

NEW YORK STOCK EXCHANGE, INC.

EXCHANGE HEARING PANEL DECISION 04-8

January 21, 2004

BOBBY O. AJIBOYE

FORMER REGISTERED REPRESENTATIVE

* * *

Signed customer's name on letters of authorization, authorizing transfer of securities between customer accounts; submitted letters of authorization purportedly bearing a customer's signature, which he knew or should have known was not the customer's signature; caused securities to be transferred from a customer's account to another customer's account based on letters of authorization not signed by the customer, and received the proceeds; caused a violation of Exchange Rule 440 and SEC Regulations 240.17a-3 and 240.17a-4 by submitting inaccurate documents; violated Exchange Rule 346(b) by engaging in outside employment without employer consent; violated Exchange Rule 408(a) by exercising discretion without written customer authorization – Censure and permanent bar.

Appearances:

For the Division of Enforcement
Simon Swidler, Esq.
Clarence E. Sanders, Jr., Esq.

For the Respondent
No Appearance

* * *

An Exchange Hearing Panel conducted a hearing on charges brought by the Exchange's Division of Enforcement against Bobby O. Ajiboye, a former registered representative with Morgan Stanley DW Inc. (the "Firm"). Mr. Ajiboye was charged with having:

- I. Engaged in conduct inconsistent with just and equitable principles of trade in that he signed or caused to be signed, the name of a customer on one or more Letter(s) of Authorization authorizing the transfer of funds and/or securities between customer accounts.
- II. Engaged in conduct inconsistent with just and equitable principles of trade in that he submitted one or more Letter(s) of Authorization to his member organization employer purportedly bearing a customer's signature, which he knew or should have known was not the customer's signature.
- III. Engaged in conduct inconsistent with just and equitable principles of trade in that he caused securities to be transferred from a customer's account based on Letters of Authorization not signed by the customer, to the account of another customer, which securities were sold and the proceeds of the sales given to him.

- IV. Caused a violation of Exchange Rule 440 and Securities Exchange Act Regulations 240.17a-3 and 240.17a-4 by submitting or causing to be submitted one or more inaccurate documents to his member organization employer in connection with a customer account.
- V. Violated Exchange Rule 346(b) in that he engaged in outside employment and received compensation without making a written request and receiving the prior consent of his member organization employer.
- VI. Violated Exchange Rule 408(a) in that he exercised discretionary power in the account of a customer without first obtaining the written authorization of the customer.

Mr. Ajiboye did not submit an Answer to the Charge Memorandum and neither Mr. Ajiboye nor any person on his behalf appeared at the hearing in this matter. At the hearing, the Division of Enforcement moved, pursuant to Exchange Rule 476, to have the facts alleged in the Charge Memorandum deemed admitted, since Mr. Ajiboye did not submit an Answer. The motion was granted on proof of notice to Mr. Ajiboye and, on that basis, and on evidence presented, the Hearing Panel found as follows:

Background and Jurisdiction

1. Bobby O. Ajiboye ("Ajiboye") was born on [REDACTED]. He entered the securities industry in December 1998 with the Firm where he qualified as a registered representative ("RR") in or about March 1999. The Firm employed Ajiboye until January 12, 2001. He has not been employed in the securities industry since then.
2. On March 12, 2001, the Firm reported to the New York Stock Exchange, Inc. (the "Exchange") via an electronic Form U-5, Uniform Termination Notice for Securities Industry Registration ("Form U-5"), that Ajiboye's employment was terminated on January 12, 2001. The Form U-5 also reported that: "Mr. Ajiboye was working elsewhere while on a leave of absence from his employment with the Firm."
3. By letter dated November 7, 2001, sent by certified and first class mail to Ajiboye at his last known address as reflected in Exchange records, the Exchange notified Ajiboye that it was investigating the matters reported by the Firm on the Form-U-5 dated March 12, 2001.

Signing of Customer's Name on Letters of Authorization; Transfers of Cash and Securities

4. Ajiboye was employed as an RR in the Firm's Woodland Hills, California branch office, where he serviced the account of Customer O.
5. In or about April 2000, Ajiboye signed Customer O's name on a Firm Letter of Authorization ("LOA") dated April 24, 2000, which authorized the transfer of \$6,500 from Customer O's account to the account of Customer O's brother.

6. Ajiboye did not have written authorization from Customer O to sign his name on the LOA.
7. Ajiboye submitted the LOA dated April 24, 2000, purportedly bearing Customer O's signature, to the Firm without disclosing that he had signed Customer O's name on the LOA.
8. On or about April 24, 2000, the Firm transferred \$6,500 from Customer O's account to his brother's account pursuant to the LOA dated April 24, 2000.
9. In or about May 2000, Ajiboye signed Customer O's name on a LOA dated May 16, 2000, which authorized the transfer of 25 Shares of a particular stock from Customer O's account to the account of another customer, Customer E.
10. Ajiboye did not have written authorization from Customer O to sign his name on the LOA.
11. No relationship existed between Customer O and Customer E.
12. Ajiboye submitted the LOA, dated May 16, 2000, purportedly bearing Customer O's signature, to the Firm without disclosing that he had signed Customer O's name on the LOA.
13. On or about May 16, 2000, the Firm transferred 25 shares of the stock from Customer O's account to Customer E's account, pursuant to the LOA dated May 16, 2000.
14. In or about May 2000, the shares of stock were sold and the proceeds of approximately \$4,900 were credited to Customer E's account. Thereafter, Customer E withdrew the funds from her account and gave the funds to Ajiboye.
15. In or about July 2000, Ajiboye signed Customer O's name on a LOA, dated July 14, 2000, which authorized the transfer of 25 shares of stock from Customer O's account to Customer E's account.
16. Ajiboye did not have written authorization from Customer O to sign his name on the LOA.
17. Ajiboye submitted the LOA, dated July 14, 2000, purportedly bearing Customer O's signature, to the Firm without disclosing that he had signed Customer O's name on the LOA.
18. On or about July 14, 2000, the Firm transferred 25 shares of stock from Customer O's account to Customer E's account, pursuant to the LOA dated July 14, 2000.
19. In or about July 2000, the shares of stock were sold and the proceeds of approximately \$2,090 were credited to Customer E's account. Thereafter, Customer E withdrew the funds from her account and gave the funds to Ajiboye.

Unapproved Outside Employment

20. In or about July 2000, due to what was represented to be a life threatening illness, the Firm placed Ajiboye on paid medical leave.
21. On or about July 31, 2000, while on medical leave from the Firm, Ajiboye became employed and compensated by an accounting firm, without first obtaining the written approval from the Firm.
22. In or about January 2001, the Firm learned of Ajiboye's unapproved outside employment with the accounting firm and terminated his employment with the Firm.

Discretionary Trading

23. During the period of approximately February through July 2000, Ajiboye serviced the account of Customer C and her son (the "Cs") at the Firm's Woodland Hills, California branch office.
24. In or about February 2000, Customer C gave Ajiboye oral authorization to use his discretion to effect transactions in the account. However, Ajiboye did not obtain the required written authorization from the customers.
25. During the period of approximately February to July 2000, Ajiboye effected one or more trades in the Cs' account without obtaining prior orders or the required written authorization from the customers.

DECISION

The Hearing Panel, by unanimous vote, found Mr. Ajiboye guilty as charged.

PENALTY

In view of the above findings, the Hearing Panel, by unanimous vote, determined that Mr. Ajiboye be censured and permanently barred from membership, allied membership, approved person status, and from employment or association in any capacity with any member or member organization.

For the Hearing Panel

Milton M. Stein
Hearing Officer