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REGISTRATION & DISCLOSURE

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement, Complainant, v. Rani T. Jarkas, CRD No. 2642904, Respondent.	DISCIPLINARY PROCEEDING NO. 20050030520-01

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Between March 2003 and May 2005, Respondent Rani T. Jarkas was the representative of record for a customer account in the name of LB. Between April 2003 and April 2005, Respondent recommended or, in the exercise of discretion, executed, approximately 2,400 securities transactions in the account. These recommendations and discretionary executions were unsuitable for LB because they resulted in a volume of transactions that was inconsistent with LB's financial needs and circumstances, his investment objectives and his other security holdings.

RESPONDENT AND JURISDICTION

2. Respondent first became registered with a member of FINRA in October 1995. He has been registered with member firms continuously since that time. In 2002, he

became a co-owner, general securities representative and general securities principal of GCC. He is presently the firm's majority owner and registered as a general securities representative and general securities principal.

3. FINRA has jurisdiction to issue this Complaint because Respondent is presently associated with a member firm.

FIRST CAUSE OF ACTION

NASD Conduct Rules 2110 and 2310 – Excessive Trading

4. The Department realleges and incorporates by reference paragraphs 1-3 above.

5. On or about March 23, 2003, LB opened an individual account (the LB Account) at Global Crown Capital and executed documents granting Respondent authorization to buy and sell securities in the account. At or about the same time, LB executed a margin agreement and completed a customer questionnaire. The questionnaire enumerated four investment objectives to be ranked by LB in order of priority. LB ranked "income" first, "capital preservation" second, "growth" third and "short term trading" fourth. LB also ranked his risk tolerance as "moderate, with some speculation."

6. The LB Account was closed in April 2005.

7. LB was 65 years old and retired at the time he opened the LB Account. He relied upon Social Security payments and withdrawals from the LB Account to pay living expenses. Within three years prior to opening the LB Account, he had two serious medical conditions.

8. In April 2003, a number of securities positions were delivered into the LB Account from LB's previous account at another member firm.

9. Between April 2003 and April 2005, Respondent caused the execution of approximately 2,400 buy and sell transactions in the LB Account. During that period, the LB Account paid sales commissions of approximately $240,000.00. Commissions on individual transactions were either approximately $55.00 or approximately $105.00 in all but approximately 30 instances.

10. The turnover rate in the LB Account, calculated by dividing the total amount of purchases (approximately $29,850,000.00) by the average monthly equity (approximately $382,500.00), was 37.4 on an annualized basis. The cost-equity ratio, calculated by dividing the total account maintenance costs (approximately $259,658.00) by the average monthly equity, was 32.6% on an annualized basis. The commission-equity ratio, calculated by dividing the total commissions (approximately $240,000.00) by the average monthly equity, was 30% on an annualized basis.

11. Respondent controlled and directed the trading in the LB Account, in that he recommended, or, in the exercise of discretion, executed, the transactions in the account.

12. Respondent did not have a reasonable basis for believing that the volume of trading he recommended was suitable for LB in light of information known to Respondent about LB's financial circumstances and needs and his other security holdings. The recommended and executed transactions were inconsistent with LB's stated primary investment objectives of income and capital preservation. The trades were excessive

in number and resulted in excessive costs to the LB Account. The trading was consistent only with LB's lowest-priority objective, short term trading.

13. Recommending a volume of trading without a reasonable basis for believing the recommended transactions to be suitable for LB in light of his financial circumstances and needs and other security holdings constituted a violation of NASD Conduct Rule 2310 by Respondent. Further, such recommendations constituted conduct inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of NASD Conduct Rule 2110 by Respondent.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

A. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed.

B. order that the 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: March 24, 2009

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