

STATE OF NEW JERSEY  
BUREAU OF SECURITIES  
153 Halsey Street, 6<sup>th</sup> Floor  
P.O. Box 47029  
Newark, New Jersey 07101  
(973) 504-3600

IN THE MATTER OF

Randy J. Schneider  
(CRD #2499925)

**SUMMARY REVOCATION AND  
PENALTY ORDER**

TO: Randy J. Schneider  
West Orange, New Jersey 07502

Pursuant to the authority granted to Abbe R. Tiger, Chief of the New Jersey Bureau of Securities (“Bureau Chief”), by the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. (the “Securities Law”), more specifically N.J.S.A. 49:3-58 and N.J.S.A. 49:3-70.1, and after careful review and due consideration of the matter, the Bureau Chief has determined that the agent and investment adviser representative registrations of Randy J. Schneider shall be **REVOKED** and a **CIVIL MONETARY PENALTY** assessed against him for the reasons that follow:

**FINDINGS OF FACT**

1. Randy J. Schneider, Central Registration Depository (“CRD”) No. 2499925, currently residing in West Orange, New Jersey, was registered with the Bureau as an agent from January 2, 2002 through October 18, 2011. Schneider was also registered with the Bureau as an investment adviser representative from July 10, 2006 through October 18, 2011.
2. Schneider was employed in the securities industry from May 1994 through October 2011. Beginning in January 2002, Schneider was employed by Fahnestock & Co, Inc. (“Fahnestock”). Fahnestock merged with Oppenheimer & Co., Inc. (“Oppenheimer”)

CRD No. 249, in or about 2003. Schneider continued to be employed by Oppenheimer after the merger as a Senior Director of Investments. Oppenheimer terminated Schneider's employment in October of 2011 for violation of firm policies on "handling of customer funds and securities."

3. MA is an elderly investor who maintained his only brokerage account at Fahnestock. After Fahnestock merged with Oppenheimer (in or about 2003), MA continued to maintain his only brokerage account at Oppenheimer. He preferred to invest in municipal bonds and certain bearer bonds. MA was a client of Schneider's from approximately 2002 to 2011. Schneider would provide MA with, among other things, financial information and advice relating to municipal bearer bonds and other investments.
4. Schneider frequently would meet MA near MA's workplace in Jersey City, New Jersey, to conduct brokerage business. MA customarily gave Schneider personal checks for deposit into MA's Oppenheimer account at these meetings. These checks were designated for "deposit only" into MA's Oppenheimer account.
5. Between March 18, 2011 and September 21, 2011, MA gave Schneider nine checks totaling approximately \$41,000 to deposit in MA's Oppenheimer account. Schneider instead altered or otherwise made the checks payable to cash and cashed these checks or deposited them into his personal bank accounts at Bank of America and TD Bank.
6. MA would also occasionally give Schneider (sometimes at Schneider's request) municipal bearer bonds and municipal bearer bond coupons for redemption, with the proceeds to be deposited into MA's Oppenheimer account.
7. Between March 2004 and October 2011, Schneider deposited and/or redeemed approximately 119 bearer bonds and associated bearer bond coupons belonging to MA worth approximately \$595,000 without MA's permission or consent. Schneider redeemed and/or deposited these bonds and coupons through the use of his own personal

- brokerage accounts and/or other financial institutions.
8. In order to redeem these bearer bonds and bearer bond coupons, Schneider would sometimes falsify financial documents to indicate that he, Schneider, legally owned the bonds. Schneider was not the rightful owner of these bonds and coupons, which were the property of MA.
  9. Schneider provided MA with fraudulent receipts on Oppenheimer letterhead for the bearer bonds, bearer bond coupons, and checks that MA gave to him for deposit. Schneider would frequently inform MA that the deposits had been made and would then instruct MA to dispose of these fraudulent receipts. MA discarded all but one of these fraudulent receipts.
  10. Schneider used the monies from MA's checks, bearer bonds and bearer bond coupons for his own personal benefit, including, but not limited to, shopping, insurance payments, utility bills, doctor's bills, gas, an exterminating service and car washes.
  11. Schneider also took four bearer bonds belonging to MA worth \$20,000 without MA's permission or consent. Schneider tried unsuccessfully to redeem these bonds, the location of which is currently unknown.
  12. MO, who is MA's brother, also maintains a brokerage account at Oppenheimer. Like his brother, MO is an elderly investor who prefers to invest in municipal bonds and certain bearer bonds.
  13. From approximately 2002 to 2011, MO was a client of Schneider's. Schneider would provide MO with, among other things, financial information and advice relating to municipal bearer bonds and other investments.
  14. During the time period in which MO was Schneider's Oppenheimer client, they customarily met in Westfield, New Jersey to discuss business-related matters. Over the course of their business relationship, MO also provided Schneider with certain bearer bonds and bearer bond coupons for redemption and instructed Schneider to deposit the

- proceeds into MO's Oppenheimer account.
15. Schneider regularly gave MO fraudulent receipts for these deposits on Oppenheimer letterhead similar to those he provided to MA.
  16. In 2011, Schneider received and redeemed four bearer bonds and associated bearer bond coupons belonging to MO worth approximately \$20,000 without MO's permission or consent. Schneider used the monies from these redemptions for his own personal benefit.
  17. In the aggregate, Schneider took a total of approximately 123 bearer bonds and associated bearer bond coupons from MA and MO, redeeming them for approximately \$615,000 for his personal benefit. He also took nine checks from MA worth approximately \$41,000, using those monies for his personal benefit as well. Finally, Schneider took four bearer bonds worth \$20,000 from MA which he was unable to redeem.

### **CONCLUSIONS OF LAW**

#### **Employing a Device, Scheme or Artifice to Defraud N.J.S.A. 49:3-52(a)**

18. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.
19. By the conduct detailed above, Schneider employed a device, scheme, or artifice to defraud in violation of N.J.S.A. 49:3-52(a).
20. Each violation of N.J.S.A. 49:3-52(a) upon each investor is a separate violation and is cause for the imposition of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

#### **Engaging in an Act, Practice or Course of Business that Operated as a Fraud or Deceit N.J.S.A. 49:3-52(c)**

21. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.
22. By the conduct detailed above, Schneider engaged in an act, practice, or course of business

which operated as a fraud or deceit in violation of N.J.S.A. 49:3-52(c).

23. Each violation of N.J.S.A. 49:3-52(c) upon each investor is a separate violation and is cause for the imposition of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

**Willfully Violating or Willfully Failing to Comply with Provisions of the Securities Law  
N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(ii)**

24. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.
25. Pursuant to N.J.S.A. 49:3-58(a), the Bureau Chief “may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant . . . (ii) has willfully violated or willfully failed to comply with any provision of this act or any rule or order authorized by this act or has willfully, materially aided others in such conduct;”
26. Schneider willfully violated various provisions of the Securities Law by the conduct detailed above, including, but not limited to, taking and redeeming approximately 123 bearer bonds and associated coupons worth approximately \$615,000 from MA and MO for his own personal benefit, depositing nine checks from MA worth approximately \$41,000 for his own personal benefit, and taking four bearer bonds worth \$20,000 from MA which he was unable to redeem.
27. This is cause, pursuant to N.J.S.A. 49:58(a)(2)(ii), to revoke Schneider’s agent and investment adviser representative registrations.
28. Based on the foregoing, the revocation of Schneider’s agent and investment adviser representative registrations is in the public interest and necessary for the protection of investors.

**Engaging in Dishonest or Unethical Practices in the Securities Business**  
**N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(vii)**

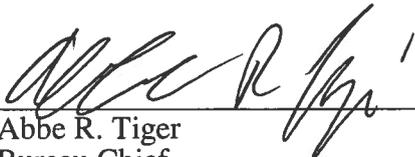
29. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.
30. Pursuant to N.J.S.A. 49:3-58(a), the Bureau Chief “may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant . . . (vii) has engaged in dishonest or unethical practices in the securities, commodities, banking, insurance or investment advisory business, as may be defined by rule of the bureau chief.”
31. Schneider engaged in dishonest and unethical practices by the conduct detailed above, including, but not limited to, taking and redeeming approximately 123 bearer bonds and associated coupons worth approximately \$615,000 from MA and MO for his own personal benefit, depositing nine checks from MA worth approximately \$41,000 for his own personal benefit, and taking four bearer bonds worth \$20,000 from MA which he was unable to redeem.
32. This is cause, pursuant to N.J.S.A. 49:58(a)(2)(vii), to revoke Schneider’s agent and investment adviser representative registrations.
33. Based on the foregoing, the revocation of Schneider’s agent and investment adviser representative registrations is in the public interest and necessary for the protection of investors.

**THEREFORE**, based on the foregoing findings of fact and conclusions of law,

**IT IS** on this 29th day of January 2013, **ORDERED** that:

- (a) Schneider is assessed a civil monetary penalty in the amount of \$250,000.00 pursuant to N.J.S.A. 49:3-70.1. This penalty shall be paid to the Bureau within thirty (30) days for execution of this order;
- (b) Schneider’s agent and investment adviser representative registrations are revoked pursuant to N.J.S.A. 49:3-58;

- (c) Schneider is denied all exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraphs 9, 10 and 11 and subsection (b); and
- (e) The exemptions to the registration requirements provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56(c) and N.J.S.A. 49:3-56(g) are hereby revoked as to Schneider.

  
\_\_\_\_\_  
Abbe R. Tiger  
Bureau Chief  
New Jersey Bureau of Securities

### **NOTICE OF RIGHT TO HEARING**

Pursuant to the Uniform Securities Law (1997) N.J.S.A. 49:3-47 et seq., specifically N.J.S.A. 49:3-58(c), the Bureau Chief shall entertain on no less than three days' notice a written application to lift the summary revocation on written application of the applicant or registrant and in connection therewith may, but need not, hold a hearing and heard testimony, but shall provide to the applicant or registrant a written statement of the reasons for the summary revocation.

Upon service of notice of this Summary Revocation and Penalty Order, the applicant or registrant shall have up to 15 days to respond to the Bureau in the form of a written answer and written request for a hearing. A request for a hearing must be accompanied by a written response, which addresses specifically each of the allegations set forth in this Summary Revocation and Penalty Order. A general denial is unacceptable. Within five days of receiving the written answer and request for a hearing, the Bureau Chief shall either transmit the matter to the Office of Administrative law for a hearing or schedule a hearing at the Bureau of Securities. At any hearing involving this matter, an individual respondent may appear on his own behalf or be represented by an attorney.

Orders issued pursuant to this subsection to revoke any registration shall be subject to an application to vacate upon 10 days' notice, and a preliminary hearing on the order to revoke any registration shall be held in any event within 20 days after it is requested, and the filing of a motion to vacate the order shall toll the time for filing an answer and written request for a hearing.

If an applicant or registrant fails to respond by filing a written answer and request for a hearing with the Bureau or moving to vacate an order to revoke any registration within the 15-day prescribed period, the registrant shall have waived the opportunity to be heard and the order shall become a final order and remain in effect until modified or vacated.

**NOTICE OF OTHER ENFORCEMENT REMEDIES**

You are advised that the Uniform Securities Law (1997) N.J.S.A. 49:3-47 et seq., provides several enforcement remedies, which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action N.J.S.A. 49:3-69, and the right to seek and obtain civil penalties in an administrative or civil action, N.J.S.A. 49:3-70.1.

You are further advised that the entry of a Summary Order does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.