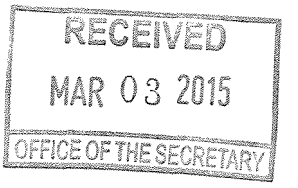
**ALFRED REEVES**
[redacted]




**March 1, 2015**

3-16264

**Office of the Secretary**
**U.S. Securities and Exchange Commission**
**100 F Street, NE, Mail Stop 1090**
**Washington, DC 20549**
**Attention Secretary of the Commission, Brent Fields**

**BRIEF IN SUPPORT OF PETITION FOR REVIEW OF NAC DECISION**
**COMPLAINT No. [redacted]**
**FINRA Dept. of Enforcement vs. Alfred P. Reeves III**

## OPENING STATEMENT

**This complaint should have been determined on the facts and not the opinions of the complaining broker-dealer who clearly misrepresented the facts which should have been obvious to the FINRA staff by the baseless allegation of Mr. Harch, the owner of the broker-dealer, that I engineered a preposterous conspiracy to steal money from the broker-dealer and that he was going to have me arrested and put in jail for long time. FINRA's own investigator, Mr. Foy concluded that I had no knowledge of any commissions due the broker-dealer which in fact was an error on the part of the clearing agent because the broker-dealer didn't do commission trades and the clearing agent only received clearing charges less any interest on the broker-dealer's deposit account. No money ever flowed to the broker-dealer. Mr. Harch did file a criminal complaint against me which was found to be baseless and no criminal charges were filed against me. Mr. Harch in his attempt to**

**destroy me, because he thought I overcharged for my services, contacted broker-dealers and business associates doing business with me and told them that I was a thief and that they better not do business with me and that he was going to see to it that I went to jail. It is also interesting to note that my attorney told FINRA's regional counsel that Harch had slandered his client and intended to sue. Somehow Harch found out about it and mentioned it in his testimony. All of FINRA's actions and interpretations were slanted against me and in favor of Harch's accusations which were unsubstantiated and sometimes a figment of his imagination as when he told FINRA he didn't know what he was signing when he signed the clearing agreement and had his daughter send it to the clearing agent and then said I doctored it up to allow me to wipe out his firm. FINRA believed Harch, a brilliant fixed income trader and CPA worth over six million dollars, was stupid enough to allow me, who he had only known for six month, to have control over his clearing account. I went over every page with him and gave him the original to send in and a copy for his records. He told FINRA that a page was missing and that I had removed it. Guess what, the missing page was in the original so how did it become missing from Harch's copy? Most of Harch's communications with FINRA were slanted and self serving and only I knew much of it was outright lies. In every instance, FINRA, with no proof one way or the other believed him and not me. I know I never did one thing to hurt the broker-dealer or Harch. In my 45 years in the securities industry I never lied or took a dime from anyone.**

**I've been, in my 45 years in the securities industry, on FINRA District Committees and District Business Conduct Committees in FINRA's New York and Denver districts and been in FINRA's Dispute Resolution arbitration pool since 1991. I've been a Hearing**

**Officer and Arbitrator on many hearings and FINRA's General Counsel's office, was so impressed with my background that I was asked to be a Hearing Officer At Large and travel to hearing locations that were not easily served by a District office. I had been appointed a Hearing Officer in November, 2011. When FINRA issued a Wells Notice to me, Washington called me up and said they had to replace me as a Hearing Officer. In December, 2011, FINRA Dispute Resolution asked me to serve on an arbitration panel. Two days later they said they had found someone else to serve.**

**I've been a Financial & Operations Principal since the inception of the license and have had single signing authority over millions of dollars as a Chief Financial Officer for various firms. I have served on many committees and helped to promote fair practices throughout my career. FINRA would like you to believe that I was desperate for money, because of my continuing battle with Citicorp who had obtained two liens against me, and even though I received a consulting fee of $25,000 and continuing consulting fees of $3,500 per month through August, 2011 from the broker-dealer, also got social security and also that I was on vacation in Canada in September when I got a call while I was walking through a mall in Toronto from the broker-dealer's bookkeeper that she didn't think the firm's new Financial Principal knew what he was doing, whereby she presented the problem, I gave her the correct answer and that she should verify what I told her with the Firm's FINRA Coordinator. She called me back the next day and said problem solved. Forget the fact that I was leaving shortly to go on a seven day cruise and then continue on to Washington, DC to attend an SEC conference on capital raising for small businesses and then on to New York for Thanksgiving with my daughters, which I cut short when Harch screamed 'thief', and therefore, knowingly diverted funds which didn't belong to me from the broker-**

**dealer's clearing agent with a direct trail to me for everybody to see, get caught and throw away my career. FINRA would like you to forget that I've received millions of dollars of wires over the years and EVERYONE OF THEM was intended for me, would like you to forget that the broker-dealer's clearing agent would never be wiring non-existing commissions of $59k plus, would like you to forget that I sent an invoice for post employment services to help transition to a new FINOP, would like you to forget that Harch did not return my invoice, 'not authorized', forget that the clearing agent sent me an email that my invoice was ready to be paid, forget I was away most of the time, forget that as an investment banking consult, most agreements are five year agreements, and wires sometimes come to me without knowledge of the source until a call is received, would like you to forget that upon return home, checked my bank statement, realized that the money had come from the clearing agent, that the money wasn't due me and that I owed the money back, forget that had I purposefully intended to take the BD's money, why did I give money back, would like you to forget that I made an agreement with the clearing agent to pay the balance of the money back, would like you to forget that FINRA's staff was more interested in sticking it to me when they told a new broker-dealer I filed a broker-dealer registration statement for and who had hired me to be its CFO and CCO, in its new member interview, even though no complaint had even been filed yet, said they would not approve it for membership if I remained its CFO and CCO FINRA, would like you to forget that without my ability to work, there was no way for me to pay off the amount owed. In fact, without my licenses, there was no way for me to earn a decent living and stay viable financially. FINRA would like you to NOT know that I lost both my homes which were under water, and I now have received two 1099-C's, one for $44,690 and one for**

**$37,584.81 and that my income is so low that I can't even afford to declare bankruptcy. I have no permanent residence as I can not afford an apartment and if it wasn't for friends, I would be sleeping on the streets. It did not matter to FINRA that with any proof, just their interpretations and opinions, that I had no knowledge that the funds received were not mine. I shouldn't have been found guilty of a violation because of FINRA's interpretations and opinions. FINRA's bias against me became clear when FINRA's Regional Counsel asked their chief investigator not if there was any proof that I knew the money was not mine, but asked if in his opinion that I knew the money wasn't mine and didn't ask why.**

**I have never said that I didn't owe back the money. Because I refused to admit I did something I didn't do, FINRA has made sure that I will never be able to pay back the money. The SEC has the ability to set things right and give me back my licenses so I can earn decent money and pay back the clearing agent.**

**The NAC decision erred in that it took interpretation and opinion over truth.**

**The pure facts of the case are as follows:**

**Reeves resigned from a FINRA registered broker-dealer on August 30, 2011 as the firm's Financial Principal.**

**Reeves was requested to assist in the transition to a new Financial Principal by the firm's in house accountant.**

**Reeves assisted during the ensuing days of September.**

**Reeves billed the firm on the same basis as he had received when registered with the firm in the amount of $2000.**

**There was no communication from the firm that the invoice would not be paid.**

**Some 30 days later, Reeves receives a communication from the firm's clearing agent that his invoice is ready to be paid and to provide payment instructions.**

**Reeves provides payment instructions to his consulting firm.**

**Thirty days later, just prior to going on a cruise, Reeves received a large wire. Reeves had never received a wire that didn't belong to him and there was no reason for Reeves to believe the wire didn't belong to him.**

**Unknown to Reeves at the time, the large wire had come from the former brokerage firm's clearing agent. It should be noted that the brokerage firm never did any kind of business that would cause it to receive a wire from its clearing agent.**

**While still on vacation, Reeves receives accusatory emails from the firm's owner, Joseph Harch, calling Reeves a thief. Owner also tells FINRA's Boca Raton office that Reeves plotted and engineered to steal the firm's funds. Owner contacts Reeves' business associates that Reeves is a thief. Firms terminate Reeves. Reeves unable to be gainfully employed.**

**FINRA knew Reeves had no authorization and no control of any kind with regard to the firm since August 30, 2011 and with no proof (See Investigator Foy's testimony) that Reeves had anything to do with illegally or otherwise obtaining the funds, and without any**

**substantiating or corroborating proof, pursued Reeves as a thief. On or about November 22, 2011, Reeves flies in cutting his Thanksgiving vacation with his daughters in New Jersey short, to answer any questions.**

**Reeves is caught by surprise and questioned as if he was a thief even though Reeves had a 44 year career in the securities industry and been elected and served on FINRA disciplinary and district committees in both New York and Denver with Bill Clendenin, FINRA Senior Vice President in New York and Joseph McCarthy, Senior Vice President, FINRA's Western Region, served for many years as an Arbitrator with FINRA Dispute Resolution and participated for many years at the SEC's Annual Forum on Small Business with Gerald Laporte and Tony Barrone.**

**Reeves immediately checked his banking information and found the wire was from the clearing agent, agreed the money was not his and would make arrangements to pay the money back.**

**That should have ended it but the clearing agent and the broker-dealer continued to press the FINRA staff that Reeves was a thief and should be put in jail.**

**Reeves hired a veteran securities lawyer who contacted FINRA and was told that even without any direct proof, they believed Reeves plotted to receive and convert the broker-dealers funds even though Reeves had no knowledge of any funds due the broker-dealer and was, for the most part, on vacation outside the United States.**

**Reeves' attorney said to FINRA's Regional Attorney, do you think Reeves is so stupid to**

**have money he knew was not his be sent directly to him and easily traceable. The answer was the Regional Attorney didn't care, and we are going to knock him out of the business and if he ever wants to get back in the business, he should offer a deal.**

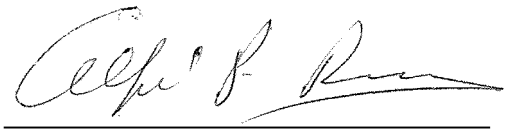
**Reeves attorney called Reeves and asked Reeves why are they out to get you. Reeves told him that during a FINRA special exam some years ago of a broker-dealer where Reeves was the part time FINOP doing their monthly reports, where the staff next door at a public relations firm owned by the owner of the broker-dealer was a young staff and didn't know how to deal with a FINRA' Special Investigator who demanded to have access to all records. The owner Registered Principal was out of town and the other Registered Principal had never been part of a FINRA examination before. She called Reeves and asked him to come over. Upon arrival, Reeves asked the Special Investigator what he was doing photocopying everything in site and intimidating the people working there for another firm and not associated with the broker-dealer. Arrogantly, he said I have a right to look at and copy anything in these offices. Reeves said no that he only had the right to copy the records of the broker-dealer and that he was in the office of a public relations firm that was also owned by the owner of the broker-dealer. He said both names were on the door, and therefore he had a right to copy all the records of both firms. Reeves pointed out that the broker-dealer had separate secure space. The investigator said he was right and was going to continue copying records of both firms. Reeves pointed out that he was violating FINRA rules with regard to his conducting the examination and told him to leave the premises of the public relations firm. As the investigator left he said, 'I'm going to enjoy bringing a big guy like you down'. Subsequently, FINRA phonied up a Wells Notice against Reeves with entirely bogus accusations against him. It took Reeves over two years,**

**with the help of FINRA's Ombudsman, to have the Wells Notice withdrawn.**

**Additionally, since I have not been able to afford the transcripts of the records and can't refer to something specific, attached are two documents I submitted which are part of the overall record which further support my position.**

**I request that my truths be accepted over the interpretations and opinions of FINRA, that The SEC overturn the NAC decision, restore my licenses so I can work and let me get about the business of paying back the broker-dealer's clearing agent.**

**Respectfully submitted this 1st day of March, 2015**



**Alfred P. Reeves III**

**IN REGARD TO THE MATTER OF COMPLAINT NO. 20110301922O1**
**FINRA Department of Enforcement v. Alfred P. Reeves III**

**Via Email and Priority Mail**

**FINRA**
**Office of General Counsel**
[redacted]
**Attn: Colleen Durbin**

**Via Email**

**Mark P. Dauer**
**Natesha L. Cromwell**
**Nancy Espinosa**
**Cindy Greer**
**Michael A. Gross**
**David B. Klafter**
**Miriam A. Lisker**
**Leo F. Orenstein**
**Jeffrey D. Pariser**
**Andrew H. Perkins**
**Kathryn M. Wilson**

# Rebuttal Brief & Information With Regard To The DOE's Opposition To Respondent's Motion To Introduce Additional Evidence

## Introduction

**Respondent Reeves (Reeves) submits the following information brief to the NAC panel with regard to the Department of Enforcement's (DOE) opposition to Reeves' Motion To Introduce Additional Evidence which further demonstrates the DOE's continued bias against Reeves as the DOE has, continuously throughout Reeves' effort to bring forth pertinent information and true facts not colored by the DOE's bias against Reeves, blocked Reeves ability to bring forth information and have the Panel make a fair assessment of such information and not be misled with partial and incomplete facts.**

**It should be noted that in the DOE's Opposition, second paragraph, regarding Reeves' 1 through 3, they state, "the Hearing Panel did not rely on Harch's testimony in its decision". First, how did the DOE know that the Hearing Panel did not rely on Harch's testimony? Did the DOE counsel the Hearing Panel on what they should rely on? And second, if the Hearing Panel didn't rely on Harch's statements, why did the DOE rely on Harch's statements, many of which were clearly misleading and untrue which resulted in the DOE's clearly bias position against Reeves commencing when Harch "screamed to FINRA" Reeves stole my money and engineered the tickets with commissions and knowingly connived to get those commissions. All of which was BS and the DOE knew it but continued against Reeves anyway knowing Reeves had no knowledge of any funds or business of HWJ Capital Partners II, LLC (HWJ).**

**Reeves' 4, DOE states that "this testimony was properly limited". Reeves requested witnesses and testimony to show that Michael Gross (Gross) and certain FINRA employees were clearly biased against Reeves. Gross told the hearing panel that any testimony from FINRA employees was irrelevant and that any conversations he (Gross) had with Reeves attorney (during the brief time the attorney was Reeves' attorney and who was prepared to testify regarding Gross' bias toward**

**Reeves) were privileged because any conversations regarding settlement were privileged. FACT: There were no settlement talks between Gross and Reeves attorney during the first 30 days (or ever and which was way before the complaint was filed) of FINRA's investigation after Harch made accusations that Reeves engineered and stole Harch's money. Reeves attorney said to Reeves no conversations he had with Gross qualified as privileged. Yet, Gross misrepresented the facts and when Reeves attorney appeared as a witness for Reeves he was precluded from testifying to all the facts which would have further demonstrated bias toward Reeves. Also, Reeves being denied due process in not being allowed to call other FINRA employees, further limited Reeves ability to present and have testimony demonstrating further bias and also show a "we are going to get you" attitude by FINRA employees which Reeves himself felt from the start.**

## Background Facts

**Reeves had no knowledge of any funds held by Legent Clearing for HWJ as testified to by FINRA's Peter Foye, and there is no other document or proof that Reeves had any knowledge of any funds or business of HWJ or Legent which begs the question, WHY WOULD REEVES REQUEST FUNDS HE DIDN'T KNOW ABOUT. The DOE's**

**bias against Reeves tried throughout the hearing to imply Reeves knew about the "funds". One can't request or convert, what one doesn't know about which the DOE continued to ignore in their bias against Reeves. The DOE's further bias is demonstrated with their implication (without considering Reeves' own explanation) that Reeves somehow should have known that he was still HWJ's billing contact person and that HWJ hadn't followed Form BD rules when someone is terminated and hadn't even adhered to its clearing agreement which required HWJ to notify Legent within 48 hours if a registered principal is terminated. The bias continues in the Opposition Background Facts that states, "Without informing Legent that he (Reeves) was no longer associated with HWJ (and) completed the questionnaire" again implying Reeves had some knowledge regarding funds held by Legent for HWJ which the DOE knows is completely false and still implies that Reeves had a responsibility, more than 30 days after the fact, to inform Legent that he was no longer associated with HWJ when Reeves only thought he was going to have his outstanding invoice paid. The DOE with its bias against Reeves, assumed, without proper investigation or documentation, that Legent told or otherwise provided a definition of**

**what "Authorized Billing Contact" meant to Harch and assumed that Harch told Reeves that he was being authorized to direct and disburse funds for HWJ, and then the DOE has continued to promote the falsehood that Reeves knew he was directing HWJ's funds, a position refuted by FINRA's own investigator and included in the "ignored" testimony by Harch that he never gave any instruction and adamantly told Reeves he would only have lookup access to the firm's records for the purpose of completing the firm's monthly records and to file the firm's FOCUS reports.**

**Item 1**

**The DOE is continuing the falsehood that Reeves controlled the clearing application process and controlled the filing of it. Even though Reeves filled out the clearing application in conjunction with Harch who had the information Reeves needed to complete the application. The DOE, in its continued bias against Reeves, choose to believe Harch's lie that he knew nothing about the page that designated Reeves as the "Authorized Billing Contact" and the DOE never asked Legent for a copy of the original signed clearing agreement Harch signed and sent to them and never viewed the copy of clearing agreement that was sent to FINRA. However, in the DOE's continued bias, they continued to promote the**

**falsehood that Reeves connived to be named the "Authorized Billing Contact" in June of 2011 for some future illicit purpose. The DOE's continued bias and attempts to block Reeves requests to present the real picture of events and their coloring of events to show their bias position rather than a true and fair picture, influenced the Hearing Panel with false interpretation of the facts.**

**Item 2**

**The DOE in its bias against Reeves totally ignored the fact, by not reviewing the firm's monthly clearing statements, that all business between Legent and HWJ, was settled through the clearing account. No money or funds changed hands. All pluses are added to the balance and all minuses are subtracted from balance. The DOE in its continued bias against Reeves completely ignored the fact there could not have been HWJ funds to disburse in the clearing account and only because of errors made by Legent were disbursable funds put in some other account set up for HWJ in error by Legent and continuously promoted that Reeves knew that by providing his wire instructions, he would receive funds belonging to HWJ, totally ignoring Reeves' explanation and believing that Reeves, with 45 years securities industry experience**

**in broker-dealer financial, compliance and operations, having sat on many hearing panels when serving as an elected district committeeman and many arbitration panels as a FINRA Dispute Resolution arbitrator, decided to grab some amount of money, the amount of which he didn't know, and spend it.**

**Item 3**

**The evidence supports the true picture that all money and funds of HWJ settled in HWJ's clearing account. If Harch wanted to move money from the Firm's clearing account, he would have initiated it. It's not reasonable that Legent would ask HWJ, "Where do you want your funds sent?" without a detailed explanation of the amount in the clearing account and what it was for. After much early finger pointing in the investigation, Legent messed up.**

**Item 4**

**The DOE's response in this item is not exactly the way it came down. Mr. Kennedy was not allowed to testify to ANY of his conversations with Mr. Gross, which in its entirety, did not involve any talk of settlement which Mr. Gross used as a reason to not testify himself at Reeves' request and to have Mr. Kennedy's testimony regarding his conversations excluded.**

## Conclusion

**For all the above facts, explanations and information, the Motion To Present Additional Evidence should be granted and considered.**

**Respectfully Submitted**

**August 2, 2013**

**Alfred P. Reeves III, Respondent**

[redacted]

**Department of Enforcement**

**Complainant,**

**Disciplinary Proceeding**
**No. 2011030192201**

**v.**

**Office Of General Counsel**
**Colleen Durbin, Counsel**
**Carla Carloni, Associate VP**
**Associate General Counsel**

**Alfred P. Reeves III (CRD#372836)**

**Respondent,**

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## Respondent Reeves' Reply Brief

### Introduction

**In the Department Of Enforcement's (DOE's) Brief, the first sentence of their introduction on page 1, "involves conversion carried out by an experienced and savvy securities industry participant".**

**The DOE wants the NAC Subcommittee to believe that Respondent Reeves (Reeves), an experienced and savvy securities industry participant, who has served on two District Committees, one District Business Conduct Committee and having served on many hearing panels, who has been in FINRA Dispute Resolution's arbitration pool, in both New York and Florida districts for over ten years having served as an arbitrator in many securities industry arbitrations and has been a continuing participant by SEC invitation for over five years in the SEC's Annual Forum on Capital Formation of Small Businesses, sat down and figured out how to beat HWJ Capital Partners II, LLC (HWJ) out of some**

unknown amount of money while not being associated with HWJ and not privy to any of their business for over 53 days.

There is no credible basis that Reeves knew about any funds at HWJ and knowingly converted funds that belonged to HWJ. It should be noted that the funds in question were later found out to be a result of HWJ's clearing firm's errors. Legent and HWJ screamed to FINRA's investigative staff, early in their investigation, that Reeves stole HWJ's funds and concocted a story saying that Reeves engineered the processing of tickets with commissions on them and accused him of stealing those commissions because he had plugged himself into the Clearing Agreement four months earlier as the HWJ's 'Authorized Billing Contact". All was proven to be false but set a bias against Reeves within FINRA's investigative staff and the DOE that has carried throughout these proceedings.

The Doe has put forth the false notion that Reeves bill for final services had to be authorized in writing by Joseph W. Harch (Harch) and therefore, Reeves could not have expected Legent's email (43days after Reeves had been terminated from HWJ) that said 'your billing invoice is ready to be paid' was for the bill Reeves sent to HWJ for final services rendered. From day one, Reeves, serving month to month with no written contract, sent invoices to HWJ which were paid. Reeves did not receive any kind of authorization each month to work each month. Reeves did the work, he got paid.

There is no prima facie case of conversion. The DOE knew Reeves had no knowledge of HWJ's business or any funds at HWJ and still pursued the notion that Reeves converted funds he knew nothing about. The DOE knew that HWJ's business did not involve earning fees or commissions and knew that Reeves knew that and that all of HWJ's debits and credits at Legent were netted out in each month's clearing statement. It should be noted here that to the best of Reeves knowledge, the cases on page ii, all involve clear knowledge of the amount being converted by the Respondent and that at the time of conversion each Respondent was employed with the firm at the time the conversion took place. Reeves had no knowledge of any funds and was not employed or associated with HWJ at the time of the alleged conversion.

**The DOE agrees that Reeves didn't know about the funds at Legent and that Reeves had no knowledge that being named HWJ's 'Authorized Billing Contact', he was authorized to direct and disburse HWJ's funds. Yet, the DOE, with their bias against Reeves, has continuously put forth the notion, contrary to Reeves own testimony about the way he does business, and arbitrarily decided that Reeves way of doing business was 'patently implausible' and went to great lengths to falsely convince the hearing panel, with no proof of their own and contrary to Reeves own testimony that he had received in the last five years over 100 wires for upwards of $4 million dollars from contracts that were in existence up to five years requiring fees to be paid should a funding go through within the contract period and whereby in many cases fees came in and were not known until either side of the funding called and said did you get the wire. Reeves produced two witnesses that corroborated that often, wires were not sourced until a later time. The DOE ignored the truth. It should be noted that in over 40 years of doing business, Reeves never received a wire that didn't belong to him, many of which were six and seven digits, so from Reeves stand point, the $59,000 plus was Reeves' money to use as Reeves saw fit. Reeves telephone banking does not source deposits.**

## FACTS

**Many facts in this case are not in dispute. It is the DOE's interpretation of certain facts, with their biased point of view against Reeves, to imply something is true when it is not true and without any documentation or proof to back up their statements. The DOE has made inferences and implications that were misleading to the hearing panel. Case in point, Reeves was HWJ's 'Authorized Billing Contact", true statement. DOE tells hearing panel that Reeves being the 'Authorized Billing Contact' means (no proof other than what Legent told FINRA) Reeves had the authorization to direct and disburse HWJ's funds and implied Reeves knew it when he provided his wire instructions, a purely fabricated lie. Reeves was HWJ's bookkeeper, financial statement preparer, compliance advisor and FINOP. Reeves never had anything to do with HWJ's business or funds and was never given or told that he had any authorization to direct, disburse, change or correct anything without Harch's written approval. Legent**

never told or provided any documentation to HWJ or Harch that the person named as the 'Authorized Billing Contact' could direct and disburse HWJ's funds. Also, in Harch's testimony, which "the Hearing Panel did not rely on", Harch said he absolutely, positively did not give Reeves any authority to direct and disburse any of HWJ's funds. The DOE, with their continued bias against Reeves, knew Reeves had no knowledge that being named the 'Authorized Billing Contact' would allow Reeves to direct and disburse HWJ's funds. Yet, the DOE continued to imply that when Reeves gave his wiring instructions, he knew that he was going to receive HWJ's funds and not payment for his invoice to HWJ, an out and out falsehood meant to sway the Hearing Panel against Reeves. The DOE, itself violating 'just and equitable principals of trade', constantly continued to promote the falsehood that even though Reeves had no knowledge of any fees or commissions credited to HWJ in error by Legent, knew he would be receiving some large amount of HWJ funds.

The DOE in their bias against Reeves, ignored Reeves' explanation of events and circumstances and dismissed what Reeves, with 40 years of securities industry experience, said as patently implausible even though their own case is filled with implausible statements fabricated from distortions of the true facts.

Second case in point regarding facts that are not the complete facts. In II, 'Reeves (consulting) contract expired in March 2011.' Right in the contract it says expires on March 31, 2011 or sooner if Reeves can prepare HWJ to go back into business. Reeves prepared HWJ to go back in business on or before January 31, 2011, notified and submitted updated documents and information to Lisa Reid, HWJ's FINRA Coordinator, who gave her blessing as soon as Harch put in the necessary capital. Reeves, as of January 31, 2011, fulfilled his part of the contract. Reeves commenced, on a month to month basis, bookkeeping, financial statement and compliance work for HWJ as of February, 2011. HWJ paid Reeves' invoice in March, 2011 for February and paid each invoice submitted thereafter. There was no reason for Reeves to believe that he wouldn't be paid for the work done.

**Third case in point, in II 'Reeves was always paid by check' a true statement. This truth was used in the DOE's bias against Reeves to imply the wrong inference. Harch, in late July, 2011 in a discussion with Reeves who asked for additional compensation based on the increased work of a fully functional broker-dealer and reconciling multiple accounts on a daily and monthly basis to monitor the firm's net capital, Harch said he was going to close the Wells Fargo Advisors account (the account where the previous checks came from) and put all monies in the Legent Clearing account so he could get maximum leverage on his daily bond trading. The DOE in their continuing bias against Reeves, ignored the complete facts and continued to promote an incorrect hypothesis the payment for Reeves invoice.**

**Fourth case in point, in II, 'Reeves identified himself as HWJ's 'Authorized Billing Contact'. The true statement, not contracted by the DOE's bias against Reeves, is 'Reeves identified himself as HWJ's 'Authorized Billing Contact'at the request of Harch, approved by Harch and signed and sent by HWJ to Legent for their approval.**

**In III, all of Legent's errors are not relevant to Reeves perspective of the situation. Legent wrongfully charging commissions and putting them into a suspense account has no relevance to Reeves. Email to Reeves, not to HWJ, not to Harch, not to HWJ's Authorized Biling Contact' Reeves asking where do you want the commissions sent, not what registered representative distribution do you want, not any of the normal communications regarding the distribution of commissions, just an email to Reeves with no mention of HWJ, 'Your September billing invoice (Reeves invoice to HWJ was dated in September, 2011) is complete and Legent owes you money'. Given all the knowledge and circumstances known to Reeves e.g. HWJ earns no fees or commissions, all HWJ debits and credits are netted out in the monthly clearing statement for HWJ and Harch to review, Reeves assumed HWJ followed FINRA rules and updated their Form BD for material changes within 30 days of occurrence and notified Legent within 48 hours, according to HWJ's clearing agreement with Legent, that HWJ terminated a registered principal listed in the HWJ's Form BD, it is a promoted lie and false assumption put forth by the DOE in its bias against Reeves in that**

the DOE has no real, not convoluted truths that Reeves knew anything about anything regarding the money that would lead him to knowingly and with the obvious assurance of being found out, convert funds he didn't believe were his. The real circumstances do not follow that Reeves should have known the funds belonged to HWJ.

In III, regarding Reeves spent the money. The irrelevancy of this is that in Reeves entire career in the securities business, Reeves never received funds by wire or otherwise that did not belong to him. Since Reeves had no knowledge of any HWJ funds available for distribution and no reason to suspect the fee received had anything to do with HWJ, Reeves did not need to check on where the funds came from, as in the past, Reeves would always be notified at some point what firm had sent the funds. Legent's negligence in not properly notifying HWJ about the commissions and not determining their errors regarding the entire situation and concocting a story to tell Harch to get themselves off the hook of making an erroneous distribution (Legent had to make good and reimburse the funds to HWJ) and promoting lie after lie until FINRA's lead investigator found out the lies and false innuendos, can not be laid at the doorstep of Reeves as the DOE has tried to do with their bias against Reeves. Reeves spending the money he knew to be his is no basis for a charge of conversion of someone's money simply because Reeves only knew one of his outstanding business relationship had sent in the fee as had happened many times in the past. Reeves knew of no specific need to immediately know where the funds came from a few days before embarking on an extended trip.

In IV, more false facts and innuendos. Here's the real story. Thanksgiving week 2011, Jarvis, Chief Compliance Officer of Legent and Harch, both contact Reeves and accused him of stealing HWJ's funds and that they are going to file a criminal complaint against Reeves and bring down the full weight of the FBI and local law enforcement and make sure Reeves will spend many years behind bars and that Reeves had better payback the money so things would go easy on him.

On or about November 21, 2011, Reeves knowing he did not steal any money from HWJ, flies in from New Jersey cutting his Thanksgiving with his daughters

short, checks his mail which was on hold at the post office, opens his bank statement for October, 2011, sees the wire for $59,704.93 and that it was from Legent. Reeves communicated with Jarvis that he checked and that the money received 40 days earlier on October 12, 2011 was wired in from Legent and didn't belong to him. Reeves, having believed since Reeves had never in the past received a wire that didn't belong to him and having believed that the money was his and had used the money for his own purposes, knew the $59,704.93 was not available to just send back. The DOE in their continuing bias against Reeves, have, without any direct knowledge or basis, promoted the notion that Reeves used the money quickly, knowing the money belonged to HWJ. It should be noted here that all the propaganda put forth by the DOE that Reeves knew when he provided Legent with his wire instructions, he would receive funds that belonged to HWJ and therefore spent the money quickly. If that was true, why did the $59,704.93 received on October 12, 2011, sit in the account until October 22, 2011 when Reeves checked his balance before going on vacation for a month. The truth is Reeves had a mild heart problem in August, 2011 and being 70 years in October, 2011 and didn't want leave the money in an account totally controlled by Reeves in case some medical emergency occurred.

Consequently, Reeves, who never said to Jarvis that he didn't owe the money to them, but knowing he had used the money and didn't have $59,704.93 to just give back to them, sought to make an arrangement (deal) with Jarvis to pay the money back, but under the circumstances that Jarvis and Harch maintained that Reeves stole the money and Reeves knowing he did not steal any money and that Legent had for some reason not known to Reeves, made an error and 'misappropriated' the funds when they sent the funds to Reeves. Since Reeves knew he did not steal any funds and it had to be an error on Legent's part (which was found out by FINRA's lead investigator to be true), Reeves requested a letter from Legent that they made an error and erroneously misappropriated funds to Access Capital Financial Group and to request the return of the funds. With an untrue criminal allegation going to be made against Reeves, Reeves needed to have Legent fess up to their error, thus clearing Reeves of any criminal charges that might be brought by Harch in that Reeves did not steal any

money from HWJ, resolve the untrue allegations made by Harch to FINRA and then they could make an arrangement for Reeves to pay back the money. None of which was not unreasonable under the circumstances. Legent refused not agreeing to admit their errors that place Reeves in great jeopardy. FINRA slammed in behind Legent and HWJ believing their lies and distortions of the truth.

Reeves proceeded to retain Counsel who advised Reeves that he had to fight separate battles and that since Reeves knew that he owed back the money to Legent, Reeves couldn't use an arrangement for payback as a wedge to get them to admit their own wrongdoing even though Reeves did not steal any money and was not culpable in any way with regard to having received the wire from Legent. Reeves Counsel advised Reeves to give back as much money as he could to Legent and make an arrangement to payoff any balance which Reeves did. It should be noted that Harch's false allegations in the marketplace to Reeves' known associates in the broker-dealer industry and false allegations to FINRA which commenced a biased investigation against Reeves, causing the broker-dealers Reeves was associated with to terminated Reeves and not use Reeves' compliance and financial consulting services which created enormous financial pressures on Reeves which he may never recover from.

## Argument

In I, it should be noted that the DOE's statement, 'Reeves Violated Rule 2010 By Converting Funds Belonging To HWJ' didn't read 'Reeves Violated Rule 2010 By Knowingly Converting Funds Belonging To HWJ. If Reeves didn't know the funds belonged to HWJ, how could he convert funds that belonged to HWJ.

The DOE decided in their bias against Reeves to wrap him up in a box using incomplete facts and destroy his professional and financial life because even though Reeves didn't know the funds belonged to HWJ and had no reason to believe that the funds belonged to HWJ, Reeves should be professionally destroyed and barred from the securities business because the DOE, and Michael Gross in particular, arbitrarily decided, having been strongly influenced by Harch's and Jarvis' lies which created a strong bias against Reeves that a thief

**wouldn't tell the truth, because Reeves should have known that the wired funds to him didn't belong to him even though Reeves had never received any wired or other funds that didn't belong to him in his forty plus years in the securities business.**

**There is no definitive proof and no reasonable assumption that Reeves had any knowledge that funds wired to him on October 12, 2011 were not intended for him as all previous wires to Reeves had been. The DOE's entire argument assumes prior knowledge regarding HWJ's funds. Without that knowledge, and FINRA's own investigator acknowledged Reeves had no knowledge and without knowledge, there is no 'wrongful exercise of dominion over the personal property of another. Without that knowledge there is no 'intentional and unauthorized taking of and/or exercise of ownership over property by one who neither owns the property nor is entitled to possess it.'**

**The DOE's statement, 'Reeves engaged in conversion...by causing money that was not his to be sent to him....' is false. Legent, by its own errors, caused money to be sent to Reeves. Reeves, never having received any wires or any funds that didn't belong to him, used the funds that he knew, from over forty years of never receiving funds that didn't belong to him, were meant for him.**

**The DOE's statement regarding dispute of facts, there is dispute that Reeves intentionally caused Legent to wire Reeves HWJ's funds by providing his wire instructions. There is dispute that Reeves wrongfully exercised dominion over the money he knew was his and used it for his own purposes.**

**The DOE's statement, 'Reeves refused to return the money' is patently false. Reeves, knowing Jarvis and Harch accused Reeves of stealing Harch's money and wanted to see Reeves behind bars, sought a formal, written request from Legent that the funds were wired in error to Reeves and request repayment setting the truth straight. The DOE, in its continuing bias against Reeves, chose to mislead the Hearing Panel regarding Reeves attempt to avoid criminal charges. Had Legent been truthful, Reeves would have avoided criminal charges against him by Harch. After taking Harch's statement that Reeves stole his money and reviewing the same documents that were also provided to the**

Hearing Panel by the DOE and taking Reeves statement and reviewing documents Reeves provided which Reeves also provided to FINRA, the law enforcement officer declined to bring charges against Reeves that there was no probable cause that Reeves did anything to engineer the creating of the commissions, had no knowledge of the commissions and did not steal any funds from HWJ. Reeves had to go through this because did not own up to its errors. There is no establishment of a prima facie case of conversion.

Reeves has established credible defenses against the DOE's case for conversion not withstanding that aside from all the rhetoric and what this means and what that means, you can't convert something you don't know about. All the rhetoric about where Reeves might have thought where the funds came from is irrelevant in that Reeves had no knowledge of any commissions having been earned by HWJ, and Reeves never having received any fees that weren't intended for Reeves, together with Reeves testimony and testimony from witnesses who had been associated with Reeves on certain issuer/funding contracts that, since funding deals often take many years to complete and fee contracts are usually written for five year periods so when a funding deal goes through in the fifth year from a funding source introduced in year one, often a fee would show up years later when a deal got consummated which Reeves witnesses corroborated.

The DOE's statement that Reeves could not have any reasonable expectation that Harch would pay his invoice for $2,000 because 'Harch had not agreed to pay in advance' is totally without merit and continues to show the DOE's bias against Reeves. The DOE didn't bother to say that Harch never agreed to pay in advance for Reeves monthly services. Reeves did his work in one month submitting an invoice for the month's work on the first day of the following month. Harch never told Reeves he wasn't going to pay Reeves' invoice, probably because the firm needed Reeves help with transitional problems in September, 2011 which Reeves gave and so had reasonable expectations that Harch would pay him for his August, 2011 work and transitioning the firm's records.

The DOE in their bias against Reeves has gone to great lengths making statements as if they were truths when actually the statements boil down to what the DOE thinks and what they wanted the Hearing Panel to think and what they want the NAC Subcommttee to think. Statements like, 'there was no reasonable basis for Reeves to believe that Legent owed him money. Reeves never believed that Legent owed him money. HWJ owed him money and believed that Legent was going to pay Reeves what HWJ owed Reeves. From Reeves perspective, having been totally disassociated from HWJ and knowing the regulatory requirements regarding Form BD updates and knowing HWJ was required according to their clearing with Legent, to immediately notify them that Reeves had been terminated from the firm, the request for wire instructions, regardless of what the DOE decided the email meant and since Reeves was gone, gone, gone, it could only mean Reeves' invoice was ready to be paid, not some phantom amount owed to HWJ.

The DOE asked Reeves what some of the possibilities might be for the source of the funds. Reeves recollected three from three of his business associates. Reeves only said the funds might have been from one of his business associates, not that the funds did come from one of them. The DOE, instead of accepting the truth and in their bias against Reeves, embarked on a quest to imply that the money couldn't have come from any of the possibilities Reeves mentioned and therefore, Reeves was lying, a pure falsehood promoted by the DOE to cast a negative bias in the minds of the Hearing Panel.

Reeves believes that conversion can not happen unless the converter knows what and from whom he is converting. The DOE has never stated that Reeves knowingly converted funds. The Hearing Panel erred when they determined that conversion of HWJ's funds had taken place without Reeves knowing or having any reason to believe that the funds belonged to HWJ. There is no documentation that substantiates a charge of conversion. FINRA's investigation started out vehemently against Reeves when Harch cried thief to FINRA's lead investigator and FINRA proceeded on the basis of false information Harch and Legent provided FINRA in an attempt to prove Reeves was a thief, never asking themselves why a seventy years old securities industry veteran, with ever

principal license possible, would steal money from HWJ not even being associated with HWJ and direct the money to his consulting company, a direct trail to capture. Somewhere down the line in FINRA's investigation, having committed time and resources, FINRA realized that Reeves did not engineer and/or steal any money from HWJ. As a former FINRA examiner, district committeeman and hearing panelist, FINRA should have dropped the case and let Reeves get to the business of paying back Legent for the error they made in sending Reeves HWJ's money. Nobody seemed to care about the money and only cared out getting Reeves to cop a plea and sit out for two years. Reeves attorney, after conversations with Michael Gross, told Reeves that Gross is definitely biased against him and what did Reeves do to make them want to nail Reeves so bad. Reeves told his attorney he didn't have a clue. The DOE, rather than give Reeves every opportunity to gain information and documents to adequately defend himself against the allegation of conversion, sought to block Reeves whenever possible.

## Reeves Summary

Reeves, acting pro se and without any extensive legal knowledge, knows that he had no prior knowledge with regard to HWJ's funds and did not knowingly convert funds that belonged to HWJ. Ree | to prove what he knows to be true in opposition to the overwhel.....g legal ....nds agains o circumvent the real truth with half truths, supposition based on supplied information and statements meant to sound like truth the DOE's opinions of events and what they mean. Case in point, 'Reeves sought to impede the FINRA staff's investigation' (because) 'Reeves withheld requested documents on the spurious ground that they were protected by attorney-client privilege because he had given them to his attorney. It is merely the DOE's opinion that Reeves sought to impede the FINRA's staff's investigation, not knowing that Reeves believed that the information would play a part with regard to Harch's criminal charges and therefore, would be privileged. The statement by the DOE in the brief shows one more time the DOE's bias against

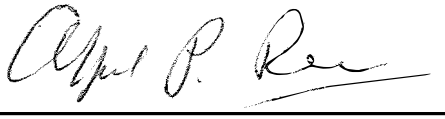
**Reeves, in this last attempt to cast Reeves in a negative light and promote the notion that this bad guy, even though he had no knowledge with regard to any of HWJ's funds, should be barred for life for having unknowingly converted HWJ's funds.**

**Reeves Conclusion**

**The Hearing Panels decision should be thrown out for many reasons explained above but mainly because Reeves had no knowledge of any funds belonging to HWJ and therefore, couldn't convert HWJ's funds Reeves knew nothing about. From Reeves perspective, the funds wired had to be intended for him as in forty plus years, Reeves never received a wire, or any funds, that were not intended for him. You can't convert someone's funds if you know nothing about that someone funds.**

**Respectfully submitted**

**Dated: August 16, 2013**



**Alfred P. Reeves III**

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A ed Reeves
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May 11, 2012

Michael A. Gross, Senior Regional Counsel
Financial Industry Regulatory Authority
[redacted]

Re: Your Letter To Eugene M. Kennedy, Esq. dated April 26, 2012, Regarding FINRA Examination No. 20110301922 and Wells Notification that the FINRA staff has made a preliminary determination to recommend that disciplinary action be brought against Alfred P. Reeves III for a potential violation of FINRA Rule 2010 (conversion/misuse of funds).

Dear Mr. Gross:

Please be advised that the disclosure of FINRA's above referenced examination has caused me to be terminated from the BDs I was associated with and not be hired by any other BDs. Consequently my financial situation has rapidly deteriorated resulting in my having to retain a bankruptcy attorney in February for the purpose of my filing for bankruptcy under chapter 7. Without having been found guilty of any wrong doing since the initiation of FINRA's investigation over four months ago, my life has been effectively destroyed. Consequently, I have been unable to continue to retain Eugene M. Kennedy, Esq. to represent me in these matters.

Regarding the Wells Notification, the proposed action for the alleged violation should NOT be brought against me because, to the best of my knowledge and belief, the information and assumptions used to determine my actions were faulty and not for the purpose of finding out the complete truth but to imply that I converted or misused funds as most of the questions you asked me in the OTR interview, I believe, were based on information supplied by Joseph Harch and Legent Clearing, which covered up their own negligence with regard to the matter, and make it look like I had something to do with their errors which resulted in my being erroneously wired funds. The information they provided you was so slanted against me, my feeling was, based on your questions to me and after only a week of possible investigation by FINRA, that you were already convinced that I stole money from HWJ and you were trying to confirm it, rather than simply trying to find the truth. As you later conveyed to my lawyer, you realized that there was no way I had stolen any money from HWJ or Legent. So now, since I got the funds, I must have known they belonged to HWJ and used the money anyway. This really begs the question of how stupid do you think I am. If I knew, I also had to know that the money would be traced to me and I would be throwing my whole life and career done the drain.

I am a 40 plus year veteran of the securities industry who has handled, under my own signature for many brokerage firms, many millions of dollars of brokerage firm's funds. Having been a District Business Conduct Committee and District Committee member in FINRA's NYC district office for three years, a District Committee member in FINRA's Western Region located in Denver, having been in FINRA's arbitrator pool since 1992, being an Arbitrator and on the Chairman's list with FINRA Dispute

immediately where the wire came from or whether I received a call later regarding the wire or whether I didn't find out until I received a bank statement at the end of the month, that the wire I received was meant for anybody else but me. From my perspective, nobody would send me a wire that wasn't intended for me. Additionally, if someone had sent me a wire in error, certainly the source of the wire, in this case Legent or HWJ, would have contacted me and advised me the day after the wire was sent erroneously when they reconciled their books. I received notification 43 days later.

Nobody, until this time, ever sent me a wire that wasn't intended for me and used by me as I saw fit. Additionally, if some one had sent me a wire in error, certainly the source of the wire would have contacted me within the ten days. In this case it took 43 days. Using what I thought was my money is not a violation of FINRA Rule 2010 and the Wells Notice should be withdrawn immediately so I can start to put my life back together.

HWJ should have known, since FINRA rules require BDs to reconcile their books on a daily basis, that commissions had been credited to HWJ's account sometime prior to Legent sending the wire on October 12th and when the wire was sent and HWJ's account was charged, a reconciliation the next day of the previous days business would have caused the question of where did the money go.

Obviously, HWJ did not have proper control of their business. Legent would never have sent me the wire had they been properly notified that I had left on August 30, 2011, did not have proper control in that HWJ was unaware that their account had been charged on October 12, 2011 and did not become aware of the wire until on or about November 24, 2011, approximately 43 days after the occurrence. Upon discovery and without proper investigation, Joseph W. Harch, owner of HWJ, because the wire was sent to me, yelled thief and to the best of my knowledge and belief, notified FINRA that I stole his money.

To the best of my knowledge and belief, because I provided my wire instructions, the FINRA staff believed Harch and set out to prove I stole his money and did not examined all the facts and circumstances which clearly shows that from my perspective, the money was mine at the time to use as I saw fit.

Upon my confirmation that the money was indeed from Legent, I sought to make an arrangement with Legent, who I thought had made the error, to pay the money back. Legent, because of HWJ's errors, should not be held accountable for sending the money even though I believed at the time that Legent sent the money erroneously and should have had verifying or follow up procedures which would have precluded all of these events.

HWJ, with help some from Legent, hopes that FINRA will hang their negligence around my neck. Don't let them do it. I've been in the securities business a long time, and I am not stupid and I'm not prone to doing stupid things that would ruin my life.

Sincerely,