

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Tarek Mohsen Mohamed
(CRD No. 6717691),

Respondent.

Disciplinary Proceeding
No. 2020067814802

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Respondent Tarek Mohsen Mohamed failed to provide a complete response to FINRA’s January and February 2021 requests for information and documents made pursuant to FINRA Rule 8210. As a result, Mohamed violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Mohamed, through his association with Bankers Life Securities, Inc. (CRD No. 173962) (“Bankers Life”), was registered with FINRA as an investment company shares and variable contracts representative from October 12, 2017 to September 2, 2020.

3. On September 2, 2020, Bankers Life filed a Uniform Termination Notice for Securities Industry Registration (“Form U5”), disclosing that it terminated its association with Mohamed for “violating standard of conduct rules and firm policies related to failure to disclose, and solicitation of investments in, an outside business activity.” The Form U5 disclosed a complaint filed on behalf of Mohamed’s client, alleging that Mohamed “took” \$46,000 in client

funds and deposited them into an account in the name of Mohamed's company, Perfect Media Promotions, Inc., LLC ("Perfect Media"). The funds were delivered by the client in the form of two personal checks written to Perfect Media: the first, dated December 2019, was for \$31,000 with an "investments" notation in the memorandum line; the second, dated June 2020, was for \$15,000, with no apparent purpose.

4. On November 18, 2020, Bankers Life filed an amendment to the Form U5, disclosing that a second complaint was filed on behalf of Mohamed's same client, alleging that Mohamed did not act in the client's best interest when Mohamed sold to him financial products.

5. On December 16, 2020, Bankers Life filed a second amendment to the Form U5, disclosing that Bankers Life settled the complaints by refunding \$46,000 to the client and granting other relief.

6. Although Mohamed is no longer registered or associated with any FINRA member, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because the Complaint (1) was filed within two years after November 18, 2020, which was the date of an amendment to his notice of termination that was filed within two years of his original notice of termination and that disclosed that he may have engaged in conduct actionable under any applicable statute, rule, or regulation, and (2) charges him with failing to respond to FINRA requests for information during the two-year period after the filing of the amendment to his Form U5.

FACTS

7. In late 2020, FINRA began investigating the circumstances of Mohamed's termination from Bankers Life.

8. For the purpose of that investigation and pursuant to FINRA Rule 8210, on January 22, 2021, FINRA sent Mohamed a letter requesting that he provide information and documents relating to the Form U5 allegations, including a statement addressing the allegations and personal and business bank statements, brokerage statements, and tax returns.

9. FINRA served its request by certified mail and first-class mail to Mohamed's last known address as reflected in the Central Registration Depository ("CRD Address"), as well as to an additional address FINRA found pursuant to a public records search ("Mohamed's Address").

10. The certified mailing to Mohamed's Address was delivered on January 27, 2021. The first-class mailing to Mohamed's Address was not returned. Both the certified and first-class mailings to the CRD Address were returned.

11. On February 3, 2021, Mohamed provided FINRA with a partial response from his email account ("Mohamed's Email"). In a written statement, Mohamed admitted that he deposited \$46,000 in client funds into his business account but asserted that he returned the funds in cash to the 78-year-old client (less a commission) to "help" the client. Mohamed provided a single Perfect Media bank statement for December 2019, that showed the first deposit of \$31,000 and a subsequent \$29,000 cash withdrawal.

12. Mohamed did not provide any other information or bank statements for any personal or business bank accounts, brokerage statements, or any business or personal tax returns.

13. When Mohamed failed to comply, on February 9, 2021, FINRA sent its request for a second time, again for the purpose of its investigation and pursuant to FINRA Rule 8210.

14. FINRA served its second request by certified mail and first-class mail to the CRD Address and Mohamed's Address.

15. The certified mailing to Mohamed's Address was delivered on February 12, 2021. The first-class mailing to Mohamed's Address was not returned. Both the certified and first-class mailings to the CRD Address were returned.

16. On February 10, 2021, Mohamed emailed another partial response. Specifically, Mohamed provided a narrative response to some questions posed in FINRA's Rule 8210 request. But that response was incomplete because Mohamed still did not provide any other information or bank statements for any personal or business bank accounts, brokerage statements, or any business or personal tax returns.

17. As a result, on May 21, 2021, FINRA's Department of Enforcement sent Mohamed a notice informing him that he would be suspended, pursuant to Rule 9552, on June 14, 2021, if he did not comply with the Rule 8210 requests or request a hearing ("Notice").

18. FINRA served the Notice by certified mail and first-class mail to Mohamed's Address, the CRD Address, as well as electronically to Mohamed's Email.

19. The certified mailing to Mohamed's Address was delivered on May 27, 2021. The first-class mailing to Mohamed's Address was not returned. Both the certified and first-class mailings to the CRD Address were returned.

20. On June 12, 2021, Mohamed emailed a third partial response. In that response, Mohamed provided responsive Perfect Media bank statements. Perfect Media's June 2020 statement showed deposit of the client's \$15,000 check without a corresponding large cash withdrawal. Rather, in the days following the \$15,000 deposit, the statement showed transfers of

\$3,000 to “Fid Bkg Svc LLC . . . Ind Name: Tarek Mohamed,” more than \$2,200 in payments to American Express and Best Buy, and “Online Transfer[s] to Chk . . . 2315.”

21. Sometime between July 2020 and October 2020, during the course of Bankers Life’s investigation into the Form U5 allegations, Mohamed provided to Bankers Life bank records. In particular, Mohamed provided to Bankers Life a December 2019 statement for a personal account he held in the name of “Tarek M Mohamed” ending in -2315. That personal bank statement was responsive to FINRA’s Rule 8210 request, but Mohamed did not provide it or any other bank statements for this account, or any other personal bank or brokerage statements to FINRA. Nor did he provide to FINRA all of the requested tax returns.

22. As a result, on July 7, 2021, Enforcement sent to Mohamed a notice informing him that he was suspended from associating with any FINRA member and warning him that he would be automatically barred on August 24, 2021, if he did not request termination of the suspension on grounds of full compliance (“Suspension Letter”).

23. In a separate letter accompanying the Suspension Letter, Enforcement listed for Mohamed the items outstanding. With respect to the financial records, Enforcement reiterated that Mohamed was required to identify and provide records for any personal bank or brokerage accounts and that even if he did not currently have them in his possession, he must obtain copies. As to the tax returns, Enforcement suggested how Mohamed could retrieve copies from the Internal Revenue Service, or alternatively, clarify that he did not file them (“Outstanding Items Letter”).

24. Enforcement served the Suspension Letter and Outstanding Items Letter by certified mail and first-class mail to Mohamed’s Address, the CRD Address, and electronically to Mohamed’s Email.

25. The certified mailing to Mohamed's Address was delivered on July 12, 2021. The first-class mailings to Mohamed's Address and the CRD Address were not returned. The certified mailing to the CRD Address was returned.

26. On August 21, 2021, Mohamed asked Enforcement to "lift this suspension," but still did not identify, or provide any documents for, any personal bank or brokerage accounts, or provide all of the requested business and personal tax returns or explain that he did not file them.

27. On October 21, 2021, Enforcement denied Mohamed's request to terminate his suspension because he had not fully complied with the Rule 8210 requests.

28. Mohamed is currently suspended from associating in any capacity with any FINRA member.

CAUSE OF ACTION
Failure to Provide Information and Documents
(FINRA Rules 8210 and 2010)

29. The Department of Enforcement realleges and incorporates by reference all preceding paragraphs.

30. FINRA Rule 8210(a)(1) provides that FINRA staff may require a "person subject to FINRA's jurisdiction to provide information orally, in writing, or electronically . . . with respect to any matter involved in [an] investigation."

31. FINRA Rule 8210(a)(2) authorizes FINRA staff to request records in the possession, custody, or control of a person subject to FINRA's jurisdiction.

32. FINRA Rule 8210(c) provides that "[n]o member or person shall fail to provide information . . . or to permit an inspection and copying of . . . records . . . pursuant to this Rule."

33. A violation of FINRA Rule 8210 also constitutes a violation of FINRA Rule 2010, which requires associated persons to “observe high standards of commercial honor and just and equitable principles of trade.”

34. While subject to FINRA’s jurisdiction, Mohamed failed to completely respond to FINRA’s January and February 2021 requests for information and documents pursuant to FINRA Rule 8210.

35. FINRA’s requests sought information and documents that were material to FINRA’s investigation. The requested information and documents were necessary to determine whether Mohamed converted client funds, improperly failed to disclose his outside business activities to his employer, or engaged in other misconduct in violation of FINRA rules or federal securities law.

36. By virtue of the foregoing, Mohamed violated FINRA Rules 8210 and 2010.

RELIEF REQUESTED

WHEREFORE, the Department of Enforcement respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Mohamed committed the violations charged and alleged in this complaint;
- B. impose one or more of the sanctions that FINRA Rule 8310(a) authorizes, including monetary sanctions; and
- C. order Mohamed to bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

Date: December 29, 2021



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