



WEXLER BURKHART HIRSCHBERG & UNGER LLP
ATTORNEYS AND COUNSELORS AT LAW

STEPHEN B. WEXLER
DAVID HIRSCHBERG
MARTIN P. UNGER
IAN J. FRIMET

377 OAK STREET
CONCOURSE LEVEL C2
GARDEN CITY, NEW YORK 11530

ERROL A. BURKHART (8/38 – 11/11)

TELEPHONE (516) 222-2230

FACSIMILE: (516) 745-6449

OF COUNSEL
JOEL B. MEIROWITZ
GERARD MCLOUGHLIN

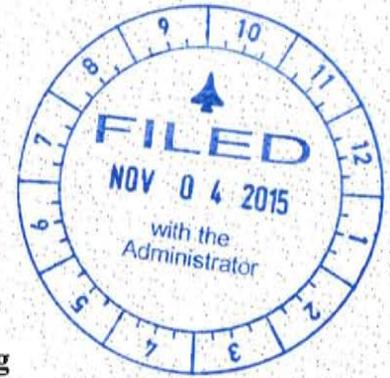
GENERALINFO@WBHULAW.COM

WWW.WBHULAW.COM

November 4, 2015

VIA EMAIL

State of Oklahoma
Department of Securities
204 North Robinson, Suite 400
Oklahoma City, OK 73102
Attn: Tara Bonnell, Esq.
tbonnell@securities.ok.gov



**RE: Order to Cease and Desist and Notice of Opportunity for Hearing
ODS File 16-014**

Dear Ms. Bonnell:

This law firm is counsel to EJ Sterling, LLC ("EJS") and its agent Nicholas Mastropiero. Please accept this letter as our client's formal response to the State of Oklahoma Department of Securities' (the "Department") Order to Cease and Desist and Notice of Opportunity for Hearing (the "Order"). As per our recent telephone conversation, this letter shall serve to describe the underlying events surrounding the alleged Oklahoma Uniform Securities Act (the "Act") violation, describe, in pertinent part, the previous supervisory system concerning telemarketing, and describe the efforts EJS has taken to improve its telemarketing supervisory system in order to prevent any occurrence of the alleged actions. As such, please construe this letter as settlement communications only and not as any representation or admissions of the alleged wrongful conduct.

Background

Mr. Mastropiero associated with EJS as a trainee in January 2014. As a trainee his job was to assist senior broker producer teams with day to day clerical activities and to study for his licensing exams. Mr. Mastropiero sat for and passed his Series 7 exam in April 2014 and passed his Series 63 in June 2014. Upon passing his necessary licensing exams, submitting his licensing application and receiving his licenses, Mr. Mastropiero was promoted to a junior broker assigned a specific senior broker producing group. His role in the group was to support the senior brokers

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in the development of the group's business and to prospect for new business through telemarketing solicitation. Because EJS is structured as per the independent broker model, each registered representative is responsible for the growth and development of their own businesses. As such, they individually order sales leads from reputable sources that meet certain minimum qualifying standards and containing leads from jurisdictions the senior brokers are registered to conduct securities business. During the time in question, it was the senior broker's responsibility to ensure that the leads distributed to Mr. Mastropiero were limited to those jurisdictions he was registered to conduct business.

Once EJS received notice of the Order, it was forwarded to compliance and immediate action was taken. The Firm's Chief Compliance Officer, Stephen Cucchia, conducted a meeting with Mr. Mastropiero and questioned him about the allegations contained in the Order. Mr. Cucchia reminded Mr. Mastropiero about the compliance meetings the Firm had previously conducted reviewing the importance of being registered in a state prior to conducting solicitation activities there. Mr. Mastropiero acknowledged that he fully understood that he was only permitted to make solicitation calls in the jurisdictions he was registered in and stated that had he called Oklahoma it was clearly an error since he was only utilizing the leads he was provided. Since the senior brokers for whom Mr. Mastropiero worked were registered in Oklahoma, it is suspected that their lead cards were maintained in a disorganized manner resulting in Mr. Mastropiero, inadvertently, receiving leads for Oklahoma residents. EJS immediately restricted all junior broker activities in order to implement a new procedure for lead allocation to junior brokers.

Current Compliance Procedure

EJS's current compliance procedure regarding junior broker telemarketing is as follows:

- (1) Senior brokers are permitted to order leads (a) from reputable vendors; (b) containing certain minimum qualification criteria; (c) that are represented to be scrubbed against the National Do Not Call list; (d) that will be scrubbed against the firm's internal do not call list; and (e) that only provide contact information for residents of the jurisdictions the senior brokers are registered in;
- (2) The order from the senior broker must be provided to a branch manager or other designated principal prior to placing the order so that registration jurisdictions can be verified;
- (3) The leads must be produced organized by state or otherwise organized by state upon receipt prior to being disseminated amongst the producer group; and
- (4) Junior brokers will only be permitted to receive leads corresponding to the jurisdictions in which they are registered.

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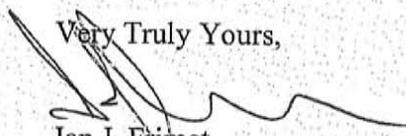
By implementing the aforesaid lead sorting and distribution procedure, EJS believes that it will prevent any potential future incident of a registered representative making a telemarketing call to a resident of jurisdiction they are not authorized to contact.

Conclusion

EJS has pulled all sales leads from junior brokers, including Mr. Mastropiero, to ensure that those leads are limited to those jurisdictions in which the junior broker is registered. Thus, EJS has ensured that Mr. Mastropiero is in full compliance with the cease and desist Order. EJS respectfully requests that the Department consider the immediate action it has taken to comply with the cease and desist order, its improvements to the compliance system to prevent any potential future violation of the Act, the unintended nature of the allegedly violative acts, and EJS's limited size and resources in its determination of any administrative penalty, if any.

Should you wish to discuss this matter further, please do not hesitate to contact the undersigned at your earliest convenience.

Very Truly Yours,


Ian J. Frimet
Counsel to EJ Sterling, LLC

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