

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

Department of Enforcement,

Complainant,

v.

NORMAN FRAGER
(CRD No. 212448)

and

KEITH D. GEARY
(CRD No. 2996679),

Respondents.

Disciplinary Proceeding
No. 2009020465801

Hearing Officer: LLB

**ORDER ACCEPTING
OFFER OF SETTLEMENT
AS TO RESPONDENT FRAGER**

Date: October 23, 2013

INTRODUCTION

Disciplinary Proceeding No. 2009020465801 was filed on September 17, 2012, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Frager submitted an Offer of Settlement (Offer) to Complainant dated October 16, 2013. 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.

With consent of Respondent Frager, FINRA has dismissed the Second and Third Causes of Action alleged against Respondent Frager in the Complaint, with prejudice, from this proceeding.

BACKGROUND

1. On fifteen days in 2010, former FINRA member firm Geary Securities, Inc. (f/k/a Capital West Securities) (hereafter "Geary Securities" or the "Firm")¹ conducted a securities business while failing to maintain the minimum net capital required by Rule 15c3-1 under the Securities Exchange Act of 1934 ("SEA"). Respondent Norman Frager violated FINRA Rule 2010 by permitting the Firm to conduct a securities business while under the required net capital. Frager also violated FINRA Rule 2010 by causing the Firm to fail to give timely notice of insufficient net capital in violation of SEA Section 17(a) and SEA Rule 17a-11(b), (c) thereunder.
2. Frager, during all periods mentioned herein, was associated with member firm Geary Securities, of which he was the Financial and Operations Principal ("FINOP"). While associated with Geary Securities, Frager was registered with FINRA under Article V of the By-Laws as a General Securities Principal, General Securities Representative, FINOP, and a Registered Options Principal. In addition, Frager, during all periods mentioned herein, was

¹ Geary Securities filed BDW on February 29, 2012.

associated with another member firm as a General Securities Principal, General Securities Representative, FINOP, Research Principal, Registered Options Principal, and Corporate Securities Representative.

3. On September 12, 2011, Geary Securities filed a Form U5 terminating Frager's association with Geary Securities as of August 31, 2011. Frager remains registered with the other member firm.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:²

4. Geary Securities operated pursuant to subparagraph (a)(2)(i) of SEA Rule 15c3-1, which subjects the Firm to a minimum net capital requirement of \$250,000.
5. On fifteen dates between February 2, 2010 and February 25, 2010, Geary Securities, acting through Frager, failed to comply with SEA Section 15(c) and Rule 15c3-1 promulgated thereunder, in that it used the instrumentalities of interstate commerce or the mails to conduct a securities business while failing to maintain its required net capital.
6. The Firm's approximate net capital and deficiencies on those dates were as follows:

Date	Required Net Capital	Firm's Net Capital	Deficiency	Conducted Securities Business
February 2, 2010	\$250,000	\$159,658	-\$90,342	Yes
February 3, 2010	\$250,000	\$118,727	-\$131,273	Yes
February 4, 2010	\$250,000	\$130,850	-\$119,150	Yes
February 5, 2010	\$250,000	\$212,368	-\$37,632	Yes
February 8, 2010	\$250,000	\$246,097	-\$3,903	Yes
February 9, 2010	\$250,000	\$231,972	-\$18,028	Yes
February 10, 2010	\$250,000	\$185,614	-\$64,386	Yes
February 12, 2010	\$250,000	\$218,022	-\$31,978	Yes
February 16, 2010	\$250,000	\$221,235	-\$28,765	Yes

² The findings herein are pursuant to Respondent Frager's Offer of Settlement and are not binding on any other person or entity named as a respondent in this or any other proceeding.

February 17, 2010	\$250,000	\$225,210	-\$24,790	Yes
February 18, 2010	\$250,000	\$225,213	-\$24,787	Yes
February 19, 2010	\$250,000	\$240,947	-\$9,053	Yes
February 23, 2010	\$250,000	\$241,706	-\$8,294	Yes
February 24, 2010	\$250,000	\$204,579	-\$45,421	Yes
February 25, 2010	\$250,000	\$219,267	-\$30,733	Yes

7. Geary Securities' net capital deficiencies between February 2, 2010 and February 25, 2010 were attributable to excessive operating expenses and the failure to close a transaction at the Firm.
8. In his capacity as FINOP, Frager was responsible for ensuring Geary Securities' compliance with SEA Rule 15c3-1.
9. Respondent Frager knew, should have known, or was reckless in not knowing that Geary Securities was conducting a securities business while failing to maintain its minimum net capital requirement between February 2, 2010 and February 25, 2010. Nevertheless, Frager allowed Geary Securities to conduct a securities business while failing to maintain its required net capital.
10. The conduct described above constitutes violations of FINRA Rule 2010 by Frager.
11. SEA Rule 17a-11(b)(1) requires every broker or dealer whose net capital amount declines below the minimum net capital amount required to give notice of such deficiency that same day to both FINRA and the SEC. SEA Rule 17a-11(c)(3) requires every broker or dealer whose net capital amount is less than 120% of its required minimum net capital required to give prompt (but within 24 hours) notice to both FINRA and the SEC.
12. As previously stated, Geary Securities conducted a securities business while failing to maintain its minimum net capital requirement on fifteen dates between February 2, 2010 and February 25, 2010.

13. Additionally, on February 1, 11 and 22, 2010, Geary Securities' net capital amount was less than 120% of its required minimum net capital.

14. The Firm's approximate net capital and deficiencies on those dates were as follows:

Date	Required Net Capital	Firm's Net Capital	120% Deficiency
February 1, 2010	\$250,000	\$254,189	\$4,189
February 11, 2010	\$250,000	\$267,756	\$17,756
February 22, 2010	\$250,000	\$293,379	\$43,379

15. In his capacity as FINOP, Frager was responsible for ensuring Geary Securities' compliance with SEA Section 17(a), SEA Rule 17a-11(b), (c) and FINRA Rule 2010.

16. Frager knew, should have known, or was reckless in not knowing that Geary Securities' net capital amount was less than 120% of its required minimum net capital on February 1, 11 and 22, 2010.

17. During the period February 1, 2010 through February 25, 2010, Geary Securities, acting through Frager, failed to submit notifications and/or timely notifications to both FINRA and the SEC that the Firm was operating with insufficient net capital and/or that its net capital amount was less than 120% of its required minimum net capital.

18. The conduct described above constitutes violations of FINRA Rule 2010 by Frager.

Based on the foregoing, Respondent Frager violated FINRA Rule 2010.

Based on 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 Norman Frager be suspended for forty calendar-days from association with any FINRA member in a FINOP capacity and fined \$10,000.

Respondent Frager agrees to pay the monetary sanction upon notice that the Offer has been accepted and that such payments are due and payable. Respondent Frager has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed.

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



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