

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2021072524501**

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

**RE:** Alan Z. Appelbaum (Respondent)  
Former General Securities Representative  
CRD No. 500336

Pursuant to FINRA Rule 9216, Respondent Alan Z. Appelbaum 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**

Appelbaum first became registered with a FINRA member firm in January 1976. Between 1976 and July 2015, Appelbaum was registered with FINRA through various member firms. In July 2015, Appelbaum became associated with Aegis Capital Corp. (CRD No. 15007) and maintained FINRA registrations as a General Securities Representative, General Securities Principal, Financial and Operations Principal, Municipal Securities Principal, Registered Options Principal, and, in October 2018, Operations Professional. On May 14, 2021, Aegis Capital filed a Uniform Termination Notice for Securities Industry Registration (Form U5) terminating Appelbaum's association with the firm. On the Form U5, Aegis Capital stated that Appelbaum "[f]ail[ed] to follow firm procedures. Exercised discretion without client's written authorization."

In February 1982, the SEC censured Appelbaum for accommodating customer requests to create improper addresses for the delivery of confirmations thereby willfully aiding and abetting violations of Section 17(a) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 17a-3 promulgated thereunder, Section 15B(c)(1) of the Exchange Act and MSRB Rules G-8, G-15 and G-26.

In July 1991, the NASD accepted Appelbaum's Offer of Settlement to resolve charges including, among other things, that Appelbaum failed to exercise adequate supervision

over the financial and operational activities of his member firm and related underlying financial and recordkeeping violations. Appelbaum was censured and fined \$10,000. (Case No. C07900052.)

In December 2006, Appelbaum entered into a settlement with the State of New Hampshire Securities Division to resolve allegations that he serviced eight brokerage accounts for New Hampshire residents while not licensed to sell securities in the state. Appelbaum paid a fine of \$55,000 and was ordered to cease and desist from any further violations of the New Hampshire Securities Act. (Docket No. INV06-026.)

Although Appelbaum is no longer associated with a FINRA member firm, Appelbaum remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.<sup>1</sup>

## **OVERVIEW**

Appelbaum failed to provide documents and information that FINRA requested pursuant to FINRA Rule 8210. Appelbaum thereby violated FINRA Rules 8210 and 2010.

## **FACTS AND VIOLATIVE CONDUCT**

FINRA Rule 8210(a)(1) states, in relevant part, that FINRA has the right to "require a member, person associated with a member, or any other person subject to FINRA's jurisdiction to provide information orally, in writing, or electronically . . . with respect to any matter involved in the investigation, complaint, examination or proceeding." FINRA Rule 8210(c) states that "[n]o member or person shall fail to provide information or testimony or to permit inspection and copying of books, records, or accounts pursuant to this Rule."

A failure to comply with a request for information issued pursuant to FINRA Rule 8210 is also a violation of FINRA Rule 2010, which requires associated persons, in the conduct of their business, to "observe high standards of commercial honor and just and equitable principles of trade."

On July 19, 2022, in connection with an examination into Appelbaum's sales of complex structured products, FINRA sent a request for documents and information to Appelbaum pursuant to FINRA Rule 8210. On July 29, 2022, Appelbaum's counsel acknowledged receipt of FINRA's Rule 8210 request and requested a two-week extension of the response date. As stated in his counsel's email to FINRA on August 16, 2022, Appelbaum acknowledges that he received FINRA's request and will not produce the documents and information requested. By refusing to produce the documents and information as requested pursuant to FINRA Rule 8210, Appelbaum violated FINRA Rules 8210 and 2010.

---

<sup>1</sup> For more information about the respondent, including prior regulatory events, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

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

- a bar from associating with any FINRA member in all capacities.

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.

The sanctions imposed in this AWC shall be effective on a date set by FINRA. A bar or expulsion shall become effective upon approval or acceptance of this AWC.

## II.

### WAIVER OF PROCEDURAL RIGHTS

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

- 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.

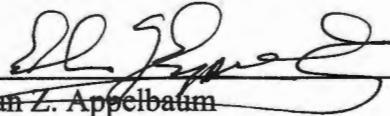
#### OTHER MATTERS

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.

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 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.

Sept. 9, 2022  
Date

  
\_\_\_\_\_  
Alan Z. Appelbaum  
Respondent

Reviewed by:

/s/ Gregg Breitbart, Esq.  
Gregg Breitbart, Esq.  
Counsel for Respondent  
Kaufman Dolowich Voluck  
100 SE Third Avenue, Suite 1500  
Fort Lauderdale, FL 33394

Accepted by FINRA:

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

September 23, 2022  
Date

*Michael Perkins*  
\_\_\_\_\_  
Michael Perkins  
Senior Counsel  
FINRA  
Department of Enforcement  
200 Liberty Street, Brookfield Place  
New York, NY 10281