

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 64502 / May 16, 2011**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14389**

**In the Matter of**

**LEGEND SECURITIES, INC.**  
**and SALVATORE CARUSO,**

**Respondents.**

**ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS,  
PURSUANT TO SECTIONS 15(b) AND 21C  
OF THE SECURITIES EXCHANGE ACT OF  
1934, MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS AND A CEASE-  
AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b), and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Legend Securities, Inc. and Salvatore Caruso (collectively “Respondents”).

**II.**

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondents' Offers, the Commission finds<sup>1</sup> that

#### Respondents

1. **Legend Securities, Inc.** ("Legend"), is a New York corporation with its principal office in New York, New York and multiple branch offices located in other states in the region. Legend has been a broker dealer registered with the Commission pursuant to Section 15(b) of the Exchange Act since 1998.

2. **Salvatore Caruso** ("Caruso"), age 42, resides in Staten Island, New York. Since he co-founded the firm in 1998, Caruso has served as its President and Chief Compliance Officer, among other titles, and as a registered representative. Caruso holds Series 4, 7, 24, 27, 53 and 63 securities licenses.

#### Facts

3. On March 24, 2009, staff with the New York Regional Office's broker dealer inspection program ("BDIP Staff") commenced an examination of Legend. In connection with the examination, BDIP Staff requested that Legend provide various records, including certain records concerning Legend employees. Caruso produced the documents on Legend's behalf in response to the examination staff's request. The records produced by Caruso did not include certain requested documents for one associated person of Legend (the "Associated Person").

4. On May 4, 2009, BDIP Staff requested the personnel file for the Associated Person. After not receiving any documents in response, BDIP Staff reiterated this request on multiple occasions between May 4 and May 22, 2009.

5. On May 26, 2009, Caruso sent the Associated Person an electronic mail message in which Caruso wrote:

I'm going thru (sic) my employee files for the SEC audit and realized that I don't have all of the other employment/registration forms for you. I only have your form U4. I have attached the forms that I need you to complete, sign and fax back to me ASAP. Please date the forms 06-09-2008. It's very important.

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<sup>1</sup> The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

Attached to this email message were seven documents related to the Associated Person's relationship with Legend, including his independent contractor agreement, commission schedule, and compliance forms.

6. The Associated Person complied with Caruso's request. The date that Caruso directed the Associated Person to use when signing the documents, June 9, 2008, corresponded to the date the Associated Person became a registered representative at Legend.

7. On June 2, 2009, Caruso provided the Associated Person's personnel file, including all the documents that the Associated Person had signed the previous week, to the BDIP Staff. Caruso did not disclose to the BDIP Staff the circumstances surrounding the back-dating of the documents.

8. As a result of the foregoing, Legend failed to make and keep current, true and complete records of all agreements between it and the Associated Person and also failed to furnish promptly such records when requested to do so by the BDIP staff.

9. As a result of the conduct described above, Legend willfully violated Section 17(a) and Rules 17a-3 and 17a-4 of the Exchange Act. Section 17(a) of the Exchange Act and Rules 17a-3 and 17a-4 thereunder require that brokers or dealers make and keep current various records relating to its business and preserve those records for specified periods of time. Specifically, Rule 17a-3(a)(19)(ii) requires registered brokers and dealers to make and keep current records "of all agreements pertaining to the relationship between each associated person" and the broker or dealer. Rule 17a-4(j) requires broker-dealers to "furnish promptly to a representative of the Commission legible, true, complete, and current copies of those records" of the broker or dealer that are required to be preserved under Section 17(a) or "any other records" of the broker or dealer that are "subject to examination under Section 17(b) of the [Exchange] Act that are requested by the representative of the Commission." Legend failed to make and keep current records concerning its relationship with the Associated Person. Specifically, Legend failed to make and keep current records related to the Associated Person's employment and compensation. Legend also failed to furnish promptly true, complete and current copies of such records when requested to do so by representatives of the Commission.

10. As a result of the conduct described above, Caruso willfully aided and abetted and caused Legend's violation of Section 17(a) of the Exchange Act and Rules 17a-3 and 17a-4 thereunder.

#### **IV.**

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Legend cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Exchange Act and Rules 17a-3 and 17a-4 thereunder;

B. Respondent Caruso cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Exchange Act and Rules 17a-3 and 17a-4 thereunder; and

C. Respondents Legend and Caruso are censured.

D. Legend and Caruso shall, within thirty (30) days of the entry of this Order, pay civil money penalties to the United States Treasury in the following amounts: Legend shall pay \$50,000 and Caruso shall pay \$25,000. If timely payment of the full amount is not made by either Respondent, additional interest shall accrue pursuant to 31 U.S.C. 3717. Such payment shall be: (A) made by wire transfer, United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, 100 F Street NE, Mail Stop 6042, Washington, DC 20549; and (D) submitted under cover letter that identifies Legend Securities, Inc. and Salvatore Caruso as the Respondents in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to David Rosenfeld, Associate Director, Division of Enforcement, Securities and Exchange Commission, 3 World Financial Center, Suite 400, New York, NY 10281.

By the Commission.

Elizabeth M. Murphy  
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), on the Respondents and their legal agents.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray  
Chief Administrative Law Judge  
Securities and Exchange Commission  
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