

NEW YORK STOCK EXCHANGE, INC.

EXCHANGE HEARING PANEL DECISION 05-78

July 6, 2005

KARI MARIE LINDSEY
NON-REGISTERED FORMER EMPLOYEE

* * *

**Engaged in conduct inconsistent with just and equitable principles of trade in that she made a misstatement to her member firm employer regarding a personal check she submitted drawn on insufficient funds and submitted a forged letter that purported to be from a bank to support her misstatement.
– Consent to censure and a two year bar.**

Appearances:

For the Division of Enforcement
Scott M. Andersen, Esq.
Miranda Chatelain, Esq.

For Respondent
pro se

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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 Kari Marie Lindsey (“Respondent”), former non-registered employee with member firm A.G. Edwards & Son, Inc. (the “Firm”). Without admitting or denying guilt, Respondent consented to a finding by the Hearing Panel that she violated Exchange Rule 476 (a)(6) by engaging in conduct inconsistent with just and equitable principles of trade in that she made a misstatement to her member firm employer regarding a personal check she submitted drawn on insufficient funds and submitted a forged letter that purported to be from a bank to support her misstatement.

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. Respondent was born in October 1981. Her only employment in the securities industry was as a non-registered Mutual Funds Advisory Review Clerk with the Firm from June 7, 2004 through August 6, 2004. Respondent is not currently employed in the securities industry in any capacity.
2. On or about August 18, 2004, Enforcement received a Form RE-3, filed by the Firm, reporting that Respondent had been terminated for writing three checks to the Firm that were returned because of insufficient funds, falsely stating that she had notified her bank that her debit card had been stolen, and providing the Firm a forged letter from the bank which purported to verify the same.

3. By letter dated December 21, 2004, which she received, Enforcement notified Respondent that it had opened a formal investigation into the matter. Respondent responded by an undated letter received by the Exchange on January 11, 2005.

Summary of Violative Conduct

4. During the period of July through August 2004, Lindsey, a former non-registered employee, made misstatements and submitted a false document to her member firm employer as set forth below.

Violative Conduct

5. The Firm hired Respondent on June 7, 2004 in a non-registered capacity as a Mutual Funds Advisory Review Clerk. During her period of employment, she requested that the Firm cash the following three personal checks:

<u>Check Date</u>	<u>Check Amount</u>
June 8, 2004	\$ 30
June 10, 2004	\$ 25
July 31, 2004	\$500

6. All three checks were returned for insufficient funds.
7. After the June 10, 2004 check was returned for insufficient funds, Respondent's supervisor sent her an email on June 18, 2004 notifying her that the second check had been returned unpaid, that the amount of the check would be deducted from Respondent's next paycheck, that Respondent was suspended from cashing checks for 90 days, and that she would be permanently barred from cashing checks if a third check was returned for insufficient funds.
8. On or about July 31, 2004, Respondent cashed the third check at the Firm for \$500; that check was also returned for insufficient funds.
9. After cashing the July 31, 2004 check, Respondent informed the Firm's Cash Control Department that her debit card had been stolen and used, that she was working with the bank in order to recover the money, and that there were insufficient funds in her account to cover the check that she had written the previous week. Respondent requested that the Firm not process the check until she had retrieved the stolen funds.
10. In response, the Firm's Cash Control Department notified Respondent that the funds would be deducted from her next paycheck and that the returned check would not be counted as a return on her record. It later requested that Respondent provide the Firm with a letter from Respondent's bank verifying that her debit card had been stolen and used, in order to permit her to maintain her check writing privileges.

11. On August 3, 2004, Respondent submitted a letter to her supervisor that purported to be on her bank's letterhead. The letter, dated July 28, 2004, stated that Respondent had notified the bank that her debit card had been stolen and funds had been withdrawn. It was signed by "ST".
12. On or about August 3, 2004, Respondent's supervisor called the bank to verify the content of the letter. On August 4, 2004, an individual from the Bookkeeping Department of the bank notified her that "ST" was not an employee of the bank, that Respondent had not notified them of a stolen debit card or fraudulent activity in the account, and that the bank letter submitted to the Firm by her was not authentic. Based on this information, Respondent was terminated from employment on August 6, 2004.

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 two year bar from membership, allied membership, approved person status, and from employment or association in any capacity with any member or member organization.

In support of the penalty, Enforcement cites the following Exchange precedents: In the Matter of Gary Brian Neus, HPD 00-65 (Apr. 24, 2000) (consent to censure and 6 month bar for depositing checks with insufficient funds and falsifying bank account record), In the Matter of Margaret Ann Hall, HPD 03-114 (June 11, 2003) (consent to censure and 15 month bar for altering a transfer request and failing to respond in a timely manner to Exchange request for information), and In the Matter of Calvin David Fox, HPD 02-110 (May 31, 2002; upon remand, Sept. 10, 2004; currently pending decision on remand) (censure and 4 year bar after hearing, for misstatement and altering supporting court documents).

The Hearing Panel finds the agreed upon penalty in this case to be reasonable in light of the nature of the violative conduct, the extent of Respondent's wrongdoing, the lack of impact on customers, Respondent's relative inexperience and the fact that Respondent accepted responsibility for her wrongdoing.

For the Hearing Panel

Peggy Kuo – Chief Hearing Officer
Panelists:
Soo-Mi Lee, Esq.
Nancy Romanzo