

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

ALI F. CHEHAB
(CRD No. 7625979),

Respondent.

Disciplinary Proceeding
No. 2024082633901

Hearing Officer–MJD

DEFAULT DECISION

November 18, 2025

Respondent is barred from associating with any FINRA member firm in any capacity for failing to respond to requests for documents and information from FINRA staff, in violation of FINRA Rules 8210 and 2010.

Appearances

For the Complainant: Karen C. Daly, Esq., and Jessica Brach, Esq., Department of Enforcement, Financial Industry Regulatory Authority

For the Respondent: No appearance

DECISION

I. Introduction

On August 5, 2025, the Department of Enforcement filed a one-cause Complaint against Respondent Ali F. Chehab alleging that, while subject to FINRA jurisdiction, he failed to provide documents and information that FINRA requested pursuant to FINRA Rule 8210. At the time, FINRA staff was investigating whether Chehab had made material misrepresentations to customers, engaged in unauthorized trading, and sold securities away from his employer firm.

Enforcement properly served Chehab with two Notices of the Complaint and the Complaint. Chehab did not file an Answer to the Complaint. On October 27, 2025, Enforcement filed a Motion for Entry of Default Decision and Request for Imposition of Sanctions (“Default Motion”) supported by the Declaration of Enforcement counsel Karen C. Daly (“Daly Decl.”) and supporting exhibits. Chehab did not respond to the Default Motion.

For the reasons set forth below, I find Chehab in default and grant Enforcement’s Default Motion. Pursuant to FINRA Rules 9215(f) and 9269(a), I deem the allegations in the Complaint

to be admitted. Based on those facts and the additional information provided in support of the Default Motion, I find that Chehab committed the violations alleged in the Complaint. For violating FINRA Rules 8210 and 2010, Chehab is barred from associating with any FINRA member firm in any capacity.

II. Findings of Fact and Conclusions of Law

A. Chehab's Background

Chehab first became associated with a FINRA member firm in September 2022.¹ In July 2023, he became registered as a general securities representative through his association with member firm Merrill Lynch, Pierce, Fenner & Smith Incorporated.² On June 28, 2024, Merrill Lynch filed an amendment to Chehab's Uniform Application for Securities Industry Registration or Transfer (Form U4) disclosing that a customer had filed a written complaint alleging that Chehab had made misrepresentations and engaged in selling away.³

On August 9, 2024, Merrill Lynch filed a Uniform Termination Notice for Securities Industry Registration (Form U5) disclosing that it had terminated Chehab for "failure to adhere to firm standards regarding selling away, impermissible recommendation to a self-directed customer, and impermissible use of personal email address to conduct firm business."⁴ Chehab has not been registered with a FINRA member firm since August 9, 2024.⁵ On October 8, 2024, Merrill Lynch filed a Form U5 amendment reporting that it was conducting an internal review into Chehab's "conduct involving unauthorized trading in . . . client accounts."⁶

B. FINRA's Continuing Jurisdiction over Chehab

FINRA retains jurisdiction over Chehab pursuant to Article V, Section 4(a) of FINRA's By-Laws because Enforcement filed the Complaint on August 5, 2025, which is within two years after August 9, 2024, the effective date of termination of Chehab's FINRA registration, and the Complaint charges Chehab with failing to respond to requests for information during the two-year period after the termination of his registration.⁷

¹ Complaint ("Compl.") ¶ 2; Daly Decl. ¶ 6; Complainant's Exhibit ("CX-") 3, at 2-5.

² Compl. ¶ 3; Daly Decl. ¶ 6; CX-3, at 4-5.

³ Compl. ¶ 4; Daly Decl. ¶ 7; CX-4, at 13-15.

⁴ Compl. ¶ 5; Daly Decl. ¶ 8; CX-5, at 1.

⁵ Daly Decl. ¶ 10; CX-3, at 4.

⁶ Compl. ¶ 6; Daly Decl. ¶ 9; CX-5, at 6.

⁷ Compl. ¶ 7; Daly Decl. ¶ 11.

C. Origin of the Investigation

FINRA staff began its investigation into Chehab after reviewing the Form U4 amendment Merrill Lynch filed on June 28, 2024.⁸ FINRA staff was investigating Chehab's sales practices, including whether he had made misrepresentations to customers and engaged in unauthorized trading and selling away.⁹ In connection with the investigation, FINRA staff twice sent Chehab requests for documents and information.¹⁰ Chehab's complete failure to respond to the requests led to the filing of the Complaint in this disciplinary proceeding.

D. Chehab's Default

Enforcement twice served Chehab with a Notice of the Complaint and the Complaint. On August 5, 2025, Enforcement served Chehab with the First Notice of Complaint and the Complaint by sending them via first-class certified mail, return receipt requested, to his residential address identified in the Central Registration Depository ("CRD") and a second address that it discovered in July 2025 by searching two databases.¹¹ When Chehab failed to respond to the First Notice of Complaint, on September 5, 2025, Enforcement served him with the Second Notice of Complaint and the Complaint by sending them via first-class certified mail, return receipt requested, to his CRD address and the additional address that it had discovered earlier.¹²

I find that Enforcement complied with FINRA Rules 9131 and 9134 by properly serving Chehab with two Notices of Complaint and the Complaint by sending them via first-class certified mail to his last known residential address as recorded in CRD and the second address that Enforcement discovered. Respondent thus received valid constructive notice of this proceeding.¹³

Chehab did not file an Answer or otherwise respond to the Complaint. Accordingly, I find that he defaulted.¹⁴

⁸ Compl. ¶ 14; Daly Decl. ¶ 4; CX-4.

⁹ Compl. ¶ 15; Daly Decl. ¶ 4.

¹⁰ Compl. ¶¶ 16, 24.

¹¹ Daly Decl. ¶¶ 12-14; CX-14A, at 2; CX-14B, at 3. Enforcement also sent the Notice of Complaint and Complaint to a personal email address that Chehab had used to correspond with FINRA staff. Daly Decl. ¶ 16; CX-16, at 1.

¹² Daly Decl. ¶ 24. Enforcement also sent Chehab copies of the Second Notice of Complaint and Complaint to his personal email address. Daly Decl. ¶ 26; CX-22, at 1.

¹³ See, e.g., *Dep't of Enforcement v. Evansen*, No. 2010023724601, 2014 FINRA Discip. LEXIS 10, at *21 n.21 (NAC June 3, 2014), *aff'd*, Exchange Act Release No. 75531, 2015 SEC LEXIS 3080 (July 27, 2015) (respondent received constructive notice when FINRA staff served the Complaint to residential address recorded in CRD). See also *Dennis A. Pearson, Jr.*, Exchange Act Release No. 54913, 2006 SEC LEXIS 2871, at *23 (Dec. 11, 2006) ("It is the responsibility of . . . associated persons to keep [FINRA] apprised of any changes in their addresses . . .").

¹⁴ Respondent may move to set aside the default pursuant to FINRA Rule 9269(c) upon a showing of good cause.

E. Chehab's Failure to Respond to Requests for Documents and Information

The Complaint's sole cause of action alleges that Chehab violated FINRA Rules 8210 and 2010 by failing to comply with FINRA staff's requests to produce documents and information while subject to FINRA's jurisdiction.¹⁵ FINRA staff sent Chehab two requests for information pursuant to Rule 8210.¹⁶ He never provided the information FINRA requested.¹⁷

Rule 8210 requires persons subject to FINRA's jurisdiction to provide information to FINRA upon request. Rule 8210(a)(2) authorizes FINRA to "inspect and copy the books, records, and accounts" of persons subject to its jurisdiction "with respect to any matter involved in [an] investigation . . . that is in such . . . person's possession, custody or control." Rule 8210(c) provides that "[n]o member or person shall fail to provide information or testimony or to permit an inspection and copying of books, records, or accounts pursuant to this Rule."

Rule 8210 "is at the heart of the self-regulatory system for the securities industry" and "provides a means, in the absence of subpoena power, for [FINRA] to obtain from its members information necessary to conduct investigations."¹⁸ "FINRA Rule 8210 is unequivocal and grants FINRA broad authority to obtain information concerning an associated person's securities-related business ventures."¹⁹ Associated persons must cooperate fully in providing FINRA with information.²⁰ It is therefore a violation of Rule 8210 for a person to fail to provide information sought by FINRA.²¹

FINRA staff first sent Chehab the request for documents and information pursuant to FINRA Rule 8210 on October 24, 2024, via first-class certified mail and first-class mail to the residential address reflected in CRD.²² The request asked Chehab for copies of electronic

¹⁵ Compl. ¶¶ 30-33.

¹⁶ Compl. ¶¶ 16, 24.

¹⁷ Compl. ¶¶ 23, 30.

¹⁸ *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), *cert. denied*, No. 09-1054, 2010 U.S. LEXIS 3557 (Apr. 26, 2010).

¹⁹ *Dep't of Enforcement v. Gallagher*, No. 2008011701203, 2012 FINRA Discip. LEXIS 61, at *12 (NAC Dec. 12, 2012).

²⁰ *See CMG Inst'l Trading, LLC*, Exchange Act Release No. 59325, 2009 SEC LEXIS 215, at *21 (Jan. 30, 2009) (member firms and their associated persons have an obligation to respond to FINRA's request for information "fully and promptly"). *See also Dep't of Enforcement v. Vedovino*, No. 2015048362402, 2019 FINRA Discip. LEXIS 20, at *20 (NAC May 15, 2019) (Rule 8210 "requires associated persons to comply fully with FINRA's requests for information, testimony, and documents with respect to any matter involved in a FINRA investigation, complaint, examination, or proceeding.").

²¹ *Wilfredo Felix*, Exchange Act Release No. 101733, 2024 SEC LEXIS 3309, at *7-8 (Nov. 25, 2024) (respondent violated FINRA Rule 8210 by failing to produce his Internal Revenue Service wage and income transcript), *petition for review filed*, No. 25-1038 (D.C. Cir. Jan. 24, 2025).

²² Compl. ¶ 16; CX-2, at 2.

communications and any settlement agreement with the complaining customer, his financial records, information about securities he recommended, and any undisclosed outside business activities and private securities transactions.²³ The next day, October 25, FINRA staff emailed a copy of the request to Chehab's personal email account.²⁴ The same day, Chehab sent FINRA staff a series of emails stating that he would not respond to the request for information.²⁵

When Chehab failed to produce the information sought in the first request, on November 13, 2024, FINRA staff sent him a copy of the first request for documents and information, together with a cover letter, via first-class certified mail and first-class mail to his CRD address.²⁶ The same day, FINRA staff also sent a copy of the request to his personal email account.²⁷ Chehab responded with an email repeating that he would not comply with the request, stating "I'm not going to provide that information and I do not care if I get barred."²⁸

Chehab did not produce any of the documents and information sought in the two Rule 8210 requests.²⁹ He thus violated FINRA Rules 8210 and 2010.³⁰

III. Sanctions

FINRA's Sanction Guidelines ("Guidelines") recommend that, if an individual did not respond in any manner, a bar in all capacities should be standard.³¹ The sole principal consideration in cases involving a complete failure to respond is the importance of the information requested as viewed from FINRA's perspective.³² Enforcement represents that the documents and information Chehab failed to produce were material and impeded its investigation.³³

Based on a review of the requests for documents and information,³⁴ together with Enforcement's representations, I find that the information sought was necessary to assist FINRA

²³ Compl. ¶ 17; CX-1.

²⁴ Compl. ¶ 20.

²⁵ Compl. ¶ 21.

²⁶ Compl. ¶ 24; CX-2, at 1. Accordingly, the documents and information requested in the second request were identical to those requested in the first request. Compl. ¶ 26; *compare* CX-1 and CX-2.

²⁷ Compl. ¶ 25.

²⁸ Compl. ¶ 29.

²⁹ Compl. ¶ 30.

³⁰ *Blair C. Mielke*, Exchange Act Release No. 75981, 2015 SEC LEXIS 3927, at *41 n.49 (Sept. 24, 2015) (a violation of FINRA Rule 8210 also violates FINRA Rule 2010).

³¹ FINRA Sanction Guidelines at 93 (2024), <http://www.finra.org/sanctionguidelines>.

³² Guidelines at 93.

³³ Compl. ¶¶ 31-32; Daly Decl. ¶¶ 39-40.

³⁴ *See* CX-1 and CX-2.

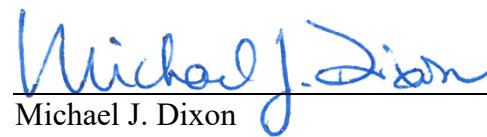
with investigating serious misconduct and that Chehab's failure to provide it prevented FINRA from fulfilling its regulatory mission. The evidence reveals no justification for Chehab's failure to respond to FINRA's requests. I find that there are no mitigating factors present in this case.³⁵ Indeed, Chehab demonstrated his contempt for his obligations as a registered representative when he told FINRA staff that he did not care if he were barred for not responding to the requests. I therefore conclude that the appropriate sanction is a bar in all capacities.³⁶ The bar is remedial because it will protect the investing public by encouraging the cooperation essential to the investigation of potential industry misconduct.

IV. Order

Enforcement's Default Motion is **GRANTED**. By failing to comply with FINRA staff's requests for documents and information, Respondent Ali F. Chehab violated FINRA Rules 8210 and 2010, as alleged in the sole cause of action. For this misconduct, he is barred from associating with any FINRA member firm in any capacity.

This Decision will become FINRA's final disciplinary action unless it is appealed to the National Adjudicatory Council by a party or the National Adjudicatory Council calls it for review. The bar shall become effective immediately if this Default Decision becomes the final disciplinary action of FINRA.

SO ORDERED.



Michael J. Dixon
Hearing Officer

Copies to:

Ali F. Chehab, Respondent (via email, overnight courier, and first-class mail)
Karen C. Daly, Esq., FINRA Enforcement (via email)
Jessica Brach, Esq., FINRA Enforcement (via email)
Jennifer L. Crawford, Esq., FINRA Enforcement (via email)

³⁵ Enforcement represents that it is not aware of any mitigating factors relevant to sanctions. Daly Decl. ¶ 36.

³⁶ In light of the bar, I do not also impose a fine. Guidelines at 9 (Technical Matters) ("Adjudicators generally should not impose a fine if an individual is barred and there is no customer loss."). The record does not reflect any customer loss.