

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

HALIL KOZI  
(CRD No. 1121714),

Respondent.

Disciplinary Proceeding  
No. 2016048921102

Hearing Officer–DW

**ORDER GRANTING MOTION TO WITHHOLD FROM PRODUCTION DOCUMENTS  
OUTSIDE THE SCOPE OF THIS PROCEEDING**

The Department of Enforcement brought this action against Respondent Halil Kozi. The Complaint alleges that Kozi engaged in fraudulent churning in a customer account, violating the antifraud provisions of the federal securities laws and FINRA rules. Enforcement also charges that Kozi's excessive trading in the customer's account was quantitatively and qualitatively unsuitable for the customer. Kozi disputes the allegations.

FINRA Rule 9251(a)(1) requires Enforcement to make available to Kozi all documents that it prepared or obtained "in connection with the investigation that led to the institution of proceedings." Enforcement now moves for leave to withhold certain of these documents from its production to Kozi pursuant to FINRA Rule 9251(b)(1)(D). This provision permits Enforcement to withhold from production materials or categories of materials that are "not relevant to the subject matter of the proceeding, or for other good cause shown."

Enforcement explains that the investigation that led to this proceeding was a wide-ranging cycle examination of Kozi's prior firm involving "numerous potential sales practice and supervisory violations at [the firm] involving several registered representatives other than Kozi."<sup>1</sup> According to Enforcement, approximately 80% of the materials in its investigative file under this matter number concern registered representatives, customers, and transactions unrelated to Kozi or the customer whose account is at issue here.<sup>2</sup> Enforcement further asserts

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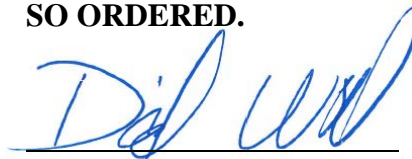
<sup>1</sup> Enforcement's Motion on Consent to Withhold From Production Documents Outside the Scope of This Proceeding, (the "Motion") at 2.

<sup>2</sup> *Id.* A sworn affidavit supports the factual assertions contained in Enforcement's Motion.

that aspects of its larger investigation remain ongoing.<sup>3</sup> Enforcement represents that it has already produced to Kozi its entire non-privileged investigative file of documents prepared or obtained under its matter number that pertain to Kozi and the allegations in this proceeding.<sup>4</sup> It seeks leave to withhold from its production those remaining materials that are irrelevant to the Complaint's allegations.<sup>5</sup> Kozi does not object to the motion.<sup>6</sup>

Enforcement has adequately demonstrated that the materials described in its motion are "not relevant to the subject matter of the proceeding."<sup>7</sup> Accordingly, I find good cause to grant Enforcement leave to withhold the materials in light of its sworn representations that (1) the materials are irrelevant to the issues here; (2) its larger investigation under the same matter number remains ongoing; (3) after reviewing all of the materials, Enforcement determined that the materials contain no "material exculpatory evidence," and (4) Enforcement has conferred with Kozi and he is amenable to the relief being sought.<sup>8</sup> I therefore **GRANT** the motion to withhold the materials identified in Enforcement's motion.

**SO ORDERED.**



David Williams  
Hearing Officer

Dated: December 20, 2019

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<sup>3</sup> *Id.*

<sup>4</sup> *Id.* at 3.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.* at 1, n. 1.

<sup>7</sup> FINRA Rule 9251(b)(1)(D).

<sup>8</sup> OHO Order 16-15 (2013036681701), at 2 (Mar. 30, 2016), [https://www.finra.org/sites/default/files/OHO\\_Order%2016-15\\_2013036681701\\_0\\_0\\_0.pdf](https://www.finra.org/sites/default/files/OHO_Order%2016-15_2013036681701_0_0_0.pdf) ("FINRA Rule 9251(b)(1)(D) expressly permits Enforcement to obtain leave to withhold materials that are 'not relevant'"); OHO Order 00-31 (CAF000030), at 4 (Oct. 10, 2000), [https://www.finra.org/sites/default/files/OHODecision/p007945\\_0\\_0\\_0\\_0.pdf](https://www.finra.org/sites/default/files/OHODecision/p007945_0_0_0_0.pdf) ("there is simply no reason to compromise the integrity of an on-going investigation in favor of the disclosure of documents that are plainly irrelevant to the matters involved in a particular disciplinary proceeding").

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