

NEW YORK STOCK EXCHANGE, INC.

EXCHANGE HEARING PANEL DECISION 03-114

June 11, 2003

MARGARET ANN HALL
FORMER NON-REGISTERED EMPLOYEE

* * *

Altered a Firm document; violated Exchange Rule 477 by failing to timely comply with request for information – Consent to censure and fifteen month bar.

Appearances:

For the Division of Enforcement
Linda S. Riefberg, Esq.
Penny Rosenberg, Esq.

For the Respondent
Margaret Ann Hall
pro se

* * *

An Exchange Hearing Panel met to consider a Stipulation of Facts and Consent to Penalty entered into between the Exchange's Division of Enforcement and Margaret Ann Hall, a former non-registered employee with Merrill Lynch, Pierce, Fenner & Smith, Incorporated (the "Firm"). Without admitting or denying guilt, Ms. Hall consents to a finding by the Hearing Panel that she:

- I. Engaged in conduct inconsistent with just and equitable principles of trade in that she altered a Firm document.
- II. Violated Exchange Rule 477 by failing to timely comply with one or more Exchange requests for information concerning matters that occurred while she was employed by a member organization.

For the sole purpose of settling this disciplinary proceeding, the Division of Enforcement and Ms. Hall stipulate to certain facts, the substance of which follows:

Background and Jurisdiction

1. Margaret Ann Hall ("Hall") was born on August 23, 1969. She entered the securities industry in May 1997 as a Client Associate in the Chicago Monroe office of the Firm.
2. The Exchange has no record that Hall is currently employed in the securities industry.
3. Enforcement received a Form RE-3 dated December 27, 2001, filed by the Firm indicating that, on November 27, 2001, it had terminated Hall for altering a Firm document.

Overview

4. Hall altered an “IRA Asset Transfer and Adoption Agreement” dated September 6, 2001 (the “transfer request”) and failed to timely respond to written requests from the Exchange for information regarding this matter.

Alteration of Document

5. On September 6, 2001, one of the Firm’s customers completed a transfer request, requesting a full transfer of one of her accounts to another firm.
6. Rather than liquidating the stocks and transferring all of the assets as the customer had requested, Hall mistakenly transferred the stock positions. Since the other firm would not accept stock positions, the transfer could not be completed.
7. When Hall’s manager asked her about the transfer, Hall made a copy of the original transfer request and altered it with white-out to cover-up her mistake and make it appear that she followed the customer’s instructions correctly.
8. The Firm calculated the potential costs incurred by the customer as a result of the delay caused by Hall’s error and paid that amount to the customer. Hall did not receive any funds from the improper transfer of the account.

Failure to Cooperate

9. By letter dated July 24, 2002, sent to the last address indicated in the Central Registration Depository Records (“CRD”) for Hall, Enforcement informed Hall that it had opened a formal investigation into this matter and requested a detailed written explanation about it. The letter also informed Hall that failure to provide a written explanation could result in the institution of formal disciplinary proceedings for failure to cooperate with an Exchange investigation. The letter was sent by First Class and Certified Mail. Both letters were returned “Attempted Not Known.”
10. Enforcement then sent a letter dated September 19, 2002, relaying the same information, by First Class and Certified Mail to the last known address the Firm had for Hall, which was different than the one contained on Hall’s CRD. The letter sent Certified Mail was returned “Attempted Not Known,” but the letter sent First Class was never returned undelivered to Enforcement.
11. Finally, Enforcement sent a letter dated October 15, 2002, relaying the same information and requesting a detailed written response from Hall no later than November 8, 2002, by First Class and Certified Mail to Hall at the address the Firm had for Hall’s father. The return receipt card showing that the October 15, 2002 letter was delivered on October 19, 2002, was signed by a family member and returned to

Enforcement. The letter sent First Class Mail was never returned undelivered to Enforcement.

12. Enforcement never received a response to its written request for information.
13. By letter dated December 17, 2002, Enforcement issued charges for Failure to Cooperate against Hall. On January 9, 2003, Hall called Enforcement Staff to provide it with that information.

DECISION

The Hearing Panel, in accepting the Stipulation of Facts and Consent to Penalty, found Ms. Hall guilty as set forth above by unanimous vote.

PENALTY

In view of the above findings, the Hearing Panel, by unanimous vote, imposed the penalty consented to by Ms. Hall of a censure and a fifteen month bar from membership, allied membership, approved person status and from employment or association in any capacity with any member or member organization.

For the Hearing Panel

Milton M. Stein
Hearing Officer