

NEW YORK STOCK EXCHANGE, INC.

EXCHANGE HEARING PANEL DECISION 03-186

October 2, 2003

CHRISTOPHER MICHAEL SPRINGER
FORMER REGISTERED REPRESENTATIVE

* * *

Violated Exchange Rule 477 by failing to comply with requests for information; convicted of theft of Firm funds --- Censure and permanent bar.

Appearances:

For the Division of Enforcement
James D. O'Donnell, Esq.
David DeGregorio, Esq.

For the Respondent
No Appearance

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An Exchange Hearing Panel conducted a hearing on charges brought by the Exchange's Division of Enforcement against Christopher Michael Springer, a former registered representative with A.G. Edwards & Sons Inc. (the "Firm"). Mr. Springer was charged with having:

- I. Violated Exchange Rule 477 by failing to comply with one or more written requests by the Exchange for information concerning one or more matters which occurred prior to the termination of his status as an employee of a member firm.
- II. Engaged in acts detrimental to the interest or welfare of the Exchange in violation of Exchange Rule 476(a)(7) in that he was convicted of the criminal offense of theft by deception, a felony, which involved the theft of member firm funds which occurred during the course of his employment at a member firm.

Mr. Springer did not submit an Answer to the Charge Memorandum, and neither Mr. Springer nor any person on his behalf appeared at the hearing in this matter. At the hearing, the Division of Enforcement moved, pursuant to Exchange Rule 476, to have the facts alleged in the Charge Memorandum deemed admitted, since Mr. Springer did not submit an Answer. The motion was granted and, on that basis, the Hearing Panel found as follows:

Background

1. Christopher Michael Springer ("Springer") was born in October 1972. His only employment in the securities industry began in January 1999 with the Firm in Louisville, Kentucky, where he was employed in a registered capacity until his discharge in December 2002.

2. Springer has not been employed in the securities industry in a capacity known to the Exchange since his discharge from the Firm in December 2002.
3. On or about May 22, 2002, the Exchange received from the Firm a Form RE-3 (the "Form RE-3") reporting that Springer was placed on "Compliance Leave of Absence", effective May 15, 2002, while the Firm conducted an internal review into allegations that Springer made an unauthorized withdrawal of funds from a customer account.
4. On or about January 6, 2003, the Exchange received from the Firm a Uniform Termination Notice for Securities Industry Registration (the "Form U-5") reporting that Springer was discharged on December 4, 2002.
5. The Form U-5 reported, among other things, that the Firm's internal review concluded that Springer made unauthorized withdrawals from one or more customer accounts.
6. On or about March 21, 2003, the Exchange issued a charge memorandum against Springer relating to his failure to cooperate, as set forth below.
7. To date, Springer has not responded or submitted an answer to the charge memorandum dated March 21, 2003. An amended charge memorandum, incorporating the charge of acts detrimental to the interest or welfare of the Exchange was subsequently issued on July 18, 2003 without response or answer from Springer.

Failure to Cooperate

8. On February 3, 2003, the Exchange's Division of Enforcement ("Enforcement") sent a letter to Springer via certified mail, return receipt requested, notifying him that it was investigating, among other things, the possibility that he may have misappropriated funds from customer accounts while he was employed at the Firm (the "February 3 Letter"). The February 3 Letter was addressed to Springer at his last place of residence in Louisville, Kentucky as reflected in Exchange records (the "Kentucky Address").
9. In the February 3 Letter, Enforcement requested that Springer provide a written explanation to Enforcement by February 24, 2003.
10. The February 3 Letter informed Springer that his failure to supply the requested information could result in formal disciplinary action against him for failure to cooperate.
11. On or about February 7, 2003, a copy of the February 3 Letter was sent via first class mail to Springer at the Kentucky Address. The copy of the February 3 Letter sent via first class mail has not been returned to Enforcement.
12. On or about February 18, 2003, the certified mail copy of the February 3 Letter was returned to the Exchange by the United States Postal Service, marked "Refused". The return receipt had not been signed.

13. The United States Postal Service provided a forwarding address for Springer on the outside of the envelope containing the certified mail copy of the February 3 Letter. The new home address provided by the United States Postal Service for Springer was in Franklin, Indiana (the “Indiana Address”).
14. On February 19, 2003, Enforcement sent an additional letter by certified mail to Springer at the Indiana Address (the “February 19 Letter”) requesting that Springer submit a written explanation of his possible misappropriation of customer funds to Enforcement (the “February 19 Letter”).
15. On or about February 24, 2003, a copy of the February 19 Letter was sent via first class mail to Springer at the Indiana Address. The copy of the February 19 Letter sent via first class mail has not been returned to Enforcement.
16. On or about March 3, 2003, the certified mail copy of the February 19 Letter was returned to the Exchange by the United States Postal Service, marked “Refused”.
17. The February 19 Letter requested that Springer provide a written explanation to Enforcement by March 11, 2003.
18. The February 19 Letter informed Springer that his failure to supply the requested information could result in formal disciplinary action against him for failure to cooperate.
19. To date, Springer has not complied with Enforcement’s requests to provide a written explanation.

Acts Detrimental to the Interest or Welfare of the Exchange

20. On or about April 23, 2003, an indictment was filed in the Jefferson Circuit Court of Jefferson County, Kentucky (the “Court”) charging that Springer committed Theft By Deception over \$300 (False Impression) in violation of Kentucky Revised Statutes Section 514.040(1)(a).
21. The indictment related to Springer’s misappropriation of funds belonging to his member firm employer that occurred between January 24, 2002 and May 6, 2002 during the course of his employment at a member firm.
22. In a plea agreement dated April 21, 2003, Springer acknowledged that between January 24, 2002 and May 6, 2002 he “submitted a forged third party release request and diverted funds electronically into another account.”
23. On or about April 21, 2003, Springer pled guilty to, and was convicted of, the crime of Theft By Deception over \$300, a felony.

24. On or about April 28, 2003, the Court accepted Springer's plea of guilty to Theft By Deception over \$300, a felony. In accepting Springer's plea, the Court noted that Springer had already paid approximately \$17,000 in restitution and might be required to pay an additional \$1,500.
25. On or about June 17, 2003, Springer was sentenced by the Court to a term of five years probation.

DECISION

The Hearing Panel, by unanimous vote, found Mr. Springer guilty as charged.

PENALTY

In view of the above findings, the Hearing Panel, by unanimous vote, determined that Mr. Springer be censured and permanently barred from membership, allied membership, approver 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