

NEW YORK STOCK EXCHANGE, INC.

**EXCHANGE HEARING PANEL DECISION 05-13**

January 25, 2005

MATTHEW C. VROOM

FORMER REGISTERED REPRESENTATIVE

\* \* \*

**Misappropriated customer funds; submitted forged documentation to his employer; caused a violation of Exchange Rule 440 and SEC Rules 17a-3 and 17a-4 by creating inaccurate books and records – Consent to censure and permanent bar.**

**Appearances:**

For the Division of Enforcement  
Joy A. Weber, Esq.  
Stephanie D. Glenn-Palmer, Esq.

For the Respondent  
Matthew C. Vroom  
*pro se*

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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 Matthew C. Vroom, a former registered representative with H & R Block Financial Advisors (the "Firm"). Without admitting or denying guilt, Mr. Vroom consents to findings by the Hearing Panel that he:

- I. Engaged in conduct inconsistent with just and equitable principles of trade in that he misappropriated funds from a customer by causing funds to be transferred from the account of one customer into the account of another customer.
- II. Engaged in conduct inconsistent with just and equitable principles of trade in that he submitted documentation to his member firm employer containing the forged signature of a customer and the forged signature of his branch manager.
- III. Caused a violation of Exchange Rule 440 and SEC Rules 17a-3 and 17a-4 by creating inaccurate books and records.

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

**Background and Jurisdiction**

1. Matthew C. Vroom ("Vroom") was born on March 5, 1969. He entered the securities industry in November 1998 and was employed by the Firm from November 1998 to

- November 2002. He was employed by a non-member firm from January 2003 to February 2003.
2. Vroom worked with the Firm as a registered representative during November 1998 to November 2002, and worked in the Boca Raton and Fort Lauderdale branch offices.
  3. Vroom has not been employed in the securities industry since February 28, 2003.
  4. On December 16, 2002, the Firm filed a Uniform Termination Notice for Securities Industry Registration (“Form U-5”) with the Exchange reflecting that Vroom’s employment was terminated for violating Firm policies regarding the deposit and transfer of customer funds and for signing individuals’ names without authorization, and the Firm subsequently filed amended Form U-5s on January 7, 2003, and March 14, 2003.
  5. By letter dated August 8, 2003, which Vroom received, the Exchange notified Vroom of its investigation.

### **Overview**

6. During June 2002, Vroom misappropriated \$580 from the account of one customer and transferred the funds into the account of another customer. Vroom also forged one customer’s signature and the signature of his branch office manager to Firm documentation as follows:

### **Misappropriation of Customer Funds**

7. During March 2000 through December 2002, Vroom handled the accounts of HD and TR.
8. In or about June 2002, without the knowledge or authorization of HD or TR, Vroom submitted a “Request to Journal Funds and/or Securities” to the Firm. On or about June 26, 2002, Vroom caused the Firm to transfer \$580 from HD’s account to TR’s account.
9. The “Request to Journal Funds and/or Securities” contained two signatures, one which purported to be HD’s signature and another signature, which purported to be the signature of the branch manager. The signatures were in fact not those of HD or the branch manager, and neither signature was authorized by HD or the branch manager.
10. On October 29, 2002, after HD complained to the Firm about the missing funds from his account, Vroom was suspended pending the Firm’s internal review of the matter.
11. On November 14, 2002, the Firm terminated Vroom.

12. On December 2, 2002, the Firm deposited \$580 into HD's account for the unauthorized transfer of funds effected by Vroom.

**DECISION**

The Hearing Panel, in accepting the Stipulation of Facts and Consent to Penalty, found Mr. Vroom 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. Vroom of a censure and a permanent 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  
Panelists:  
Joseph L. Dicandio  
Jeffrey L. Friedman