8210 and 2010.

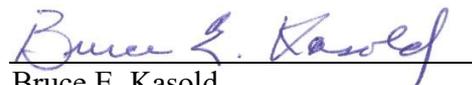
III. Sanctions

FINRA’s Sanction Guidelines (“Guidelines”) recommend that, if an individual did not respond in any manner to Rule 8210 requests, a bar in all capacities should be standard.¹⁵ A major factor when considering the appropriate sanction is the importance of the requested information “as viewed from FINRA’s perspective.”¹⁶ Here, the information, documents, and testimony FINRA staff sought regarding Scheible’s potential cheating on the SIE exam were material to its investigation.¹⁷ Her failure to provide any information, documents, or testimony impeded FINRA’s investigation into potentially serious misconduct.¹⁸ Enforcement counsel is not aware of any mitigating factors,¹⁹ and I perceive none from the record. I thus find that a bar in all capacities is appropriate.

IV. Order

Respondent Lauren Nicole Scheible is barred from associating with any FINRA member firm in any capacity for failing to provide information, documents, and testimony requested by FINRA staff, in violation of FINRA Rules 8210 and 2010.

The bar shall become effective immediately if this Default Decision becomes FINRA’s final disciplinary action.


Bruce E. Kasold
Hearing Officer

¹³ Compl. ¶¶ 18-19.

¹⁴ *Id.* ¶¶ 15-16, 20-21.

¹⁵ FINRA Sanction Guidelines at 33 (2021), <http://www.finra.org/sanctionguidelines>. The Guidelines also suggest a monetary fine from \$25,000 to \$77,000. *Id.* Fines, however, generally are not appropriate when a bar is imposed and there is no customer loss. *Id.* at 10. Here, there is no assertion that a customer sustained a loss. Because I impose a bar for Scheible’s violations of Rules 8210 and 2010, I do not impose a fine.

¹⁶ Guidelines at 33.

¹⁷ Compl. ¶¶ 22-23.

¹⁸ *Id.* See also *Dep’t of Enforcement v. Lykos*, No. 2018059510201, 2021 FINRA Discip. LEXIS 33, at *28-29 (NAC Dec. 16, 2021) (finding that the examination process protects the investing public, and that cheating is “grave ethical misconduct” that demonstrates a respondent’s unfitness for the securities industry).

¹⁹ Aglialoro Decl. ¶ 26.

Copies to:

Lauren Nicole Scheible (via email, overnight courier, and first-class mail)

Michael Aglialoro, Esq. (via email)

Daniel Hibshoosh, Esq. (via email)

Gina Petrocelli, Esq. (via email)

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