Disciplinary and Other FINRA Actions

Firm Fined, Individual Sanctioned

Arlington Securities, Inc. (CRD #19596, St. Louis, Missouri) and Robert Earl Hillard (CRD #1005606, St. Louis, Missouri)
December 11, 2024 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm which the firm was censured, fined $50,000, ordered to pay, jointly and severally with Hillard, $67,026.47, plus interest, in restitution to customers, and required to certify that it has remediated the issues identified in the AWC and implemented a reasonably designed supervisory system, including written supervisory procedures (WSPs). Hillard was fined $10,000, suspended from association with any FINRA member in all capacities for four months, and ordered to pay, jointly and severally with his firm, $67,026.47, plus interest, in restitution to customers. Without admitting or denying the findings, the firm and Hillard consented to the sanctions and to the entry of findings that Hillard recommended that customers liquidate their lower-cost Class A and Class C mutual funds to purchase higher-cost variable annuities without having a reasonable basis to believe the transactions were suitable. The findings stated that when some of the Class C share mutual funds that Hillard had previously sold to his customers began to convert to Class A shares, these conversions resulted in a substantial decrease in Hillard's personal income. Hillard expected other Class C shares would also convert to Class A shares, further reducing Hillard's ongoing trail commissions. The investment-only variable annuity, unlike the customers' mutual fund holdings, charged additional fees, resulting in an increase in the customers' annual expense. Hillard provided substantially identical written rationales for all of these recommendations without consideration of the differences in the individual profiles of each customer. As a result of Hillard's unsuitable recommendations, his customers collectively paid an additional $67,026.47 in annual fees. The findings also stated that the firm's supervisory system, including its WSPs, were not reasonably designed to achieve compliance with FINRA's suitability requirements regarding recommendations to sell mutual funds or purchase variable annuities. The firm's WSPs failed to describe the steps that supervisors must take to review the suitability of these transactions, including the identification of potential red flags that the recommendation is not consistent with the customer's investment profile. The firm also failed to analyze whether there was any benefit to purchasing an investment-only variable annuity in a qualified account, or whether the customers' objective of making fund transfers easier could be accomplished through cost-free exchanges within the same mutual fund family. Furthermore, the firm failed to reasonably review the suitability of Hillard's recommendations that his customers liquidate their mutual funds in order to purchase higher-cost

Reported for February 2025

FINRA has taken disciplinary actions against the following firms and individuals for violations of FINRA rules; federal securities laws, rules and regulations; and the rules of the Municipal Securities Rulemaking Board (MSRB).

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variable annuities. The firm failed to consider that the customer's ongoing fees on their existing mutual funds had or would decrease by converting to Class A shares, which would further increase the differential in fees with the investment-only variable annuity.

The suspension is in effect from January 6, 2025, through May 5, 2025. (**FINRA Case #2020065154601**)

Firms Fined

Patrick Capital Markets, LLC (CRD #16518, St. Louis, Missouri)
December 2, 2024 – An AWC was issued in which the firm was censured and fined $80,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it willfully violated Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-9 promulgated thereunder by failing to terminate contingency offerings and return investor funds when material terms changed in the offerings and by rendering false certain representations in another offering. The findings stated that the firm acted as the managing broker-dealer in number of offerings. In two offerings, the issuer amended the offering by reducing the minimum contingency. Although investors were given notice of the amendments, the firm was required to but did not terminate both offerings and return investor funds as the amendment was a change to a material term of the offering. The firm continued to raise and later released funds to the issuers of the offerings after the amended contingencies were met. In a third offering, the firm released funds to the issuer before the offering reached the required minimum contingency. The firm rendered false the representation made in the offering that investor funds would be returned if the minimum amount was not raised during the offering period. (**FINRA Case #2020065252801**)

BOK Financial Securities, Inc. (CRD #17530, Tulsa, Oklahoma)
December 3, 2024 – An AWC was issued in which the firm was censured and fined $110,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it inaccurately reported transactions to the Trade Reporting and Compliance Engine (TRACE) in TRACE-eligible securities that did not include a mark-up, mark-down, or commission without the required No Remuneration (NR) indicator. The findings stated that firm traders failed to manually enter the correct field in the firm's TRACE reporting system. Following an inquiry from FINRA, the firm automated the inclusion of the NR Indicator in its TRACE reporting system whenever a commission, mark-up, or mark-down was not assessed. The findings also stated that the firm failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with FINRA 6730(d). While the firm's WSPs provided for supervisory

reviews of its TRACE reporting, none of the reviews related to the accurate reporting of the NR Indicator. In addition, the firm did not perform any reviews to determine whether its traders accurately reported the NR Indicator, even though manual entry carried the risk of human error. Ultimately, the firm implemented a daily and a quarterly review sampling its TRACE reports to ensure that it accurately appends the NR Indicator and has revised its WSPs to reflect those reviews. (**FINRA Case #2023079290101**)

LifeSci Capital, LLC (CRD #168404, New York, New York)
December 4, 2024 – An AWC was issued in which the firm was censured, fined $900,000 and required to certify that it has remediated the issues identified in the AWC and implemented a reasonably designed supervisory system, including WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that while it participated in the initial public offering (IPO) for a special purpose acquisition company (SPAC), it received underwriting compensation that was unreasonable and inaccurately described in the offering documents and to FINRA. The findings stated that the offering was declared effective by the Securities and Exchange Commission (SEC) with underwriting terms that materially differed from those approved by FINRA. The findings also stated that the firm inaccurately described its underwriting compensation in offering documents and FINRA filings. Although the prospectus stated that the warrants were to expire five years after the effective date of the registration statement, the private warrant agreement permitted the holders to exercise them during a period that ran longer than five years from commencement of sales of the public offering. In addition, the firm's filings with FINRA and the prospectus stated that the securities received as underwriting compensation were subject to a 360-day lock-up commencing on the effective date of the registration statement. However, neither the private warrant agreement nor any other agreements governing the private warrants provided for a lock-up. The findings also included that the firm failed to make required filings with FINRA. In connection with the SPAC offering and two other public offerings of securities, the firm failed to file documents with FINRA that were required to be filed by FINRA Rules 5110(a)(4). In addition, the firm failed to provide any documents relating to the modification of the SPAC offering underwriting terms. During the same period, in connection with the SPAC offering and one other offering, the firm also failed to timely file documents required to be filed by Rule 5110(a)(4) with FINRA on six occasions. The firm's late filings ranged from less than one month to more than seven months late. FINRA found that the firm failed to establish a supervisory system, including written procedures, reasonably designed to achieve compliance with FINRA Rule 5110. The firms WSPs did not have procedures to determine the fairness of underwriting compensation or discuss filing requirements imposed by the rule. Furthermore, the firm did not implement any supervisory review to monitor its underwriting compensation, both contemplated and received, or its filings with

FINRA, or assign supervisory responsibility for compliance with FINRA Rule 5110 to any individual or supervisor. The firm failed to establish reasonable supervisory systems and WSPs concerning the underwriting of public securities even though it was a primary business activity of the firm. (**FINRA Case #2021072554901**)

Union Capital Company (CRD #110301, Tucson, Arizona)
December 4, 2024 – An AWC was issued in which the firm was censured, is ordered to pay $28,237.85, in restitution to customers, and required to certify that it has remediated the issues identified in the AWC and implemented a reasonably designed supervisory system, including WSPs. In light of the firm's financial status, the sanctions did not include a monetary fine. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with SEC and FINRA rules regarding leveraged and inverse exchange-traded funds and leveraged and inverse mutual funds (Non-Traditional Funds) recommendations. The findings stated that the firm's WSPs did not state whether representatives were permitted to recommend Non-Traditional Funds or under what circumstances the products should or should not be recommended. The WSPs also provided no guidance to supervisors regarding how to identify and address potentially unsuitable Non-Traditional Fund recommendations. As a result of the supervisory failures, the firm failed to detect and address several occasions in which the firm's representatives recommended that customers buy Non-Traditional Funds without a reasonable basis to recommend them. Some of the affected customers were seniors who had a moderate risk tolerance. The firms' representatives recommended daily-reset Non-Traditional Fund positions that were held in customer accounts for periods ranging from 14 to 407 days. Those customers suffered $28,237.85 in total net realized losses. (**FINRA Case #2021072000902**)

SG Americas Securities, LLC (CRD #128351, New York, New York)
December 6, 2024 – An AWC was issued in which the firm was censured, fined $950,000, and required to certify that it has reviewed its systems and procedures regarding the identification of persons employed by the firm or any of its affiliates who are non-registered associated persons required to be fingerprinted and screened pursuant to Exchange Act Rule 17f-2; that it has implemented a reasonably designed supervisory system, including WSPs, to achieve compliance with the fingerprinting requirements found in Exchange Act and FINRA rules; and that it has completed its ongoing review to identify the operational persons who have not been previously fingerprinted as required by Exchange Act Rule 17f-2 and remediate the fingerprinting of such individuals. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to fingerprint and review the fingerprint results to screen for statutory disqualification approximately 2,000 non-registered associated persons employed by affiliates of the

firm, as well as an unknown additional number of associated persons who are no longer employed by certain firm affiliates. The findings stated that the non-registered associated persons employed by affiliates of the firm were subject to background checks as part of the firm's screening process for statutory disqualification, but the process did not include the collection of fingerprints and review of fingerprint results. After FINRA initiated its investigation, the firm began remediation efforts, fingerprinting and reviewing the fingerprinting results for non-registered associated persons then employed by the firm's affiliates. However, the firm was unable to fingerprint 990 individuals because they were no longer associated with the firm or its affiliates. The firm was further unable to determine whether any of those formerly associated individuals were subject to statutory disqualification based on fingerprint results. Ultimately, the firm completed its remediation efforts and did not identify any individuals that were subject to statutory disqualification. In addition, the firm commenced fingerprinting individuals that are employed by a firm affiliate in India and is assessing whether other employees of the same affiliate must be fingerprinted. The findings also stated that the firm failed to maintain fingerprint records for the non-registered associated persons whom it has failed to fingerprint. The findings also included that the firm failed to establish, maintain, and enforce a supervisory system and written procedures reasonably designed to achieve compliance with the Exchange Act and FINRA rules regarding required fingerprinting and screening for statutory disqualification of non-registered associated persons. The firm lacked written procedures requiring the firm to fingerprint and to use fingerprint results to screen for statutory disqualification non-registered associated persons employed by affiliates. (**FINRA Case #2021071475201**)

Cambria Capital, LLC (CRD #133760, Salt Lake City, Utah)
December 17, 2024 – An AWC was issued in which the firm was censured and ordered to pay $48,435.76, plus interest, in restitution to customers. No fine was imposed after considering, among other things, the firm's revenue and financial resources, a Uniform Request for Broker-Dealer Withdrawal (Form BDW) filing terminating its registration with FINRA, and its agreement to pay restitution. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it charged unfair commissions on 255 transactions and failed to establish and maintain a supervisory system reasonably designed to achieve compliance with FINRA Rule 2121. The findings stated that the firm charged a commission of $75 or more per transaction regardless of the principal value of the trade. The commissions charged ranged from over five to 77 percent of these transaction's principal value and the amount of commissions charged that exceeded 5 percent equaled $3,155.37. The firm's WSPs failed to describe the supervisory steps designated firm principals should take to achieve compliance with the fair pricing requirements and did not state what factors firm principals should consider when determining the fairness of commissions or how to document their reviews.

In addition, firm principals manually reviewed the daily trade blotter for potentially unfair commissions, yet the blotter did not set out the percentage commission charged on each trade. The firm's supervisors failed to identify that the firm charged excessive commission in these instances. The findings also stated that the firm failed to establish and maintain a supervisory system reasonably designed to achieve compliance with SEC and FINRA rules related to excessive trading. The firm's WSPs did not include any guidance on how to calculate or assess an account's turnover rate or cost-to-equity ratio or describe any reports that should be used in order to identify potential excessive trading. The firm's supervisory system for detecting potential excessive trading consisted of the firm's principals manually reviewing the daily trade blotter. However, the daily trade blotter only reflected the prior day's trading and did not provide any information relating to patterns of, or overall, trading in customer accounts. The firm's clearing firm made exception reports available, which contained information on customer accounts that had been flagged for meeting certain thresholds, such as high turnover rates and high commission-to-equity but the firm did not access or review these reports. Furthermore, the firm failed to identify two retail customer accounts that were excessively traded by a firm representative that generated total trading costs of $41,768, including $31,214 in commissions. The findings also included that the firm failed to establish and maintain a supervisory system reasonably designed to achieve compliance with its suitability obligations in connection with recommendations of non-traditional and volatility-linked exchange-traded products (ETPs). The firm failed to detect and address three instances in which a firm representative recommended that customers buy non-traditional or volatility-linked ETPs without a reasonable basis to recommend them. These customers collectively incurred $3,512.33 in losses. (**FINRA Case #2021072094101**)

Insigneo Securities, LLC (CRD #29249, Miami, Florida)
December 18, 2024 – An AWC was issued in which the firm was censured and fined $85,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to reasonably supervise a former registered representative's participation in private securities transactions. The findings stated that the firm discovered that the representative participated in private securities transactions when he recommended that customers invest in a private placement offering that was not approved by the firm. Following that discovery, the firm implemented a conditional exception to the firm's prohibition for participating in private securities transactions that applied only to that representative. The exception permitted him to sell private placements through the representative's unaffiliated investment advisor without providing the information required by FINRA Rule 3280, including prior written notice describing each transaction in detail, and without obtaining approval from the firm for each transaction. The registered representative sold securities associated with six

private placements away from the firm without providing advance notice, totaling $9.75 million, to 25 investors, eight of whom also were firm customers. The firm did not conduct a contemporaneous review of the offerings or the investors who participated or determine whether the representative obtained selling compensation that required the firm to record the transactions on its books and records. Ultimately, the representative, who had previously resigned from the firm, was barred from associating with any FINRA member. The findings also stated that that the firm overreported, failed to report, and inaccurately reported almost 10,000 executed customer transactions to TRACE. These reports constituted approximately 24 percent of the TRACE reports the firm submitted during the time period. (**FINRA Case #2021071366302**)

Seaport Global Securities LLC (CRD #116270, New York, New York)
December 18, 2024 – An AWC was issued in which the firm was censured, fined $125,000, and required to certify that it has remediated the issues identified in the AWC and implemented a reasonably designed supervisory system, including WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system reasonably designed to supervise its options desk's canceling (or busting) and re-executing (or adjusting) of manual options trades. The findings stated that the firm initially had no supervisory systems or WSPs for reviewing manual options trades that were busted and adjusted by its options trading desk. On four occasions, the firm's options traders directed floor brokers to bust and adjust manual options trades either at the solicited counterparty's request or due to firm errors, resulting in prices less favorable to the firm's customers than when the trades were originally executed. In each of these instances, the firm performed no supervisory review of the trader's request to bust and adjust the trade to ensure that the bust and adjust complied with applicable FINRA rules or to determine whether to compensate the customers. During the course of this investigation, the firm offered full restitution totaling $111,400, plus interest, to these customers. When the firm implemented updated WSPs requiring its options traders to seek an Options Principal's approval and to notify the firm's compliance department when requesting to bust and adjust a trade, the firm's procedures did not provide any guidance to the firm's options traders or principals concerning the circumstances under which the options desk was permitted to request that a trade be busted and adjusted to ensure compliance with applicable FINRA rules. The firm also lacked a system or procedure to address compensation for the firm's customer in the event the requested bust and adjust would result in a worse price for the customer. In addition, the firm had no supervisory systems or procedures, including WSPs, to verify the completeness and accuracy of the options desk's order memoranda for busted and adjusted trades. The findings also stated that the firm failed to make and keep current complete and accurate order memoranda in connection with four busted and adjusted options

trades. The firm failed to document the terms of the customer's original order and instead only documented the terms of the re-executed transaction after the original transaction had been busted and adjusted. The firm also recorded inaccurate order entry times on order memoranda for three of the transactions and inaccurate order receipt times on order memoranda for two of the transactions. (**FINRA Case #2020067409501**)

UBS Financial Services Inc. (CRD #8174, Weehawken, New Jersey)
December 18, 2024 – An AWC was issued in which the firm was censured, fined $500,000, ordered to pay $343,914.66, plus interest, in restitution to customers, and ordered to pay disgorgement of commissions received in the amount of $2,645,537, plus interest. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system, including written procedures, reasonably designed to assess whether its registered representatives recommended to retail customers short-term trades of syndicate preferred stocks that were unsuitable. The findings stated that the firm did not maintain any written procedures for its representatives, or provide any guidance specific to the suitability of holding periods for purchases of syndicate preferred stock. Nor did the firm's procedures identify any concerns with short-term trading of those preferred stock positions. The firm supervised short-term trading of syndicate preferred stock through an electronic surveillance system that generated a trading report, which had parameters that were unduly narrow. As a result, the firm failed to review a substantial amount of short-term syndicate preferred stock trading. Only 40 preferred stock positions appeared on the reports and were thus subject to any supervisory review. Moreover, even when short term trades in preferred stock appeared on the reports, the firm did not take reasonable action to follow-up and investigate potentially unsuitable trades. In addition, representatives or representative teams recommended syndicate preferred stock purchases that were then sold with a holding period of 180 days or less where there was a realized loss on the sale, even after including income earned on the position. For these positions, the firm earned $2,645,537 in selling concessions from the syndicate purchases (collected from the issuer), and at least $343,914 in sales commissions from the subsequent sales (collected from the customers). The firm conducted a substantial syndicate preferred stock business yet did not maintain a supervisory system reasonably designed to ensure that its representatives recommended short-term trading of syndicate preferred stocks was suitable, and not, for example, for the purpose of capturing sales concessions and commissions. The firm later implemented enhanced written procedures and guidance and revised its trade review system for supervisory review of short-term trades of syndicate preferred stocks. (**FINRA Case #2019061442601**)

LPL Financial LLC (CRD #6413, Fort Mill, South Carolina)
December 20, 2024 – An AWC was issued in which the firm was censured and fined $900,000. Contemporaneously with the issuance of this AWC, the firm is settling an action with the SEC pursuant to an Order Instituting Administrative and Cease-and-Desist Proceedings addressing violations of federal law and SEC regulations regarding blue sheets and imposing a civil penalty of $900,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it submitted approximately 5,800 blue sheets to FINRA that inaccurately reported one or more of 12 types of transaction information. The findings stated that collectively, the firm failed to include required transactions or transaction information, or included incorrect information, for approximately 205,000 transactions. The firm omitted responsive transactions from certain blue sheets, and incorrectly reported the customer's address, state, and employer for certain trades from other blue sheets. In addition, the firm incorrectly reported the execution time for trades allocated to customer accounts. Initially, the firm disclosed to FINRA four of these types of errors, but the remainder were discovered by the firm during the course of FINRA's investigation with the assistance of a third-party consultant. All twelve of these error types were caused by software coding issues and human errors. Certain of these software coding issues were embedded in vendor blue sheet reporting applications. The firm's blue sheet errors caused the firm to fail to report or report inaccurately trade information that was critical to FINRA's regulatory function, including identifying potential insider trading, market manipulation, or otherwise suspicious trading. Ultimately, the firm remediated these errors and amended and resubmitted the impacted blue sheets to FINRA.
(**FINRA Case #2020067449801**)

Wells Fargo Clearing Services, LLC (CRD #19616, St. Louis, Missouri)
December 20, 2024 – An AWC was issued in which the firm was censured and fined $900,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it submitted approximately 22,000 blue sheets to FINRA that inaccurately reported one or more of 10 types of transaction information. The findings stated that the firm initially disclosed to FINRA three separate software coding errors that caused the firm to misreport the exchange where trades were executed and to misidentify the registered representative for trades. Subsequently, FINRA discovered that the firm reported customer names and addresses as "Privacy Protected" on certain blue sheets, instead of reporting the actual names and addresses of the customers. The firm then reviewed its prior blue sheet submissions and reported to FINRA additional blue sheet errors caused by software coding issues. In particular, the firm's blue sheet submissions contained inaccurate information with respect to (among other things): the exchanges where additional trades were executed (other than those the firm previously disclosed earlier); the taxpayer identification indicators for a certain account; average price

indicators; the order execution time of certain dividend reinvestments; buy/sell codes for certain options transactions; and state and/or zip code information. Collectively the firm failed to include required transactions or transaction information, or included incorrect information, for approximately 5.5 million transactions. (FINRA Case #2019062573101)

J.P. Morgan Securities LLC (CRD #79, New York, New York)
December 23, 2024 – An AWC was issued in which the firm was censured and fined $3,000,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to accurately report short interest positions to FINRA. The findings stated that the firm's inaccurate reporting resulted from multiple causes that each impacted the firm's short interest reporting at different intervals. In certain instances, the firm overreported its short interest positions. The firm incorrectly reported short interest positions of certain customers of its non-U.S. broker-dealer affiliates on a net basis rather than a gross basis, incorrectly included in its short interest reporting certain positions resulting from stock loan activity, and included in its short interest reporting certain transactions in the prime brokerage accounts of a client that related to incorrectly identified external transfers, rather than reportable trading activity. Further, the firm overreported short interest positions that were ineligible for reporting since the positions related to dividend reinvestment activity, rather than trading activity. In other instances, the firm underreported its short interest positions. The firm incorrectly excluded positions in Canadian and Latin American securities held in certain accounts from its short interest reporting logic. The firm also excluded from its short interest reporting certain positions in over-the-counter (OTC) foreign securities that were dually listed. The firm also incorrectly excluded from its short interest reporting certain positions in an affiliate's omnibus account held at the firm. The firm has remediated these issues. The findings also stated that the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with its short interest reporting obligations. Prior to 2020, the firm did not have a process in place to periodically review whether accounts were properly included or excluded for purposes of short interest reporting. (FINRA Case #2020065501201)

Virtu Americas LLC (CRD #149823, New York, New York)
December 23, 2024 – An AWC was issued in which the firm was censured and fined $750,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it overstated its advertised trade volume on two subscription-based providers of market data, Bloomberg and Thomson Reuters. The findings stated that the firm configured its systems to automatically, throughout the day, advertise the firm's trading volume in numerous securities on these providers and relied on an end-of-day process to reconcile any differences between its intra-day advertised volume and its end-of-day executed volume

resulting from order modifications or cancellations. However, due to changes implemented by the firm to its Bloomberg messaging format, the firm's trade volume cancellation messages could not be processed by Bloomberg. Accordingly, the volume that the firm intended to cancel was still advertised, and the additional volume with which the firm intended to replace the cancelled volume was also advertised. In an additional instance, an error in the firm's transaction coding process, prompted by a system migration, caused the firm to erroneously advertise certain journaled transactions that were not eligible for advertisement. Overall, the firm overstated its advertised trade volume on Bloomberg and Thomson Reuters in approximately 110,500 instances, by approximately 17.1 billion shares. The findings also stated that the firm's supervisory system was not reasonably designed to achieve compliance with FINRA Rule 5210. When the firm changed its trade advertisement messaging format it did not reasonably test whether its end-of-day trade volume data was accurately communicated to Bloomberg. In addition, the firm failed to conduct reasonable reviews to ensure that it accurately communicated its trade volume data. The firm had no supervisory reviews in effect to monitor the accuracy of its trade volume as actually advertised by Bloomberg and Thomson Reuters. While the firm implemented supervisory reviews, with related WSPs, the reviews were not reasonably designed. They did not address the possibility of discrepancies between the trade volumes the firm communicated to Bloomberg and Thomson Reuters and the trade volumes those providers published. The reviews also failed to monitor for anomalous advertising activity suggestive of over-advertising. The firm revised its supervisory procedures to incorporate regular reviews of the firm's trade volume and ultimately implemented daily reports that compared the firm's advertised trading volumes against, among other things, each advertised security's 20-day average daily trading volume to detect potential anomalies in the firm's advertised trade volume. (**FINRA Case #2018059519001**)

Builder Advisor Group, LLC (CRD #156515, Corte Madera, California)
December 24, 2024 – An AWC was issued in which the firm was censured and fined $30,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and implement procedures reasonably designed to identify and verify the identities of the beneficial owners of its legal entity customers at the time of new client engagements. The findings stated that as a result, the firm did not obtain certifications for the accuracy of beneficial owner information as required and failed to record the non-documentary methods it used to verify the identities of some beneficial owners. The findings also stated that the firm failed to conduct independent testing of its anti-money laundering (AML) compliance program that was required. (**FINRA Case #2023077030601**)

Jefferies LLC (CRD #2347, New York, New York)
December 27, 2024 – An AWC was issued in which the firm was censured and fined $250,000, of which $37,200 is payable to FINRA. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that its supervisory system and WSPs were not reasonably designed to achieve compliance with Regulation M under the Exchange Act and related notification rules. The findings stated that the WSPs did not reasonably describe steps to achieve compliance with Regulation M and related notification rules, such as conducting supervisory reviews to verify whether an offering qualified as a distribution, that applicable restricted periods were accurate, the accuracy of restricted period notifications, or to ensure that the firm did not engage in impermissible trading or bidding activity during restricted periods. As a result of the firm not conducting supervisory reviews, it did not identify whether it purchased shares in covered securities during their restricted periods. The firm later took steps to revise its supervisory system and WSPs. (**FINRA Case #2020066386503**)

Interactive Brokers, LLC (CRD #36418, Greenwich, Connecticut)
December 30, 2024 – An AWC was issued in which the firm was censured and fined $2,250,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to detect customers with cash accounts who engaged in "free-riding," the buying and selling of securities before paying for them, in options and issued options. The findings stated that the firm relied on automated surveillance to monitor customer cash accounts for free-riding. However, the firm inadvertently did not program its surveillance system to monitor for free-riding in options and issued options. As a result, the firm did not identify the free-riding transactions, and therefore, for those accounts, the firm did not impose the 90-day freeze required by Exchange Act Section 7(c), Regulation T of the Board of Governors of the Federal Reserve System (Regulation T) and did not require payment in full for any subsequent purchase of securities during the 90-day period. The firm failed to detect transactions in which customers using cash accounts traded options and issued options without having sufficient cash in their accounts to pay for the purchases. The findings also stated that the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with Regulation T and FINRA Rule 4210. The firm maintained an internal description of its surveillance system that stated that cash accounts would be surveilled for free-riding and would be subject to the 90-day freeze if the system detected a violation of the rule. However, the description, which listed the securities products to which the surveillance applied, failed to include options and issued options as products subject to the surveillance. Further, the firm failed to conduct any audit or testing of its free-riding automated surveillance. The firm's WSPs failed to contain procedures relating to the Regulation T or FINRA Rule 4210 requirements to impose a 90-day freeze on the privilege of delaying payment beyond the trade date in customer cash

accounts that engage in free-riding. Ultimately, the firm updated the programming of its freeriding surveillance to include options and issued options and issued cash up front restriction notices to customers who had engaged in free-riding in the prior 90 days. Subsequently, the firm updated its WSPs to include procedures relating to Regulation T and FINRA Rule 4210's requirements to impose the 90-day freeze on customer cash accounts that engaged in free-riding. In addition, the firm updated its internal description of its free-riding surveillance system to include options and issued options as products subject to the surveillance. (FINRA Case #2022075315101)

UBS Financial Services Inc. (CRD #8174, Weehawken, New Jersey)
December 30, 2024 – An AWC was issued in which the firm was censured and fined $1,100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it sent millions of trade confirmations to customers that failed to accurately disclose whether the price shown was an average price. The findings stated that the inaccuracies arose because the firm's confirmations disclosed that each trade processed through its Trade Allocation and Processing System (TAPS) account was executed in more than one transaction and that the price shown was an average price. However, while the TAPS account was designed for average price transactions, the firm also used the TAPS account to process block orders, some of which were effected in one execution at a single price. For those orders, the firm's confirmations incorrectly disclosed that the trade was executed in more than one transaction and that the price shown was an average price. These failures occurred even though FINRA notified the firm about its inaccurate average price disclosures. Ultimately, the firm did not fully remediate the issue until over 10 years after FINRA's notification. The findings also stated that the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with Exchange Act Rule 10b-10 and FINRA Rule 2232. The firm did not respond reasonably after FINRA notified it about its inaccurate average price disclosures by taking over ten years to fully remediate its disclosures. In addition, although the firm began including or omitting definitive average price disclosures on the trades processed through the TAPS account by the third-party vendor four and half years after FINRA's notification, the firm had no supervisory system or WSPs to review whether these average price disclosures were correctly included or omitted. The firm reviewed a weekly sample of trade confirmations to determine the accuracy of other required confirmation elements but did not review the accuracy of its average price disclosures. (FINRA Case #2022076156301)

Barclays Capital Inc. (CRD #19714, New York, New York)
December 31, 2024 – An AWC was issued in which the firm was censured and fined $1,000,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with rules relating to net capital. The findings stated that the firm's written procedures did not describe how to identify firm commitment underwritings and distinguish them from best efforts offerings. In practice, the firm erroneously treated offerings as firm commitment offerings only when it, as the underwriter, had agreed with the issuer to buy all of the securities allocated to it at an agreed-upon price, but had not secured investors to buy the securities. If an offering was identified as a firm commitment, its impact on the firm's net capital amount was monitored and included in the net capital computation. To the extent that the firm's investors had committed to purchasing all of the securities at an agreed-upon price when signing the underwriting agreement, the firm incorrectly treated the offerings as best-efforts offerings and therefore excluded the offering from consideration when conducting its net capital computation. Consequently, the firm misclassified certain firm commitment offerings as best-efforts offerings, and failed to take the open contractual commitment charge in its net capital computations. The firm later updated its written procedures to provide for the accurate identification of firm commitment offerings and for taking related open contractual capital charges. The findings also stated that the firm filed inaccurate Financial and Operational Combined Uniform Single (FOCUS) reports and maintained inaccurate books and records. As a result of the firm's net capital computations being inaccurate, the firm's general ledger and record of its net capital computations, and FOCUS reports filed by the firm containing amounts based on those computations, overstated the firm's net capital in amounts ranging from approximately $44 million to $949 million. Although the firm incorrectly calculated its net capital, it maintained sufficient excess net capital to engage in a securities business and participate in the firm commitment offerings for which it served as an underwriter during the relevant period. (**FINRA Case #2020065101601**)

Citigroup Global Markets Inc. (CRD #7059, New York, New York)
December 31, 2024 – An AWC was issued in which the firm was censured and fined $100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it violated Municipal Securities Rulemaking Board (MSRB) Rules G-2 and G-3 by permitting three associated persons to engage in activities requiring qualification as a municipal securities representative when they were not qualified to act in that capacity. The findings stated that the associated persons co-authored, along with qualified municipal securities representatives, 470 municipal securities research reports when they were not registered in the required capacity. One of the associated persons authored an additional four reports without

a qualified municipal securities representative as co-author. The firm uncovered this violation when a new supervisor observed that these associated persons were not registered as municipal securities representatives. As a result, the firm conducted a review of its municipal research licensing practices and suspended the publication of municipal bond research reports until the entire municipal research team had taken and passed the Series 52 examination. (FINRA Case #2023080783201)

Roger Peter Daly (CRD #1423097, Point Lookout, New York)
December 2, 2024 – An AWC was issued in which Daly was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Daly consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection to its investigation into his entry and full cancellation of certain orders in U.S. Treasury securities. (FINRA Case #2022074306901)

Stephen Philip King (CRD #1590508, Lanoka Harbor, New Jersey)
December 2, 2024 – An AWC was issued in which King was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, King consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with its investigation into, among other things, his supervision of recommendations by registered representatives of his member firm that customers invest in low-priced securities. (FINRA Case #2022073419203)

Saraie Dorgilles (CRD #7581212, North Lauderdale, Florida)
December 11, 2024 – An AWC was issued in which Dorgilles was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Dorgilles consented to the sanction and to the entry of findings that she refused to appear for on-the-record testimony requested by FINRA in connection with its investigation into her conduct while taking the Securities Industry Essentials (SIE) exam. (FINRA Case #2023078027501)

James Clayton Langford III (CRD #4579060, Auburn, Alabama)
December 17, 2024 – An AWC was issued in which Langford was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Langford consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with its investigation of allegations made on Uniform Termination Notice for Securities Industry Registration (Form U5) filings by his member firm that he converted funds from a senior customer. The findings stated that the firm filed a Form U5 amendment disclosing a civil litigation alleging that Langford converted $600,000 from a trust account for his own personal use without the

consent or knowledge of the customer. Subsequently, the firm filed another Form U5 amendment disclosing felony charges against Langford for aggravated theft by deception and financial exploitation of the elderly. (**FINRA Case #2024083076001**)

Daniel Hoeflinger (CRD #7602554, New York, New York)
December 20, 2024 – An Office of Hearing Officers (OHO) decision became final in which Hoeflinger was barred from associating with any FINRA member firm in any capacity. The sanction was based on the findings that Hoeflinger failed to provide information and documents requested by FINRA in connection with its investigation into integrity concerns that his member firm expressed on his Form U5. The findings stated that FINRA sought information and documents relating to whether Hoeflinger had submitted false information or documents to his firm in connection with a paid leave of absence. Hoeflinger's failure to provide the requested information and documents prevented FINRA from fully investigating the matter as the information and documents were integral to the investigation. (**FINRA Case #2023078202201**)

Howard Dennis Kavinsky (CRD #5881623, Chicago, Illinois)
December 20, 2024 – An AWC was issued in which Kavinksy was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Kavinsky consented to the sanction and to the entry of findings that he falsified at least 190 consolidated account statements for at least eight customers, some of whom were seniors, by overstating the customers' account balances and reflecting fictitious investments in a hedge fund. The findings stated that Kavinsky also falsified the consolidated account statements for at least six of these customers to reflect that he had invested a portion of their funds in a hedge fund, even though he had not made any such investments. The findings also stated that Kavinsky provided false and misleading information and testified falsely at his on-the-record testimony with FINRA. FINRA requested that Kavinsky identify all customers for whom he had ever misrepresented account values on any document, however he responded falsely by naming only a married couple who had already complained about him to the firm. At the time that Kavinsky made this response, he knew it was false and that he had actually overstated the account values for at least eight customers on their consolidated account statements. Moreover, during on-the-record testimony with FINRA, Kavinsky repeatedly testified falsely that he never told any of his customers that they were invested in any hedge funds. (**FINRA Case #2024082486101**)

Adam Harris Ezrilov (CRD #2679694, Boise, Idaho)
December 24, 2024 – An AWC was issued in which Ezrilov was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Ezrilov consented to the sanction and to the entry of findings that he failed to appear for on-the-record testimony requested by FINRA in connection

with its investigation into the circumstances surrounding a Form U5 submitted by his member firm alleging that it discharged him for submitting succession plan documents to the firm containing a non-genuine signature. (FINRA Case #2024081449301)

Individuals Suspended

Michael Timothy Shoniker (CRD #6402676, Charlotte, North Carolina)
December 2, 2024 – An AWC was issued in which Shoniker was assessed a deferred fine of $7,500 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Shoniker consented to the sanctions and to the entry of findings that he did not timely and fully disclose his outside business activities (OBAs) to his member firm. The findings stated that Shoniker formed a company to invest in real estate but did not disclose the company to his firm for four months. Shortly after disclosing the real estate business to his firm, Shoniker used it to provide consulting and marketing services to a third-party investment advisor. Subsequently, Shoniker began referring customers of his firm to the advisor for compensation. Shoniker also began working with the advisor to obtain customers for them and received referral for himself and his firm. In exchange for Shoniker's referrals and consulting and marketing services, the advisor paid Shoniker, through Shoniker's company, half of the investment advisory fees, less expenses, that it received from over 96 customers of his firm. Shoniker received compensation of approximately $740,000 from the advisor for referrals and consulting and marketing services. Shoniker submitted OBA forms to his firm that described his company as a real estate business but did not describe the referral, consulting, or marketing services he provided to the advisor. In addition, Shoniker submitted annual compliance questionnaires in which he falsely stated that he provided no financial consulting services to any third party and that he had completely and accurately disclosed his OBAs to his firm.

The suspension is in effect from December 2, 2024, through June 1, 2025. (FINRA Case #2023078093901)

Matthew Thomas Higgins (CRD #4209849, Martinsville, New Jersey)
December 3, 2024 – An AWC was issued in which Higgins was fined $5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Higgins consented to the sanctions and to the entry of findings that he participated in private securities transactions without providing prior written notice to his member firm. The findings stated that Higgins solicited two investors to invest a total of $150,000 in partnership interests issued by a crypto asset investment fund he co-founded. In addition, Higgins solicited one of those investors and an additional investor to invest $200,000

in promissory notes issued by a crypto asset mining company he co-founded. Higgins introduced the investment opportunities to the investors, answered their questions about the fund or company, sent the investors the offering documents, and facilitated the transactions. Higgins did not receive any commissions for soliciting these transactions or any compensation in connection with the investment fund or the crypto asset mining company. None of the investors were customers of the firm.

The suspension is in effect from January 6, 2025, through April 5, 2025. (FINRA Case #2022076346501)

Chris S. Stocks (CRD #2600346, Paradise Valley, Arizona)
December 4, 2024 – An AWC was issued in which Stocks was fined $10,000 and suspended from association with any FINRA member in all capacities for 30 days. Without admitting or denying the findings, Stocks consented to the sanctions and to the entry of findings that he engaged in an OBA without providing prior written notice to his member firm. The findings stated that Stocks formed business entities for the purpose of purchasing and operating a hotel. After the hotel was purchased, Stocks remained involved with the hotel's operations, including by making hiring decisions, interacting with the hotel's general manager, and participating in contract negotiations. Stocks expected to receive compensation from this OBA by sharing in the hotel's profits. Stocks failed to provide written notice to his firm for more than three years, during which he completed firm annual compliance attestations in which he falsely stated that he had disclosed all of his OBAs.

The suspension was in effect from January 6, 2025, through February 4, 2025. (FINRA Case #2021073543101)

Christopher Mullaly (CRD #6345942, Enfield, New Hampshire)
December 6, 2024 – An AWC was issued in which Mullaly was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Mullaly consented to the sanctions and to the entry of findings that he did not seek or obtain written consent from his member firm prior to opening, or while continuing to maintain, two outside brokerage accounts in which he could effect securities transactions and in which he had a beneficial interest. The findings stated that Mullaly did not notify one of the financial institutions where he maintained an outside account, and did not timely notify the other financial institution, of his association with his firm. In addition, Mullaly submitted annual compliance questionnaires to his firm in which he falsely certified that he had no outside brokerage accounts.

The suspension is in effect from December 16, 2024, through March 15, 2025. (FINRA Case #2023080053401)

Michael John Brewster (CRD #2294956, Hutchinson Island, Florida)
December 9, 2024 – An AWC was issued in which Brewster was fined $5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Brewster consented to the sanctions and to the entry of findings that he instructed his sales assistant to use his member firm login credentials to complete 15 firm-required online compliance training modules on his behalf, which totaled over five training hours.

The suspension was in effect from January 6, 2025, through February 5, 2025. (**FINRA Case #2023077974301**)

Bryan Scott Corona (CRD #6025348, Woodstock Georgia)
December 9, 2024 – An AWC was issued in which Corona was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Corona consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Uniform Application for Securities Industry Registration or Transfer (Form U4) to disclose felony charges. The findings stated that Corona learned of the charges no later than when he entered a plea, through counsel, with the court. However, Corona failed to amend his Form U4 for over six months.

The suspension is in effect from December 16, 2024, through April 15, 2025. (**FINRA Case #2023079220801**)

Paul Edwards (CRD #5967107, Palm Bay Florida)
December 9, 2024 – An AWC was issued in which Edwards was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Edwards consented to the sanctions and to the entry of findings that he forged the signatures of two customers on an insurance application by electronically signing the customers' names without authorization. The findings stated that upon learning of the forgery, one of the customers complained to Edwards' member firm. Edwards never submitted the form to the insurance company or his firm. In addition, Edwards falsified seven documents by altering them after they were signed by six different customers. Edwards requested that customers sign blank forms that he then completed after they had been signed and submitted them to the firm. Five of the altered documents, including automatic investment authorization forms, one-time distribution request forms, and an asset movement authorization form, were required books and records of the firm. None of the customers who signed blank forms complained, and the underlying transactions were authorized.

The suspension was in effect from December 16, 2024, through February 15, 2025. (**FINRA Case #2022076567401**)

Peter James Fetherston (CRD #2108610, Garden City, New York)
December 9, 2024 – The National Adjudicatory Counsel (NAC) remanded this matter to the Office of Hearing Officers for further consideration of the findings and sanctions. The NAC reversed the OHO's dismissals of the allegations that Fetherston converted customer funds and provided to FINRA a false document, information, and testimony concerning the purpose of those funds. The NAC found that OHO did not adequately support its determinations to dismiss those allegations. While the OHO based these dismissals on concerns it had with the reliability of the customers' statements concerning the purpose of the funds, it failed to specify the evidentiary weight it accorded those statements, if any. Moreover, the OHO failed to address evidence relevant to its concerns with the statements' reliability, and its analysis indicates that it applied a stricter standard of proof than the applicable preponderance standard. The NAC instructed the OHO to address these issues, among others, on remand. Separately, the NAC affirmed the OHO's finding that Fetherston violated FINRA Rule 8210 by failing to provide requested information concerning medical expenses he paid with the customers' funds. The NAC concluded that the limited information requested was "with respect to" FINRA's investigation, as it related to Fetherston's claim that the customers gave him the funds to assist with medical expenses. The NAC set aside the four-month suspension the OHO imposed for this Rule 8210 violation, explaining that the OHO misapprehended facts and law relevant to the sanctions analysis. The NAC directed the OHO to reassess the sanction on remand, consistent with the discussion in its decision.

The sanction is not in effect pending review. (**FINRA Case #2020065396501**)

Sharon Green (CRD #1269522, Greenfield, Wisconsin)
December 9, 2024 – An AWC was issued in which Green was fined $5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Green consented to the sanctions and to the entry of findings that she engaged in an OBA without prior written notice to her member firm. The findings stated that Green provided consulting services to individuals, including three customers of the firm, all of whom were seniors, related to estate planning, medical care, family mediation, and budgeting and debt management. Green received approximately $35,000 in compensation for these services.

The suspension was in effect from January 6, 2025, through February 5, 2025. (**FINRA Case #2023078132201**)

Jack David Faller (CRD #1883661, Howell, New Jersey)
December 11, 2024 – An AWC was issued in which Faller was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for nine months. Without admitting or denying the findings, Faller

consented to the sanctions and to the entry of findings that he created reports purporting to reflect branch inspections that he completed at his former member firm when he had not conducted any such branch inspections. The findings stated that Faller was the designated principal at his firm responsible for its compliance with branch inspections, but he failed to prepare any branch office inspection reports for the firm's sole branch office. When the firm's Chief Compliance Officer (CCO) asked Faller if he had copies of the branch inspections, Faller responded that he did not complete the branch inspections for those years but offered to create the reports for the years in question. At the time Faller offered to create the reports, he had not been associated with the firm for over a year. The CCO submitted the branch inspection reports to FINRA in response to its request. Neither Faller nor the CCO disclosed to FINRA that the branch inspection reports were recently created in response to FINRA's request until after FINRA discovered they were not contemporaneous records. The findings also stated that by participating in the creation of the branch inspection reports, Faller caused the firm to maintain inaccurate books and records.

The suspension is in effect from December 16, 2024, through September 15, 2025. (**FINRA Case #2022076459307**)

Sean P. McCabe (CRD #5479643, Palm Beach Gardens, Florida)
December 11, 2024 – An AWC was issued in which McCabe was fined $5,000, suspended from association with any FINRA member in all capacities for three months, and ordered to pay $19,275, plus interest, in restitution to a customer. Without admitting or denying the findings, McCabe consented to the sanctions and to the entry of findings that he excessively and unsuitably traded a customer's account. The findings stated that McCabe recommended high frequency in-and-out trading to the customer, including recommending that the customer sell a position he had recently opened even when the price of the security had not materially changed. The customer, a dairy farmer in his late fifties with a speculative risk tolerance, relied on McCabe's advice and routinely followed his recommendations. As a result, McCabe exercised de facto control over the customer's account. McCabe's trading in the customer's account generated $19,275 in commissions and caused $57,445 in realized losses.

The suspension is in effect from January 6, 2025, through April 5, 2025. (**FINRA Case #2019060753510**)

Mary Christine Beslagic (CRD #5966835, Port Orchard, Washington)
December 12, 2024 – An AWC was issued in which Beslagic was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Beslagic consented to the sanctions and to the entry of findings that she willfully violated

Rule 15l-1(a)(1) under the Exchange Act (Reg BI) by recommending that customers of her member firm invest proceeds of their home equity loan in mutual funds. The findings stated that Beslagic was aware of the customers' intended use of their liquified home equity proceeds and that the customer had several near-term liquidity needs. The mutual funds began declining in value shortly after the customers purchased them, resulting in the customers selling a portion of their investments at a loss and taking out margin loans totaling approximately $25,000 to meet their near-term liquidity needs. Beslagic's firm provided compensation to the customers totaling $24,276.00 for their losses.

The suspension was in effect from December 16, 2024, through February 15, 2025. (FINRA Case #2023079509301)

Donald R. Ayers Jr. (CRD #1529464, Manasquan, New Jersey)
December 17, 2024 – An AWC was issued in which Ayers was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Ayers consented to the sanctions and to the entry of findings that he willfully failed to disclose or timely disclose on a Form U4 10 liens and judgments totaling approximately $230,000. The findings stated that Ayers failed to timely disclose nine of the liens or judgments on his Form U4, doing so after delays ranging up to 700 days late. One lien Ayers received remains undisclosed. Most of the liens and judgments remain unsatisfied. In addition, Ayers inaccurately attested on firm annual compliance questionnaires that he did not have any unsatisfied judgments or liens in the last year.

The suspension is in effect from January 6, 2025, through May 5, 2025. (FINRA Case #2023078030001)

Paul Eric Flesche (CRD #3277904, Woodland Hills, California)
December 19, 2024 – The SEC remanded a decision to FINRA in which Flesche was fined $30,000, jointly and severally with his member firm, and suspended from association with any FINRA member in all capacities for 30 business days. The SEC did not review the merits of the violations the NAC found. It remanded because it found it could not evaluate the fairness of FINRA's proceedings because the record was insufficient.

The sanctions are not in effect pending review. (FINRA Case #2016049565901)

Robert Alan Yedid (CRD #1185909, New York, New York)
December 19, 2024 – An AWC was issued in which Yedid was assessed a deferred fine of $2,500 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Yedid consented to the sanctions and to the entry of findings that he shared $6,000 in

transaction-related compensation with an unregistered person. The findings stated that Yedid's member firm served as co-manager on a secondary public offering for an issuer that Yedid referred to the firm. As compensation for the referral, the firm paid Yedid a percentage of the co-manager fees it earned in connection with the offering. Yedid was aware that the individual with whom he shared transaction-based compensation was not registered as they were employed by an affiliate of his firm and supported the secondary public offering as part of the issuer's investor relations team. After Yedid's firm discovered the payment he made to the unregistered person, the firm suspended him for two weeks and imposed a $6,000 fine, which he paid.

The suspension was in effect from January 6, 2025, through January 27, 2025. (FINRA Case #2023080320901)

Steven Michael Blanchard (CRD #6042470, Cornelius, North Carolina)
December 23, 2024 – An AWC was issued in which Blanchard was assessed a deferred fine of $15,000 and suspended from association with any FINRA member in all capacities for two years. Without admitting or denying the findings, Blanchard consented to the sanctions and to the entry of findings that he submitted falsified documents to his member firm in connection with the firm's investigation of a firm customer, who had a personal relationship with Blanchard. The findings stated that the investigation focused on whether the customer had submitted a fabricated offer of employment from the firm in support of a mortgage loan application. Blanchard produced the falsified documents to the firm to make it believe that he had hired the customer. These included an offer letter he fabricated and a purported email exchange he had with the customer using the firm's email system. In fact, the emails had been fabricated and the firm's email system had no record of the emails being sent to or from Blanchard's email account. Blanchard also falsified an email exchange between his customer and the mortgage company, which he forwarded to the firm from his firm email account. The purpose of these emails was to make the firm believe he was not involved with the customer's mortgage application and to give the appearance that his fabricated letter was provided to the mortgage company. The findings also stated that during FINRA's investigation of this matter, Blanchard provided false information and documents in response to FINRA's requests for information. In particular, Blanchard falsely represented to FINRA that his offer letter was genuine. In fact, as Blanchard knew, the offer letter had been fabricated. In addition, Blanchard produced to FINRA other fabricated documents, including documents purportedly showing that the customer had performed marketing services for the firm. In fact, those documents had been created after the firm began its internal investigation. Blanchard subsequently recanted and accepted responsibility for the false information and documents he provided to FINRA.

The suspension is in effect from January 6, 2025, through January 5, 2027. (FINRA Case #2023078308801)

Emilio Guajardo Jr. (CRD #4871764, Spring, Texas)
December 23, 2024 – An AWC was issued in which Guajardo was assessed a deferred fine of $5,000, suspended from association with any FINRA member in all capacities for three months, and ordered to pay deferred disgorgement of commissions received in the amount of $34,878.29, plus interest. Without admitting or denying the findings, Guajardo consented to the sanctions and to the entry of findings that he overconcentrated customer accounts in a Unit Investment Trust (UIT) that invested only in the energy sector, which was inconsistent with the customers' investment objectives and risk tolerances. The findings stated that Guajardo obtained commissions totaling $34,878.29 and his recommendations that the customers invest in the UIT resulted in concentrations in the alternative investment, ranging from 22 percent to 99 percent of the customers' account assets. Guajardo's member firm entered into settlements with the affected customers.

The suspension is in effect from January 6, 2025, through April 5, 2025. (**FINRA Case #2022076210801**)

Ronald Cellini (CRD #1164613, Hauppauge, New York)
December 24, 2024 – An AWC was issued in which Cellini was fined $5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Cellini consented to the sanctions and to the entry of findings that he certified to the State of New York that he had personally completed 15 hours of continuing education required to renew his state insurance license when, in fact, another person had completed that continuing education on his behalf.

The suspension is in effect from January 21, 2025, through February 20, 2025. (**FINRA Case #2024081397401**)

Justin Daniel Muccigrosso (CRD #7356874, New York, New York)
December 26, 2024 – An AWC was issued in which Muccigrosso was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Muccigrosso consented to the sanctions and to the entry of findings that he improperly used his member firm's funds by submitting $3,072.62 in meal expenses, even though they did not comply with firm policy. The findings stated that Muccigrosso's firm allowed employees to charge overtime meals if they worked in their assigned firm office beyond 8 p.m. on weekdays or for four hours or more on weekends or firm holidays and consumed the meal on-site at their assigned firm office. Muccigrosso had meals delivered to a firm office to which he was not assigned and where he was not working. The office was located near Muccigrosso's personal residence, and, in many cases, Muccigrosso left delivery notes instructing that the meals be delivered to his residential address. Muccigrosso repaid the firm after the expenses were identified.

The suspension is in effect from January 6, 2025, through July 5, 2025. (**FINRA Case #2023079166201**)

Vincent William LaBarbara (CRD #1108987, Port Monmouth, New Jersey)
December 30, 2024 – An AWC was issued in which LaBarbara was fined $5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, LaBarbara consented to the sanctions and to the entry of findings that he entered into a lending arrangement with one of his customers without providing notice to or obtaining prior written approval from his member firm. The findings stated that one of LaBarbara's customers, who was a long-time friend and real estate lawyer, offered to assist LaBarbara with a home purchase. LaBarbara's customer obtained a mortgage, the funds of which were used to make the home purchase on LaBarbara's behalf. In return, LaBarbara agreed to make all payments due on the customer's mortgage. Subsequently, LaBarbara's customer transferred title to the house to LaBarbara after about two years and the amount due on the mortgage was approximately $300,000. LaBarbara has timely made all payments due on the mortgage.

The suspension is in effect from January 21, 2025, through March 20, 2025. (**FINRA Case #2022073421503**)

Decision Issued

The OHO issued the following decision, which has been appealed to or called for review by the NAC as of December 31, 2024. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decision. Initial decisions where the time for appeal has not yet expired will be reported in future FINRA Disciplinary & Other Actions.

Eugene Hyunwook Kim (CRD #2264940, Moorestown, New Jersey)
December 2, 2024 – Kim appealed an OHO decision to the NAC. Kim was fined $35,000, suspended from association with any FINRA member in all capacities for six months, and ordered to pay disgorgement of commissions received in the amount of $16,220, plus pre-judgment interest. The sanctions were based on the findings that Kim engaged in unethical conduct and acted in bad faith by misusing customer funds and making misrepresentations and omissions in connection with a private placement offering sold by his member firm. Kim managed the offering and administered and operated the fund on behalf of his member firm and its affiliated investment advisor. The findings stated that offering documents provided that the fund would purchase shares in a private company at a maximum price per share of $9.75. Customers invested $4 million in the offering, and escrow was closed in December 2017 and January 2018, but the fund did not purchase any shares at that time. As a result of the escrow closings, Kim's firm received placements fees of $405,500, and the firm then paid Kim $16,220. Ten months later, Kim misused

investor funds by twice initiating the purchase of shares at an average price more than double the maximum per share price specified in the offering documents. Kim did so without taking steps to amend the offering documents to provide for a higher per share maximum price, and he arranged for the purchases without disclosing to customers his intention to do so or obtaining their consent. The findings also stated that Kim concealed the true status of the offering through omissions and misrepresentations to firm principals and registered representatives. Kim falsely wrote to two representatives that the offering purchased shares at $9.75 per share when it, at that time, had not purchased any shares. Kim also later told one of the representatives and the firm-affiliate's CEO that the fund paid $9.75 per share at a time when it had bought shares at above that price. These misrepresentations by Kim were material because the price per share paid for an investment is something that a reasonable investor would consider important and would alter the "total mix" of information available to them about their investment. Kim also made omissions to the firm's principals when he emailed two contracts for the CEO or CFO to sign for the purchase of the shares. However, Kim failed to disclose that the purchases he had arranged for the offering represented a material change to the terms that had been presented to the offering investors and were for prices far exceeding $9.75 per share. Kim also omitted the offering's shareholdings from a spreadsheet that the CFO had requested for the purpose of informing the board of directors of the firm and its affiliate's parent company. Kim repeated these material omissions twice to the CFO, emailing him spreadsheets that included all private share purchases for all offerings except the requested offering. The Hearing Panel found that FINRA did not prove that Kim violated FINRA Rule 2010 in connection with initiating escrow closures for the offering. The Hearing Officer dissented from the majority's imposition of a six-month suspension and, instead, would have imposed a one-year suspension.

The sanctions are not in effect pending review. (**FINRA Case #2019064508802**)

Complaints Filed

FINRA issued the following complaints. Issuance of a disciplinary complaint represents FINRA's initiation of a formal proceeding in which findings as to the allegations in the complaint have not been made, and does not represent a decision as to any of the allegations contained in the complaint. Because these complaints are unadjudicated, you may wish to contact the respondents before drawing any conclusions regarding these allegations in the complaint.

Jonathan Earl Best (CRD #2225091, Henderson, Texas)
December 13, 2024 – Best was named a respondent in a FINRA complaint alleging that he effected trades in a senior customer's account without first obtaining the

customer's required authorization or consent, or the authorization or consent of someone authorized to act on the customer's behalf. The complaint alleges that the customer was the only person authorized to transact in the account, and it was non-discretionary. Further, Best's member firm prohibited discretionary trading in retail brokerage accounts, including the customer's account. The customer executed estate planning documents, and one of the documents provided that Best and the customer's accountant would be granted co-power of attorney in the event that two physicians provided written statements, under oath, that they deemed the customer to be incapacitated. The firm prohibited representatives from serving as power of attorney for customers unless, in exceptional cases, approval was granted by the representative's supervisor and the firm's central compliance department. Best became aware that the customer was exhibiting signs of diminished capacity. Best later informed the customer's relative, who had been appointed medical power of attorney for the customer, that he could not effect any transactions in the customer's account due to her diminished capacity. In addition, Best requested that the relative obtain a second physician's letter deeming the customer incapacitated in order to trigger his appointment as the customer's co-power of attorney pursuant to the estate planning documents that she had executed. The relative did not obtain a second physician's letter. Best subsequently submitted an OBA request to his firm for approval to serve as the customer's future co-power of attorney and provided his supervisor with a copy of the document that the customer had executed that appointed Best as future co-power of attorney under certain conditions. Best also informed his supervisor of the customer had been diagnosed with an illness. However, Best failed to inform his supervisor that the customer was unable to care for herself, was living in a memory care facility, and was unable to discuss and understand investments. Best also never alerted his supervisor to the growing cash position in the customer's account as a result of the customer's inability to authorize transactions. Best's supervisor rejected his OBA request and further instructed him to formally recuse himself from the appointment and provide documentation of the recusal. Best never provided such documentation. In addition, Best effected the purchase of laddered brokered certificates of deposit (CDs) in the customer's account with the cash proceeds from matured and called bonds. The principal value of the unauthorized trades in the customer's account totaled $14,199,847. Best earned $10,760.88 in compensation by placing these trades. The complaint also alleges that Best submitted two compliance attestations to his firm in which he falsely attested "no" to the firm's question asking if he had "any senior investors or other vulnerable adults for which [he was] concerned with their capacity to make sound decisions." Best's attestations were false because he knew that the customer could not understand or authorize trades for her account due to her diminished capacity. (**FINRA Case #2020068641501**)

James Joseph Lukezic (CRD #4284800, New York, New York)
December 17, 2024 – Lukezic was named a respondent in a FINRA complaint alleging that he placed mutual fund exchanges with a total principal value of approximately $1.1 million in the accounts of five customers without the customers' authorization. The complaint alleges that Lukezic's unauthorized trading in the customer accounts caused losses of approximately $44,500. All five customers complained that they had not authorized any of the mutual fund exchange transactions that were made in their accounts. The day following the trades, Lukezic placed a call to the firm's affiliated transfer agent, which was recorded, and asked how the firm would be paid on the mutual fund exchanges. The transfer agent representative informed Lukezic that the mutual fund exchanges were ineligible for commissions. Over the next several months, the transfer agent cancelled and reversed the mutual fund exchange transactions in the accounts of the customers and returned the original mutual fund holdings to their accounts. On subsequent calls with the transfer agent, Lukezic stated that he did not effect the exchanges at issue. The complaint also alleges that Lukezic provided false and misleading written statements to FINRA in response to requests in connection with its investigation into this matter. Lukezic falsely stated that his firm did not have the ability to execute trades on the transfer agent's platform. In later written responses to FINRA, Lukezic falsely stated that he was not involved in placing any trades. The complaint further alleges that Lukezic provided false and misleading on-the-record testimony to FINRA as he denied executing the mutual fund exchanges for the customers. (**FINRA Case #2022073425001**)

Firms Suspended for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Airlink Markets, LLC (CRD #322261)
Issaquah, Washington
(December 2, 2024)

Airlink Markets, LLC (CRD #322261)
Issaquah, Washington
(December 9, 2024)

Firm Suspended for Failure to Pay FINRA Dues, Fees and Other Charges Pursuant to FINRA Rule 9553

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Fundpaas Inc (Funding Portal Org ID #284909)
San Francisco, California
(October 31, 2024)

Individual Suspended for Failure to Comply with an Arbitration Award or Related Settlement or an Order of Restitution or Settlement Providing for Restitution Pursuant to FINRA Rule Series 9554

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Robert Eugene Franden (CRD #2402061)
Tulsa, Okalhoma
(December 23, 2024)
FINRA Arbitration Case #23-00272/ARB240020/FINRA Case #2024083926101

Press Release

FINRA Orders Three Firms to Pay Over $8.2 Million in Restitution to Customers

Firms Did Not Provide Fee Waivers in Connection with Mutual Fund Purchases

FINRA ordered three firms—**Edward Jones**, **Osaic Wealth, Inc.** and **Cambridge Investment Research, Inc.**—to pay more than $8.2 million in restitution to customers who were harmed by the firms' failures to provide available mutual fund sales charge waivers and fee rebates on mutual fund purchases. FINRA did not impose any fines in connection with these matters in recognition of each firm's extraordinary cooperation with FINRA's investigations.

The three settled matters are each the result of a targeted examination initiated in 2020 and executed by Member Supervision's Examinations and National Cause and Financial Crimes Detection programs. Including today's settlements, FINRA has secured over $9.5 million in restitution for affected mutual fund customers across five firms.

"Obtaining restitution for harmed customers is a top priority for FINRA. It is essential that firms ensure their customers receive all fee waivers and rebates owed," said Bill St. Louis, Executive Vice President and Head of Enforcement at FINRA. "At the same time, FINRA recognizes firms that proactively correct errors, identify and repay harmed investors and provide substantial assistance to FINRA during its investigations."

Many mutual fund issuers offer a right of reinstatement, which allows investors to reinvest in shares of a fund or fund family after previously selling shares without incurring a front-end sales charge, or to recoup all or part of a contingent deferred sales charge.

Each of the three firms failed to establish and maintain a supervisory system reasonably designed to supervise whether eligible customers received available mutual fund sales charge waivers and fee rebates through rights of reinstatement. As a result, customers did not receive the rights of reinstatement benefits to which they were entitled, totaling over $8.2 million.

Edward Jones customers paid $4,440,979 in excess sales charges and fees; Osaic Wealth customers (and those of its affiliated broker-dealers) paid $3,096,490 in excess sales charges and fees; and Cambridge Investment Research customers paid $699,217 in excess sales charges and fees. Each of the firms agreed to repay affected customers, including interest.

Each firm demonstrated extraordinary cooperation by voluntarily initiating an extensive review of their relevant systems, practices and procedures; engaging an outside consultant to identify disadvantaged customers and calculate restitution; and establishing a plan to efficiently identify, notify and repay customers eligible for restitution.

In settling these matters, the three firms consented to the entry of FINRA’s findings, without admitting or denying the charges.