

NEW YORK STOCK EXCHANGE, INC.

EXCHANGE HEARING PANEL DECISION 03-175

September 19, 2003

GHASSAN AKEEH TALHAMI
FORMER NON-REGISTERED EMPLOYEE

* * *

Failed to disclose a criminal conviction on an employment application; caused a violation of Exchange Rule 345.12 by submitting a Form U-4 containing false information; violated Exchange Rule 476(a)(10) by making misstatements and/or omissions of fact on his application for registration – Consent to censure and seven year bar.

Appearances:

For the Division of Enforcement
Steven F. Korostoff, Esq.
Howard L. Kneller, Esq.

For the Respondent
Ghassan Akeeh Talhami
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 Ghassan Akeeh Talhami, a former non-registered employee with Morgan Stanley Dean Witter (the "Firm"). Without admitting or denying guilt, Mr. Talhami consented to a finding by the Hearing Panel that he:

- I. Engaged in conduct inconsistent with just and equitable principles of trade by failing to disclose, on an employment application submitted to his member firm employer, a prior criminal conviction which made him subject to a statutory disqualification.
- II. Caused a violation of Exchange Rule 345.12 by submitting a Uniform Application for Securities Registration and Transfer (Form U-4) containing false information.
- III. Violated Exchange Rule 476(a)(10) by making misstatements and/or omissions of fact on his application for registration filed with the Exchange.

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

Background and Jurisdiction

1. Talhami was born in [REDACTED]. He entered the securities industry in October 2000, when he joined the Firm in a non-registered capacity as a Financial Advisor Trainee. As set forth below, Talhami's employment with the Firm terminated on April 2, 2001. Although Talhami applied for registration with the Exchange while employed with the Firm, his employment was terminated without approval of such application.

2. On or about April 10, 2001, the Firm filed a Form U-5 (Uniform Termination Notice for Securities Industry Registration) in connection with the termination of Talhami's employment with the Firm. The Form U-5 reported that such termination resulted from the fact that Talhami was determined to have been statutorily disqualified.
3. By letter dated January 31, 2002, which Talhami received, Enforcement notified Talhami of its investigation in this matter and requested a written explanation.
4. Thereafter, Talhami responded and provided information to Enforcement.

Summary of Violative Conduct

5. Talhami engaged in conduct inconsistent with just and equitable principles of trade by failing to disclose, on an employment application submitted to his member firm employer, a prior criminal conviction that rendered him subject to statutory disqualification. Talhami also caused a violation of Exchange Rule 345.12 by submitting a Form U-4 (Uniform Application for Securities Registration and Transfer), which contained false information, and violated Exchange Rule 476(a)(10) by making misstatements and/or omissions of fact on his application for registration filed with the Exchange.

Failure to Disclose Criminal Record

6. Under Section 3(a)(39)(F) and Section 15(b)(4)(B) of the Securities Exchange Act of 1934 ("the Exchange Act"), an individual is subject to a statutory disqualification for a period of ten years upon conviction for any felony or for certain misdemeanors specifically enumerated in §15(b)(4)(b) of the Exchange Act, including misdemeanors involving the "larceny, theft, robbery, extortion, forgery, counterfeiting, fraudulent concealment, embezzlement, fraudulent conversion, or misappropriation of funds, or securities"
7. On or about May 14, 1996, Talhami was arrested and charged with forgery, a felony, in Skokie, Illinois. According to the police report prepared at the time of the arrest, Talhami used a credit card that was either lost by, or stolen from, a teacher at his high school to make purchases totaling approximately \$1,000 at several retail stores.
8. In August 1996, Talhami pled guilty to and was convicted of the charge of misdemeanor theft in connection with the above matter, in violation of 720 Illinois Compiled Statutes 5.0/16-1-A-1. He was given a conditional discharge pursuant to which, among other things, he was ordered to perform community service. In July 1997, after Talhami completed all of the obligations ordered by the court pursuant to the conditional discharge, the discharge was made unconditional.
9. As a result of his conviction for misdemeanor theft in August 1996, Talhami is subject to statutory disqualification until August 2006.

10. In or about October 2000, Talhami prepared and signed an application for employment with the Firm.
11. One question on the Application asked: “Have you ever been arrested or indicted for any felony or misdemeanor . . . involving any crime in which violence or threats of violence against any person, dishonesty, the wrongful taking of property, or any manner of fraud was a factor . . . ?” Talhami checked the box marked “No” in response to such question, which was not true.
12. Another question on the Application asked: “Have you ever been convicted of, or pleaded no contest to a felony of any kind, or of a misdemeanor involving embezzlement, theft, counterfeiting, forgery, fraud, false statements, misappropriation of funds, abuse or misuse of a fiduciary relationship, or [sic] purchase or sale of any security arising out of the conduct of a broker-dealer?” Talhami checked the box marked “No” in response to such question, which was not true.
13. Talhami failed to disclose the aforementioned misdemeanor theft conviction (or his earlier arrest in the same matter) on the Application.
14. On or about November 29, 2000, Talhami filled out and caused to be submitted to the Exchange a Form U-4. The Form U-4 included the following questions, numbered 23(A)(1) and (B)(1): “Have you ever been charged with any *felony*?” and “Have you ever been convicted of or pled guilty or nolo contendere . . . to a *misdemeanor involving . . . any fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting [or] extortion . . . ?*” (Italics in originals.)
15. Talhami checked the boxes marked “No” to these questions, which was not true. Talhami failed to disclose the aforementioned criminal matters on the Form U-4.

DECISION

The Hearing Panel, in accepting the Stipulation of Facts and Consent to Penalty, found Mr. Talhami 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 Mr. Talhami of a censure and a bar for seven years 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

Vincent F. Murphy
Hearing Officer