FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2018056490318

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: George Apolonides also known as George Apollo (Respondent)
Former General Securities Representative
CRD No. 3101928

Pursuant to FINRA Rule 9216, Respondent George Apolonides submits this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Apolonides first registered with FINRA in January 1999. From January 2016 through December 22, 2022, Apolonides was registered with FINRA as a General Securities Representative through an association with Spartan Capital Securities, LLC (CRD No. 146251).

On June 6, 2024, FINRA suspended Apolonides indefinitely for failing to comply with an arbitration settlement agreement, pursuant to Article VI, Section 3 of FINRA's By-Laws and FINRA Rule 9554. Although Apolonides is no longer registered or associated with a FINRA member firm, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.[1]

OVERVIEW

Between March 2016 and April 2022, Apolonides recommended a series of trades in four customers' accounts, three of whom were senior customers, that was excessive, unsuitable, and not in the customers' best interests. As a result, Apolonides willfully violated the Best Interest Obligation under Rule 15*l*-1(a)(1) of the Securities Exchange Act of 1934 (Regulation BI) and violated FINRA Rules 2111 and 2010.

[1] For more information about the respondent, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a FINRA cycle examination of Spartan.

As of June 30, 2020, broker-dealers and their associated persons are required to comply with Regulation BI under the Securities Exchange Act of 1934. Rule 15*l*-1(a)(1) of Reg BI requires a broker, dealer, or a natural person associated with a broker or dealer, when making a recommendation of any securities transaction or investment strategy involving securities (including account recommendations) to a retail customer, to act in the best interest of that retail customer at the time the recommendation is made, without placing the financial or other interest of the broker, dealer, or associated person ahead of the interest of the retail customer. Reg BI's Care Obligation, set forth at Exchange Act Rule 15*l*-1(a)(2)(ii), requires broker-dealers and their associated persons to exercise reasonable diligence, care, and skill to, among other things, have a reasonable basis to believe that a series of recommended transactions, even if in the retail customer's best interest when viewed in isolation, is not excessive and is in the retail customer's best interest in light of the retail customer's investment profile.

No single test defines when trading is excessive, but factors such as the turnover rate, the cost-to-equity ratio, and the use of in-and-out trading in a customer's account are relevant to determining whether a member firm or associated person has excessively traded a customer's account in violation of Reg BI. The turnover rate represents the number of times that a portfolio of securities is exchanged for another portfolio of securities. The cost-to-equity ratio measures the amount an account must appreciate just to cover commissions and other expenses. In other words, it is the break-even point where a customer may begin to see a return. A turnover rate of six or more, or a cost-to-equity ratio above 20 percent, generally indicates that a series of recommended transactions was excessive.

Prior to June 30, 2020, FINRA Rule 2111 required members and associated persons to have a reasonable basis to believe that a recommendation of a transaction or investment strategy involving a security or securities to any customer is suitable for the customer. Under Rule 2111.05(c), members and associated persons with actual or *de facto* control over an account were required to have a reasonable basis for believing that a series of recommended transactions, even if suitable when viewed in isolation, is not excessive and unsuitable for the customer in light of the customer's investment profile. FINRA Rule 2111 is still in effect, but as of June 30, 2020, it no longer applies to recommendations that are subject to Reg BI, and the element of control was removed from the quantitative suitability component.

A violation of Reg BI or FINRA Rule 2111 also is a violation of FINRA Rule 2010, which requires associated persons to "observe high standards of commercial honor and just and equitable principles of trade" in the conduct of their business.

Between March 2016 and April 2022, Apolonides excessively traded four customers' accounts. His customers relied on his advice and routinely followed his recommendations

and, as a result, Apolonides exercised *de facto* control over the customers' accounts. Apolonides's trading resulted in high turnover rates and cost-to-equity ratios that were well above the traditional guideposts of six and 20 percent, respectively, as well as significant losses, as set forth below. Specifically, Apolonides's trading in the four customer accounts resulted in annualized turnover rates of 17 to 38 and annualized cost-to-equity ratios of 71% to 125% while generating total trading costs of $618,911, including $563,263 in commissions, and causing $735,376 in total realized losses. For example:

- In January 2017, Customer A opened an account at Spartan with Apolonides. At the time, Customer A was a 69-year-old physician. Customer A's investment objective was speculation. Between January 2017 and April 2022, Apolonides recommended 357 transactions in Customer A's account resulting in an annualized turnover rate of 31 and an annualized cost-to-equity ratio of 114%. Apolonides's trading in Customer A's account generated total trading costs of $229,352, including $202,964 in commissions, and caused $326,684 in realized losses.

- In March 2016, Customer B opened an account at Spartan with Apolonides. At the time, Customer B was a 79-year-old semi-retired banker. Customer B's investment objective was speculation. Between March 2016 and March 2019, Apolonides recommended 127 transactions in Customer B's account resulting in an annualized turnover rate of 17 and an annualized cost-to-equity ratio of 76%. Apolonides's trading in Customer B's account generated total trading costs of $158,322, including $148,864 in commissions, and caused $115,721 in realized losses.

The level of trading that Apolonides recommended in the four customers' accounts was excessive, unsuitable, and not in the best interest of the customers.

Therefore, Apolonides willfully violated Exchange Act Rule 15*l*-1(a)(1) and violated FINRA Rules 2111 and 2010.

B. Respondent also consents to the imposition of the following sanction:

- an 11-month suspension from associating with any FINRA member in all capacities.

Respondent has submitted a statement of financial condition and demonstrated an inability to pay. In light of Respondent's financial status, no monetary sanctions have been imposed.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, he may not be associated with any

FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. *See* FINRA Rules 8310 and 8311.

Respondent understands that this settlement includes a finding that he willfully violated Rule 15*l*-1 of the Securities Exchange Act of 1934 and that under Article III, Section 4 of FINRA's By-Laws, this makes him subject to a statutory disqualification with respect to association with a member.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

A. To have a complaint issued specifying the allegations against him;

B. To be notified of the complaint and have the opportunity to answer the allegations in writing;

C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and

D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondent further specifically and voluntarily waives any right to claim that a person violated the *ex parte* prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;

B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and

C. If accepted:

1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;

2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;

3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and

4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's provisions voluntarily; and no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

8/22/24
Date

George Apolonides
Respondent

Reviewed by:

Tim Feil, Esq.
Craig Riha, Esq.
Counsel for Respondent
Gusrae Kaplan Nusbaum PLLC
425 Broadhollow Road, Suite 300
Melville, NY 11747

Accepted by FINRA:

October 8, 2024
Date

Signed on behalf of the
Director of ODA, by delegated authority

Vaishali Shetty
Senior Counsel
FINRA
Department of Enforcement
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Jericho, NY 11753