

STATE OF ALASKA  
 DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT  
 DIVISION OF BANKING AND SECURITIES  
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STATE OF ALASKA  
 DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT  
 DIVISION OF BANKING AND SECURITIES

IN THE MATTER OF: )  
 )  
 )  
 NEAL PALAZZO ) **ORDER NO. 15-6712-S**  
 CRD # 4164798 ) **ORDER TO CEASE AND DESIST**  
 ) **ASSESSING A CIVIL PENALTY**  
 ) **and**  
 ) **CONSENT TO ORDER**  
 Respondent. )

The Director of the Department of Commerce, Community, and Economic Development, Division of Banking and Securities (“Administrator”), has conducted an investigation into business activities of Neal Palazzo (“Respondent”), and has determined that Respondent violated provisions of the Alaska Securities Act, Alaska Statute (“AS”) 45.55.

Respondent agrees that the Administrator has jurisdiction over Respondent and these matters pursuant to the Alaska Securities Act.

Respondent wishes to resolve and settle this matter with the Administrator. As evidenced by the authorized signature on this Order, Respondent consents to the entry of this Order assessing a civil penalty based on the Conclusions of Law and Order. Respondent waives his right to appeal under AS 45.55.920(d).

**I. FINDINGS OF FACT**

1. Respondent is a resident of Huntington, New York.
2. Respondent is employed as a broker-dealer agent (CRD # 4164798) for broker-dealer firm Ameriprise Financial Services (“Ameriprise”) (CRD # 6363). Respondent has been employed at Ameriprise since August 7, 2015. Previously, Respondent worked as a

1 broker-dealer agent for David Lerner Associates (“DLA”) (CRD # 5397) from March 31,  
2 2000 to August 7, 2015.

3 3. Respondent was first registered as broker-dealer agent in Alaska on January 23,  
4 2008 for DLA, and is currently registered for Ameriprise.

5 4. Alaska resident S.M. was a client of Respondent at DLA from January 23, 2008 to  
6 August 7, 2015.

7 5. On February 19, 2015, Respondent executed a trade in S.M.’s account.  
8 Specifically, Respondent sold shares of Spirit of America Income Fund (symbol: SOAIX)  
9 and bought shares of Gabelli Utilities Fund (symbol: GAUAX). Respondent received a net  
10 commission of \$1,033 for the trade.

11 6. Respondent sold shares of Spirit of America Income Fund and bought shares of  
12 Gabelli Utilities Fund for S.M. without obtaining written discretionary authority from S.M.

13 7. S.M. closed her account with DLA on December 1, 2015 and sold all her shares in  
14 Gabelli Utilities Fund.

15 8. As a result of the purchase of Gabelli Utilities Fund, S.M. lost \$7,813.61.

16 9. On July 15, 2016, Respondent paid S.M. \$7,813.61 to restore her loss.

## 17 II. CONCLUSIONS OF LAW

18 1. The mutual funds that Respondent bought and sold on behalf of S.M. were  
19 “securities” as that term is defined in AS 45.55.990(32).

20 2. Respondent violated AS 45.55.025(28) by exercising discretion in buying and  
21 selling securities for S.M. without obtaining written discretionary authority.

22 3. Respondent is subject to a civil penalty pursuant to AS 45.55.920(b) because he  
23 knowingly and intentionally violated AS 45.55.025(28).

24 //

1 **III. ORDER**

2 Pursuant to AS 45.55.920, and on the basis of the Findings of Fact and Conclusions of  
3 Law, Respondent agrees to:

- 4 1. CEASE AND DESIST from further conduct violating the Alaska Securities Act.  
5 2. Pay a civil penalty in the amount of eight thousand dollars (\$8,000.00).  
6 3. Withdraw his registration as a broker-dealer agent in Alaska.

7 This Order is not intended to indicate that Respondent should be subject to a statutory  
8 disqualification under Section 3(a)(39) of the Securities Exchange Act of 1934 or any other  
9 disqualification contained in the federal securities laws or regulations, or the rules and  
10 regulations of self-regulatory organizations or various states' securities laws.

11 **IT IS SO ORDERED.**

12 Chris Hladick, Commissioner  
13 Department of Commerce, Community and  
14 Economic Development

15 DATED: July 22, 2016

16 /s/ Kevin Anselm  
17 BY: Kevin Anselm, Director  
18 Division of Banking and Securities

19  
20 **Consent to Entry of Order**

21 I, Neal Palazzo, state that I have read the foregoing Order and that I know and fully  
22 understand the Order contents; that I have been advised of the right to a hearing and expressly  
23 waive any right to a hearing in this matter; that I voluntarily and without any force or duress,  
24 consent to the entry of this order, without admitting or denying the factual allegations stated

1 herein; that I understand that the Administrator reserves the right to take further actions to  
2 enforce this Order or to take appropriate action upon discovery of other violations of the Alaska  
3 Securities Act; and that I will fully comply with the terms and conditions stated herein.

4 I understand that this Order is a publicly disclosable document.

5  
6 DATED: 7-20-2016 /s/ Neal Palazzo  
Neal Palazzo

7  
8 SUBSCRIBED AND SWORN TO before me this 20th day of July, 2016 at  
9 Mitchel Field, NY 11553.

10 /s/ Carol Palumbo  
Notary Public in and for Nassau County  
11 New York State

12 Carol Palumbo  
Notary Printed Name  
13 My commission expires: 3/21/19

14  
15 Contact Person:  
16 David Newman  
17 Securities Examiner  
(907) 269-7678