

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

Securities Exchange Act of 1934
Release No. 68266 / November 19, 2012

In the Matter of the Application of the	:	
	:	
Financial Industry Regulatory Authority, Inc.	:	
	:	
For an Order Granting the Approval of	:	ORDER APPROVING
	:	APPLICATION FOR
Gregory L. Bowen	:	RELIEF FROM A
	:	STATUTORY
As a	:	DISQUALIFICATION
	:	
General Securities Representative	:	
	:	
With	:	
	:	
First Liberties Financial	:	
	:	
Securities Exchange Act of 1934	:	
Section 15A(g)(2)	:	
	:	

The Financial Industry Regulatory Authority, Inc. has filed a notice containing an application (“Application”) with the Securities and Exchange Commission (“Commission”), pursuant to Rule 19h-1 of the Securities Exchange Act of 1934 (“Exchange Act”), on behalf of First Liberties Financial (“First Liberties” or “Firm”), seeking consent for Gregory L. Bowen, a person subject to a statutory disqualification, to associate with First Liberties as a general securities representative, subject to the terms and conditions set forth in the Application. Mr. Bowen is not currently associated with a broker-dealer.

I. Background

A. Basis for Statutory Disqualification

On October 27, 1999, the Commission issued an Order Instituting Administrative Proceedings, pursuant to Section 15(b)(6) of the Exchange Act, barring Mr. Bowen from associating

with any broker or dealer, with the right to reapply for association after two years (“1999 Bar Order”).¹ The 1999 Bar Order also ordered that Mr. Bowen pay disgorgement in an amount equal to \$33,664, prejudgment interest in an amount equal to \$31,258, and a civil penalty in an amount equal to \$5,000. The 1999 Bar Order subjects Mr. Bowen to a statutory disqualification under Section 3(a)(39)(B) of the Exchange Act.

The 1999 Bar Order found that from March 1989 through March 1994, while employed with Government Securities Corporation (“GSC”), a registered broker-dealer, Mr. Bowen willfully violated Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, by misrepresenting and omitting material information in his communications with clients in order to induce them to purchase high-risk collateralized mortgage obligations (“CMOs”). The findings of willful violations also subject Mr. Bowen to a statutory disqualification under Section 3(a)(39)(F) of the Exchange Act.

B. Mr. Bowen’s Industry Background

Mr. Bowen first registered in the securities industry as a general securities representative in March 1987, and requalified in August 2010. He passed the uniform securities agent state law exam in April 1987, and requalified in June 2010. Between February 1987 and January 1995, Mr. Bowen was associated with four registered broker-dealers, including GSC. Since 1999, Mr. Bowen has worked for various mortgage firms as a mortgage broker. Currently, Mr. Bowen conducts a mortgage origination business, and is licensed with the Nationwide Mortgaging Licensing System and the Texas Department of Savings and Mortgage Lending as a mortgage broker.

C. The Firm

First Liberties has been a FINRA member since October 1983. The Firm employs 13 registered principals and 34 registered representatives at its home office in New York, New York, and its seven branch offices. The Firm services both retail and institutional customers.

II. Proposed Business Activities and Supervision

In the Application, FINRA and First Liberties represent that Mr. Bowen will be employed as a general securities representative on the Firm’s institutional sales desk. The Firm will compensate Mr. Bowen on a commission basis.

FINRA and First Liberties represent that William Hoover will be Mr. Bowen’s direct supervisor. Mr. Hoover has been associated with First Liberties since September 2011. Mr. Hoover is currently the Senior Managing Director of First Liberties, operating from the Firm’s branch office in Houston, Texas. Mr. Hoover has been registered as a general securities representative since 1987, and as a general securities principal since March 1996.

FINRA and First Liberties also represent that Hilary Bergman will be Mr. Bowen’s backup supervisor when Mr. Hoover is unavailable. Mr. Bergman has been associated with First Liberties since March 2010. Mr. Bergman is currently the Firm’s president, operating from the Firm’s home

¹ See Exchange Act Release No. 42063 (Oct. 27, 1999).

office in New York, New York. Mr. Bergman has been registered as a general securities principal since November 1991.

In the Application, FINRA and First Liberties represent, among other things, that:

1. First Liberties will amend its written supervisory procedures to state that Mr. Hoover is the primary supervisor responsible for Mr. Bowen;
2. Mr. Bowen will not maintain discretionary accounts;
3. Mr. Bowen will not act in a supervisory or principal capacity;
4. Mr. Bowen will not conduct retail business or be involved with any retail clients;
5. Mr. Hoover will supervise Mr. Bowen on-site at the Firm's branch office, located in Houston, Texas;
6. Mr. Bowen will only be permitted to transact business with institutional accounts and other FINRA member firms (with whom First Liberties has a dealer-to-dealer relationship);
7. Mr. Bowen will not be permitted to contact any public fund prospective account or to transact business with any public fund prospective account;
8. Mr. Bowen will not be permitted to transact business in Interest-Only Strips ("IOs"), Inverse IOs, and Inverse Floaters;
9. Any transaction by Mr. Bowen in CMOs must be reviewed and approved by Mr. Hoover. Mr. Hoover must document the basis for his decisions regarding the transaction. In addition, Mr. Hoover will document the account paperwork with the date and his signature. Mr. Hoover will maintain copies of the paperwork and keep them segregated for ease of review during any statutory disqualification or other examination or regulatory inquiry;
10. Mr. Hoover will review and approve each institutional account prior to Mr. Bowen's opening the account. Mr. Hoover will document the account paperwork as approved, with the date and his signature, and maintain the paperwork at the Firm's home office. Mr. Hoover will maintain copies of the paperwork and keep them segregated for ease of review during any statutory disqualification audit;
11. Mr. Hoover will review and approve Mr. Bowen's orders after execution, on a "T + 1" basis. Mr. Hoover will evidence his review by initialing the trade reports; and Mr. Hoover will maintain copies of the trade reports and keep them segregated for ease of review;
12. Mr. Bowen will not be permitted to engage in outside securities-related sales activities. Mr. Bowen will be permitted to continue his mortgage origination business, as long as he fully discloses it to Mr. Hoover as an outside business activity and does not engage in any outside securities-related sales or business activities;

13. Mr. Hoover will review Mr. Bowen's incoming written correspondence (including email communications) immediately upon their arrival and prior to Mr. Bowen's receipt; Mr. Hoover will also review and approve Mr. Bowen's outgoing correspondence before they are sent;
14. For the purposes of client communication, Mr. Bowen will only be allowed to use an email account that is held at the Firm, with all emails being filtered through the Firm's email system. If Mr. Bowen receives a securities-related email message in another email account outside the Firm, he will immediately deliver that message to the Firm's email account. Mr. Bowen will also inform the Firm of all outside email accounts that he maintains. Mr. Hoover will conduct a weekly review of all email messages that are either sent to or received by Mr. Bowen. Mr. Hoover will maintain the emails and keep them segregated for ease of review during any statutory disqualification audit;
15. All complaints pertaining to Mr. Bowen, whether verbal or written, will be immediately referred to the Firm's Chief Compliance Officer ("CCO"), or his designee. The Firm's compliance department will prepare a memorandum to the file as to what measures were taken to investigate the merits of the complaint and the resolution of the matter, and will maintain documents pertaining to these complaints and keep them segregated for ease of review. The CCO will make Mr. Hoover aware of any and all complaints filed against Mr. Bowen;
16. If Mr. Hoover is on vacation or out of the office, Mr. Bergman will act as Mr. Bowen's interim supervisor;
17. For the duration of Mr. Bowen's statutory disqualification, the Firm must obtain prior approval from FINRA's Member Regulation if it wishes to change Mr. Bowen's responsible supervisor from Mr. Hoover to another person; and
18. Mr. Hoover must certify quarterly (March 31st, June 30th, September 30th, and December 31st of each year) to the Firm's compliance department that he and Mr. Bowen are in compliance with all of the above conditions of heightened supervision to be imposed upon Mr. Bowen.

III. Relief Sought

In the Application, FINRA seeks an order declaring that, notwithstanding Mr. Bowen's statutory disqualification, the Commission:

1. Will not institute proceedings pursuant to Sections 15(b) and 19(h) of the Exchange Act, solely on the basis of Mr. Bowen's association as a general securities representative with First Liberties pursuant to the representations contained in the Application; and
2. Will not direct FINRA to bar the proposed association, as provided in Section 15A(g)(2) of the Exchange Act.

IV. Conclusion

The Division of Trading and Markets (“Division”), pursuant to delegated authority, has reviewed the Application and the record before FINRA. Relying on the representations made by FINRA and First Liberties concerning the proposed association of Mr. Bowen,² the Division has concluded that it is appropriate for the Commission to approve the Application for Mr. Bowen to associate as a general securities representative subject to the conditions of this order.

Accordingly, IT IS ORDERED that said Application of FINRA on behalf of First Liberties and Mr. Bowen be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³

Kevin M. O’Neill
Deputy Secretary

² All representations, terms, and conditions of employment, contained in FINRA’s Rule 19h-1 notice filing (which includes First Liberties’ MC-400 Application to FINRA), not specifically listed in this order, are incorporated herein by reference.

³ 17 CFR 200.30-3(a)(4).