

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Glenn McDowell (CRD No. 2748337),

Respondent.

DISCIPLINARY PROCEEDING
No. 2013035902701

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. During the time period of May 24, 2012 to July 26, 2012 (the “Relevant Period”), while employed as a registered representative at National Securities Corporation, Respondent Glenn McDowell (“McDowell”) executed at least 38 unauthorized transactions in a customer’s account. By virtue of this conduct, McDowell violated FINRA Rule 2010.

RESPONDENT AND JURISDICTION

2. McDowell first became registered as a General Securities Representative through an association with a FINRA member firm in February 1998. McDowell was registered as a General Securities Representative through consecutive associations with three different FINRA member firms from 1998 until May 2001, when McDowell became associated with FINRA member firm National Securities Corporation. McDowell’s employment and registration with

National Securities was terminated in January 2013. McDowell subsequently registered as a General Securities Representative with two other FINRA member firms until October 2015.

3. McDowell has not been registered with FINRA, or been associated with a FINRA member firm, since October 6, 2015.

4. Although McDowell is no longer registered or associated with a FINRA member firm, 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 McDowell's registration with a FINRA member firm, namely, October 6, 2015, and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member firm.

CAUSE OF ACTION
Unauthorized Trading
FINRA Rule 2010

5. The Department realleges and incorporates by reference paragraphs 1-4 above.

6. FINRA Rule 2010 requires members and associated persons, in the conduct of their business, to "observe high standards of commercial honor and just and equitable principles of trade." It is a violation of FINRA Rule 2010 for an associated person to engage in unauthorized trading.

7. During the Relevant Period, McDowell was assigned as the registered representative of record for the individual brokerage account of customer DG.

8. Customer DG never authorized McDowell to exercise discretion in DG's individual brokerage account. DG's individual brokerage account was not a discretionary

account, DG never executed a discretionary account agreement, and National Securities prohibited any discretionary trading, other than same day time and price discretion.

9. During the Relevant Period, McDowell executed 38 transactions in the account of customer DG without first obtaining authorization, for which McDowell earned approximately \$5300 in commissions. Those transactions and the corresponding commissions paid to McDowell were:

- a. May 24, 2012 purchase of 5,000 shares of Synergy Pharmaceuticals Inc. (ticker symbol SGYP) at \$4.5256 per share, with a trade commission of \$100.00;
- b. May 31, 2012 purchase of 1,000 shares of Zynga Inc. (ticker symbol ZNGA) at \$6.14 per share, with a trade commission of \$100.00;
- c. June 8, 2012 sale of 1,500 shares of Cardtronics Inc. (ticker symbol CATM) at \$27.9309 per share, with a trade commission of \$100.00;
- d. June 8, 2012 purchase of 1,000 shares of Ventrus Biosciences Inc. (ticker symbol VTUS) at \$10.70 per share, with a trade commission of \$100.00;
- e. June 11, 2012 purchase of 1,000 shares of Ventrus Biosciences Inc. (ticker symbol VTUS) at \$11.36 per share, with a trade commission of \$100.00;
- f. June 11, 2012 sale of 3,903 shares of Vringo Inc. (ticker symbol VRNG) at \$3.5432 per share, with a trade commission of \$99.98;
- g. June 12, 2012 purchase of 1,000 shares of Ventrus Biosciences Inc. (ticker symbol VTUS) at \$11.242 per share, with a trade commission of \$100.00;
- h. June 12, 2012 sale of 3,000 shares of Zynga Inc (ticker symbol ZNGA) at \$5.04 per share, with a trade commission of \$100.00;

- i. June 14, 2012 purchase of 1,000 shares of Ventrus Biosciences Inc. (ticker symbol VTUS) at \$10.3980 per share, with a trade commission of \$100.00;
- j. June 15, 2012 purchase of 1,000 shares of Ventrus Biosciences Inc. (ticker symbol VTUS) at \$11.0820, with a trade commission of \$100.00;
- k. June 18, 2012 purchase of 1,000 shares of Ventrus Biosciences Inc. (ticker symbol VTUS) at \$11.6180 per share, with a trade commission of \$100.00;
- l. June 18, 2012 sale of 5,000 shares of Vringo Inc. (ticker symbol VRNG) at \$3.7692 per share, with a trade commission of \$100.00;
- m. June 19, 2012 purchase of 1,000 shares of Ventrus Biosciences Inc. (ticker symbol VTUS) at \$12.00 per share, with a trade commission of \$100.00;
- n. June 19, 2012 purchase of 1,000 shares of Ventrus Biosciences Inc. (ticker symbol VTUS) at \$12.02 per share, with a trade commission of \$100.00;
- o. June 19, 2012 purchase of 579 shares of Ventrus Biosciences Inc. (ticker symbol VTUS) at \$11.9565 per share, with a trade commission of \$99.99;
- p. June 20, 2012 purchase of 1,000 shares of Ventrus Biosciences Inc. (ticker symbol VTUS) at \$11.4196 per share, with a trade commission of \$100.00;
- q. June 22, 2012 purchase of 1,000 shares of Ventrus Biosciences Inc. (ticker symbol VTUS) at \$12.12 per share, with a trade commission of \$100.00;
- r. June 22, 2012 purchase of 1,000 shares of Ventrus Biosciences Inc. (ticker symbol VTUS) at \$12.07 per share , with a trade commission of \$100.00;

- s. June 22, 2012 purchase of 1,000 shares of Ventrus Biosciences Inc. (ticker symbol VTUS) at \$12.1288 per share , with a trade commission of \$100.00;
- t. June 22, 2012 sale of 9,000 shares of Ventrus Biosciences Inc. (ticker symbol VTUS) at \$12.3672, with a trade commission of \$999.98;
- u. June 26, 2012 sale of 5,000 shares of Synergy Pharmaceuticals Inc. (ticker symbol SGYP) at \$4.6788 per share, with a trade commission of \$100.00;
- v. June 26, 2012 sale of 579 shares of Ventrus Biosciences Inc. (ticker symbol VTUS) at \$4.91 per share, with a trade commission of \$100.00;
- w. June 26, 2012 sale of 2,000 shares of Ventrus Biosciences Inc. (ticker symbol VTUS) at \$4.76 per share, with a trade commission of \$100.00;
- x. June 26, 2012 sale of 1,000 shares of Ventrus Biosciences Inc. (ticker symbol VTUS) at \$4.9040 per share, with a trade commission of \$100.00;
- y. June 26, 2012 purchase of 1,000 shares of Zynga Inc. (ticker symbol ZNGA) at \$6.07 per share, with a trade commission of \$100.00;
- z. June 26, 2012 purchase of 1,000 shares of Zynga Inc. (ticker symbol ZNGA) at \$5.77 per share, with a trade commission of \$100.00;
- aa. June 27, 2012 purchase of 1,000 shares of Amarin Corp. (ticker symbol AMRN) at \$14.969 per share, with a trade commission of \$100.00;
- bb. June 27, 2012 purchase of 1,000 shares of Amarin Corp. (ticker symbol AMRN) at \$14.5698 per share, with a trade commission of \$100.00;

- cc. June 27, 2012 purchase of 1,000 shares of Facebook Inc. (ticker symbol FB) at \$32.08 per share, with a trade commission of \$100.00;
- dd. June 27, 2012 purchase of 1,000 shares of Facebook Inc. (ticker symbol FB) at \$32.30, with a trade commission of \$100.00;
- ee. July 3, 2012 sale of 2,000 shares of Zynga Inc. (ticker symbol ZNGA) at \$5.43 per share, with a trade commission of \$100.00;
- ff. July 20, 2012 sale of 2,000 shares of Amarin Corp. (ticker symbol AMRN) at \$15.15 per share, with a trade commission of \$150.00;
- gg. July 20, 2012 purchase of 1,000 shares of Fusion-IO (ticker symbol FIO) at \$19.4992 per share, with a trade commission of \$350.00;
- hh. July 24, 2012 sale of 1,000 shares of Fusion-IO (ticker symbol FIO) at \$17.92 per share, with a trade commission of \$250.00;
- ii. July 24, 2012 purchase of 3,000 shares of Vringo Inc. (ticker symbol VRNG) at \$4.0299, with a trade commission of \$250.00;
- jj. July 26, 2012 sale of 1,500 shares of Facebook Inc. (ticker symbol FB) at \$27.4301 per share, with a trade commission of \$100.00;
- kk. July 26, 2012 purchase of 1,000 shares of Vringo Inc. (ticker symbol VRNG) at \$3.9299 per share, with a trade commission of \$100.00; and
- ll. July 26, 2012 purchase of 1,000 shares of Vringo Inc. (ticker symbol VRNG) at \$3.81 per share, with a trade commission of \$100.00.

10. By reason of the foregoing unauthorized transactions in the account of customer DG, McDowell violated FINRA Rule 2010.

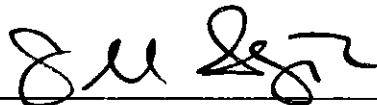
RELIEF REQUESTED

WHEREFORE, the Department 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, including that Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest;
- 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: October 28, 2016



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