

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

KEITH C. BARON  
(CRD No. 3231494),

Respondent.

Disciplinary Proceeding  
No. 2022073772701

Hearing Officer—RES

**ORDER DEFERRING RULING ON DEPARTMENT OF  
ENFORCEMENT'S OBJECTIONS TO RESPONDENT'S EXHIBIT LIST,  
EXHIBITS, WITNESS LIST, AND WITNESSES**

**I. Introduction**

FINRA's Department of Enforcement filed a five-count Complaint against Respondent Keith Baron. The Complaint alleges in the first cause of action that, in 2016, Respondent recommended that "Investor A" and her husband, "Investor B," purchase common stock in "Company A," a financially troubled company.<sup>1</sup> In his recommendation, Respondent allegedly made misrepresentations and material omissions to Investors A and B about Company A's prospects.<sup>2</sup> The second cause of action alleges that beginning in 2015, Respondent failed to provide written notice to his employer firm, Equity Services, Inc. ("Equity Services"), that he was a consultant to Company A.<sup>3</sup> In the third cause of action, the Complaint alleges that in 2016 Respondent failed to provide prior written notice to Equity Services that he participated in private securities transactions away from the firm.<sup>4</sup> The alleged private securities transactions consisted of Investors A's and B's purchases of Company A stock.<sup>5</sup>

The fourth cause of action alleges that in 2019, after Investors A and B submitted a complaint about Respondent to FINRA, he misrepresented to Equity Services the nature and

---

<sup>1</sup> Complaint ("Compl.") ¶ 1.

<sup>2</sup> Compl. ¶¶ 1, 2.

<sup>3</sup> Compl. ¶ 4.

<sup>4</sup> Compl. ¶ 5.

<sup>5</sup> Compl. ¶ 5.

extent of his involvement in Investors A's and B's purchases of Company A stock.<sup>6</sup> In the fifth cause of action, the Complaint alleges that in two written responses to requests from FINRA, Respondent provided false information about his involvement with Investors A's and B's purchases of Company A stock, and misrepresented the nature and extent of his involvement with Company A.<sup>7</sup>

In his Answer, Respondent denies Enforcement's factual allegations and denies violating FINRA Rules. Respondent denies:

- recommending that Investors A and B purchase Company A stock;
- making misrepresentations and material omissions;
- that Investors A's and B's purchases of Company A stock "messed up" their retirement;
- that Respondent expected to receive compensation from Company A;
- that he expected to be compensated by Company A out of funds originating from Investors A and B;
- that he knew of the particulars and reasons behind Company A's payments to him;
- failing to make all required disclosures about Company A;
- participating in private securities transactions away from his employer firm; and
- making false statements to the firm.<sup>8</sup>

## **II. Enforcement's Objections and Respondent's Responses**

The one-week hearing in this disciplinary proceeding is scheduled for August 19 - 23, 2024. The parties filed and served their pre-hearing submissions, including pre-hearing briefs, exhibit lists, and witness lists. Following these pre-hearing submissions, Enforcement filed its Objections to Respondent's exhibit list, exhibits, witness list, and witnesses.

In these Objections, Enforcement seeks to exclude Respondent's witnesses Bedis Zormati and Mathieu Moulin from testifying in the hearing. In his witness list, Respondent describes

---

<sup>6</sup> Compl. ¶ 6.

<sup>7</sup> Compl. ¶ 7.

<sup>8</sup> Answer ¶¶ 1, 5, 33, 38, 39, 47, 62, 69, 85.

Zormati as a “ghostwriter” for Investors A and B.<sup>9</sup> Respondent claims that Zormati “Tried to extort Baron.”<sup>10</sup> Respondent does not describe Moulin<sup>11</sup> but, according to Enforcement, Moulin is the adult son of Investors A and B. Neither Zormati nor Moulin is subject to FINRA’s jurisdiction and cannot be compelled to testify. Enforcement contends that, even if Zormati threatened to report Respondent to the authorities, such threat had no bearing on Respondent’s alleged misconduct or any other issue in the proceeding.<sup>12</sup> As for Mathieu Moulin, Enforcement states that he was never Respondent’s customer, he did not invest in Company A, and he has had no business or personal dealings with Respondent.<sup>13</sup>

Enforcement objects to these four categories of Respondent’s hearing exhibits:

- RX-1 through RX-44, RX-46 through RX-59, RX-63, and RX-65, exhibits that Enforcement describes as pre-2013 documents relating to Company A. Enforcement objects to these exhibits because, according to Enforcement, they are irrelevant, their prejudice outweighs their probative value, and they relate only to collateral matters not at issue in the proceeding. The exhibits pertain to Company A’s assets, operations, and plans before 2013. Yet the time of the allegations of the Complaint begins in 2014. Enforcement contends that Company A did not have assets, operations, or prospects when Respondent allegedly made misrepresentations and material omissions to Investors A and B.<sup>14</sup>
- RX-15 and RX-25 because, according to Enforcement, these exhibits are incomplete. The exhibits state they have attachments, but the attachments are not attached.<sup>15</sup>
- RX-64, which Respondent describes as a Company A vendor list.<sup>16</sup> Enforcement objects to this exhibit because, according to Enforcement, it is irrelevant and its probative value is outweighed by its prejudicial effect. The exhibit does no more than provide names of individuals, names of companies, telephone numbers, and addresses. Enforcement states that such a list is irrelevant because Company A had no assets or operations for several years before Investors A’s and B’s

---

<sup>9</sup> Respondent’s Witness List 1.

<sup>10</sup> Respondent’s Witness List 1.

<sup>11</sup> Respondent’s Witness List 2.

<sup>12</sup> Department of Enforcement’s Objections to Respondent’s Exhibit List, Exhibits, Witness List, and Witnesses dated August 5, 2024 (“Obj.”) 3.

<sup>13</sup> Obj. 4.

<sup>14</sup> Obj. 4-6.

<sup>15</sup> Obj. 7.

<sup>16</sup> Respondent’s Exhibit List 4.

purchases of Company A stock. To put Enforcement's argument bluntly, vendors could not vend to a dormant company.<sup>17</sup>

- RX-67, which Respondent describes as “*New York Post* Article Bedis Zormati.”<sup>18</sup> The article was published in 2013.<sup>19</sup> Enforcement objects to this exhibit because, according to Enforcement, it is irrelevant and its probative value is outweighed by its prejudicial effect. The article pertains solely to Zormati. Even though the article states Zormati was indicted and denied the charges, Respondent fails to offer evidence of the outcome of the prosecution.<sup>20</sup>

Respondent filed a Response to Enforcement's Objections. In his Response, Respondent contends that the proposed hearing exhibits to which Enforcement objects are relevant.<sup>21</sup> Enforcement's Objections are premature and ignore applicable evidentiary standards.<sup>22</sup> As for Zormati and Mathieu Moulin, Respondent no longer plans to call these persons as witnesses.<sup>23</sup>

### III. Discussion

FINRA Rule 9263 provides that “[t]he Hearing Officer shall receive relevant evidence, and may exclude all evidence that is irrelevant, immaterial, unduly repetitious, or unduly prejudicial.”<sup>24</sup> The Hearing Officer has broad discretion to admit or reject evidence on grounds of relevance or any other ground in FINRA Rule 9263.<sup>25</sup> Rule 401 of the Federal Rules of Evidence—which does not govern FINRA proceedings but may be instructive—defines evidence as relevant if “(a) it has any tendency to make a fact more or less probable than it would be without the evidence; and (b) the fact is of consequence in determining the action.”<sup>26</sup> The standard of relevance in the Federal Rules of Evidence is not high.<sup>27</sup> Rule 403 provides for the

---

<sup>17</sup> Obj. 7-8.

<sup>18</sup> Respondent's Exhibit List 4.

<sup>19</sup> Respondent's Exhibit 67.

<sup>20</sup> Obj. 8.

<sup>21</sup> Respondent's Response to Enforcement's Objections dated August 12, 2024 (“Resp.”) 1.

<sup>22</sup> Resp. 2.

<sup>23</sup> Resp. 3.

<sup>24</sup> FINRA Rule 9263(a).

<sup>25</sup> OHO Order 23-22 (2021071137001) (July 17, 2023), at 3-4, [https://www.finra.org/sites/default/files/2023-09/oho\\_order\\_23-22\\_2021071137001\\_lek.pdf](https://www.finra.org/sites/default/files/2023-09/oho_order_23-22_2021071137001_lek.pdf).

<sup>26</sup> Fed. R. Evid. 401; *accord*, OHO Order 23-06 (2017055886402) (Feb. 21, 2023), at 4, [https://www.finra.org/sites/default/files/2023-05/oho\\_order\\_23-06\\_2017055886402\\_cantone.pdf](https://www.finra.org/sites/default/files/2023-05/oho_order_23-06_2017055886402_cantone.pdf).

<sup>27</sup> OHO Order 16-04 (2012033393401) (Feb. 3, 2016), at 2, [https://www.finra.org/sites/default/files/OHO\\_Order16-04\\_2012033393401\\_0.pdf](https://www.finra.org/sites/default/files/OHO_Order16-04_2012033393401_0.pdf).

exclusion of even relevant evidence if its probative value is substantially outweighed by one or more of the following specified factors:

The court may exclude relevant evidence if its probative value is substantially outweighed by a danger of one or more of the following: unfair prejudice, confusing the issues, misleading the jury, undue delay, wasting time, or needlessly presenting cumulative evidence.<sup>28</sup>

FINRA Hearing Officers generally disfavor objections seeking to exclude broad categories of evidence and will sustain such objections only if the challenged evidence is inadmissible for any purpose.<sup>29</sup> The Hearing Officer is almost always better situated in the hearing to assess the value and utility of evidence.<sup>30</sup> Thus, I will defer ruling on Enforcement's Objections until the hearing. I do not know what the testimony of the parties' witnesses will be, and the challenged evidence may be needed by both sides in the context of such testimony. As for Bedis Zormati and Mathieu Moulin, Respondent no longer plans to call these witnesses. Enforcement's objections to them are moot.

For these reasons, I **DEFER RULING** on Enforcement's Objections.

**SO ORDERED.**



Richard E. Simpson  
Hearing Officer

Dated: August 14, 2024

Copies to:

Randy S. Zelin, Esq. (via email)  
Gregory R. Firehock, Esq. (via email)  
Marianne H. Combs, Esq. (via email)  
John R. Baraniak, Jr., Esq. (via email)  
John M. Fallon, Esq. (via email)  
Jennifer L. Crawford, Esq. (via email)

---

<sup>28</sup> Fed. R. Evid. 403.

<sup>29</sup> OHO Order 23-22, at 3-4.

<sup>30</sup> OHO Order 23-06, at 3.