

NEW YORK STOCK EXCHANGE, INC.

**EXCHANGE HEARING PANEL DECISION 05-60**

May 24, 2005

WILLIAM WALTER JACKSON, IV  
FORMER REGISTERED REPRESENTATIVE

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**Engaged in conduct inconsistent with just and equitable principles of trade by effecting unsuitable transactions in the accounts of customers – Censure and a four year bar.**

**Appearances:**

For the Division of Enforcement  
Joy A. Weber, Esq.  
Virginia J. Harnisch, Esq.  
Michael S. Choi, Esq.

For Respondent  
Ricki Rhein, Esq.  
Karl L. Marquardt, Esq.

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A Hearing Panel of the New York Stock Exchange, Inc. (“Exchange”) met to consider a Stipulation of Facts and Consent to Penalty entered into between the Exchange’s Division of Enforcement (“Enforcement”) and William Walter Jackson, IV (“Respondent”), former registered representative with UBS Financial Services Inc., f/k/a UBS PaineWebber Incorporated and UBS PaineWebber Inc. (collectively, the “Firm”). Without admitting or denying guilt, Respondent consented to a finding by the Hearing Panel that he engaged in conduct inconsistent with just and equitable principles of trade in that he effected transactions in the accounts of numerous customers which were unsuitable for the particular customers in view of their financial circumstances, investment experience and investment objectives.

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

**Background and Jurisdiction**

1. Jackson was born in August 1967.
2. In December 1992, Jackson entered the securities industry when he became employed with a non-member firm. While there as a broker-trainee, he received his Series 7 and Series 63 licenses. He remained at until May 1993, when he became employed with a member firm as a registered representative, where he remained until July 1997.
3. On July 11, 1997, Jackson began his employment as a registered representative at the Firm at a branch office located in Pearl River, New York.

4. Jackson was employed by the Firm as a registered representative until his employment was terminated on September 27, 2001.
5. Jackson has not been employed in the securities industry since his termination from the Firm.
6. After his employment with the Firm was terminated, the Firm reported to the Exchange numerous customer complaints alleging that Jackson engaged in unauthorized and unsuitable trading in the accounts of those customers.
7. By letter dated June 4, 2002, which Jackson received, Enforcement notified Jackson of its investigation pertaining to matters reported by the Firm and requested a written explanation.
8. Thereafter, Jackson responded and provided information to Enforcement.

### **Summary of Violative Conduct**

9. During the period 1999 to 2001, Jackson recommended and effected trades in the accounts of numerous customers of his member firm employer that were unsuitable in view of the customers' financial circumstances, investment experience and investment objectives.

### **Unsuitable Transactions in the Accounts of Multiple Customers**

10. Jackson worked as a registered representative in the Firm's Pearl River, New York branch office. Beginning in 1999, Jackson began to recommend that some of his customers invest in technology sector unit investment trusts ("UITs").
11. The customers who filed complaints against Jackson followed Jackson's recommendations to concentrate their portfolios in technology sector UITs.
12. In 2000 and 2001, the technology sector UITs in the customers' accounts experienced a sharp decrease in market value, which led to large losses for the customers.
13. Many of the customers for whom Jackson recommended and effected transactions in a high concentration of technology sector UITs, were retired, over the age of sixty-two, and not experienced in the securities market.
14. Jackson's trading in at least twelve customer accounts was unsuitable in light of the customers' investment objectives, age, employment status and investment experience.
15. Jackson's unsuitable recommendations and effecting of transactions in technology sector UITs harmed the customers, including the following customers described below as examples, who suffered financial losses.

### **Examples of the Accounts Harmed Customers**

#### **AC & BC**

16. The Cs were customers of Jackson at his prior firm and transferred their individual accounts over to the Firm in 1997, when Jackson became a registered representative with the Firm.
17. According to his new account form at the Firm (“NAF”), at the time AC transferred his account to the Firm, he was a 70 year old retiree with two years experience investing in equities and bonds.
18. According to her NAF, at the time BC transferred her account to the Firm, she was a 68 year old retiree with two years experience investing in equities and bonds.
19. The Cs’ combined annual income was approximately \$70,000.
20. The Cs told Jackson that they were seeking safe investments as they were retired and AC had been diagnosed with leukemia.
21. During the relevant period, Jackson repeatedly recommended and effected purchases of technology sector UITs in the C accounts, incurring fees in the purchase and/or sale of UITs.
22. The value of AC’s account was approximately \$92,652 at the time of the transfer in 1997. By June 2000, approximately 89% of his portfolio was invested in technology sector UITs. By March 2001, the net account value declined to approximately \$43,175.
23. The value of BC’s account was approximately \$35,129 at the time of the transfer in 1997. By March 2001, nearly 100% of her holdings were invested in technology sector UITs and the net account value declined to approximately \$16,787.
24. The concentration of technology sector UITs in the Cs’ accounts was unsuitable in light of the their investment objectives, age, employment status and investment experience.

#### **D**

25. D was a customer of Jackson at his prior firm and transferred her account to the Firm, when Jackson became a registered representative with the Firm.
26. According to her NAF, at the time D transferred her account to the Firm, she was a 77 year old retiree with one year experience investing in equities.
27. Her annual income was approximately \$30,000.

28. D told Jackson that she sought safe investments as the money that was invested in the account was from an inheritance.
29. During the relevant period, Jackson repeatedly recommended and effected purchases of technology sector UITs in the D account, incurring fees in the purchase and/or sale of UITs.
30. The value of D's account was approximately \$61,725 at the time of the transfer in 1997. D received a monthly distribution of approximately \$400 for living expenses. By September 2000, her entire portfolio was invested in technology sector UITs. By March 2001, the net account value declined to approximately \$13,442.
31. The concentration of technology sector UITs in D's account was unsuitable in light of the her investment objectives, age, employment status and investment experience

## **E**

32. E was a customer of Jackson at his former firm and transferred his accounts over to the Firm in 1997, when Jackson became a registered representative with the Firm.
33. According to his NAF, at the time E transferred his account to the Firm, he was a 63 year old retiree with three years experience investing in equities.
34. E's annual income was approximately \$40,000 to \$50,000.
35. E told Jackson that he was seeking safe investments as he had recently retired and had transferred his pension into the account at the Firm. In addition, he and his wife had sold their home, which had no mortgage, and purchased a smaller house with a mortgage. They invested the proceeds from the sale of their home with Jackson at the Firm.
36. During the relevant period, Jackson repeatedly recommended and effected purchases of technology sector UITs in the E account, incurring fees in the purchase and/or sale of UITs.
37. The value of E's account was approximately \$151,789 at the time of the transfer in 1997. By July 2000, over 75% of the account was invested in technology sector UITs and by March 2001, the net account value declined to approximately \$68,696.
38. The concentration of technology sector UITs in E's account was unsuitable in light of his investment objectives, age, employment status and investment experience.

## **DECISION**

The Hearing Panel, in accepting the Stipulation of Facts and Consent to Penalty, found Respondent 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 Respondent of a censure and a four year 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

Peggy Kuo – Chief Hearing Officer

Panelists:

Ruth Fialko

Charles Siegel, Esq.