

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

AHMED GADELKAREEM
(CRD No. 2815685),

Respondent.

Disciplinary Proceeding
No. 2014040968501

Hearing Officer—DW

HEARING PANEL DECISION

May 2, 2016

For making abusive, intimidating, and threatening communications to various individuals at his former employer firm, in violation of FINRA Rules 5240 and 2010, Respondent is barred from associating with a FINRA member firm in any capacity.

Appearances

For the Complainant: David C. Pollack, Esq. and David Monachino, Esq., Department of Enforcement, Financial Industry Regulatory Authority.

For the Respondent: Ahmed Gadelkareem appeared on his own behalf.

DECISION

I. Introduction

After a verbal altercation with an administrative assistant, Respondent Ahmed Gadelkareem was terminated by his employer, FINRA member firm Blackbook Capital LLC. Gadelkareem subsequently embarked upon an extended campaign of repeated phone calls, e-mail communications, and other harassing and threatening conduct directed toward individuals at the firm. Communications that began as an effort to obtain back pay and his personal effects quickly became hostile. In the weeks following his departure, Gadelkareem made a series of vulgar and profane threats, insults, and other communications to Blackbook Capital employees in an effort to intimidate the firm into complying with his demands. Gadelkareem's "war" against individuals at the firm encompassed all manner of incessant and hostile threats and disparaging communications that extended to Blackbook Capital's attorney and customers, FINRA, the local police, and the news media.

Following an investigation, the Department of Enforcement filed its Complaint on April 13, 2015. The sole cause of action charged that Gadelkareem engaged in improper conduct that threatened, harassed, and intimidated another person, in violation of FINRA Rules 5240 and 2010.¹ Gadelkareem filed an Answer denying the charge.

A hearing on the matter was held in New York, New York, beginning on March 21, 2016, before a Hearing Panel. After due consideration of the evidence presented at the hearing as well as the submissions of the parties, the Hearing Panel determines that Enforcement proved by a preponderance of the evidence that Gadelkareem violated the Rules as alleged in the Complaint, and the appropriate sanction is a bar from association with any FINRA member firm in any capacity.

II. Findings of Fact

A. Gadelkareem's Background

Gadelkareem entered the securities industry as a broker in March 1997. Since then he has associated with 19 member firms. From July 2013 until his April 2014 termination, he was associated with Blackbook Capital as a general securities representative and an investment banking representative. Following his departure he associated with another member firm.² Although Gadelkareem has no prior disciplinary history with FINRA, he has repeatedly been discharged or asked to resign by industry employers for a number of reasons, including but not limited to “failure to follow management instructions,”³ charging excessive commissions,⁴ unauthorized trading,⁵ and he was formally reprimanded by an employer for “aggressive behavior in soliciting potential clients.”⁶

In his short tenure at Blackbook Capital, Gadelkareem was a problematic employee and “very disruptive in the office.”⁷ He was “constantly getting into arguments” with co-workers.⁸ For instance, about a week after a company holiday party he approached a branch manager from another office and, referring to the branch manager’s longtime girlfriend, asked “[h]ow much do you pay the [REDACTED] that you brought to the Christmas party?”⁹ Gadelkareem was “uncontrollable

¹ Complaint (“Compl.”) ¶¶ 21-22.

² Stipulation (“Stip.”) ¶ 1; CX-41.

³ Hearing Transcript (“Tr.”) at 417 (Gadelkareem testimony).

⁴ Tr. 418 (Gadelkareem testimony); CX-41.

⁵ Tr. 421 (Gadelkareem testimony); CX-41.

⁶ Tr. 428 (Gadelkareem testimony).

⁷ Tr. 242-43 (FO testimony).

⁸ Tr. 243 (FO testimony).

⁹ Tr. 243-44 (FO testimony).

in the office” to a point where his disputes and confrontations with other employees became “just too much.”¹⁰

B. Blackbook Capital Terminates Gadelkareem

Gadelkareem’s last day of work at Blackbook Capital was April 2, 2014. That day he argued with a Blackbook Capital receptionist when she declined to promptly assist Gadelkareem with a matter because she was busy helping another broker.¹¹ After the disagreement the receptionist filed a written complaint with the firm, alleging that Gadelkareem “verbally abused” her, adding that it was “NOT the first incident.”¹² Gadelkareem was immediately suspended and less than a week later, on April 7, 2014, he was terminated.¹³ Blackbook Capital’s stated reason for terminating Gadelkareem was his “repeated[] ... unprofessional conduct in [the] workplace, including without limitation, threatening and abusive interaction with female employees.”¹⁴

After being terminated, Gadelkareem demanded that Blackbook Capital pay his outstanding sales commissions and return to him certain personal effects that remained in the office.¹⁵ When these demands were not immediately met, Gadelkareem began his campaign of harassment directed toward a number of individuals at the firm.

C. Gadelkareem’s Campaign of Harassment

On April 9, 2014—two days after his termination—Gadelkareem left an obscene voicemail message for Blackbook Capital broker DH, making derogatory and vulgar remarks about DH’s mother, describing her as a [REDACTED].¹⁶ The next day on April 10, 2014, Gadelkareem sent three e-mails complaining about DH to one of Blackbook Capital’s owners. The first e-mail forwarded a customer complaint with Gadelkareem’s exhortation: “Look what [DH] is doing with you Blackbook capital !!!!! ... Where is the compliance ???”¹⁷ Although the customer complaint alleging unauthorized trading purportedly comes from customer BJ, the

¹⁰ Tr. 243, 245 (FO testimony).

¹¹ Tr. 67-70 (DH testimony); Complainant’s Exhibit (“CX-”) 18.

¹² CX-18.

¹³ Tr. 74-77 (DH testimony); Tr. 250-51 (FO testimony); CX-1.

¹⁴ Tr. 241-42 (FO testimony); CX-1.

¹⁵ Respondent’s Exhibit (“RX-”) 8. Gadelkareem’s contract with Blackbook Capital permits the company to withhold outstanding broker commissions for up to 60 days after termination unless the company is satisfied that all outstanding claims against the broker are satisfied. CX-45, ¶ 11(D).

¹⁶ CX-2a; CX-2b.

¹⁷ CX-4.

syntax in the body of the communication is consistent with each of Gadelkareem's repeated e-mails, strongly supporting the inference that he drafted the message.¹⁸

Twenty minutes later, Gadelkareem sent another e-mail to the owner exhorting him to "get rid of" DH because he is a "lability, as he does not want fire" [*sic*] the receptionist Gadelkareem argued with because, according to Gadelkareem, "he is having sex and drugs with her."¹⁹ Yet another e-mail to the owner later that day complained about the president of the company, FO, who Gadelkareem asserted "is from Nigerian (Nigerian Scam)" [*sic*] and was "trying to steal" another broker's paycheck.²⁰

The next day on April 11, 2014, FO sent Gadelkareem an e-mail message confirming his termination, and advising him who to contact to retrieve his personal belongings.²¹ The e-mail requested that Gadelkareem "immediately cease and desist from sending text messages and constantly calling" him and the owner.²² Indeed, on no fewer than five occasions Gadelkareem was specifically requested to stop sending harassing communications to various individuals at Blackbook Capital.²³ Yet his conduct persisted.

On April 12, 2014, Gadelkareem left three voicemail messages for DH, taunting that "your mother is calling me," among other things.²⁴ Indeed, Gadelkareem harassed DH incessantly, making "several phone calls at all times day and night."²⁵ He similarly called or texted FO "not less than 15 to 20 times"—it was "constant."²⁶ Gadelkareem acted intentionally to threaten and harass. In his pre-hearing submissions, Gadelkareem himself acknowledges that he "barrage[d] ... Blackbook employees with communications" and that "the frequency, tone and language of [his] communications are outrageous."²⁷

¹⁸ CX-4. After another Blackbook Capital broker forwarded the message to customer BJ. His wife, MJ, responded by sending an e-mail to Gadelkareem that reflected no complaint or dissatisfaction with Blackbook Capital. Rather, MJ's e-mail to Gadelkareem noted that "things have not changed" from what she had recently told him in another e-mail, and she reminded him that "with due respect we will not be transferring the account to you." CX-11.

¹⁹ CX-5.

²⁰ CX-6.

²¹ CX-10.

²² CX-10.

²³ CX-10; CX-13; CX-14; CX-19b; CX-36.

²⁴ CX-7a; CX-7b; CX-8a; CX-8b; CX-9a; CX-9b.

²⁵ Tr. 82 (DH testimony).

²⁶ Tr. 263-64 (FO testimony).

²⁷ Respondent's Pre-Hearing Brief, at 5.

D. Gadelkareem's Harassment Escalates

Gadelkareem's campaign of harassment escalated when he contacted FINRA's Department of Enforcement. On April 16, 2014, Gadelkareem forwarded his complaints about his missing commissions and personal belongings to a FINRA investigator.²⁸ By reply e-mail that evening, the investigator asked to speak to Gadelkareem the next day.²⁹ Later that same evening, Gadelkareem forwarded the FINRA investigator's response to DH along with the threat: "[s]ettlement ... , my money 100 % pay out and my stuff or I will keep going !!!!"³⁰ Gadelkareem forwarded the response again to DH just 25 minutes later, this time with the demand: "[e]very small thing , my phone charger , my calculator Every thing"³¹ Seven minutes later, Gadelkareem forwarded the investigator's response to Blackbook Capital's owner. He threatened to involve FINRA unless Gadelkareem got satisfaction: "Settlement , Or you want me to continue"³²

After receiving Gadelkareem's messages, Blackbook Capital retained counsel.³³ The attorney contacted the FINRA investigator and informed him of Gadelkareem's effort to obtain "settlement" by forwarding the investigator's message.³⁴ The attorney then contacted Gadelkareem and asked that he cease and desist from his "pattern of harassment and threats" against various individuals at Blackbook Capital.³⁵ After a brief series of e-mails with the attorney, Gadelkareem complained to the New York Bar Association, forwarding the e-mail chain with Blackbook Capital's attorney along with the complaint that the attorney was "putting words into my email and insulting me in an aggrieved harassment manner."³⁶ Gadelkareem subsequently filed a formal written complaint against the attorney with the bar, accusing the attorney of, among other things, "aggravated" harassment on the basis that the attorney purportedly e-mailed him "more than 5 times" after being asked to stop.³⁷

But in fact it was Gadelkareem who went to extraordinary lengths to harass the attorney and others associated with Blackbook Capital. Gadelkareem *admits* that he called the attorney,

²⁸ CX-15. This contact with FINRA initiated the investigation that led to the present disciplinary matter.

²⁹ CX-15.

³⁰ CX-15.

³¹ CX-16.

³² CX-17.

³³ CX-18.

³⁴ CX-18.

³⁵ CX-19b.

³⁶ CX-20. After lodging his complaint against the attorney with the bar association, Gadelkareem forwarded a copy of the complaint to DH, accompanied by the message: "Your copy ... LOL."

³⁷ CX-53. Gadelkareem forwarded a copy of this complaint to DH's brother, another broker at Blackbook Capital, via text message with the comment: "[i]s [the attorney] going to serve 20 years in jail or [DH] will time will tell Lol. Swimming with a Shark can cost you an arm and a leg lol. Please say hello to [DH] ;)." CX-35.

while falsely impersonating a New York City police detective, threatening the attorney to “bring you to the station.”³⁸ Gadelkareem repeatedly dispatched the New York City Police Department to Blackbook Capital’s offices by making various false reports of harassment and theft.³⁹ Gadelkareem communicated with a reporter from Bloomberg News using the phony name “Sergey Alperovich,” claiming that various individuals at Blackbook Capital were engaged in fraudulent private placements, unauthorized trading, and a “Nigerian Scam.”⁴⁰ The claims of fraud were without substantial basis.⁴¹

Gadelkareem also used the “Sergey Alperovich” pseudonym to communicate the same baseless claims to a Dubai-based Blackbook Capital investor, who backed out of a multi-million dollar investment with Blackbook Capital after receiving the bogus allegations.⁴² Gadelkareem later signed a letter of apology to the investor, where he “attest[ed] that the claims made in those emails are false and I would have no reservations of any kind doing business with Blackbook Capital ... in the future.”⁴³

E. The Fake FINRA E-mail

Gadelkareem’s hostility increased when he discovered on April 22, 2014, that Blackbook Capital publicly disclosed on his Uniform Termination Notice for Securities Industry Registration (“Form U5”)⁴⁴ that he was terminated for cause for harassing a female employee.⁴⁵ The next day, he forwarded to individuals at Blackbook Capital an e-mail purportedly from FINRA investigator “Steven McMellon.”⁴⁶ The e-mail included statements from McMellon that “I have Cc’ed [an FBI agent] on this email. You are 100% right, [DH] did a lot fraudulent deals, I believe an order of arrest will be issued soon to get him down here.”⁴⁷

³⁸ Tr. 460-61 (Gadelkareem testimony).

³⁹ Tr. 78-79 (DH testimony).

⁴⁰ CX-42b; Tr. 461-64 (Gadelkareem testimony).

⁴¹ The only basis for these assertions offered at the hearing pertained to the so-called “fraudulent” private placements. Gadelkareem presented exhibit RX-17, containing unremarkable excerpts from a private placement memorandum, and his own testimony that the investments were high-risk. Tr. 596 (Gadelkareem testimony).

⁴² Tr. 293-95 (FO testimony); CX-42b.

⁴³ CX-44. Blackbook Capital expended substantial resources by retaining experts and taking other steps to investigate the identity of “Sergey Alperovich.” Shortly after an arbitrator permitted Blackbook Capital to issue a subpoena to an Internet service provider for the purpose of obtaining Alperovich’s true identity, Gadelkareem suggested that Blackbook Capital should “let bygones be bygones,” implicitly acknowledging that he was Alperovich. Tr. 298-99 (FO testimony). Gadelkareem now admits as much. Tr. 464 (Gadelkareem testimony).

⁴⁴ When a registered representative leaves a firm for any reason, the firm must file a Form U5, a termination notice, within 30 days.

⁴⁵ Tr. 468-69 (Gadelkareem testimony); CX-21.

⁴⁶ CX-23a; CX-26; Stip. ¶ 4.

⁴⁷ CX-23a; Tr. 100-01 (DH testimony).

In fact, FINRA investigator Steven McMellon does not exist.⁴⁸ The statements attributed to the investigator were fabricated by Gadelkareem. Despite acknowledging that the fabricated e-mails were sent from his account, Gadelkareem testified during the hearing (consistent with his investigative on-the-record testimony) that he did not send the e-mail, and that his online account had been “hacked” at the time the e-mail was sent.⁴⁹ This was not truthful.

The testimony of a computer forensic expert established that the e-mail was sent from the identical Internet protocol (or “IP”) address⁵⁰ as other e-mails that Gadelkareem admits sending, demonstrating that the fabricated e-mail was sent from the same location that Gadelkareem regularly accessed the Internet.⁵¹ E-mail metadata suggests that the communication was sent by the same iPad Gadelkareem regularly used.⁵²

The only support for Gadelkareem’s claim that he did not control his e-mail account at the time the falsified FINRA investigator e-mails were sent are e-mails purportedly from his Internet service provider, [REDACTED].⁵³ One of the “tech support” e-mails asserts:

This statement is an approve that account [REDACTED] was locked from 3rd April 2014 to 6th May 2014 . And we helped you to reset the password for your email and successfully changed it for you. From 3rd April 2014 to 6th May 2014 you did not have control of your email account.⁵⁴

Gadelkareem provided this and other e-mails to FINRA during its investigation in support of his assertion that he did not send the falsified e-mail.⁵⁵ But this evidence, like the fictitious FINRA investigator e-mail, was fabricated by Gadelkareem. According to the service provider “the email address of [REDACTED] is not an official internal AOL customer support email address.”⁵⁶ When the service provider became aware of e-mails from that address, the account was terminated.⁵⁷ The provider made clear that “[a]ny emails from that

⁴⁸ Tr. 101 (DH testimony).

⁴⁹ Tr. 470-71 (Gadelkareem testimony).

⁵⁰ An IP address is a string of numbers assigned to a device when it connects to the Internet. A person who logs in from the same geographic location will often be assigned the same IP address over and over again. CX-40, at 2.

⁵¹ Tr. 152-54, 160-63 (Cats testimony); CX-40.

⁵² Tr. 152-54, 161-62 (Cats testimony); CX-40.

⁵³ CX-27; CX-28; CX-29; CX-30.

⁵⁴ CX-27.

⁵⁵ Tr. 489-90 (Gadelkareem testimony); RX-14; CX-31a; CX-31b.

⁵⁶ CX-32.

⁵⁷ CX-32.

email address that claim to be from any AOL customer service representative are fraudulent.”⁵⁸ Gadelkareem admitted drafting the text of the fraudulent tech support e-mail.⁵⁹ And he admitted that he did, in fact, have access to his e-mail account during the relevant period, contrary to the representations in the e-mail.⁶⁰ Gadelkareem submitted the false customer support e-mail to FINRA during its investigation to conceal from investigators the fact that he sent the falsified FINRA investigator e-mail.

F. Gadelkareem’s Medical Condition

Gadelkareem presented the testimony of his psychiatrist in defense of his actions. Gadelkareem claimed that there was a “toxic” work environment at Blackbook Capital that he described as a “circus.”⁶¹ He asserted that the environment led him to become “irritated” as a result of his psychiatric condition.⁶² His condition was explained by his psychiatrist.

The doctor reviewed Gadelkareem’s history of bipolar disorder, including bouts of “hyperactivity, hyperindulgence, ... irritable, agitated states, impulsive behaviors, ... along with frequent arguments, altercations with those around him at times at his workplace, ... grandiose thinking with inflated self-esteem and rapid speech.”⁶³ The psychiatrist further acknowledged Gadelkareem’s “history of violent aggressive behavior,” his “ten-plus arrests for domestic violence,” and his “physical and verbal altercations with coworkers and people in stores which have resulted in police being called.”⁶⁴ The psychiatrist indicated that since he began treatment Gadelkareem showed improved ability to maintain control over his behavior.⁶⁵

But the psychiatrist acknowledged that he was not treating Gadelkareem during April 2014, the period now at issue, and cannot attest to his mental state at that time.⁶⁶ Medical records indicate that Gadelkareem’s first effort to obtain treatment in more than ten years was on

⁵⁸ CX-32.

⁵⁹ Tr. 489-90 (Gadelkareem testimony).

⁶⁰ Tr. 499 (Gadelkareem testimony). At the hearing, Gadelkareem suggested that, despite his own access to his account and numerous e-mails he admits sending from the account with his iPad during the relevant period, an unidentified hacker secretly took possession of an identical second iPad he left behind at Blackbook Capital and then sent the fake FINRA investigator e-mail while standing outside Gadelkareem’s apartment building, thereby accessing the IP address assigned by his home wireless network. *See* Tr. 482-83 (Gadelkareem testimony). This implausible scenario is far less credible than the conclusion that Gadelkareem sent the falsified e-mail—as he admitted to a friend at one point during the investigation. Tr. 392 (Vigliotti testimony).

⁶¹ Tr. 551-53 (AS testimony); 588-89 (Gadelkareem testimony).

⁶² Tr. 588-89 (Gadelkareem testimony).

⁶³ Tr. 184 (Mounir testimony).

⁶⁴ Tr. 201-05 (Mounir testimony); RX-3, at 32, 48-49.

⁶⁵ Tr. 188 (Mounir testimony).

⁶⁶ Tr. 198 (Mounir testimony).

November 25, 2014⁶⁷—14 days after Enforcement advised him of its intent to recommend that this disciplinary action be brought against him.⁶⁸

The psychiatrist also acknowledged that Gadelkareem had a history of not taking medication necessary to treat his disorder and missing treatment appointments.⁶⁹ The psychiatrist recounted that Gadelkareem was “skeptical about psychiatric medications” and his treatment.⁷⁰ Treatments notwithstanding, “psychiatric conditions are usually chronic conditions with remissions and exacerbations. And symptoms can vary from time to time. As the condition worsens, the degree and level of intensity of symptoms can ... include thought disorder, perceptual disorder, including hallucinations, including paranoia, delusions and things of that sort.”⁷¹

G. Gadelkareem’s Conduct in this Proceeding

Gadelkareem’s actions in this proceeding were consistent with the conduct underlying the campaign of threats and harassment set forth above. Gadelkareem filed no fewer than five complaints with Enforcement in the days leading up to the hearing claiming to have been “set up” and asking that a “cross claim” be filed against DH.⁷² In one instance he filed a “claim” against DH because Enforcement would not agree to withdraw its Complaint against him in this proceeding.⁷³

Acting as his own representative in this matter, Gadelkareem falsified subpoenas and served the fictitious subpoenas on witnesses he sought to enlist to his defense, including his psychiatrist who ultimately provided medical testimony.⁷⁴ When asked why he fabricated subpoenas *after* being told in writing—twice—by Enforcement that there was no subpoena power in this matter and being told by the Hearing Officer at a pre-hearing conference that he was required to obtain the voluntary appearance of his witnesses, Gadelkareem testified that he “took a second opinion” from another attorney he knew and falsified the subpoenas anyway.⁷⁵

⁶⁷ RX-3, at 26.

⁶⁸ RX-14, at 15.

⁶⁹ Tr. 198-200 (Mounir testimony); RX-3, at 74.

⁷⁰ Tr. 209-10 (Mounir testimony); RX-3, at 8.

⁷¹ Tr. 228-29 (Mounir testimony).

⁷² CX-47; CX-48; CX-49; CX-50; CX-54.

⁷³ CX-54.

⁷⁴ Tr. 12-25.

⁷⁵ Tr. 519-20 (Gadelkareem testimony). One of the “subpoenaed” witnesses contacted Enforcement, who advised him that the subpoena was bogus. That witness chose not to attend the hearing. The Hearing Officer left a voicemail for the other witness, Gadelkareem’s psychiatrist, advising him that he was not required to attend the hearing pursuant to the “subpoena.” The Hearing Officer again advised the psychiatrist before his testimony that he was not required to testify, but the witness nevertheless agreed to do so voluntarily. Tr. 12-25, 172-74.

Gadelkareem admitted little wrongdoing in the matter, explaining that “[i]f you believe that what I done is wrong, I believe I did the right things. And I would do it again and again and again.”⁷⁶ When asked whether he believed he was “at war” with DH during the relevant period, Gadelkareem testified: “I’m still at war with him.”⁷⁷

III. Conclusions of Law

The Complaint’s sole cause of action alleges that by engaging in the conduct set forth above, Gadelkareem violated two provisions: FINRA Rules 5240 and 2010. Rule 5240 proscribes, among other things, engaging in conduct that “threatens, harasses, coerces, intimidates or otherwise attempts improperly to influence another member, a person associated with a member, or any other person.” Rule 2010 is a general proscription against conduct inconsistent with “high standards of commercial honor and just and equitable principles of trade.”⁷⁸

The Hearing Panel finds that Gadelkareem violated FINRA Rules 5240 and 2010.⁷⁹ As part of his campaign of threats and harassment, Gadelkareem engaged in an extended course of improper actions: he repeatedly hurled vulgar and profane insults at his intended targets;⁸⁰ he impersonated a police detective and a FINRA investigator to make baseless threats of adverse repercussions and consequences;⁸¹ he made unfounded allegations of fraud against Blackbook Capital to the media;⁸² he undermined business relationships between the firm and an investor by

⁷⁶ Tr. 606 (Gadelkareem testimony). At the hearing, Gadelkareem repeatedly and inappropriately interjected during the testimony of witnesses, e.g., Tr. 203, 263, 269, 283, 359-60, argued with witnesses, see Tr. 362 (“You’re a damn liar.”), made inappropriate throat-slashing gestures at a witness, Tr. 59, made disparaging remarks toward Enforcement, Tr. 377, 514, and continually disrupted the proceedings.

⁷⁷ Tr. 439 (Gadelkareem testimony).

⁷⁸ Because the gravamen of the claimed violations of both provisions arises from the same harassing and threatening conduct, the violations are “duplicative rather than ... separate and additional infraction[s]” and are properly set forth in a single claim. *Midwestern Securities Corporation*, Admin. Proc. File No. 3-3276, 1973 SEC LEXIS 3504, at *31 (Nov. 7, 1973).

⁷⁹ Gadelkareem has not disputed FINRA’s jurisdiction. Gadelkareem remains associated with a FINRA member and is therefore subject to FINRA’s jurisdiction and rules. See FINRA Rule 0140 (stating that FINRA’s rules shall apply to all members and persons associated with a member and that associated persons shall have the same duties and obligations as a member under FINRA’s rules).

⁸⁰ *Dep’t of Enforcement v. McCrudden*, No. 2007008358101, 2009 FINRA Discip. LEXIS 41, at *26 (OHO Oct. 15, 2009), *aff’d*, 2010 FINRA Discip. LEXIS 25 (NAC Oct. 15, 2010) (respondent’s use of “abusive and threatening communications to bargain for the money he felt he was owed and to improve the terms of his termination” constituted improper harassment).

⁸¹ See *Dep’t of Mkt. Regulation v. Aaron*, No. CLG050049, 2006 NASD Discip. LEXIS 11 (OHO Mar. 3, 2006) (“Respondent’s misrepresentations, threats, and intimidation plainly overstepped the bounds of [the Rule].”).

⁸² *Jay Frederick Keeton*, 50 S.E.C. 1128, 1134 (1992) (where respondent “irresponsibly attempted to coerce payment ... by threatening adverse publicity, ... the use of such tactics in the securities industry violates high standards of commercial honor and just and equitable principles of trade.”).

making unsubstantiated charges;⁸³ he lodged complaints against Blackbook Capital’s attorney with the New York City Bar Association and forwarded those complaints to employees of the firm to further harass.⁸⁴ This and the other abusive conduct described above undertaken as a part of Gadelkareem’s “war” with Blackbook Capital constitutes improper threats and harassment in violation of Rule 5240.⁸⁵ And Gadelkareem failed to comport himself in a manner consistent with the high standards of commercial honor required by participants in the securities industry as required by Rule 2010.⁸⁶

We reject Gadelkareem’s notion that a supposed “toxic” work environment at Blackbook Capital justified his actions or otherwise undermines the charges against him. While we assume that Gadelkareem is sincere in his belief that Blackbook Capital was less than an ideal workplace, even if such an environment existed it did not afford him license to engage in the harassing and threatening conduct evidenced here. “Abusive conduct violates [the Rule] even if the respondent believes he has been wronged. Misconduct by the target of the threats is ... immaterial.”⁸⁷ This is particularly true given that Gadelkareem’s misconduct took place *after* his April 2014 termination that removed him from the purportedly “toxic” environment. The preponderance of the evidence establishes Gadelkareem’s violations.

IV. Sanctions

We find Gadelkareem’s conduct egregious. He engaged in an extraordinary array of harassing and threatening conduct. It is undisputed that he “barrage[d] ... Blackbook employees with communications” and that “the frequency, tone and language of [his] communications are outrageous.”⁸⁸ Through his outrageous actions he went so far as to impersonate a police detective and a FINRA investigator to make his threats as coercive as possible. Moreover, at the hearing he displayed a disturbing lack of awareness of the wrongfulness of his conduct and took little responsibility for his own actions.

⁸³ See *McCrudden*, 2010 FINRA Discip. LEXIS 25, at *18 (contacts to disparage former employer with potential joint venture partner constituted improper harassment and intimidation).

⁸⁴ See *McCrudden*, 2009 FINRA Discip. LEXIS 41, at *29 (threats to report former employer to regulatory or criminal authorities constituted improper harassment and intimidation).

⁸⁵ FINRA’s rules do not define what it means to “harass.” According to Webster’s Dictionary, “harass” means “to annoy persistently,” or “to create an unpleasant or hostile situation for especially by uninvited and unwelcome verbal or physical conduct.” Merriam-Webster’s Collegiate Dictionary (2015 ed.). The conduct proven here amply satisfies this definition.

⁸⁶ *Stephen B. Carlson*, Exchange Act Release No. 40672, 1998 SEC LEXIS 2463, at *9, *12 (Nov. 12, 1998) (the use of “threatening, coercive, and intimidating tactics” constituted “a serious breach of [respondent’s] ethical duties as a securities professional”).

⁸⁷ *McCrudden*, 2009 FINRA Discip. LEXIS 41, at *31.

⁸⁸ Respondent’s Pre-Hearing Brief, at 5.

In determining the appropriate sanction the Hearing Panel first considered FINRA’s Sanction Guidelines (“Guidelines”) for intimidation and harassment,⁸⁹ as well as the Principal Considerations in Determining Sanctions.⁹⁰ The Guidelines recommend a suspension of ten business days to two years and a fine of between \$5,000 and \$73,000.⁹¹ In egregious cases, the Guidelines recommend that the Hearing Panel consider a more substantial fine or barring an individual respondent.⁹²

The Guidelines recommend that in cases of harassment principal consideration should focus on the “nature and content” of the communications.⁹³ As explained, Gadelkareem’s conduct was outrageous in its frequency, tone, and language. Gadelkareem’s hostile and threatening barrage of communications was incessant.⁹⁴ This barrage went on for weeks, an extended period of time.⁹⁵ The misconduct injured Blackbook Capital’s business relationship with a significant client.⁹⁶ The conduct persisted even after his superiors at Blackbook Capital warned Gadelkareem—repeatedly—that his communications constituted harassment.⁹⁷ Gadelkareem’s repeated threats and demands for compensation contemplated the potential for his personal financial gain through his bad acts.⁹⁸ His harassment was not negligent or inadvertent—he intentionally harassed those associated with Blackbook Capital in prosecuting his “war.”⁹⁹ His impersonations of various individuals, including a police detective and a FINRA investigator, were calculated to deceive.¹⁰⁰ And he failed to fully accept responsibility for, or even acknowledge the wrongfulness of, his course of conduct.¹⁰¹

We also find troubling Gadelkareem’s conduct during the hearing and the investigation that preceded it. Rather than admit his culpability for impersonating a FINRA investigator, he provided false testimony denying his misconduct and submitted phony e-mail documentation to mislead investigators and deceive this Hearing Panel.¹⁰² It is settled that “[p]roviding false and

⁸⁹ See FINRA Sanction Guidelines at 48 (2015), <http://www.finra.org/industry/sanction-guidelines>.

⁹⁰ Guidelines at 6.

⁹¹ *Id.* at 48.

⁹² *Id.*

⁹³ *Id.* (Principal Considerations in Determining Sanctions for Anti-Intimidation/Coordination, No. 5).

⁹⁴ See *id.* at 6 (Principal Considerations in Determining Sanctions, No. 8); *id.* at 48 (Principal Considerations in Determining Sanctions for Anti-Intimidation/Coordination, No. 7).

⁹⁵ *Id.* at 6 (Principal Considerations in Determining Sanctions, No. 9).

⁹⁶ *Id.* at 6 (Principal Considerations, No. 11).

⁹⁷ *Id.* at 7 (Principal Considerations, No. 15).

⁹⁸ *Id.* at 7 (Principal Considerations, No. 17).

⁹⁹ *Id.* at 7 (Principal Considerations, No. 13).

¹⁰⁰ *Id.* at 6 (Principal Considerations, No. 10).

¹⁰¹ *Id.* at 6 (Principal Considerations, No. 2).

¹⁰² *Id.* at 7 (Principal Considerations, No. 12).

misleading information ... subverts FINRA's ability to carry out its regulatory functions."¹⁰³ Consequently, the SEC has held that "intentionally providing falsified documents to FINRA in an attempt to mislead a FINRA examiner [is] misconduct that we find aggravating."¹⁰⁴ And Gadelkareem abused the hearing process by falsifying subpoenas to serve his purposes after being advised of the impropriety of his actions.¹⁰⁵ Gadelkareem showed no reluctance to resort to falsification, deception, and fraud where he believed it suited his needs.¹⁰⁶

These facts all serve as aggravating factors. On the other side of the ledger, it is true that Gadelkareem was terminated by his employer Blackbook Capital, in effect disciplining him for improper harassing behavior. But to the extent that this action is mitigating,¹⁰⁷ it is overwhelmed by the aggravating factors.¹⁰⁸ We also consider Gadelkareem's psychiatric condition to be mitigating, as his lengthy history of bipolar disorder presumably exacerbated or at least contributed to his improper conduct.¹⁰⁹ But to the extent that Gadelkareem's effort to seek treatment for his psychiatric disorder might be regarded as a "subsequent corrective measure" to remedy the circumstance leading to the misconduct,¹¹⁰ the remedial impact is simply inadequate. Gadelkareem's unwillingness to regularly adhere to his prescribed medication or participate in treatment, the apparent inefficacy of such treatment, along with his extensive history of bouts of

¹⁰³ *Dep't of Enforcement v. Ortiz*, No. E0220030425-01, 2007 FINRA Discip. LEXIS 3, at *33 (NAC Oct. 10, 2007), *aff'd*, Exchange Act Release No. 58416, 2008 SEC LEXIS 2401 (Aug. 22, 2008).

¹⁰⁴ *Mitchell H. Fillet*, Exchange Act Release No. 75054, 2015 SEC LEXIS 2142, at *56 (May 27, 2015).

¹⁰⁵ *Dist. Bus. Conduct Comm. v. Connolly*, No. PHL-731, 1991 NASD Discip. LEXIS 35, at *23 (Bd. of Governors Mar. 12, 1991) (respondent's "actions in preparing and issuing counterfeit 'subpoenas' to various parties demonstrates recent deceptive conduct" considered in aggravation of misconduct).

¹⁰⁶ Gadelkareem's misconduct during the investigation and hearing is properly considered in the context of sanctions. "Although this misconduct was outside the allegations of FINRA's complaint, FINRA may consider such evidence when assessing the appropriate sanction." *Fillet*, 2015 SEC LEXIS 2142, at *57 (considering misstatements in investigative on-the-record testimony in the context of sanctions).

¹⁰⁷ Guidelines at 7 (Principal Considerations, No. 14). The Principal Consideration speaks to discipline imposed by an employer prior to regulatory action. While we give Gadelkareem the benefit of consideration of this factor in mitigation, we note that Gadelkareem's termination by his employer preceded substantially all of the conduct now at issue.

¹⁰⁸ See *Denise M. Olson*, Exchange Act Release No. 75838, 2015 SEC LEXIS 3629, at *18-19 (Sept. 3, 2015) ("[T]he mitigating effect from [respondent's] termination is no guarantee of changed behavior, and it is not enough to overcome our concern that [respondent] poses a continuing danger to investors and other securities industry participants (including would-be employers).").

¹⁰⁹ See *Dep't of Enforcement v. Saad*, No. 2006006705601, 2015 FINRA Discip. LEXIS 49, at *23 (NAC Mar. 16, 2015) (Personal problems or medical condition "might give rise to some mitigation if there is evidence that such problems interfered with an ability to comply with FINRA rules or that violations resulted from, or were exacerbated by, such problems.").

¹¹⁰ Remedial measures may only be considered in mitigation where they come "prior to detection or intervention ... by a regulator." Guidelines at 6 (Principal Considerations in Determining Sanctions, No. 3). Where, as here, those efforts come after being advised by Enforcement of its intent to bring a disciplinary proceeding, they come too late. See *Dennis Todd Lloyd Gordon*, Exchange Act Release No. 57655, 2008 SEC LEXIS 819, at *68 (Apr. 11, 2008) ("Remedial action taken after the initiation of an examination has little mitigative value.").

anger, violence and hostility in the workplace and elsewhere, undermine any suggestion that the circumstances that led to the misconduct have been corrected. In contemplating necessary relief, "it is critical to ensure that the investing public is protected from any possible recurrence of misconduct."¹¹¹ And it is clear from our assessment of Gadelkareem's conduct throughout this proceeding that whatever issues may have contributed to the improper and unacceptable conduct that gives rise to his violation, those issues have not been remediated.¹¹²

After weighing the evidence and considering all applicable factors, we conclude that Gadelkareem poses a potential threat to the investing public and to FINRA member firms in any circumstance where his personal preferences or self-interest might not coincide with the interests of clients or employers. For these reasons, and in order to effectuate the remedial purposes of the Sanction Guidelines, protect the public interest, improve overall business standards in the securities industry, and deter others from engaging in similar misconduct, the only appropriate sanction is a bar from association with any FINRA member firm in any capacity.

V. Order

Respondent Ahmed Gadelkareem is barred from associating with any FINRA member firm in any capacity for engaging in improper threatening and harassing conduct, in violation FINRA Rules 5240 and 2010. The bar shall become effective immediately if this decision becomes FINRA's final action in this disciplinary proceeding.

In addition, Gadelkareem is ordered to pay costs in the amount of \$5,649.78, which includes the hearing transcript fees and an administrative fee of \$750. The assessed costs shall be due on a date set by FINRA, but not sooner than 30 days after this decision becomes FINRA's final disciplinary action in this proceeding.¹¹³



David Williams
Hearing Officer
For the Hearing Panel

¹¹¹ *Dist. Bus. Conduct Comm. v. Klein*, No. C02940041, 1995 NASD Discip. LEXIS 229, at *13 (NBCC June 20, 1995) *aff'd*, 1995 SEC LEXIS 3418 (Dec. 14, 1995).

¹¹² *See Dep't of Enforcement v. Masceri*, No. C8A040079, 2006 NASD Discip. LEXIS 29, at *43-44 (NAC Dec. 18, 2006) (disagreeing that a respondent was unlikely to engage in future misconduct where, although the panic attacks from which he was suffering when committing forgeries were now "under control through medication," he subsequently made untruthful statements to FINRA).

¹¹³ The Hearing Panel considered and rejected without discussion all other arguments of the parties.