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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Securities Act of Washington by:

Mitchell A. Steitz,

Respondent.

Order Number S-10-451-11-SC01

STATEMENT OF CHARGES AND NOTICE
OF INTENT TO ENTER AN ORDER TO
CEASE AND DESIST, DENY FUTURE
REGISTRATIONS, IMPOSE FINES, AND
RECOVER COSTS

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THE STATE OF WASHINGTON TO:

Mitchell A. Steitz (CRD #4928430)

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STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent Mitchell A. Steitz has violated the Securities Act of Washington, and that his violations justify the entry of an order of the Securities Administrator against him to cease and desist from such violations pursuant to RCW 21.20.390, to deny future securities registration applications pursuant to RCW 21.20.110(1), and to impose fines and recover costs. The Securities Administrator finds as follows:

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TENTATIVE FINDINGS OF FACT

Respondent

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1. Mitchell A. Steitz ("Steitz") is an individual currently believed to be residing in Florida. Steitz was a Washington resident at the time of the events described in this Statement of Charges. Steitz is not currently registered with the Washington State Securities Division in any capacity. He was previously registered with the Washington State Securities Division as a securities salesperson for MML Investor Services, Inc. ("MML") from May 2010 through July 2010. He was discharged from MML due to job abandonment. Prior to MML, Steitz was registered as a securities salesperson for Northwestern Mutual Investment Services,

1 LLC (“NMIS”) from August 2005 through March 2010. On May 12, 2011, the Financial Industry
2 Regulatory Authority (“FINRA”) permanently barred Steitz from association with any FINRA member in
3 any capacity, pursuant to FINRA Rule 9552(H). Steitz has a Central Registration Depository (“CRD”)
4 number of 4928430.

5 Nature of the Conduct

6 2. Around mid-January 2010, Steitz approached Customer A, a Washington resident, and told him
7 about a great investment opportunity that was only available to employees of NMIS. According to Steitz,
8 this was a short-term, 6-month investment that always paid great returns. He claimed that Customer A could
9 expect a return in the range of 10% – 20%. Steitz told Customer A that he could invest up to \$8,000. Steitz
10 failed to provide Customer A with any other information, either verbal or written, regarding the investment.

11 3. Based on Steitz’s representations, Customer A decided to invest \$8,000. Customer A made this
12 investment in cash, as Steitz told him that was the only acceptable method of payment. Customer A did not
13 receive any documents to evidence the investment.

14 4. Approximately one week later, Steitz approached Customer A again. He told Customer A that there
15 was an opportunity to put additional funds into the investment. Customer A decided to invest an additional
16 \$4,500. Steitz again requested the funds in cash. Customer A did not receive any documents to evidence this
17 additional investment.

18 5. Neither of these securities transactions was recorded on the regular books and records of NMIS.
19 Steitz did not obtain written authorization from NMIS prior to effecting securities transactions not recorded
20 on the firm’s books and records.

21 6. Around mid-February 2010, Customer A asked Steitz to provide him with some documentation
22 confirming the investment. Steitz provided Customer A with a document entitled “Statement of Fin Rep

1 Account,” dated February 25, 2010. Steitz claimed that this document evidenced Customer A’s \$12,500
2 investment. However, this document appears to be similar to an account statement showing Steitz’s
3 financial obligations to his branch office.

4 7. Customer A continued to question Steitz about the status of the investment. On or about April 19,
5 2010, at Customer A’s request, Steitz signed a document stating that he received \$12,500 from Customer A
6 “that was to be invested by [him] in a short-term fund with [NMIS] and was to be returned, along with any
7 interest earned, within a few months.”

8 8. Shortly thereafter, Customer A contacted NMIS and inquired as to whether such an investment
9 opportunity was available to NMIS agents. NMIS informed Customer A that no such investment
10 opportunity was available.

11 9. In a letter to Customer A dated June 29, 2010, Steitz indicated that he used Customer A’s funds for
12 “personal reasons” and did not invest it. Steitz represented in the letter that he would return Customer A’s
13 funds, along with an additional \$1,000. To date, Customer A has not received any payment from Steitz.

14 10. In September 2010, NMIS repaid Customer A \$12,500 in settlement of his complaint against Steitz.

15 Registration Status

16 11. Mitchell A. Steitz is not currently registered as a securities salesperson or broker-dealer in the State
17 of Washington. He was registered as a securities salesperson with the State of Washington during the
18 relevant period.

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20 Based upon the above Findings of Fact, the following Conclusions of Law are made:

21 **CONCLUSIONS OF LAW**

1 1. The offer or sale of the investment described above constitutes the offer or sale of a security as
2 defined in RCW 21.20.005(10) and (12).

3 2. The offer or sale of said security violated RCW 21.20.140 because no registration for such offer or
4 sale is on file with the Securities Administrator.

5 3. The offer or sale of said security was made in violation of RCW 21.20.010 because, as set forth in
6 the Tentative Findings of Fact, Respondent Mitchell A. Steitz made misstatements of material facts and/or
7 omitted to state material facts necessary in order to make the statements made, in light of the circumstances
8 under which they were made, not misleading.

9 4. Respondent Mitchell A. Steitz failed to comply with NASD Conduct Rule 3040 by effecting
10 securities transactions not recorded on the regular books and records of the broker-dealer which he
11 represented. Such conduct is a dishonest or unethical practice as defined by WAC 460-22B-090(2) and
12 WAC 460-22B-090(19), and is grounds for denial of his future securities registration applications pursuant
13 to RCW 21.20.110(1)(g).

14 5. Respondent Mitchell A. Steitz, as described above, in connection with the offer and sale of
15 securities, made untrue statements of material fact or omitted to state material facts necessary in order to
16 make the statements made, in light of the circumstances under which they were made, not misleading, in
17 violation of RCW 21.20.010. Pursuant to RCW 21.20.110(1)(b), such practice is an additional ground for
18 denial of his future securities registration applications.

19 6. Respondent Mitchell A. Steitz, as described above, engaged in one or more dishonest or unethical
20 practices in the securities business, as defined by WAC 460-22B-090, by engaging in manipulative or deceptive
21 practices. Such practice is an additional ground for denial of his future securities registration applications
22 pursuant to RCW 21.20.110(1)(g).

1 7. Respondent Mitchell A. Steitz is the subject of an action entered by FINRA after notice and
2 opportunity for hearing, permanently barring him from association with any FINRA member in any
3 capacity, which is an additional ground for denial of his future securities registration applications pursuant
4 to RCW 21.20.110(1)(e)(iii).

5 **NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST**

6 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator
7 intends to order, pursuant to RCW 21.20.390(1), that Respondent Mitchell A. Steitz, and his agents and
8 employees, each cease and desist from violations of RCW 21.20.010 and RCW 21.20.140.

9 **NOTICE OF INTENT TO DENY FUTURE REGISTRATIONS**

10 Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and
11 Conclusions of Law, the Securities Administrator intends to order that any future securities registration
12 applications of Respondent Mitchell A. Steitz as a broker-dealer, securities salesperson, investment adviser
13 representative, or investment adviser shall be denied.

14 **NOTICE OF INTENT TO IMPOSE FINES**

15 Pursuant to RCW 21.20.110(1) and RCW 21.20.395, and based upon the above Tentative Findings
16 of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent Mitchell A.
17 Steitz shall be liable for and pay a fine of \$10,000.

18 **NOTICE OF INTENT TO CHARGE COSTS**

19 Pursuant to RCW 21.20.110(10) and RCW 21.20.390, and based upon the Tentative Findings of Fact
20 and Conclusions of Law, the Securities Administrator intends to order that Respondent Mitchell A. Steitz
21 shall be liable for and pay the costs, fees, and other expenses incurred in the investigation of this matter in
22 an amount not less than \$900.

1 **AUTHORITY AND PROCEDURE**

2 This Statement of Charges is entered pursuant to the provisions of RCW 21.20 and is subject to the
3 provisions of RCW 21.20.120 and Chapter 34.05 RCW. The respondent may make a written request for a
4 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
5 HEARING accompanying this Order.

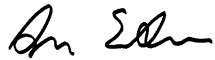
6 If a respondent does not request a hearing, the Securities Administrator intends to adopt the above
7 Tentative Findings of Fact and Conclusions of Law as final, and as described above, enter a permanent
8 order to cease and desist, bar future securities registrations, and impose the fines and costs sought.

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10 Signed and Entered this 26th day of July, 2011.

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13 _____
14 William M. Beatty
15 Securities Administrator

16 Approved by:

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18 _____
19 Suzanne Sarason
20 Chief of Enforcement

21 Presented by:

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24 Jiyoung C. Kwon
25 Financial Legal Examiner