

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

Securities Exchange Act of 1934  
Release No. 56638 / October 10, 2007

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In the Matter of the Application of	:	
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Financial Industry Regulatory Authority, Inc.	:	
	:	
For an Order Granting the Approval of	:	ORDER APPROVING
	:	APPLICATION FOR
	:	RELIEF FROM A
Stephen Anthony Englese	:	STATUTORY
	:	DISQUALIFICATION
As a	:	
	:	
General Securities Principal	:	
	:	
With	:	
	:	
Equity Services, Inc.	:	
	:	
Securities Exchange Act of 1934	:	
Section 15A(g)(2)	:	
	:	

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The Financial Industry Regulatory Authority, Inc. (“FINRA”), f/k/a National Association of Securities Dealers, Inc. (“NASD”),<sup>1</sup> has filed a Notice containing an Application (“Application”) pursuant to Rule 19h-1 under the Securities Exchange Act of 1934 (“Exchange Act”), on behalf of Equity Services, Inc. (“Equity Services” or “Firm”), requesting Commission consent for Stephen Anthony Englese, a person subject to a

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<sup>1</sup> On July 26, 2007, the Commission approved a proposed rule change filed by NASD to amend NASD’s Certificate of Incorporation to reflect its name change to Financial Industry Regulatory Authority Inc., or FINRA, in connection with the consolidation of the member firm regulatory functions of NASD and NYSE Regulation, Inc. See Exchange Act Release No. 56146 (July 26, 2007).

statutory disqualification, to associate as a general securities principal with Equity Services, subject to the terms and conditions set forth in the Application.

Mr. Englese is subject to a statutory disqualification because on September 25, 1985, Mr. Englese consented to, and the Commission entered, an Order Instituting Proceedings, Making Findings and Imposing Remedial Sanctions (“Bar Order”) barring Mr. Englese from being associated with a broker or dealer in a principal capacity with the right to re-apply for association after three years.<sup>2</sup> This disciplinary event causes Mr. Englese to be subject to a statutory disqualification pursuant to Section 3(a)(39)(B)(i)(II) of the Exchange Act.

The Bar Order is based on a complaint filed by the Commission alleging that while he was President of Chesley & Dunn, Inc. (“Chesley”), a registered broker-dealer at the time, Mr. Englese aided and abetted violations of the federal securities law from October 26, 1984 to November 20, 1984. The Commission found in the Bar Order that during this time, Mr. Englese willfully aided and abetted Chesley’s violations of Sections 15(c)(3) and 17(a) of the Exchange Act and Rules 15c3-1, 17a-3, 17a-5, and 17a-11 thereunder.<sup>3</sup> This disciplinary event causes Mr. Englese to be subject to a statutory disqualification pursuant to Section 3(a)(39)(F) of the Exchange Act.

Mr. Englese first qualified as a general securities representative (Series 7) in October 1981. He subsequently qualified as a general securities principal (Series 24) in January 1982 and as a financial and operations principal (Series 27) in July 1983.

Chesley employed Mr. Englese as a compliance officer from May 1981 until the spring of 1984. Mr. Englese became president of Chesley in the spring of 1984. Chesley experienced net capital and reporting problems in October 1984 and began self-liquidation proceedings in December 1984, at which time Mr. Englese resigned. Mr. Englese was unemployed from December 1984 until March 1985, when he registered with Equity Services as head of the Firm’s due diligence area. Pursuant to the Bar Order, Equity Services monitored Mr. Englese’s duties to ensure that he would not violate the terms of the Bar Order and provided the Commission with a copy of Mr. Englese’s job description.

Mr. Englese re-qualified as a general securities principal in February 1989 by

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<sup>2</sup> In the Matter of Chesley & Dunn, Inc., Stephen A. Englese, Roberta Budde, Exchange Act Release No. 22462 (Sept. 25, 1985). Mr. Englese was specifically barred from association other than in a supervised position and from being associated with a broker-dealer as a chief executive officer, chief financial officer, chief operations officer, chief legal officer, chief compliance officer, member of the board of directors, or person with similar status or functions, or owner, or from being associated with a broker-dealer in a position where he would be employed as or act as such broker-dealer firm’s financial principal. Additionally, the Bar Order required submission of an affidavit to the Commission in the event that Mr. Englese was employed or associated with a broker-dealer in a non-supervisory position during the period of the bar.

<sup>3</sup> Chesley was subject to a separate injunction for these violations. SEC v. Chesley & Dunn, Inc., Civil Action No. 84-JM-2306 (D. Colo. Dec. 14, 1984); Litigation Release No. 10667 (Feb. 5, 1985).

retaking and passing the qualification examination. On May 18, 1989, NASD filed a notice with the Commission, pursuant to Rule 19h-1 under the Exchange Act, concerning Mr. Englese's proposed association with Equity Services as a general securities principal. The Commission consented to this association and issued an Order ("1989 Order"), and Equity Services has since supervised Mr. Englese in accordance with the following representations contained in the 1989 Order: (1) Mr. Englese will not sell securities products to investors; (2) Mr. Englese and his primary responsible supervisor will meet on a regular basis to discuss Mr. Englese's activities; and (3) Mr. Englese will not be involved in any senior management or financial and operations activities.<sup>4</sup>

In the Application, FINRA and Equity Services represent that Equity Services proposes to employ Mr. Englese as a general securities principal without the special supervisory procedures contained in the 1989 Order. Instead, FINRA and Equity Services represent that Mr. Englese will be subject to the Firm's standard written supervisory, compliance, and control procedures.

Furthermore, in the Application, FINRA and Equity Services represent, among other things, that:

1. Equity Services has been a FINRA member since 1969 and has its home office in Montpelier, Vermont. Equity Services engages in a general securities business with 76 offices employing 141 registered principals and 1175 registered representatives.
2. Equity Services will continue to employ Mr. Englese as senior vice president for operations and advisory services in the Firm's home office. Mr. Englese currently supervises 15 employees and is compensated by a salary.
3. Kenneth Ehinger is chairman and chief executive officer of Equity Services. Mr. Ehinger works out of the Firm's home office and will continue as Mr. Englese's primary responsible supervisor.
4. Mr. Englese will be subject to Equity Services' standard written supervisory, compliance, and control procedures ("standard supervision"), which includes:
  - a. Attendance at monthly staff meetings.
  - b. Attendance at annual compliance meetings.
  - c. Attendance at continuing education meetings.

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<sup>4</sup> In the Matter of Stephen Anthony Englese, Securities and Exchange Commission, Order Approving Application for Relief from a Statutory Disqualification (Jun. 16, 1989) (on file with the Commission).

- d. Meetings with Mr. Ehinger, as necessary, to discuss Mr. Englese's activities and other pertinent regulatory issues.
  - e. Periodic supervisory review of Mr. Englese's correspondence and e-mails.
5. Mr. Englese may sell securities products to investors.
  6. Mr. Englese may participate in the Firm's senior management and financial and operations activities.
  7. Mr. Englese meets all applicable requirements for the proposed association.

In the Application, FINRA seeks an order declaring that, notwithstanding the statutory disqualification, the Commission:

1. Will not institute proceedings pursuant to Section 15(b)(4), 15(b)(6), 19(h)(2), or 19(h)(3) of the Exchange Act solely on the basis of Mr. Englese's association as a general securities principal with Equity Services 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.

The Division of Market Regulation, pursuant to delegated authority, has reviewed the instant Application and the record before FINRA. Relying on the representations made by FINRA and Equity Services concerning the proposed association of Mr. Englese,<sup>5</sup> the Division of Market Regulation has concluded that it is appropriate for the Commission to approve the Application for Mr. Englese to associate as a general securities principal with Equity Services without special supervisory procedures.

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<sup>5</sup> All representations, terms, and conditions of employment not specifically listed are incorporated herein by reference. This Order is further conditioned on FINRA's Rule 19h-1 notice filing, which includes Equity Services' MC-400 application to FINRA.

Accordingly, IT IS ORDERED that said Application of FINRA on behalf of Equity Services and Mr. Englese be, and hereby is, approved.<sup>6</sup>

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>6</sup> Because Mr. Englese continues to be subject to the Bar Order, the Firm must first receive Commission consent through the Rule 19h-1 process if it seeks to have Mr. Englese associate as the Firm's owner, chief executive officer, chief financial officer, chief operations officer, chief legal officer, chief compliance officer, member of the board of directors, or person with similar status or functions, or as the Firm's financial and operations principal, or to supervise such persons, or if there are any material changes to any of the terms and conditions set forth in this order.

<sup>7</sup> 17 CFR 200.30-3(a)(4)