

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

Hearing Officer: SNB

Date: January 15, 2010

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FINANCIAL INDUSTRY REGULATORY AUTHORITY

**ORDER ACCEPTING OFFER OF SETTLEMENT**

**INTRODUCTION**

Disciplinary Proceeding No. 20050030520-01 was filed on March 24, 2009, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Rani T. Jarkas submitted an Offer of Settlement (Offer) to Complainant on January 8, 2010. 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, and solely for the purposes of this proceeding and any other

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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, 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**

Respondent first became registered with a member of FINRA in October 1995. Except for brief transition periods, he was registered with member firms continuously until September 2009. In 2002, he became a co-owner, general securities representative and general securities principal of Global Crown Capital, LLC. He voluntarily terminated his registrations with Global Crown Capital in September 2009, but is still the firm's majority owner.

FINRA has jurisdiction to issue this Complaint because Respondent was associated with a member firm when the Complaint was filed.

### **FINDINGS AND CONCLUSIONS**

It has been determined that the Offer be accepted and that findings be made as follows:

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."

The LB Account was closed in April 2005.

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.

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

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.

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.

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.

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.

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.

Based on the foregoing, Respondent violated NASD Conduct Rules 2110 and 2310.

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 firm in any capacity for a period of six months and fined in the amount of \$25,000.00. 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

*David Utevsky*

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