

Disciplinary and Other FINRA Actions

Firms Fined

ABN AMRO Clearing Chicago LLC ([CRD® #14020](#), Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$95,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report short interest positions to the New York Stock Exchange (NYSE) and FINRA® on certain settlement dates, and submitted to FINRA an inaccurate short-interest position 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 and NASD® rules, concerning short-interest reporting. The firm's supervisory system did not include written supervisory procedures (WSPs) providing for a statement of the supervisory step(s) to be taken by the identified person(s). ([FINRA Case #2010022980701](#))

Aufhauser Securities, Inc. ([CRD #39673](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$17,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to transmit Reportable Order Events (ROEs) to the Order Audit Trail System (OATS™) on 30 business days. ([FINRA Case #2013037283401](#))

Auriga USA, LLC ([CRD #121731](#), 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 it failed to report to the Trade Reporting and Compliance Engine® (TRACE®) the correct trade execution time for transactions in TRACE-eligible securitized products. The findings stated that the firm failed to show the correct execution time on brokerage order memoranda. ([FINRA Case #2013037788501](#))

BNP Paribas Securities Corp. ([CRD #15794](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was fined \$5,000. Without admitting or denying the findings, the firm consented to the sanction and to the entry of findings that it failed, within 30 seconds after execution, to transmit to the FINRA/NASDAQ Trade Reporting Facility® (FNTRF) last sale reports of transactions in national market system (NMS) securities, and failed to designate through the FNTRF three of such reports as late. ([FINRA Case #2013035848201](#))

Reported for May 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).

brokersXpress LLC ([CRD #127081](#), Chicago, Illinois) 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 transmitted ROEs to OATS that OATS rejected for context or syntax errors. The findings stated that the reports were repairable, but the firm failed to repair a majority of these rejected ROEs. ([FINRA Case #2012033081201](#))

CapWest Securities, Inc. ([CRD #30002](#), Greeley, Colorado) was censured and fined a total of \$50,000. The Securities and Exchange Commission (SEC) sustained the sanctions following appeal of a National Adjudicatory Council (NAC) decision. The sanctions were based on findings that certain firm communications promoted the use of Section 1031 of the Internal Revenue Code (Section 1031 Exchanges) or tenant-in-common (TIC) investments without providing a sound basis for evaluating the facts regarding them, and promoted positive features of TICs in a way that was not fair and balanced. The findings stated that touting the benefits of the TIC investments without a balanced presentation of the risks entailed in the investment renders the communications misleading. The firm failed to provide the requisite balanced disclosures of the risk associated with TIC investments. Communications the firm used contained exaggerated or false and misleading claims. The communications exaggerated the protection and security that TIC investors could expect as a result of regulatory oversight of the TIC industry, and included misleading and exaggerated statements indicating that 1031 Exchanges permit the investor to avoid taxes altogether when they merely allow taxes to be deferred. The firm also used communications that contained performance predictions and unwarranted forecasts, including statements predicting that investors would realize positive returns on their investments and specific percentage return projections without citing a basis for the projections. None of the communications included any disclosure or cautionary language that the results being cited do not guarantee future performance. The firm used customer testimonials in public communications that did not include the required disclosures. The findings also stated that the firm failed to effectively implement procedures, and supervisory personnel did not have an adequate understanding of the firm's obligations under NASD Rule 2210. ([FINRA Case #2007010158001](#))

Ceros Financial Services, Inc. ([CRD #37869](#), Rockville, Maryland) 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 reported to FINRA that it had determined that, for about a year, on multiple occasions, it had prepared inaccurate month-end general ledgers, trial balances and net capital computations because the firm incorrectly treated short-term, month-end cash transfers from an affiliate as an allowable asset. The findings stated that on these occasions, in the final days of each month, a larger quantity of cash was transferred from the account of an affiliate in Germany to an account owned by the firm at a bank in Germany (the transfers occurred in Euros). The firm accounted for the transfers as a receipt of cash (an allowable asset) and a reduction of a receivable from the affiliate (a non-

allowable asset). However, the firm then regularly returned to the affiliate equal, or roughly equal, amounts of cash within the first few days of the following month. Given the short holding period, the firm should not have treated the amounts as an allowable asset since there was no genuine permanent reduction of the receivable from the affiliate. By treating the cash transfers as an allowable asset, the firm's month-end net capital computations and its monthly Financial and Operational Combined Uniform Single (FOCUS) reports were inaccurate in that they overstated its net capital. ([FINRA Case #2012030601601](#))

Commonwealth Equity Services, Inc. dba Commonwealth Financial Network (CRD #8032, Waltham, Massachusetts) 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 it updated the software that directs the flow of its registered representatives' emails to the firm's email retention server, but the software upgrade was not compatible with the computerized tool that the firm uses to conduct daily reviews of its associated persons' emails (surveillance tool). The findings stated that the firm failed to test its email supervisory system during its software update, and consequently did not identify that the surveillance tool was not surveilling the outgoing doing business as (DBA) emails of registered representatives in the firm's branch offices or forwarding a sampling of those emails to the firm's compliance department for review. During the first month that the firm employed the updated software, it failed to perform a daily surveillance review of the outgoing emails of one-half of the DBA email domains the firm's registered representatives maintained. Three months later, the firm's supervisory system failed to perform a daily surveillance review of the outgoing emails from any of the DBA email domains operated by the firm's registered representatives. Until the firm fixed its computerized supervisory system, the firm's registered representatives transmitted approximately 17 million emails, and about 14 million of those outgoing emails were sent through registered representatives' DBA email domains. The firm failed to subject approximately 12.6 million of those outgoing emails to the firm's daily email surveillance protocol. The unsurveilled emails equaled about 90 percent of the outgoing emails the firm's registered representatives transmitted through their DBA email domains. The findings also stated that although the firm's information technology (IT) department had ongoing contact with the firm's email vendor concerning the remediation of the surveillance tool, it did not take steps to ensure that all of the registered representatives' outgoing DBA emails were surveilled. The IT department also failed to notify the firm's legal and compliance departments about the email surveillance system's deficiencies until more than eight months after the IT department learned of the problem with the surveillance tool. The firm's WSPs at that time did not require the IT department to notify the legal and compliance departments when it discovered problems with the firm's computerized supervisory system.

The findings also included that while reviewing its failure to surveil its registered representatives' outgoing DBA emails, the firm discovered that its supervisory system also failed to surveil some representatives' emails (both incoming and outgoing). The firm's

supervisory system maintained a computerized “directory” of personnel, but was not able to identify some registered representatives who had multiple listings in the directory. Because of this second break-down in its supervisory system, the firm failed to review approximately 474,380 of its registered representatives’ emails. The firm failed to establish and maintain systems and procedures that were reasonably designed to comply with its obligation to review email. ([FINRA Case #2012032025201](#))

CV Brokerage, Inc ([CRD #462](#), West Conshohocken, Pennsylvania) 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 transmit ROEs to OATS on 114 business days. ([FINRA Case #2013037285201](#))

Global Hunter Securities, LLC ([CRD #123003](#), New Orleans, Louisiana) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$35,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish anti-money laundering (AML) procedures reasonably designed to detect, investigate and report, as applicable, suspicious activity involving receipts and sales of penny-stock securities. The findings stated that the firm’s procedures did not adequately address how firm personnel should conduct account monitoring or what the investigation of any “red flag” activity should entail. The firm’s AML procedures did not adequately address issues relating to the receipt and sale of penny-stock securities, including what due diligence should be conducted before permitting customers to sell such securities. As a result of these deficiencies, firm personnel did not adequately investigate the circumstances of the acquisitions by clients of the various penny-stock shares they deposited and sold in their accounts at the firm. The findings also stated that the firm issued approximately 2,000 equity reports. Certain disclosures appeared in many of the research reports, regardless of whether a disclosure event/fact, within the scope of subpart (h)(1)(A) or subparts (h)(2)(A)(ii)(a-c) of NASD Rule 2711, actually existed. Such disclosures are conditional and indefinite in nature. ([FINRA Case #2012030381501](#))

Goldman Sachs Execution & Clearing, L.P. ([CRD #3466](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$325,000 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 the firm’s supervisory policies and procedures failed to address that certain options market maker (OMM) clients of the firm had, on a number of occasions, sold short a security on the same day that they were notified that they were being “bought in” by the firm in that same security, typically in amounts equal to or greater than their attributed portion of the number of shares the firm purchased in an effort to meet its close-out obligations. These short sales would offset, in whole or in part, the effect of the firm’s purchases on the firm’s net fail-to-deliver position in the National Securities Clearing Corporation’s Continuous Net Settlement System (CNS). The firm failed to implement adequate supervisory policies and procedures reasonably

designed to address the impact of the OMM activity on the close-out date on the firm's net fail-to-deliver position to CNS by requiring the firm to allocate responsibility for the close out to its broker-dealer clients, or by taking other appropriate steps to determine whether the firm was a net purchaser, or net flat or net long, as applicable, on the close-out date. Based upon the above, the firm's supervisory policies and procedures did not provide for supervision reasonably designed to achieve compliance with the applicable securities laws and regulations, including SEC and FINRA rules, regarding the close-out of fail-to-deliver positions as required by Regulation SHO Rules 203(b)(3), 204T(a) and 204(a). ([FINRA Case #2006006088001](#))

Investors Capital Corp. ([CRD #30613](#), Lynnfield, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to ensure delivery of exchange-traded fund (ETF) prospectuses to customers in contravention of Section 5(b)(2) of the Securities Act of 1933. The findings stated that the firm failed to establish an adequate supervisory system, including WSPs, concerning the sale of ETFs and the firm's obligations to provide ETF prospectuses to customers. The firm did not have any procedures directly concerning the sale of ETFs or its obligations to provide ETF prospectuses to customers and permitted representatives to sell ETFs before completing any firm-mandated training. ([FINRA Case #2011025319501](#))

ITG Inc. ([CRD #29299](#), 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 #2011029290301](#))

John Carris Investments LLC ([CRD #145767](#), 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 timely report ROEs to OATS. ([FINRA Case #2013037297501](#))

Morgan Stanley & Co. LLC ([CRD #8209](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a separate supervisory system, including written procedures, to supervise the firm's private wealth management (PWM) investment representatives with respect to their servicing of bank accounts maintained at a non-member affiliate. The findings stated that non-United States individuals and entities opened accounts that were maintained at a Swiss affiliate bank of the firm and serviced by the firm's PWM investment representatives in the United States. All bank account holders signed portfolio management agreements that explicitly permitted the bank to

delegate asset management to the firm. The PWM investment representatives' conduct and supervision was governed by the firm's policies and procedures applicable to PWM offices. However, there were certain differences between the firm's supervision of the PWM investment representatives' servicing of the bank accounts and accounts maintained at the firm. There was not a separate supervisory system or procedures in place that specifically governed the supervision of the investment representatives' servicing of the bank accounts. The firm ended the arrangement that had allowed PWM investment representatives to service the bank accounts. ([FINRA Case #2009019383801](#))

Olivetree USA, LLC ([CRD #154026](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$10,000 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 transmit ROEs to OATS on 112 business days. 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 OATS reporting. The firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its WSPs concerning OATS reporting. ([FINRA Case #2012035016901](#))

Peraza Capital and Investment, LLC ([CRD #117851](#), Saint Petersburg, Florida) 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 failed to report transactions in TRACE-eligible securitized products to TRACE within the required time period. ([FINRA Case #2012033502501](#))

Piper Jaffray & Co. ([CRD #665](#), Minneapolis, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$17,500. 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 S1 transactions in TRACE-eligible agency debt securities to TRACE, failed to report S1 transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time, failed to show the correct execution time on the memoranda of brokerage orders, and failed to report the correct trade execution time for transactions in TRACE-eligible securitized products to TRACE. ([FINRA Case #2013037791201](#))

RBC Capital Markets Arbitrage, S.A. ([CRD #121263](#), 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 incorrectly captured its order execution times. The findings stated that as a result, the firm failed to report the correct trade execution time for S1 transactions in TRACE-eligible corporate securities to TRACE, failed to report TRACE S1 transactions in TRACE-eligible corporate securities within 15 minutes of the execution time, and failed to show the correct execution time on brokerage order memoranda. ([FINRA Case #2012033662401](#))

Scottrade, Inc. (CRD #8206, St. Louis, Missouri) 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 transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data. The findings stated that the firm incorrectly reported Time-in-Force (TIF) codes, marking orders entered during post-market hours as day (DAY) instead of Good Till Crossing (GTX); filed erroneous Desk (DS) reports to OATS; failed to submit the correct Cancelled-By-Flag (CNCL FL) to OATS; and failed to submit a Route (RT) report to OATS. ([FINRA Case #2012031643301](#))

SunGard Brokerage & Securities Services LLC (CRD #104162, Geneva, Illinois) 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 establish, maintain, and enforce written policies and procedures reasonably designed to prevent the execution or display of a short sale order of a covered security at a price that is less than or equal to the current national best bid. ([FINRA Case #2011030752101](#))

Tradition Asiel Securities Inc. (CRD #28269, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$36,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report S1 transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time and failed to report the correct trade execution time for S1 transactions in TRACE-eligible securities to TRACE. The findings stated that the firm failed to record the correct trade execution time for transactions in TRACE-eligible securitized products, which resulted in the firm failing to report to TRACE the correct trade execution time for these transactions. The firm failed to show the correct execution time on brokerage order memoranda. The firm failed to report information regarding purchase and sale transactions effected in municipal securities to the Real-time Transactions Reporting System (RTRS) in the manner prescribed by the Municipal Securities Rulemaking Board (MSRB) Rule G-14 RTRS Procedures and the RTRS Users Manual; the firm failed to report information about such transactions within 15 minutes of trade time to an RTRS Portal. ([FINRA Case #2012034555601](#))

Tullett Prebon Financial Services LLC (CRD #28196, Jersey City, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$32,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report to TRACE the correct trade execution time in connection with transactions in TRACE-eligible securitized products. The findings stated that the firm failed to show the correct execution time on the memoranda of brokerage orders. The firm failed to report the correct trade execution time for S1 transactions in TRACE-eligible corporate debt securities to TRACE, and failed to report S1 transactions in TRACE-eligible corporate debt securities to TRACE within 15 minutes of the execution time. ([FINRA Case #2013037789301](#))

Weeden & Co. L.P. ([CRD #16835](#), Greenwich, Connecticut) 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 transmitted reports to OATS that should not have been reported. The findings stated that the firm erroneously submitted order entry reports, execution reports, cancel/replace reports, and an order entry and execution report. The firm incorrectly appended the “Q” Market Center indicator to a non-media reported last sale report of a transaction reported to the FNTRF, and failed to report a related market center indicator to the FNTRF. The firm incorrectly marked a short sale transaction as a long sale transaction on its records when the firm’s position was short, and incorrectly marked a long sale transaction as a short sale transaction on its records when the firm’s position was long. The firm failed to report a short sale indicator to the over-the-counter Reporting Facility (OTCRF) and incorrectly reported a short sale transaction to the OTCRF as a long sale transaction. ([FINRA Case #2010021605001](#))

WFG Investments, Inc. ([CRD #22704](#), Dallas, Texas) 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 transmitted ROEs to OATS that OATS rejected for context or syntax errors. The findings also stated that the reports were repairable, but the firm failed to repair a majority of these rejected ROEs. 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 OATS reporting. ([FINRA Case #2012033081101](#))

Individuals Barred or Suspended

Robert Christian Acri ([CRD #1429736](#), Winnetka, Illinois) 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, Acri consented to the sanction and to the entry of findings that FINRA commenced an investigation concerning his involvement in the sale of alternative investments, including promissory notes, that had defaulted. The findings stated that as part of that investigation, FINRA requested information and documents from Acri. Acri provided a partial but incomplete response and, after a deficiency letter was sent to him, he provided a second partial but incomplete response. Although Acri provided partial responses, he did not substantially comply with all aspects of the request, and the information and documents he failed to provide were material to FINRA’s investigation. ([FINRA Case #2013038624802](#))

Jose Angel Arizmendi Jr. ([CRD #2927350](#), Huntington Beach, California) 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 month.

Without admitting or denying the findings, Arizmendi consented to the sanctions and to the entry of findings that he received compensation for an outside business activity without notifying or seeking approval from his member firm. The findings stated that Arizmendi entered into an oral agreement with customers to provide advice about the allocation of their variable annuity subaccounts. Arizmendi's advisory services agreement was outside the scope of his relationship with his firm. Pursuant to the agreement, the customers paid Arizmendi approximately \$8,200 for advice they received. After the customers complained about his fees, Arizmendi refunded the amount he had received.

The suspension was in effect from April 7, 2014, through May 6, 2014. ([FINRA Case #2013036318101](#))

Brandon Lee Bernhard ([CRD #4428501](#), Clarkson, Kentucky) 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 weeks. Without admitting or denying the findings, Bernhard consented to the sanctions and to the entry of findings that he impersonated a customer during telephone conversations with a FINRA member firm in order to effectuate the purchase of shares of a company, per the customer's wishes. The findings stated that Bernhard completed paperwork to transfer the customer's account from another broker-dealer to Bernhard's member firm. At the meeting, the customer asked Bernhard to use the cash in the existing account to purchase as many shares of the stock as possible in his account since the initial public offering (IPO) was taking place the following day. Bernhard told him that he would not be able to place the trade as the customer's account would not transfer in time. The customer asked Bernhard if he could place the trade at the existing broker-dealer, which Bernhard agreed to do. The next day, Bernhard called the broker-dealer holding the customer's account two times to place orders, both times impersonating the customer. During the second call, Bernhard stumbled when asked the birthdate of the customer and he hung up the phone. Upon learning the identity of the caller, the broker-dealer notified Bernhard's firm of the impersonation. Bernhard acknowledged the conduct when his firm confronted him and he was terminated.

The suspension was in effect from April 7, 2014, through May 4, 2014. ([FINRA Case #2012032889401](#))

Igor Biselman ([CRD #5563772](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Biselman consented to the sanctions and to the entry of findings that in connection with his role as a trader, Biselman regularly traded a particular fund for his member firm's proprietary account. The findings stated that Biselman erroneously purchased, during the course of a particular day, more than 600,000 shares of the fund for the firm's proprietary account when he had actually intended to sell shares. Biselman's

purchase order was booked in the firm's trade records. Due to Biselman's erroneous purchase orders, the firm ultimately incurred a loss of approximately \$140,000 in its proprietary account. In order to conceal his trading error and corresponding losses from his supervisors, Biselman manually entered fictitious trades into the firm's intraday risk management system. Manual entries that Biselman made in the system offset his actual trades in the fund, effectively concealing the loss that would have otherwise appeared in the firm's intraday system. In an effort to continue to conceal the trading losses from his supervisors, over the next two days, Biselman entered fictitious buy and sell orders of the fund in the firm's intraday risk management system. After making these fictitious entries, Biselman admitted his misconduct to the firm. Biselman's fictitious entries prevented his supervisors from effectively using the intraday system to monitor for trading losses. The findings also stated that Biselman caused his firm's records to be inaccurate by causing buy and sell transactions to be reported in the firm's intraday risk management system that did not accurately reflect the trading activity in the fund.

The suspension is in effect from April 7, 2014, through July 6, 2014. ([FINRA Case #2012035348701](#))

Lisa Ann Brislin (CRD #3260935, Buston, Maine) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$7,500 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Brislin consented to the sanctions and to the entry of findings that she provided false information on her member firm's internal system on three occasions by stating that she verbally confirmed check disbursement instructions with a customer when she never spoke with the customer. By doing so, Brislin caused the firm to create and maintain inaccurate books and records. The findings stated that Brislin had effected check disbursements totaling \$44,600 from a firm customer's account to an unrelated third-party account after receiving fraudulent emails from someone purporting to be the customer. A firm registered representative forwarded Brislin an email from what appeared to be a customer's email account on file, but the email was sent by an imposter who hacked the customer's email account and was fraudulently transferring money to accounts the imposter controlled. Brislin failed to verbally confirm the transfers as the firm's policies and procedures required. A financial adviser contacted the customer and learned that the customer never requested any check disbursements from the account. The firm restored the \$44,600 in funds that were improperly disbursed from the customer's account.

The suspension was in effect from April 7, 2014, through May 6, 2014. ([FINRA Case #2012034294501](#))

Rodney Lee Clark (CRD #1928306, Adrian, Michigan) 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 30 days. Without admitting or denying the findings, Clark consented to the sanctions and to the entry of findings that during his association with his former member firm, he obtained signed, but otherwise blank or incomplete forms from customers, which were maintained in the firm's customer files.

The suspension was in effect from April 7, 2014, through May 6, 2014. ([FINRA Case #2012031611501](#))

Jeffrey Scott Davis ([CRD #3081852](#), Virginia Beach, Virginia) 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 converted \$116,976.69 from the brokerage accounts of member firm customers for his personal use and benefit. The findings stated that Davis effected 71 unauthorized electronic automated clearing house (ACH) payments and directed those funds to his personal credit card accounts. None of the customers permitted Davis to transfer or otherwise use their funds for any purpose. ([FINRA Case #2013037743101](#))

David Scott Eckess ([CRD #1391486](#), Little Rock, Arkansas) 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, Eckess consented to the sanctions and to the entry of findings that he engaged in unethical conduct involving a 92-year-old infirmed customer. The findings stated that Eckess agreed to being named the replacement (and sole) beneficiary on two variable annuities the customer held that were worth approximately \$94,000, which were issued by an insurance company. Eckess facilitated this transaction by obtaining and providing the customer with the insurance company forms necessary to effect a change in beneficiary. Eckess assisted the customer in completing the forms while the customer was bedridden and mailed the executed documents to the insurance company. When the customer received a notification from the insurance company approximately a week later advising her that the named beneficiary on her two annuities had been changed to her broker and agent—Eckess—she immediately objected and requested that the beneficiary be changed to her son. This change was accomplished shortly thereafter. Eckess' actions were unethical and violated his member firm's procedures prohibiting registered representatives from engaging in conduct that conflicts with a client's interests.

The suspension is in effect from March 17, 2014, through March 16, 2015. ([FINRA Case #2012031084801](#))

Reniero Castillo Francisco ([CRD #1844351](#), Newport Coast, 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, Francisco consented to the sanction and to the entry of findings that he failed to provide FINRA with requested information and documents and failed to appear for an on-the-record interview. The findings stated that Francisco's failure to cooperate impeded FINRA's investigation. ([FINRA Case #2012032452701](#))

Mitchell Garrett (CRD #4829212, Fort Lauderdale, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was assessed a deferred fine of \$10,000, suspended from association with any FINRA member in any capacity for 30 business days, and required to cooperate with FINRA in its continuing investigation of this matter. Without admitting or denying the findings, Garrett consented to the sanctions and to the entry of findings that he paid all of the approximately \$145,142 in commissions that he received from his member firm to an unregistered day-trading firm, which in turn distributed them to its owners, who were not registered with a FINRA member firm. The findings stated that Garrett was not an owner of the day-trading firm. Garrett did not keep any of the commissions for himself. An indeterminate portion of the commissions Garrett paid the day-trading firm's owners represented rent from Garrett for his use of the day-trading firm's office and equipment.

The suspension was in effect from March 17, 2014, through April 28, 2014. ([FINRA Case #2010023935003](#))

Daniel Howard Glick (CRD #2175655, Chicago, Illinois) 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, Glick consented to the sanction and to the entry of findings that in the course of an investigation, FINRA requested documents and information concerning findings by the Certified Financial Planner Board of Standards that Glick forged clients' signatures on letters to a bank in order to gain access to, and misappropriate, their assets. The findings stated that Glick informed FINRA that he will not provide the requested documents and information. ([FINRA Case #2014040173501](#))

Michael Anthony Hainsworth (CRD #2628549, North Fort Myers, Florida) 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 30 business days. Without admitting or denying the findings, Hainsworth consented to the sanctions and to the entry of findings that he sent emails regarding a non-exchange-traded real estate investment trust (REIT) to potential investors that were misleading, not fair and balanced, and failed to provide a sound basis for evaluating the facts presented. The findings stated that based upon communications with Hainsworth, the investors invested funds totaling \$322,167 in the REIT.

The suspension is in effect from April 7, 2014, through May 19, 2014. ([FINRA Case #2011027170902](#))

Jacob Paul Hanson (CRD #6129533, Fremont, 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, Hanson consented to the sanction and to the entry of findings that an insurance customer gave him \$1,000 in cash for payment of a business liability insurance premium. The findings stated that Hanson failed to apply that payment to the customer's insurance premium and instead used it for

his own personal use. Hanson entered false information regarding the receipt of customer premiums into the insurance company's computer systems. Hanson marked as received several insurance premiums totaling approximately \$3,600 that he had not actually received. Hanson marked the premiums as received based on his customers' promises to pay them at a future date. In order to make his monthly quota, Hanson sometimes marked as received premiums that he intended to pay on behalf of his customers at a future date. ([FINRA Case #2013035951701](#))

William Robert Hartnett ([CRD #3159092](#), Weymouth, Massachusetts) 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, Hartnett consented to the sanction and to the entry of findings that he was appointed the sole guardian of minor children, was the trustee or custodian of their savings accounts and controlled their checking accounts. The findings stated that the accounts, funded primarily from insurance and other funds from the children's deceased parents, were established for the children's benefit. Hartnett withdrew more than \$267,000 from the children's accounts, and converted many of the funds to his own use, in contravention to his duty to preserve and use the funds for the children's benefit. ([FINRA Case #2014040319801](#))

James Daniel Helgeson ([CRD #1016562](#), Billings, Montana) 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 month. Without admitting or denying the findings, Helgeson consented to the sanctions and to the entry of findings that he did not provide written notice of his affiliation and activities with an outside business, a limited liability company, to his member firm prior to engaging in the activity. The findings stated that Helgeson completed the firm's annual compliance attestation and as part of that process, attested to having read the firm's WSPs and disclosed seven outside business activities. Thereafter, Helgeson became an affiliate of the limited liability company and on its behalf, posted non-securities-related Internet advertisements on a daily basis on various advertising sites. Helgeson did not update his outside business activity disclosures or request approval to engage in any new outside business activities at any time following the completion of the annual compliance attestation until he was prompted by a firm inquiry. In response to the inquiry, Helgeson submitted an outside business activity notification form describing, for the first time, his involvement with the limited liability company. The findings also stated that Helgeson never received any funds from the limited liability company due to the emergency action and consent order the SEC filed against it, its website and its founder, in which the SEC sought to halt the allegedly fraudulent unregistered Ponzi and pyramid scheme perpetrated by the limited liability company, and the appointment of a receiver to take charge of its assets. Helgeson was not named as a participant in the alleged fraudulent scheme.

The suspension was in effect from March 17, 2014, through April 16, 2014. ([FINRA Case #2012034109201](#))

Nicholas Adam Hill ([CRD #5992761](#), Parkville, Maryland) 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, Hill consented to the sanction and to the entry of findings that he withdrew a total of \$8,000 from customer bank accounts without the customers' authorization. The findings stated that Hill used the funds for his own personal expenses. Hill's member firm's affiliate bank terminated his employment after discovering the unauthorized withdrawals and provided restitution to the customers. ([FINRA Case #2013037985702](#))

Mark Edward Imbertson ([CRD #3129214](#), Jupiter, Florida) 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 five months. Without admitting or denying the findings, Imbertson consented to the sanctions and to the entry of findings that he recommended that two customers purchase inverse exchange-traded funds (short ETFs) as a long-term hedge against a potential downturn in the equities markets. The findings stated that Imbertson lacked a sufficient understanding of the attributes and risks of the short ETFs to form a reasonable basis upon which to recommend the purchases. Imbertson's short ETF recommendations were not suitable for the specific customers because the short ETFs were not suitable as the long-term hedge his customers desired. The findings also stated that Imbertson's member firm prohibited its brokers from soliciting purchases of the short ETFs. Imbertson mismarked the orders for several purchases of the short ETFs as unsolicited when Imbertson had actually solicited the purchases. By mismarking the orders, Imbertson caused the firm to create and maintain false books and records.

The findings also included that Imbertson did not have written discretionary authority for any of his customers' accounts. Despite this, Imbertson entered transactions in customers' accounts after the business day in which the customer authorized Imbertson to make the trade. These transactions took place in fee-based accounts for which Imbertson did not receive transaction-based commissions. By entering customer orders after the business day on which the customer authorized him to make the trade, Imbertson improperly exercised time and price discretion in non-discretionary customer accounts.

The suspension is in effect from April 7, 2014, through September 6, 2014. ([FINRA Case #2011027157301](#))

Steven Foreman Kahn ([CRD #1001362](#), Buffalo Grove, Illinois) submitted an Offer of Settlement in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the allegations, Kahn consented to the sanctions and to the entry of findings that he effected transactions in a customer's account without first obtaining the customer's authorization. The findings stated that the customer had died approximately two years before Kahn became the registered representative of record. Kahn placed the trades without the customer's authorization or consent and in the absence of written or oral authorization from the customer, her estate representative or any person with authority over the account.

The findings also stated that a customer complained to Kahn that he believed he was being charged excessive commissions for the trading that occurred in his account for which Kahn was the registered representative of record. In response to the complaint, Kahn agreed to refund a percentage of the commissions that the customer had paid over the course of the previous five years. Kahn withdrew \$7,005.68 from his personal checking account and tendered the funds to the customer to settle the complaint. Kahn did not inform his firm of the customer's complaint, nor did he obtain his firm's approval paying the customer the settlement amount.

The suspension was in effect from April 7, 2014, through May 5, 2014. ([FINRA Case #2010024957001](#))

Darinn Dwight Kim ([CRD #4029402](#), Rolling Meadows, Illinois) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Kim misused a customer's funds by transferring the funds, selling the customer's securities and ordering a \$190,000 check drawn on the customer's securities account without authorization. The findings stated that Kim transferred \$100,000 from the customer's personal, non-securities account at a bank to a personal, non-securities account that the customer maintained at another bank. The customer was unaware of the transfer, did not authorize it, and was out of the country when it occurred. Kim wrote a \$90,000 check payable to himself from the account and forged the customer's signature on the check. The customer did not know about the check and did not authorize Kim to sign her name to it. Kim cashed the check and converted the \$90,000 for his personal use. The findings also stated that Kim electronically transferred \$100,000 from the customer's securities account to her bank account and sold \$185,885 in securities from the customer's securities account, both without the customer's authorization, and ordered a \$190,000 check to be drawn from the customer's securities account, payable to the customer. Kim instructed the broker-dealer to deliver the check to his home address. The customer was unaware of any of the transactions. The customer discovered the transactions and was able to stop payment on the \$190,000 check before it was cashed. The findings also included that Kim failed to respond to FINRA's request for information and documents. ([FINRA Case #2012033956001](#))

Wan Soo Kim ([CRD #5986534](#), Los Angeles, California) 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 nine months. Without admitting or denying the findings, Kim consented to the sanctions and to the entry of findings that he signed his bank manager's name on a bank document without the manager's knowledge or authorization. The findings stated that a bank customer called Kim and asked him about the status of a check that the customer had remitted to a third party. Kim learned that the bank had not paid the check. Because the bank customer needed the check to be cleared related to a transaction, Kim signed his bank manager's name on a bank document, which required a bank manager's signature and approval, thereby changing the status of a customer's check, from "return – not paid" to "paid," without his manager's knowledge or authorization. The findings also stated that Kim failed to timely respond to FINRA's requests for documents and information regarding allegations that he forged his bank manager's name on a bank document.

The suspension is in effect from April 7, 2014, through January 6, 2015. ([FINRA Case #2013038358102](#))

Jon Fred Larson (CRD #861915, Lakeland, 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 10 business days. Without admitting or denying the findings, Larson consented to the sanctions and to the entry of finding that he entered an order to sell a customer's ETF position, valued at approximately \$16,000, without the customer's knowledge, authorization or consent.

The suspension was in effect from March 17, 2014, through March 28, 2014. ([FINRA Case #2013037802401](#))

Rochelle Maureen Matthews (CRD #2831140, Greenfield, Wisconsin) 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, Matthews consented to the sanction and to the entry of findings that she and another payroll associate manipulated her member firm's payroll system and caused payments to be made to them to which they were not entitled. The findings stated that, through the firm's payroll system, Matthews and the associate inflated their year-to-date (YTD) federal and state tax withholding balances and charitable contributions and then caused improper payments to be made to them. These payments appeared to be refunds of overpayments. The firm had checks in place to preclude individuals from changing their own withholding balances. Initially, Matthews and her co-worker inflated the withholding balances for the other. Eventually, the two shared their user IDs and passwords and input their own inflated withholding balances. Matthews converted a total of more than \$800,000. ([FINRA Case #2012034737101](#))

Richard Colby McFadden (CRD #2765788, San Clemente, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, McFadden consented to the sanctions and to the entry of findings that while registered with a member firm, he opened a personal securities account at another member firm without notifying his firm about the account. The findings stated that McFadden failed to disclose to the other firm that he was associated with his firm. McFadden completed an annual representative questionnaire for his firm in which he falsely responded "no" to the question that asked if he maintained any brokerage accounts outside of the firm.

The suspension was in effect from April 7, 2014, through May 6, 2014. ([FINRA Case #2011028730401](#))

Rodrigo Hugo Miranda ([CRD #5123389](#), Foreign Associate, Vina Del Mar, Chile) 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 five business days. Without admitting or denying the findings, Miranda consented to the sanctions and to the entry of findings that he transmitted non-public personal information relative to member firm customers to his personal email address. The findings stated that the information consisted of monthly customer account statements, customer and prospect demographic and financial information, and client position and balance information. By transmitting non-public personal information to his personal email address, Miranda placed the customers' information at risk and caused his firm to violate Regulation S-P of the Securities Exchange Act of 1934.

The suspension was in effect from March 17, 2014, through March 21, 2014. ([FINRA Case #2012032779601](#))

Monte Kim Miron ([CRD #853546](#), Broken Arrow, Oklahoma) 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, Miron consented to the sanction and to the entry of findings that he made unauthorized trades in the accounts of his member firm's customers. The findings stated that Miron did not obtain written authorization to make these trades prior to executing them, and the firm did not allow registered representatives to have control, either formally or informally, over client accounts. Miron mismarked the unauthorized trades as unsolicited. By not properly marking the trades in question as solicited, Miron caused the firm's books and records to be inaccurate. The findings also stated that Miron was the subject of credit compromises that required reporting on his Uniform Application for Securities Industry Registration or Transfer (Form U4) within the 30-day time period after learning of the facts and circumstances giving rise to the amendment. In each instance, Miron willfully failed to timely update his Form U4 by disclosing the credit compromise. ([FINRA Case #2012033979801](#))

Timothy Damien Moran ([CRD #2326078](#), Paradise Valley, Arizona) was barred from association with any FINRA member in any capacity and ordered to disgorge \$200,000 of ill-gotten gains. The sanctions were based on findings that Moran engaged in private securities transactions without providing his member firm with prior written notice. The findings stated that Moran introduced firm customers to an individual to discuss possible investment in the individual's hedge fund. Moran recommended that the customers invest, or consider investing, in the hedge fund, or participated in meetings, phone conversations or other communications between his customers and the individual. Some of the customers who Moran introduced to the individual invested approximately \$1.69 million in the hedge fund. Moran also invested a total of \$150,000 in the fund. Moran received more than \$200,000 as compensation for his assistance in obtaining investments in the hedge

fund. Moran failed to disclose his involvement or participation in selling interests in the hedge fund to his firm or obtain the firm's permission to participate in the private securities transactions. The findings also stated that Moran failed to respond to FINRA requests for documents and information, and provided false information to FINRA. Moran stated that he had not received any compensation for referring clients to the hedge fund and stated that he had received more than \$200,000 from the hedge fund as payment for allowing the individual to use his computers. The findings also included that Moran failed to timely amend his Form U4 to disclose a tax lien filed by the Internal Revenue Service (IRS) for \$216,654. ([FINRA Case #2012031023301](#))

Khoi Danh Nguyen ([CRD #4640647](#), Jacksonville, Florida) 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, Nguyen consented to the sanction and to the entry of findings that he conducted improper credit inquiries and falsified and submitted to an affiliated insurance company automobile insurance applications and corresponding consolidated insurance profile (CIP) reports. The findings stated that Nguyen inappropriately conducted numerous credit inquiries on behalf of existing customers to issue automobile insurance policies for their relatives, who otherwise would either not qualify for insurance or who would only qualify for a higher premium. Instead of utilizing the credit reports for the customers seeking insurance coverage, Nguyen used the credit reports of persons who did not have an insurable interest in one or more of the insured vehicles on the policy. Nguyen also falsified the corresponding insurance documents by misrepresenting existing customers' gender, marital status, and familial relationships to conceal they had separate policies associated with different addresses and vehicles, and by removing existing customers from issued policies via policy endorsements and subsequently adding their family members as either named insureds or additional operators. ([FINRA Case #2012032758701](#))

Matthew John Ortman ([CRD #2734101](#), Jacksonville, Florida) 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, Ortman consented to the sanction and to the entry of findings that during the course of a FINRA investigation, FINRA sought testimony from Ortman concerning the possible falsification of records and failure to timely amend his Form U4 to reflect tax liens and a customer complaint. The findings stated that Ortman advised FINRA that he had received the notice, but that he would not appear for the testimony or appear on any date thereafter. Subsequently, Ortman failed to appear for testimony. ([FINRA Case #2013036721701](#))

Mark Edward Rauguth ([CRD #1564114](#), Queen Creek, Arizona) 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 15 business days. Without admitting or denying the findings, Rauguth consented to the sanctions and to the entry of findings that he was terminated by his member firm for improper use of the signature-

guarantee stamp. The findings stated that Rauguth used the firm's signature-guarantee stamp on a faxed copy of a letter of authorization (LOA) to facilitate a transaction for a non-firm customer. Rauguth did not witness the requesting party's signature or independently verify the requesting party's identity. The transaction the LOA contemplated was never effected because a third party subsequently determined that it was fraudulent. Rauguth failed to adhere to his firm's requirements with respect to the LOA. It was subsequently determined that Rauguth improperly utilized the firm's signature-guarantee stamp for non-firm customers on additional occasions. In further abrogation of the firm's procedures, Rauguth did not maintain photocopies of these guaranteed documents in the branch file.

The suspension was in effect from April 7, 2014, through April 28, 2014. ([FINRA Case #2013036434901](#))

Bruce Rocasalvo ([CRD #1266236](#), Tinley Park, Illinois) 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, Rocasalvo consented to the sanction and to the entry of findings that he refused to appear for a FINRA-requested on-the-record interview. ([FINRA Case #2011028586101](#))

Bernardita Cortez Roque ([CRD #3116405](#), Virginia Beach, Virginia) 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, Roque consented to the sanction and to the entry of findings that she referred customers to a private investment company that offered private placement investments without her member firm's knowledge or permission. The findings stated that Roque facilitated the purchase of private securities transactions for the customers totaling \$50,000. The private securities transactions consisted of the purchase of notes in the company. Firm policies and procedures prohibited representatives from soliciting clients and prospects to participate in any private securities transaction not associated with the firm, whether or not the representative received compensation for doing so. The findings also stated that Roque failed to provide FINRA-requested documents and information pertaining to its investigation. Roque advised FINRA that she would not provide the documents and information or otherwise participate in FINRA's investigation. ([FINRA Case #2013037558201](#))

Jeffrey Dean Schrader ([CRD #3092638](#), Philadelphia, Pennsylvania) 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, Schrader consented to the sanction and to the entry of findings that despite his familiarity with his member firm's WSPs concerning unapproved private securities transactions, and without providing any written notice to, or receiving written approval from the firm, Schrader sold or otherwise participated in the sale to investors of secured three-year corporate notes an entity issued. The findings stated that Schrader completed and signed his firm's annual compliance

certification, in which he certified that he received and read the firm's WSPs. Schrader also failed to disclose his receipt of commissions to his firm at or about the time of payment. In connection with the investors' transactions, Schrader received approximately \$14,500 in commission payments from the entity and its affiliated companies, and an additional \$97,100 from the entity and its affiliates labeled as commissions, fees and other remuneration. The findings also stated that prior to soliciting and selling the notes, Schrader failed to conduct reasonable due diligence into the product. Schrader lacked an adequate and reasonable basis for making the note recommendation to the investors.

The findings also included that in an annual certification, Schrader disclosed to the firm for the first time that he was engaged in an outside business activity selling life and disability insurance for the entity's parent company and would be compensated by commission. However, in the annual certification, Schrader did not disclose to the firm that he was engaged in sales of the entity's note, which, according to the private placement memorandum (PPM), was a security. When the firm confronted him about his participation in the sale of the note to the customers, Schrader falsely represented that he had engaged or participated in only one sale of the entity's note. At that time, Schrader also provided the firm with copies of certain checks the entity or its holding company issued to him, and he falsely represented that the checks were commission payments Schrader received in connection with his approved outside life insurance business. These checks were merely part of the total commissions and fees Schrader received from the entity and/or its affiliated companies for participating in the sales of the notes. During the period, Schrader received a total of \$84,000 in commission payments and \$27,600 in fees or other compensation from the entity and/or its affiliated companies. FINRA found that Schrader provided false information to FINRA during an on-the-record interview concerning the number of transactions in which he was involved, the amount of selling compensation he actually received, and the solicited nature of the transaction. ([FINRA Case #2011029928701](#))

Jeffery Carter Smith ([CRD #2199133](#), Perrysburg, Ohio) 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 nine months. Without admitting or denying the findings, Smith consented to the sanctions and to the entry of findings that he effected hundreds of unauthorized transactions in a customer's Uniform Gifts to Minors (UGMA) accounts. These accounts were controlled by the customer and held for the benefit of the customer's children. The findings stated that Smith's unauthorized transactions included the liquidation of certain "blue chip" stocks, and the purchase of stocks, bonds, mutual funds and certificates of deposits (CDs). The UGMA accounts were not discretionary. When Smith was unable to reach the customer with any regularity, he began to execute trades in the UGMA accounts without the customer's authorization. The customer first complained of the unauthorized transactions when she noticed that the UGMA accounts no longer held "blue chip" investments.

The suspension is in effect from April 7, 2014, through January 6, 2015. ([FINRA Case #2012033242001](#))

William Bruce Smith ([CRD #1335193](#), Uxbridge, Massachusetts) was barred from association with any FINRA member in any capacity and ordered to disgorge a total of \$74,000, plus prejudgment interest. The NAC imposed the sanctions following appeal of an Office of Hearing Officers (OHO) decision. The sanctions were based on findings that Smith converted \$100,000 from a customer at his member firm by recommending she withdraw \$100,000 from her brokerage account at his firm and turn the funds over to Smith, who was to use that money to purchase CDs for her. Instead, Smith funneled the funds into his business, which was in financial distress. The findings stated that Smith misrepresented and omitted material facts to conceal the conversion by purporting to inform the customer of the status of her investments. Smith provided the customer with written “asset reviews” that appeared to summarize the assets in her account. Smith sent a \$25,000 cashier’s check to the customer along with a memorandum that discussed the payment arrangement for a loan that she purportedly made to Smith, fraudulently fabricating the \$100,000 investment as a loan. For months afterwards, the customer did not deposit the check, fearful that doing so would legitimize Smith’s claim that she loaned him the money. ([FINRA Case #2011029152401](#))

John Bernard Steffen ([CRD #1338944](#), Florence, Kentucky) 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, Steffen consented to the sanctions and to the entry of findings that he executed discretionary transactions by making reallocations in the subaccounts of variable annuities owned by customers, without obtaining the customers’ written authorization or his member firm’s acceptance of the accounts as discretionary. The findings stated that at the time of the transactions, the firm did not permit brokers to have discretionary accounts and did not permit its registered representatives to exercise discretion in customer accounts.

The suspension was in effect from April 7, 2014, through May 5, 2014. ([FINRA Case #2012035116901](#))

David Scott Steinbruegge ([CRD #6103236](#), Saint Peters, Missouri) 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 nine months. Without admitting or denying the findings, Steinbruegge consented to the sanctions and to the entry of findings that despite having been charged with a felony and pleading guilty to the felony charge, he failed to disclose his prior criminal history and allowed his Form U4 to contain false responses to criminal disclosure questions. The findings stated that Steinbruegge failed to timely respond to requests from FINRA for documents and information.

The suspension is in effect from April 7, 2014, through January 6, 2015. ([FINRA Case #2012034487702](#))

Robert Kelly Themm ([CRD #2886714](#), Saginaw, Michigan) 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, Themm consented to the sanction and to the entry of findings that he solicited and received \$2,500 from a customer, purportedly to enter into a joint purchase of at least one antique medal coin from another registered representative who was a collector of such coins. The findings stated that prior to entering into the transaction, Themm represented to the customer that the antique medal coin would be held for an unspecified period of time to allow it to appreciate in value. Themm further represented that the antique medal coin would eventually be sold and that the parties would split the profits. Unbeknownst to the customer, Themm never purchased the antique medal coin and converted the \$2,500 to pay his bills and other personal expenses. At various times thereafter, the customer asked Themm about the status of the purchase, and at no time did Themm ever disclose to the customer that the coin purchase had never occurred. The findings also stated that Themm provided false, misleading and incomplete statements, and failed to provide certain records to FINRA. The findings also included that Themm borrowed money from customers contrary to his member firm's written procedures. FINRA found that Themm willfully failed to disclose and timely disclose judgments on his Form U4. ([FINRA Case #2013038054201](#))

Jeremy Gerald Tintle ([CRD #2817173](#), Hawley, Pennsylvania) 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, Tintle consented to the described sanction and to the entry of findings that he participated in a private securities transaction outside the scope of his association with his member firm without providing the firm with prior written notice of the proposed transaction, his proposed role in it, or the selling compensation he may receive from it. On Tintle's firm's annual compliance questionnaire, he falsely represented that he had not participated in private securities transactions away from his firm without its prior approval. The findings stated that Tintle recommended that a customer invest in a limited partnership without reasonable grounds to believe that the recommendation was suitable, as its speculative and illiquid nature was inconsistent with the customer's other security holdings, financial situation and needs. The customer's unsuitable concentrated position in the investment exposed her to a risk of loss that exceeded her risk tolerance and investment objectives. The findings also stated that at two member firms, Tintle misapplied customer funds by inducing customers to withdraw funds from their brokerage accounts and wire the funds to third parties as Tintle directed. The funds were not applied to the purchase of securities as the customers intended but were retained by the transferees. One of the customers complained to Tintle's firm and the firm reimbursed her the \$45,300 that had been wired out of her account. Another customer repeatedly asked Tintle why the alleged investments were not reflected on his firm account statements, to which Tintle never provided an explanation. After Tintle was terminated

from his firm, the customer learned from the firm that the funds had not been invested in a firm fund as Tintle had led him to believe. ([FINRA Case #2010024623501](#))

Wei-Sheng Wang ([CRD #2253377](#), Warren, New Jersey) 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, Wang consented to the described sanction and to the entry of findings that he and his wife, a non-registered individual, accepted currency in excess of \$130,000 from customers of his member firm's affiliate insurance company for traditional life insurance product premium payments. The findings stated that Wang, with his wife's assistance, intentionally structured cash deposits received from customers through personal bank accounts his wife controlled in increments of less than \$10,000 to avoid Federal reporting requirements. Checks Wang's wife drew on these personal accounts were then made payable to the firm's affiliate insurance company in payment of customer life insurance premiums. By depositing customer funds into personal bank accounts his wife controlled, Wang commingled personal funds with customer funds. The firm's written policies proscribed structuring, required timely and accurate reporting of currency transactions, and strictly prohibited accepting customer cash and then writing personal checks in payment of the currency transactions. The firm's written policies also clearly prohibited the commingling of customer cash with personal funds. Wang certified that he read the firm's written policies and attended training the firm provided, instructing on the firm's anti-money laundering program and the proper handling of cash received from customers in payment of traditional life insurance premiums.

The findings also stated that Wang submitted false information on insurance applications, which were approved by the insurance company and on which he earned commissions. Wang knowingly submitted an insurance application containing false information regarding the insured's income, net worth and occupation, and knowingly submitted an insurance application bearing a policy delivery date later in time than when the insured reviewed and signed the application. As a result of this misdating, the insured's medical history disclosure information was false as of the delivery date. ([FINRA Case #2013037816101](#))

Larry Steven Werbel ([CRD #828351](#), Solon, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$12,500 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Werbel consented to the sanctions and to the entry of findings that he solicited customers to invest in a low-priced security, which Werbel himself had previously purchased. Werbel learned of the stock from a third-party stock promoter. The findings stated that Werbel's member firm prohibited the solicitation of low-priced securities. Despite soliciting the customers' purchases of the security, Werbel improperly coded the transactions as unsolicited and consequently caused the firm's books and records to be inaccurate. After the customers purchased the security in their firm accounts, Werbel disclosed their non-public personal information regarding their corresponding securities transactions to the

non-affiliated third-party stock promoter for the purpose of determining whether these customers were eligible to receive additional shares of stock. As a result of the information Werbel provided to the third-party stock promoter concerning the customers' transactions, at least five customers received additional shares through the mail. Werbel also received additional shares in connection with his personal transactions in the security.

The findings also stated that the shares were not obtained through transactions at the firm, and the transactions were not recorded on the firm's books and records. Werbel did not give any prior notification, written or otherwise, to the firm regarding the transactions away from the firm through the third-party stock promoter, and he did not receive any approval from the firm to engage in the transactions away from the firm. In addition to his transactions in the security, Werbel purchased shares of another company from the third-party stock promoter. Werbel sent a wire from his firm account to the third-party stock promoter and purchased shares directly from the stock promoter. Werbel's transaction in the stock was not recorded on the firm's books and records, he gave no prior written notice regarding his purchase of the stock and he did not receive the firm's approval to engage in the transaction.

The suspension is in effect from April 7, 2014, through June 6, 2014. ([FINRA Case #2011026550301](#))

Blair Alexander West ([CRD #2647767](#), Southampton, New York) was barred from association with any FINRA member in any capacity. The NAC imposed the sanction following appeal of an OHO decision. The sanction was based on findings that West misused a company's funds. The findings stated that when West took the funds, he told the company and a capital source that the funds would be held in escrow until closing. Contrary to this representation, as soon as West received the funds, he used them to pay his personal expenses. West caused his member firm to accept customer funds before an offering met the minimum contingency and accept investor funds that were not subject to an escrow agreement a bank administered.

This matter has been appealed to the SEC and the bar is in effect pending review. ([FINRA Case #2009018076101](#))

Individuals Fined

Steven David Trigili ([CRD #2232496](#), Staten Island, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was censured and fined \$17,500. Without admitting or denying the findings, Trigili consented to the sanctions and to the entry of findings that as his member firm's chief compliance officer (CCO), he failed to ensure that various events were reported, or timely reported to FINRA, and failed to ensure that required books and records concerning customer complaints were maintained. The findings

stated that Trigili failed to ensure that Forms U4 were updated or timely updated to disclose other business activities and arbitration or litigation-related events of which the firm was aware. Trigili also failed to ensure that the required Form U4 disclosure was made for a registered representative who was the subject of a customer complaint. ([FINRA Case #2011025318201](#))

Decisions Issued

The Office of Hearing Officers (OHO) issued the following decisions, which has been appealed to or called for review by the NAC as of March 31, 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*.

Stephen Grivas ([CRD #1829703](#), Jericho, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Grivas converted investor funds. The findings stated that Grivas, without authorization, withdrew \$280,000 with the intent to permanently deprive a fund created in anticipation of an IPO, of some or all of the funds. Grivas permitted an individual to send misleading information to fund members about the size of their potential refunds, and Grivas did not disclose the withdrawal when he spoke with fund members about their refunds. Grivas failed to repay the funds to the fund until almost a year after the withdrawal and until two months after FINRA took his investigative testimony.

This matter has been appealed to the NAC and the sanction is not in effect pending review. ([FINRA Case #2012032997201](#))

Kent George Lehman ([CRD #5071373](#), Orange, California) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Lehman failed to provide FINRA with requested information and documents. The findings stated that Lehman improperly borrowed money from a customer and then falsely represented to his member firm in a sales questionnaire that he had not. The customer was not a member of Lehman's family and Lehman did not notify or submit any request to his firm for approval to borrow money from the customer. The firm prohibited borrowing from any client, unless the client was a family member and the borrowing arrangement was submitted to the branch manager for pre-approval. Lehman failed to comply with the firm's written policies and procedures.

This matter has been appealed to the NAC and the sanction is not in effect pending review. ([FINRA Case #2011029916501](#))

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 the allegations in the complaint.

Christopher Bradford Birli ([CRD #4366441](#), Buffalo, New York) and Patrick Walter Chapin ([CRD #2149171](#), East Amherst, New York) were named respondents in a FINRA complaint alleging that they carried out a scheme together over more than seven years to evade, circumvent, and thwart their member firm's policies and procedures. The complaint alleges that Birli and Chapin concealed their misconduct by, among other things, submitting false, misleading, and incomplete paperwork; using personal emails to communicate with customers and an entity; and by making false and misleading statements to firm personnel. Birli and Chapin recommended that their customers surrender their existing variable annuities and use the funds to purchase a product the entity offered that was contained within a retirement program, wait at least 90 days, and then sell the entity's product and use the funds to purchase a new variable annuities product in the firm's individual retirement account (IRA) outside the retirement plan. As a result of the misconduct, Birli and Chapin received (and the firm paid) commissions to which they were not entitled, their customers were exposed to additional liquidity and death benefit risks, some customers were actually harmed by their strategy, and the firm was prevented from properly reviewing the transactions for suitability. Birli and Chapin received hundreds of thousands of dollars in commissions to which they were not entitled.

The complaint also alleges that Birli and Chapin failed to have a reasonable basis to recommend transfers of their firm's existing variable annuities to the new variable annuities. With Birli and Chapin having structured the transaction in two steps, rather than processing the transactions through the firm's internal exchange program, all of the customers were unnecessarily subjected to a new seven-year surrender schedule that reduced liquidity, deprived of the benefit of the 110 percent death benefit rule designed to ensure that customers not lose significant death benefits on internal exchanges, and exposed to the temporary loss of death benefit protection during the period that funds were held away from the firm. Accordingly, the two-step transaction was unsuitable for any customer. Some of these customers experienced an actual loss of death benefit protection and some of the customers paid surrender charges as a result of the new surrender schedule. The complaint further alleges that Birli and Chapin failed to cooperate with FINRA's investigation by failing to appear and provide on-the-record testimony or respond to requests for information and documents; and to date, neither have provided the requested information and documents nor appeared for their on-the-record interviews. ([FINRA Case #2012032120001](#))

Barry John Milinovich ([CRD #2873433](#), Loveland, Ohio) was named a respondent in a FINRA complaint alleging that he made unauthorized withdrawals of funds, totaling \$10,100, from the savings account of a customer of the affiliate bank of his member firm and converted the funds for his own use. The complaint alleges that Milinovich opened a new account for the customer and closed the old account, after the customer had raised concerns about the balance in her account. Milinovich then attempted to assuage the customer's concerns by pretending to deposit \$10,100 into her new account. In reality, Milinovich closed out the certificate of deposit a second customer owned, opened a new account for a second customer, and deposited the proceeds of the certificate of deposit into that new account. Milinovich then showed the deposit slip to the first customer, falsely telling her that the money had been deposited into her account. The complaint also alleges that Milinovich failed to appear for FINRA-requested testimony. ([FINRA Case #2013038755801](#))

Catherine E. Poole ([CRD #1924882](#), Holland, Pennsylvania) was named a respondent in a FINRA complaint alleging that she received emails from an imposter posing as a customer of her member firm requesting two wire transfers totaling \$31,500 from the customer's account to a third-party bank account. The complaint alleges that despite the firm's requirement that firm personnel verbally confirm wire instructions, Poole nonetheless made inaccurate entries in the firm's Web Access, Status and Approval of Request (ASAP) system, falsely representing that she verbally confirmed the wire requests with the customer. Poole entered and caused the entry of fictitious information in ASAP concerning the purpose of the wire transfer requests. In connection with the first request, Poole falsely represented to her firm's document controller that the customer needed the wire transfer to pay for a funeral. The document controller then recorded in ASAP the purpose of the wire transfer. As for the second wire transfer request, Poole herself entered in ASAP the fictitious purpose of the wire transfer request. Poole did not have any basis for such representations. The complaint also alleges that Poole caused her firm to maintain false books and records concerning the wire transfer requests. ([FINRA Case #2012032703801](#))

Don-Mario Oved Saint-Paul ([CRD #5467633](#), Westbury, New York) was named a respondent in a FINRA complaint alleging that he willfully failed to timely disclose criminal felony charges on his Form U4 and willfully failed to make any disclosure of a subsequent felony guilty plea. The complaint alleges that Saint-Paul made false attestations to his member firm on two annual compliance questionnaires, through which he failed to disclose the felony charges and subsequent felony guilty plea. ([FINRA Case #2012034823401](#))

Complaint Dismissed

(FINRA issued the following complaint, which represented FINRA's initiation of a formal proceeding. The findings as to the allegations were not made, and the Hearing Officer has subsequently ordered that the complaint be dismissed.)

Catherin Ann Laudano (CRD #5467036)
Cresco, Pennsylvania
(March 5, 2014)
FINRA Case #2012031891501

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.)

Mitzie A. Agard (CRD #5129822)
Brooklyn, New York
(March 31, 2014)
FINRA Case #2013038079001

Nicholas P. Bentivegna (CRD #4636923)
Farmingdale, New York
(March 5, 2014)
FINRA Case #2013036022701

Brian L. Bolsen Sr. (CRD #5016192)
Benton, Arkansas
(March 20, 2014)
FINRA Case #2013038116001

Paul Raymond Boynton (CRD #4570845)
Tucson, Arizona
(March 24, 2014)
FINRA Case #2013037390301

Jeffrey D. Burns (CRD #5142564)
Clinton, South Carolina
(March 17, 2014)
FINRA Case #2012033808601

Michael James Ciuffo (CRD #2086653)
Davidson, North Carolina
(March 17, 2014)
FINRA Case #2013037138801

Tracey Helaine Crownover (CRD #5097221)
The Colony, Texas
(March 10, 2014)
FINRA Case #2012035281701

Geovanny A. Cuevas (CRD #5039085)
Bronx, New York
(March 10, 2014)
FINRA Case #2012031814301

Dashnor Joshua Elezi (CRD #4364637)
Fort Meyers, Florida
(March 31, 2014)
FINRA Case #2013037364501

Max Esteban Farez (CRD #6021155)
Elizabeth, New Jersey
(March 26, 2014)
FINRA Case #2013038428301

Timothy P. Flaherty (CRD #5956035)
Lake Ronkonkoma, New York
(March 24, 2014)
FINRA Case #2013037828201

Sean Terence Garcia (CRD #5666377)
Boston, Massachusetts
(March 24, 2014)
FINRA Case #2013036518801

Lauren R. Guastella (CRD #6007916)
Bridgewater, New Jersey
(March 31, 2014)
FINRA Case #2013037773201

Mary Katherine Haindl (CRD #4248778)
Havertown, Pennsylvania
(March 19, 2014)
FINRA Case #2013036190801

William Earle Hill (CRD #1033111)

Delray Beach, Florida
(March 24, 2014)
FINRA Case #2012035315001

Rebecca Linda Holbrook (CRD #6016795)

Houghton Lake, Michigan
(March 20, 2014)
FINRA Case #2013038391601

Kelvin Victor Hosein (CRD #6048470)

Pickerington, Ohio
(March 17, 2014)
FINRA Case #2013037818201

Phillip Wayne James (CRD #5548072)

Sand Springs, Oklahoma
(March 31, 2014)
FINRA Case #2013038249001

Carolyn Chambers Kaufman (CRD #852490)

Hudson, Ohio
(March 3, 2014)
FINRA Case #2013037147601

Kishankumar M. Koladiya (CRD #5764555)

West Palm Beach, Florida
(March 31, 2014)
FINRA Case #2013036576301

Mark P. Kraus (CRD #5802675)

Morris Plains, New Jersey
(March 12, 2014)
FINRA Case #2013038664301

Jeffrey Louis Kuhn (CRD #4275162)

Ft. Lauderdale, Florida
(March 24, 2014)
FINRA Case #2013036313601

Jin Young Lee (CRD #2538061)

Chalfont, Pennsylvania
(March 20, 2014)
FINRA Case #2013037381601

Si Ball Lee (CRD #3155830)

Houston, Texas
(March 26, 2014)
FINRA Case #2013037648001

Stephen John Lykke (CRD #5044288)

Sunnyvale, California
(March 7, 2014)
FINRA Case #2013037434901

Gregory Austin Mason (CRD #5960069)

Indianapolis, Indiana
(March 31, 2014)
FINRA Case #2013038358701

Reginald Fritzgerald Pincheon (CRD #4799080)

Murfreesboro, Tennessee
(March 3, 2014)
FINRA Case #2013038950401

Astrid Sylvia Reinis (CRD #2193464)

Anaheim, California
(March 31, 2014)
FINRA Case #2013038017301

Gerardo Enrique Reyes (CRD #4024452)

Sunrise, Florida
(March 31, 2014)
FINRA Case #2013036880601

Juan Manuel Saenz Jr. (CRD #6097401)

San Antonio, Texas
(March 7, 2014)
FINRA Case #2013037881301

Sagy Shachar (CRD #4673543)

Staten Island, New York
(March 3, 2014)
FINRA Case #2012033737001

Gregory Benton Walsh (CRD #4175278)

Tucson, Arizona
(March 5, 2014)
FINRA Case #2013038748401

Kim James Willers (CRD #2839281)

Sioux Falls, South Dakota
(March 17, 2014)
FINRA Case #2012033264401

Dashon Willis (CRD #5551134)

Brooklyn, New York
(March 7, 2014)
FINRA Case #2013038103401

Michael David Young (CRD #2338512)

Springfield, Ohio
(March 20, 2014)
FINRA Case #2013037239801

Paul Zyambo (CRD #5099280)

Worthington, Ohio
(March 31, 2014)
FINRA Case #2013037003901

**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.)

James M. Glenn Jr. (CRD #1533821)

San Antonio, Texas
(March 28, 2014)
FINRA Case #2013035857701

Richard Clarence Novack (CRD #1041888)

Chatham, New Jersey
(March 7, 2014)
FINRA Case #2009016159103

**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.)

Elizabeth Castillo (CRD #5956480)

Brooklyn, New York
(March 10, 2014)
FINRA Case #2013037603001

Nadia Treza Cavner (CRD #2292105)

Springfield, Missouri
(March 24, 2014)
FINRA Case
#2013037030001/#20130372218

Leanne Marie Crisp (CRD #5189870)

Spokane, Washington
(March 31, 2014)
FINRA Case #2014039787601

Jason M. Cruciani (CRD #4014764)

Mt. Bethel, Pennsylvania
(March 10, 2014)
FINRA Case #2012031589201

David Keith Garrow (CRD #2885649)

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

Jason Ralph Harper (CRD #4884084)

Saint George, Utah
(March 10, 2014)
FINRA Case #2013035652301

Mathew Lynn Hartshorn (CRD #5732511)

Puyallup, Washington
(March 6, 2014)
FINRA Case #2013038203201

Michael W. Jones (CRD #4700131)

Astoria, New York
(March 31, 2014)
FINRA Case #2013038376501

Leslie Dale Packer Jr. (CRD #1653928)

Palm Desert, California
(March 10, 2014)
FINRA Case #2013036880401

Donn Lawrence Quintos (CRD #4799239)

San Jose, California
(March 31, 2014)
FINRA Case #2013038833501

Michael Donnelly Samouce (CRD #1403442)

Austin, Texas
(March 20, 2014)
FINRA Case #2013037993901

Gerard Robert Thompson (CRD #1590825)

Plymouth, Wisconsin
(March 17, 2014)
FINRA Case #2013037180601

Stephen Roger Voboril (CRD #2246376)

New Berlin, Wisconsin
(March 3, 2014)
FINRA Case #2013038929401

Alicia Maria Woppel (CRD #5872671)

Norwood Park, Illinois
(January 21, 2014 – March 27, 2014)
FINRA Case #2013037772801

Ronen Zakai (CRD #4244908)

New York, New York
(March 10, 2014)
FINRA Case #2013037670101

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.)

Jennifer Sybil Adorjan (CRD #2330927)

Highland Park, Illinois
(December 12, 2011 – March 27, 2014)
FINRA Arbitration Case #10-05156

Patrick Ryan Bray (CRD #3184746)

Bradenton, Florida
(March 14, 2014)
FINRA Arbitration Case #11-04129

Shawn Edward Goheen (CRD #2119665)

Sugar Land, Texas
(November 23, 2011 – March 13, 2014)
FINRA Arbitration Case #08-00858

Michael Shibley Horaney (CRD #1988929)

Henderson, Nevada
(April 14, 2010 – March 4, 2014)
FINRA Arbitration Case #08-03093

Gehrin Michael Ortiz (CRD #5533216)

Oak Park, California
(March 26, 2014)
FINRA Arbitration Case #12-03775

FINRA Fines Triad Advisors and Securities America a Total of \$1.2 Million for Consolidated Reporting Violations

The Financial Industry Regulatory Authority (FINRA) announced that it has sanctioned and fined two firms—[Triad Advisors](#) and [Securities America](#)—\$650,000 and \$625,000, respectively, for failing to supervise the use of consolidated reporting systems resulting in statements with inaccurate valuations being sent to customers, and for failing to retain the consolidated reports in accordance with securities laws. In addition, Triad was ordered to pay \$375,000 in restitution.

A consolidated report is a single document that combines information regarding most or all of a customer's financial holdings, regardless of where those assets are held. Consolidated reports supplement, but do not replace official customer account statements. Both Triad Advisors and Securities America had a consolidated report system that permitted their representatives to create consolidated reports, allowing them to enter customized asset values for accounts held away from the firm and to provide the reports to customers.

Brad Bennett, Executive Vice President and Chief of Enforcement, said, "Firms must ensure that consolidated reports sent to customers are clear, accurate and not misleading. Absent proper supervision, consolidated reports can be used by unscrupulous representatives to conceal fraud and theft."

For more than two years, Triad and Securities America failed to supervise hundreds of brokers, some of whom were creating and sending false and inaccurate consolidated reports to customers. Many of these consolidated reports contained inflated values for investments, some of which were in default or receivership. Moreover, at Triad, a number of consolidated reports sent to customers reflected fictitious promissory notes or other fictitious assets, which enabled two representatives to conceal their misconduct. Triad has paid restitution to some of the affected customers and FINRA has ordered Triad to pay restitution to the remaining affected customers.

In concluding these settlements, [Triad Advisors](#) and [Securities America](#) neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

FINRA and BATS Order Citigroup Global Markets Inc. to Pay \$1.1 Million for Illegal Short Selling in Advance of Five Public Offerings and for Related Supervisory Violations

Sanctions Include \$559,000 in Fines, More Than \$538,000 in Disgorgement

The Financial Industry Regulatory Authority (FINRA) and BATS Exchange, Inc. announced that they have jointly ordered [Citigroup Global Markets Inc.](#) to pay approximately \$1.1 million in connection with short selling ahead of participating in five public offerings of securities, in violation of Rule 105 of Regulation M. The payments include the disgorgement of more than \$538,000, plus interest, of profits and improper financial benefits, and approximately \$559,000 in fines. Citigroup also violated supervisory requirements related to Rule 105; and as part of the sanction, the firm was ordered to update its written supervisory procedures for Rule 105 compliance.

Rule 105 of Regulation M under the Securities Exchange Act of 1934 generally prohibits buying securities in secondary offerings when the purchaser sold short the security that is the subject of the offering during a specific restricted period—typically five business days—before the secondary offering is priced.

From May 26, 2009, to September 21, 2010, Citigroup sold securities short within the five business days leading up to the pricing of five public offerings in those securities, and then purchased securities in those offerings. Citigroup purchased a total of more than 1.5 million shares after having sold short 313,890 shares of the securities within the five business days leading up to the offerings.

Thomas Gira, FINRA Executive Vice President, Market Regulation, said, “Rule 105 of Regulation M remains vital to protecting the integrity of the offering process by prohibiting firms from engaging in certain prohibited activities before the pricing of secondary offerings. FINRA will continue to aggressively monitor firms for adherence to Rule 105’s requirements and adequate supervisory systems to ensure such compliance.”

In concluding this settlement, Citigroup neither admitted nor denied the charges, but consented to the entry of [FINRA](#) and [BATS](#)’ findings.

FINRA Fines LPL Financial LLC \$950,000 for Supervisory Failures Related to Sales of Alternative Investments

The Financial Industry Regulatory Authority (FINRA) announced that it has fined [LPL Financial LLC](#) \$950,000 for supervisory deficiencies related to the sales of alternative investment products, including non-traded real estate investment trusts (REITs), oil and gas partnerships, business development companies (BDCs), hedge funds, managed futures and other illiquid pass-through investments. As part of the sanction, LPL must also conduct a comprehensive review of its policies, systems, procedures and training, and remedy the failures.

Many alternative investments, such as REITs, set forth concentration limits for investors in their offering documents. In addition, certain states have imposed concentration limits for investors in alternative investments. LPL also established its own concentration guidelines for alternative investments. However, FINRA found that from January 1, 2008, to July 1, 2012, LPL failed to adequately supervise the sales of alternative investments that violated these concentration limits. At first, LPL used a manual process to review whether an investment complied with suitability requirements, relying on information that was at times outdated and inaccurate. The firm later implemented an automated system for review, but that database contained flawed programming and was not updated in a timely manner to accurately reflect suitability standards. LPL also did not adequately train its supervisory staff to analyze state suitability standards as part of their suitability reviews of alternative investments.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, “In order to sell alternative investments, a broker-dealer must tailor its supervisory system to these products. LPL exposed customers to unacceptable risks by not having an adequate system in place that could accurately review whether a transaction complies with suitability requirements imposed by the states, the product issuers and the firm itself – and it failed to train its registered representatives to apply all the suitability guidelines appropriately.”

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