



U.S. Securities and Exchange Commission

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Baris Cabalar

U.S. SECURITIES AND EXCHANGE COMMISSION Litigation Release No. 26161 / October 16, 2024

***Securities and Exchange Commission v. Baris Cabalar*, No. 1:24-cv-07274 (E.D.N.Y. filed Oct. 16, 2024)**

SEC Charges Registered Representative with Violations of Regulation Best Interest and Fraud for Excessive Trading in Customer Accounts

The Securities and Exchange Commission today filed charges against Baris Cabalar, a registered representative at the broker-dealer PHX Financial, Inc., for recommending a short-term, high-volume investment strategy to customers without a reasonable basis.

According to the complaint, from January 2019 to October 2021, Cabalar recommended a strategy to eight of PHX's retail customers without a reasonable basis to believe that the strategy would be profitable given the costs imposed. As described in the complaint, these customers suffered aggregated losses exceeding \$1 million in their PHX brokerage accounts, and Cabalar and PHX together received over \$400,000 in commissions and fees from the excessive trading Cabalar recommended.

The SEC's complaint, filed in the United States District Court for the Eastern District of New York, charges Cabalar with violating the antifraud provisions of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, as well as Regulation Best Interest, Exchange Act Rule 15c-1. The

complaint seeks permanent injunctive relief, disgorgement with prejudgment interest, and civil penalties.

The SEC's investigation was led by Stewart Gilson, Christopher Dunnigan, and Roseann Daniello and was supervised by Judith Weinstock and Thomas P. Smith, Jr, all of the New York Regional Office. The SEC's litigation will be led by Mr. Dunnigan and supervised by Alex Vasilescu. The examination that led to Enforcement's investigation was conducted by Matthew Chan, Stephen DeBella, Grzegorz Steckiewicz, and Ronald Krietzman of the Division of Examinations.

RESOURCES

- **[SEC Complaint](#)**