

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:	)	
	)	
DAVID E. LIVINGSTON	)	ADMINISTRATIVE ORDER
	)	NO. OB-2012-0012
<u> RESPONDENT </u>	)	

ORDER OF BAR

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities, into, within or from the state of Alabama, has determined as follows:

RESPONDENT

1. During all times relevant to the transactions referenced in this order, **DAVID EDWARD LIVINGSTON** ("LIVINGSTON"), central registration depository number 2035043, was registered in Alabama as an investment advisor representative and a broker-dealer agent with Proequities, Inc. ("Proequities"). **LIVINGSTON** has a residential address of 415 Yorkshire Drive, Birmingham, Alabama, 35209.

STATEMENT OF FACTS

2. The Commission received information from the Financial Industry Regulatory Authority ("FINRA") alleging that between October 15, 2008, and January 29, 2011, **LIVINGSTON** executed Alabama resident client signatures to Proequities, Incorporated account document forms without the knowledge and consent of the clients.

3. The investigation revealed that between the above identified dates, **LIVINGSTON**, without written authority and/or permission, forged the signatures of no less than thirteen (13) clients' to documents whose accounts were held by ProEquities.

The forging of the client signatures allowed unauthorized trading in the client accounts by **LIVINGSTON**.

4. Furthermore, the investigation revealed that upon the death of one Alabama resident client on February 18, 2010, **LIVINGSTON** failed to freeze one of the deceased's accounts as directed by ProEquities policy. **LIVINGSTON** allowed trade activity within the deceased client's account until December 15, 2010, in the form of quarterly advisory fees, purchases and sales of stock.

5. At the request of the Commission, FINRA provided the written statement of **LIVINGSTON** dated June 8, 2011. In that statement **LIVINGSTON** admitted to signing clients' names to "Switch Letters" and/or "Mutual Fund Investor Acknowledgement Forms" for twelve of his clients. **LIVINGSTON** said he signed the clients' names without client authorization because he had fallen behind in obtaining the necessary signed documents. Furthermore, **LIVINGSTON** confirmed trades had occurred in the deceased client's account after the client's death.

6. On August 15, 2011, representatives of FINRA deposed **LIVINGSTON**. Subsequent to the deposition, FINRA provided the Commission with a copy of the transcript. During the deposition **LIVINGSTON** admitted forging the signatures of the clients identified in paragraph number three (3) without their prior permission and/or authority. In addition, **LIVINGSTON** admitted his failure to freeze the account of the deceased client and confirmed trading activity occurred within the account after **LIVINGSTON** was aware of the client's death.

7. Responding to findings of its compliance personnel, ProEquities discharged **LIVINGSTON** on March 7, 2011 citing, "The representative acknowledged signing client's signatures to various customer account forms; representative also transacted business for approximately 10 months in a deceased client's account after having knowledge of death; and rep provided misleading information to the firm during investigation of deceased's accounts".

CONCLUSIONS OF LAW

8. Pursuant to § 8-6-3(j)(7), Code of Alabama 1975, the Commission may by order revoke any registration and bar any person in this State from employment with a dealer or investment advisor if the Commission finds the order is in the public interest and that the person has engaged in dishonest and unethical business practices in the securities business. **LIVINGSTON** engaged in dishonest and unethical business practices by the unauthorized execution of client signatures on documents reflecting that he had authorization to conduct trades in the accounts of those clients. **LIVINGSTON** failed to freeze the account of a deceased client and, in fact, transacted business for approximately 10 months in the deceased client's account after having knowledge of his death. **LIVINGSTON'S** actions constitute dishonest and unethical practices in the securities business are grounds to revoke his registration and bar him from transacting business as a dealer, dealer's agent, investment advisor or investment advisor representative in this state.

This Order does not prevent the Alabama Securities Commission from seeking such other civil or criminal remedies that are available to it under the Act.

This Order is appropriate in the public interest for the protection of investors and is consistent with the purposes of the Act.

ACCORDINGLY, IT IS HEREBY ORDERED that **LIVINGSTON'S** registration be revoked and that **LIVINGSTON** is **BARRED** from engaging in any securities activities into, within or from the state of Alabama.

Entered at Montgomery, Alabama, this 30th day of April, 2012.



ALABAMA SECURITIES COMMISSION
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JOSEPH P. BORG
Director