

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

DEMITRIOS HALLAS  
(CRD No. 4199832),

Respondent.

Disciplinary Proceeding  
No. 2015047828802

Hearing Officer–KBW

**DEFAULT DECISION**

November 2, 2017

**Respondent is barred from associating with any FINRA member firm in any capacity for failing to comply with requests for testimony.**

*Appearances*

For the Complainant: Gina Petrocelli, Esq., Sara Raisner, Esq., and Myles L. Orosco, Esq., Department of Enforcement, Financial Industry Regulatory Authority.

For the Respondent: No appearance.

**DECISION**

**I. Introduction**

In 2016, a former customer of Respondent Demitrios Hallas complained to FINRA member firm Santander Securities LLC (“Santander” or “Firm”) that Hallas, while at Santander, had recommended an unsuitable security transaction to him. Santander filed an amended Uniform Termination Notice for Securities Industry Registration (“Form U5”) reporting the customer complaint, and FINRA’s Department of Enforcement began an investigation into the alleged misconduct. Hallas failed to comply with two FINRA Rule 8210 requests for testimony that Enforcement issued in its investigation.

Enforcement subsequently served Hallas with a Complaint charging that he violated FINRA Rules 8210 and 2010 by failing to comply with the two Rule 8210 requests for testimony. Hallas did not file an answer or otherwise respond to the Complaint. Accordingly, Enforcement filed a motion for entry of default decision (“Default Motion”), together with counsel’s declaration (“Decl.”) in support of the motion and supporting exhibits. Hallas did not oppose the Default Motion.

For the reasons set forth below, I find Hallas in default and grant Enforcement's Default Motion.

## **II. Findings of Fact and Conclusions of Law**

### **A. Hallas's Background**

Hallas first entered the securities industry in 2000 when he became registered with FINRA as a General Securities Representative. Since then he has been registered with FINRA through many FINRA member firms. From April 19, 2013 to May 22, 2014, Hallas was registered with FINRA as an Investment Company Products/Variable Contracts Representative, a General Securities Representative, a General Securities Principal, and an Investment Advisor through his association with Santander. Subsequently, Hallas was associated with two other FINRA member firms. Hallas ceased being registered with FINRA on December 3, 2015, when the latter of the two subsequent member firms filed a Form U5 reporting that he had voluntarily resigned. Hallas is no longer registered or associated with a FINRA member firm.<sup>1</sup>

### **B. FINRA's Jurisdiction**

FINRA retains jurisdiction over Hallas pursuant to Article V, Section 4(a) of FINRA's By-Laws. Enforcement filed the Complaint within two years after the effective date of termination of his FINRA registration, and the Complaint charges him with failing to respond to requests for testimony during the two-year period after the termination of his registration.

### **C. Hallas's Default**

Enforcement filed the Complaint against Hallas on June 16, 2017.<sup>2</sup> Enforcement sent the Complaint and the Notice of Complaint by express mail to Hallas's last-known residential address as reflected in the Central Registration Depository ("CRD Address") and by electronic mail to his personal email address.<sup>3</sup> When Hallas did not timely respond to the Complaint, Enforcement sent the Second Notice of Complaint and Complaint by express mail, first-class mail, and certified mail, return receipt requested, to Hallas's CRD Address and by electronic mail to his email address.<sup>4</sup> Thus, Enforcement served the Complaint on Hallas in accordance with FINRA rules.

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<sup>1</sup> Complaint ("Compl.") ¶¶ 2-6; Decl. ¶¶ 5-9; Complainant's Exhibit ("CX-") 1; CX-3.

<sup>2</sup> Decl. ¶ 13.

<sup>3</sup> Decl. ¶ 12; CX-6.

<sup>4</sup> Decl. ¶ 22; CX-16.

Hallas did not file an answer or otherwise respond to the Complaint.<sup>5</sup> Accordingly, I find that Hallas defaulted and deem the allegations in the Complaint admitted pursuant to FINRA Rules 9215(f) and 9269(a).<sup>6</sup>

#### **D. Hallas Failed to Respond to Requests for Testimony**

On March 8, 2016, Santander filed an amended Form U5 reporting that one of Hallas's former customers had alleged "unethical practices with the exchange of a variable annuity which resulted in a taxable event" and that the customer was seeking \$14,000 in damages.<sup>7</sup> Enforcement commenced its investigation after the filing of this amended Form U5.<sup>8</sup>

On March 15, 2017, Enforcement sent a letter to Hallas requesting pursuant to Rule 8210 that Hallas appear for on-the-record testimony on March 30, 2017. Enforcement sent the letter by first-class mail and certified mail, return receipt requested, to Hallas's CRD Address and by electronic mail.<sup>9</sup> The letter stated that, under Rule 8210, Hallas was "obligated to appear as requested and to answer [Enforcement's] questions fully, accurately, and truthfully" and warned Hallas that a failure on his part to satisfy these obligations could expose him "to sanctions, including a permanent bar from the securities industry."<sup>10</sup> Hallas promptly emailed Enforcement, stating that he was "in the process of seeking legal advice at the moment." Enforcement responded that if Hallas had not retained counsel, Enforcement could continue to talk to him about its request for his testimony and that, if he had retained an attorney, he should request that his attorney contact Enforcement.<sup>11</sup>

Hallas emailed Enforcement on March 23, 2017, stating that he was refusing to testify "until I know what and who am I being questioned about."<sup>12</sup> Enforcement promptly offered to discuss Hallas's questions by telephone, but Hallas never responded to this offer.<sup>13</sup>

On March 28, 2017, Enforcement sent Hallas an email reiterating that, under FINRA Rule 8210, he was required to appear for testimony on March 30, 2017, and advising him that the subject of his testimony related to certain customer complaints filed against him.<sup>14</sup> Hallas

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<sup>5</sup> Decl. ¶ 31.

<sup>6</sup> Respondent is notified that he may move to set aside the default pursuant to FINRA Rule 9269(c) upon a showing of good cause.

<sup>7</sup> Compl. ¶ 5; Decl. ¶ 8; CX-4, at 1, 7-8.

<sup>8</sup> Decl. ¶ 10.

<sup>9</sup> Compl. ¶¶ 13, 15; Decl. ¶ 34; CX-22; CX-23.

<sup>10</sup> Compl. ¶ 14; CX-22, at 1.

<sup>11</sup> Compl. ¶ 18; Decl. ¶ 37; CX-26.

<sup>12</sup> Compl. ¶ 19; Decl. ¶ 38; CX-27.

<sup>13</sup> Compl. ¶ 19; Decl. ¶¶ 37-38; CX-28.

<sup>14</sup> Compl. ¶ 20; Decl. ¶ 39; CX-28.

promptly replied by email that he was “not available” to testify on March 30 and promised to call Enforcement on March 29. Hallas did not explain why he was unavailable, did not offer any alternative dates, and did not contact Enforcement to reschedule his testimony.<sup>15</sup> Hallas did not appear for testimony on March 30, 2017.<sup>16</sup>

On March 31, 2017, Enforcement sent a letter to Hallas requesting pursuant to Rule 8210 that he appear for testimony on April 11, 2017.<sup>17</sup> Enforcement sent the letter by first-class mail and certified mail, return receipt requested, to Hallas’s CRD Address and by electronic mail.<sup>18</sup> The letter reiterated that, under Rule 8210, Hallas was “obligated to appear as requested and to answer [Enforcement’s] questions fully, accurately, and truthfully” and warned Hallas that a failure on his part to satisfy these obligations could expose him “to sanctions, including a permanent bar from the securities industry.”<sup>19</sup> On April 7, 2017, FINRA staff received a certified mail return receipt for the March 31 mailing bearing Hallas’s signature.<sup>20</sup> On April 10, 2017, Enforcement sent an email to Hallas reiterating that he was required to appear for testimony on April 11, 2017.<sup>21</sup> Hallas promptly responded by email stating that he was not available to testify. Other than stating that he had no intention of returning to the securities industry, Hallas provided no reason for his unavailability and offered no alternative dates.<sup>22</sup> Hallas did not appear for testimony on April 11, 2017.<sup>23</sup>

Rule 8210 requires members and their associated persons to provide testimony requested in FINRA investigations. “[A] member firm and its associated persons have an obligation to respond to [FINRA’s] requests fully and promptly.”<sup>24</sup> The Rule specifies that “[n]o member or person shall fail to provide information or testimony or to permit an inspection and copying of books, records, or accounts pursuant to this Rule.”<sup>25</sup>

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<sup>15</sup> Compl. ¶ 21; Decl. ¶ 40; CX-29.

<sup>16</sup> Compl. ¶ 22; Decl. ¶ 41.

<sup>17</sup> Compl. ¶ 23; Decl. ¶ 42; CX-31.

<sup>18</sup> Compl. ¶ 25; Decl. ¶ 42; CX-31.

<sup>19</sup> Compl. ¶ 24; CX-31, at 1-2.

<sup>20</sup> Decl. ¶ 43; CX-32.

<sup>21</sup> Compl. ¶ 30; Decl. ¶ 47; CX-33.

<sup>22</sup> Compl. ¶ 31; Decl. ¶ 48; CX-34.

<sup>23</sup> Compl. ¶ 32; Decl. ¶ 49; CX-35.

<sup>24</sup> *North Woodward Fin. Corp.*, Exchange Act Release No. 72828, 2014 SEC LEXIS 2894, at \*10 (Aug. 12, 2014) (quoting *CMG Inst. Trading, LLC*, Exchange Act Release No. 59325, 2009 SEC LEXIS 215, at \*21 (Jan. 30, 2009)). See also *Charles C. Fawcett, IV*, Exchange Act Release No. 56770, 2007 SEC LEXIS 2598, at \*18 (Nov. 8, 2007) (“As we have often noted, recipients of requests under [FINRA] Rule 8210 must promptly respond to the requests or explain why they cannot.”).

<sup>25</sup> FINRA Rule 8210(c).

A violation of Rule 8210 also constitutes a violation of Rule 2010, which states that a “member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade.”

Hallas failed to comply with the two Rule 8210 requests for testimony. Thus, Hallas violated FINRA Rules 8210 and 2010.

### **III. Sanctions**

FINRA’s Sanction Guidelines (“Guidelines”) recommend that, if an individual does not respond in any manner, a bar in all capacities should be standard.<sup>26</sup> Here, Hallas never complied with either of the two requests for testimony. He provided no reasons for his failures to comply with the requests for testimony. The conduct under investigation was serious. Moreover, there are no mitigating factors present in this case.<sup>27</sup> Thus, I conclude that the appropriate sanction is a bar in all capacities.

### **IV. Order**

Respondent Demitrios Hallas is barred from associating with any FINRA member firm in any capacity for failing to comply with Rule 8210 requests for testimony in violation of FINRA Rules 8210 and 2010. The bar shall become effective immediately if this Default Decision becomes the final disciplinary action of FINRA.



Kenneth B. Winer  
Hearing Officer

Copies to:

Demitrios Hallas (via overnight courier and first-class mail)  
Gina Petrocelli, Esq. (via email and first-class mail)  
Sara Raisner, Esq. (via email)  
Myles L. Orosco, Esq. (via email)  
Jeffrey D. Pariser, Esq. (via email)

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<sup>26</sup> FINRA Sanction Guidelines at 33 (2017), <http://www.finra.org/industry/sanction-guidelines>.

<sup>27</sup> Decl. ¶ 51.