

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

CHARLES THOMAS STEVENS
(CRD No. 1698058),

Respondent.

Disciplinary Proceeding
No. 2017056627801

Hearing Officer–MC

DEFAULT DECISION

March 26, 2021

Respondent Charles Thomas Stevens is barred from associating with any FINRA member firm in any capacity for failing to appear and provide on-the-record testimony. Because of the bar, no separate sanctions are imposed for Stevens’ (i) failures to update his Form U4 to disclose or timely disclose tax liens and a judgment; and (ii) making false statements to his member firm employer.

Appearances

For the Complainant: Rebecca Carvalho, Esq., Tiffany A. Buxton, Esq., Richard Chin, Esq., and Savvas A. Foukas, Esq., Department of Enforcement, Financial Industry Regulatory Authority

For the Respondent: Pro se

DECISION

I. Introduction

The Department of Enforcement filed a three-cause Complaint against Respondent Charles Thomas Stevens on December 1, 2020. The first cause of action charges that he willfully failed to disclose a judgment and three tax liens, and failed to timely disclose other liens, on his Uniform Application for Securities Industry Registration or Transfer (Form U4). The second cause charges that Stevens falsely represented to his member firm employer that he did not have any unreported liens. The third cause charges that he failed twice to appear and testify at an on-the-record interview (“OTR”).

On the date he should have filed his Answer, Stevens instead sent a letter to Enforcement. Enforcement forwarded the letter to the Office of Hearing Officers. I then scheduled an initial

pre-hearing conference. Stevens did not appear. Subsequently, he failed to attend a second pre-hearing conference and stated he would not attend a scheduled hearing to show cause why he should not be held in default. Enforcement filed a motion for entry of a default decision (“default motion”) and imposition of sanctions, including a bar.

For the reasons given below, I find Stevens in default for failing to appear at the pre-hearing conferences. I therefore grant the default motion, deem the allegations in the Complaint admitted pursuant to FINRA Rules 9241(f) and 9269(a), and bar Stevens from associating in any capacity with any FINRA member firm.

II. Findings of Fact and Conclusions of Law

A. Stevens’ Background

Stevens is a veteran broker. He first registered with FINRA as a General Securities Representative (“GSR”) with NY Life Securities, LLC in June 1987.¹ In May 2006, NY Life terminated Stevens’ association with the firm.² He registered as a GSR with FINRA member firm D.H. Hill Securities, LLLP in June 2006.³ D.H. Hill reported the voluntary termination of Stevens’ association with the firm on February 5, 2020.⁴ Although Stevens is not currently registered with a FINRA member firm, FINRA retains jurisdiction over him pursuant to Article V, Section 4(a) of FINRA’s By-Laws because Enforcement filed the Complaint within two years after the effective date of termination of his FINRA registration.

B. Origin of the Investigation

In 2017 FINRA initiated an investigation into whether Stevens had failed to make required disclosures on his Form U4.⁵ During the investigation, Enforcement issued multiple requests pursuant to FINRA Rule 8210 for Stevens to appear and testify at two scheduled OTRs. Stevens did not appear at either OTR. The investigation culminated in the filing of the Complaint.

C. Stevens’ Default

Enforcement properly served the Complaint and Notice of Complaint on December 1, 2020.⁶ Stevens did not file an answer responding to each allegation in the Complaint as required

¹ Declaration of Rebecca Carvalho (Decl.) ¶ 4; Enforcement’s exhibit (“CX-”) 1, at 3.

² Decl. ¶ 5; CX-2.

³ Decl. ¶ 6; CX-1, at 3.

⁴ Decl. ¶ 7; CX-3.

⁵ Decl. ¶ 9.

⁶ Decl. ¶¶ 24–26; CX-5.

by FINRA rules. Instead, he sent Enforcement a letter with an affidavit attached.⁷ The letter describes the affidavit as his “response” to the Complaint and states that he has “no desire to participate in any of these unjustified complaints and notice of complaints.”⁸ On December 29, 2020, Enforcement forwarded the documents to the Office of Hearing Officers.⁹

In the affidavit, Stevens “categorically denies” that he engaged in “any ‘willful’ acts alleged by FINRA.” Stevens asserts that he “does not possess sufficient information to ‘deny’ or ‘admit’ any of the allegations” in the Complaint. He also argues that the IRS “refused to provide” proof that he received taxable income, and that service of a notice of lien did not require him to amend his Form U4 because a notice is not a “*bona fide lien*” and contains no verifiable evidence that he has tax liabilities.¹⁰

On December 30, 2020, I issued an order directing the parties to participate in a pre-hearing conference on January 7, 2021. The order informed the parties that failure to appear could be deemed a default. Stevens failed to appear. When Enforcement contacted him by telephone, Stevens said he was travelling and unable to attend. The same day, the Case Administrator assigned to the case contacted Stevens who said he would be available to participate in a pre-hearing conference on January 12.¹¹ I issued an order rescheduling the pre-hearing conference for that date. The order again warned the parties that failure to attend could be deemed a default. As before, Stevens did not appear.

I immediately issued an order requiring Stevens to appear on January 14, 2021, to show cause why he should not be held in default for failing to appear at the two pre-hearing conferences. On January 13, Stevens sent an email to the Case Administrator stating, among other things, “I will not be available for your meeting tomorrow or any other time.”¹²

On January 15, 2021, I issued an order cancelling the show-cause hearing and directing Enforcement to file a default motion. On February 12, Enforcement filed the default motion with a supporting memorandum of law, a declaration of counsel, and thirteen exhibits. Enforcement served Stevens with a copy of the default motion in accordance with FINRA’s rules. Stevens has not responded to the default motion.

Accordingly, I find Stevens in default.¹³

⁷ Decl. ¶ 27.

⁸ CX-6, at 1.

⁹ Decl. ¶ 28; CX-7.

¹⁰ CX-6, at 2.

¹¹ Decl. ¶ 34.

¹² CX-11, at 2.

¹³ Stevens is notified that he may move to set aside the default for good cause pursuant to FINRA Rule 9269(c).

D. Stevens Willfully Failed to Disclose or Timely Disclose Numerous Liens and a Consent Judgment on his Form U4

1. Findings of Fact

From January 24, 2006, to April 16, 2018, the IRS filed 19 liens against Stevens for unpaid taxes for tax years 1998–2006 and 2009–2013.¹⁴

As Enforcement contends, Stevens was aware of the liens on or about the dates they were recorded.¹⁵ For example, on April 2, 2018, he made a timely disclosure of a lien recorded on March 5, 2018.¹⁶ The first lien he disclosed, on March 17, 2006, was recorded seven weeks earlier. He removed it from his Form U4 in July 2007, only to disclose it again on February 14, 2018, and remove it on the following day.¹⁷

Stevens never disclosed three liens: one from April 2013 for nearly \$216,000; one from March 2018 for almost \$111,000; and one from April 2018 for a little over \$9,000. He ultimately disclosed the existence of the other 16 liens, but late—sometimes years late.¹⁸ In one instance, Stevens should have disclosed a lien for \$420,816 recorded on May 31, 2006, by June 30, 2006. He did not disclose it until February 14, 2018. When he did so, he falsely reported that it had been released or discharged.¹⁹ Stevens also inaccurately reported the release dates of other liens, falsely reported that liens had been released or discharged, and removed previously disclosed, unsatisfied liens from his Form U4.²⁰ Consequently, since 2006, Stevens’ Form U4 has portrayed a grossly inaccurate representation of his substantial tax liabilities.²¹

The IRS filed a complaint against Stevens in April 2013 to obtain a consolidated judgment for federal income taxes he owed for tax years 1998–2006 and 2009, and to foreclose on several liens related to real estate he owned.²² The IRS and Stevens, through counsel, jointly moved for the entry of a consent judgment against him for the unpaid taxes, totaling \$634,387. A

¹⁴ Complaint (“Compl.”) ¶ 16. Exhibit A to the Complaint (“Exhibit A”) details the liens.

¹⁵ Compl. ¶ 17; Exhibit A.

¹⁶ Exhibit A. This lien is referred to in the Complaint and listed on Exhibit A as Lien 18.

¹⁷ Exhibit A. This lien is referred to in the Complaint and listed on Exhibit A as Lien 1.

¹⁸ Compl. ¶ 19; Exhibit A.

¹⁹ Compl. ¶¶ 19, 20(c); Exhibit A. This lien is referred to in the Complaint and listed on Exhibit A as Lien 2.

²⁰ Compl. ¶ 20.

²¹ Compl. ¶ 20; Decl. ¶ 46.

²² Compl. ¶ 21; Decl. ¶ 13.

court entered this judgment on January 28, 2015.²³ Stevens never disclosed the judgment on his Form U4.²⁴

2. Conclusions of Law

All registered representatives must keep their Forms U4 current and accurate. Article V, Section 2(c) of FINRA’s By-Laws directs registered representatives to update their Forms U4 “not later than thirty days after learning” of the occurrence of a reportable event, such as the filing of a lien or judgment. FINRA Rule 1122 prohibits registered persons from filing information that is “incomplete or inaccurate so as to be misleading . . . or fail to correct” an inaccurate filing.

Question 14M on Form U4 asks pointedly, “Do you have any unsatisfied judgments or liens against you?” An answer of “yes” requires the representative to report the amount of the lien or judgment and the date it was filed.

Regulators, broker-dealers, and the public, rely on accurate and timely disclosures of financial liabilities on Form U4 “to determine and monitor the fitness of securities professionals.”²⁵ It is an essential tool to protect investors and the public interest, serving as “an early warning mechanism” to help identify individuals with problematic financial histories. As the SEC observed, “The importance of that form, as a regulatory tool, cannot be overestimated.”²⁶ Stevens’ numerous liens and the judgment, amounting to hundreds of thousands of dollars, were clearly material to the ability of his employer, his customers, and FINRA, to assess his fitness to manage his own as well as others’ financial affairs.²⁷

Accordingly, Stevens’ failures to disclose or timely disclose the liens and the judgment, and update his Form U4, violated Article V, Section 2(c) of FINRA’s By-Laws and FINRA Rule 1122. His long-term pattern of misconduct also constitutes a failure to adhere to “high standards of commercial honor and just and equitable principles of trade,” in violation of FINRA Rule 2010.²⁸

Finally, Stevens knew about the judgment consolidating many of the 19 liens, totaling \$634,387, because his counsel filed it with his consent.²⁹ He knew of these liens, filed over 12

²³ Compl. ¶ 22; Exhibit A; Decl. ¶¶ 14, 46.

²⁴ Compl. ¶¶ 21–23; Decl. ¶ 14.

²⁵ *David Adam Elgart*, Exchange Act Release No. 81779, 2017 SEC LEXIS 3097, at *10–11 (Sept. 29, 2017) (quoting *Wedbush Sec., Inc.*, Exchange Act Release 78568, 2016 SEC LEXIS 2794, at *36 (Aug. 12, 2016), *petition for review denied*, 719 F. App’x 724 (9th Cir. 2018)), *petition for review denied*, 750 F. App’x 821 (11th Cir. 2018).

²⁶ *Robert D. Tucker*, Exchange Act Release No. 68210, 2012 SEC LEXIS 3496, at *26 (Nov. 9, 2012).

²⁷ *Id.*, at *30–31; *Scott Mathis*, Exchange Act Release No. 61120, 2009 SEC LEXIS 4376, at *28–29 (Dec. 7, 2009), *aff’d*, 671 F.3d 210 (2d Cir. 2012).

²⁸ *Elgart*, 2017 SEC LEXIS 3097, at *8–9.

²⁹ Decl. ¶ 46.

years, at about the time they were recorded.³⁰ Therefore, his violations of the By-Laws and rules requiring accurate and timely disclosure were willful.³¹ An associated person who willfully omits any material fact required to be disclosed in an application or report to FINRA is subject to statutory disqualification.³²

E. Stevens Made False Statements to his Member Firm Employer

1. Findings of Fact

In three annual compliance questionnaires from 2016–2018, Stevens submitted answers to his firm falsely stating that he had no undisclosed liens. In addition, in 2016 and 2018, he responded “yes” to the question asking if the information contained in his Form U4 was accurate. In truth, when he submitted those answers he knew he had failed to disclose the judgment and numerous unsatisfied liens filed against him.³³

2. Conclusions of Law

FINRA Rule 2010 requires registered representatives to “observe high standards of commercial honor and just and equitable principles of trade.” It is well established that making false statements, including untrue representations about lien filings, to a firm on an annual compliance questionnaire violates FINRA Rule 2010.³⁴

F. Stevens Failed to Appear and Provide Testimony

1. Findings of Fact

While investigating the accuracy of Stevens’ Form U4 disclosures, Enforcement requested and received documents and information from Stevens pursuant to FINRA Rule

³⁰ Compl. ¶ 22, Exhibit A.

³¹ Compl. ¶¶ 17, 23, 24; Decl. ¶ 46; *Joseph S. Amundsen*, Exchange Act Release No. 69406, 2013 SEC LEXIS 1148, at *36–38 (Apr. 18, 2013) (A failure to disclose information on a Form U4 is willful when the false answers are not involuntary or inadvertent and the registered representative supplies false answers while aware of the correct information that should be disclosed).

³² Section 3(a)(39) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78c(a)(39); Section 15(b)(4)(A) of the Exchange Act, 15 U.S.C. § 78o(b)(4)(A); FINRA By-Laws Art. III, § 4; *Michael Earl McCune*, Exchange Act Release No. 77375, 2016 SEC LEXIS 1026, at *14 (Mar. 15, 2016), *aff’d* 672 F. App’x 865 (10th Cir. 2016). Form U4 is a required application to FINRA within the meaning of Sections 3(a)(39) and 15(b)(4)(A) of the Exchange Act.

³³ Compl. ¶¶ 29–34; Decl. ¶¶ 15–17.

³⁴ *Richard Allen Riemer, Jr.*, Exchange Act Release No. 85413, 2018 SEC LEXIS 3022, at *17–18 (Oct. 31, 2018) (registered representative’s false attestation that he had no undisclosed liens violated FINRA Rule 2110 (predecessor to Rule 2010)); *Dep’t of Enforcement v. Mielke*, No. 200919837302, 2014 FINRA Discip. LEXIS 24, at *39–40 (NAC July 18, 2014) (misstatements on firm compliance questionnaires violate FINRA Rule 2010), *aff’d*, Exchange Act Release No. 75981, 2015 SEC LEXIS 3927 (Sept. 24, 2015).

8210.³⁵ Enforcement then issued a series of Rule 8210 requests for him to appear and testify at an OTR. Enforcement sent the first request on April 16, 2020, for Stevens to appear on May 1, by videoconference, to testify about matters material to Enforcement’s investigation.³⁶ Stevens responded by email that he was unavailable on that date.³⁷ Enforcement rescheduled the OTR and sent requests on June 2 and 10, 2020, for him to testify by videoconference on June 17.³⁸ Stevens emailed Enforcement on June 11 to say he would be out of town that week.³⁹

Enforcement again rescheduled the OTR and on June 15 sent a Rule 8210 request for Stevens to testify by videoconference at 9:30 a.m. on June 25.⁴⁰ Stevens acknowledged receipt by signing the copy of the request delivered by FedEx on June 24, 2020.⁴¹ Stevens did not appear, but instead sent an email at 9:28 a.m. on June 25 claiming that he would not be available for that morning’s interview.⁴² Once more, Enforcement rescheduled the OTR and the same day sent a Rule 8210 request for Stevens to testify by videoconference on July 14, 2020.⁴³ Stevens again acknowledged with his signature that he received the request delivered by FedEx on June 26.⁴⁴ Nevertheless, he did not appear, explain his absence, or request to reschedule the OTR.⁴⁵

2. Conclusions of Law

FINRA Rule 8210 obligates registered representatives to comply with requests FINRA makes in an investigation “to provide information orally, in writing, or electronically . . . and to testify . . . under oath” regarding “any matter involved in the investigation.”

Without subpoena power, Rule 8210 is the mechanism FINRA relies upon to gather information in investigations necessary to its regulatory mission.⁴⁶ It must therefore depend upon Rule 8210 to fulfill its regulatory responsibilities.⁴⁷ The rule is at the heart of the self-regulatory system for the securities industry. It provides FINRA with authority to compel any person within its jurisdiction to testify under oath in connection with an investigation. As a registered

³⁵ Decl. ¶ 40.

³⁶ Compl. ¶¶ 40, 52.

³⁷ Compl. ¶ 41.

³⁸ Compl. ¶ 42.

³⁹ Compl. ¶ 43.

⁴⁰ Compl. ¶ 44.

⁴¹ Compl. ¶ 45.

⁴² Compl. ¶¶ 46, 47.

⁴³ Compl. ¶ 48.

⁴⁴ Compl. ¶ 49.

⁴⁵ Compl. ¶ 50.

⁴⁶ *Joseph Ricupero*, Exchange Act Release No. 62891, 2010 SEC LEXIS 2988, at *21 (Sept. 10, 2010).

⁴⁷ *CMG Institutional Trading, LLC*, Exchange Act Release No. 59325, 2009 SEC LEXIS 215, at *15 (Jan. 30, 2009) (citing *Paz Sec., Inc.*, Exchange Act Release No. 57656, 2008 SEC LEXIS 820, at *12 (April 11, 2008)).

representative, Stevens “had an unequivocal obligation” to comply with FINRA’s request to provide testimony in the investigation leading to the Complaint in this case.⁴⁸ His failures to testify violated FINRA Rules 8210 and 2010.⁴⁹

III. Sanctions

In determining the appropriate sanctions, I applied the FINRA Sanction Guidelines (“Guidelines”) and considered the specific guidelines for each violation, including the General Principles Applicable to all Sanction Determinations, and the Principal Considerations in Determining Sanctions (“Principal Considerations”).⁵⁰

A. The Form U4 Violations

For Stevens’ violations of Article V, Section 2(c) of FINRA’s By-Laws and FINRA Rules 1122 and 2010, by willfully failing to disclose a judgment and three liens, and willfully failing to make timely disclosure of 16 other liens, Enforcement seeks a suspension in all capacities for eight months and a fine of \$5,000.⁵¹ Because of the number and dollar value of the undisclosed liens and judgment and the lengthy period of Stevens’ Form U4 violations, I find Enforcement’s recommendations insufficiently remedial.

For failing to file timely amendments to a Form U4, the Guidelines recommend a fine of \$2,500 to \$39,000. If there are aggravating factors, the Guidelines recommend a suspension in any or all capacities ranging from ten business days to six months. When aggravating factors predominate, the Guidelines recommend considering a longer suspension, of up to two years.⁵²

The applicable Principal Considerations relevant to Stevens’ misconduct point to the nature and significance of the information requiring disclosure, the number and dollar value of the liens and judgment, the duration of the misconduct, and whether the liens and judgment have been satisfied.⁵³

As Enforcement has established, the liens and judgment constitute significant material information that Stevens needed to report.⁵⁴ From 2006 to 2020, Stevens never disclosed the judgment and three unsatisfied tax liens, and disclosed 16 liens late. The judgment for \$634,387 did not include some of the 19 liens, leaving additional unpaid taxes of approximately \$100,000. Such numerous, large, and unpaid, financial liabilities reflect on Stevens’ ability to handle his

⁴⁸ *David Kristian Evansen*, Exchange Act Release No. 75531, 2015 SEC LEXIS 3080, at *16 (July 27, 2015).

⁴⁹ *Howard Brett Berger*, Exchange Act Release No. 58950, 2008 SEC LEXIS 3141, at *1–2 & n.2 (Nov. 14, 2008)

⁵⁰ Guidelines (2020), <http://www.finra.org/sanctionguidelines>.

⁵¹ Decl. ¶ 46.

⁵² Guidelines at 71.

⁵³ *Id.*

⁵⁴ Compl. ¶ 24.

own financial obligations and manage his customers' financial affairs. These are important factors for investors to consider in choosing him as a broker, and for employers considering whether to hire or retain him.⁵⁵

For these reasons, I conclude that a one-year suspension and fine of \$15,000 are appropriately remedial sanctions for Stevens' Form U4 violations. Because of the bar for the Rule 8210 violations, however, it is unnecessary to impose these sanctions. As noted above, Stevens is subject to statutory disqualification for his willful violations of Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010.

B. The False Statement Violations

For Stevens' false statements on his member firm employer's compliance forms, in violation of FINRA Rule 2010, Enforcement recommends a six-month suspension in all capacities and a \$5,000 fine.⁵⁶

The Guidelines do not address violations consisting of an associated person's false statements to an employer. In such situations, the Guidelines encourage adjudicators to refer to Guidelines for analogous violations.⁵⁷ In cases involving false statements to a member firm employer, the Guideline recommendations for falsification of records are applicable.⁵⁸

The Guideline for falsifying a document, when no customer harm results, recommends a suspension from two months to two years and a fine of \$5,000 to \$155,000. The applicable Principal Consideration is the nature of the falsified document.⁵⁹ Here, Stevens' false answers frustrated his firm's ability to rely upon documents—three successive annual compliance questionnaires—to monitor the accuracy of his Form U4.⁶⁰

For these reasons, I find Enforcement's sanction recommendations to be reasonable and appropriately remedial. Because of the bar for the Rule 8210 violations it is unnecessary to impose these sanctions.

⁵⁵ *Elgart*, 2017 SEC LEXIS 3097, at *29–30 (failure to disclose liens for hundreds of thousands of dollars is material to customers' and regulators' ability to assess fitness to be associated with a member firm); *Dep't of Enforcement v. Robert D. Tucker*, No. 2007009981201, 2011 FINRA Discip. LEXIS 66, at *12, 22 (NAC Oct. 4, 2011), *aff'd sub nom.*, 2012 SEC LEXIS 3496.

⁵⁶ Decl. ¶ 49.

⁵⁷ Guidelines at 1.

⁵⁸ *See, e.g., Mielke*, 2014 FINRA Discip. LEXIS 24, at *70–71.

⁵⁹ Guidelines at 37.

⁶⁰ Decl. ¶ 48.

C. The Rule 8210 Violations

Enforcement seeks to bar Stevens in all capacities for failing to appear and provide testimony as required by Rule 8210.⁶¹ As noted above, before FINRA issued its requests for him to testify, Stevens provided documents and information in response to Rule 8210 requests. Stevens, therefore, fits in the category described by the Guidelines as one who provides “a partial but incomplete response” to Rule 8210 requests.⁶²

For a partial but incomplete response “a bar is standard unless the person can demonstrate that the information provided substantially complied with all aspects of the request.”⁶³ Additionally, the Principal Considerations for a partial but incomplete response require assessing: (1) the importance of the information requested but not provided as viewed from FINRA’s perspective, and whether the information provided was relevant and responsive to the request; (2) the number of requests made, the time the respondent took to respond, and the degree of regulatory pressure required to obtain a response; and (3) whether the respondent thoroughly explained valid reasons(s) for deficiencies in the response.⁶⁴

Stevens cannot demonstrate that the documents and information he provided before Enforcement sought his testimony were sufficient to satisfy its requests for information. As Enforcement explains, it needed his testimony to evaluate the responses he had given to the earlier requests.⁶⁵

The Principal Considerations applicable to a partial but incomplete response reveal only aggravating, and no mitigating, factors. First, Enforcement believes that Stevens’ testimony was “critical to Enforcement’s investigation in order to assess the representations in his responses and his knowledge and satisfaction of the liens and consent judgment.”⁶⁶ As the Guidelines make clear, and precedent confirms, Enforcement’s evaluation of the importance of the information it seeks under Rule 8210 is determinative.⁶⁷

Second, from April 16 to June 25, 2020, Enforcement issued five requests for Stevens to testify. When Stevens stated that he was unavailable in advance of the first two scheduled OTRs, Enforcement accommodated him by rescheduling. When he claimed on the morning of the third

⁶¹ Decl. ¶ 39.

⁶² Decl. ¶ 40.

⁶³ Guidelines at 33.

⁶⁴ *Id.*

⁶⁵ Decl. ¶ 43.

⁶⁶ Compl. ¶ 52; Decl. ¶ 43.

⁶⁷ *Evansen*, 2015 SEC LEXIS 3080, at *58–59.

scheduled OTR that he was unavailable, Enforcement again rescheduled. Finally, Stevens gave no explanation for his failure to appear for the fourth scheduled OTR.⁶⁸

Sanctions are to be remedial, to deter and prevent recurrence of misconduct.⁶⁹ Thus it is relevant to consider Stevens' Rule 8210 violations in the context of the centrality of Rule 8210 to FINRA's regulatory mission.⁷⁰ Cooperation and compliance with investigatory requests are "critically important to the self-regulatory system."⁷¹ Refusals to provide testimony as required by Rule 8210 frustrate FINRA's regulatory mission and impede its "ability to detect misconduct that threatens investors and markets."⁷² The SEC has held that such misconduct "renders the violator presumptively unfit for employment in the securities industry."⁷³

For these reasons, I agree with Enforcement's recommendation that, under the circumstances of this case, a bar from associating with any FINRA member in any capacity is the appropriately remedial sanction for Stevens' failures to appear and provide testimony.

IV. Order

Respondent Charles Thomas Stevens is barred from associating with any FINRA member firm in any capacity for failing to appear and provide on-the-record testimony in violation of FINRA Rules 8210 and 2010.

In light of the bar, no separate sanctions are imposed for Stevens' violations of (i) Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010, by willfully failing to amend his Form U4 to disclose a judgment and three liens and make timely disclosure of 16 other liens; and (ii) FINRA Rule 2010 by submitting false statements on three of his firm's annual compliance questionnaires. Stevens' willful failure to amend his Form U4 subjects him to statutory disqualification.

⁶⁸ Compl. ¶¶ 40–51.

⁶⁹ Guidelines at 2–3 (Principal Consideration Nos. 1, 3).

⁷⁰ *Evansen*, 215 SEC LEXIS 3080, at *63.

⁷¹ *Id.* (quoting *Morton Bruce Erenstein*, Exchange Act Release No. 56768, 2007 SEC LEXIS 2596, at *31 (Nov. 8, 2007), *aff'd*, 316 F. App'x 865 (11th Cir. 2008)).

⁷² *Id.* (quoting *Berger*, 2008 SEC LEXIS 3141, at *14–15).

⁷³ *Geoffrey Ortiz*, Exchange Act Release No. 58416, 2008 SEC LEXIS 2401, at *31 (Aug. 22, 2008) (quoting *Paz Sec. Inc.*, Exchange Act Release No. 57656, 2008 SEC LEXIS 820, at *10 (Apr. 11, 2008)).

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



Matthew Campbell
Hearing Officer

Copies to:

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