

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

Department of Enforcement,

Complainant,

v.

Abdul Matin Rahmani
CRD No. 4269583,

Respondent.

Disciplinary Proceeding
No. 2019063626703

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Between October 2018 and March 2019, while registered through Joseph Stone Capital L.L.C., Respondent Abdul Matin Rahmani engaged in outside business activities through and on behalf of an entity called Axe Marketing Group LLC without providing prior written notice to Joseph Stone. Axe Marketing, which also operated under the name Access Pre IPO, advertised its business as marketing and selling shares of pre-initial public offering (IPO) companies to investors. Among other things, Rahmani solicited and met with prospective clients of Axe Marketing, which operated from the same office where Rahmani conducted his securities business.

2. Rahmani then failed to cooperate with FINRA's investigation of his undisclosed outside business activities. First, Rahmani provided false or misleading information to FINRA in response to a written request for information that was issued pursuant to FINRA Rule 8210. Although FINRA requested that Rahmani identify all email addresses he used, as well as all bank accounts he controlled, Rahmani failed to disclose an email address that he used with an Access

Pre IPO domain name. Rahmani also failed to disclose the existence of four bank accounts that he opened at approximately the same time Axe Marketing was formed in October 2018.

3. Rahmani also lied during on-the-record (OTR) testimony that was requested by FINRA pursuant to FINRA Rule 8210. Rahmani falsely testified that he had “no involvement” with Axe Marketing, that he never used an email address associated with Axe Marketing—despite the fact that Rahmani had already produced to FINRA emails sent to and from his email account with an Access Pre IPO domain name—and that he had closed multiple bank accounts that he initially failed to disclose to FINRA by the end of 2018.

4. Following Rahmani’s OTR, FINRA Staff continued its investigation and requested, pursuant to FINRA Rule 8210, information and documents pertaining to the four bank accounts that Rahmani opened in October 2018. Rahmani failed to provide FINRA with all the requested information or documents for two of the four accounts and failed to provide any information or documents whatsoever related to the remaining two accounts.

5. As a result of the foregoing, Rahmani: (1) violated FINRA Rules 3270 and 2010, for engaging in outside business activities without providing prior written notice to Joseph Stone; (2) violated FINRA Rules 8210 and 2010 for providing false or misleading written responses and false or misleading testimony to FINRA; and (3) violated FINRA Rules 8210 and 2010 for failing to produce information and documents requested pursuant to FINRA Rule 8210.

RESPONDENT AND JURISDICTION

6. Rahmani first became registered with FINRA in November 2000 as an Investment Company and Variable Contracts Products Representative. Rahmani was registered through numerous FINRA member firms from November 2000 through May 2018.

7. In June 2018, Rahmani became registered with FINRA as a General Securities Representative and an Investment Company and Variable Contracts Products Representative through an association with Joseph Stone Capital L.L.C. (CRD No. 159744). Rahmani was registered in those capacities through Joseph Stone until August 17, 2020, when the firm filed a Uniform Termination Notice for Securities Industry Registration (Form U5) disclosing that it had permitted Rahmani to resign due to “FINRA’s preliminary determination ... to recommend disciplinary action against Mr. Rahmani.”

8. 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 (1) the Complaint was filed within two years after August 17, 2020, which was the effective date of termination of Respondent’s registration with Joseph Stone, and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member.

FACTS

A. Rahmani Engaged in Undisclosed Business Activities Involving Axe Marketing without Providing Prior Written Notice to His Firm.

9. Rahmani conducted his securities business from an office located on Broadhollow Road in Melville, New York (the “Broadhollow Road Office”) from approximately December 2017 until approximately March 2019. Rahmani leased the Broadhollow Road Office through a disclosed outside business entity that he wholly owned and controlled.

10. Axe Marketing Group LLC (also known as Axe M. Group and Access Pre IPO) was a limited liability company formed in the State of Delaware in October 2018.

11. Axe Marketing began conducting its business activities from the Broadhollow Road Office at or shortly after its formation.

12. Axe Marketing’s advertised business was marketing and selling shares of pre-IPO companies to investors. On its website, Axe Marketing advertised that it offered investors “access to the best performing[sic] Pre IPOs of the year,” including Uber, Lyft, Palantir and SpaceX.

13. Axe Marketing’s website provided an option for prospective investors to schedule an appointment with Rahmani by clicking on a hyperlinked “appointment” button, which directed investors to a calendar scheduling website.

14. The calendar to which the Axe Marketing “appointment” button connected belonged to Rahmani. The email address associated with that calendar was one Rahmani identified to FINRA Staff as a personal email address.

15. Rahmani had a page on the calendar scheduling website. His page welcomed prospective investors to his “scheduling page” and included a hyperlink entitled “How it Works,” which explained: “We are going to discuss how you can gain access to private stocks within minutes such as: Uber, Lyft, Palantir, SpaceX ...”

16. When prospective investors clicked on the “How it Works” hyperlink, they were taken directly to Rahmani’s calendar, on which they could select a date and time for their appointment. The calendar identified the Broadhollow Road Office as the location for the appointment.

17. For each scheduled appointment, Rahmani received an email confirmation at his personal email address, which confirmed the location of the meeting as the Broadhollow Road Office and identified Rahmani as the meeting organizer.

18. For example, on November 29, 2018, Rahmani received an email at his personal email address scheduling an appointment for later that day at the Broadhollow Road Office with

a prospective investor identified through Axe Marketing. The email identified Rahmani as the organizer of the meeting and noted that the purpose of the meeting was to discuss how to “gain access to private stocks within minutes such as: Uber, Lyft, Palantir, SpaceX ...”

19. Rahmani received approximately five similar emails at his personal email address throughout December 2018 and January 2019.

20. Rahmani, in fact, called prospective investors and solicited their investments in pre-IPO companies through Axe Marketing. Rahmani also met with at least one prospective investor at the Broadhollow Road Office along with another individual connected to Axe Marketing.

21. Rahmani also used an email address with the Access Pre IPO domain name to send and receive emails (the “Axe Marketing Email Address”).

22. Axe Marketing also provided Rahmani with a debit card linked to an Axe Marketing bank account. Rahmani used the debit card to withdraw funds.

23. Separately, in or around October 2018, Rahmani opened four bank accounts (Bank Accounts 1 (ending ’0986), 2 (ending ’5689), 3 (ending ’0957), and 4 (ending ’1700)).

24. At all relevant times, Joseph Stone’s written supervisory procedures (WSPs) required registered representatives to provide prior written notice of any business activity “outside the scope of [their] relationship” with the firm. The WSPs further stated that upon receipt of written notice, the firm would “evaluate the advisability of imposing specific conditions or limitations on a registered person’s outside business activity, including where circumstances warrant, prohibiting the activity.”

25. Rahmani did not provide prior written notice of his business activities through and on behalf of Axe Marketing to Joseph Stone.

26. To the contrary, when the existence of Axe Marketing was brought to Joseph Stone's attention in March 2019, Rahmani falsely told the firm that he was not involved with Axe Marketing.

B. Rahmani Provided False or Misleading Information to FINRA.

1. Rahmani Provided False or Misleading Information in Written Responses to FINRA.

27. On November 8, 2019 and again on December 10, 2019, as part of an investigation into Rahmani's outside business activities, FINRA Staff requested, pursuant to FINRA Rule 8210, that Rahmani identify all email addresses that he used, including any email addresses that he used in connection with Axe Marketing's business.

28. On December 27, 2019, in response to the requests issued pursuant to FINRA Rule 8210, Rahmani identified four email addresses, which included two personal email addresses, an email address associated with Joseph Stone, and an email address associated with Rahmani's disclosed outside business entity.

29. Rahmani's response did not identify the Axe Marketing Email Address.

30. In the November 8 and December 10, 2019 requests, FINRA Staff also requested, pursuant to FINRA Rule 8210, that Rahmani identify all bank accounts that he controlled, for which he had signatory authority, in which he had a beneficial interest, or which he opened.

31. On December 27, 2019, Rahmani responded to FINRA Staff's Rule 8210 request by identifying two personal bank accounts and a bank account in the name of his disclosed outside business entity. Rahmani's response did not identify Bank Accounts 1, 2, 3, and 4 that he opened in or around October 2018.

2. Rahmani Provided False or Misleading Testimony to FINRA.

32. On December 3, 2019, in connection with its investigation, FINRA Staff requested, pursuant to FINRA Rule 8210, that Rahmani provide OTR testimony.

33. On January 9, 2020, Rahmani appeared and provided OTR testimony pursuant to FINRA Rule 8210 (the January OTR).

34. On April 1, 2020, in connection with its investigation, FINRA Staff requested, pursuant to FINRA Rule 8210, that Rahmani provide additional OTR testimony.

35. On April 15, 2020, Rahmani appeared and provided OTR testimony pursuant to FINRA Rule 8210 (the April OTR).

36. During the January and April OTRs, Rahmani provided false or misleading testimony about several topics.

37. First, in both the January and April OTRs, Rahmani testified that he had “no involvement” with Axe Marketing and had never conducted business activities on its behalf.

38. This testimony was false or misleading because Rahmani solicited prospective investors, met with at least one prospective investor, used an Axe Marketing email account, and used a debit card to withdraw funds from a bank account associated with Axe Marketing.

39. Second, in the April OTR, Rahmani testified that he had never sent or received emails from any email address associated with Axe Marketing.

40. This testimony was false or misleading because Rahmani used the Axe Marketing Email Address.

41. Third, while Rahmani admitted he opened Bank Accounts 1, 2, 3, and 4 in or around October 2018, he testified that all four accounts were closed by the end of 2018.

42. This testimony was false or misleading because at least three of the four accounts were open, with activity, through April 2019.

C. Rahmani Failed to Provide FINRA Staff with Information and Documents Requested Pursuant to FINRA Rule 8210.

43. On April 28, 2020, FINRA Staff requested, pursuant to FINRA Rule 8210, that Rahmani provide account records, including account applications, new account documents, correspondence, account statements, and transaction-related records, for the four bank accounts that he opened in or around October 2018 (Bank Accounts 1 through 4) (the April 28 Request). In the April 28 Request, FINRA Staff also requested that Rahmani provide any dates of closure, and documents evidencing any such closures, pertaining to Bank Accounts 1, 2, 3, and 4. Rahmani's response to FINRA's April 28 Request was due on or before May 19, 2020.

44. Although Rahmani's response to the April 28 Request was due on or before May 19, 2020, Rahmani did not provide any responsive documents or information by that date.

45. Accordingly, on May 26, 2020, FINRA Staff issued a second identical request to Rahmani, pursuant to FINRA Rule 8210 (the May 26 Request). Rahmani's response to the May 26 Request was due on or before June 16, 2020. At Rahmani's request, Staff extended the deadline for Rahmani to respond to June 19, 2020.

46. On June 19, 2020, Rahmani sent a letter to FINRA Staff, purportedly in response to Staff's Rule 8210 request (the June 19 Response). However, the June 19 Response failed to include any documents pertaining to Bank Accounts 1 through 4, nor did it indicate whether or when any of the bank accounts were closed.

47. Accordingly, on June 29, 2020, FINRA Staff issued a third request to Rahmani, pursuant to FINRA Rule 8210 (the June 29 Request), again requesting that Rahmani provide the requested documents and information regarding Bank Accounts 1 through 4. Rahmani's response to FINRA's June 29 Request was due on or before July 10, 2020.

48. On July 10, 2020, Rahmani provided account statements for Bank Accounts 3 and 4. However, Rahmani failed to provide “account applications, new account documents, correspondence ... [or] transaction related records” for Bank Accounts 3 and 4, nor did he provide the dates of closure or any “documents evidencing the account closure[s]” for Bank Accounts 3 and 4.

49. Rahmani failed to provide any records or information for Bank Accounts 1 and 2, nor did he indicate whether or when they were closed.

50. The April 28, May 26, and June 29 Requests sought information that was material to FINRA’s investigation of Rahmani because, among other reasons, the records and information were likely to include information about Rahmani’s outside business activities, including his involvement in Axe Marketing and any compensation he received from Axe Marketing.

FIRST CAUSE OF ACTION
Failure to Disclose Outside Business Activities
(Violation of FINRA Rules 3270 and 2010)

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

52. FINRA Rule 3270 provides that “[n]o registered person may be an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member, in such form as specified by the member.”

53. A violation of FINRA Rule 3270 also constitutes a violation of FINRA Rule 2010, which requires that associated persons “observe high standards of commercial honor and just and equitable principles of trade” in the conduct of their business.

54. Between October 2018 and March 2019, Rahmani engaged in outside business activities through and on behalf of Axe Marketing.

55. Rahmani acted as an employee or independent contractor for Axe Marketing by soliciting prospective investors, meeting with at least one prospective investor, using an Axe Marketing email account, and using a debit card to withdraw funds from a bank account associated with Axe Marketing.

56. Rahmani's business activities through Axe Marketing were outside the scope of his relationship with Joseph Stone.

57. Rahmani failed to provide any prior notice to Joseph Stone of his outside business activities involving Axe Marketing.

58. To the contrary, in March 2019, Rahmani falsely claimed to Joseph Stone that he was not involved in Axe Marketing.

59. By virtue of the foregoing, Rahmani violated FINRA Rules 3270 and 2010.

SECOND CAUSE OF ACTION
Providing False or Misleading Information to FINRA in Written
Responses to FINRA Rule 8210 Requests
(Violation of FINRA Rules 8210 and 2010)

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

61. Providing false or misleading information to FINRA in response to a FINRA Rule 8210 request violates FINRA Rule 8210 and therefore also constitutes a violation of FINRA Rule 2010.

62. On November 8, 2019, and again on December 10, 2019, in connection with its investigation into Rahmani's outside business activities, FINRA Staff requested, pursuant to FINRA Rule 8210, that Rahmani identify: (a) all email addresses that he used, including in

connection with Axe Marketing's business; and (b) all bank accounts that he controlled, for which he had signatory authority, in which he had a beneficial interest in, or which he opened.

63. On December 27, 2019, Rahmani responded to FINRA's Rule 8210 request. Rahmani provided false or misleading information to FINRA in his response in that he (a) failed to disclose the existence of the Axe Marketing Email Address, and (b) failed to disclose the four bank accounts (Bank Accounts 1, 2, 3 and 4) that he opened in or around October 2018.

64. The information FINRA sought regarding Rahmani's email addresses and bank accounts was material to FINRA's investigation into his outside business activities because, among other things, such information was likely to reveal information regarding Rahmani's involvement in such outside business activities. Rahmani's failure to provide all the requested information impeded FINRA's investigation.

65. By providing false or misleading information to FINRA in response to a Rule 8210 request, Rahmani violated FINRA Rules 8210 and 2010.

THIRD CAUSE OF ACTION
Providing False or Misleading Information to FINRA
during Testimony Taken Pursuant to FINRA Rule 8210
(Violation of FINRA Rules 8210 and 2010)

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

67. Providing false or misleading information to FINRA during on-the-record testimony requested pursuant to FINRA Rule 8210 is a violation of FINRA Rule 8210 and therefore also constitutes a violation of FINRA Rule 2010.

68. On December 3, 2019 and April 1, 2020, in connection with its investigation, FINRA Staff sent Rahmani requests pursuant to FINRA Rule 8210 to provide OTR testimony.

69. Rahmani appeared and provided OTR testimony on January 9, 2020 and April 15, 2020, pursuant to FINRA Rule 8210. At the January and April OTRs, Rahmani provided false or misleading testimony to FINRA:

- a. Rahmani falsely testified that he had no involvement in Axe Marketing;
- b. Rahmani falsely testified that he never sent emails from or received emails at any email address associated with Axe Marketing; and
- c. Rahmani falsely testified that he had closed Bank Accounts 1, 2, 3, and 4 by the end of 2018 because he did not use the bank accounts.

70. By providing false or misleading information to FINRA in testimony taken pursuant to FINRA Rule 8210, Rahmani violated FINRA Rules 8210 and 2010.

FOURTH CAUSE OF ACTION
Failing to Provide Information and Documents Requested
Pursuant to FINRA Rule 8210
(Violation of FINRA Rules 8210 and 2010)

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

72. 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, complaint, examination or proceeding[.]”

73. FINRA Rule 8210(c) provides that “[n]o member or person shall fail to provide information ... pursuant to this Rule.”

74. Failing to provide information and documents requested pursuant to FINRA Rule 8210 is a violation of FINRA Rules 8210 and 2010.

75. On April 28, 2020, May 26, 2020, and June 29, 2020, FINRA Staff sent Rahmani letters, pursuant to FINRA Rule 8210, requesting that Rahmani provide account records, including “account applications, new account documents, correspondence, account statements, and transaction related records” for Bank Accounts 1, 2, 3, and 4. FINRA Staff also requested that for each bank account, Rahmani state whether the account was “currently open or closed,” and if closed, “provide the date of account closure,” and “documents evidencing the account closure.”

76. Although Rahmani was properly served with the April 28, May 26, and June 29 Requests and partially responded to certain items in the May 26 and June 29 Requests, Rahmani did not provide to FINRA any documents or information concerning Bank Accounts 1 and 2.

77. Rahmani also failed to provide to FINRA all of the documents requested for Bank Accounts 3 and 4. Specifically, Rahmani did not provide FINRA with the requested account records, including “account applications, new account documents, correspondence, ... and transaction related records,” or any dates of account closure and documents evidencing closure, for Bank Accounts 3 and 4.

78. The April 28, May 26, and June 29 Requests sought information that was material to FINRA’s investigation of Rahmani, because, among other reasons, the records and information were likely to include information about Rahmani’s involvement in outside business activities, including his involvement in Axe Marketing and any compensation he received from Axe Marketing.

79. By failing to provide documents and information requested pursuant to FINRA Rule 8210, Rahmani 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 Respondent committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed; and
- C. order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: April 15, 2021

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