

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

Department of Enforcement,

Complainant,

v.

Joseph Mahalick (CRD No. 5563167),

Respondent.

Disciplinary Proceeding  
No. 2013035533701

Hearing Officer – KBW

**ORDER ACCEPTING OFFER OF  
SETTLEMENT**

Date: February 11, 2016

**INTRODUCTION**

Disciplinary Proceeding No. 2013035533701 was filed on April 8, 2015, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Joseph Mahalick submitted an Offer of Settlement (Offer) to Complainant dated February 6, 2016. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint (as amended by the Offer of Settlement), 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, to the entry of findings and violations consistent with the allegations of the Complaint (as amended by the Offer of Settlement), and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

## **BACKGROUND**

1. Respondent first became registered with FINRA as a GS through a member firm on September 9, 2008. Respondent was registered with FINRA through Meyers Associates, L.P. (BD No. 34171) ("Meyers"), as a GS and an IB from December 6, 2011 through April 17, 2013. Respondent was registered with FINRA through Meyers as a GS and an IB from December 6, 2011 through April 17, 2013. From April 19, 2013 through October 13, 2015, Respondent was registered with FINRA through another member firm. Although Respondent is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) at the time the Complaint was filed, Respondent was registered with FINRA and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member.

## **FINDINGS AND CONCLUSIONS**

It has been determined that the Offer be accepted and that findings be made as follows:<sup>1</sup>

2. This case involves myriad violations of the federal securities laws and FINRA's Rules.

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<sup>1</sup> The findings herein are pursuant to Respondent Joseph Mahalick's Offer of Settlement and are not binding on any other person or entity named as a respondent in this or any other proceeding.

3. With respect to Respondent, while employed at Respondent Meyers Associates, L.P. (BD No. 34171) (“Meyers”), Respondent, George Johnson and Christopher Wynne, with whom Respondent worked, misidentified the broker of record on three account applications and over 100 order memoranda submitted to Meyers in an attempt to cover up Johnson’s violations of state registration requirements. As a result of this misconduct, Respondent caused Meyers to violate SEC Rules 17a-3(a)(6) and 17a-3(a)(17)(i)(A) and thereby violated FINRA Rules 4511 and 2010.

**FIFTH CAUSE OF ACTION**  
**Falsification of Firm Books and Records**  
**FINRA Rules 4511 and 2010**

4. FINRA Rule 4511(a) provides that “Members shall make and preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules.”

5. SEC Rule 17a-3(a)(17)(i)(A) requires brokers-dealers to make an account record for each account with a natural person that contains information concerning the customer and that indicates “whether it has been signed by the associated person responsible for the account.”

6. SEC Rule 17a-3(a)(6) requires broker-dealers to make a “memorandum of each brokerage order, and of any other instruction, given or received for the purchase or sale of securities” showing, inter alia, “the identity of each associated person, if any, responsible for the account.”

7. When Respondent joined Meyers in December 2011, Johnson was the broker responsible for the accounts of customers H.B., D.H., J.K. and D.T. However, he was not licensed in the states where these customers resided.

8. When Respondent joined Meyers, he signed account applications of Johnson customers H.B., D.H. and J.K., indicating that he (not Johnson) was “the associated person responsible for the account,” which was false

9. During 2012, Johnson solicited or placed a total of over 100 trades for H.B., D.H., J.K. or D.T., including trades of shares of IceWEB, Inc. (OTCBB: IWEB). Each time, Wynne, who entered all of Johnson’s orders, wrote on the order memorandum that Respondent, not Johnson, was the associated person responsible for the account.

10. Respondent was aware that Respondent was falsely listed as the associated person responsible for the account on order memoranda for H.B., D.H., J.K. and D.T. Respondent agreed to allow Wynne to enter false information on over 100 order memoranda submitted to Meyers in order to cover up Johnson’s violations of state securities registration requirements.

11. As a result of the forgoing, Respondent caused Meyers’ books and records to be false.

12. By virtue of the foregoing conduct, Respondent caused Meyers to violate SEC Rules 17a-3(a)(6) and 17a-3(a)(17)(i)(A).

13. Based on the foregoing, Respondent violated FINRA Rules 4511 and 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

## SANCTIONS

It is ordered that Respondent be:

- Suspended from association with any FINRA member in all capacities for a period of six months; and
- Fined in the amount of \$20,000

The fine shall be due and payable either immediately upon reassociation with a member firm following the six month suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

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

SO ORDERED.

FINRA

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



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Samuel L. Barkin  
Senior Regional Counsel  
FINRA, District 10  
Brookfield Place  
200 Liberty Street  
New York, NY 10281-1003  
(212) 858-4074  
(202) 721-6573 (direct fax)  
samuel.barkin@finra.org