

**FINANCIAL INDUSTRY REGULATORY AUTHORITY**

**OFFICE OF HEARING OFFICERS**

Department of Enforcement,  Complainant,  v.  Robert Jay Eide (CRD No. 1015261),  Respondent.	DISCIPLINARY PROCEEDING No. 2011026386002  HEARING OFFICER: MJD  <b><u>ORDER ACCEPTING OFFER OF SETTLEMENT</u></b>  August 3, 2015
---	---

**INTRODUCTION**

Disciplinary Proceeding No. 2011026386002 was filed on October 21, 2014, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Robert Jay Eide submitted an Offer of Settlement (Offer) to Complainant dated July 17, 2015. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint (as amended by the Offer of Settlement), and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, to the entry of findings and violations consistent with the allegations of the Complaint (as amended by the Offer of Settlement), and to the imposition of the sanctions set

forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

### **BACKGROUND**

Eide has been employed in the securities industry since founding Aegis in 1981. He has served as the firm's President, CEO and Chief Legal Officer since that time. He obtained a Series 6 license (Investment Company Products/Variable Contracts) in 1982, a Series 7 license (General Securities Representative) in 1995, a Series 22 license (Direct Participation Programs Limited Representative) in 1981, and a Series 24 license (General Securities Principal) in 1998.

### **FINDINGS AND CONCLUSIONS**

It has been determined that the Offer be accepted and that findings be made as follows:

#### **SUMMARY**

1. From January 2009 to May 2011, while associated with Aegis Capital Corp. ("Aegis"), Respondent Robert Jay Eide was subject, at various times, to three tax liens totaling over \$640,000. Eide failed to update his Form U4 to disclose any of these liens. Further, Eide filed five amendments to his Form U4 while one or more of the liens was in effect, and in each filing answered "no" to the question "Do you have any unsatisfied judgments or liens against you?"

2. Notwithstanding his 30 years as President, Chairman, Chief Executive Officer, and Chief Legal Officer of a FINRA member firm, his 15 years holding a FINRA supervisory license (Series 24), and having filed dozens of Forms U4 or amendments that required him to disclose liens, if any, Eide asserts that, while he was aware of the tax obligations that led to the liens, he neither knew that he had liens nor believed he had an obligation to report liens on FINRA

Form U4. As a result, during the years the liens were unsatisfied, Eide made no effort to determine whether he had outstanding liens and made no effort to report them.

3. Eide failed to timely amend his Form U4 to disclose the liens and thereby violated FINRA Rules 1122 and 2010, NASD IM-1000-1, and Article V, Section 2(c) of the FINRA By-Laws.

#### **RESPONDENT AND JURISDICTION**

4. Eide has been employed in the securities industry since founding Aegis in 1981. He has served as the firm's President, CEO and Chief Legal Officer since that time. He obtained a Series 6 license (Investment Company Products/Variable Contracts) in 1982, a Series 7 license (General Securities Representative) in 1995, a Series 22 license (Direct Participation Programs Limited Representative) in 1981, and a Series 24 license (General Securities Principal) in 1998.

5. Eide has a law degree, and he obtained a Master of Laws (LLM) in taxation in 1979.

#### **FACTUAL BACKGROUND**

6. Eide has filed dozens of Forms U4 or amendments thereto since registering with FINRA's predecessor, NASD, in 1981. At all times relevant to this Complaint, Form U4 included the question, "Do you have any unsatisfied judgments or liens against you?" Eide has always checked the "no" box in response to this question and has otherwise never reported to FINRA that he was subject to any liens or unsatisfied judgments.

7. Eide became the subject of at least three tax liens in effect at various times between January 2009 and May 2011, totaling over \$640,000, as follows:

- On January 22, 2009, the Internal Revenue Service recorded a Federal Tax Lien against him in the amount of \$111,751 ("January 2009 lien"). The January 2009 lien was assessed on November 26, 2007 and referenced the tax

period ending December 31, 2006. The January 2009 lien was satisfied and released on February 2, 2011.

- On February 19, 2009, the Internal Revenue Service recorded a Federal Tax Lien against him in the amount of \$156,462 (“February 2009 lien”). The February 2009 lien was assessed on November 3, 2008 and referenced the tax period ending December 31, 2007. The February 2009 lien was satisfied and released on May 10, 2011.
- On February 3, 2010, the Internal Revenue Service recorded a Federal Tax Lien against him in the amount of \$372,568 (“February 2010 lien”). The February 2010 lien was assessed on December 7, 2009 and referenced the tax period ending December 31, 2008. The February 2010 lien was satisfied and released on the same day as the February 2009 lien, May 10, 2011.

8. Eide remained associated with Aegis throughout the period when the January 2009 lien, February 2009 lien, and February 2010 lien (collectively, the “Eide liens”) were in effect, but never updated his Form U4 to disclose any of the liens.

9. Eide filed five Amendments to his Form U4 with FINRA during the time the Eide liens were in effect, as follows:

<b>Date of Amendment</b>	<b>Unsatisfied Liens at the Time of Amendment</b>
August 20, 2009	\$111,751 (IRS)
December 15, 2009	\$111,751 (IRS) \$156,462 (IRS)
January 4, 2010	\$111,751 (IRS) \$156,462 (IRS)

<b>Date of Amendment</b>	<b>Unsatisfied Liens at the Time of Amendment</b>
February 23, 2010	\$111,751 (IRS) \$156,462 (IRS) \$372,568 (IRS)
March 26, 2010	\$111,751 (IRS) \$156,462 (IRS) \$372,568 (IRS)

10. Each of the five Amendments to Eide’s Form U4 alleged above included the question “Do you have any unsatisfied judgments or liens against you?” Eide responded “no” each time. Eide also reported, during the time one or more liens were in effect, that he had no unsatisfied liens in response to the Firm’s internal Annual Employee Certification.

11. These responses were false. For example, in February 2010, when Eide indicated that he had no unsatisfied liens against him, he actually had \$640,781 liens outstanding from the IRS. Although Eide was clearly required to report unsatisfied liens to FINRA, he made no effort to determine whether he had any outstanding liens for purposes of meeting this obligation.

12. Indeed, Eide has now asserted that he did not believe he had any obligation to report unsatisfied liens to FINRA during the time any of the Eide liens were in effect. He also asserts that he never had actual knowledge of the liens. Nevertheless, Eide had notice of tax liabilities that he never sought to determine if they had become liens.

**CAUSE OF ACTION**  
**Failure to Timely Update Form U4**  
**(Article V, Section 2(c) of the NASD and FINRA By-Laws,**  
**FINRA Rules 1122 and 2010, and NASD IM-1000-1)**

13. Article V, Section 2 of the NASD and FINRA By-Laws requires that associated persons who apply for registration must provide “such . . . reasonable information with respect to the applicant as [NASD or FINRA] may require” and further that such applications “shall be

kept current at all times by supplementary amendment . . . filed . . . not later than 30 days after learning of the facts or circumstances giving rise to the amendment.”

14. NASD IM-1000-1 and its successor, FINRA Rule 1122 (effective August 17, 2009), prohibit associated persons from filing or failing to correct registration information that is incomplete or inaccurate so as to be misleading.

15. Eide failed to timely update his Form U4 to correct material information that had become inaccurate.

16. Specifically, while associated with Aegis, Eide never updated his Form U4 to reflect any of the Eide liens.

17. By failing to update his Form U4 in a timely manner to disclose the January 2009 lien and the February 2009 lien, Eide violated Article V, Section 2(c) of the By-Laws, NASD IM-1000-1, and FINRA Rules 1122 and 2010.

18. By failing to update his Form U4 in a timely manner to disclose the February 2010 lien, Eide violated Article V, Section 2(c) of the By-Laws, and FINRA Rules 1122 and 2010.

Based on the foregoing, Respondent violated FINRA Rules 1122 and 2010, NASD IM-1000-1, and Article V, Section 2(c) of the FINRA By-Laws.

Based upon these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

### **SANCTIONS**

It is ordered that Respondent be

1. suspended in all capacities for a period of 15 business days; and,

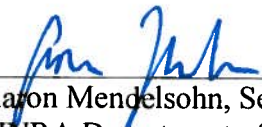
2. fined \$15,000.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA

Signed on behalf of the  
Director of ODA, by delegated authority

  
\_\_\_\_\_  
Aaron Mendelsohn, Senior Counsel  
FINRA Department of Enforcement  
Brookfield Place, 200 Liberty Street  
New York, NY 10281  
646.315.7344 (tel.)  
301.407.4542 (fax)