

NEW YORK STOCK EXCHANGE, INC.

**EXCHANGE HEARING PANEL DECISION 04-81**

May 19, 2004

CATHERINE McLELLAND  
a/k/a CATHERINE McLELLAND-GREER  
FORMER NON-REGISTERED EMPLOYEE

\* \* \*

**Violated Exchange Rule 345.12 by submitting an inaccurate Form U-4;  
violated Exchange Rule 476(a)(10) by misstatement on registration  
application – Consent to censure and three month bar.**

**Appearances:**

For the Division of Enforcement  
Linda S. Riefberg, Esq.  
Stephanie B. Fine, Esq.

For the Respondent  
Ann K. Smith, Esq.

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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 Catherine Mclelland a/k/a Catherine Mclelland-Greer, a former non-registered employee with Morgan Stanley DW Inc. ("Morgan Stanley"), and previously employed by Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"). For the sole purpose of settling this disciplinary proceeding, without admitting or denying guilt, Ms. Mclelland consents to a finding by the Hearing Panel that she:

- I. Violated Exchange Rule 345.12 in that, in connection with efforts to obtain employment with a member firm, she submitted a Uniform Application for Securities Industry Registrations or Transfer (Form U-4) that contained inaccurate information.
- II. Violated Exchange Rule 476(a)(10) in that she made a misstatement and omission of fact on an application for registration filed with the Exchange.

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

**Background and Jurisdiction**

1. Catherine Mclelland ("Mclelland") was born on June 26, 1975. (Catherine McClelland is now married and utilizes the name Mclelland-Greer). She entered the securities industry in or about 1999, and was employed by Merrill Lynch from March 1999 through April 2002 and by Morgan Stanley from June 2002 through March 2003.

2. Since leaving Morgan Stanley, Mclelland has not been employed in the securities industry.
3. The Division of Enforcement (“Enforcement”) opened this investigation after receiving a Form U-5 Uniform Termination Notice for Securities Registration (“Form U-5”) filing, dated April 2002, from Merrill Lynch.
4. By letter dated November 7, 2002, which she received, the Exchange informed Mclelland that it was investigating this matter.

### **Overview**

5. As set forth below, Mclelland, in connection with her efforts to obtain employment with a member organization, submitted an inaccurate employment application and Uniform Application for Securities Industry Registration or Transfer (“Form U-4”), and made a misstatement and omission of fact on a registration application filed with the Exchange.

### **McClelland’s Conduct**

6. Mclelland was employed by Merrill Lynch as a registered Investor Service Associate from March 1, 1999 until her termination by Merrill Lynch on April 16, 2002. Merrill Lynch reported the termination in a Form U-5, dated April 23, 2002, specifying that Mclelland “. . .made misrepresentations regarding trading activity for which she received compensation.”
7. Mclelland, interviewing for a position at Morgan Stanley subsequent to her April 16, 2002 termination from Merrill Lynch, indicated that she voluntarily resigned her position from Merrill Lynch.
8. Specifically, Mclelland completed the Morgan Stanley Application for Sales Employment (the “employment application”), dated April 27, 2002, stating that her reason for leaving the employ of Merrill Lynch was “new opportunities/more money”.
9. On the Form U-4 completed for Morgan Stanley, dated June 26, 2002, in response to Question 14J, under the heading Terminations: “Have you ever voluntarily resigned, been discharged or permitted to resign after allegations were made that accused you of:
  - a. violating investment-related statutes, regulations, or industry standards of conduct?
  - b. fraud or the wrongful taking of property?”

Mclelland answered “NO”.
10. The statements made by Mclelland, detailed above, were in fact inaccurate and untrue because she had been terminated by Merrill Lynch for allegedly making

- misrepresentations regarding trading activity for which she received compensation.
11. Mclelland accepted an offer for employment from Morgan Stanley on or about May 21, 2002, and began employment on or about June 24, 2002.
  12. Morgan Stanley, upon learning that Mclelland had misrepresented the nature of her termination from Merrill Lynch during the interview process with Morgan Stanley, and in her completed employment application and Form U-4 documents, terminated her employ, effective March 15, 2003, citing Mclelland's "failure to disclose complete and accurate background information in connection with employment."

**DECISION**

The Hearing Panel, in accepting the Stipulation of Facts and Consent to Penalty, found Ms. Mclelland 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. Mclelland of a censure and a bar of three months from membership, allied membership, approved person status, and from employment or association in any capacity with any Exchange member or member organization.

For the Hearing Panel

Milton M. Stein  
Hearing Officer