

Disciplinary and Other FINRA Actions

Firm Expelled

HFP Capital Markets LLC ([CRD® #44351](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was expelled from FINRA® membership and ordered to pay \$2,980,000, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it caused the fraudulent sale of approximately \$3 million worth of senior secured zero-coupon notes. The findings stated that the firm sold the private offering of the notes to firm customers. In offering and selling the notes, the firm knowingly misrepresented and omitted to disclose material facts about the offering. As a result, the firm willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The firm and persons at the firm misrepresented that the notes were collateralized by certain barrels of leftover mining materials (or ore concentrate) and that the collateral had value adequate to secure an investment in the notes. In actuality, the ore concentrate was nearly worthless. The firm also omitted to disclose to investors material facts about how the offering proceeds were to be used, and about the ownership and management of the issuer. While a few customers received money back after lodging complaints with the firm through so-called replacement transactions, the remaining customers lost their entire investment of \$2.98 million; and to date, they have not been repaid. The firm failed to conduct adequate due diligence on the offering or individuals involved, and failed to conduct any due diligence on third parties that were put forward as critical strategic partners for the business.

The findings also stated that the offering and the business plan for the company itself presented significant “red flags.” While the notes stated that they were collateralized, there was not any evidence that the issuer had sufficient assets to collateralize the investment. The firm pressed forward with its involvement in the deal despite red flags and without conducting reasonable background checks on an individual or the business. Had the firm conducted a background check on the individual, it would have learned that the individual had significant financial difficulties and was subject to numerous liens and judgments. Although the firm conducted some cursory due diligence, it failed to fully investigate the issuer and found little evidence that the issuer was or would become a going concern. Nevertheless, the firm acted as investment banker for the notes, and its sales force recommended and sold the notes to its customers without a reasonable basis to do so. The findings also included that the firm and issuer created limited offering and marketing

Reported for August 2014

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).

materials for the sale of the notes. There was no private placement memorandum, offering circular or term sheet for the sale of the notes. The transaction documents that were available failed to identify the owners of the issuer by name and did not contain any background information concerning the owners. The firm also failed to disclose to purchasers of the notes that a senior officer for the firm was an indirect owner of the issuer and had primary responsibility for causing the firm's participation in the offering. This fact would have been material to potential investors because the senior officer's ownership stake represented a conflict of interest with the firm's role in recommending the notes to its customers.

FINRA found that the firm failed to reasonably supervise the sales of the notes. The firm took inadequate steps to vet the offering and to prevent the sales of the notes. The firm failed to follow its procedures that required private placement offerings to be presented to and approved by the firm's Investment Committee, which, according to the firm's procedures, was responsible for reviewing and approving the firm's involvement in investment banking transactions. The firm knew, or should have known, that its brokers were selling the notes without the Investment Committee's approval and despite the substantial number of red flags surrounding the offering. ([FINRA Case #2010024522105](#))

Firms Fined, Individuals Sanctioned

79 Capital Securities, LLC ([CRD #145511](#), Orlando, Florida) and **Michael Maurice Ward** ([CRD #2853262](#), Orlando, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000, jointly and severally with Ward. Ward was suspended from association with any FINRA member in any principal capacity for 20 days. Without admitting or denying the findings, the firm and Ward consented to the sanctions and to the entry of findings that Ward, on the firm's behalf, posted on the website of a business networking organization sales material regarding a company's renewable secured debentures, an illiquid and high-risk alternative investment, that was misleading and omitted material information concerning the debentures. The findings stated that the posting did not provide a sound basis for evaluating the debentures, failed to disclose the substantial risks involved in the investment, and incorrectly stated that the underlying investments are a portfolio of life insurance policies purchased in the secondary market when they were not. The findings also stated that Ward, on the firm's behalf, approved transactions to purchase the company's debentures and failed to record basic identifying and financial information, such as annual income, net worth and the account's investment objectives for the customers making the purchases. No new account forms were prepared for the customers. The findings also included that the firm and Ward permitted an employee to sell \$250,000 of the company's debentures prior to FINRA's approval of his application for registration. The firm later reversed this transaction and refunded the customers' money. FINRA found that the firm and Ward failed to enforce the firm's written supervisory procedures (WSPs) by allowing an unregistered employee to effect

the purchase of \$250,000 of the company's debentures and failed to enforce the firm's written procedures by failing to require new account documents be created for two of the company's transactions. Ward signed the subscription agreements for both transactions as a firm principal.

The suspension was in effect from July 21, 2014, through August 9, 2014. ([FINRA Case #2013035565002](#))

Felix Investments LLC ([CRD #148441](#), Upper Saddle River, New Jersey), Susan Mindlin Diamond ([CRD #336264](#), Lake Worth, Florida) and Frank Gregory Mazzola ([CRD #2371623](#), Upper Saddle River, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$300,000 and required for a period of one year after the issuance of the AWC, to file with FINRA at least 10 business days prior to use, all retail communications as defined in FINRA Rule 2210. Diamond was fined \$10,000, suspended from association with any FINRA member in any principal capacity for four months and required, prior to associating with a FINRA member in a principal capacity, to complete 40 hours of continuing education (CE) relating to compliance with FINRA rules and the federal securities laws, including courses that cover supervision of communications with the public and the use of sales materials. Mazzola was barred from association with any FINRA member in any capacity.

Without admitting or denying the findings, the firm, Diamond and Mazzola consented to the sanctions and to the entry of findings that the firm, acting through Mazzola, sent emails to potential investors that contained exaggerated, unwarranted, and misleading statements or claims. The findings stated that none of the email correspondence included any discussion of potential risks associated with an investment in the fund or any comprehensive description of the fund. The findings also stated that Diamond and the firm failed to adequately supervise Mazzola following the issuance of an AWC against him. The firm placed Mazzola on a plan of heightened supervision to prevent him from continuing to solicit investors through misleading communications. Pursuant to the plan of heightened supervision, Diamond was responsible for reviewing all email correspondence Mazzola sent, including the emails referenced above that contained exaggerated, unwarranted, and misleading statements or claims. There is no evidence that Diamond or any other person associated with the firm reviewed all of Mazzola's emails. Diamond and the firm failed to implement the plan of heightened supervision against Mazzola, which allowed him to engage repeatedly in the sort of misconduct for which he had previously been sanctioned.

The findings also included that the firm failed to implement a written anti-money laundering (AML) program reasonably designed to achieve and monitor the firm's compliance with the requirements of the Bank Secrecy Act and the implementing regulations promulgated thereunder by the Department of the Treasury. The firm failed to evidence that it had obtained customer identification information in a timely manner, and that it collected identifying information about clients and corporate entities. The firm's

AML program failed to provide for the conducting of annual independent testing. FINRA found that the firm failed to file a third-party attestation regarding its use of electronic storage media in a timely manner, and failed to maintain electronic communications sent by its Financial and Operations Principal.

Diamond's suspension is in effect from June 16, 2014, through October 15, 2014. ([FINRA Case #2011029660001](#))

Safeguard Securities, Inc. ([CRD #31256](#), Cleveland, Ohio) and Peter Lawrence Mooney ([CRD #2365429](#), Willoughby Hills, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$70,000. Mooney was fined \$5,000 and suspended from association with any FINRA member in any principal capacity for six months. Without admitting or denying the findings, the firm and Mooney consented to the sanctions and to the entry of findings that the firm provided backdated outside business activity forms to FINRA without informing FINRA that the forms had been backdated. The findings stated that with respect to each form, Mooney knew, or should have known, at the time the forms were produced to FINRA, that they had been backdated, such that the form would make it appear that Mooney had reviewed and approved the form and specified outside business activity prior to the date that he actually did. The findings also stated that the firm, acting by and through Mooney, failed to establish and implement an adequate supervisory system for the review and retention of electronic communications relating to the firm's business. The firm failed to maintain any record to evidence its review of electronic communications and failed to retain electronic communications relating to the firm's business in a non-rewriteable, non-erasable format. The firm's review of its registered representatives' electronic communications was not performed by a qualified principal of the firm. The firm failed to take any steps to monitor or otherwise ensure that registered representatives who used email addresses at domains other than the firm-sponsored email system forwarded their business-related emails to the firm for review. The firm failed to take steps to determine that nine of its registered representatives who were using such email addresses copied the firm's compliance mailbox on all of their securities-related communications. Mooney caused the firm to violate Securities and Exchange Commission (SEC) Rules 17a-3 and 17a-4.

The findings also included that Mooney knew that a registered representative was engaging in private securities transactions for compensation. Notwithstanding the prohibition against private securities in the firm's WSPs, Mooney failed to take any steps to stop the registered representative's participation in those transactions and failed to supervise the registered representative's private securities transactions in a way that was consistent with the requirements of NASD Rule 3040. Although Mooney was aware that the registered representative was engaging in private securities transactions for compensation, Mooney failed supervise those transactions as if they were executed on the firm's behalf.

FINRA found that the firm failed to undertake the required review with respect to disclosed outside business activities. Mooney did not conduct any such review and approved the registered representative's involvement with an entity as an outside business activity. FINRA also found that the firm failed to employ a qualified chief compliance officer (CCO). Mooney assumed the CCO position and held the CCO position through April 2013. Mooney admittedly was not qualified to fulfill the duties and responsibilities attendant to the position. The firm and Mooney failed to ensure that Mooney's own securities business as a producing manager was reviewed by a qualified principal of the firm. In addition, FINRA determined that the firm, acting by and through Mooney, failed to register the registered representative's office as a branch office of the firm and failed to ensure that employees were fingerprinted as required under SEC Rule 17f-2. As a result, Mooney caused the firm to violate SEC Rule 17f-2.

The suspension is in effect from July 7, 2014, through January 6, 2015. ([FINRA Case #2012030734501](#))

Wunderlich Securities, Inc. (CRD #2543, Memphis, Tennessee) and Stephen Joseph Bonnema (CRD #2229865, Collierville, Tennessee) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$108,343, and required to pay \$1,657, plus interest, in disgorgement of commissions. Bonnema was fined \$5,000 and suspended from association with any FINRA member in any principal capacity for 10 business days. Without admitting or denying the findings, the firm and Bonnema consented to the sanctions and to the entry of findings that the firm sold, on behalf of customers, approximately 271 million unregistered shares of thinly traded low-priced stocks without first confirming, through a sufficient independent inquiry, that the shares could be sold pursuant to an exemption from registration. The findings stated that because the shares were not covered by a registration statement, the firm could not sell those shares without having confirmed, through a reasonable inquiry, the availability of an exemption from registration. The findings also stated that the firm failed to establish, maintain and enforce a supervisory system, including written procedures, reasonably designed to ensure compliance with Section 5 of the Securities Act of 1933 and prevent illegal resales of restricted securities. The firm failed to provide adequate training to the designated supervisors on how to assess the availability of an exemption from registration. The findings also included that the firm, acting through Bonnema, failed to establish and implement an AML compliance program that was reasonably designed to detect, investigate and report suspicious activity in customer accounts. Bonnema, as the firm's AML Compliance Officer (AMLCO), was responsible for monitoring customer account activity to ensure for the detection, investigation and reporting of patterns of activity that might be indicative of money laundering. In regards to monitoring for potentially suspicious activity, Bonnema delegated much of that responsibility to branch office managers, while giving them little training beyond what was contained in the firm's WSPs.

Bonnema failed to adequately supervise the branch managers in their performance of that responsibility. As a result of the firm's inadequate procedures, training and supervision, the firm and Bonnema failed to detect and investigate potentially suspicious activity in a timelier manner.

The suspension was in effect from July 21, 2014, through August 1, 2014. ([FINRA Case #2010025122401](#))

Firms Fined

Advanced Equities, Inc. ([CRD #35545](#), Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$250,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that while acting as a placement agent for an issuer, it failed to identify material information and correct omissions of material facts made by the issuer in connection with a private placement offering. The findings stated that the issuer obtained a "loan facility" in the approximate amount of \$529 million, which was overseen by the United States Department of Energy (DOE). The private placement offering documentation used in connection with the offering of shares in the issuer disclosed that the issuer was receiving financial assistance from the DOE, pursuant to the loan facility agreement. The lead banker at the firm became aware that the issuer had decided not to access the loan facility with the DOE. Despite knowing that the issuer had decided not to access the DOE loan facility, the lead banker failed to inform any future investor of such material information, while the firm continued to offer the product for sale. Approximately 90 accredited individuals and/or entities invested approximately \$9 million in a particular offering. The firm failed to identify that the loan facility with the DOE would no longer be accessed, pending discussions with the DOE, and failed to correct the omission of such information in the issuer's offering documents. ([FINRA Case #2012030737501](#))

Aegis Capital Corp. ([CRD #15007](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report S1 inter-dealer and S1 customer transactions in Trade Reporting and Compliance Engine®) (TRACE®)-eligible securities to TRACE that it was required to report, and failed to report S1 transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time. The findings stated that the firm failed to report Reportable Order Events (ROEs) to the Order Audit Trail System (OATS™) over the course of 306 business days for its sponsored access client. The firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its WSPs concerning its monthly review of TRACE Report Cards and its daily review of OATS Report Cards. The findings also stated that the firm failed to use reasonable diligence to ascertain the best inter-dealer market, and in some of those instances, failed to buy or sell in such market so that the resultant price to

its customer was as favorable as possible under the prevailing market conditions. The firm submitted evidence that it made restitution to the affected customers. The firm placed \$2,356 in escrow for a customer to be paid at the completion of litigation in a separate matter. ([FINRA Case #2011030077101](#))

Agency Trading Group, Inc. ([CRD #108887](#), Wayzata, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$12,500. 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 an adequate supervisory system with regard to soft dollar arrangements, which resulted in improper soft dollar payments. The findings stated that the firm's WSPs regarding soft dollar payments were inadequate because they did not contain procedures to ensure that it complied with Section 28(e) of the Securities Exchange Act of 1934. ([FINRA Case #2013035275702](#))

B.C. Ziegler and Company ([CRD #61](#), Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$150,000. 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 reasonably designed to ensure that material economic information, such as delinquent sinking fund payments, was disclosed to the firm's sales staff and customers who were sold church bonds in secondary market transactions. The findings stated that the firm collected information on sinking fund payments but did not have policies or procedures addressing the dissemination of this information to registered representatives, the trading desk or customers. The firm's supervisory system was not reasonably designed to consider material economic information in the pricing of church bonds in secondary market transactions. Because there was no active secondary market for church bonds, the firm set the prices at which it repurchased and resold the bonds. The result was similar pricing for secondary market trades in church bonds that were current and delinquent with sinking fund payments.

The findings also stated that the firm used pieces of sales material that were not fair and balanced and did not provide a sound basis for evaluating the facts about purchases of church bonds. The firm distributed internal-use-only church bond sales point memos to its registered representatives that failed to include risk disclosures addressing illiquidity and the potential loss of principal. The firm also disseminated senior living bond advertisements that promoted bond yields without disclosing that the bonds were non-rated or explaining the risks accompanying the high returns of such non-rated bonds. Promoting the senior living bond yields without adequately disclosing the risks associated with those yields made the advertisements misleading. ([FINRA Case #2011028571401](#))

Beta Capital Management, L.P. ([CRD #38964](#), Miami, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the sanctions and to

the entry of findings that it failed to establish either a separate bank account as agent or trustee for firm investors or a bank escrow account, and failed to implement its WSPs, which required the firm to establish an escrow account in accordance with SEC Rule 15c2-4 while participating as non-exclusive placement agents and subscribing firm investors into two contingent private placement offerings of securities, which were consummated. ([FINRA Case #2012030482901](#))

CFD Investments, Inc. ([CRD #25427](#), Kokomo, Indiana) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it effected transactions in TRACE-eligible securities that it did not report to TRACE. The findings stated that during this same period, the firm did not have any WSPs pertaining to the reporting of TRACE transactions. As a result, the firm failed to establish, maintain and enforce WSPs reasonably designed to achieve compliance with applicable federal securities laws and FINRA rules regarding trade reporting of TRACE-eligible securities. ([FINRA Case #2012030685201](#))

Citadel Securities LLC ([CRD #116797](#), Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined a total of \$800,000, and required to revise its WSPs and risk-management controls. Of the \$800,000 fine, \$420,000 will be paid to NASDAQ, \$160,000 to New York Stock Exchange (NYSE) Arca, Inc., \$100,000 to BATS Exchange, Inc., (BZX), \$70,000 to BATS Y-Exchange, Inc. (BYX) and \$50,000 to FINRA. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to reasonably prevent the transmission of erroneous orders to NASDAQ, BZX, BYX and NYSE Arca (the exchanges). The findings stated that the firm's equity market-making desk failed to prevent the transmission of erroneous customer orders to the exchanges. Transactions resulting from the erroneous customer orders affected the price of each security, in some cases, dramatically. In each instance, the firm petitioned the exchanges to cancel the resulting executions on the grounds that the orders were clearly erroneous. Most of the petitions were submitted on the grounds that the customer mistakenly entered a market order or stop order instead of a limit order or stop limit order. In most instances, the exchanges granted the firm's petitions, in whole or in part, and cancelled the transactions resulting from the erroneous orders. The firm relied primarily on post-trade notifications from the exchanges, or in a few instances, from its customers, to identify the erroneous customer orders and the executions resulting therefrom. The firm modified a size/volume risk control on multiple occasions, narrowing its parameters and adding new parameters to detect a broader range of potentially erroneous orders. Notwithstanding these changes, erroneous customer orders continued to pass through this control because the orders did not exceed the size and volume parameters, or the security or order type was excluded from this pre-trade control's review. The firm's risk control parameters on the equity market-making desk were inadequate because they excluded from review whole categories of securities symbols, including Nasdaq 100, S&P 100 and high-volume exchange-traded fund (ETF) symbols.

The findings also stated that the equity market-making desk erroneously sold short, on a proprietary basis, 2.75 million shares of a stock, causing the share price to fall by 77 percent during an 11-minute period. The firm's profit-and-loss server reflected the large short position accumulating in the stock. Upon discovery of this activity, the firm disabled the desk's ability to send quotes in the stock. The erroneous executions in the stock were triggered by an update to part of the firm's trading system. The firm did not have any formal written policies, procedures or controls in place to address modifications to the firm's trading systems, quoting systems or algorithms at the time of this event; nor did the firm assign an employee to continuously monitor the system involved in this event.

The findings also included that the firm sent multiple, periodic bursts of order messages, at 10,000 orders per second, to the exchanges. None of the risk controls in force on the options market-making desk were triggered by the message burst events due to the brief duration, and small size, of each order. After receiving an inquiry about the firm's order activity from FINRA, the firm modified its trading software on the options market-making desk to prevent recurrence of this activity.

FINRA found that a firm data server dedicated to handling NYSE Arca market data used by the firm's proprietary trading desk failed to start up properly. This failure caused a firm data server dedicated to handling NYSE Stock Exchange LLC market data to connect and disseminate NYSE Stock Exchange LLC market data in its place. The firm incurred a loss of approximately \$1.4 million on the resulting erroneous executions. The exchanges granted, in part, the firm's petition to cancel the executions, reducing the firm's loss to \$400,000. FINRA also found that the firm failed to establish, maintain and enforce a supervisory system, including supervisory procedures and risk management controls, that was reasonably designed to check for order accuracy, reject orders that exceeded appropriate price and/or size parameters, reject duplicative orders and monitor appropriate message-level activity, including at the desk, firm and market levels. ([FINRA Case #2010022334505](#))

Cooper Malone McClain, Inc. ([CRD #18637](#), Wichita, Kansas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that while in a financial-advisory relationship with the City of Scandia, Kansas, the firm acquired and resold the entirety of the city's \$350,000 issue of general-obligation notes. The findings stated that for its role in the offering, the firm received a \$10,000 financial-advisory fee. ([FINRA Case #2013035712401](#))

Craig Scott Capital, LLC ([CRD #155924](#), Uniondale, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted ROEs to OATS that contained inaccurate, incomplete or improperly formatted data. The findings stated that the firm submitted Execution or Combined Order/Execution Reports to OATS with a Reporting Exception Code that was

required to be matched to a trade report in a FINRA transaction reporting system, and transmitted Execution or Combined Order/Execution Reports to OATS with an incorrect Account Type Code. The firm failed to provide written notification disclosing to its customers its correct capacity in transactions. ([FINRA Case #2013036005101](#))

Credit Suisse Securities (USA) LLC ([CRD #816](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$37,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to timely report ROEs to OATS; transmitted Execution or Combined Order/Execution Reports to OATS that contained inaccurate, incomplete, or improperly formatted data that OATS was unable to link to the related trade reports in a FINRA trade reporting system; submitted Combined Order/Execution Reports for orders that were routed away for execution; and failed to submit the appropriate Reporting Exception Code for Combined Order/Execution Reports. The findings stated that the firm transmitted reports to OATS that contained inaccurate, incomplete, or improperly formatted data. The firm transmitted Execution or Combined Order/Execution Reports that contained incorrect Reporting Exception Codes of “P” when the reports were required to be matched to trade reports and submitted Execution or Combined Order/Execution Reports for orders that were routed away for execution. The findings also stated that the firm failed to accept or decline transactions in reportable securities in the FINRA/NASDAQ Trade Reporting Facility (FNTRF) within 20 minutes after execution. ([FINRA Case #2011028579301](#))

Deutsche Bank Securities Inc. ([CRD #2525](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$15,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to append an average price disclosure to customer confirmations. The findings stated that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning the use of multiple Market Participant Identifiers (MPIDs). ([FINRA Case #2011026097201](#))

E*Trade Securities LLC ([CRD #29106](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$17,500 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to provide customers with written notification disclosing that a security was subject to redemption before maturity in TRACE-eligible agency debt securities, failed to provide the relevant information for the calculation to the call date and price for the yield value that was disclosed on the customer confirmation, and failed to disclose the accurate yield-to-worst to a customer for transactions in TRACE-eligible agency debt securities. The findings stated that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning TRACE reporting. ([FINRA Case #2012033594901](#))

FOLIOfn Investments, Inc. ([CRD #48015](#), McLean, Virginia) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$50,000 and agreed to conduct a review of its policies, systems, and procedures (written or otherwise) relating to its compilation and submission of blue sheet data and audit deficiencies. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it submitted inaccurate blue sheets to the SEC and FINRA. The findings stated that after the firm recoded its internal blue sheet program, it began erroneously reporting the trade quantity and transaction amount for certain transactions involving at least one share. Certain blue sheets the firm submitted inaccurately reported the Opposing Broker Number or Contra Party Identifier. The findings also stated that the firm did not have in place an adequate audit system providing for accountability regarding the inputting of records required to be maintained and preserved. ([FINRA Case #2013037231101](#))

HSBC Securities (USA) Inc. ([CRD #19585](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$22,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted ROEs that were rejected and repairable. The findings stated that as a result, the firm failed to repair ROEs that OATS rejected for context or syntax errors and were repairable, failed to repair a portion of the rejected ROEs within the required five business days, and failed to populate the correct Rejected ROE ID. The firm transmitted Route or Combined Order/Route Reports to OATS that OATS was unable to link to the corresponding new order transmitted by the destination member firm due to inaccurate, incomplete or improperly formatted data. The firm failed to timely report ROEs to OATS; submitted Execution or Combined Order/Execution Reports that OATS was unable to link to the Execution Reports to the related trade reports due to inaccurate, incomplete or improperly formatted information; submitted Execution or Combined Order/Execution Reports that it was not required to report; submitted Route or Combined Order/Route Reports that OATS was unable to link to the related order in the NYSE due to inaccurate, incomplete or improperly formatted data; submitted Route or Combined Order/Route Reports with incorrect Destination Codes; submitted Route or Combined Order/Route Reports that OATS was unable to match with the identified receiving firm's related New Order Report; failed to properly append the Special Handling Code of "CNH" (Cash Not Held) to orders; and failed to submit a required Combined Order/Execution Report to OATS for orders involving error corrections. The firm also failed to provide written notification disclosing to its customers its correct capacity in transactions. ([FINRA Case #2012033087701](#))

HSBC Securities (USA) Inc. ([CRD #19585](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$37,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report large block S1 transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time, failed to report S1 customer transactions in TRACE-eligible securities to TRACE that it was required to report, and failed to report to TRACE interdealer transactions in TRACE-eligible securities to TRACE that it was required to report. ([FINRA Case #2012033847501](#))

HSBC Securities (USA) Inc. ([CRD #19585](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$150,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it erroneously designated two accounts located in the firm's London affiliate to automatically transmit trade volume in U.S.-listed securities to Bloomberg causing the firm to overstate its executed trade volume. The findings stated that the firm's supervisory system with respect to the advertising of trade volume to private service providers did not provide for supervision designed to achieve compliance with certain applicable securities laws and regulations, and/or FINRA/NASD rules. ([FINRA Case #2011027541201](#))

Interactive Brokers LLC ([CRD #36418](#), Greenwich, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report information regarding purchase and sale transactions effected in municipal securities to the Real-Time Transaction Reporting System (RTRS) in the manner prescribed by Municipal Securities Rulemaking Board (MSRB) Rule G-14 RTRS Procedures and the RTRS Users Manual. The findings stated that the firm failed to report information about such transactions within 15 minutes of trade time to an RTRS Portal. ([FINRA Case #2012034711201](#))

Interactive Brokers LLC ([CRD #36418](#), Greenwich, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to take reasonable steps to establish that 74 intermarket sweep orders it routed met the definitional requirements set forth in Rule 600(b)(30) of Regulation NMS. ([FINRA Case #2010023888701](#))

INTL FCStone Securities Inc. ([CRD #45993](#), Winter Park, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$13,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to transmit ROEs to OATS on 27 business days. ([FINRA Case #2013037181501](#))

JonesTrading Institutional Services LLC dba JonesTrading ([CRD #6888](#), Westlake Village, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$16,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to timely report ROEs to OATS; transmitted New Order Reports and related subsequent reports to OATS where the timestamp for the related subsequent reports occurred prior to the receipt of the orders; transmitted Execution Reports to OATS that contained inaccurate, incomplete or improperly formatted data; transmitted Route or Combined Order/Route Reports to OATS that OATS was unable to match to the receiving firm's related New Order Report;

transmitted Route or Combined Order/Route Reports to OATS where the firm was named as the “Sent to Firm” that OATS was unable to match to a related New Order Report; transmitted a New Order Report and related subsequent reports to OATS where the timestamp for the New Order Report was after the timestamp on the related subsequent report; transmitted Route Reports to OATS that OATS was unable to link to related orders in the related exchange due to inaccurate, incomplete or improperly formatted data; and transmitted Route or Combined Order/Route Reports to OATS that OATS was unable to match with the identified receiving firm’s related New Order Report due to inaccurate, incomplete or improperly formatted data. ([FINRA Case #2012033871301](#))

J.P. Morgan Securities LLC ([CRD #79](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$27,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed, within 30 seconds after execution, to transmit last sale reports of transactions in over-the-counter (OTC) equity securities to the OTC Reporting Facility (OTCRF). The findings stated that the firm failed to enforce its WSPs concerning trade reporting of OTC equity securities. ([FINRA Case #2013035850901](#))

J.P. Morgan Securities LLC ([CRD #79](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent 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 report the correct Related Market Center Indicator for non-tape reports to the FNTRF in transactions in designated securities. The findings stated that the firm transmitted reports to OATS that contained inaccurate execution codes and incomplete and inaccurate execution reports. The firm made available a report on the covered orders in national market system securities that it received for execution from any person. Because the firm improperly classified not-held orders as covered orders, this report included incorrect information as to three order type/size categories. ([FINRA Case #2012031646001](#))

Knight Capital Americas, L.P. nka KCG Americas LLC ([CRD #38599](#), Jersey City, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$37,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it accepted and held customer market orders, traded for its own account at prices that would have satisfied the customer market orders, and failed to immediately thereafter execute the customer market orders at the same price, or up to the size and at the same price, at which it traded for its own account or at a better price. The findings stated that the firm failed to execute customer limit orders after it traded each subject security for its own market-making account at a price that would have satisfied each customer’s limit order. The firm failed to contemporaneously execute customer limit orders after it traded each subject security for its own market-making account, and failed to execute an order at a price that would have satisfied the customer’s limit order. ([FINRA Case #2011026106801](#))

Lazard Capital Markets LLC ([CRD #134736](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that in a series of six transactions, the firm, a participant in a distribution of securities on behalf of an issuer, purchased 20,500 shares of a covered security on a principal basis during a restricted period associated with the distribution. ([FINRA Case #2012032000301](#))

Lime Brokerage LLC ([CRD #104369](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to take reasonable steps to establish that the intermarket sweep orders routed by a sponsored access participant, which was also a FINRA and NASDAQ member, through one of the firm's MPIDs, met the definitional requirements set forth in Securities Exchange Act of 1934 Rule 600(b)(30) of Regulation NMS. ([FINRA Case #2011028216701](#))

Liquidnet, Inc. ([CRD #103987](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$125,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to generally disclose on new account documentation provided to entities that traded in the firm's alternative trading systems (ATSs) (i.e., the firm's members), the firm website, and other marketing materials, that the firm, on occasion, may trade within its ATS in a principal capacity. The findings stated that instead, as was indicated on its website, the firm described itself as trading "only as an agent on behalf of customers," which would directly "link buy-side to buy-side traders." Although on certain occasions the firm did properly disclose on its trade confirmations that it acted in a principal capacity, on over 400 occasions, the firm issued trade confirmations that incorrectly reflected its trading capacity as agent rather than as principal. The findings also stated that the firm incorrectly reported to the FNTRF approximately 411 trades executed in a principal capacity as agent and executed approximately 425 short sale transactions, but reported the short sale trades to the FNTRF without a short sale indicator. In conjunction with the firm's ATS principal trading activity described above, the firm was required to perform a locate before effecting short sales. The findings also included that on approximately 520 occasions, the firm effected a short sale in an equity security for its own account, without borrowing the security, or entering into a bona fide arrangement to borrow the security, having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due, and documenting compliance with Securities Exchange Act of 1934 Rule 203(b)(1) of Regulation SHO. The firm incorrectly marked approximately 563 transactions on the firm's internal ledgers.

FINRA found that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to securities laws and regulations and FINRA rules applicable to the conduct described above, including those related to the firm's

requirement to properly disclose to its customers that it acted in a principal capacity while executing trades within the firm's ATSS, and those related to ensuring the accuracy of trade confirmations that reflected its principal trading capacity and including those related to FNTRF reporting, maintaining accurate books and records, and Regulation SHO locate requirements. ([FINRA Case #2011026147801](#))

Nomura Securities International, Inc. ([CRD #4297](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it effected transactions in securities while a trading halt was in effect with respect to each of the securities. ([FINRA Case #2011029290801](#))

The Oak Ridge Financial Services Group, Inc. ([CRD #42941](#), Golden Valley, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it did not conduct any formal due diligence of non-traditional ETFs before allowing its representatives to recommend and sell them to customers. The findings stated that the firm did not provide any formal training for its representatives related to non-traditional ETFs, and did not use or make available to its supervisory personnel any reports or other tools to monitor either the length of time that customers held open positions in non-traditional ETFs or any losses occurring in those positions. The firm failed to establish and maintain a supervisory system, including written policies and procedures, regarding the sale of non-traditional ETFs designed to achieve compliance with applicable securities laws and regulations. ([FINRA Case #2012030789401](#))

Range Global LLC fka Navpoint, LLC ([CRD #104393](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to evaluate reasonably the proposed outside securities activity of registered representatives to determine whether it should have been treated as a private securities transaction subject to the requirements of NASD Rule 3040. The findings stated that as a result, the firm erroneously approved the registered representatives' proposed solicitation of investors for an entity as an outside business activity as opposed to a private securities transaction. The firm failed to supervise adequately their conduct with respect to the private securities transactions and failed to record the private securities transactions on its books and records. ([FINRA Case #2012034475001](#))

RBC Capital Markets, LLC ([CRD #31194](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted reports to OATS for which it did not have an OATS reporting responsibility. ([FINRA Case #2013035826001](#))

Ross, Sinclair & Associates, LLC ([CRD #25440](#), Cincinnati, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$22,000, ordered to pay \$5,806.67, plus interest, in restitution to customers and required to revise the firm's supervisory system with respect to the fair pricing of agency bonds transactions. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it purchased agency securities for its own account from customers and/or sold agency securities for its own account to customers in the course of its business at an aggregate price that was not fair and reasonable. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning the fair pricing of agency bond transactions. ([FINRA Case #2012032833901](#))

Shearson Financial Services, LLC ([CRD #38619](#), Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the correct trade execution time and/or execution date for transactions in TRACE-eligible securitized products to TRACE. The findings stated that the firm failed to accurately report transactions in TRACE-eligible securitized products to TRACE that it was required to report. Specifically, the firm inaccurately reported the execution date for transactions, reported interdealer transactions as customer trades with an inaccurate trade date, and inaccurately reported the execution time for a transaction. The firm failed to report transactions in TRACE-eligible securitized products to TRACE within T+1 from the trade date, failed to report transactions in TRACE-eligible securitized products to TRACE that it was required to report, and failed to report transactions in TRACE-eligible securitized products to TRACE within the time required by FINRA Rule 6730. ([FINRA Case #2012031226201](#))

Slusser Associates Inc. ([CRD #22891](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to conduct an independent test of its AML compliance programs for three years, and failed to prepare annual reports and annual certifications for two years. The findings stated that the firm failed to evidence a review of incoming or outgoing written and electronic correspondence, as set out in its WSPs. ([FINRA Case #2012030433101](#))

Southwest Securities, Inc. ([CRD #6220](#), Dallas, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the correct trade execution time for transactions in TRACE-eligible securitized products to TRACE, and failed to show the correct execution time on the memoranda of brokerage orders. ([FINRA Case #2013038750501](#))

Spartan Securities Group, Ltd. ([CRD #104478](#), Clearwater, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$95,000, ordered to pay a total of \$1,172.75, plus interest, in restitution to customers and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to contemporaneously or partially execute customer limit orders in securities after it traded each subject security for its own market-making account at a price that would have satisfied each customer's limit order, and failed to pass along a price improvement to a customer limit order. The findings stated that in transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. The firm incorrectly reported information required to be reported to the OTCRF and to the FNTRF. The firm transmitted reports to OATS that contained inaccurate, incomplete, or improperly formatted data and failed to provide completed documentation related to orders submitted to OATS. The firm incorrectly disclosed the reported price, failed to disclose the average price for a trade on customer confirmations and failed to provide a customer confirmation. The firm also failed to show the terms and conditions on broker order memoranda. The firm failed to disclose the reported price; the markup/markdown and the market-maker status on customer confirmations. The firm made available a report on the covered orders in national market system securities that it received for execution that included incomplete information as to orders that were not reported. The findings also stated that the firm failed to establish and maintain a supervisory system designed to achieve compliance with respect to certain applicable laws and regulations concerning SEC Regulation NMS and/or NASD rules. ([FINRA Case #2010021595902](#))

Stifel, Nicolaus & Company, Incorporated ([CRD #793](#), St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$20,000 and required to revise the firm's WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it reported last-sale reports of transactions in designated securities to the FNTRF that it was not required to report. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning trade reporting. The firm's supervisory system did not include WSPs providing for a statement of the supervisory step(s) to be taken by the person(s) responsible for ensuring that the firm does not report transactions to the FNTRF that it is not required to report. ([FINRA Case #2013035850101](#))

TGP Securities, Inc. ([CRD #159008](#), Summit, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to review any incoming and outgoing electronic correspondence with the public relating to its investment banking and securities business, and failed to ensure that email communications that were maintained on electronic storage media were

maintained in the manner required under Rule 17a-4(f) as promulgated under Section 17(a) of the Securities Exchange Act of 1934. The findings stated that the firm failed to establish, maintain and enforce a reasonable supervisory system designed to achieve compliance with FINRA rules governing the review of email correspondence. The firm allowed its registered persons to use third-party email systems, but the firm did not review email correspondence sent or received through third-party email systems. ([FINRA Case #2013035177901](#))

U.S. Bancorp Investments, Inc. ([CRD #17868](#), Saint Paul, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$60,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report positions to the Large Options Positions Report (LOPR) in at least 7,164 instances. The findings stated that the firm failed to establish and maintain a supervisory system, including a system of follow-up and review, that was reasonably designed to achieve compliance with the applicable securities laws and regulations, and FINRA rules, concerning the reporting of options positions to the LOPR. In addition, the firm's supervisory system did not include WSPs providing for the reporting of options positions to the LOPR. ([FINRA Case #2012031945801](#))

VFinance Investments, Inc. ([CRD #44962](#), Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$27,500 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to publish immediately a bid or offer that reflected the price and the full size of customer limit orders for OTC equity securities held by the firm that were at a price that would have improved the bid or offer of the firm in such securities. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to FINRA Rule 6460. ([FINRA Case #2012033477501](#))

VFinance Investments, Inc. ([CRD #44962](#), Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$17,500 and ordered to pay \$2,617.11, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to execute orders fully and promptly. The findings stated that in transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such a market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. ([FINRA Case #2012034139001](#))

Wells Fargo Advisors, LLC ([CRD #19616](#), St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it, through a registered representative, disseminated sales

literature to firm customers and potential customers that failed to comply with the content standards of NASD Rule 2210(d)(1). The findings stated that the firm approved three iterations of the sales literature, which marketed the registered representative's stop-loss trading strategy. There were no significant differences between the three versions of the advertisement. The sales literature contained unwarranted statements and claims, and failed to provide a sound basis for evaluating all of the facts about the trading strategy. The sales literature failed to provide a comprehensive description of the stop-loss trading strategy because it failed to describe the mechanics of the strategy and provide a balanced discussion of the benefits and shortcomings of the strategy, and the illustration of the hypothetical investment included in the sales literature failed to provide a comprehensive description of the investment returns. ([FINRA Case #2010023976502](#))

Individuals Barred or Suspended

John Leonard Ahramjian ([CRD #1556355](#), Voorhees, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Ahramjian consented to the sanctions and to the entry of findings that he falsified variable annuity withdrawal forms that he submitted on behalf of certain customers of his member firm by either signing the customer's name to the withdrawal form, or changing the date on a previously signed and used withdrawal form. The findings stated that all of the customers affected requested the withdrawals and confirmed receipt of the withdrawal proceeds. With one exception, Ahramjian undertook the falsifications without the customers' knowledge and approval.

The suspension is in effect from July 7, 2014, through November 6, 2014. ([FINRA Case #2012035230001](#))

Scott Howard Altman ([CRD #1017265](#), Richfield, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Altman consented to the sanctions and to the entry of findings that he executed transactions without a customer's knowledge or authorization. The findings stated that Altman and his sales assistant received fraudulent emails from someone purporting to be a firm customer requesting wire transfers. The email requests were from an imposter. Because the amounts of the requested wire transfers were greater than the available cash in the customer's account, Altman liquidated mutual funds totaling \$26,000 and sold shares of securities totaling approximately \$84,570 to fund the wire transfers. Altman did so without the customer's knowledge or authorization.

The suspension is in effect from July 21, 2014, through August 15, 2014. ([FINRA Case #2012033296802](#))

Kyle Thomas Back ([CRD #2642856](#), Blacklick, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for five months. In light of Back's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Back consented to the sanction and to the entry of findings that he engaged in a pattern of unsuitable short-term trading of mutual fund and front-loaded unit investment trust (UIT) transactions. The findings stated that in connection with the accounts of 14 households, Back recommended the purchase of mutual fund Class A shares and UITs and the subsequent sale of these products within a year of purchase. Both the mutual fund Class A shares and UITs are products that are intended to be held long term because they are front-loaded, i.e., there are significant upfront costs associated with the purchase of the products. Within the accounts, the mutual fund share positions sold within a year of purchase resulted in a net loss to customers of \$4,849. Similarly, the UIT positions sold within a year of purchase resulted in a net loss to the customers of \$117,457. At the same time, these transactions resulted in approximately \$46,718 in commissions to Back. Back did not have a reasonable basis to believe that the short-term trading of these front-loaded products were suitable for customers. The findings also stated that Back failed to timely disclose a judgment entered against him to his member firm and on his Uniform Application for Securities Industry Registration or Transfer (Form U4).

The suspension is in effect from July 7, 2014, through December 6, 2014. ([FINRA Case #2013036314201](#))

Thomas Allan Billman ([CRD #4664309](#), Columbus, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Billman consented to the sanctions and to the entry of findings that he engaged in outside business activities by receiving \$22,992.57 in compensation for selling equity-indexed annuities (EIAs) to nine individuals, three of whom were customers of his member firm, without giving prior written notice of his engagement in such business activities to the firm. The findings stated that the sales totaled \$512,924.58. While the firm maintained an approved product list that included certain EIAs that the firm allowed its representatives to sell to customers, none of the EIAs that Billman sold to the individuals were on the firm's approved product list. The findings also stated that in aggravation of his failure to disclose outside business activities, Billman provided his firm with misleading statements about his outside business activities. Billman submitted misleading answers on firm compliance questionnaires by certifying that he understood and complied with the firm's policy prohibiting the sale of any EIA other than those listed on its approved product list, and that any such EIA sales were made through the firm. When Billman's supervisor at the firm questioned Billman as to whether he was selling EIAs that the firm had not approved, Billman denied that he was selling EIAs.

The suspension is in effect from July 7, 2014, through November 6, 2014. ([FINRA Case #2012034909101](#))

Brian Harris Brunhaver ([CRD #2498928](#), Snohomish, Washington) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Brunhaver, in violation of his member firm's directive, used his personal email account for business purposes. The findings stated that by sending and receiving business-related email communications on his personal email account, Brunhaver frustrated his member firm's efforts to fulfill its supervisory obligations and its obligation to maintain and preserve business-related communications. The findings also stated that Brunhaver sent email messages to a customer containing false statements about a real estate investment trust (REIT). Brunhaver falsely assured the customer that her invested principal was guaranteed, that the investment did not hold any risk and that she could not lose her money. Relying on Brunhaver's representations, the customer invested \$114,300 in the REIT. Brunhaver also sent a blast email to other customers containing similar false statements, emphasizing that the REIT guaranteed investors' principal. The messages to these customers did not disclose the substantial risk of investing in the REIT. Brunhaver's email representations to the customers met all of the elements of fraud. Brunhaver made the misrepresentations either knowing that they were false, or in reckless disregard of their falsity, in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5. The findings also included that Brunhaver met with customers about investing in the REIT. In those meetings, Brunhaver personally represented, as he had in the emails, that the company guaranteed investments, and that investors could not lose money. These representations were important factors in the customer's decision to invest in the REIT; and like the representations Brunhaver made in the emails, they were knowingly false, material, and made to induce the customer to invest in a security. ([FINRA Case #2011026852001](#))

Geoffrey Marc Byruch ([CRD #3220744](#), Staten Island, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$25,000, suspended from association with any FINRA member in any capacity for two years and ordered to pay deferred disgorgement in the amount of \$25,000, plus interest, to FINRA. Without admitting or denying the findings, Byruch consented to the sanctions and to the entry of findings that he failed to reasonably supervise his member firm's sales of notes offered by an issuer. The findings stated that Byruch was aware of the substantial red flags surrounding the transaction. The issuer's proposed business plan was dubious and there were questions about, among other things, the viability of the technology to be utilized by the issuer and the background of the individuals involved. Byruch participated in a meeting of members of the firm's Investment Committee authorizing its investment bankers to spend approximately \$10,000 for due diligence relating to the issuer, including a due diligence trip to meet the person who first introduced the issuer to the firm. Byruch learned that those due-diligence trips raised substantial questions about the viability of the proposed transaction and individuals involved with the issuer. The firm's WSPs required the firm's Investment Committee to approve the firm's involvement in investment-banking transactions prior to proceeding with the deal. Byruch knew that the firm had moved forward with the investment-banking deal with the issuer and was selling the notes to the public. Despite his concerns, Byruch failed to stop the sales. After learning that the firm was

selling the notes, Byruch failed to take reasonable steps in response. Byruch did not halt the firm's sales of the notes or ensure that the transaction was presented to and approved by the firm's Investment Committee, and did not take reasonable steps to ensure that the firm had undertaken adequate due diligence prior to proceeding with sales. Despite his own concerns about the issuer, Byruch received \$25,000 from the firm's sales of the notes due to his role at the broker-dealer.

The findings also stated that in Byruch's capacity as his firm's chief executive officer (CEO), he permitted the firm to pay for at least \$93,837.65 of his own personal expenses. Byruch also permitted the firm to pay at least \$100,018.25 in personal expenses for another firm registered representative. As the firm's president, Byruch was in a position to ensure that these personal expenses were accurately booked on the firm's financial books and records, but failed to do so. Instead, the firm booked these amounts as being legitimate business expenses of the firm, rather than personal expenses, causing a number of records to be inaccurate. Byruch caused the firm to maintain inaccurate financial books and records, and make and file inaccurate Financial and Operational Combined Uniform Single (FOCUS) Reports and Annual Audit Reports in violation of Section 17(a) of the Securities Exchange Act of 1934 and Rules 17a-3 and 17a-5 thereunder. Byruch, as the firm's CEO, failed to establish and maintain a supervisory system, including written supervisory policies and procedures, reasonably designed to achieve compliance with applicable federal securities laws and FINRA/NASD rules in connection with the firm's financial recordkeeping. The findings also included that Byruch failed to timely amend his Form U4 to disclose unsatisfied tax liens.

The suspension is in effect from July 7, 2014, through July 6, 2016. ([FINRA Case #2010024522104](#))

Karen Lee Chafe ([CRD #1935625](#), Melbourne Beach, Florida) was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for one year. The sanctions were based on findings that Chafe engaged in a practice of modifying and resubmitting forms requesting the withdrawal of funds from annuity contracts, distributions from individual retirement accounts (IRAs), or modifications of arrangements for periodic distributions from IRAs. The findings stated that in lieu of obtaining new forms executed contemporaneously by customers, Chafe reused old forms, whitening out or otherwise obscuring existing information, writing over the obscured information, and adding new information concerning distribution/withdrawal amounts, tax withholding instructions, withdrawal funding instructions, payment methods and application dates. Chafe then submitted the altered forms as originals to her member firm or the annuity company. Over a six-year period, Chafe submitted altered forms on behalf of 14 customers at least 61 times, and admitted as much in a response to a FINRA information request. Although Chafe did not have her customers' authorization to submit altered forms, her customers did authorize the pertinent withdrawals and distributions.

The suspension is in effect from June 16, 2014, through June 15, 2015. ([FINRA Case #2012031147601](#))

Aron Michael Coit ([CRD #5551021](#), Omaha, Nebraska) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Coit consented to the sanction and to the entry of findings that he willfully failed to disclose civil judgments entered against him on his Form U4 within 30 days. The findings stated that Coit created and submitted a false paystub document in support of a personal loan application with a third-party lender, and overstated his income on the falsified paystub. By listing salary and deduction information on the paystub, Coit knowingly implied that he was a salaried employee of his member firm instead of an independent contractor. The findings also stated that during the course of FINRA's investigation into Coit's conduct, he provided partial but incomplete responses to certain document and information requests FINRA had issued. ([FINRA Case #201303772201](#))

Dale Kenneth Dahmen ([CRD #2866507](#), Buffalo, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Dahmen consented to the sanction and to the entry of findings that he converted an insurance customer's funds for his own benefit. The findings stated that Dahmen received \$5,000 in cash from an insurance customer that was intended to repay a loan the customer had taken against his life insurance policy. Without the customer's knowledge or authorization, Dahmen used the money to pay for personal expenses. After the customer inquired several times about the money, Dahmen repaid the customer. The findings also stated that Dahmen failed to amend his Form U4 to disclose a tax lien and judgment entered against him. The findings also included that in connection with FINRA's investigation into these matters, Dahmen failed to provide requested documents and information, and failed to appear for testimony. ([FINRA Case #2013038483501](#))

Matthew John Davis ([CRD #4412731](#), Murrieta, California) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Davis consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony regarding allegations that he engaged in misconduct in several customer accounts, including conversion, misrepresentation of customer holdings and account values, forgery of account related documents, discretionary and/or unauthorized trading, efforts to settle a customer complaint away from his member firm, and unsuitable recommendations. ([FINRA Case #2013036026901](#))

Robert Lee Drew ([CRD #1799265](#), Janesville, Wisconsin) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Drew consented to the sanction and to the entry of findings that he failed to appear for an on-the-record interview requested by FINRA. The findings stated that the interview was requested in connection with FINRA's investigation of potentially unsuitable trading in certain of Drew's customer accounts. Drew's counsel informed FINRA that Drew had decided not to appear. ([FINRA Case #2013038184601](#))

Tracy Anne Ducott (CRD #2755107, Boston, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Ducott consented to the sanction and to the entry of findings that she submitted travel and expense reimbursements for trips to a location of her member firm that she did not take, and received reimbursement from the firm for all of the submissions. The findings stated that through this scheme, Ducott converted approximately \$4,300 of firm funds for personal use. To avoid detection, Ducott logged into her supervisor's locked computer with his username and password, and submitted his approval of her reimbursements without his knowledge or consent. ([FINRA Case #2013037983901](#))

George Eliopoulos (CRD #5529481, Laval, Quebec) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in any capacity for nine months. Without admitting or denying the findings, Eliopoulos consented to the sanctions and to the entry of findings that he was actively engaged in the management of his member firm's securities business without proper registration. The findings stated that Eliopoulos personally funded the purchase of the firm, controlled the trust that owned the firm, participated in hiring the firm's principals and other key personnel, identified and helped negotiate clearing and execution venue agreements, frequently participated in and communicated with the firm's principals on management issues, and consistently held himself out as having the authority to communicate and make commitments on the firm's behalf. Despite engaging in these activities, Eliopoulos never registered with the firm as a principal or representative.

The suspension is in effect from June 16, 2014, through March 16, 2015. ([FINRA Case #2012033239201](#))

Barry Lee Engen (CRD #1613162, St. Paul, Minnesota) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Engen converted an insurance company's funds to his own use and benefit. The findings stated that Engen failed to notify the insurance company of his father's death, and the company continued to make monthly payments from a single-premium immediate annuity (SPIA) into a checking account that Engen held with his father. Engen allowed the insurance company to make monthly deposits that should have ended when Engen's father died and to which Engen was not entitled. Engen allowed the deposits to continue into his account and used the funds for his own purposes. The payments stopped when the company discovered through an Internet search that Engen's father had died. At that point, the company had deposited \$238,755 into the checking account. Under the terms of the SPIA, neither Engen, nor his father's estate, were entitled to receive the funds that the company deposited into the checking account after the father died. This notwithstanding, Engen wrote numerous checks drawn from the account during the period of overpayment. Engen wrote several checks to cover funeral and related expenses, an income tax bill for his father, and a check payable to his father's trust. Engen also wrote checks payable to himself totaling \$199,720.

Engen has not repaid the insurance company for the funds he converted. The findings also stated that Engen failed to respond to FINRA requests for information and documents relating to its investigation of the conduct regarding his suspected conversion of funds from the insurance company. ([FINRA Case #2012033634301](#))

Andrew Scott English ([CRD #5650338](#), Weston, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, English consented to the sanctions and to the entry of findings that he did not disclose his affiliation with or receipt of compensation from outside business activities with an entity to his member firm. The findings stated that the Form U4 filed when English joined the firm indicated that he was not currently engaged in any other business enterprise. English disclosed to and received approval from the firm to act as an unpaid consultant with the entity as an outside business activity. About a month later, English became a paid outside consultant and received compensation from the entity, but he failed to amend his prior disclosure to the firm concerning his outside business activities to reflect his new role and activities or his receipt of compensation. English later resigned his position as a consultant for the entity. Notwithstanding the changes in English's title or compensation, he did not amend or update his outside business activities disclosure form to the firm or otherwise update his Form U4 disclosures regarding his activities with the entity and/or the entity's proprietary product, or the compensation he received from the entity.

The suspension was in effect from July 7, 2014, through August 5, 2014. ([FINRA Case #2013037033601](#))

Shlomi S. Eplboim ([CRD #2417002](#), Tarzana, California) was barred from association with any FINRA member in any capacity. The National Adjudicatory Council (NAC) affirmed the sanction and findings following appeal of an Office of Hearing Officers (OHO) decision. The sanction was based on findings that Eplboim failed to produce documents in response to FINRA requests for information. The findings stated that FINRA had questions concerning Eplboim's financial dealings with two limited liability companies he formed, including whether he misappropriated any funds. ([FINRA Case #2011025674101](#))

Richard Lee Ewalt ([CRD #1313906](#), Mt. Airy, Maryland) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the findings, Ewalt consented to the sanctions and to the entry of findings that he affixed non-genuine signatures or initials of customers on documents. The findings stated that these documents were important records of his member firm and included, among other things, firm variable annuity disclosure forms, State of Maryland disclosure forms, variable annuity exchange forms, firm client profile declarations and worksheets, and IRA transfer forms. While the customers approved the transactions related to the

documents, they did not authorize Ewalt to affix their signatures to the documents. Ewalt's firm's procedures strictly prohibited representatives from affixing a customer's signature to any document. Ewalt signed the customers' signatures or initials to the foregoing documents without the customers' knowledge, authorization or consent. By falsifying the customers' signatures or initials on firm documents, Ewalt caused his firm to prepare and maintain inaccurate books and records.

The suspension is in effect from June 16, 2014, through June 15, 2015. ([FINRA Case #2013036711701](#))

Sandra Lea Fexer (CRD #1261368, Las Vegas, Nevada) was assessed a deferred fine of \$20,000, suspended from association with any FINRA member in any capacity for 18 months and ordered to pay \$539,748, plus interest, in restitution to customers. The sanctions were based on findings that Fexer made unsuitable recommendations to customers to purchase a REIT. The findings stated that, despite the customers each having moderate risk tolerances, Fexer nonetheless recommended investments that resulted in the customers holding undue concentrations in a single speculative security that carried a high degree of risk. These concentrated positions exposed the customers to a risk of loss that was not consistent with their risk tolerance levels, lack of additional investable assets, and financial situation and needs. Each of the customers lost their entire investment, due in part to the REIT's involuntary bankruptcy petition. The findings also stated that Fexer submitted subscription agreements for a customer's purchases indicating they were unsolicited trades when in fact she had solicited the trades. By submitting inaccurate subscription agreements to her member firm, Fexer caused incorrect information to be included in the firm's books and records.

The suspension is in effect from June 16, 2014, through December 15, 2015. ([FINRA Case #2009017346704](#))

Michael Thomas Flattery (CRD #4548222, Sanford, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for 20 business days. In light of Flattery's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Flattery consented to the sanction and to the entry of findings that contrary to his member firm's WSPs, he signed a customer's signature on documents in connection with an annuity redemption and transfer of funds needed to facilitate a real estate purchase scheduled to take place on a future date. The findings stated that Flattery improperly signed these documents as an accommodation to the customer because the customer's power-of-attorney representative had requested a change in the assets to be liquidated in order to minimize tax consequences, and time was of the essence to meet the deadline in connection with the scheduled closing.

The suspension is in effect from July 21, 2014, through August 15, 2014. ([FINRA Case #2012032800701](#))

Claus Christoph Foerster ([CRD #1912949](#), Spartanburg, South Carolina) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Foerster consented to the sanction and to the entry of findings that he solicited customers of his member firm to invest in a fictitious entity and converted their funds to his personal use. The findings stated that Foerster solicited his securities customers to invest in the entity, which he marketed as an income-oriented investment. Foerster instructed customers to move funds from their brokerage accounts to their personal bank accounts via wire or electronic funds transfer. Foerster then instructed the customers to write checks from their personal bank accounts, made payable to the entity. The entity was not an investment fund, but a bank account that Foerster controlled. In furtherance of his scheme, Foerster provided some of the customers with fictitious account statements, and provided at least two customers with purported dividend payments on a monthly basis. Through these actions, Foerster converted approximately \$3 million from customers. ([FINRA Case #2014041483401](#))

Vincenzo Francesco Fontana ([CRD #4448760](#), Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Fontana consented to the sanctions and to the entry of findings that he exercised discretionary power in customer accounts by effecting transactions without obtaining the customers' prior written authorization and without his member firm's acceptance of the accounts as discretionary. The findings stated that the firm's WSPs provided that the firm would not accept discretionary accounts.

The suspension was in effect from June 16, 2014, through July 28, 2014. ([FINRA Case #2012033090001](#))

Mark Steven Garrison ([CRD #1939534](#), Easley, South Carolina) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$37,043.57, which includes disgorgement of commissions in the amount of \$17,043.57, plus interest on the disgorgement amount, and suspended from association with any FINRA member in any capacity for 14 months. Without admitting or denying the findings, Garrison consented to the sanctions and to the entry of findings that he participated in private securities transactions involving an investment company without notifying or obtaining his member firm's approval. The findings stated that in total, Garrison participated in sales of company interests amounting to approximately \$864,375 to investors. Some of these investors were Garrison's customers at his firm. For his participation in these sales, Garrison received commission payments from the company totaling \$17,043.57. The findings also stated that Garrison specifically recommended that five of his firm's customers invest in the company; and based on his recommendation, those customers invested a total of \$188,500 in the company's silver program. Garrison did not adequately investigate the company's silver program prior to recommending it to his customers. Garrison failed to adequately research

or to understand the company's purported investment strategy, including how it was able to significantly outperform the market for physical silver. Because Garrison did not adequately investigate the company, he lacked a reasonable basis for recommending an investment in it to his customers.

The suspension is in effect from July 21, 2014, through September 20, 2015. ([FINRA Case #2012031996001](#))

Eugene Charles Giaquinto (CRD #4059014, Monroe, New Jersey) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Giaquinto failed to appear for FINRA-requested on-the-record testimony.. The findings stated that FINRA had questions concerning Giaquinto's involvement with trading being conducted with or through unregistered entities that were conducting business as broker-dealers. ([FINRA Case #2010023935002](#))

Susan Elizabeth Glover (CRD #5935416, Georgetown, Kentucky) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Glover consented to the sanction and to the entry of findings that she failed to testify and cooperate with FINRA's investigation. The findings stated that FINRA commenced an investigation into allegations that Glover converted funds from her member firm's business bank account to which she had access. FINRA advised Glover that her failure to appear and provide testimony could expose her to sanctions, including a bar from the industry. Glover, through her counsel, advised FINRA that she would not testify or cooperate further with FINRA's investigation. ([FINRA Case #2013035790701](#))

Russell Paul Green (CRD #1391627, Syosset, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in a principal capacity for 10 business days. Without admitting or denying the findings, Green consented to the sanctions and to the entry of findings that he failed to ensure that all necessary information had been obtained from a customer in connection with the deposit and sale of a possible control or restricted stock. The findings stated that Green served as the branch office manager of one of his member firm's branch offices. Under the firm's WSPs in effect at the time, branch managers were responsible for daily review of all trades and in cases involving the sale of a control or restricted stock, were required to determine the seller's status (affiliate or non-affiliate), determine the eligibility for sale in terms of the number of shares and the timing of the sale, and assist the customer in preparation of required forms.

The suspension was in effect from July 21, 2014, through August 1, 2014. ([FINRA Case #2010025122403](#))

Demitrios Hallas (CRD #4199832, New York, New York) submitted an Offer of Settlement in which he was fined \$5,000, suspended from association with any FINRA member in any

capacity for 30 days and ordered to pay \$6,110, plus interest, in restitution to a customer. Without admitting or denying the allegations, Hallas consented to the sanctions and to the entry of findings that he recommended that customers liquidate, or partially liquidate, their investments and invest the proceeds in bond funds without having a reasonable basis for recommending these investment switches, which caused the customers to incur unnecessary fees and charges. The findings stated the investment switches were not suitable for the customers' financial circumstances and needs. Hallas failed to ascertain the basic costs associated with a customer's investment switch, and whether such costs would be outweighed by any financial benefit to the customer. The customer incurred surrender and sales charges and suffered adverse tax consequences from switching investments. Hallas did not have any reason to believe that the bond fund would provide greater financial benefit to another customer than their pre-existing investment, or that it was better suited to the customer's investment objectives or risk tolerance. In light of the sales charge, the switch was not suitable for the customer's financial situation and needs.

The suspension was in effect from July 7, 2014, through August 5, 2014. ([FINRA Case #2012031943701](#))

Richard Neil Hanson (CRD #1261455, Pleasant Valley, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Hanson consented to the sanctions and to the entry of findings that he accepted a personal loan of \$5,000 from a customer of his member firm but neither sought nor received the firm's approval to accept the customer's loan. The findings stated that the loan was not documented and Hanson was not required to pay interest or repay the loan by a specified date. The proceeds of the loan came from a personal bank account that the customer held at a third-party bank, and not from the customer's securities account. Hanson violated his firm's policies and procedures by borrowing the funds from the customer. Hanson repaid the loan.

The suspension was in effect from July 21, 2014, through August 1, 2014. ([FINRA Case #2013036417301](#))

Steven Bruce Heinz (CRD #1227117, Orem, Utah) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Heinz consented to the sanction and to the entry of findings that he refused to appear and provide testimony as requested by FINRA. The findings stated that during the course of an investigation into the conduct of Heinz and another registered representative relating to, among other things, 1035 annuity exchanges, FINRA requested that Heinz appear to testify. Heinz did not appear and provide testimony on the scheduled date and informed FINRA that he would not appear to testify at any future date. ([FINRA Case #2013038124101](#))

Karl Robert Herrmann ([CRD #2706681](#), Tampa, Florida) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Herrmann consented to the sanction and to the entry of findings that he converted his member firm's funds to his own use. The findings stated that Herrmann knew that by identifying corporate credit card transactions as business expenses on expense reports, he would cause the firm to pay the credit card company for the transactions. Herrmann converted the firm's funds when he obtained payment from the firm for personal expenses by falsely claiming those expenses were business expenses. The findings also stated that Herrmann's preparation of false expense reports constituted falsification of records, and his submission of false expense reports caused the firm to maintain inaccurate books and records. Shortly after Herrmann resigned from the firm, he agreed to pay the firm \$10,000 relating to the transactions it had identified during its investigation into his use of his corporate credit card. Herrmann wrote a personal check payable to the firm for \$11,712.58, which included the \$10,000 Herrmann had agreed to pay as well as reimbursement for additional personal and other expenses Herrmann made. ([FINRA Case #2011029017001](#))

Richard Edward Holliday ([CRD #2356026](#), Belton, South Carolina) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Holliday consented to the sanction and to the entry of findings that over a period of approximately three years, he borrowed \$155,000 from customers. The findings stated that Holliday has not repaid the loans in full and did not disclose the loans to either of his member firms. During the period in which Holliday accepted the loans, both firms' WSPs generally prohibited their representatives from borrowing funds from customers. The findings also stated that Holliday provided false information in response to the annual compliance questionnaires for his firms. When asked on firm compliance questionnaires from 2010 to 2013 whether he had borrowed funds from customers, Holliday falsely responded "no." ([FINRA Case #2014040104501](#))

John Victor Jacobs ([CRD #1211897](#), New Prague, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any principal capacity for 10 days. Without admitting or denying the findings, Jacobs consented to the sanctions and to the entry of findings that, as a supervisory principal, he reviewed forms a registered representative had completed that misrepresented the terms of accounts at his member firm and falsely stated that the accounts did not have a contingent deferred sales charge (CDSC). The findings stated that although Jacobs signed each form indicating his review, he failed to notice or correct any of the misrepresentations. Jacobs then submitted the forms to his firm's home office for final acceptance and establishment of the new accounts. The firm permitted Jacobs to resign after an investigation that discovered Jacobs' failure to detect the problem and resolved all five customer complaints by paying consideration and/or waiving the CDSC for the customers' accounts.

The suspension was in effect from June 16, 2014, through June 25, 2014. ([FINRA Case #2012032336202](#))

Daphne Jean-Baptiste (CRD #6119704, Jamaica, New York) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Jean-Baptiste consented to the sanction and to the entry of findings that while working as an administrative assistant at her member firm, she used another employee's corporate credit card for personal use to charge flights to the Bahamas. The findings stated that the total cost of these tickets amounted to \$768.80. The other employee was unaware of the charges to his corporate credit card and never gave Jean-Baptiste permission to use it. ([FINRA Case #2013037124601](#))

Roy Dwane Johnson (CRD #2429985, Raceland, Kentucky) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Johnson consented to the sanction and to the entry of findings that he misappropriated funds and submitted false records to his member firm. The findings stated that Johnson, along with two partners, operated an advisor-select branch registered with his firm. The partners paid business expenses of the branch pro rata. For more than five years, Johnson submitted business expense reimbursement claims for personal expenditures. The conduct continued until it was detected by Johnson's partners and investigated by the firm. In total, Johnson submitted more than 750 false claims for personal expenses. These false claims resulted in approximately \$157,000 being paid from partnership funds to Johnson for personal expenses. Given that the partners shared the payment of expenses equally, Johnson caused his partners to, in effect, pay approximately \$52,333 each (1/3 of the false claims) towards Johnson's personal expenses without their knowledge or consent. ([FINRA Case #2014039861901](#))

Joseph Michael Keegan (CRD #5494745, Delanco, New Jersey) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Keegan repeatedly failed to respond in a timely manner to multiple FINRA requests for information and failed respond in any manner to FINRA requests to provide documents. The findings stated that after Keegan's member firm dismissed him, alleging that he had structured bank deposits, Keegan failed to cooperate with FINRA's ensuing investigation. Keegan responded to information requests only after FINRA initiated a FINRA Rule 9552 proceeding and his failure to take corrective action had resulted in his suspension. After Keegan provided some information, his suspension was terminated, but he failed to respond to subsequent requests for documents. ([FINRA Case #2012033201402](#))

Harlan Phillip Kleiman (CRD #2546618, Tiburon, California) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any principal capacity for two

months. Without admitting or denying the findings, Kleiman consented to the sanctions and to the entry of findings that he executed an engagement agreement on his member firm's behalf with an oil and gas program sponsor pursuant to which the firm agreed to act as placement agent for up to \$2,250,000 in limited and convertible partnership interests in an entity. The findings stated that Kleiman was the principal responsible for supervising the firm's private placement business and the supervisor of the registered representative primarily responsible for placing the securities. Kleiman did not supervise the offering or registered representative in a manner reasonably designed to achieve compliance with applicable rules. Kleiman did not adequately investigate certain red flags associated with the offering, including inadequate "use of proceeds" disclosures and the absence of past performance information related to the program sponsors.

The suspension is in effect from June 16, 2014, through August 15, 2014. ([FINRA Case #2012030570702](#))

William Thomas Kupets Jr. (CRD #2550128, Hopwood, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Kupets consented to the sanction and to the entry of findings that he failed to respond to FINRA requests for information and documents concerning potential disclosures on his Form U4. ([FINRA Case #2013038962701](#))

Britt Michael Lachemann (CRD #4375135, Phoenix, Arizona) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Lachemann consented to the sanctions and to the entry of findings that he borrowed a total of \$183,500 from two customers of his member firm and failed to notify the firm or obtain its advance written approval of the loans. The findings stated that the loans with the customers did not fall within the scope of any of the conditions identified in FINRA Rule 3240 or the limited exceptions the firm allowed. There were not any written documents regarding the loans. Lachemann repaid a total of \$78,142 of the loans and entered into settlement agreements with both customers for repayment of the remaining balances.

The suspension is in effect from July 7, 2014, through September 6, 2014. ([FINRA Case #2013036666501](#))

Stephen Samuel Lard (CRD #2448784, Roseville, California) submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the allegations, Lard consented to the sanctions and to the entry of findings that he solicited and recommended that customers invest in various speculative, high-risk and illiquid private-placement securities, which resulted in an unsuitable overconcentration of the customers' financial assets. The findings stated that the customers' concentrated positions

were unsuitable and exposed them to a risk of loss that exceeded their risk tolerance and investment objectives. The customers invested a total of \$1,900,000. One customer realized at least \$444,322 in losses on her investments in three different private-placement securities, two of which were considered Ponzi schemes. That customer suffered further harm by investing \$500,000 of her assets, which she has been unable to liquidate, in two additional private placement securities. The other customers, a married couple, suffered harm by investing \$750,000 of their assets in a private-placement security, which they have been unable to liquidate due to the security's significant limitations on reselling investment units and redemption rights.

The suspension is in effect from July 21, 2014, through August 15, 2014. ([FINRA Case #2011028430301](#))

Maryellen T. Lindley ([CRD #862519](#), Anderson, South Carolina) submitted a Letter of Acceptance, Waiver and Consent in which she was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for 12 months. Without admitting or denying the findings, Lindley consented to the sanctions and to the entry of findings that she shared commissions with unregistered individuals that were generated from securities business that the individuals referred to her. The findings stated that Lindley invested approximately \$1,188,000 on behalf of customers in investments, and she earned approximately \$90,802 from these sales. The customers were referred to Lindley by the unregistered individuals, who were accountants that provided accounting services to Lindley. Lindley paid 50 percent of the commissions earned on the investments to the accountants, individually and to their accounting firm. The accountants and the accounting firm were not registered with FINRA at the time of the commission payments. The findings also stated that Lindley failed to disclose this practice to her member firm in firm questionnaires that she completed. Lindley also denied the commission-splitting arrangement in response to FINRA's requests for information.

The suspension is in effect from July 7, 2014, through July 6, 2015. ([FINRA Case #2012033455701](#))

William John Manby Jr. ([CRD #2433553](#), Akron, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Manby consented to the sanctions and to the entry of findings that he caused his wholly owned company to act as an unregistered broker-dealer in connection with four securities offerings by issuers. The findings stated that in each instance, the company, acting by and through Manby, sold the issuers' securities and received transaction-based compensation for the sales. The company acted as a broker or dealer of the issuers' securities, necessitating registration as such under Section 15(a) of the Securities Exchange Act of 1934. Manby caused the company to act as an unregistered broker-dealer in violation of Section 15(a) of the Securities Exchange Act of 1934. The findings also stated that in

connection with the company's sale of the securities, Manby created and distributed advertising materials to approximately 30-40 individuals that he had identified as potential purchasers for the securities. In several instances, those advertising materials contained exaggerated or unwarranted statements regarding the securities being sold or failed to adequately discuss the risks associated with the securities offerings.

The suspension was in effect from July 7, 2014, through August 1, 2014. ([FINRA Case #2012030734502](#))

Glenn Jacob Marriott ([CRD #6025133](#), St. James, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Marriott consented to the sanction and to the entry of findings that he converted the cash insurance premium payment of one of his insurance customers in the amount of \$672. The findings stated that a few months later, when the customer's insurance policy was close to being cancelled due to an outstanding balance, Marriott used his personal credit card to make a payment of \$194.80 towards it to ensure the policy would not lapse. The remaining balance of the converted funds was not paid towards the customer's policy. ([FINRA Case #2013038108202](#))

Joe Mitchell McCartney ([CRD #1349989](#), Redmond, Washington) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for three months. In light of McCartney's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, McCartney consented to the sanction and to the entry of findings that he borrowed a total of \$60,000 from his customer at his member firm, and never sought or obtained the firm's approval for the loans. The findings stated that at the time of each loan, the firm's procedures required prior written approval by appropriate firm personnel for any lending relationships with customers. McCartney falsely denied the existence of the loans on annual compliance questionnaires that he submitted to the firm.

The suspension is in effect from July 7, 2014, through October 6, 2014. ([FINRA Case #2012033700501](#))

Douglas Hampton McGregor ([CRD #1611144](#), Oakton, Virginia) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, McGregor consented to the sanctions and to the entry of findings that he failed to timely disclose unsatisfied tax liens against him on his Form U4.

The suspension is in effect from July 7, 2014, through October 6, 2014. ([FINRA case #2013035123701](#))

Kevin Dwayne McNeese ([CRD #4567704](#), DeSoto, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, McNeese consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose an unsatisfied judgment and two bankruptcy filings. The findings stated that McNeese did not disclose any of these events to his member firm or in response to annual certification forms that he completed at the firm.

The suspension is in effect from June 16, 2014, through December 15, 2014. ([FINRA Case #2012033413401](#))

Barry John Milinovich ([CRD #2873433](#), Loveland, Ohio) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Milinovich consented to the sanction and to the entry of findings that he made unauthorized withdrawals totaling \$10,100 from the savings account of a customer of a bank branch of his member firm's banking affiliate at which he was employed and converted the money for his own use. The findings stated Milinovich opened a new account for the customer and closed the old account after the customer had raised concerns about the balance. Milinovich then attempted to assuage the customer's concerns by pretending to deposit \$10,100 into the new account. In reality, Milinovich closed out the certificate of deposit a second customer owned, opened a new account for the second customer, and deposited the proceeds of the certificate of deposit into the new account of the original customer. Milinovich then showed the deposit slip to the original customer, falsely telling her that the money had been deposited into the account. The findings also stated that Milinovich did not appear for FINRA-requested testimony or communicate with FINRA in any way regarding his testimonial obligation. ([FINRA Case #2013038755801](#))

Robert Charles Mondt ([CRD #2877742](#), Geneva, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for seven months. Without admitting or denying the findings, Mondt consented to the sanctions and to the entry of findings that on two occasions, he borrowed money from a customer for use in his restaurant business. The findings stated that each of Mondt's loans from his customer was prohibited by FINRA Rule 3240. Mondt engaged in the restaurant business without providing prior written notice to his member firm in such form as specified by the firm.

The suspension is in effect from June 16, 2014, through January 15, 2015. ([FINRA Case #2013035588001](#))

James Edmond Moniz ([CRD #852438](#), Hanover, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$25,000, which includes disgorgement of commissions received of \$12,378, and suspended from

association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Moniz consented to the sanctions and to the entry of findings that he recommended that a married couple purchase a variable universal life insurance policy (VUL) on the husband's life. The findings stated that almost immediately after the VUL policy was issued, the couple became concerned about the very high cost of the VUL, which was approximately six times the premium cost of the term life policies they also maintained. Although the VUL provided life insurance coverage for a longer period than the term policies, Moniz's recommendation to the couple that they purchase a VUL at a cost of almost \$12,000 per year in premiums was not appropriate for their needs. The findings also stated that VUL's issuer issued a written decision on the VUL application questioning the need for the additional \$310,000 in coverage and further stating that the amount of insurance in force on the husband's life through the term life policies appeared sufficient. Without first informing the couple of his actions, Moniz caused to be re-submitted the same application to the issuer with certain information either changed or added in handwriting. In the revised application, the Pending Insurance section was amended with a negative response to a question concerning whether the term life policies would remain in-force. The findings also included that Moniz recommended that the couple take out a reverse mortgage on their primary residence and that they use the proceeds to purchase a \$100,000 variable annuity (VA) and to open a managed investment advisory account with another entity with the remaining \$150,000. The funds the couple invested in the recommended VA were subject to a five-year surrender charge and Moniz was aware when he made these recommendations that the couple did not have sufficient liquid assets available to purchase the VA and open the investment account without encumbering their home. Moniz also acknowledged that he did not understand the costs associated with the reverse mortgage the couple obtained at his recommendation. FINRA found that according to Moniz's member firm's procedures, both the VA and the investment account were opened using a firm Client Profile Form, also known as a "Fact Finder," along with application forms the product issuer or sponsor required. On the Fact Finder forms completed for both the VA and investment account, Moniz inaccurately listed the source of funds as savings, despite the fact that the funds came from the reverse mortgage.

The suspension is in effect from June 16, 2014, through December 15, 2014. ([FINRA Case #2013036095001](#))

Adrian Terrance Nico ([CRD #5141684](#), Palatine, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$25,000 and suspended from association with any FINRA member in any principal or supervisory capacity for three months. Without admitting or denying the findings, Nico consented to the sanctions and to the entry of findings that, while acting as a designated supervisor of his member firm's proprietary traders, and while serving as the firm's CCO, he failed to establish, maintain and enforce a system of supervision, including written procedures, to supervise the firm's proprietary traders that was reasonably designed to achieve compliance with applicable securities laws and regulations. The findings stated that Nico failed to reasonably

supervise the firm's proprietary traders in connection with manipulative trading activity that improperly impacted prices on the NASDAQ Opening Cross and/or the NASDAQ Closing Cross, and failed to establish, maintain and enforce reasonable WSPs concerning manipulative trading activity and short sale transactions.

The suspension is in effect from June 16, 2014, through September 15, 2014. ([FINRA Case #2008014822701](#))

Denise Marie Olson ([CRD #2190824](#), Lakeville, Minnesota) was barred from association with any FINRA member in any capacity. The NAC affirmed the findings and sanction imposed following appeal of an OHO decision. The sanction was based on findings that Olson submitted a false expense report and converted her member firm's funds by obtaining payment for personal expenses for which corporate reimbursement was not allowed. The findings stated that Olson's firm issued her a corporate credit card and, as the firm permitted, Olson periodically used her corporate credit card for both business and personal reasons. An expenditure that was not reimbursable as a corporate expense under the firm's expense allowance policies, however, remained Olson's personal responsibility. Olson charged \$740.10 worth of electronics that were personal expenses to her corporate credit card. Olson accounted for the charge using the firm's expense management system but did not designate the purchase as a personal expense. Instead, Olson falsely claimed that she incurred the expense to purchase branch office equipment to justify the outlay as a business cost. Olson's firm paid the \$740.10 charge that she incurred. The firm began an investigation to address discrepancies in Olson's use of her corporate credit card, and after the firm's auditor asked Olson which conference room the purchase supported, Olson volunteered that she had in fact purchased the electronics and admitted that she falsely submitted the expenditure for approval as a business expense. Olson provided the firm a voluntary, hand-written statement acknowledging her misconduct and the firm immediately terminated her employment. Olson reimbursed the firm the \$740.10 that the firm paid to her corporate credit card as a result of her false entry on the firm's expense-management system. ([FINRA Case #2010023349601](#))

Peter Saunders Paisley ([CRD #5891191](#), Cedar Rapids, Iowa) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Paisley consented to the sanctions and to the entry of findings that he did not timely disclose an outside business activity to his member firm. The findings stated that Paisley completed an annual firm compliance questionnaire in which he certified that he understood he had to receive the firm's written permission prior to engaging in any outside business activity. The findings also stated that Paisley engaged in a private securities transaction by personally investing \$200,000 into a start-up venture in exchange for a 5-percent equity stake in the company. This transaction occurred outside Paisley's firm and he did not timely disclose his ownership position to the firm.

The suspension is in effect from July 7, 2014, through November 6, 2014. ([FINRA Case #2013038489801](#))

Richard Harvey Peress ([CRD #360122](#), Cave Creek, Arizona) submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 90 days. Without admitting or denying the allegations, Peress consented to the sanctions and to the entry of findings that he deposited quarterly dividend income checks issued by a REIT totaling \$11,460.10, which belonged to a former client, into his personal brokerage accounts. The findings stated Peress knew or should have known that he was not entitled to the funds from the dividend checks because he did not own stock in the publically traded REIT. Peress also knew or should have known that his former client was the rightful owner of the dividend checks, in that, among other things, he sold the REITs securities to the client, the checks were identified as dividend checks, and the documentation accompanying the checks referenced the client. Peress further failed to act reasonably after he received notice that he had likely received his client's money. Peress knew that his former member firm had concluded that he was not entitled to the dividend checks, but he unreasonably waited until FINRA insisted upon repayment before making repayment.

The suspension is in effect from July 21, 2014, through October 18, 2014. ([FINRA Case #2011030674101](#))

Leona Rosemary Peszka ([CRD #4425225](#), Clearwater, Florida) submitted a Letter of Acceptance, Waiver and Consent in which she was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for 60 days. Without admitting or denying the findings, Peszka consented to the sanctions and to the entry of findings that she falsified business records that she knew her member firm would produce to the SEC in response to a regulatory request. The findings stated that the documents purported to demonstrate that branch auditors from the firm and one of its offices of supervisory jurisdiction (OSJs) had reviewed the computers used by certain firm registered representatives for compliance with encryption and other computer "security standards." Peszka caused those documents to become inaccurate by misdating them, and by falsely identifying that the branch auditors had "tested" the registered representatives' computers during their branch audits. Peszka knew that her firm would produce these falsified documents to the SEC in response to the regulatory request. The findings also stated that Peszka completed two state insurance required CE courses on behalf of another firm registered representative, who was the OSJ's president. The president needed to complete those CE courses to maintain her state-issued insurance licenses, and solicited Peszka to take the courses for her. Peszka was paid \$50 after she took the courses.

The suspension is in effect from July 7, 2014, through September 4, 2014. ([FINRA Case #2012034849801](#))

Gregory George Philipps ([CRD #1544670](#), Lake Grove, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$2,500 and suspended from association with any FINRA member in any capacity for one month. Without admitting or

denying the findings, Philipps consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose federal tax liens.

The suspension was in effect from July 7, 2014, through August 6, 2014. ([FINRA Case #2013038818101](#))

Frederick Christopher Piatt ([CRD #4265737](#), Bloomington, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Piatt consented to the sanction and to the entry of findings that he completed an online state insurance CE course and related test on behalf of another registered representative, without the representative's knowledge or approval. The findings stated that in response to a FINRA request inquiring about the circumstances surrounding his termination from his member firm, Piatt submitted a written statement to FINRA in which he falsely denied having taken the CE course and related test on the representative's behalf, and that the representative took the course and related test. The findings also stated that Piatt falsely represented to management of another member firm (verbally and in writing) that he did not take the CE course and test for the representative. Piatt caused the firm to file an amended Form U4 on his behalf, in which he willfully misrepresented that the representative accessed his computer at his previous firm and took the course and test, and falsely accused Piatt of having taken the test for him. Piatt provided false written statements to the firm for the purposes of having those responses forwarded to five states in response to those states' inquiries. Piatt's written submissions to those various states contained misstatements including, *inter alia*, that he had not taken the CE course on the representative's behalf and that the representative took the CE course. ([FINRA Case #2012034017501](#))

Marcy B. Pinnell ([CRD #4264944](#), Edwardsville, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Pinnell consented to the sanctions and to the entry of findings that she falsely represented to an insurance carrier that she was an assistant to a broker who was actually registered with a different member firm. The findings stated that Pinnell made this false representation in order to obtain customer account information. Two customers sought Pinnell's advice concerning fixed annuities that they had purchased from the broker at a different firm. Pinnell contacted the life insurance company, representing that she was an assistant to the broker, in order to obtain confidential policy holder information concerning the fixed annuities. When the life insurance company asked Pinnell to verify the broker's agent number, she instead gave the broker's Social Security number, which was written on life insurance company paperwork the customers had provided Pinnell. Pinnell then obtained the information she was seeking regarding the fixed annuities.

The suspension was in effect from July 21, 2014, through August 1, 2014. ([FINRA Case #2013037757701](#))

Michael Anthony Pino ([CRD #1400156](#), Plainwell, Michigan) was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. The NAC affirmed the sanctions following appeal of an OHO decision. The sanctions were based on findings that Pino exercised discretion in a customer's accounts at two member firms although the customer had not granted him written discretionary authority, and both of his firms prohibited discretionary accounts.

This matter has been appealed to the SEC and the sanctions are not in effect pending review. ([FINRA Case #2010021621201](#))

Stephen Jacob Posner ([CRD #366204](#), Roslyn, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000, suspended from association with any FINRA member in any capacity for 10 business days and required to pay \$9,945, plus interest, in disgorgement of commissions. Without admitting or denying the findings, Posner consented to the sanctions and to the entry of findings that he executed sales of approximately 271 million shares of unregistered equity securities on behalf of a customer and other customers that had been referred to Posner. The findings stated that the sales of the securities were not covered by a registration statement, and Posner did not conduct a sufficient inquiry into the circumstances surrounding the customers' acquisitions and sale of the shares, prior to executing the sales, to ensure the availability of an exemption from registration. The sales generated proceeds for the customers of approximately \$661,000 and commissions for Posner of approximately \$9,945.

The suspension was in effect from July 21, 2014, through August 1, 2014. ([FINRA Case #2010025122402](#))

Michael Thomas Ross ([CRD #2563736](#), Kerhonkson, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Ross consented to the sanctions and to the entry of findings that he failed to disclose, or timely disclose, tax liens and a judgment lien against him on his Form U4.

The suspension was in effect from June 7, 2014, through August 1, 2014. ([FINRA Case #2013035138201](#))

Steven Robert Segerman ([CRD #5429472](#), Ocean, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in any capacity for one month and required to cooperate with FINRA in its continuing investigation. Without admitting or denying the findings, Segerman consented to the sanctions and to the entry of findings that he caused his member firm to maintain incorrect books and records. The findings stated that Segerman certified on a customer's variable annuity application forms that he had fully explained the contract to the customer, including its restrictions and charges, and

that he had determined that the transaction was suitable given the customer's financial situation and needs. Segerman also certified on the application that he had informed the customer of the material features of the variable annuity contract and that, based on information the customer provided, he had a reasonable basis to believe that the customer would benefit from the annuity. In fact, Segerman never discussed the investment in the variable annuity with the customer. Segerman instead relied on information provided by the customer's former registered representative, who was not registered at the time of the transaction, to complete portions of the customer application form.

The suspension was in effect from June 16, 2014 through July 15, 2014. ([FINRA Case #2012033901401](#))

Stuart James Siegel (CRD #835515, Bradenton, Florida) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Siegel consented to the sanction and to the entry of findings that he wrongfully converted more than \$76,000 of a foundation's funds for his personal use. The findings stated that Siegel was appointed president of the foundation, which was established by a customer's estate after the customer's death, and opened a brokerage account at his member firm to fund its activities. Siegel obtained his firm's permission to serve as president, but firm policies prohibited him from receiving any compensation as an officer of the foundation and from serving as the registered representative for the foundation's brokerage account. Siegel ceased being the broker of record at his firm for the foundation. As president, Siegel had access to the foundation's checking account, could withdraw funds from that account, and had authority to use its debit card, which bore his name. Siegel was also responsible for placing trades in the foundation's brokerage account. Siegel used the foundation's funds for his personal benefit, and did not inform fellow foundation officers or board members that he used funds for personal expenses, nor did he seek their permission prior to doing so. Only after Siegel's firm discovered the conversion did he reimburse the foundation for the expenditures. ([FINRA Case #2012035272901](#))

Nicholas Harris Shermeta (CRD #2414010, Minnetonka, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$25,000 and suspended from association with any FINRA member in any capacity for 40 days. Without admitting or denying the findings, Shermeta consented to the sanctions and to the entry of findings that he had discussions with senior management at his member firm about the firm's possible participation in an upcoming shelf offering of a company's shares. The findings stated that on a particular date, Shermeta transmitted buy orders in the company's stock to his firm's trading desk on behalf of five customers with instructions to execute the transactions in the last 10 minutes of the trading day—a practice commonly known as "marking the close."

The suspension is in effect from July 7, 2014, through August 15, 2014. ([FINRA Case #2009018801601](#))

Steven Allan Snapp ([CRD #1184755](#), Hutchinson, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for 12 months. In light of Snapp's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Snapp consented to the sanction and to the entry of findings that he borrowed \$20,000 from customers of his member firm without informing or obtaining his firm's prior written approval for the loan. The findings stated that the firm's WSPs prohibited loans with customers unless they were immediate family members or a commercial lending institution. The customers were neither.

The findings also stated that Snapp left the firm and registered with another member firm. Like the previous firm, the new firm's WSPs prohibited loans between customers and registered representatives except where customers were family members or a financial institution, or where the customer was also a registered representative with the firm. Snapp affirmatively denied having any loans with customers in the firm's new registered representative compliance questionnaire that he signed. Snapp also denied having loans with customers in the firm's annual compliance questionnaire that he signed, and on several other questionnaires that he completed during his registration with the firm. The findings also included that Snapp willfully failed to timely report unsatisfied liens on his Form U4.

The suspension is in effect from June 16, 2014, through June 15, 2015. ([FINRA Case #2013037893701](#))

Clifford Frank Staley ([CRD #5987325](#), Canton, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Staley consented to the sanction and to the entry of findings that while registered with a member firm and a bank, he transferred customers' credit card points to his personal credit card account without the customers' authorization. The findings stated that Staley redeemed these points for cash credited to his personal checking account and his credit card balance. The bank terminated Staley's employment after discovering the conversion and provided restitution to the customers. ([FINRA Case #2013039143701](#))

Dudley Franklin Stephens ([CRD #4119268](#), Malverne, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Stephens consented to the sanctions and to the entry of findings that he improperly removed confidential and proprietary information from his member firm. The findings stated that Stephens printed a spreadsheet containing, inter alia, customer names, account numbers, social security numbers, addresses and other information for firm customers. The information Stephens took constituted non-public personal information under Regulation S-P of the Securities Exchange Act of 1934. The firm

had policies and procedures prohibiting Stephens from taking this customer information. Stephens did not have permission to take the customer information, but did so in order to establish new relationships at his next broker dealer. Stephens did not notify his firm that he was in possession of this document or obtain the firm's permission to take it. Stephens resigned from the firm, joined a new member firm on the same day, and utilized the non-public personal information to attempt to solicit the opening of an account at his new firm.

The suspension was in effect from July 21, 2014, through August 1, 2014. ([FINRA Case #2013037374401](#))

Jennifer A. Tanck ([CRD #4159179](#), Saint Petersburg, Florida) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Tanck consented to the sanctions and to the entry of findings that she solicited, and paid, a subordinate employee to complete state insurance CE courses for her. The findings stated that Tanck needed to complete those courses to maintain her state-issued insurance licenses in active status. Tanck provided the employee with her password to the vendor that offered the CE courses. After the employee completed the CE courses, Tanck paid her \$50.

The suspension was in effect from July 7, 2014, through August 1, 2014. ([FINRA Case #2012034849802](#))

Michael Clark Tanner ([CRD #4996014](#), Camas, Washington) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Tanner consented to the sanctions and to the entry of findings that he knowingly included false information on documents submitted to his member firm in connection with the purchase of a variable annuity. The findings stated that Tanner recommended that a customer exchange her existing variable annuity for a new variable annuity. The customer agreed to the recommendation and, after surrendering her existing variable annuity, used the proceeds of approximately \$1.5 million to purchase the new variable annuity. The findings also stated that Tanner received compensation in connection with an outside business activity without providing prior written notice to his firm.

The suspension is in effect from July 7, 2014, through November 6, 2014. ([FINRA Case #2013038961301](#))

Winston Page Thompson ([CRD #2997189](#), Brooklyn, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Thompson consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose federal tax liens.

The suspension is in effect from June 16, 2014, through August 15, 2014. ([FINRA Case #2013037659301](#))

Anil B. Vazirani ([CRD #2625109](#), Scottsdale, Arizona) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Vazirani consented to the sanctions and to the entry of findings that he solicited sales of a company's renewable secured debentures, but was not registered as a general securities representative or in any other capacity. The findings stated that Vazirani solicited sales of the debentures by communicating with prospective customers, discussing the details of the debentures as an investment, recommending the purchase of the debentures, and assisting customers with completing the documents necessary to purchase the debentures. Vazirani then mailed certain of the documents to a registered representative formerly associated with his member firm, who then submitted the purchases to the firm as the broker of record. The paperwork did not identify Vazirani's role in the sales.

The suspension is in effect from July 7, 2014, through August 15, 2014. ([FINRA Case #2012034936002](#))

John Allan Waldock Jr. ([CRD #2995364](#), Bloomington, Minnesota) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Waldock converted a customer's property by making personal use of gift cards, with a value of at least \$2,200, belonging to the customer and provided by the customer to his member firm for business purposes. The findings stated that the customer asked the firm to coordinate a mailing to individuals associated with potential counterparties, hoping to tease their interest in a potential transaction. Each mailing included a gift card. The customer provided gift cards to the firm for the mailing. After the initial mailings were complete, the firm kept the unused gift cards and intended to (and did) mail some of them to additional potential counterparties. Waldock, without authorization, took some of the cards, placed separate orders and paid for the goods ordered with the converted gift cards. Waldock's firm received an email from the customer's chief financial officer informing it that they believed someone had attempted to redeem some of the gift cards the customer had provided to the firm. The firm began an internal investigation of the matter and ultimately concluded that Waldock had made personal use of the gift cards that had been provided to the firm for business purposes. As a result, the firm discharged Waldock. ([FINRA Case #2012031142101](#))

Justin Matthew Weseloh ([CRD #5321024](#), Independence, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity and required to cooperate with FINRA in its continuing investigation. Without admitting or denying the findings, Weseloh consented to the sanctions and to the entry of findings that he wrongfully took approximately \$84,000

(gross) from a branch office of his member firm, including approximately \$21,000 in salary payments and \$63,000 in commissions. The findings stated that as part of his payroll management duties, Weseloh sent gross payroll and commission figures for all of the branch office's employees to a third-party payroll company. The payroll company paid the employees directly from the branch office's banking account based on the figures Weseloh provided. Weseloh knowingly sent the payroll company inflated salary figures as well as commission figures for himself even though he was not allowed to receive commission payments pursuant to firm policy. This caused the branch to pay Weseloh salary and commissions in the amounts he requested. ([FINRA Case #2013038611701](#))

Scott Castle Wettersten ([CRD #1086772](#), Wilmette, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Wettersten consented to the sanctions and to the entry of findings that he exercised discretionary authority in connection with the purchase and sale of securities in the accounts of three of his customers without having been provided with the customers' prior written authorization to exercise discretion in their respective accounts. The findings stated that Wettersten's member firm had not approved and accepted the customers' accounts as discretionary.

The suspension was in effect from July 7, 2014, through August 1, 2014. ([FINRA Case #2013036047801](#))

Taylor Robert White ([CRD #5865693](#), Gretna, Nebraska) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the findings, White consented to the sanctions and to the entry of findings that he failed to timely disclose on his Form U4 that he was charged with three felonies in connection with improperly taking money from the bank account of an acquaintance, and failed to timely amend his Form U4 to disclose that he pled no contest to a misdemeanor involving fraud and wrongful taking of property to resolve the felony charges. The findings stated that the filing of felony charges against White and his no-contest plea to a fraud-related misdemeanor were material facts in connection with his employment both with his member firm and within the securities industry.

The suspension is in effect from June 16, 2014, through June 15, 2015. ([FINRA Case #2012030991002](#))

Robert Don Worden ([CRD #4098242](#), Lakeville, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for six months. In light of Worden's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Worden consented to the sanction and to the entry of findings that he willfully failed to timely amend his Form U4 to report an Internal Revenue Service (IRS) lien and failed to amend his

Form U4 to report a civil judgment against him. The findings stated that Worden provided false information relating to the IRS lien on his member firm's compliance questionnaire.

The suspension is in effect from June 16, 2014, through December 15, 2014. ([FINRA Case #2013037898401](#))

William C. Yuen ([CRD #4338061](#), Hacienda Heights, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for five months. Without admitting or denying the findings, Yuen consented to the sanctions and to the entry of findings that he submitted false business expense reports to his member firm in which he requested reimbursement for purported business expenses that he had not incurred. The findings stated that Yuen filed false expense reports containing claims for \$11,206 in client gifts. In each of these instances, Yuen submitted one or more receipts for purported client gifts. However, the receipts were for online orders that Yuen cancelled via telephone immediately after placing them. Of the total amount claimed, Yuen received \$9,087 in reimbursements from the firm. Most of this amount was reimbursed from Yuen's pre-tax compensation. Yuen did not receive reimbursement for one false expense report because reimbursement was still pending when his activity was discovered, and the firm had terminated him.

The suspension is in effect from July 21, 2014, through December 20, 2014. ([FINRA Case #2013037194601](#))

George Mina Zaki ([CRD #5437015](#), Staten Island, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Zaki consented to the sanctions and to the entry of findings that he implemented and/or executed discretionary trades in customers' accounts without the customers' prior written authorization and his member firm's acceptance of the accounts as discretionary. The findings stated that at Zaki's previous member firm, his accounts operated on a fee-based, discretionary model. When Zaki moved firms and many of his customers transferred their accounts to the new firm, the customers generally opened accounts on the firm's personal advisor platform, which did not allow registered representatives to enter trades on a discretionary basis. As a result of the restrictions of the firm's personal advisor platform accounts, the firm did not permit Zaki to exercise discretion in these accounts. Although Zaki's customers had previously provided verbal authority to place trades in their accounts, he did not have his clients' written discretionary trading authority. Zaki participated in effecting trades in firm customers' accounts without contacting the customers prior to the trades. Zaki also completed firm questionnaires in which he answered "no" to the question whether he had entered trades prior to speaking with a client (other than an approved firm discretionary platform).

The suspension is in effect from July 7, 2014, through September 6, 2014. ([FINRA Case #2012034430401](#))

Decision Issued

The Office of Hearing Officers (OHO) issued the following decision, which has been appealed to or called for review by the NAC as of June 30, 2014. 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 and Other Actions*.

North Woodward Financial Corp. ([CRD #104097](#), Birmingham, Michigan) and Douglas Allen Troszak ([CRD #2219763](#), Birmingham, Michigan). The firm was fined a total of \$25,000, suspended from FINRA membership for one year for its failures to timely comply with FINRA Rule 8210 requests, and suspended from FINRA membership for 30 business days for supervisory violations. The suspensions from FINRA membership shall run concurrently. Troszak was barred from association with any FINRA member in any capacity for his failures to comply with FINRA's Rule 8210 requests and barred from association with any FINRA member in any principal or supervisory capacity for his supervisory violations. OHO dismissed the allegations that charged the firm and Troszak with effecting securities transactions while the firm was suspended, and that the firm and Troszak failed to respond to Financial Crimes Enforcement Network (FinCEN) information-sharing requests. The sanctions were based on findings that the firm failed to timely respond to FINRA requests for information and documents to facilitate the firm's cycle examination, and failed to permit timely inspection of the firm's books and records. Troszak failed to respond to a FINRA request for information and documents related to loans he obtained in February 2011 from a number of individuals, four of whom were firm customers. The findings stated that the firm and Troszak failed to establish and maintain adequate WSPs, and failed to prepare required annual reports and certifications regarding the documenting, review and testing of the firm's WSPs. The WSPs did not tailor the generic, all-inclusive set of procedures the owner purchased from a third party to apply to the firm's actual business. The firm and Troszak failed to establish and implement adequate and appropriate AML procedures, and failed to conduct a timely independent AML tests. Instead of developing and implementing an AML program, Troszak used FINRA's small firm template without tailoring it to fit the firm's business. The firm's consultant noted this deficiency. The findings also stated that the firm and Troszak willfully failed to amend Troszak's Form U4 to report a judgment entered against him. The findings also included that the firm and Troszak willfully failed to adopt and provide customers with a privacy notice that complies with the requirements of Regulation S-P. The firm and Troszak relied on the notices Troszak provided to his tax clients even though they were cautioned that they could not do so.

This matter has been appealed to the NAC and the sanctions are not in effect pending review. ([FINRA Case #2011028502101](#))

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.

Jonah Engler ([CRD #4216259](#), New York, New York), Brett Ian Friedberg ([CRD #5012184](#), New York, New York), Hector Perez aka Bruce Johnson ([CRD #5431109](#), New York, New York), Joseph Scott Schaffer ([CRD #5114065](#), New York, New York), Jonathan Michael Sheklow ([CRD #4906207](#), Shelton, Connecticut) and Joshua William Turney ([CRD #4510219](#), White Plains, New York) were named respondents in a FINRA complaint alleging that they fraudulently sold a total of nearly \$3 million worth of senior secured zero-coupon notes issued by an entity in a private placement offering to customers. The complaint alleges that Engler, Friedberg, Perez, Schaffer, Sheklow and Turney (the respondents) misrepresented material facts about the offering, which promised to pay an astronomical return of 100 percent in one year by purportedly extracting precious metals from materials left over from mining operations (known as ore concentrate). The investors lost all of the money they invested in the notes, with the exception of three investors who were repaid in a Ponzi-like manner with funds from new investors. The complaint also alleges that the respondents recklessly failed to conduct a reasonable investigation of the viability and legitimacy of the entity in the face of numerous red flags that it was a fraud. In connection with their sales of the notes, the respondents recklessly misrepresented that the notes were collateralized by certain barrels of ore concentrate, and the ore concentrate that supposedly served as the collateral was of sufficient value to secure an investment in the notes. In fact, there was no collateral for the notes because the entity did not own any ore concentrate, despite a misrepresentation in the notes that ownership of ore concentrate had been transferred to investors. Further, the ore concentrate that was supposed to serve as the collateral was nearly worthless. The respondents, having failed to confirm that the collateral existed and that the supposed collateral had any value, recklessly misrepresented to prospective purchasers that their investments would be adequately secured by collateral. The respondents recklessly misrepresented material facts regarding the notes to their customers, in willful violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Alternatively, the respondents negligently misrepresented material facts, in contravention of Sections 17(a)(2) of the Securities Act of 1933.

The complaint further alleges that the respondents failed to obtain basic information about the entity that was necessary to the due diligence process in order to understand an investment in the company. Without such information, they lacked a reasonable basis to recommend the notes to investors. The respondents did not satisfy their reasonable-basis suitability obligations with respect to the notes. Nonetheless, they recommended

the securities to their customers. The respondents each lacked a reasonable basis to recommend the notes to their customers in light of their obtaining only limited information about the notes and their lack of investigation into the entity and the multiple red flags surrounding the offering. Friedberg and Schaffer further lacked a reasonable basis to recommend the notes to customers in connection with replacement transactions. Friedberg and Schaffer recommended the notes to customers at a time when the entity had defaulted on the notes, and proceeds from new investments had been used to repay complaining investors. In addition to the failures by the respondents to investigate and understand the notes, and in light of the red flags surrounding the notes, the notes were simply not a suitable investment for any investor. ([FINRA Case #2010024522103](#))

Robert Earl Holaday ([CRD #1043463](#), La Mesa, California) was named a respondent in a FINRA complaint alleging that he forged, or caused to be forged, the signatures of customers on a new account application and financial advisor change forms. The complaint alleges that the customers never signed or returned the documents to Holaday or anyone acting on his behalf, and never authorized anyone to sign or return the documents on their behalf. Instead, Holaday submitted the new account application to his member firm and the financial adviser change forms to a mutual fund company on the customers' behalf. ([FINRA Case #2012032519101](#))

Jack Lawrence Howard ([CRD #1273894](#), New York, New York) was named a respondent in a FINRA complaint alleging that while serving as the CEO and chairman of the board of a company, he purchased the company's stock while in possession of material non-public information about a potential merger. The complaint alleges that Howard purchased the shares after he recommended the company to an investment banker who approached Howard looking for a shell company into which her client could conduct a reverse merger. As a result, Howard willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. ([FINRA Case #2011026395701](#))

James M. Katayanagi ([CRD #4890437](#), Port Washington, New York) was named a respondent in a FINRA complaint alleging that he misappropriated approximately \$14,100 from bank customers. The complaint alleges that in his role as a personal banker, he had access to the computer system of his member firm's affiliated bank, as well as to blank temporary automatic teller machine (ATM) cards that could be issued to bank customers. Katayanagi created temporary ATM cards that enabled him to gain access to customer bank accounts. Katayanagi created personal identification numbers (PINs) for each card and withdrew funds from the customers' bank accounts at ATMs for his own personal use. Katayanagi did not have the bank customers' authorization to withdraw funds from their accounts. As a result of this misconduct, Katayanagi was arrested and charged with felony Grand Larceny in the Third Degree and later pled guilty to a misdemeanor charge of petit larceny. After fulfilling the conditions of the plea, Katayanagi re-pled to disorderly conduct. ([FINRA Case #2013035572001](#))

Yingchen Liu ([CRD #5356808](#), New York, New York) was named a respondent in a FINRA complaint alleging that she failed to appear for FINRA-requested testimony. The complaint alleges the FINRA requested that Liu appear to testify with respect to matters involved in an investigation into possible violations regarding the basis for initiating quotations of an issuer's stock, and regarding the receipt of compensation for initiating quotations in an issuer's stock. ([FINRA Case #2013038309401](#))

Charles Henry Melvin Jr. ([CRD #1274431](#), Charlotte, North Carolina) was named a respondent in a FINRA complaint alleging that he willfully failed to timely amend his Form U4 to disclose federal tax liens that were filed against him. The complaint alleges that not only did Melvin receive notice of the liens such that he was aware of their existence, but on at least two occasions following his receipt of notice of the liens, his immediate supervisor at his member firm specifically instructed him to disclose any tax liens that had been filed against him by the IRS or any other reportable events. The tax liens were finally disclosed when a new member firm filed a Form U4 on Melvin's behalf. ([FINRA Case #2012034045101](#))

Gregory John Oelerich ([CRD #5832683](#), Middleton, Wisconsin) was named a respondent in a FINRA complaint alleging that he misappropriated credit cards from coworkers and used them to make personal purchases without the coworkers' knowledge or authorization. The complaint alleges that Oelerich wrongfully converted \$1,212 from the coworkers through his unauthorized credit card purchases, which he made for his personal benefit. One of the coworkers kept a credit card, which she used to pay for business expenses, in a desk drawer in her office. Oelerich was aware of the location of the credit card in the coworker's desk. Oelerich was not authorized to take or use the credit card. On separate weekends, Oelerich entered their branch office and removed the credit card from the coworker's desk. Without the coworker's knowledge or authorization, Oelerich then used her credit card to make unauthorized personal purchases. While in a meeting, the other coworker left her handbag, which contained a credit card that the coworker used to pay for business expenses, unattended in a cubicle. Oelerich took the credit card from the handbag without the coworker's knowledge or authorization, and used the credit card to make unauthorized personal purchases. ([FINRA Case #2014039764901](#))

Joseph Brandon Westphal ([CRD #4769381](#), Tampa, Florida) was named a respondent in a FINRA complaint alleging that he failed to provide FINRA with requested documents and has not provided all of the requested information. The complaint alleges that Westphal's failure to provide requested information and documents impeded FINRA's investigation into his misconduct, including effecting securities purchases in a personal account at a member firm without having sufficient funds in the account to pay for those purchases, and potentially opening several brokerage account at his firm's clearing firm without submitting required documentation and obtaining firm approval and potentially engaging in improper trading. ([FINRA Case #2011030166801](#))

Decision Dismissed

(OHO issued the following decision, which was appealed to the NAC. The findings made by the Hearing Panel were not affirmed, and the Hearing Officer has subsequently ordered that the decision be dismissed.)

Ronald E. Walblay (CRD #2171097)
 Delray Beach, Florida
 (May 22, 2014)
 FINRA Case #2011025643201

Complaints Dismissed/Withdrawn

(FINRA issued the following complaint, which represented FINRA's initiation of a formal proceeding. The Hearing Officer has subsequently ordered that the complaint be dismissed/withdrawn.)

Scott Howard Altman (CRD #1017265)
 Richfield, Ohio
 (June 5, 2014)
 FINRA Case #2012033296801

Gregory Even Goldstein (CRD #2412387)
 Stevenson Ranch, California
 (June 20, 2014)
 FINRA Case #2011030210103

Marcelle Long (CRD #2679335)
 Atlanta, Georgia
 (June 17, 2014)
 FINRA Case #2010021296702

Firms Expelled for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320

HLM Securities, Inc. (CRD #133216)
 Chicago, Illinois
 (June 14, 2014)
 FINRA Case #2012034822601

Firms Cancelled for Failure to Pay Outstanding CRD Fees Pursuant to FINRA Rule 9553

John Carris Investments LLC (CRD #145767)
 Hoboken, New Jersey
 (June 1, 2014)

Firms Suspended for Failure to Supply Financial Information 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.)

1st Bridgehouse Securities, LLC (CRD #44655)
 Miami, Florida
 (April 9, 2014 – June 24, 2014)

Mosaic Capital Securities, LLC (CRD #106637)
 Sherman Oaks, California
 (April 16, 2014 – June 27, 2014)

Individuals Barred for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552(h)

(If the bar has been vacated, the date follows the bar date.)

Leanne Marie Crisp (CRD #5189870)
 Spokane, Washington
 (June 10, 2014)
 FINRA Case #2014039787601

Joshua Richard Hanna (CRD #6032943)
 Candia, New Hampshire
 (June 24, 2014)
 FINRA Case #2013039114901

Paul Ocie Hartman (CRD #6057432)
Spring, Texas
(June 30, 2014)
FINRA Case #2013039149201

Michael W. Jones (CRD #4700131)
Astoria, New York
(June 10, 2014)
FINRA Case #2013038376501

Homayoun Khaleeli (CRD #5720041)
Peekskill, New York
(June 30, 2014)
FINRA Case #2013039148501

Stephen Henry Murawski (CRD #1053513)
Monclova, Ohio
(June 24, 2014)
FINRA Case #2013038894301

Robert Bernard Perthuis (CRD #3166875)
New York, New York
(June 17, 2014)
FINRA Case #2012033548801

Donn Lawrence Quintos (CRD #4799239)
San Jose, California
(June 10, 2014)
FINRA Case #2013038833501

Michael Nicholas Romano (CRD #2357611)
Commack, New York
(June 27, 2014)
FINRA Case #2014040111901

Susan Ora Snoeyink (CRD #1226789)
Haslett, Michigan
(June 30, 2014)
FINRA Case #2013038248401

Patrick Joseph Sullivan (CRD #5796812)
Loveland, Ohio
(June 17, 2014)
FINRA Case #2013037200401

Joseph Stephen Waide (CRD #4165870)
Middlesex, New Jersey
(June 30, 2014)
FINRA Case #2013038529301

Heidi Marika Wivolin (CRD #2728779)
Lantana, Florida
(June 24, 2014)
FINRA Case #2013038844101

**Individuals Revoked for Failure to Pay Fines
and/or Costs Pursuant to FINRA Rule 8320**

**(If the revocation has been rescinded, the
date follows the revocation date.)**

Terrance Richard Hennessy (CRD #1072712)
Valparaiso, Indiana
(June 14, 2014)
FINRA Case #2012034822601

David Walton Matthews Jr. (CRD #323097)
Longwood, Florida
(June 18, 2014)
FINRA Case #2009017195204

**Individuals Suspended for Failure to
Provide Information or Keep Information
Current Pursuant to FINRA Rule 9552(d)**

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

Scott Patrick Alcus (CRD #2983730)
Miami Beach, Florida
(June 6, 2014)
FINRA Case #2013039238701

Mercy Joan Alpert (CRD #2862178)
West Hills, California
(June 5, 2014)
FINRA Case #2014040522801

Ricky Darnell Ausbon (CRD #1798015)

Scotch Plains, New Jersey
(June 23, 2014)
FINRA Case #2013039472001

Katherine Mary Boulbol (CRD #4056252)

Delray Beach, Florida
(April 21, 2014 – June 16, 2014)
FINRA Case #2013038835101

Skye Reagon Caradonna (CRD #4788211)

Milton, New York
(June 2, 2014)
FINRA case #2011025962402

Michael Andrew DeMaria (CRD #6020527)

Carmel Valley, California
(June 23, 2014)
FINRA Case #2013039601701

David Keith Garrow (CRD #2885649)

Milwaukee, Wisconsin
(March 31, 2014 – June 4, 2014)
FINRA Case #2013038871701

Adam Paul Gromling (CRD #5181931)

Sayville, New York
(June 9, 2014)
FINRA Case #2013036467401

David Jay Hackney (CRD #2301416)

Chicago, Illinois
(June 16, 2014)
FINRA Case #2014040276701

Michael Peter Hernandez (CRD #5003788)

Pleasanton, California
(June 9, 2014)
FINRA Case #2013036726901

Shane T. Kelley (CRD #5798473)

Lantana, Florida
(June 16, 2014)
FINRA Case #2014039866401

Michael Allen Kocherer (CRD #5341342)

Champlin, Minnesota
(June 6, 2014)
FINRA Case #2014040736601

Timothy Gordon Larsen (CRD #6054434)

Prescott, Arizona
(June 23, 2014)
FINRA Case #2014040160701

Michael L. Leveque (CRD #5205289)

Swampscott, Massachusetts
(June 23, 2014)
FINRA Case #2013039559801

Gerald Joseph Lodovico (CRD #2623141)

Gibsonia, Pennsylvania
(June 9, 2014)
FINRA Case #2013035714001

Fred Thomas Marino Jr. (CRD #1141375)

McAllen, Texas
(June 23, 2014)
FINRA Case #2013038575301

Lesly Briana Meeky (CRD #5898071)

Hattiesburg, Mississippi
(June 23, 2014)
FINRA Case #2014039710601

Baltazar Herrera Morales (CRD #5125990)

St. George, Utah
(June 23, 2014)
FINRA Case #2014039748301

Addo Yaw Okyere (CRD #3247814)

Jamaica, New York
(June 20, 2014)
FINRA Case #2013037732601

Marc James Palmieri (CRD #2751411)

Fair Lawn, New Jersey
(June 9, 2014)
FINRA Case #2014040597201

David Joseph Pestrichello (CRD #5038168)
Hillsdale, New Jersey
(June 9, 2014)
FINRA Case #2014040524301

Jose Gabriel Ramirez Jr. (CRD #1519748)
San Juan, Puerto Rico
(June 23, 2014)
FINRA Case #20130391421/FPI140006

Blake Martin Sallee (CRD #3074967)
Versailles, Kentucky
(June 20, 2014)
FINRA Case #2013039287301

Marcos A. Santana (CRD #5367628)
New York, New York
(June 20, 2014)
FINRA Case #2013039520101

Christine Janet Schnepf (CRD #5400512)
Derry, New Hampshire
(June 13, 2014)
FINRA Case #2013039473701

David Earl Anard Seagren (CRD #1180218)
Franklin, Pennsylvania
(June 9, 2014)
FINRA Case #2014039874501

Jack Ibrahim Tawasha (CRD #2263634)
San Mateo, California
(June 23, 2014)
FINRA Case #2013038430301

Jovan Samuel Thompson (CRD #6206426)
Robbinsdale, Minnesota
(June 23, 2014)
FINRA Case #2013039371501

Anne Katherine Walker (CRD #3147541)
Phoenix, Arizona
(June 23, 2014)
FINRA Case #2014040246601

Delroy Wilson (CRD #1748739)
Brooklyn, New York
(June 23, 2014)
FINRA Case #2013037749201

Keith Franklin Wooley (CRD #5816842)
Jackson, Tennessee
(June 23, 2014)
FINRA Case #2014040039301

Ndessah Yombah (CRD #6145154)
Silver Spring, Maryland
(June 20, 2014)
FINRA Case #2013039082101

**Individuals Suspended for Failure to
Comply With an Arbitration Award or
Settlement Agreement Pursuant to
FINRA Rule 9554**

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

Jeremy Jay Chaffin (CRD #2625460)
Tampa, Florida
(June 12, 2014)
FINRA Arbitration Case #13-01496

Michael Vincent Jordan (CRD #1547332)
Hoffman Estates, Illinois
(June 12, 2014)
FINRA Arbitration Case #12-02855

FINRA Fines Barclays Capital, Goldman Sachs and Merrill Lynch \$1 Million Each for Submitting Inaccurate Blue Sheet Data

Disciplinary Complaint Issued Against Wedbush Securities

The Financial Industry Regulatory Authority (FINRA) has censured and fined Barclays Capital Inc.; Goldman, Sachs & Co.; and Merrill Lynch, Pierce, Fenner & Smith, Inc., \$1 million each for failing to provide complete and accurate information about trades performed by the firms and their customers, commonly known as “blue sheet” data, to FINRA, the SEC and other regulators. In addition, FINRA issued a complaint against Wedbush Securities, Inc., for failing to submit complete and accurate blue sheets.

Blue sheets provide regulators with detailed information about trades performed by a firm and its customers, including the security’s name, date traded, price, transaction size and parties involved. Regulators use the data to identify trading anomalies and investigate potential insider trading or other market manipulations. Federal securities laws and FINRA rules require firms to provide this information to FINRA and other regulators electronically upon request.

Cameron Funkhouser, Executive Vice President and Head of FINRA’s Office of Fraud Detection and Market Intelligence, said, “Blue sheets are mission-critical to conducting reviews and investigations of suspicious trading. When firms fail to submit timely and accurate blue sheet data, it compromises the ability of every regulator to identify the perpetrators of illegal insider trading and other market abuses. The actions announced today are a reminder to firms about their fundamental obligation to provide complete and accurate blue sheet data without exception.”

FINRA found the firms’ violations included submissions that failed to include some customer names and contact information, failed to include some transactions, contained incorrect name and contact information for some customers, or contained inaccurate details of the transactions. The violations arose from problems with the firms’ electronic systems used to compile and produce blue sheet data. FINRA also found that the firms failed to have in place adequate audit systems providing for accountability of their blue sheet submissions. FINRA ordered the firms to certify that they have conducted a comprehensive review of their systems related to blue sheet submissions, and to certify that they have established procedures reasonably designed to address and correct the violations.

Each firm has a prior regulatory history involving the submission of inaccurate blue sheet data.

In settling these matters, [Barclays](#), [Goldman Sachs](#) and [Merrill Lynch](#) neither admitted nor denied the charges, but consented to the entry of FINRA’s findings.

The [Wedbush complaint](#) is not yet adjudicated. Under FINRA rules, a firm or individual named in a complaint can file a response and request a hearing before a FINRA disciplinary panel. Possible remedies include a fine, censure, suspension or expulsion from the securities industry; disgorgement of gains associated with the violations; and payment of restitution. The 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 the complaint is unadjudicated, the respondents should be contacted before drawing any conclusions regarding the allegations in the complaint.

FINRA's investigation was conducted by the Office of Fraud Detection and Market Intelligence, and the Department of Enforcement.

FINRA Fines Merrill Lynch \$8 Million; Over \$89 Million Repaid to Retirement Accounts and Charities Overcharged for Mutual Funds

The Financial Industry Regulatory Authority (FINRA) has fined Merrill Lynch, Pierce, Fenner & Smith, Inc. \$8 million for failing to waive mutual fund sales charges for certain charities and retirement accounts. FINRA also ordered Merrill Lynch to pay \$24.4 million in restitution to affected customers, in addition to \$64.8 million the firm has already repaid to disadvantaged investors.

Mutual funds offer several classes of shares, each with different sales charges and fees. Typically, Class A shares have lower fees than Class B and C shares, but charge customers an initial sales charge. Many mutual funds waive their upfront sales charges for retirement accounts and some waive these charges for charities.

Most of the mutual funds available on Merrill Lynch's retail platform offered such waivers to retirement plan accounts and disclosed those waivers in their prospectuses. However, at various times since at least January 2006, Merrill Lynch did not waive the sales charges for affected customers when it offered Class A shares. As a result, approximately 41,000 small business retirement plan accounts, and approximately 6,800 charities and 403(b) retirement accounts available to ministers and employees of public schools, either paid sales charges when purchasing Class A shares, or purchased other share classes that unnecessarily subjected them to higher ongoing fees and expenses. Merrill Lynch learned in 2006 that its small business retirement plan customers were overpaying, but continued to sell them more costly shares and failed to report the issue to FINRA for more than five years.

Brad Bennett, FINRA's Executive Vice President and Chief of Enforcement, said, "Merrill Lynch failed to offer available waivers to customers, including small business retirement accounts and charitable organizations. FINRA's commitment to investor protection is highlighted by the significant restitution component of this settlement, which reinforces that investors must be able to trust that their brokerage firm will offer the lowest-cost share classes available to them. When firms fail to do so, we will take appropriate action."

Merrill Lynch's written supervisory procedures provided little information or guidance on mutual fund sales charge waivers. Even after the firm learned that it was not providing sales charge waivers to eligible accounts, Merrill Lynch relied on its financial advisors to waive the charges, but failed to adequately supervise the sale of these products or properly train or notify its financial advisors about lower-cost alternatives.

In concluding [this settlement](#), Merrill Lynch neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

FINRA's investigation was conducted by the Departments of Enforcement and Member Regulation.

FINRA Hearing Panel Expels Success Trade Securities and Bars CEO Fuad Ahmed for Fraudulent Scheme

Ordered to Pay \$13.7 Million in Restitution; Majority of Defrauded Investors Were NFL and NBA Players

The Financial Industry Regulatory Authority (FINRA) announced that a FINRA hearing panel has expelled Washington, D.C.-based Success Trade Securities, Inc. from membership and barred its CEO and President, Fuad Ahmed, for the fraudulent sale of promissory notes and for creating a Ponzi scheme. In addition, the firm and Ahmed are jointly and severally ordered to pay approximately \$13.7 million in restitution to 59 investors, the majority of whom were current and former NFL and NBA players.

In April 2013, FINRA issued a [complaint](#) against Success Trade Securities and Ahmed charging fraud in the sales of promissory notes issued by the firm's parent company, Success Trade, Inc., and filed a Temporary Cease and Desist Order to immediately halt their activities, to which Ahmed and the firm consented.

Following a hearing on the allegations in the complaint, the panel found that from February 2009 through March 2013, Ahmed and Success Trade sold \$19.4 million in Success Trade promissory notes to investors while misrepresenting or omitting material facts. The decision notes that Ahmed and Success Trade omitted material facts from the offering documents that would have revealed that the parent company was in dire financial condition. During the hearing, Ahmed admitted that the parent company lost money every year in the last 14 years except for 2007. Success Trade and Ahmed also misrepresented to investors that the proceeds would be used for business expenses to promote and build the parent company's businesses when, in fact, the funds were used to make unsecured loans to Ahmed for personal expenses and to make interest payments to existing noteholders, thereby creating a Ponzi scheme that enabled the fraud to continue. In addition, as notes issued in 2009 and 2010 began to mature, Ahmed sought to persuade investors to convert their notes to equity or to extend the term of the notes by creating the false impression

that his businesses were thriving and about to be listed on a European exchange. He also falsely led investors to believe that he was about to make a \$15 million acquisition of an Australian company.

Success Trade and Ahmed were also sanctioned for selling unregistered securities; however, in light of the [expulsion and bar](#), these additional sanctions were not imposed.

Unless the hearing panel's decision is appealed to FINRA's National Adjudicatory Council (NAC) or is called for review by the NAC, the hearing panel's decision becomes final after 45 days.

FINRA Bars Broker for Insider Trading in Japanese Securities

The Financial Industry Regulatory Authority (FINRA) has barred Kenneth Ronald Allen, a former equity trader at First New York Securities L.L.C., from the securities industry for trading Japanese securities on the basis of material, non-publicized information that he received from a corporate insider.

Cameron K. Funkhouser, Executive Vice President of FINRA's Office of Fraud Detection and Market Intelligence, said, "Individuals who are registered with FINRA are expected to observe high ethical standards and conduct themselves in accordance with just and equitable principles of trade regardless of where securities are listed."

FINRA's investigation found that in September 2010, Allen placed orders using a firm proprietary trading account from New York City to short sell shares of Tokyo Electric Power Company Inc. (TEPCO), which is listed on the Tokyo Stock Exchange. Allen created a short position in TEPCO shares while he was in possession of material, non-publicized information that TEPCO was close to announcing a secondary public offering of its securities. Allen obtained the material, non-publicized information from a consultant whose source was a Tokyo-based employee of Nomura Securities Co. Ltd., a large Japanese broker-dealer, which underwrote the TEPCO offering.

After receiving the inside information, Allen traded in TEPCO shares between September 15, 2010, and September 28, 2010. TEPCO publicly announced the secondary offering on September 29, 2010, and the market price for its shares declined. Allen covered the short position after the announcement, realizing a profit of approximately \$206,000.

FINRA found that Allen's conduct violated FINRA Rules to observe high standards of commercial honor and just and equitable principles of trade.

In settling [this matter](#), Allen neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

FINRA's investigation was jointly conducted by the Office of Fraud Detection and Market Intelligence and the Department of Enforcement.