

**NASD REGULATION, INC.
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

RAYMON SALINAS
(CRD No. 2017792),

San Francisco, CA,

Respondent.

Disciplinary Proceeding
No. C01000017

Hearing Officer—Andrew H. Perkins

Hearing Panel Decision

September 18, 2001

A formerly registered representative willfully violated NASD Conduct Rule 2110 by submitting a false application for registration (Form U-4) to the NASD. The Respondent is barred from associating with any member firm in any capacity.

Appearances

David A. Watson and Rory C. Flynn appeared on behalf of the Department of Enforcement.

Raymon Salinas appeared on his own behalf.

DECISION

I. INTRODUCTION

The Complaint charges Respondent Raymon Salinas (“Salinas” or the “Respondent”) with two related violations of NASD Conduct Rule 2110. Both causes allege that he failed to disclose to NASD Regulation, Inc. that he has been sued by his

sister for, among other things, fraud and conversion in connection with the sale of securities, which was settled for payment of \$33,000. (Compl. ¶¶ 2, 3.) The First Cause of Complaint alleges that Salinas willfully failed to disclose this information when he responded to NASD Regulation's request for information in connection with its review of the proposed sale of Ginsberg & Garipoli Securities Corp. ("G&G"), a member of the National Association of Securities Dealers, Inc. ("NASD"), to InterTrade Securities, Inc. ("InterTrade").¹ (Compl. ¶¶ 5–6.) The Second Cause of Complaint alleges that, in connection with his proposed association with G&G, Salinas willfully failed to disclose the same information on his application for registration ("Form U-4"). (Compl. ¶¶ 9–10.)

II. PROCEDURAL HISTORY

The Department of Enforcement ("Enforcement") filed the Complaint against Salinas on August 14, 2000, and Salinas filed his Answer² on September 19, 2000. In general, Salinas admitted most of the underlying facts and denied that he willfully failed to provide NASD Regulation with information about his sister's lawsuit. Salinas claimed that he did not understand that he was required to disclose the existence of the lawsuit and that he was not responsible for responding to the NASD Regulation's inquiries pertaining to sale of G&G. (Ans. ¶¶ 4, 7.)

Upon commencement of the hearing on June 20, 2001, the Hearing Officer advised Salinas that the day before Enforcement had advised a paralegal at the Office of Hearing Officers that one of Enforcement's witnesses, Tony Goodrum, and one of the

¹ NASD Regulation requested the information in connection with its membership application review. See NASD Membership and Registration Rules 1000, et seq.

² David M. Greenberg, Esq. filed the Answer and appeared on Salinas's behalf at the Initial Pre-Hearing Conference on October 5, 2000. But on January 16, 2001, Mr. Greenberg filed a notice of withdrawal after which time Salinas represented himself.

hearing panelists are employed by subsidiaries of the same parent corporation. Mr. Goodrum is employed by Wells Fargo Investments and one of the panelists is employed by Wells Fargo Van Kasper.³ Although Enforcement's witness list disclosed Mr. Goodrum's employer, counsel for Enforcement wanted to be sure that Salinas knew that Mr. Goodrum and one of the panelists worked for sister companies.

Salinas stated that he had been unaware of the common employment relationship⁴ and that he objected to the affected panelist continuing to serve on the Hearing Panel. Salinas requested that the hearing be postponed so that a replacement panelist could be appointed. The Hearing Officer treated Salinas's request as a motion for disqualification under NASD Procedural Rule 9234(b).

The Hearing Officer conducted an investigation to determine if grounds existed that would require that the panelist be replaced.⁵ Upon completion of the investigation, the Hearing Officer concluded that grounds for disqualification did not exist. Nevertheless, the challenged panelist decided to withdraw from the case.⁶ The Hearing Officer then conferred with the Parties and the Deputy Chief Hearing Officer about whether the hearing should be postponed until a replacement panelist could be appointed. After being fully advised of all the relevant circumstances, the Deputy Chief Hearing

³ Hearing Transcript (hereinafter "Tr. at ___") at 10.

⁴ Salinas stated that he had not received Enforcement's witness list because it had been sent to the wrong address. (Tr. at 16-17.)

⁵ Salinas admitted that he had not presented any facts that would mandate that the panelist be replaced due to bias or prejudice. Accordingly, the Hearing Officer considered whether "circumstances otherwise exist where the Panelist's fairness might reasonably be questioned." Rule 9234 (b)(1).

⁶ Tr. at 24.

Officer determined that the hearing could proceed without the appointment of a replacement panelist.⁷

The Hearing Officer advised the Parties of the Deputy Chief Hearing Officer's decision, and the hearing proceeded with the Hearing Panel composed of the Hearing Officer and one current member of the District Committee for District 1.⁸ Enforcement offered the testimony of four witnesses, including the Respondent, and introduced 29 exhibits into evidence.⁹ Salinas offered no evidence in his defense.

III. FINDINGS OF FACT AND CONCLUSIONS OF LAW

A. The Respondent

According to the Central Registration Depository,¹⁰ Salinas started his career in the securities industry in 1989 with Charles Schwab & Co. where he worked in operations. Salinas first registered with the NASD as a General Securities Representative in 1994 through Thomas James Associates, Inc. Since 1994, Salinas has worked intermittently at ten different broker-dealers.¹¹ On or about February 1, 2000, Salinas became associated with G&G due to its acquisition by InterTrade.¹² Salinas registered as a General Securities Representative through G&G on February 23, 2000.¹³ He remained registered through G&G at the time of the hearing.

⁷ The Chief Hearing Officer was not available. In such cases, the Deputy Chief Hearing Officer has the delegated authority to act in the Chief Hearing Officer's absence.

⁸ Tr. at 26.

⁹ The hearing exhibits are referenced as follows: "C- ____."

¹⁰ C-1, at 2.

¹¹ Id.

¹² Id. at 3.

¹³ Id. at 4.

In 1999, Salinas was a stockholder and the Chief Executive Officer of InterTrade, which he described as a software company.¹⁴ InterTrade is a California corporation with its principal place of business in San Francisco.¹⁵

B. Jurisdiction

The Hearing Panel finds that NASD Regulation has jurisdiction over the Second Cause of the Complaint but not the First.

1. First Cause of Complaint

The First Cause of Complaint alleges that Salinas provided false information to NASD Regulation on January 25, 2000, in connection with its review of the acquisition of G&G by InterTrade. Salinas was not registered with the NASD at the time.¹⁶ Enforcement therefore bases jurisdiction for the First Cause of Complaint on its allegation that Salinas associated with G&G in December 1999.¹⁷ (Compl. ¶ 1.) The only evidence Enforcement offered in support of this allegation is Joseph Garipoli's testimony that the sale of G&G to InterTrade "closed" on December 31, 1999.¹⁸ On the other hand, Salinas's CRD record reflects that he did not become associated with G&G until February 1, 2000. There is no evidence showing that Salinas held any position with G&G before that date. Accordingly, the Hearing Panel finds that Enforcement failed to establish that Salinas was a "person associated with a member" on January 25, 2000, when Enforcement alleges he provided false information to NASD Regulation in response to

¹⁴ Tr. at 159, 161, 167; C-1, at 2.

¹⁵ Tr. at 164, 167.

¹⁶ Salinas was registered with the NASD from February 23 to March 14, 2000. (C-1.)

¹⁷ The NASD Regulation has jurisdiction over persons who are associated or registered with NASD member firms. See NASD By-Laws, Article V, Sec. 4.

¹⁸ Tr. at 94, 114-15, 171.

the membership review inquiry. Furthermore, Enforcement did not present evidence of any alternate grounds for jurisdiction of the First Cause of Complaint.¹⁹ Therefore, the Hearing Panel will dismiss the First Cause of Complaint for lack of jurisdiction.

2. Second Cause of Complaint

NASD Regulation has jurisdiction of the Second Cause of Complaint, which charges that on February 23, 2001, Salinas submitted a false application for registration (Form U-4) to the NASD. By submitting the Form U-4, Salinas submitted himself to the jurisdiction of the NASD.²⁰ Salinas registered with the NASD as a General Securities Representative on February 23, 2001, and he remained registered with the NASD at the time Enforcement filed the Complaint. Thus, NASD Regulation has jurisdiction of the Second Cause of Complaint.

3. Background and Investigation

The facts pertaining to the lawsuit Salinas's sister filed against him, Cash Trade, Inc., and InterTrade are undisputed. On February 9, 1999, Ms. Salinas filed a civil action in the Superior Court for the City and County of San Francisco, California, case number 301117 ("California Civil Action"), which alleged in part that Salinas defrauded her in connection with her intended purchase of securities.²¹ At the time, Salinas was a registered representative at Lombard Brokerage, Inc. Likewise, there is no dispute that the California Civil Action was settled pursuant to a settlement agreement dated July 9, 1999,

¹⁹ Cf. District Bus. Conduct Comm. v. First Capital Funding, Inc., No. DEN-898, 1990 NASD Discip. LEXIS 119, *13-14 (NASD Bd. Aug. 16, 1990), aff'd, 50 S.E.C. 1026 (1992) (Jurisdiction over prospective members and their associated persons during the pre-membership qualification process is grounded on their consent to abide by the Rules of the NASD.)

²⁰ See NASD By-Laws, Article I, Sec. (ee)(1).

²¹ A copy of the California Civil Action is attached to the complaint letter she sent to NASD Regulation. (C-2.)

that provides that the defendants shall pay Ms. Salinas \$33,000.²² The Respondent signed the settlement agreement as the authorized representative of InterTrade.²³ Ms. Salinas was paid the agreed settlement amount by a check dated July 19, 1999, which was drawn on the trust account of the law firm that represented the defendants in the California Civil Action.²⁴

Two days after Ms. Salinas filed the California Civil Action against her brother, she filed a complaint with NASD Regulation to which she attached a copy of the California Civil Action Complaint. She asked NASD Regulation to investigate the issues raised in the lawsuit.

Ms. Salinas's complaint was assigned to Mr. Goodrum, an examiner in NASD Regulation's San Francisco office.²⁵ To investigate the matter, Mr. Goodrum sent Salinas two requests that he provide a written explanation of the allegations in the California Civil Action.²⁶ Salinas eventually responded on or about June 28, 1999. In his response he indicated that his sister had "dismissed" the California Civil Action.²⁷ He also denied all wrongdoing and stated that the California Civil Action was a spite suit to "blackmail" him into signing over his share in a condominium that they owned jointly.²⁸

Mr. Goodrum spoke to Salinas in July 1999, at which time Salinas stated that he was settling the dispute with his sister. Mr. Goodrum then requested by letter dated July

²² C-19.

²³ C-19, at 6. The settlement agreement recites that InterTrade was formerly known as Cash Trade, Inc.

²⁴ C-21, at 2.

²⁵ C-3; C-7.

²⁶ C-10; C-11.

²⁷ C-13.

²⁸ C-13.

29, 1999, that Salinas provide NASD Regulation staff with a copy of the settlement agreement.²⁹ A copy of the settlement agreement was dropped off at the front desk at Mr. Goodrum's office on October 25, 1999.³⁰ Mr. Goodrum attempted to verify the terms of the settlement with Ms. Salinas, but she refused to cooperate.³¹

In the first quarter of 2000, Mr. Goodrum learned that Salinas was registered with G&G. This surprised Mr. Goodrum because he had had numerous telephone conversations with Salinas between November 1999 and January 2000, and at no point had Salinas mentioned that he was planning to re-enter the securities industry. Indeed, many of the calls Mr. Goodrum received from Salinas were directed at questioning when the investigation would be wrapped up.³² At one point Mr. Goodrum asked Salinas why this was of such importance to him, and Salinas replied that he was just tired of his sister harassing him.³³ Salinas never mentioned that InterTrade was in the process of acquiring G&G.

After Mr. Goodrum discovered that Salinas was associated with G&G, on April 10, 2000, Mr. Goodrum sent a request to Mr. Garipoli at G&G for Salinas's Form U-4.³⁴ When Mr. Goodrum reviewed the form, he noticed that Salinas had not disclosed the California Civil Action.³⁵ Mr. Goodrum also learned in an ensuing telephone conversation with Mr. Garipoli that InterTrade purchased G&G. This prompted Mr. Goodrum to

²⁹ C-16.

³⁰ Mr. Goodrum testified that he did not know who left the settlement agreement for him. (Tr. 49-50.)

³¹ Tr. at 50-51.

³² Tr. at 53-54.

³³ Tr. at 54.

³⁴ Tr. at 55, 57; C-25.

³⁵ Tr. at 70-71.

contact NASD Regulation's New York office to determine if Salinas had disclosed the California Civil Action on the change of membership application.³⁶ Mr. Goodrum found that this information had been requested but not disclosed. Accordingly, NASD Regulation instituted this proceeding.³⁷

4. False Form U-4

To associate with G&G and register with the NASD, Salinas partially completed and signed a Form U-4 dated February 23, 2000.³⁸ Salinas did not answer Question 23I(1)(c), which asks an applicant to answer "yes" or "no" to the following:

23I(1) Have you been named as a respondent/defendant in an investment-related, consumer-initiated . . . civil litigation which alleged that you were involved in one or more sales practice violations and which

(c) was settled for an amount of \$10,000 or more?

Mr. Garipoli received Salinas's Form U-4 the same day it was signed and entered the information on the form into WebCRD to register Salinas with the NASD. Mr. Garipoli testified that he checked for any "yes" answers to Question 23 and, finding none, he entered all "no" responses into WebCRD. Mr. Garipoli testified that he did not notice that Question 23I(1)(c) had been left blank and that he did not learn of the Salinas lawsuit until Mr. Goodrum brought it to his attention.³⁹

³⁶ Tr. at 58-59.

³⁷ The focus of the case switched from Ms. Salinas's complaint because she stopped cooperating with the investigation after she settled with her brother. (Tr. at 63.)

³⁸ C-26.

³⁹ Tr. at 103-05.

Enforcement contends that Salinas willfully failed to disclose the existence of the California Civil Action. In his defense, Salinas claims that he did not complete the Form U-4 and that someone else at InterTrade—presumably his assistant—took it from his desk and forwarded it to G&G without his knowledge or authorization.⁴⁰ Accordingly, Salinas argues that he did not violate NASD Conduct Rule 2110.

Salinas’s explanation lacks support and credibility. All of the evidence—and the reasonable inferences from the evidence—support the finding that Salinas willfully failed to disclose the existence of the lawsuit his sister filed against him. Indeed, as discussed below, Salinas’s testimony is riddled with inconsistent and evasive statements that totally undermine his credibility.

The Hearing Panel first notes that Salinas’s explanation of why he left Question 23I(1)(c) unanswered does not jibe with the plain wording of the question. Salinas testified that he stopped filling out the form “because [he] had questions” about whether he was obligated to disclose his sister’s lawsuit.⁴¹ Salinas suggested that his uncertainty sprang from the fact that in his view the settlement had been paid by InterTrade, not him personally.⁴² However, Question 23I(1)(c) is not limited in the manner Salinas suggests. The question requires the applicant to disclose any lawsuit in which the applicant was a named defendant and which was settled for \$10,000 or more. The question does not limit disclosure to only those cases where the applicant personally pays the settlement amount. Without question, Salinas was required to disclose his sister’s lawsuit.

⁴⁰ Tr. at 187.

⁴¹ Tr. at 186.

⁴² Tr. at 191.

Salinas's defense is further undercut by the fact that Salinas registered through G&G and then took the principal's examination on behalf of G&G to "keep [his] options open."⁴³ Thus, Salinas knew that G&G had to have filed a Form U-4 on his behalf, yet he did not question the filing or take steps to correct the filed form. Salinas's behavior is inconsistent with his defense. Moreover, if Salinas's story is true, he is left without an explanation for why he failed to correct the false and incomplete Form U-4 once he learned that G&G had filed it on his behalf.

A further review of his signed Form U-4 provides an additional ground to doubt Salinas's credibility. Question 23G requires an applicant to disclose whether the applicant has been notified, in writing, that the applicant is now the subject of any investigation by NASD Regulation or other self-regulatory organization. NASD Regulation twice provided Salinas with such written notice,⁴⁴ which he received.⁴⁵ Nevertheless, Salinas falsely answered that he had not received notification of NASD Regulation's investigation of his sister's complaint. Although Enforcement did not charge Salinas with making this false answer, the Hearing Panel considers it evidence of Salinas's state of mind, supporting the Hearing Panel's conclusion that Salinas willfully failed to disclose the California Civil Action on his Form U-4.

The Hearing Panel's finding also is supported by a review of the information NASD Regulation received in response to its request for information concerning the proposed acquisition of G&G by InterTrade. As part of its membership review, NASD

⁴³ Tr. at 173.

⁴⁴ C-7; C-8.

⁴⁵ C-9; C-10.

Regulation requested G&G to supply a substantial amount of information.⁴⁶ The request centered on G&G's proposed operations, personnel, and structure following its acquisition by InterTrade. For that reason, although the request was directed to G&G, Mr. Garipoli relied on Salinas to supply much of that information.⁴⁷ Once Mr. Garipoli prepared as much of the response as he could, he sent it to Salinas to be completed.⁴⁸

Question 10 of NASD Regulation's membership information request required the disclosure of all past and pending regulatory, criminal, and civil actions against G&G and the persons that are to be associated with the firm following its acquisition by InterTrade.⁴⁹ Specifically, Question 10(ii) asked for documentation of any "investment-related civil action for damages or an injunction that is pending, adjudicated, or settled."⁵⁰ On January 25, 2000, Salinas sent the responses to NASD Regulation, but he failed to disclose the California Civil Action brought against him by his sister.⁵¹ Salinas's failure to disclose the lawsuit shows a pattern of concealing this information and strongly supports the finding that Salinas willfully failed to disclose the existence of the lawsuit on his Form U-4.

The Hearing Panel rejects Salinas's testimony that he was not involved in supplying the response to the membership information request. Mr. Garipoli testified that Salinas was the only officer he dealt with at InterTrade and that he relied on Salinas to

⁴⁶ C-23.

⁴⁷ Tr. at 99.

⁴⁸ Id.

⁴⁹ C-23, at 9.

⁵⁰ Id.

⁵¹ C-24, at 1, 3.

provide much of the information in the response to NASD Regulation. Moreover, only Salinas could answer questions regarding his background, including whether he was ever a defendant in an investment-related civil action. Mr. Garipoli could not have answered this question without seeking Salinas's input.

The Hearing Panel likewise rejects Salinas's contention that he did not sign the cover letter enclosing the responses to NASD Regulation's information request.⁵² He was not forthright in his explanation. According to Salinas, he concluded that the signature of the cover letter was not his by comparing it to "all my other signatures."⁵³ On the other hand, he could not state who signed the letter using his name.

Finally, the Hearing Panel finds that Salinas's hearing testimony was evasive and contradictory. In many cases Salinas was unwilling to answer the most basic questions. For example, Salinas at first claimed that he did not recall who owned InterTrade, despite the fact that he is its Chief Executive Officer and a stockholder.⁵⁴ Only after repeated questioning did Salinas admit that he knew the name of InterTrade's largest stockholder, a company in which Salinas was himself a stockholder.⁵⁵ In similar fashion, when asked if he was an officer of InterTrade he answered that he "might have been the CEO of the corporation," but he could not be sure without looking at his records.⁵⁶ He also claimed that the he could not remember his current office address at InterTrade.⁵⁷

⁵² See Tr. at 166.

⁵³ Tr. at 166.

⁵⁴ Tr. at 158-60.

⁵⁵ Tr. at 168, 191.

⁵⁶ Tr. at 160.

⁵⁷ Tr. at 192.

More significantly, however, Salinas contradicted and was evasive about many of statements in the membership information response he sent to NASD Regulation. The response states that Salinas is InterTrade's primary shareholder and that he was to be the principal at G&G responsible for its San Francisco Internet Office.⁵⁸ The response also states that Salinas would devote eight hours per day to conducting G&G's Internet Office of Supervisory Jurisdiction.⁵⁹ At the hearing, however, Salinas stated that he was not InterTrade's largest shareholder,⁶⁰ he was not going to be a principal at G&G after InterTrade acquired the firm,⁶¹ and he had not intended to run G&G's San Francisco Internet Office.⁶² He also denied that the business plan called for him to spend eight hours per day running G&G's Internet Office.⁶³ On the contrary, Salinas testified that he thought at the time that he might sell his shares in InterTrade and move to Hawaii.⁶⁴ Salinas could not reconcile his hearing testimony to the filed membership responses other than to claim he was not responsible for supplying the information.

Based on the foregoing, the Hearing Panel finds that Salinas willfully failed to provide required information on his Form U-4 in violation of NASD Conduct Rule 2110. The February 2000 Form U-4, which was filed with the NASD, was no doubt inaccurate. Moreover, although Mr. Garipoli in effect checked the "no" response to Question 23I(1)(c), Salinas nevertheless was responsible for ensuring the accuracy of the

⁵⁸ C-24, at 2.

⁵⁹ Id.

⁶⁰ Tr. at 168.

⁶¹ Tr. at 170.

⁶² Tr. at 172.

⁶³ Tr. at 175.

⁶⁴ Tr. at 172.

information on the form.⁶⁵ Rule 2110 articulates a “broad ethical principle” and empowers the NASD to discipline its members and associated persons for violations of just and equitable principles of trade, irrespective of whether the misconduct rises to the level of fraud.⁶⁶ Put differently, “[t]he violation of providing false information to the NASD requires only that the complainant prove the information was false.”⁶⁷

IV. SANCTIONS

A Form U-4 is fundamental to the business and integrity of the securities industry. It is “used by all the self-regulatory organizations, including the NASD, state regulators, and broker-dealers to monitor and determine the fitness of securities professionals,”⁶⁸ and “serves as a vital screening device for hiring firms and the NASD against individuals with ‘suspect history.’”⁶⁹ “The candor and forthrightness of applicants is critical to the effectiveness of this screening process.”⁷⁰ Thus, the NASD has warned applicants that:

⁶⁵ See, e.g., In re Robert E. Kauffman, Exchange Act Release No. 33,219, 1993 SEC LEXIS 3163, at *5 (Nov. 18, 1993) (construing former Rule 2110, Article III, Section 1), aff’d, 40 F.3d 1240 (3d Cir. 1994) (table); District Business Conduct Committee v. Kark, 1995 NASD Discip. LEXIS 212 (NBCC May 18, 1995) (concluding that the respondent, by signing a Form U-4 “was responsible for verifying that the personal information on it was correct” even if his employer firm prepared the form).

⁶⁶ Disciplinary hearings for violations of Conduct Rule 2110 are “ethical proceedings.” In re Timothy L. Burkes, 51 S.E.C. 356 (1993), aff’d mem., Burkes v. SEC, 29 F.3d 630 (9th Cir. 1994). See also District Business Conduct Committee v. Aspen Capital Group, No. C3A940064, 1997 NASD Discip. LEXIS 53, at *7 (NBCC Sept. 19, 1997).

⁶⁷ District Business Conduct Committee v. Prewitt, No. C07970022, 1998 NASD Discip. LEXIS 37, at *6 (NAC Aug. 17, 1998).

⁶⁸ In re Rosario R. Ruggiero, Exchange Act Release No. 37,070, 1996 SEC LEXIS 990, at *8-9 (Apr. 5, 1996).

⁶⁹ District Business Conduct Committee v. Prewitt, No. C07970022, 1998 NASD Discip. LEXIS 37, at *8 (NAC Aug. 17, 1998). See also, e.g., In re Thomas R. Alton, Exchange Act Release No. 36,058, 1995 SEC LEXIS 1975, at *4 (Aug. 4, 1995).

⁷⁰ Alton, 1995 SEC LEXIS 1975, at *4. See also, e.g., District Business Conduct Committee v. Perez, No. C10950077, 1996 NASD Discip. LEXIS 51, at *7 (Nov. 12, 1996) (“Full and accurate disclosures on a Form U-4 are critical to the securities industry because member firms must be able to assess properly whether an individual should be employed, and, if so, subject to enhanced supervision.”).

[t]he filing with the Association of information with respect to . . . registration as a Registered Representative which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or the failure to correct such filing after notice thereof, may be deemed to be conduct inconsistent with just and equitable principles of trade and when discovered may be sufficient cause for appropriate disciplinary action.

IM-1000-1. This is far more than a mere technical violation: “[a] material misrepresentation on a Form U-4 is a serious offense.”⁷¹

As discussed above, in this case, Salinas willfully violated NASD Conduct Rule 2110. The evidence demonstrates a clear effort on his part to conceal the existence of the California Civil Action from both G&G and the NASD. The Hearing Panel also finds that Salinas’s lack of candor at the hearing indicates that serious sanctions are necessary and appropriate.

The applicable Sanction Guideline for filing a false Form U-4 provides for a bar in egregious cases.⁷² The Hearing Panel considers this such a case. The information Salinas sought to keep from the NASD involved allegations that he had misappropriated or converted client funds. If true, these facts would have drawn into question his fitness to be the supervising principal of G&G’s new San Francisco Internet Office. Indeed, if true, Salinas may well have been disqualified from continuing in the securities industry. At the least, the existence of the lawsuit and its settlement for \$33,000 would have raised serious questions about his fitness. Under these circumstances, the Hearing Panel finds that Salinas should be barred from association with any NASD member firm in any capacity.⁷³

⁷¹ Alton, 1995 SEC LEXIS 1975, at *4.

⁷² NASD Sanction Guidelines 77-78 (2001 ed.).

⁷³ The Hearing Panel has not imposed a fine because the Respondent is barred. See Guidelines 13.

V. ORDER

Raymon Salinas is barred from association with any NASD member firm in any capacity for filing a false Form U-4 with the NASD, in violation of NASD Conduct Rule 2110, as alleged in the Second Cause of Complaint. The bar will become effective immediately upon this Decision becoming the final disciplinary action of the Association.⁷⁴ Salinas also is ordered to pay costs in the total amount of \$2,022.42, which include an administrative fee of \$750 and hearing transcript costs of \$1,272.42.

The Hearing Panel dismisses the First Cause of Complaint for lack of jurisdiction.

Andrew H. Perkins
Hearing Officer
For the Hearing Panel

Copies to:

Raymon Salinas (by FedEx, next day delivery, and first-class mail)
David A. Watson, Esq. (by first-class and electronic mail)
Rory C. Flynn, Esq. (by first-class and electronic mail)

⁷⁴ The Hearing Panel considered all of the arguments of the parties. They are rejected or sustained to the extent they are inconsistent or in accord with the views expressed herein.