

**STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT**

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**IN THE MATTER OF: JOSEPH LaROCCA**  
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**FILE NO. 0400305**

**CONSENT ORDER OF CENSURE**

**TO THE RESPONDENT:**

Joseph LaRocca  
(CRD #: 1144173)  
33 Red Coach Lane  
Locust Point, New Jersey 07760

C/o Grayson Financial LLC  
157 Broad Street  
Suite 108  
Red Bank, New Jersey 07701

C/o Martin Russo  
Attorney at Law  
Kurzman, Eisenberg, Corbin, Lever  
& Goodman, LLP  
One North Broadway  
White Plains, New York 10601

WHEREAS, Respondent on the 31st day of January 2005 executed a certain Stipulation to Enter Consent Order of Censure ("Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated August 13, 2004 in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Censure ("Consent Order").

WHEREAS, by means of the Stipulation, the Respondent acknowledged, without admitting nor denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:

## Consent Order of Censure

-2-

1. That at all relevant times, the Respondent was registered with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act. He acts in the capacity of Designated Illinois Principal for his employing firm.
2. That on April 14, 2004 NASD entered a Letter of Acceptance, Waiver and Consent (AWC) submitted by the Respondent regarding File No. C9B040029 which sanctioned the Respondent as follows:
  - a. suspension from association with any member firm in any principal or supervisory capacity for thirty (30) business days; and
  - b. fined \$5,000.
3. That the AWC found:
  - a. Grayson Financial, acting through the Respondent and another individual, failed to adequately enforce its written supervisory procedures regarding the review of cancelled/rebilled transactions in customer accounts. Pursuant to Grayson Financial's supervisory procedures, when a pattern of cancels/rebills appeared in customers accounts, the firm was required to contact the customers whose orders were cancelled to confirm that the orders had been authorized.

A clear pattern of cancels/rebills existed in Grayson; customer accounts beginning in late 2001 and continuing through June 2002. During this period, there were approximately 385 cancelled/rebilled transactions, the majority of which were based on purported customer reneges.
  - b. Despite this pattern, Respondent and another individual failed to contact firm customers in sufficient number to determine if the trades had been properly authorized.
  - c. Grayson Financial, acting through the Respondent and the other failed to properly document the supervisory review of cancels/rebills and utilize "Cancel/Rebill Forms" as required by its written supervisory. As a result of this conduct, Grayson Financial, and the Respondent violated NASD Conduct Rules 2110 and 3010.
  - d. A review of 33 customer complaint's submitted to Grayson Financial during the period November 1, 2000 through August 5, 2002, revealed that in 16 instances, the firm failed to report the complaints to NASD pursuant to NASD Conduct Rule 3070 (c).

Consent Order of Censure

-3-

As a result of this conduct, Grayson Financial violated NASD Conduct Rules 2110 and 3070

- e. Grayson Financial, acting through the Respondent, failed to establish, maintain and enforce written supervisory procedures reasonably designed to ensure compliance with NASD Conduct Rule 3070. As a result of this conduct, Grayson Financial and Respondent violated NASD conduct Rules 2110 and 3010.
4. That Section 8.E(1)(j) of the Act provides, inter alia, that the registration of a salesperson may be revoked if the Secretary of State finds that such salesperson has been suspended by any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory organization.
5. That NASD is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusion of Law:

That by virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to revocation pursuant to Section 8.E(1)(j) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that:

1. He shall be censured;
2. He voluntarily agrees not to act in the capacity of Designated Illinois Principal for a period of four years and six months (4.5 years) from the entry of this Consent Order; and
3. He shall pay the sum of One Thousand Five Hundred dollars (\$1,500.00) to the Office of the Secretary of State, investors Education Fund as reimbursement to cover the cost of investigation of this matter. Said sum shall be payable by means of certified or cashiers check and made to the order of the Office of the Secretary of State, Investors Education Fund and shall be due within thirty (30) days from the entry of this Consent Order.

Consent Order of Censure

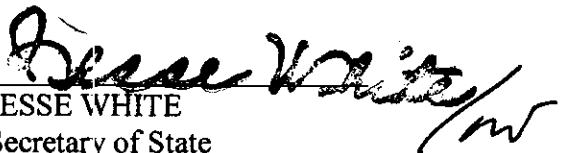
-4-

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. Joseph LaRocca shall be censured.
2. Joseph LaRocca, pursuant to his voluntary undertaking as specified in the Stipulation, will not act in the capacity of Designated Illinois Principal for a period of four years and six months (4.5 years) from the entry of this Consent Order.
3. Joseph LaRocca shall pay the sum of One Thousand Five Hundred dollars (\$1,500.00) to the Office of the Secretary of State, Investors Education Fund as reimbursement to cover the cost of investigation of this matter. Said sum shall be payable by means of certified or cashiers check and made to the order of the Office of the Secretary of State, Investors Education Fund and shall be due within thirty (30) days from the entry of this Consent Order.
4. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED: This 10<sup>th</sup> day of February 2005.

  
JESSE WHITE  
Secretary of State  
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Illinois Securities Law of 1953 [815 ILCS 5] (the Act). Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony.