

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2019061947601**

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

**RE:** Joseph A. Ambrosiole (Respondent)  
General Securities Representative  
CRD No. 5732488

Pursuant to FINRA Rule 9216, Respondent Joseph A. Ambrosiole 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 hereby accepts and consents, without admitting or denying the findings 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, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

**BACKGROUND**

Ambrosiole first became registered with FINRA in 2011. In November 2017, Ambrosiole became registered as a General Securities Representative through an association with Joseph Stone Capital L.L.C. (CRD No. 159744). Ambrosiole is currently registered in that capacity through Joseph Stone.

**RELEVANT DISCIPLINARY HISTORY**

In February 2017, Ambrosiole entered into an AWC with FINRA through which he consented to findings that he executed five unauthorized trades in a customer's account in October 2015, in violation of FINRA Rule 2010. Ambrosiole was suspended from associating with any FINRA member firm in all capacities for one month, fined \$5,000, and ordered to pay restitution to the affected customer in the amount of \$645.97, plus interest.

**OVERVIEW**

Between December 2017 and June 2020, Ambrosiole excessively and unsuitably traded the accounts of two customers, in violation of FINRA Rules 2111 and 2010.

## FACTS AND VIOLATIVE CONDUCT

FINRA Rule 2111(a) provides in pertinent part that "[a] member or an associated person must have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer, based on the information obtained through the reasonable diligence of the member or associated person to ascertain the customer's investment profile." Recommended securities transactions may be unsuitable if, when taken together, they are excessive, the level of trading is inconsistent with the customer's investment profile, and the registered representative exercises control over the customer's account. No single test defines when trading is excessive, but factors such as the turnover rate and the cost-to-equity ratio are considered in determining whether a member firm or associated person has violated FINRA's suitability rule.

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 has to 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 a cost-to-equity ratio above 20 percent generally indicates that excessive trading has occurred.

During the relevant period, Ambrosiole engaged in quantitatively unsuitable trading in two customer accounts. The first belonged to an elderly customer (Customer A), who was 78 years old when he opened the account. Prior to the relevant period, Customer A began to sustain permanent, progressive, neurological and cognitive impairments. Customer A's account had an average monthly equity of approximately \$300,000 and, during the relevant period, Ambrosiole recommended and executed 157 trades, which caused Customer A to pay more than \$126,000 in commissions and other trading costs. Ambrosiole's recommended trades resulted in an annualized cost-to-equity ratio of approximately 20 percent, which means that Customer A's account would have had to grow by more than 20 percent annually just to break even.

The second account belonged jointly to Customer A and his wife (Customer B); Customer B was a senior with limited investment knowledge and experience. Customer A and Customer B's joint account had an average monthly equity of approximately \$70,000. During approximately one year in the relevant period (specifically, from July 2019 to June 2020), Ambrosiole recommended and executed 40 trades in this account, which caused Customer A and Customer B to pay more than \$20,400 in commissions and other trading costs. Ambrosiole's recommended trades resulted in an annualized cost-to-equity ratio of approximately 35 percent in the joint account.

Customer A and Customer B relied on Ambrosiole's advice and accepted his recommendations. Collectively, Ambrosiole's recommendations caused Customer A and

Customer B to pay \$147,031.50 in commissions and other trading costs during the relevant period.<sup>1</sup>

Ambrosole's recommended securities transactions were excessive and unsuitable given the customers' investment profiles. Therefore, Ambrosole violated FINRA Rules 2111 and 2010.

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

- a six-month suspension from associating with any FINRA member in all capacities;
- a \$5,000 fine;
- restitution of \$147,031.50;<sup>2</sup> and
- Within 30 days of the Notice of Acceptance of this AWC, Ambrosole and/or a registered principal of Joseph Stone shall certify to FINRA that restitution has been paid pursuant to the consent order with the New Hampshire Securities Division in an amount not less than \$147,031.50.

Respondent agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. Respondent has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed.

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 sanctions 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.

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

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<sup>1</sup> On March 15, 2021, Ambrosole, Joseph Stone, and the New Hampshire Securities Division entered into a consent agreement, through which, among other things, Ambrosole consented to findings that he traded the same accounts discussed above in a quantitatively unsuitable manner. That agreement ordered Ambrosole and Joseph Stone to pay restitution, which Ambrosole and Joseph Stone thereafter paid.

<sup>2</sup> As noted above, Joseph Stone and Ambrosole already paid full restitution.

## 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 prejudice 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:

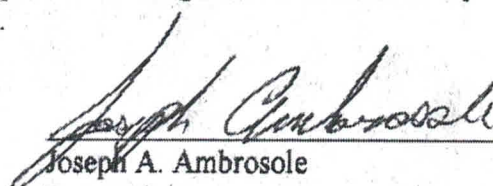
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not 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 testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

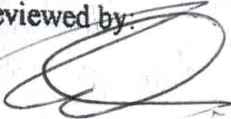
D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement 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 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.

3/26/11  
Date

  
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Joseph A. Ambrosio  
Respondent

Reviewed by:



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Michael Utilla, Esq.  
Counsel for Respondent  
Michael Utilla & Associates  
2225 East 74<sup>th</sup> St.  
Brooklyn, NY 11234

Accepted by FINRA:

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

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Date

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Melissa J. Turitz  
Director  
FINRA  
Department of Enforcement  
581 Main St., Suite 710  
Woodbridge, NJ 07095

Reviewed by:

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Michael Utilla, Esq.  
Counsel for Respondent  
Michael Utilla & Associates  
2225 East 74<sup>th</sup> St.  
Brooklyn, NY 11234

Accepted by FINRA:

Signed on behalf of the  
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04/07/2021

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Date

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