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## **NH SECURITIES BUREAU SETTLES WITH MORGAN STANLEY FOR \$983,284.96**

**CONCORD, NH (November 29, 2018)** - The New Hampshire Bureau of Securities Regulation, an agency within the New Hampshire Secretary of State's office, has reached a settlement with Morgan Stanley, a New York-based broker-dealer, relating to the firm's failure to supervise excessive trading and other unauthorized activity in three client accounts by a former registered representative, Justin Amaral ("Amaral"). The Bureau initiated its investigation based on complaints from two of Amaral's New Hampshire clients. During the course of its investigation, the Bureau determined that Amaral engaged in excessive trading, also called churning, which generated significant commissions and well outstripped each client's gains, as well as other unauthorized activity. Although Morgan Stanley maintains its compliance systems were appropriately designed, Amaral caused his three New Hampshire clients to incur losses and other charges totaling \$483,284.96, all of which Morgan Stanley has agreed to return as part of this settlement.

When the investors met Amaral, they thought he was a trusting individual who would safeguard their investments for retirement. At the time, the investors were over 60 years old and had hoped to be enjoying retirement in a few years. Amaral convinced them that he should manage their retirement funds, only to find out later that they had been deceived and lost money, forcing them to postpone retirement.

In May 2014, Amaral resigned from Morgan Stanley while under investigation by the firm for allegations related to his status as the executor and beneficiary of a client's estate and his use of discretion in several client accounts. In a separate 2015 action, the

Financial Industry Regulatory Authority (FINRA), a self-regulatory organization, permanently barred Amaral from the securities industry.

The Bureau is committed to diligently investigate unscrupulous brokers, like Amaral, and take appropriate action against such brokers.

“Brokers must ensure that all levels of trading are suitable for each client. A broker will violate this rule if engaged in churning, because the purpose of churning is to solely benefit the broker by generating excessive commissions through excessive trading that is not suitable. It is also incumbent on firms to continually improve their systems that monitor for excessive trading activity,” said Bureau Staff Attorney Noah Abrahams.

Morgan Stanley also agreed to pay the Bureau an administrative fine of \$450,000 and costs of \$50,000.