

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022073708202**

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: Steve Allen Moise (Respondent)
Former General Securities Representative
CRD No. 4995443

Pursuant to FINRA Rule 9216, Respondent Steve Allen Moise submits this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Moise first registered with FINRA in 2005. Moise was registered with FINRA as a General Securities Representative through an association with Joseph Stone Capital L.L.C. (CRD No. 159744) from July 2016 until October 5, 2022, when Joseph Stone Capital filed a Uniform Termination Notice for Securities Industry Registration (Form U5) stating that Moise had voluntarily resigned. On April 21, 2023, Joseph Stone Capital filed an amended Form U5 disclosing that a customer had filed an arbitration alleging that Moise had engaged in “excessive and unsuitable trading” in the customer’s account.

Moise is not currently registered or associated with any FINRA member. However, he remains subject to FINRA’s jurisdiction pursuant to Article V, Section 4 of FINRA’s By-Laws.

From February 24, 2023, until May 11, 2023, Moise was suspended from associating with any FINRA member firm in all capacities pursuant to FINRA Rule 9552 for failing to respond to FINRA requests for information.¹

¹For more information about the respondent, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

OVERVIEW

From February 2021 to August 2021, while associated with Joseph Stone Capital, Moise willfully violated the Care Obligation of Rule 15c-1 of the Securities Exchange Act of 1934 (Regulation Best Interest or Reg BI) and violated FINRA Rule 2010 by recommending a series of transactions in a customer's account that was excessive and not in the customer's best interest.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's review of a customer arbitration.

As of June 30, 2020, broker-dealers and their associated persons are required to comply with Regulation Best Interest. Rule 15c-1(a)(1) of Reg BI requires a broker, dealer, or a natural person associated with a broker or dealer, when making a recommendation of any securities transaction or investment strategy involving securities (including account recommendations) to a retail customer, to act in the best interest of that retail customer at the time the recommendation is made, without placing the financial or other interest of the broker, dealer, or associated person ahead of the interest of the retail customer. Reg BI's Care Obligation, set forth at Exchange Act Rule 15c-1(a)(2)(ii), requires broker-dealers and their associated persons to exercise reasonable diligence, care, and skill to, among other things, have a reasonable basis to believe that a series of recommended transactions, even if in the retail customer's best interest when viewed in isolation, is not excessive and is in the retail customer's best interest in light of the retail customer's investment profile.

No single test defines when trading is excessive, but factors such as the turnover rate, the cost-to-equity ratio, and the use of in-and-out trading in a customer's account are relevant to determining whether a member firm or associated person has excessively traded a customer's account in violation of Reg BI. The turnover rate represents the number of times that a portfolio of securities is exchanged for another portfolio of securities. The cost-to-equity ratio measures the amount an account must appreciate just to cover commissions and other expenses. In other words, it is the break-even point where a customer may begin to see a return. A turnover rate of six or more, or a cost-to-equity ratio above 20 percent, generally indicates that a series of recommended transactions was excessive.

A violation of Reg BI also is a violation of FINRA Rule 2010, which requires associated persons to "observe high standards of commercial honor and just and equitable principles of trade" in the conduct of their business.

From February 2021 to August 2021, Moise recommended to one of his retail customers at Joseph Stone Capital a series of transactions that was excessive and not in the best interest of the customer. The customer, who was 58 years old and a general contractor, opened the account in February 2021. Moise recommended that the customer execute 199 trades in the account over the next seven months. On several occasions, Moise

recommended that the customer sell a security shortly after purchasing it, causing the customer to suffer a realized loss but generating commissions for Moise. Collectively, the trades recommended by Moise resulted in a turnover rate of 16 and a cost-to-equity ratio exceeding 47% – meaning that the customer’s account would have had to grow by more than 47% during the seven-month period just to break even. The customer suffered realized losses and paid more than \$52,000 in commissions and trade costs.²

Therefore, Respondent willfully violated Exchange Act Rule 15c-1) and violated FINRA Rule 2010.

B. Respondent also consents to the imposition of the following sanctions:

- a five-month suspension from associating with any FINRA member in all capacities; and
- a \$5,000 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm 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.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA’s By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, he may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. *See* FINRA Rules 8310 and 8311.

Respondent understands that this settlement includes a finding that he willfully violated Exchange Act Rule 15c-1 and that under Article III, Section 4 of FINRA’s By-Laws, this makes him subject to a statutory disqualification with respect to association with a member.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA’s Code of Procedure:

² Joseph Stone Capital settled with the customer through mediation.

- A. To have a complaint issued specifying the allegations against him;
- B. To be notified of the complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;

3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent understands and acknowledges that FINRA does not represent or advise him, and Respondent cannot rely on FINRA for legal advice. Respondent has agreed to the AWC's provisions voluntarily; and no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

June 10, 2024

Date

Steve Allen Moise

Steve Allen Moise
Respondent

Accepted by FINRA:

June 24, 2024

Date

Signed on behalf of the
Director of ODA, by delegated authority

Adrienne Dahrouge

Adrienne Dahrouge
Counsel
FINRA
Department of Enforcement
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