BEFORE THE NATIONAL ADJUDICATORY COUNCIL

NASD REGULATION, INC.

| In the Matter of<br><br>District Business Conduct Committee<br>For District No. 10,<br><br>Complainant,<br><br>vs.<br><br>Daniel S. Hellen<br>Centereach, NY,<br><br>Respondent. | DECISION<br><br>Complaint No. C3A970031<br><br>Dated: June 15, 1999 |
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**Respondent effected three unauthorized transactions in three customer accounts. Held: findings affirmed and sanctions modified in part.**

Daniel S. Hellen ("Hellen") appealed a December 1, 1997 decision of the District Business Conduct Committee for District No. 10 ("DBCC") of NASD Regulation, Inc. ("NASD Regulation"). We also called this matter for review.[1] For the reasons discussed below, we find that Hellen effected three unauthorized transactions in three customer accounts in violation of Conduct Rule 2110. We order that Hellen be censured, fined $25,000, suspended from associating with any member firm in any capacity for two years, and required to requalify by examination in all capacities prior to associating with any member firm. In addition, Hellen is ordered to pay restitution of $7,920 to Customer JC, $8,280 to Customer RK, and $1,800 to Customer WN. We also affirm the DBCC's assessment of hearing costs of $1,927.50.

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We called this case for review to examine the findings and sanctions, in particular to consider sanctions that appeared to be low in light of the alleged misconduct.

## Background

Hellen first became associated with a member of the NASD in August 1991. During all periods relevant to this complaint, Hellen was registered with Sterling Foster & Company, Inc. ("Sterling Foster") as a general securities representative. Hellen is not currently associated with any member firm.

## Factual and Procedural History

The DBCC filed the complaint against Hellen on March 25, 1997. The complaint alleged that, on or about February 7, 1995, Hellen effected unauthorized transactions in the accounts of three customers, Customers JC, RK and WN in violation of Conduct Rule 2110. The activity in the accounts of these customers is addressed separately below. Hellen filed an answer in which he denied the substantive allegations of the complaint. A hearing before the DBCC was held on October 8, 1997.

Customer JC. Hellen first contacted Customer JC in November 1994, at which time Customer JC opened an account with Hellen at Sterling Foster. Hellen recommended that Customer JC purchase shares of stock of Dr. Pepper/Seven Up, Inc. ("Dr. Pepper"). Based on Hellen's recommendation, Customer JC agreed to purchase Dr. Pepper.

On January 5, 24 and 30 of 1995, Hellen called Customer JC and solicited him to purchase aftermarket shares of common stock of Advanced Voice Technologies, Inc. ("Advanced Voice"), an issuer which conducted its initial public offering ("IPO") effective on February 6, 1995, at 4:45 p.m.[2] At the DBCC hearing, Customer JC testified that he never agreed to purchase Advanced Voice. On February 3, 1995, Customer JC left the United States for a camping vacation on a Caribbean island and he did not return until February 11, 1995. Hellen was aware that Customer JC was on vacation and did not speak to him again until February 13, 1995.

On February 7, 1995, Hellen purchased 1,900 shares of Advanced Voice common stock in the aftermarket at $12.75 per share in the account of Customer JC. Customer JC first learned of the Advanced Voice purchase when he returned to his office on Monday, February 13, 1995, opened his mail, and discovered the Federal Express package from Sterling Foster informing him of the purchase and of his obligation to pay. Customer JC testified that he immediately contacted Hellen indicating that he had not authorized the transaction. According to Customer JC, Hellen told him that the stock was trading higher and thus the trade was already profitable. When

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[2] Sterling Foster was the managing underwriter for the Advanced Voice IPO. The Advanced Voice IPO offered 1,000,000 units at $5.50 per unit. (Each unit consisted of one common share and one warrant.) The aftermarket for Advanced Voice's common stock opened for trading on the Nasdaq Stock Market on February 7, 1995, at approximately 12:00 p.m.

Customer JC told him to sell it, Hellen responded that he could not sell until Customer JC paid for the trade. Based on Hellen's representations, Customer JC wired the funds to pay for the Advanced Voice trade. The Advanced Voice stock, however, was not sold upon receipt of the wired funds. During subsequent conversations, Customer JC continued to ask Hellen to sell the Advanced Voice stock. Each time, he was met by resistance from Hellen, who pressured him to buy more shares of Advanced Voice.

On March 30, 1995, Customer JC filed a written complaint with Sterling Foster regarding the alleged unauthorized purchase of Advanced Voice. Sterling Foster denied Customer JC's claim. Customer JC eventually sold the Advanced Voice through Merrill Lynch, Pierce, Fenner & Smith Incorporated on May 25, 1995, at a price of $8.25 per share.

Customer RK. Hellen first contacted Customer RK in 1994. Shortly after this initial contact, Customer RK opened an account with Hellen at Sterling Foster. Hellen recommended that Customer RK purchase shares of Dr. Pepper. Based on Hellen's recommendation, Customer RK agreed to purchase Dr. Pepper and paid for the purchase.

On February 6, 1995, Hellen spoke with Customer RK and solicited him to purchase aftermarket shares of Advanced Voice common stock.[3] Customer RK stated at the DBCC hearing that he did not agree to purchase Advanced Voice. On the morning of February 7, 1995, Customer RK departed for a trip to Santiago, Chile, and he did not return until February 16, 1995. Hellen knew Customer RK was leaving the country and Hellen did not speak with Customer RK between February 6, 1995 and February 18, 1995.

On February 7, 1995, Hellen purchased 200 Advanced Voice units at a price of $5.50 per unit and 1,500 shares of Advanced Voice common stock at a price of $12.75 per share in the account of Customer RK. Customer RK first learned of the Advanced Voice purchases upon his return from Santiago, Chile. Customer RK tried to contact Hellen but was unable to reach him, although Customer RK did speak to several other persons at Sterling Foster and orally complained about the unauthorized purchases of the Advanced Voice securities in his account. Customer RK never sent Sterling Foster any funds to pay for the transactions. On March 3, 1995, to satisfy the debit in his account, Sterling Foster liquidated security positions that were transferred to Sterling Foster by Customer RK, and also sold 825 shares of Advanced Voice common stock at $8.75 per share. Customer RK eventually sold the remaining 875 shares of Advanced Voice on July 18, 1995, at a price of $4.45 per share. Customer RK filed a complaint with the NASD on March 15, 1995, regarding the Advanced Voice transactions.

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[3] According to a written statement made by Hellen to the Sterling Foster compliance department, dated May 4, 1995, Hellen stated that he was recommending the purchase of units of Advanced Voice in the IPO itself. At the hearing, however, Hellen indicated that the notation must have been a typographical error, as he was definitely recommending aftermarket shares when he spoke to Customer RK.

Customer WN. Hellen first contacted Customer WN in the Fall of 1994. Customer WN opened an account with Hellen at Sterling Foster at that time. Hellen recommended that Customer WN purchase shares of Dr. Pepper stock. Based on Hellen's recommendation, Customer WN agreed to purchase Dr. Pepper.

Customer WN testified that in early- or mid-January 1995, he received a telephone call from Hellen recommending that he invest "six figures" in the upcoming Advanced Voice offering. Customer WN did not agree to purchase Advanced Voice. In late January or early February 1995, Hellen called Customer WN a second time, recommending that Customer WN invest $10,000 in Advanced Voice. Customer WN testified that, during the second telephone call, he told Hellen that he had to think about the recommendation and that he would get back to Hellen. The following day, Customer WN called Hellen and left a message that he was not interested in purchasing shares of Advanced Voice. On February 7, 1995, Hellen purchased 800 shares of common stock of Advance Voice at a price of $12.75 per share for Customer WN's account.

Customer WN stated that he never agreed to purchase Advanced Voice and that he was traveling and did not speak to Hellen on the day that the transaction was effected, February 7, 1995. Customer WN stated that when he subsequently received a telephone call from Hellen telling him that he needed to send $10,000 for the purchase of Advanced Voice, he complained and stated that he had never authorized the transaction. According to Customer WN's testimony, Hellen simply responded that the shares had been purchased on Customer WN's behalf and that the $10,000 had to be paid. Subsequently, another person from Sterling Foster called Customer WN demanding that he pay the $10,000. Customer WN explained to that person that he did not order the trade and that he, therefore, was not going to pay for it. Customer WN testified that he refused to pay for the transaction. The Advanced Voice position was sold out of the account on March 3, 1995, and the resulting debit balance was applied against Customer WN's credit balance of $1,977.

During his testimony, Hellen acknowledged that he had not spoken to Customers JC, RK and WN on February 7, 1995, when the trades in question were effected. Hellen claimed, however, that each customer had previously provided him with price and time discretion, an assertion that each customer denied.

On December 1, 1997, the DBCC issued a decision. The DBCC found that Hellen had effected one unauthorized transaction in Customer JC's account, one unauthorized transaction in Customer RK's account, and one unauthorized transaction in Customer WN's account, in violation of Conduct Rule 2110. The DBCC ordered that Hellen be censured, fined $7,000, suspended from associating with any member firm in any capacity for 15 business days, and required to requalify by examination in all capacities prior to reassociating with any member

firm. In addition, Hellen was ordered to make restitution to Customer JC in the amount of $7,920; to Customer RK in the amount of $8,280; and to Customer WN in the amount of $1,800. The DBCC also imposed hearing costs of $1,927.50.

On December 12, 1997, Hellen appealed the DBCC's decision.[4] By letter dated December 29, 1997, the Office of General Counsel for NASD Regulation informed the parties that we had called the case for review. The parties were also sent a scheduling order dated February 3, 1998, pursuant to which Hellen was required to file his appeal brief on or before March 3, 1998. Hellen failed to file an appeal brief. On March 10, 1998, staff filed a motion with the Review Subcommittee of the National Adjudicatory Council to dismiss the action on the basis that Hellen had abandoned his appeal by failing to file an opening brief as required by the scheduling order. By letter dated April 7, 1998, Hellen stated that he had not abandoned his appeal and requested additional time to file an opening brief.

On May 5, 1998, the Review Subcommittee denied staff's motion to dismiss. On May 19, 1998, Hellen was advised that he had until June 12, 1998, to file an opening brief articulating the basis for his appeal. Hellen failed, for the second time, to file the required brief. On July 6, 1998, staff filed a second motion to dismiss the appeal as abandoned. On August 7, 1998, the Review Subcommittee denied staff's second motion to dismiss.

After notice was provided to the parties, an appeal hearing was scheduled for August 27, 1998, at NASD Regulation's offices in New York, New York. The DBCC was represented by staff at the hearing. Hellen did not appear. Shortly after the hearing had concluded, Hellen contacted NASD Regulation to explain that a family emergency had prevented him from attending. On September 8, 1998, Hellen filed a motion requesting that the record be kept open and that oral argument be continued. On December 9, 1998, notice was provided to the parties that Hellen’s motion had been granted and that the hearing was scheduled to continue on February 26, 1999, at NASD Regulation's offices in New York, New York. On February 9, 1999, a reminder notice was provided to the parties. Once again, however, Hellen failed to appear.

<u>Discussion</u>

Because Hellen neither filed an appeal brief nor appeared for oral argument, our only source of information about his position is the notice of appeal, which did not dispute the core facts establishing his violations. Thus, Hellen has never articulated his basis for seeking review.

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[4] Although Hellen's Notice of Appeal failed to include grounds for the appeal as required by NASD Code of Procedure Rule 9311(c), it was accepted, in part, because the matter was also called for review.

Nonetheless, we have examined the entire record in this matter and we determine that the DBCC's findings that Hellen effected unauthorized trades in the accounts of Customers JC, RK and WN are supported by a preponderance of the evidence.

The documentary evidence indicates that Hellen entered the following purchase orders on or about February 7, 1995: (1) 1,900 shares of common stock of Advanced Voice in Customer JC's account at a price of $12.75 per share; (2) 200 shares of Advanced Voice units at a price of $5.50 per unit and 1,500 shares of Advanced Voice common stock at a price of $12.75 per share in Customer RK's account; and (3) 800 shares of the common stock of Advanced Voice at a price of $12.75 per share in Customer WN's account. In addition, all three customers testified that they did not give Hellen authorization to purchase the securities in question.

Hellen asserted that each customer had provided him with prior time and price discretion, an assertion which each customer denied. The DBCC credited the testimony of the three customers over that of Hellen. It is axiomatic that an "initial fact finder's assessments of credibility deserve 'special weight.'" Alderman v. SEC, 104 F.3d 285, 288 n.4 (9th Cir. 1997); see also In re Ashvin R. Shah, Exchange Act Rel. No. 37954, at 5 n.12 (Nov. 15, 1996). There is nothing in the record, moreover, to call these initial credibility determinations into question.

There is no dispute that all three customers were traveling on the date of the transactions and that none of them provided authorization for the purchases at that time. Hellen asserted that, contrary to their claims, each customer had placed an order to purchase the securities of Advanced Voice aftermarket stock prior to traveling. Hellen argued at the DBCC hearing that his version of events was supported by the fact that the customers did not reduce to writing their complaints within hours of learning of the trades in their accounts. We disagree. According to the testimony of all three customers, they first attempted to resolve the problem verbally with Hellen and other members of Sterling Foster. Only when they received no satisfaction did they resort to written complaints. The written complaints of JC and RK were filed within 45 calendar days of their first learning of the transactions. As for Customer WN, he simply refused to pay for the trade and the stock was sold out of the account. Hellen's assertion does not call into question the credibility of the customers' testimony that they never, in any manner, authorized the trades at issue.

Thus, we find that Hellen engaged in unauthorized transactions in the accounts of Customers JC, RK and WN. As the Commission has held, unauthorized trading in a customer's account is a violation of the requirement to observe just and equitable principles of trade. See In re Robert Lester Gardner, Exchange Act Rel. No. 35899 (June 27, 1995), aff'd, 89 F.3d 845 (9th Cir. 1996) (table format); In re Jonathan Garrett Ornstein, 51 S.E.C. 135, 137 (1992). Accordingly, we uphold the DBCC's finding that Hellen violated Conduct Rule 2110.

Sanctions

Any dispute Hellen may have with the sanctions imposed on him by the DBCC remains unclear.[5] Although afforded numerous opportunities to state his position, Hellen has not articulated any reasons for reducing the sanctions imposed on him by the DBCC. In any event, we find that Hellen's misconduct justifies increasing, rather than decreasing, the sanctions imposed below.

We begin by observing that the relevant NASD Sanction Guideline for unauthorized trading -- which, as its name suggests, is advisory -- recommends, in an ordinary case of unauthorized trading, suspending respondent in all capacities for 10 to 30 days, and further suggests that in "egregious" cases the adjudicator should "consider a longer suspension (of up to two years) or a bar." NASD Sanction Guidelines (1998 ed.) at 86. The Sanction Guideline does not define what constitutes an "egregious" case, but a number of decisions, issued prior to our decision in In re Ted D. Wells, Complaint No. C07970045 (NAC July 24, 1998), had identified two categories of egregious unauthorized trading: (1) quantitatively egregious unauthorized trading and (2) unauthorized trading that is egregious because it is accompanied by certain aggravating misconduct.

Illustrative of cases imposing a bar or lengthy suspension because of the sheer number of unauthorized transactions are In re Adam S. Levy, Complaint No. C07960085 (NAC Mar. 6, 1998) (imposing a bar where respondent engaged in 16 unauthorized transactions) and In re Aaron Eugene Granath, Complaint No. C02970007 (NAC Mar. 6, 1998) (imposing a bar where respondent executed 23 unauthorized transactions). In cases of this type, evidence of numerous unauthorized transactions often constitutes compelling circumstantial evidence that the unauthorized transactions were not the result of miscommunications or mistakes. In addition, the volume of the violations significantly increases the gravity of the respondent's transgression.

In the second category of unauthorized trading cases, misconduct has been viewed as "egregious" -- and thus warranting a lengthy suspension or bar -- because of the presence of "aggravating misconduct." Efforts to conceal unauthorized trades have been held to constitute one category of such aggravating misconduct. In In re Martin J. Cunnane, Exchange Act Rel. No. 39242 (Oct. 15, 1997), the SEC upheld the imposition of a three-year suspension where the respondent effected four unauthorized trades and tried to conceal the misconduct, and in In re

[5] As discussed above, the DBCC ordered that Hellen be censured, fined $7,000, suspended from associating with any member firm in any capacity for 15 business days, and required to requalify by examination in all capacities prior to reassociating with any member firm. In addition, Hellen was ordered to make restitution to Customer JC in the amount of $7,920; to Customer RK in the amount of $8,280; and to Customer WN in the amount of $1,800. The DBCC also imposed hearing costs of $1,927.50.

Jonathan Garrett Ornstein, 51 S.E.C. 135 (1992), the SEC upheld a two-year suspension where the respondent effected nine unauthorized transactions, resulting in customer losses, and then attempted to evade the NASD's investigative efforts. A history of unauthorized trading has been held to constitute another category of aggravating misconduct. See, e.g., In re Howard Alweil, 51 S.E.C. 14 (1992) (upholding imposition of a one-year suspension for effecting three unauthorized transactions where respondent previously had been sanctioned for engaging in similar misconduct).

In Wells, we concluded that there was a third category of egregious unauthorized trading -- conduct that was "qualitatively egregious" -- and barred a respondent who had effected a single unauthorized transaction that we concluded was qualitatively egregious. The respondent in Wells admitted that he had intentionally effected an unauthorized trade because he "needed to make some money" at the expense of his customer. We concluded that the respondent's action was tantamount to conversion and warranted a bar. Subsequently, in In re Gerald Cash McNeil, Complaint No. C3B960026 (NAC Jan. 21, 1999), we imposed a two-year suspension on a respondent who we found had engaged in another form of qualitatively egregious unauthorized trading. The evidence in McNeil, although not uncontested, supported our conclusion that the respondent used high-pressure sales tactics designed to intimidate and wear down two customers and, when those tactics did not succeed, he simply disregarded those customers' instructions and effected a total of three unauthorized trades for their accounts.

Our decisions in Wells and McNeil did not explicate as fully as may have been desirable the factors that will lead us to conclude that unauthorized trading is qualitatively egregious and justifies imposition of a bar or a lengthy suspension. In this opinion, we attempt to elaborate on the principles underlying those decisions, as well as our decision in the instant case. We hope that this elaboration will prove helpful to panels that are called upon in the future to impose sanctions in cases involving unauthorized trading where, for purposes of determining sanctions, the relevant issue is whether that trading was qualitatively egregious.

Two factors are relevant to our determination as to whether unauthorized trading was or was not qualitatively egregious. The first concerns the strength of the evidence that the trades at issue were unauthorized. The second concerns the evidence relating to the respondent's motives.

In many cases involving isolated instances of unauthorized trading, the only evidence pertinent to the claim that trading was unauthorized is the customer's testimony that the trades at issue were not authorized and the respondent's testimony that they were. In such cases, if we concluded that the customer's testimony is more credible, that is sufficient to support a finding that the trades at issue were unauthorized. However, in general we will not treat such testimony, standing alone, as sufficient to support a finding that the unauthorized trades were qualitatively egregious. In contrast, in Wells the respondent's uncontradicted testimony supported our finding that the trade was not authorized and in McNeil the evidence that the trading at issue was not authorized, while not uncontradicted, was quite strong.

In the instant case, highly persuasive circumstantial evidence supports our finding that the trades in question were unauthorized. Three customers testified that Hellen had purchased Advanced Voice securities without their authorization and in contravention to their express wishes. All three trades occurred at a time when the customers were traveling and could not be contacted by Hellen, a fact that Hellen testified he knew. The three customers had no relationship with each other and the record contains no suggestion that they coordinated their stories, yet each told essentially the same story concerning Hellen's method of operation. This further enhances the credibility of the customers' testimony and discredits Hellen's claim that all three customers had previously provided him with price and time discretion to purchase Advanced Voice securities. Moreover, we do not find credible Hellen's claim that he had virtually identical misunderstandings with all three customers concerning his authority to purchase Advanced Voice securities for their accounts and that all three customers, just coincidentally, were traveling -- and therefore could not be reached by Hellen -- on the date he purchased Advanced Voice securities for their accounts.

As concerns respondents' motives in cases involving small numbers of unauthorized trades, in many such cases there is credible evidence indicating that a registered representative acted with a good faith belief that a trade, albeit unauthorized, would benefit his or her customer or that an unclear, ambiguous or misunderstood communication from a customer led a registered representative to believe, honestly but mistakenly, that he or she was authorized to trade.[6] In such cases, or others involving similar evidence that a registered representative acted in good faith, imposition of a lengthy suspension or bar is not appropriate. Such trading, while unauthorized and thus a violation of Conduct Rule 2110, is not qualitatively egregious.

In contrast are cases where the evidence clearly indicates that a registered representative intentionally or recklessly engaged in unauthorized trading for his or her own benefit, to the detriment of his or her customer's interests, or in direct contradiction to his or her customer's express instructions or desires. We consider to be most troublesome conduct such as that in Wells, which we found to be "tantamount to conversion." Also clearly egregious, however, is conduct such as that in McNeil, involving high-pressure sales tactics and disregard of customers' express instructions. Similarly objectionable is the conduct of the respondent in the current case, where Hellen both engaged in high-pressure sales tactics and executed trades that his customers expressly had refused to authorize. Of additional concern in the instant case is the evidence that all the trades at issue occurred in the few hours immediately after Hellen's firm, Sterling Foster, had acted as the managing underwriter of the Advanced Voice IPO, and all the recommendations (which had been rejected by the customers) occurred in the months immediately preceding this

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[6] McNeil involved a claim by the respondent that he acted on the basis of such a misunderstanding with respect to one of the two customers involved. However, in light of the surrounding facts and circumstances, that claim was not credible. In addition, substantial evidence suggested that McNeil had not acted in good faith.

offering. These circumstances raise questions regarding whether Hellen was motivated to effect these clearly unauthorized trades more to promote his firm's (and thereby his) interest in a favorable immediate aftermarket price for the security than to further his customers' interests.

Moreover, as a result of Hellen's actions, all three customers suffered monetary losses. In addition, when the customers returned from their trips and complained about the unauthorized transactions, Hellen used a combination of delaying tactics and obstacles calculated to dissuade and obstruct the customers' efforts to reverse the transactions. In fact, Hellen told one of the customers that he (Hellen) was prohibited from selling the Advanced Voice securities until the customer had paid for the previous transaction. When the customer sent the money to cover the trade, in an attempt to have the securities sold as quickly as possible, Hellen still failed to sell the securities.

This pattern of misconduct by Hellen, like the actions taken by the respondent in McNeil, represents a clear betrayal of his customers' trust and rises to the level of qualitatively egregious action, warranting the imposition of weighty sanctions. Additionally, we are troubled by Hellen's complete unwillingness to take responsibility for his misconduct. We find that a two-year suspension and a requirement of requalification by written examination in all capacities is necessary to impress upon Hellen and others the importance of following customer instructions and to deter Hellen from engaging in similar misconduct in the future.[7] In reaching this conclusion, we have considered all of the factors listed in the Sanction Guideline and find that, taken as a whole, these factors require imposition of the aforementioned sanctions.

With regard to monetary sanctions, we note that the Sanction Guideline for unauthorized trading recommends fining the respondent the amount of any commissions, concessions, or profits, plus $5,000 to $75,000, and requiring restitution of customer losses. NASD Sanction Guidelines (1998 ed.) at 86. In light of Hellen's serious misconduct, we impose monetary sanctions consisting of a $25,000 fine, $18,000 in restitution, and $1,927.50 in DBCC hearing costs.

Accordingly, Hellen is censured, fined $25,000, suspended from associating with any member firm in any capacity for two years,[8] ordered to requalify by examination in all capacities prior to associating with any member firm, and ordered to pay restitution to Customers JC, RK and WN, plus interest from February 7, 1995,[9] as follows: Customer JC - $7,920; Customer

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[7] The evidence in Wells that supported the imposition of a bar was different in kind from the evidence in the present case and we have, therefore, not imposed a bar here.

[8] The suspension shall begin 30 days after the date of this decision.

[9] February 7, 1995, is the date on which Hellen engaged in the violative conduct in question. The interest shall be calculated at the rate established for the underpayment of federal income tax in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. §6621(a)(2). In addition, if Hellen is unable to locate any of the customers listed above, he shall forward the undistributed

RK - $8,280; and Customer WN - $1,800. We also affirm the DBCC's assessment of hearing costs of $1,927.50.[10]

On Behalf of the National Adjudicatory Council,

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Alden S. Adkins, Senior Vice President and General Counsel

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restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state(s) in which the customer(s) last resided.

[10] We have considered all of the arguments of the parties. They are rejected or sustained to the extent that they are inconsistent or in accord with the views expressed herein.

Pursuant to NASD Procedural Rule 8320, any member who fails to pay any fine, costs, or other monetary sanction imposed in this decision, after seven days' notice in writing, will summarily be suspended or expelled from membership for non-payment. Similarly, the registration of any person associated with a member who fails to pay any fine, costs, or other monetary sanction, after seven days' notice in writing, will summarily be revoked for non-payment.