

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Peter Nicholas Dourdas
(CRD No. 1533296),

Respondent.

DISCIPLINARY PROCEEDING
No. 2013038018901

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. From 2008 through July 2012 (the "Relevant Period"), while registered with Questar Capital Corporation ("QCC" or the "Firm"), Respondent Peter Nicholas Dourdas ("Dourdas" or "Respondent") provided false information to QCC during his annual supervisory interviews, in violation of NASD Rule 2110 and FINRA Rule 2010. Furthermore, during FINRA's investigation into allegations of possible conversion of funds belonging to one of his securities customers, Dourdas failed to provide documents and information, and failed to appear and provide testimony requested pursuant to FINRA Rule 8210 on two occasions, in violation of FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Dourdas entered the securities industry in 1999 and became registered as a Series 6 Investment Company Products/Variable Contracts Representative (“IR”) in 2001. During the period from August 2001 to July 2013, he was consecutively associated and registered with three FINRA-regulated broker-dealers, including QCC. Dourdas was registered as an IR with QCC from December 2006 through September 2013.

3. On or about September 18, 2013, QCC filed a Form U-5 (“Uniform Termination Notice for Securities Industry Registration”) for Dourdas, disclosing that it terminated Dourdas’ employment on September 16, 2013, based on his “failure to disclose an outside business activity”. Dourdas has not been associated or registered with any FINRA-regulated firm since the termination of his employment with QCC.

4. Although Dourdas 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) the Complaint was filed within two years after the effective date of termination of Respondent’s registration with the Firm, namely, September 18, 2013, and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member and with failing to respond to FINRA requests for information during the two-year period after the date upon which he ceased to be registered or associated with a FINRA member.

FIRST CAUSE OF ACTION

Providing False Information to the Firm During Supervisory Interviews (NASD Rule 2110 and FINRA Rule 2010)

5. The Department realleges and incorporates by reference paragraphs 1 through 4 above.
6. During the Relevant Period, Dourdas was married to KD. KD is JD's second cousin.
7. In 1999, JD signed papers establishing a life insurance trust (the "Life Insurance Trust") designating Dourdas as trustee. At the time, JD was one of Dourdas' insurance customers, and later became one of his securities customers.
8. NASD Rule 2110 and FINRA Rule 2010 states that "[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade."
9. During the years 2008, 2010, 2011 and 2012, MG, a Designated Supervisory Principal for the Firm, was assigned to conduct the Firm's required annual supervisory interview (the "Supervisory Interview") with Dourdas. During these Supervisory Interviews, MG asked Dourdas a series of standard questions that included a question regarding whether Dourdas was acting as a fiduciary.
10. During the Supervisory Interview conducted on or about August 14, 2008, MG asked Dourdas the question: "[Are you] acting in a fiduciary capacity as an executor or trustee for any non-related client?" Dourdas replied "No."

11. During the Supervisory Interview conducted on August 31, 2010, MG asked Dourdas the question: “[Are you] acting in a fiduciary capacity as an executor or trustee for any non-related client?” Dourdas replied “No.”

12. When Dourdas responded to these questions during his Supervisory Interviews, he was aware that the Firm did not consider a second cousin to be a “non-related client.”

13. During the Supervisory Interview conducted on September 28, 2011, MG asked Dourdas the question: “Are you acting in a fiduciary capacity, such as an executor or trustee?” Dourdas replied “No.”

14. During the Supervisory Interview conducted on October 24, 2012, MG asked Dourdas the question: “Are you acting in a fiduciary capacity, such as an executor or trustee?” Dourdas replied “No.”

15. At the time Dourdas gave these negative responses to MG’s questions, Dourdas was acting in a fiduciary capacity for JD as the trustee for JD’s Life Insurance Trust. Accordingly, Dourdas’ response to the Supervisory Interview conducted on August 14, 2008 constituted a false statement made to the Firm, in violation of NASD Rule 2110. Dourdas’ responses to the Supervisory Interviews conducted on August 31, 2010, September 28, 2011 and October 24, 2012 constituted false statements made to the Firm, in violation of FINRA Rule 2010.

SECOND CAUSE OF ACTION

**Failure to Comply with Two Requests for Documents and
Testimony in connection with a FINRA Investigation
(FINRA Rules 8210 and 2010)**

16. The Department realleges and incorporates by reference Paragraphs 1 through 15 above.

17. FINRA Rule 8210 provides, in relevant part, that FINRA staff “shall have the right to require a member, person associated with a member, or any other person subject to FINRA’s jurisdiction to provide information . . . with respect to any matter involved in [an] investigation.”

18. A violation of FINRA Rule 8210 is also a violation of FINRA Rule 2010.

19. On October 31, 2013, FINRA opened an investigation into Dourdass’ alleged misconduct reported in the Form U-5 filed by the Firm.

20. During the course of FINRA’s investigation, additional allegations surfaced that Dourdass may have also converted funds from Firm customer JD.

21. On August 8, 2014, Enforcement sent a letter to Respondent, requesting pursuant to FINRA Rule 8210, that he provide certain information and documents by August 29, 2014, and appear and provide testimony on September 9, 2014 at FINRA’s offices in New York City, in connection with its investigation (the “August 8 Letter”).

22. The August 8 Letter advised Dourdass that his failure to provide the requested information and documents, or the requested testimony, could subject him to sanctions, including a bar from the securities industry.

23. Enforcement sent the August 8 Letter, by certified mail, return receipt requested, and regular first-class mail to Dourdass’ last known residential address as reflected in the Central Registration Depository (the CRD Address).

24. Dourdas received the August 8 Letter and counsel for Dourdas called Enforcement requesting an extension of time to provide information and documents to Enforcement, and a postponement of Dourdas' testimony due to scheduling conflicts. Based on this request, Enforcement staff agreed to an extension of time until October 6, 2014, for the production of information and documents requested by the August 8 Letter, and to postpone Dourdas' testimony until October 10, 2014.

25. Dourdas failed to provide any of the information or documents requested by the August 8 Letter by October 6, 2014.

26. On October 8, 2014, counsel for Dourdas informed Enforcement that she would no longer be representing Dourdas.

27. On October 10, 2014, Dourdas failed to appear and provide testimony as requested.

28. On October 10, 2014, Enforcement sent a second letter to Dourdas pursuant to FINRA Rule 8210 (the "October 10 Letter"). The October 10 Letter advised Dourdas that he failed to comply with the August 8 Letter requesting information and documents, and to appear and provide testimony. The October 10 Letter again directed Dourdas to produce the information and documents requested, by October 20, 2014, and to appear and provide testimony on October 22, 2014 at FINRA's offices in New York City.

29. The October 10 Letter further advised Dourdas that his failure to provide the requested information and documents, or his failure to appear and provide testimony, could subject him to sanctions, including a bar from the securities industry.

30. Enforcement sent the October 10 Letter by certified mail, return receipt requested, and regular first-class mail to Dourdass' CRD Address.

31. The United States Postal Service ("USPS") returned to Enforcement the October 10 Letter sent by certified mail, return receipt requested. The envelope for the returned October 10 Letter indicated that it was "unclaimed" and that USPS was "unable to forward" the letter.

32. The copy of the October 10 Letter sent to Dourdass by first-class mail has not been returned to Enforcement.

33. Dourdass failed to provide the documents and information requested by October 20, 2014. He also failed to appear and provide testimony on October 22, 2014, as requested by the October 10 Letter.

34. To date, Dourdass has not provided the information and documents, and has not appeared for testimony, as requested by Enforcement in the August 8 and October 10 Rule 8210 Letters.

35. By reason of the foregoing, Respondent failed to provide the documents and information and the testimony requested in connection with a FINRA investigation, in violation of FINRA Rules 8210 and 2010.

36. The acts, practices, and conduct described above constitute separate and distinct violations of FINRA Rules 8210 and 2010.

RELIEF REQUESTED

WHEREFORE, the Department of Enforcement respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent committed the

violations charged and alleged herein;

- B. order that one or more of the sanctions provided under FINRA Rule 8310(a) be imposed; and
- C. order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date:

7/15/15



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