

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

PETER NICHOLAS DOURDAS  
(CRD No. 1533296),

Respondent.

Disciplinary Proceeding  
No. 2013038018901

Hearing Officer–DW

**DEFAULT DECISION**

December 14, 2015

**Respondent made material misrepresentations to his employer regarding his outside business activities and failed to comply with requests for information and requests to appear and testify. Respondent is barred from associating with a member firm in any capacity for failing to produce documents or appear for on-the-record interviews as requested by FINRA staff. In light of the bar, no further sanction is imposed for the misrepresentations.**

Adeline Liu, Esq., Eric Hansen, Esq., and Richard Chin, Esq., for FINRA’s Department of Enforcement,

No appearance by or on behalf of Respondent Peter Nicholas Dourdas.

**DECISION**

**I. Introduction**

The FINRA Department of Enforcement filed the Complaint in this matter on July 16, 2015. The Complaint’s First Cause of Action alleges that while registered with Questar Capital Corporation (“Questar” or the “Firm”), Respondent Peter Nicholas Dourdas provided false information to the Firm during annual supervisory interviews, in violation of NASD Rule 2110 and FINRA Rule 2010.<sup>1</sup> The Complaint’s Second Cause of Action alleges that Respondent failed to provide documents and information and failed to appear and provide testimony as requested during a subsequent FINRA investigation, in violation of FINRA Rules 8210 and 2010.

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<sup>1</sup> On December 15, 2008, NASD Rule 2110 was superseded by FINRA Rule 2010. The Complaint alleges that Respondent’s misconduct occurred prior to and after that date. Therefore, both rules apply to this proceeding.

Respondent defaulted by failing to answer or otherwise respond to the Complaint. On October 13, 2015, Enforcement filed a motion for entry of default decision (“Default Motion”) with the Office of Hearing Officers, together with counsel’s declaration (“Decl.”) and 22 exhibits.<sup>2</sup> Respondent did not respond to the Default Motion.

For the reasons set forth below, I find Respondent in default and grant Enforcement’s Default Motion.

## **II. Findings of Fact and Conclusions of Law**

### **A. Respondent’s Background**

Respondent entered the securities industry in 1999.<sup>3</sup> He registered as a Series 6 Investment Company and Variable Contracts Products Representative (“IR”) with a FINRA member firm in 2001.<sup>4</sup> Between August 2001 and September 2013, he was continuously associated and registered with three different FINRA member broker-dealers, including Questar.<sup>5</sup> Respondent was registered as an IR with Questar from December 2006 through September 2013.<sup>6</sup> He has not been associated with a FINRA member firm since that time.

### **B. FINRA’s Jurisdiction**

Although Respondent is no longer registered or associated with a FINRA member, he remains subject to FINRA’s jurisdiction for purposes of these proceedings. FINRA retains jurisdiction over Respondent pursuant to Article V, Section 4(a) of FINRA’s By-Laws. Enforcement filed the Complaint within two years after the effective date of termination of his FINRA registration, and the Complaint charges him with misconduct committed while he associated with a FINRA member and with failing to respond to requests for information during the two-year period after the termination of his registration.

### **C. Origin of the Investigation**

On September 18, 2013, Questar filed a Uniform Termination Notice for Securities Industry Registration (Form U5) reporting that Respondent’s association with the Firm had been terminated for “failure to disclose an outside business activity.”<sup>7</sup> FINRA opened an investigation into Respondent’s nondisclosure shortly thereafter.<sup>8</sup>

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<sup>2</sup> The supporting exhibits are labeled CX-1 through CX-22.

<sup>3</sup> CX-1; Complaint (“Compl.”) ¶ 2.

<sup>4</sup> CX-1.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> Compl. ¶ 3.

<sup>8</sup> Decl. ¶¶ 6–7; CX-2.

#### **D. Respondent's Default**

On July 16, 2015, Enforcement served Respondent with the Notice of Complaint and Complaint by certified mail sent to his residential address recorded in the Central Registration Depository ("CRD").<sup>9</sup> The certified mail returned receipt indicates that the materials were signed for by "Evan Dourdas" on July 20, 2015.<sup>10</sup>

On August 14, 2015, Enforcement served Respondent with a Second Notice of Complaint, along with the Notice of Complaint and Complaint by certified mail sent to the CRD address.<sup>11</sup> The certified mail returned receipt reflects that the materials were signed for again by "Evan Dourdas," this time on August 17, 2015.<sup>12</sup>

Respondent did not file an answer or otherwise respond to the Complaint. Accordingly, I find that Respondent defaulted.<sup>13</sup>

#### **E. Respondent Made False Statements in Annual Supervisory Reviews.**

In August 1999, Respondent agreed to serve as trustee to a trust and executed trust documents memorializing his agreement.<sup>14</sup> Respondent managed the trust until his resignation as trustee in August 2013.<sup>15</sup> The individual responsible for the establishment of the trust compensated Respondent during this period.<sup>16</sup> This activity was unrelated to Respondent's work at Questar.<sup>17</sup> In connection with the Firm's annual supervisory reviews, Respondent was asked a series of questions regarding, among other things, his outside business activities.<sup>18</sup> Records of the interviews reflect that in September 2011, and again in October 2012, Respondent was asked whether he was "acting in a fiduciary capacity, such as an executor or trustee?"<sup>19</sup> In both interviews Respondent falsely denied acting as a trustee.<sup>20</sup>

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<sup>9</sup> Decl. ¶ 16; CX-19.

<sup>10</sup> Decl. ¶ 18; CX-20.

<sup>11</sup> Decl. ¶ 21; CX-21.

<sup>12</sup> Decl. ¶¶ 22; CX-22.

<sup>13</sup> Respondent is notified that he may move to set aside the default pursuant to FINRA Rule 9269(c) upon a showing of good cause.

<sup>14</sup> Compl. ¶ 7; CX-4.

<sup>15</sup> CX-5.

<sup>16</sup> CX-6.

<sup>17</sup> CX-6.

<sup>18</sup> Compl. ¶¶ 9-15; CX-7 through CX-11.

<sup>19</sup> Compl. ¶¶ 13-14; CX-10; CX-11.

<sup>20</sup> *Id.*

Respondent's false responses are inconsistent with the "high standards of commercial honor" and "just and equitable principles of trade" that NASD Rule 2110 and FINRA Rule 2010 require registered representatives to observe.<sup>21</sup> I therefore find that Respondent violated NASD Rule 2110 and FINRA Rule 2010.

**F. Respondent Failed to Respond to Requests for Information and Appear for Testimony.**

The Complaint alleges as its Second Cause of Action that Respondent did not provide requested documents and information or appear and provide sworn testimony as requested by FINRA pursuant to FINRA Rule 8210.<sup>22</sup> FINRA Rule 8210(a) authorizes FINRA staff, for purposes of an investigation, examination, or proceeding, to require a person subject to FINRA's jurisdiction to testify at a location specified by FINRA staff, under oath, with respect to any matter involved in the investigation, examination, or proceeding. FINRA Rule 8210(d) provides that notice shall be deemed received by a formerly registered person by mailing it to the last known residential address of the person as reflected in CRD. Rule 8210(d) further provides that, if FINRA staff is aware that a CRD Address is out of date or incorrect, FINRA staff shall mail or otherwise transmit a copy of its request to any other current address known to the staff.

As set forth below, I find that Enforcement complied with the requirements of FINRA Rule 8210, and Respondent failed to provide requested documents and failed to appear and testify.

FINRA opened an investigation into Respondent's undisclosed business activities shortly after Questar submitted its Form U5.<sup>23</sup> On August 8, 2014, Enforcement sent Respondent a letter requesting that he provide certain information and documents by August 29, 2014, and appear and testify on the record on September 9, 2014, at FINRA's New York office.<sup>24</sup> The information and documents requested included bank records, communications, and other materials relevant to Respondent's outside business activity as a trustee.<sup>25</sup>

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<sup>21</sup> Making false statements to a firm violates Rule 2010. See *Dep't of Enforcement v. Hardin*, No. E072004072501, 2007 NASD Discip. LEXIS 24, at \*10–11 (NAC July 27, 2007) (“[T]he SEC has consistently construed Conduct Rule 2110 [the predecessor to Rule 2010] broadly to apply to all business-related misconduct, including misrepresentations made to a member firm by a registered representative.”) (citing *James A. Goetz*, 53 S.E.C. 472, 477–78 (1998)). See also *Dep't of Enforcement v. Davenport*, No. C05010017, 2003 NASD Discip. LEXIS 4, at \*8–10 (NAC May 7, 2003); *Geoffrey Ortiz*, Exchange Act Release No. 58416, 2008 SEC LEXIS 2401, at \*22–23 (Aug. 22, 2008) (finding that petitioner violated NASD Rule 2110 [the predecessor to Rule 2010] by submitting false information to his member firm because such conduct reflected negatively on his ability to comply with regulatory requirements fundamental to the securities industry).

<sup>22</sup> Compl. ¶¶ 17–35.

<sup>23</sup> Compl. ¶ 19.

<sup>24</sup> Compl. ¶¶ 21–23; CX-13.

<sup>25</sup> CX-13.

Respondent received the letter, and through counsel requested an extension of time to provide the documents and appear for testimony.<sup>26</sup> Enforcement staff agreed to an extension of time until October 6, 2014, for the document production and October 10, 2014, for Respondent's testimony.<sup>27</sup>

Respondent failed to produce documents by October 6, 2014.<sup>28</sup> On October 8, 2014, Respondent's counsel advised Enforcement that she no longer represented Respondent.<sup>29</sup> Respondent also failed to appear for testimony on October 10, 2014.<sup>30</sup>

On October 10, 2014, Enforcement sent Respondent a second request to produce documents and appear and testify on the record.<sup>31</sup> The letter advised Respondent that he failed to comply with the prior letter, and again directed Respondent to produce documents and appear for testimony, calling for document production on October 20, 2014, and testimony on October 22, 2014, at FINRA's New York office.<sup>32</sup> The letter further apprised Respondent that if he failed to produce documents or appear for testimony as requested, he would be subject to sanctions up to and including a bar from the securities industry.<sup>33</sup> Enforcement sent the request via first-class mail and certified mail to Respondent's CRD Address.<sup>34</sup>

Respondent failed to produce documents by October 20, 2014, and failed to appear for testimony on October 22, 2014.<sup>35</sup>

Enforcement properly served Respondent with two separate requests for the production of documents and testimony, and each time Respondent failed to produce the materials called for or appear and testify. In so doing, Respondent violated FINRA Rule 8210.<sup>36</sup> A violation of Rule

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<sup>26</sup> Compl. ¶ 24; Decl. ¶ 11.

<sup>27</sup> Compl. ¶ 24; Decl. ¶ 11; CX-15.

<sup>28</sup> Compl. ¶ 25; Decl. ¶ 13.

<sup>29</sup> Compl. ¶ 26; CX-16.

<sup>30</sup> Compl. ¶ 27; Decl. ¶ 13.

<sup>31</sup> Compl. ¶ 28; CX-17.

<sup>32</sup> *Id.*

<sup>33</sup> *Id.* ¶ 29.

<sup>34</sup> *Id.* ¶ 30.

<sup>35</sup> *Id.* ¶ 33.

<sup>36</sup> See *Dep't of Enforcement v. Reichman*, No. 200801201960, 2011 FINRA Discip. LEXIS 18, at \*28–29 (NAC July 21, 2011) (finding violation of FINRA Rule 8210 and NASD Rule 2110 by failing to appear for on-the-record testimony); *Joseph Ricupero*, Exchange Act Release No. 62891, 2010 SEC LEXIS 2988, at \*9–13 (Sept. 10, 2010) (finding violation of FINRA Rule 8210 and NASD Rule 2110 by failing to respond to several requests for information).

8210 constitutes conduct inconsistent with just and equitable principles of trade and therefore violates FINRA Rule 2010.<sup>37</sup>


### III. Sanctions

FINRA's Sanction Guidelines ("Guidelines") recommend that, if an individual did not respond in any manner to a request for information issued under Rule 8210, a bar in all capacities should be standard.<sup>38</sup> Here, the conduct under investigation was serious. The information sought by Enforcement was central to its investigation. Moreover, there are no mitigating factors present in this case. Thus, I conclude that the appropriate sanction is a bar in all capacities.

In light of the bar imposed for Respondent's failure to respond, no additional sanctions are warranted for his false statements in connection with Questar's supervisory reviews.<sup>39</sup>

### IV. Order

Respondent is barred from associating with any FINRA member firm in any capacity for failing to provide information and testimony in violation of FINRA Rule 8210. The bar shall become effective immediately if this Default Decision becomes the final disciplinary action of FINRA.



David Williams  
Hearing Officer

Copies to:

Peter Nicholas Dourdas (via first-class mail)  
Adeline Liu, Esq. (via email and first-class mail)  
Eric Hansen, Esq. (via email)  
Richard Chin, Esq. (via email)  
Jeffrey D. Pariser, Esq. (via email)

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<sup>37</sup> See *CMG Inst. Trading, LLC*, Exchange Act Release No. 59325, 2009 SEC LEXIS 215, at \*30 (Jan. 30, 2009).

<sup>38</sup> FINRA Sanction Guidelines at 33 (2015), <http://www.finra.org/industry/sanction-guidelines>.

<sup>39</sup> See *Dep't of Enforcement v. Brown*, No. 2007010450601, 2009 FINRA Discip. LEXIS 30, at \*26 (OHO July 14, 2009) (declining to impose sanctions based upon undisclosed outside business activity in light of bar imposed as a result of failure to respond to information requests).