

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Vito J. Balsamo (CRD No. 2084901),

Respondent.

DISCIPLINARY PROCEEDING
No. 2013036704401

HEARING OFFICER – KBW

ORDER ACCEPTING OFFER OF SETTLEMENT

Date: June 23, 2015

INTRODUCTION

Disciplinary Proceeding No. 2013036704401 was filed on April 14, 2015, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Vito J. Balsamo submitted an Offer of Settlement (Offer) to Complainant dated June 15, 2015. 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 (as amended by the Offer of Settlement), and solely for the purposes of this proceeding and any other 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 (as amended by the Offer of Settlement), 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 entered the securities industry in July 1990 by applying for registration with a FINRA member firm. He first became registered as a General Securities Representative in June 1991.

From on or about April 30, 2008, through on or about February 16, 2012, Respondent was registered at FINRA member National Securities Corporation (the Firm) as a General Securities Representative.

On or about February 16, 2012, the Firm filed a Uniform Termination Notice for Securities Industry Registration (Form U5) on Respondent's behalf, thereby terminating his registration. He has not since become associated with or registered at any other FINRA member.

On or about April 23, 2013, the Firm filed an amendment to Respondent's Form U5 to report a customer complaint alleging misrepresentation.

Respondent has no relevant disciplinary history.

FINDINGS AND CONCLUSIONS

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

FIRST CAUSE OF ACTION Private Securities Transactions (NASD Rule 3040 and FINRA Rule 2010)

From on or about June 21, 2010, through on or about September 15, 2010, Respondent solicited purchases of securities from three investors, each of whom was his customer at the Firm. The securities in question consisted of ownership interests in a limited liability company called V.W. Industries, LLC (VWI). Each of the above-described purchases occurred outside the

regular course and scope of Respondent's employment with the Firm. Based on his ability to raise capital for VWI, Respondent received an ownership interest in VWI. The total amount of funds invested in VWI by the three customers was approximately \$475,000.00.

With respect to each of the purchases described above, Respondent failed to obtain prior written approval from the Firm.

By participating in private securities transaction without first obtaining written approval from his firm, Respondent violated NASD Rule 3040 and FINRA Rule 2010.

SECOND CAUSE OF ACTION
Misrepresentations to Member Firm (FINRA Rule 2010)

On or about August 17, 2010, Respondent completed a compliance questionnaire administered by the Firm. With respect to that questionnaire: in response to the question, "Have you personally taken part in/participated or been involved in any capacity in any private securities transaction during this quarter?" Respondent improperly answered, "No"; and in response to the question, "Have you been involved in any capacity in the purchase or sale of a security not conducted through your Broker Dealer?" Respondent improperly answered, "No."

By making misrepresentations to his member firm in connection with his private securities transactions, Respondent violated FINRA Rule 2010.

THIRD CAUSE OF ACTION
Failure to Provide Testimony (FINRA Rules 8210 and 2010)

On or about December 10, 2014, FINRA staff sent Respondent a letter (the First Request), pursuant to FINRA Rule 8210, requesting that he appear at FINRA's Seattle District Office on January 6, 2015, at 9:00 a.m. Pacific Time, for the purpose of providing testimony in an OTR.

The First Request was sent by first class and certified mail to Respondent's last known residential address as reflected in the Central Registration Depository (CRD). The first class mailing was not returned. FINRA staff obtained confirmation from the U.S. Postal Service that the certified mailing was successfully delivered on or about December 13, 2014.

On or about December 16, 2014, Respondent contacted FINRA staff by telephone. During the call, he stated his intention to consult an attorney for the purpose of requesting a change to the date and location of the OTR. He further stated that he no longer lived at the CRD address, and provided a new address (the Brooklyn address). The staff did not receive any further communications from Respondent or anyone else on his behalf.

Respondent never provided the testimony requested in the First Request.

On or about January 7, 2015, FINRA staff sent Respondent a letter (the Second Request), pursuant to FINRA Rule 8210, requesting that he appear at FINRA's Seattle District Office on January 22, 2015, at 9:00 a.m. Pacific Time, for the purpose of providing testimony in an OTR. The Second Request was sent by first class and certified mail to the CRD address and to the Brooklyn address. Neither of the first class mailings was returned. FINRA staff obtained confirmation from the U.S. Postal Service that the certified mailings to the CRD address and the Brooklyn address were each successfully delivered on or about January 12, 2015.

Respondent never provided the testimony requested in the Second Request.

By failing to provide testimony requested by FINRA staff, Respondent violated FINRA Rules 8210 and 2010.

Based on the foregoing, Respondent violated NASD Rule 3040 and FINRA Rules 2010 and 8210.

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

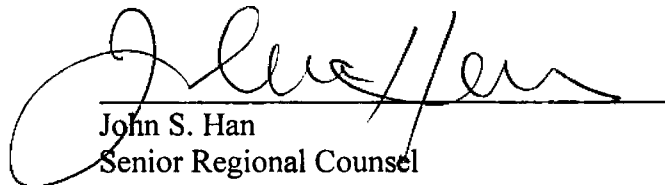
It is ordered that Respondent be barred from association with all FINRA members in all capacities.

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

SO ORDERED.

FINRA

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

A handwritten signature in black ink, appearing to read "John S. Han", is written over a horizontal line. The signature is fluid and cursive.

John S. Han
Senior Regional Counsel
FINRA Department of Enforcement
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OFFER OF SETTLEMENT

I.

Respondent Vito J. Balsamo (Respondent) makes this Offer of Settlement (Offer) to the Financial Industry Regulatory Authority (FINRA), with respect to the matters alleged by FINRA in Disciplinary Proceeding No. 2013036704401, filed on April 14, 2015 (Complaint), as amended by this Offer.

This Offer is submitted to resolve this proceeding and is made without admitting or denying the allegations of the Complaint, as well as the amended allegations set forth herein. It is also submitted upon the condition that FINRA shall not institute or entertain, at any time, any further proceeding as to Respondent based on the allegations of the Complaint (as amended by this Offer), and upon further condition that it will not be used in this proceeding, in any other proceeding, or otherwise, unless it is accepted by the National Adjudicatory Council (NAC) Review Subcommittee, pursuant to FINRA Rule 9270.

On or about April 23, 2013, the Firm filed an amendment to Respondent's Form U5 to report a customer complaint alleging misrepresentation.

Although Respondent is no longer registered or associated with a 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: (a) the Complaint was filed within two years after the filing of an amendment to Respondent's Form U5, namely April 23, 2013; (b) the amendment disclosed that Respondent may have engaged in conduct actionable under FINRA rules; (c) the amendment was filed within two years after the effective date of termination of Respondent's registration with the Firm, namely, February 16, 2012; and (d) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member and with failing to appear for On-the-Record testimony (OTR) during the two-year period after the filing of the amendment to his Form U5.

FIRST CAUSE OF ACTION
Private Securities Transactions (NASD Rule 3040 and FINRA Rule 2010)

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With respect to each of the purchases described above, Respondent failed to obtain prior written approval from the Firm.

By participating in private securities transaction without first obtaining written approval from his firm, Respondent violated NASD Rule 3040 and FINRA Rule 2010.

**SECOND CAUSE OF ACTION
Misrepresentations to Member Firm (FINRA Rule 2010)**

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**THIRD CAUSE OF ACTION
Failure to Provide Testimony (FINRA Rules 8210 and 2010)**

On or about December 10, 2014, FINRA staff sent Respondent a letter (the First Request), pursuant to FINRA Rule 8210, requesting that he appear at FINRA's Seattle District Office on January 6, 2015, at 9:00 a.m. Pacific Time, for the purpose of providing testimony in an OTR.

The First Request was sent by first class and certified mail to Respondent's last known residential address as reflected in the Central Registration Depository (CRD). The first class mailing was not returned. FINRA staff obtained confirmation from the U.S. Postal Service that the certified mailing was successfully delivered on or about December 13, 2014.

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Respondent never provided the testimony requested in the First Request.

On or about January 7, 2015, FINRA staff sent Respondent a letter (the Second Request), pursuant to FINRA Rule 8210, requesting that he appear at FINRA's Seattle District Office on January 22, 2015, at 9:00 a.m. Pacific Time, for the purpose of providing testimony in an OTR. The Second Request was sent by first class and certified mail to the CRD address and to the Brooklyn address. Neither of the first class mailings was returned. FINRA staff obtained confirmation from the U.S. Postal Service that the certified mailings to the CRD address and the Brooklyn address were each successfully delivered on or about January 12, 2015.

Respondent never provided the testimony requested in the Second Request.

By failing to provide testimony requested by FINRA staff, Respondent violated FINRA Rules 8210 and 2010.

IV.

Pursuant to the conditions set forth herein, Respondent consents to the issuance of an Order Accepting Offer of Settlement (Order) and disposing of this proceeding in the following manner:

A. Without admitting or denying the allegations, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a

party, to the entry of findings of facts and violations by Respondent as set forth above in Section III; and,

B. Imposing sanctions of a bar from association with all FINRA members 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, Respondent 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 herein shall be effective on a date set by FINRA staff. A bar or expulsion is effective upon approval or acceptance of this Offer.

V.

In connection with the submission of this Offer, and subject to the provisions herein, Respondent specifically waives the following rights provided by FINRA's Code of Procedure:

A. any right to a hearing before an Adjudicator (as defined in FINRA Rule 9120(a)), and any right of appeal to the NAC, the U.S. Securities and Exchange Commission, or the U.S. Court of Appeals, or any right otherwise to challenge or contest the validity of the Order issued, if the Offer and the Order are accepted;

B. any right to claim bias or prejudice by the Chief Hearing Officer, Hearing Officer, a hearing panel or, if applicable, an extended hearing panel, a panelist on a hearing panel, or, if applicable, an extended hearing panel, the Chief Legal Officer, the NAC, or any member of the NAC; and

II.

ORIGIN OF DISCIPLINARY ACTION

On April 23, 2013, FINRA member National Securities Corporation (the Firm) filed an amendment to Respondent's Uniform Termination Notice for Securities Industry Registration (Form U5) to disclose a customer complaint alleging misrepresentation. Based on the filing of that amendment, FINRA began an investigation of Respondent, which led to the initiation of this disciplinary proceeding.

III.

ALLEGED ACTS OR PRACTICES AND VIOLATIONS BY RESPONDENT

As alleged in the Complaint (as amended herein), Respondent engaged in the following acts, or failed to act as follows:

SUMMARY

Respondent engaged in private securities transactions without first receiving written approval from his member firm. He further failed to provide testimony requested by FINRA staff.

RESPONDENT AND JURISDICTION

Respondent entered the securities industry in July 1990 by applying for registration with a FINRA member firm. He first became registered as a General Securities Representative in June 1991.

From on or about April 30, 2008, through on or about February 16, 2012, Respondent was registered at the Firm as a General Securities Representative.

On or about February 16, 2012, the Firm filed a Uniform Termination Notice for Securities Industry Registration (Form U5) on Respondent's behalf, thereby terminating his registration. He has not since become associated with or registered at any other FINRA member.

C. any right to claim a violation by any person or body of 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 the Offer and the Order or other consideration of the Offer and Order, including acceptance or rejection of such Offer and Order.

VI.

Respondent understands that:

A. the Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondent;

B. the Order will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;

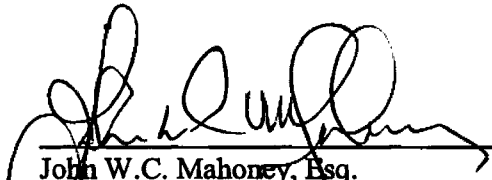
C. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and

D. 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 allegation in the Complaint (as amended herein) or create the impression that the Complaint (as amended herein) 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 allegation in the Complaint (as amended herein). Nothing in this provision affects Respondent's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

Respondent certifies that he has read and understands all of the provisions of this Offer and has been given a full opportunity to ask questions about it; that he has agreed to its provisions voluntarily; and that no offer, threat, inducement or promise of any kind or nature, other than the terms set forth herein, has been made to induce him to submit it.

06/15/2015
Date (mm/dd/yyyy)

Vito Balsamo
Vito J. Balsamo, Respondent


John W.C. Mahoney, Esq.
Counsel for Respondent
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