

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014042560001**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Robert Steven Beck, Respondent
General Securities Representative
CRD No. 2121454

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Respondent Robert Steven Beck ("Beck"), submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, without admitting or denying the findings, 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, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Beck entered the securities industry in December 1990 when he became associated with a FINRA regulated broker-dealer. In April 1991, Beck became registered with FINRA as a General Securities Representative ("GSR") through an association with that broker-dealer. He worked there until January 1997. From January 1997 through March 2012, Beck was registered with FINRA as a GSR through consecutive associations with two different FINRA member firms. In March 2012, he joined FINRA regulated broker-dealer Morgan Stanley Smith Barney LLC ("Morgan Stanley" or the "Firm"). Beck remained registered as a GSR with FINRA through an association with Morgan Stanley in Jenkintown, Pennsylvania, until May 12, 2016. Beck is not currently associated in any capacity with any FINRA regulated broker-dealer. Accordingly, pursuant to Article V, Section 4 of the FINRA By-Laws, Beck remains subject to FINRA's jurisdiction.

RELEVANT DISCIPLINARY HISTORY

Beck does not have any disciplinary history with the Securities and Exchange Commission, FINRA, any other self-regulatory organization or any state securities regulator.

OVERVIEW

During the period of November 2013 through June 2014 ("Relevant Period") Beck effected 10 discretionary trades in a customer's securities accounts without obtaining prior written authorization from the customer or written acceptance of the account as discretionary from his employing member firm. This conduct violated NASD Rule 2510(b) and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

NASD Rule 2510(b) provides that no registered representative shall exercise any discretionary power in a customer's account unless such customer has given prior written authorization to exercise discretionary power in the account and the registered representative's firm has provided written acceptance of the account as discretionary. A violation of NASD Rule 2510(b) is also a violation of FINRA Rule 2010, which requires registered persons to adhere to just and equitable principles of trade.

During the Relevant Period, Beck was registered with FINRA through an association with Morgan Stanley. During that time, he effected 10 discretionary trades in a customer's brokerage account. Although the customer verbally granted Beck discretion to place trades in her account, she did not provide written authorization for him to do so. Further, Morgan Stanley did not accept the account for discretionary trading.

On April 14, 2014, Beck submitted a compliance questionnaire to Morgan Stanley that asked, "Do you have any accounts in which business is transacted on a discretionary basis?" Beck falsely responded "No."

Through this conduct, Beck violated NASD Rule 2510(b) and FINRA Rule 2010.

B. I also consent to the imposition of the following sanctions:

- a 15 business-day suspension from association with any FINRA member in any and all capacities; and
- a \$5,000 fine.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the

Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The fine shall be due and payable either immediately upon reassociation with a member firm, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

I understand that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

I, Robert Steven Beck, certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

11-11-2016
Date


Robert Steven Beck - Respondent

Reviewed by:




Adam Kauff, Esq.
Counsel for Respondent
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(T) 212.906.3441

Accepted by FINRA:

12/13/16
Date

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


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