

Disciplinary and Other FINRA Actions

Firm Expelled, Individual Sanctioned

Success Trade Securities, Inc. ([CRD® #46027](#), Washington, DC) and Fuad Ahmed ([CRD #2404244](#), Washington, DC). The firm was expelled from FINRA® membership. Ahmed was barred from association with any FINRA member in any capacity. The firm and Ahmed were ordered to pay, jointly and severally, \$13.7 million, plus interest, in restitution to investors. The National Adjudicatory Council (NAC) imposed the sanctions following an appeal of an Office of Hearing Officers (OHO) decision. The sanctions were based on findings that the firm and Ahmed willfully engaged in securities fraud and sold unregistered securities that were not exempt from registration when they sold \$19.4 million of their parent company's unregistered promissory notes to investors. The firm and Ahmed misrepresented and omitted material facts when they sold the notes, and consequently, willfully violated Section 10(b) of the Securities Exchange Act of 1934, Exchange Act Rule 10b-5, and FINRA Rules 2010 and 2020. The firm's and Ahmed's sales of the unregistered notes also violated FINRA Rule 2010. This matter has been appealed to the Securities and Exchange Commission (SEC), but the firm's expulsion and Ahmed's bar are in effect pending review. ([FINRA Case #2012034211301](#))

Firms Fined, Individuals Sanctioned

Brookstone Securities, Inc. ([CRD #13366](#), Lakeland, Florida), Christopher Dean Kline ([CRD #2597293](#), Baraboo, Wisconsin), David William Locy ([CRD #4682865](#), Overland Park, Kansas) and Antony Lee Turbeville ([CRD #1721014](#), Lakeland, Florida). The firm was censured, fined \$1,000,000 and required to pay, jointly and severally with Kline and Turbeville, \$1,620,100, plus prejudgment interest, in restitution to their respective customers. Kline and Turbeville were barred from association with any FINRA member in any capacity. Locy was fined \$25,000, barred from association with any FINRA member in any supervisory or principal capacity and suspended from association with any FINRA member in any capacity for two years. The firm, Kline, Locy and Turbeville withdrew their application for review with the SEC. The NAC imposed the sanctions following appeal of an OHO decision.

The sanctions were based on findings that, in connection with the purchase or sale of collateralized mortgage obligations (CMOs), the firm, acting through Turbeville and Kline, fraudulently made material misrepresentations of fact and omitted material facts that misled senior and retired customers concerning the risks associated with CMOs, in willful violation of Section

Reported for December 2015

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).

10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The findings stated that the firm, acting through Turbeville and Kline, recommended that customers purchase high-risk CMOs without reasonably believing that the securities, including those purchased on margin, were suitable for the customers based on their disclosed age, investment objectives, financial background and risk tolerance. The findings also stated that the firm and Turbeville made misrepresentations, omitted material facts and utilized misleading statements in letters sent to some customers. The findings also included that the firm, acting through Locy, its chief compliance officer (CCO), failed to review customer discretionary accounts at frequent intervals. The firm, acting through Locy, failed to reasonably supervise the firm's activities, and the firm, acting through both Turbeville and Locy, also failed to enforce the firm's procedures for safeguarding customer information, both in willful violation of FINRA rules.

Locy's suspension is in effect from October 5, 2015, through October 4, 2017. ([FINRA Case #2007011413501](#))

The GMS Group, LLC ([CRD #8000](#), Livingston, New Jersey) and Carmine Claudio Capone ([CRD #1124455](#), Fort Lauderdale, Florida) submitted an Acceptance, Waiver and Consent (AWC) in which the firm was censured and fined \$75,000. Capone was fined \$10,000 and suspended from association with any FINRA member in any principal capacity for 30 business days. Without admitting or denying the findings, the firm and Capone consented to the sanctions and to the entry of findings that the firm, acting through Capone, failed to adequately supervise the sales practices of a registered representative who recommended and engaged in unsuitable trading in nontraditional exchange-traded funds (ETFs) in four customers' accounts, and exercised discretion without having obtained prior written authorization in customers' accounts. The findings stated that the firm assigned Capone to supervise the representative's activities as a registered representative acting on the firm's behalf. The firm failed to establish and maintain a supervisory system designed to achieve compliance with applicable NASD® and/or FINRA rules in connection with the sale of nontraditional ETFs. The firm allowed the representative to recommend and sell nontraditional ETFs, but did not adopt any supervisory controls to properly supervise those transactions. In addition, the firm did not provide any training to the representative regarding nontraditional ETFs. The firm and Capone allowed the representative to execute purchases of non-traditional ETFs, even though the representative did not have a reasonable basis to recommend the securities and they were unsuitable from a customer-specific perspective.

The findings also stated that the firm and Capone were on notice of numerous "red flags" that the representative had a propensity to engage in unsuitable trading on behalf of his customers. Despite the red flags, the firm, acting through Capone, failed to take adequate steps to supervise the representative's sales activities. Capone only contacted one of the customers at issue, a retired and unsophisticated elderly investor with a moderate risk tolerance. During this conversation, Capone did not ascertain whether the representative

was exercising discretion in the customer's account, did not discuss the amount of commissions being generated, and did not communicate the unique and substantial risks associated with trading nontraditional ETFs. Capone never spoke with the other customers about the activity in their accounts, including a retired and unsophisticated 70-year-old investor who endured more than \$92,000 in realized losses. The findings also included that the firm, acting through Capone, did not take any steps, other than speaking with the representative, to ascertain whether he was exercising discretion without written authorization in any of the accounts at issue.

FINRA found that the firm and Capone failed to enforce the firm's written supervisory procedures (WSPs), including ensuring that customers' investment objectives and risk tolerance were consistent with the transactions in their accounts and were updated when there was a change in status, including "ETFs in training and adequate supervisory reviews for transactions in nontraditional ETFs," and reviewing for suitability for transactions in nontraditional ETFs.

The suspension is in effect from November 16, 2015, through December 29, 2015. ([FINRA Case #2013038756502](#))

Mercator Associates, LLC ([CRD #112903](#), Toronto, Canada) and **Fabrizio David Lentini** ([CRD #2392695](#), Mississauga, Canada) submitted an Offer of Settlement in which the firm was censured and fined \$60,000. Lentini was fined \$10,000 and suspended from association with any FINRA member in any principal capacity for two months. A lower fine was imposed upon the firm after considering, among other things, its revenue and financial resources. Without admitting or denying the allegations, the firm and Lentini consented to the sanctions and to the entry of findings that the brokerage and bank account applications they submitted to open an account with a Sri Lankan broker-dealer and a bank account in Sri Lanka were materially false and misleading, in that they failed to disclose the true underlying beneficial ownership of the assets held in the accounts.

The findings stated that the firm, acting through Lentini, its president and CCO, maintained the Sri Lankan accounts in the name of the firm, but contained the assets of other entities. The other entities were unrelated to the firm, but were each affiliated with the firm's largest customer. The findings also stated that the firm, acting through Lentini, its anti-money laundering compliance officer (AMLCO), failed to implement its anti-money laundering (AML) procedures and enforce its written AML program to ensure compliance with the Bank Secrecy Act. The firm and Lentini failed to detect and investigate red flags indicative of potentially suspicious activity concerning the Sri Lankan accounts and determine whether it was necessary to file a Suspicious Activity Report. The red flags suggested that the firm's largest customer and its five entities were using the firm to conceal their affiliation with certain issuers. The findings also included that the firm failed to file an application and/or letter for control location status with the SEC requesting approval to designate the Sri Lankan accounts as a satisfactory control location. FINRA

found that the firm failed to prepare reserve formula computations for all customer cash and securities held in the Sri Lankan accounts, and failed to submit its reserve formula computations as part of the firm's Financial and Operational Combined Uniform Single (FOCUS) Report filings. The firm also failed to create certain required books and records related to the activities in the Sri Lankan accounts.

The suspension is in effect from November 16, 2015, through January 15, 2016. ([FINRA Case #2011025438601](#))

Firms Fined

ALPS Distributors, Inc. ([CRD #16853](#), Denver, Colorado) submitted an AWC in which the firm was censured, fined \$125,000, and required to address deficiencies to ensure that the firm has implemented procedures that are reasonably designed to achieve compliance with applicable rules and regulations. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that in its role as distributor for five exchange-traded products (ETPs) registered under the Investment Company Act of 1940, the firm approved five creation requests that did not comply with the requirements for manual orders set forth in the relevant governing documents. The findings stated that although the authorized participants (APs) placing the orders properly initiated the order process by telephone prior to the relevant order cutoff times, the APs did not submit their completed order forms to the transfer agent via facsimile within the required timeframes. The firm nonetheless improperly approved these orders for processing, instead of treating them as invalid as was required by the relevant governing documents. In its role as marketing agent for three ETPs registered under the Securities Act of 1933, the firm approved one creation request and two redemption requests that did not comply with the requirements for manual orders set forth in the relevant governing documents. The findings stated that although the APs placing the orders properly initiated the order process by telephone prior to the relevant order cutoff times, the APs did not submit their completed order forms to the firm within the required timeframes. The firm nonetheless improperly approved these orders for processing, instead of treating them as invalid as required by the relevant governing documents.

The findings also stated that for additional manual orders for creations or redemptions that the firm processed, the firm failed to make and preserve accurate books and records of such orders as the orders contained missing, unintelligible or erroneous information, including missing or inaccurate facsimile time stamps or time stamps that were prior to or after the times the orders were actually placed. Due to these errors, FINRA was unable to determine whether additional orders for the creation or redemption of ETPs shares were processed within the required timeframes. The findings also included that the firm's supervisory system, including its WSPs, did not provide for supervision reasonably designed to achieve compliance with applicable rules and regulations concerning the creation or redemption

approval process for ETPs. In particular, the firm did not have adequate procedures to ensure that orders for the creation and redemption of ETPs adhered to the relevant cutoff times and that such orders were completed within the required timeframes set forth in the relevant governing documents, before they were approved. The firm failed to have in place an adequate supervisory process and review for comparisons between electronic fax server records and the handwritten order documents maintained by its trade processing department, as well as for review of any material inconsistencies in records or any instances in which fax orders were received outside of the stated cutoff times or timeframes outlined in the governing documents. Moreover, the firm's WSPs referenced checklists that employees were required to complete for the authorization of creation or redemption requests. The firm's WSPs failed to reference any supervisory review of the creation or redemption order taking and approval process for ETPs, and the firm did not produce adequate evidence of such supervisory reviews. ([FINRA Case #2011029728201](#))

Barclays Capital Inc. ([CRD #19714](#), New York, New York) submitted an AWC in which the firm was censured and fined \$16,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that, acting as a managing underwriter, it failed to report new issue offerings in Trade Reporting and Compliance Engine® (TRACE®)-eligible securitized products to FINRA according to the time frame set forth in FINRA Rule 6760(c). ([FINRA Case #2014042569301](#))

Barclays Capital Inc. ([CRD #19714](#), New York, New York) submitted an AWC in which the firm was censured, fined \$90,000, 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 report to the NASD/Nasdaq Trade Reporting Facility (NNTRF), the FINRA/Nasdaq Trade Reporting Facility (FNTRF), and the Over-the-Counter Reporting Facility (OTCRF) last sale reports of transactions in designated securities. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning the failure to report trades. The findings also stated that the firm failed, within 30 seconds after execution, to transmit to the OTCRF last sale reports of transactions in over-the-counter (OTC) equity securities, and reported to the FNTRF last sale reports of transactions in designated securities it was not required to report. ([FINRA Case #2012033585901](#))

BMO Capital Markets Corp. ([CRD #16686](#), New York, New York) submitted an AWC 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 transmitted Route or Combined Order/Route Reports to the Order Audit Trail System (OATS™) that OATS was unable to link to the corresponding new order transmitted by the destination member firm due to inaccurate, incomplete or improperly formatted data. The findings stated that the firm transmitted Reportable Order Events (ROEs) to OATS that OATS rejected for context or syntax errors and were repairable. The firm also failed to repair rejected ROEs within

the required five business days, and failed to populate the correct ROE Resubmit Flag and Rejected ROE ID for rejection resubmissions. ([FINRA Case #2014041466101](#))

BNP Paribas Securities Corp. ([CRD #15794](#), New York, New York) submitted an AWC in which the firm was censured, fined \$2.4 million, and required to address large options position reporting (LOPR) system and position limit deficiencies to ensure that the firm has implemented procedures that are reasonably designed to achieve compliance with applicable options rules and regulations, including the proper reporting of options transactions involving foreign underlying securities. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report certain OTC options positions to the LOPR, including transactions involving foreign underlying securities or in which the firm misclassified the counterparties. The firm also inaccurately reported other OTC options positions to the LOPR, including under-reporting positions with an incorrect multiplier, inaccurately reporting positions with “TBA” in certain data fields; reporting positions with an incorrect strike price, reporting positions without entries in the tax identification and/or tax type data fields, and reporting positions with the incorrect quantity of contracts. In addition, the firm effected opening transactions for customer and proprietary accounts that exceeded the applicable position limit in certain OTC options. The findings also stated that the firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with the applicable securities laws and regulations, and FINRA rules, concerning position limits and the reporting of positions to the LOPR. The firm’s supervisory system did not include sufficient WSPs to ensure the proper reporting of positions to the LOPR. ([FINRA Case #2012031320301](#))

BOSC, Inc. ([CRD #17530](#), Tulsa, Oklahoma) submitted an AWC in which the firm was censured, fined \$12,500, and required to pay \$4,478.38, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it bought or sold corporate bonds from or to customers, and failed to buy or sell such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved, and that the firm was entitled to a profit. ([FINRA Case #2013039204601](#))

Canaccord Genuity Inc. ([CRD #1020](#), New York, New York) submitted an AWC 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 execute customer market orders fully and promptly. The findings stated that for some of the orders, the firm failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. The firm has already voluntarily made restitution to affected customers. ([FINRA Case #2013037932301](#))

Capitol Securities Management, Inc. ([CRD #14169](#), Glen Allen, Virginia) submitted an AWC in which the firm was censured, fined \$470,000 and ordered to pay \$226,448.90, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that through a registered representative, the firm recommended and effected unsuitable purchases of customized reverse-convertible notes (RCNs) totaling approximately \$4 million for the accounts of customers. The findings stated that most of the customers were over the age of 60, and had modest or conservative investment objectives and risk profiles. All of the customers' accounts were heavily concentrated in RCNs, with the amounts of these investments constituting a substantial portion of their net worth.

The findings also stated that the firm failed to establish, maintain, and enforce a supervisory system and WSPs reasonably designed to supervise the sale of RCNs to retail customers. At no point did the firm provide training to representatives regarding the sale of RCNs. The firm established WSPs that addressed the sale of RCNs, but they were inadequate in that they did not provide guidance regarding the consideration of customer-specific suitability or concentration levels of RCNs in customer accounts, and the firm did not have an exception report that would detect concentration levels of RCNs in any customer account. The findings also included that the firm failed to implement a reasonably designed AML program to detect, investigate and report, if appropriate, suspicious activity related to the deposit and liquidation of low-priced securities despite the presence of red flags. The firm's clearing firm flagged potentially suspicious activity in accounts, and sent inquires to the firm seeking additional information regarding the accounts and securities.

FINRA found that the firm failed to implement an adequate customer identification program by failing to collect and verify identifying information for certain new accountholders. FINRA also found that the firm failed to apply sales-charge discounts to eligible unit investment trust (UIT) and mutual fund purchases, resulting in customers paying \$32,343.31 in excess sales charges. The firm failed to establish, maintain, and enforce an adequate supervisory system and WSPs reasonably designed to ensure that customers received applicable sales-charge discounts on eligible UIT and mutual fund purchases. In addition, FINRA determined that the firm charged customers excessive commissions on equity transactions. The firm also failed to establish, maintain and enforce a supervisory system and WSPs for the review of commissions charged. The firm failed to establish, maintain and enforce a supervisory system and WSPs reasonably designed to supervise private securities transactions and failed to record them on its books and records. Moreover, FINRA found that the firm failed to file an application for approval of a material change in business activities. ([FINRA Case #2011025548801](#))

Citadel Securities LLC ([CRD #116797](#), Chicago, Illinois) submitted an AWC in which the firm was censured, fined \$200,000, 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 as a result of using a trading logic that applied to certain customer orders over 10,000 shares in securities priced below a dollar, the firm failed to execute a substantial portion of marketable orders fully and promptly. The findings stated that the firm adopted the logic in response to perceived market conditions, and utilized the logic only during the review period. The logic unreasonably delayed the execution time of marketable orders. The findings also stated that the firm failed to preserve, for a period of not less than three years, the first two in an accessible place, thousands of email communications as required by SEC Rule 17a-4(b)(4). The findings also included that the firm failed to establish and maintain a supervisory system reasonably designed to achieve compliance with NASD Rule 2111(a) concerning prompt and full execution of market orders (currently FINRA Rule 5320), including customer orders that were subject to the foregoing logic. The firm also had deficient WSPs. ([FINRA Case #2008015772801](#))

Credit Agricole Securities (USA) Inc. ([CRD #190](#), New York, New York) submitted an AWC in which the firm was censured and fined \$55,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report to TRACE the correct execution time for Secondary Market (S1) transactions in TRACE-eligible corporate debt securities, and failed to report to TRACE S1 transactions in TRACE-eligible corporate debt securities within 15 minutes of the execution time. The findings stated that the firm failed to report to TRACE the correct execution time on brokerage order memoranda. The findings also stated that the firm failed to maintain a supervisory system reasonably designed to prevent the firm's inaccurate and late reporting to TRACE, and to achieve compliance with the applicable rules. ([FINRA Case #2013037784401](#))

David Lerner Associates, Inc. ([CRD #5397](#), Syosset, New York) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report TRACE-eligible securitized products transactions to TRACE within 15 minutes of the execution time. ([FINRA Case #2014041066901](#))

Deutsche Bank Securities, Inc. ([CRD #2525](#), New York, New York) submitted an AWC 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 accept or decline in the FNTRF transactions in reportable securities within 20 minutes after execution. ([FINRA Case #2014042419401](#))

E*Trade Clearing LLC ([CRD #25025](#), Jersey City, New Jersey) submitted an AWC in which the firm was censured and fined \$350,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish a reasonable supervisory system and written procedures to ensure that its affiliated broker-dealer's Internet-based platform, etrade.com, was displaying the appropriate amount of money a customer can spend without triggering a margin call (buying power) and the appropriate amount of any outstanding margin call (margin call due) to online customers

who traded certain options series with a special equity maintenance requirements higher than the regulatory minimum (higher house requirement). The findings stated that for over three years, for customers who traded the options series with a higher house requirement, the firm's customer-facing system—one of its two computer systems—failed to display buying power and margin call due amounts that reflected the higher house requirements after the customer placed a trade. For these customers, etrade.com would display overstated buying power and understated margin call due amounts throughout the remainder of the day. Although the firm had identified this problem shortly after implementing the higher house requirements, it failed to correct the issue until after FINRA noted the issue during the firm's annual examination.

The findings also stated that for approximately four years, the firm failed to establish a reasonable supervisory system and written procedures to ensure that etrade.com displayed certain customers' buying power and margin call due consistent with the firm's back-office books and records computer system. For customers who traded certain kinds of highly complex option strategies, the firm's customer-facing and back-office computer systems were calculating certain customers' buying power differently. As a result, customers saw different buying power on etrade.com than the firm used in its back-office system to issue margin calls. Shortly after the firm rolled out its complex options trading service, certain options customers notified the firm that the buying power figure they independently calculated was different than the buying power displayed in their accounts. The firm made manual adjustments to the buying power in those customers' accounts. However, the firm did not implement a systemic remedy until after FINRA noted the issue during the firm's annual examination. The firm's supervisory system did not ensure that buying power or margin call due amount due was calculated similarly between the firm's two computer systems. The firm failed to monitor the customer-facing system to ensure that it was synchronized with the back-office system or to ensure that the calculating of customers' buying power or margin call amounts were the same for both systems. Additionally, the firm failed to have any system, including written policies or procedures, to review the information displayed on the firm's customer-facing system to ensure that it was calculating buying power or margin call amounts that took into account higher house margin requirements or to ensure that it was using similar pairing logic as the firm's back-office system. ([FINRA Case #2014039663401](#))

E*TRADE Securities LLC ([CRD #29106](#), New York, New York) submitted an AWC 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 effected transactions during trading halts. ([FINRA Case #2012033977901](#))

Fieldstone Services Corp. ([CRD #27851](#), New York, New York) submitted an AWC in which the firm was censured and fined \$20,000. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings

that it permitted an individual to function as a principal of the firm even though that individual did not hold any principal registrations. The findings stated that the firm did not obtain the endorsement by a registered principal of transactions effected by the firm, and did not obtain evidence of review by a principal of its incoming and outgoing electronic correspondence. The findings also stated that the firm conducted a securities business while under its minimum net capital requirement. ([FINRA Case #2014039579601](#))

Finance 500, Inc. ([CRD #12981](#), Irvine, California) submitted an AWC in which the firm was censured, fined \$75,000, and required to pay \$4,845.56, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to contemporaneously or partially execute customer limit orders in OTC securities after it traded each subject security for its own market-making account at a price that would have satisfied each customer's limit order. The findings stated that the firm failed to show a correct term or condition on brokerage order memoranda by incorrectly denoting the orders as held instead of not held orders. The findings also stated that the firm failed to enforce its WSPs, which specified that it would not effect an order for the firm's proprietary account while holding a customer limit order in an OTC security at the same price, unless the customer limit order is also filled, and the firm must pass along any price improvement that the firm received in the execution of its own order, or better. The findings also included that the firm failed to execute orders fully and promptly, and failed to use reasonable diligence to ascertain the best inter-dealer market and buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. ([FINRA Case #2012031654201](#))

Geneos Wealth Management, Inc. ([CRD #120894](#), Centennial, Colorado) submitted an AWC in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to supervise representatives at a branch office who were participating in the execution of securities transactions, namely investments in the form of limited partnership interests, as part of their disclosed outside advisory activities. The findings stated that the representatives' participation included, but was not limited to, meeting with and recommending the underlying securities to customers, providing customers with copies of the private placement memorandum and related paperwork, assisting customers with completing the investment paperwork, accepting the completed paperwork and investment funds, and receiving compensation. The firm also failed to record the transactions on its books and records. ([FINRA Case #2012032374601](#))

Maxwell Simon, Inc. ([CRD #12667](#), Minneapolis, Minnesota) submitted an AWC in which the firm was censured and fined \$20,000. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it effected transactions involving restricted shares of unregistered microcap securities that should have raised red flags for unregistered distributions or other potentially suspicious

activity. The findings stated that although the firm's written AML program required it to monitor for potentially suspicious activity and identified numerous situations that could be indicative of suspicious activity, the firm did not adequately investigate or analyze whether the transactions involved potentially suspicious activity or whether they were exempt from registration requirements. The findings also stated that although the firm's WSPs stated that Securities Act of 1933 Rule 144 transactions would be subject to principal review and approval, it routinely failed to take adequate steps to determine whether Rule 144 applied. The firm lacked an effective system for verifying the circumstances under which customers obtained microcap shares, and often relied on verbal representations from issuers. The firm also relied on opinion letters from sellers' counsel about whether shares could be traded, rather than conducting its own independent analysis. ([FINRA Case #2014039173701](#))

Monex Securities, Inc. ([CRD #30362](#), Houston, Texas) submitted an AWC in which the firm was censured, fined \$25,000, and required to pay \$9,678.52, plus interest, in restitution to investors. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it sold (bought) corporate bonds to (from) customers, and failed to sell (buy) such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved, and that the firm was entitled to a profit. ([FINRA Case #2013038299201](#))

Nomura Securities International, Inc. ([CRD #4297](#), New York, New York) submitted an AWC in which the firm was censured, fined \$35,000, 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 transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data; failed to provide accurate written notifications disclosing transaction information to customers; submitted inaccurate information to OATS for an order; and disclosed inaccurate information on customer confirmations. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to applicable securities laws and regulations and/or FINRA rules. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs regarding OATS. ([FINRA Case #2013035826701](#))

Oppenheimer & Co. Inc. ([CRD #249](#), New York, New York) submitted an AWC in which the firm was censured and fined \$21,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that in transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customers was as favorable as possible under prevailing market conditions. These violations resulted in a total of \$109.15 in restitution, which the firm confirmed was paid. The findings stated that the firm failed to accurately report the correct execution price to the OTCRF and failed to show the correct order receipt time and execution time on brokerage order memoranda. The findings also 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 NASD and FINRA rules pertaining to the firm's best execution obligations in OTC securities. ([FINRA Case #2012034713201](#))

Precision Securities, LLC ([CRD #103976](#), San Diego, California) submitted an AWC 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 the correct symbol indicating the firm's capacity to the FNTRF for transactions in reportable securities. The findings stated that the firm incorrectly reported transactions to the FNTRF in a principal capacity when the transactions were, in fact, riskless principal transactions; and that the firm incorrectly reported transactions to the FNTRF as riskless principal transactions, when, in fact, a portion of each transaction was in a principal capacity. ([FINRA Case #2010023492401](#))

R.F. Lafferty & Co., Inc. ([CRD #2498](#), New York, New York) submitted an AWC 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 reported S1 transactions in TRACE-eligible corporate debt securities to TRACE that it was not required to report, failed to report S1 transactions in TRACE-eligible corporate debt securities to TRACE that it was required to report, failed to report transactions in TRACE-eligible corporate debt securities to TRACE within 15 minutes of the execution time, and reported transactions in TRACE-eligible corporate debt securities to TRACE that it was not required to report. ([FINRA Case #2013038999301](#))

SG Americas Securities, LLC fka Newedge USA, LLC ([CRD #128351](#), New York, New York) submitted an AWC in which the firm was censured and fined \$120,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that on various settlement dates, the firm failed to report short interest positions, and inaccurately reported positions. The findings stated that the firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with the applicable securities laws and regulations, and FINRA rules concerning short interest reporting. In addition, the firm's supervisory system did not include sufficient WSPs to ensure compliance with FINRA Rule 4560. ([FINRA Case #2011027831901](#))

The Strategic Financial Alliance, Inc. ([CRD #126514](#), Atlanta, Georgia) submitted an AWC in which the firm was censured, fined \$30,000, and required to submit a written certification that it has adopted and implemented supervisory systems and written procedures reasonably designed for the review and supervision of consolidated reports. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce a reasonable supervisory system and WSPs for the review and supervision of consolidated account reports produced by registered representatives and provided to its customers. The findings stated that some firm registered representatives used at least nine different systems, including Microsoft

Excel, to prepare and distribute consolidated reports to customers. Many of these systems allowed for manual entries. Approximately 1,500 of the firm's customers received some form of consolidated report quarterly, semi-annually, annually, or on demand during face-to-face meetings. The firm did not have any supervisory procedures addressing the use and supervision of consolidated reports. While the firm issued a compliance communication to its registered representatives regarding consolidated reports, it inadequately addressed the verification of valuation information provided to customers, and failed to ensure full and accurate disclosure of the source of such valuation information. Additionally, the firm did not maintain any documentation demonstrating that consolidated reports were properly reviewed and maintained as customer correspondence, including documentation supporting data registered representatives entered manually. In some instances, consolidated reports the firm's registered representatives created included inadequate disclosure language and, in other instances, failed to include any disclosure language. ([FINRA Case #2014039285701](#))

Taglich Brothers, Inc. ([CRD #29102](#), Huntington, New York) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and implement an AML compliance program that could be reasonably expected to monitor, detect, and cause the reporting of suspicious transactions posed by the deposit and liquidation of microcap securities. The findings stated that the firm failed to establish, maintain, and enforce WSPs and systems reasonably designed to ensure compliance with Section 5 of the Securities Act of 1933. The firm's procedures, and its implementation of those procedures, failed to adequately contain risk-based investigative steps necessary to ensure that low-priced securities deposited at the firm were registered, or the transaction was subject to an exemption from registration. The firm instead improperly relied upon its clearing firm to conduct due diligence inquiries and determine whether stocks were freely tradeable. As a result, the firm allowed customers to deposit and liquidate microcap securities while failing to implement an adequate supervisory system to ensure compliance with Section 5. ([FINRA Case #2013035372501](#))

The Vertical Trading Group LLC dba The Vertical Group ([CRD #104353](#), New York, New York) submitted an AWC in which the firm was censured, fined \$48,500, 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 inaccurately denoted one or more customer confirmation disclosure, including: type of remuneration, price, capacity, market maker status, and the average price of disclosure. The findings stated that the firm inaccurately denoted on customer confirmation disclosures its capacity as agent when acting in a principal or riskless principal capacity, and failed to append a market maker disclosure. The firm also failed to properly mark short sales on the firm's trading ledger as "short." The firm transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data, executed short sale transactions in OTC equity securities, and failed to report the transactions to the OTCRF with a short-sale indicator. The findings also stated

that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA rules. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs regarding sales transactions and books and records requirements. The firm also failed to provide documentary evidence that it performed the supervisory reviews set forth in its WSPs concerning these subject areas. ([FINRA Case #2013035594701](#))

Wunderlich Securities, Inc. ([CRD #2543](#), Memphis, Tennessee) submitted an AWC in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce an adequate supervisory system and written procedures regarding the preparation and dissemination of consolidated reports. The findings stated that although the firm's WSPs expressly permitted the preparation and dissemination of consolidated reports, they did not adequately address how the firm would supervise the use of consolidated reports. The firm also failed to establish, maintain, and enforce an adequate supervisory system or written procedures to ensure the accuracy of any valuation information that was provided by a registered representative in a consolidated report and mandating the inclusion in consolidated reports of specific disclosures regarding the source and accuracy of any valuation information that was provided by a registered representative. In addition, the firm failed to establish, maintain, and enforce an adequate supervisory system and written procedures to ensure that supervisory reviews of consolidated reports were performed and documented by the applicable supervisors and readily available for review by the firm or any regulatory authority. The findings also stated that the firm failed to establish, maintain, and enforce an adequate supervisory system and written procedures for the supervision of sales of nontraditional ETFs. Although the firm permitted its registered representatives to recommend nontraditional ETFs, the firm's WSPs did not adequately address the particular characteristics and risks associated with nontraditional ETFs. In addition, the firm did not utilize an effective system or report to enable its supervisors to readily identify instances in which a customer might be holding a position in a nontraditional ETF for an extended period of time. The firm also failed to provide formal training to its registered representatives and supervisory personnel regarding the unique characteristics and risks of nontraditional ETFs. ([FINRA Case #2013035334201](#))

Individuals Barred or Suspended

Andrew Martin Abern ([CRD #1610607](#), Miami, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Abern consented to the sanction and to the entry of findings that he failed to appear at a FINRA-requested on-the-record interview to answer questions relating to recommendations he made to customers regarding the purchase and sale of variable annuities. ([FINRA Case #2015043654301](#))

Mindy Heyman Adelman ([CRD #2400567](#), Owings Mills, Maryland) submitted an AWC in which she was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the findings, Adelman consented to the sanctions and to the entry of findings that over a seven-month period, at a registered representative's direction, she impersonated more than a dozen customers in telephone calls to an insurance company by providing confidential personal information regarding the customers to the insurance company's representative. The findings stated that Adelman acted without the customers' authorization, knowledge or consent. Adelman impersonated the customers in order to obtain information about the insurance policies the customers owned. The registered representative was previously the agent of record for the customers and, therefore, had the customers' relevant confidential information. The representative purportedly sought the customers' account information as part of an effort to sell new policies to the customers.

The suspension is in effect from October 19, 2015, through October 18, 2016. ([FINRA Case #2014040851601](#))

Garrett Andrew Ahrens ([CRD #1999696](#), Lafayette, Louisiana) submitted an AWC 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, Ahrens consented to the sanctions and to the entry of findings that he prepared consolidated reports for customers that inaccurately reflected the current value of investments and the performance of investments, including private placements and non-traded real estate investment trusts (REITs). The findings stated that the consolidated reports were false and misleading because the current values of the investments provided were shown at a significantly higher price than their actual values.

The suspension was in effect from October 12, 2015, through November 11, 2015. ([FINRA Case #2013036001201](#))

Marc Anthony Arena ([CRD #2754309](#), Hicksville, New York) submitted an Offer of Settlement in which he was suspended from association with any FINRA member in any capacity for 10 business days and suspended from association with any FINRA member in any principal capacity for 23 months. The suspensions will run concurrently. In light of Arena's financial status, no monetary sanction has been imposed. Without admitting or denying the allegations, Arena consented to the sanctions and to the entry of findings that that he failed to adequately supervise a registered representative at his member firm who was allegedly excessively trading customers' accounts and churning, in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, FINRA Rule 2020 and NASD Rule 2120. The findings stated that Arena did not address multiple red flags suggesting that the registered representative was excessively trading customers' accounts and churning. Arena failed to take any meaningful measure to address the misconduct and to ensure that the representative acted in a manner that was compliant with applicable laws, regulations

and rules. The findings also stated that Arena failed to disclose Internal Revenue Service (IRS) liens on his Uniform Application for Securities Industry Registration or Transfer (Form U4), and failed to update his Form U4 to disclose liens filed by the State of New York.

The suspension in any capacity was in effect from November 16, 2015, through November 30, 2015. The suspension in any principal capacity is in effect from November 16, 2015, through October 15, 2017. ([FINRA Case #2012030564701](#))

Lydia Bertha Barraza (CRD #5103543, Tustin, California) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Barraza consented to the sanction and to the entry of findings that she converted approximately \$4,836.75 of insurance premiums by using those funds to pay for her business and office expenses, including rent and salaries, instead of depositing the funds with her member firm's insurance affiliate. The findings stated that Barraza had collected approximately \$5,396.75 in cash for property and casualty insurance premiums from the affiliate's customers. The premiums were the property of the affiliate and were to be deposited with the affiliate. ([FINRA Case #2015045880301](#))

Bilal Basrai (CRD #2990346, Naperville, Illinois) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Basrai consented to the sanction and to the entry of findings that he failed to provide the FINRA-requested documents and information, and refused to appear for on-the-record testimony in connection with an investigation into, among other things, whether he engaged in insider trading. ([FINRA Case #2015044288201](#))

Donna Kay Beers (CRD #1172038, Fountain Hills, Arizona) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Beers consented to the sanction and to the entry of findings that she failed to provide FINRA-requested on-the-record testimony during an investigation into allegations that she engaged in an undisclosed business activity and misused funds. ([FINRA Case #2014040397202](#))

Otis Treat Bradley (CRD #28320, New York, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Bradley failed to appear to complete FINRA-requested on-the-record testimony in connection with FINRA's investigation of research reports he wrote that included false and misleading information about a publicly traded pharmaceutical company. The findings stated that in the research reports, Bradley inaccurately reported that a prominent medical research university was conducting clinical trials on humans to study the effects of one of the pharmaceutical company's dietary supplements on thyroid disorders. Bradley misstated the company's financial prospects. Additionally, Bradley made false, unwarranted and misleading claims regarding the company's announcement of preliminary results of its in-house clinical trials on humans. ([FINRA Case #2013035928002](#))

Randy Warren Burke ([CRD #2702441](#), Ferguson, North Carolina) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Burke consented to the sanction and to the entry of findings that he participated in private securities transactions in a company he created without first providing written notice to, or obtaining his member firms' approval. The findings stated that both firms prohibited registered representatives from participating in private securities transactions without providing prior written notice of the transactions to the firm and obtaining firm approval. The findings also stated that Burke made material misrepresentations and omissions in connection with the sale of the private securities. Burke failed to disclose to an elderly customer relevant material facts about her private securities investments, and made false representations to the customer that as a membership unit holder of the private securities she would be entitled to a percentage of the profit from a future sale of a lodge property. Burke also falsely represented to the customer that the private securities venture was raising up to one million dollars by selling membership units. No additional investors were solicited or invested in the private securities venture. As a result of his conduct, Burke willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5. The findings also included that Burke improperly used customer funds. The customer invested \$38,407.37 in his company in exchange for a corresponding number of membership units. Burke represented, and the customer expected, that her investment funds were to be used for general operating expenses. Burke deposited \$38,000 of the investment into a business checking account that he held jointly with his wife that was used for business and personal banking. However, following the deposit of the customer's investment funds into Burke's account, Burke's personal expenditures from the account exceeded his business-related expenditures, resulting in his use of a portion of the investment funds for personal expenses. FINRA found that contrary to the firms' policies, Burke failed to disclose in writing or obtain approval from his firms for his involvement in an outside business activity. Burke provided false answers in response to his firms' annual certifications on compliance questionnaires regarding his participation in private securities transactions and his involvement in an outside business activity. ([FINRA Case #2015044129701](#))

Joseph Ronald Butler ([CRD #2447535](#), Brandywine, Maryland) was barred from association with any FINRA member in any capacity and ordered to pay \$170,408.18, plus interest, in restitution to his former customer. The NAC affirmed the hearing panel's findings that Butler converted an elderly customer's funds and named himself the beneficiary of her annuity by submitting a falsified beneficiary change request form falsely representing that he was her son. The NAC found that Butler took advantage of his elderly customer, who was suffering from declining mental health and relied on him to help manage her finances. Butler, aware of her diminished capacity, withdrew funds from the customer's bank account by writing and cashing checks payable to himself and to "cash," made wire transfers from the customer's account to his own, and used her accounts to pay his personal tax liabilities. Butler also took the customer to his attorney where she ultimately

executed papers naming Butler her personal representative and the primary beneficiary under her will, and giving him power of attorney. The NAC found that Butler's misconduct violated the high standards of commercial honor and just and equitable principles of trade required of all persons registered with FINRA under FINRA Rule 2010.

This matter has been appealed to the SEC and the bar remains in effect pending review. ([FINRA Case #2012032950101](#))

Alisha Chahal (CRD #5919412, Dix Hills, New York) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Chahal consented to the sanction and to the entry of findings that she converted funds from her coworker by stealing a credit card from the coworker and using the card to purchase approximately \$159 of various items at local retail stores without the coworker's knowledge, authorization or consent. ([FINRA Case #2015044471002](#))

James Gavin Christianson (CRD #1434189, Portland Oregon) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Christianson consented to the sanctions and to the entry of findings that he exercised discretion when he effected securities transactions in a customer's accounts without obtaining the customer's written authorization and without his member firm's written acceptance. The findings stated that the customer was an entity that had authorized three individuals to approve transactions for its accounts. Christianson did not discuss more than half of these transactions with any of the authorized persons before placing them. Although those persons had orally granted Christianson authority to exercise discretionary power in the accounts, the granting of authority was never memorialized in writing. Christianson's firm did not permit its registered representatives to exercise discretion in customer accounts during the time period of the transactions and, as such, the firm never accepted any of the accounts as discretionary accounts.

The suspension was in effect from November 16, 2015, through December 7, 2015. ([FINRA Case #2012034397901](#))

Joseph Roger Daigneault (CRD #1065249, Biddeford, Maine) submitted an AWC 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, Daigneault consented to the sanctions and to the entry of findings that he provided his customers with consolidated statements containing misleading and inaccurate information regarding the value of their financial holdings. The findings stated that Daigneault manually created the consolidated statements, many of which included values for non-traded, illiquid assets. For those assets, Daigneault provided the value of the customer's initial investment, regardless of the current value of the investment. In addition, several of the statements had a death benefit column where investment values were listed even where the securities did not have death benefits.

The suspension was in effect from November 16, 2015, through December 14, 2015. ([FINRA Case #2013038133001](#))

Denny P. Darmodihardjo ([CRD #2589997](#), Roswell, Georgia) submitted an AWC in which he was assessed a deferred fine of \$25,000 and suspended from association with any FINRA member in any capacity for 18 months. Without admitting or denying the findings, Darmodihardjo consented to the sanctions and to the entry of findings that he engaged in excessive and unsuitable trading in a customer's accounts. The findings stated that Darmodihardjo made recommendations for the accounts of the customer who, at the time, was a retiree in his late seventies living on a fixed income and caring for his adult child. Darmodihardjo used this control to excessively trade the accounts in a manner that was inconsistent with the customer's investment objectives, financial situation and needs. The findings also stated that Darmodihardjo recommended unsuitable short-selling and margin use in transactions for the same customer. Despite losses being incurred in the customer's accounts, Darmodihardjo did not cease the active trading strategy.

The suspension is in effect from October 19, 2015, through April 18, 2017. ([FINRA Case #2012034029401](#))

Darnell Anthony Deans ([CRD #2200059](#), Jersey City, New Jersey) submitted an Offer of Settlement in which he was fined \$10,000, suspended from association with any FINRA member in any capacity for eight months and required to requalify by examination as a general securities representative prior to association with any FINRA member in that capacity. Without admitting or denying the allegations, Deans consented to the sanctions and to the entry of findings that he willfully failed to amend his Form U4 to disclose unsatisfied federal tax liens totaling approximately \$254,995. The findings stated that Deans borrowed a total of \$266,000 from customers of his member firm without seeking or obtaining the firm's approval for the loans. The findings also stated that Deans falsely represented to the firm in an annual attestation that he had not borrowed money from any firm customers and he failed to disclose to the firm the extent of funds borrowed from customers.

The suspension is in effect from November 2, 2015, through July 1, 2016. ([FINRA Case #2012030677101](#))

David Hendrick den Boer ([CRD #1348962](#), Cypress, Texas) submitted an AWC in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any supervisory capacity for 30 business days. Without admitting or denying the findings, den Boer consented to the sanctions and to the entry of findings that he failed to ensure that his member firm established, maintained and enforced a reasonably designed compliance reporting system relating to the accuracy of customer complaint reporting. The findings stated that as a result, the firm failed to accurately report certain customer complaints, including reporting complaints that should not have been reported pursuant to FINRA Rule 4530. Specifically, den Boer failed to ensure that

the firm's employees reviewing and processing customer complaints relating to both the firm and its affiliated issuer were categorized and coded correctly, and failed to ensure that the firm's employees were disclosing, and properly disclosing, customer complaints on Form U4 and Uniform Termination Notice for Securities Industry Registration (Form U5) for registered representatives associated with the firm. Den Boer was the firm's CCO and was designated in the firm's WSPs as the principal responsible for supervising the firm's process for reporting customer complaints in compliance with FINRA Rule 4530. The findings also stated that while den Boer delegated certain of the firm's complaint-reporting process responsibilities to one of his direct reports and provided informal training of that individual, the number and types of errors made in the firm's Rule 4530 filings reflects that his delegation, training, and supervision were not reasonable or adequate.

The suspension was in effect from October 19, 2015, through November 30, 2015. ([FINRA Case #2013038033601](#))

Al Taiye Doherty (CRD #1640273, San Ramon, California) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Doherty consented to the sanctions and to the entry of findings that he borrowed \$50,000 from an elderly customer under circumstances his member firm prohibited. The findings stated that the loan was not documented, but Doherty agreed to pay interest at an annual rate of 10 percent per year. Doherty made the first year's payments as agreed, but he did not completely repay the loan. The customer later commenced arbitration by filing a statement of claim with FINRA Dispute Resolution. Doherty and the customer settled the arbitration. Doherty's firm prohibited all loans from customers who were not immediate family members of a representative, and the customer from whom Doherty borrowed money was not a member of his family.

The suspension is in effect from November 2, 2015, through March 1, 2016. ([FINRA Case #2013037789901](#))

Vivian Dragoo (ID #11060078, Cincinnati, Ohio) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Dragoo consented to the sanction and to the entry of findings that she converted \$5,577.03 from brokerage accounts that customers of her member firm held, without the customers' knowledge or authorization, to pay her personal bills with separate merchants. ([FINRA Case #2015045420101](#))

Michael Anthony Duch (CRD #2276302, Aberdeen, South Dakota) submitted an AWC in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Duch consented to the sanctions and to the entry of findings that he participated in private securities transactions, not for compensation, without providing prior written notice to, or receiving prior written approval from, his member firm. The findings stated that Duch

introduced at least three firm customers and two non-firm customers to a distributor for unregistered oil and gas offerings, and he provided the non-firm customers with private placement memoranda and other offering materials. Duch also facilitated the investment of firm customers in unregistered promissory notes offered by an insurance company.

The suspension was in effect from November 2, 2015, through November 30, 2015. ([FINRA Case #2010023826302](#))

Kenneth Brian Dysart ([CRD #2025271](#), Yardley, Pennsylvania) submitted an AWC 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, Dysart consented to the sanctions and to the entry of findings that he failed to provide written notice to his member firm prior to participating in private securities transactions. The findings stated that Dysart referred customers to a private securities offering and helped to facilitate the customers' investments in the offering, which totaled \$100,000. Dysart did not receive any selling compensation.

The suspension was in effect from November 2, 2015, through December 1, 2015. ([FINRA Case #2014040007601](#))

Barbara D. Fife ([CRD #2341845](#), Fishers, Indiana) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Fife consented to the sanction and to the entry of findings that she failed to provide FINRA-requested documents and information during the course of an investigation into allegations that she converted funds from one of her member firm's customers. ([FINRA Case #2015046218901](#))

Jason Lyn Figueroa ([CRD #5062799](#), Coral Springs, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Figueroa consented to the sanction and to the entry of findings that he recommended and engaged in unsuitable trading in nontraditional ETFs in customer accounts. The findings stated that Figueroa recommended the nontraditional ETFs transactions without first conducting adequate due diligence concerning the unique features and specific risks of these products. Figueroa failed to account for the compounding of risk associated with holding nontraditional ETFs overnight, and the fact that they are designed to achieve their stated objectives within a single trading day. As a result of this misapprehension of the risks associated with holding nontraditional ETFs overnight, Figueroa routinely failed to sell these products on the same day he purchased them without conducting any analysis as to whether it was appropriate to hold the product for an extended period of time. Figueroa held nontraditional ETFs in the customers' accounts for more than one trading day on 118 occasions. Figueroa also failed to conduct an adequate customer-specific suitability analysis with respect to the purchase and sale of nontraditional ETFs on behalf of the customers, who included retired and unsophisticated elderly investors. The findings also stated that Figueroa used discretion to execute trades

in customer accounts without first obtaining the customers' written authorization and his member firm's written acceptance of this arrangement. During Figueroa's association with the firm, he was not approved to exercise discretion in any customer accounts. Figueroa did not disclose his use of discretion on his annual compliance questionnaires, but instead falsely answered the question asking if he handled customer accounts on a discretionary basis. ([FINRA Case #2013038756501](#))

Neil S. Fineman ([CRD #2225170](#), Las Vegas, Nevada) submitted an AWC 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, Fineman consented to the sanctions and to the entry of findings that he engaged in outside business activities without providing prior written notice to his member firm and without providing prior written notice of one of the activities to another member firm.

The suspension was in effect from November 16, 2015, through December 14, 2015. ([FINRA Case #2013038530901](#))

Raoul Fraser ([CRD #5046236](#), London, United Kingdom) submitted an AWC in which he was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for 60 days. Without admitting or denying the findings, Fraser consented to the sanctions and to the entry of findings that he participated in private securities transactions without providing prior written notice to his member firm. The findings stated that Fraser failed to advise the firm that he was transferring money to his sister for investment in a company after the firm had refused his own request for permission to invest in it. Fraser did not receive selling compensation in connection with this transaction. In addition, Fraser submitted a written request for permission to invest in another company, which the firm approved. However, in Fraser's written request, he inaccurately stated that the investment would occur in the future and did not disclose that he had already made the investment. The findings also stated that Fraser mismarked an order ticket as unsolicited for a trade that he actually solicited, which caused his firm's books and records to be maintained inaccurately.

The suspension is in effect from October 19, 2015, through December 17, 2015. ([FINRA Case #2014042331901](#))

Jonathan Douglas Freeze ([CRD #2642023](#), Canonsburg, Pennsylvania) submitted an AWC 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, Freeze consented to the sanctions and to the entry of findings that he borrowed \$20,000 from a customer of his member firm, with whom he had a personal relationship, and failed to provide the firm with prior notice of the loan or obtain the firm's prior written pre-approval for the loan. The findings stated that Freeze fully repaid the customer, including interest.

The suspension was in effect from November 2, 2015, through November 13, 2015. ([FINRA Case #2013036251001](#))

Kenneth Lowell Freseman ([CRD #214140](#), Seeley Lake, Montana) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Freseman consented to the sanctions and to the entry of findings that he borrowed \$9,600 from one of his customers at his member firm, which he repaid in full, plus interest. The findings stated that at all relevant times, the firm's procedures specifically prohibited registered representatives from borrowing money from customers.

The suspension was in effect from November 2, 2015, through December 1, 2015. ([FINRA Case #2014042543501](#))

Edward Frederick Gardner ([CRD #1459022](#), Wyomissing, Pennsylvania) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Gardner consented to the sanctions and to the entry of findings that he executed trades in customers' accounts using discretion without obtaining the customers' written authorization or his member firm's approval.

The suspension was in effect from October 5, 2015, through October 23, 2015. ([FINRA Case #2013038712701](#))

Scott Neal Glazer ([CRD #1236789](#), Calabasas, California) submitted an Offer of Settlement in which he was assessed a deferred fine of \$50,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the allegations, Glazer consented to the sanctions and to the entry of findings that he employed manipulative and deceptive devices and contrivances in connection with purchases and sales of shares of a Nasdaq National Market Security. The findings stated that Glazer, acting alone and in concert with others, marked the open and closing prices of the stock, and engaged in matched trading in the stock, in an attempt to manipulate the price of the stock, in violation of FINRA Rule 2020. Glazer caused the publication and circulation of communications and reports of non-bona fide purchases and sales of the stock. Glazer also engaged in matched transactions in the stock to avoid margin calls, and to stabilize and increase the price of the stock.

The suspension is in effect from November 2, 2015, through May 1, 2016. ([FINRA Case #2009017402502](#))

Anthony Clyde Gray ([CRD #6094760](#), Baton Rouge, Louisiana) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Gray consented to the sanction and to the entry of findings that he misappropriated approximately \$138,000 from two elderly customers at his member

firm. The findings stated that Gray convinced the customers, a couple, to transfer funds from their firm account to their personal banking account held away from the firm. Gray instructed the couple to provide him with blank checks from their personal banking account to allegedly pay fees for their firm accounts. When the customers gave Gray the blank checks, he proceeded to make the checks payable to him or to a business with which he was affiliated, and then used the customers' funds for his personal use. ([FINRA Case #2015047279101](#))

Aaron Leonard Heimowitz ([CRD #241866](#), Scott Township, Pennsylvania) submitted an AWC in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for seven months. Without admitting or denying the findings, Heimowitz consented to the sanctions and to the entry of findings that he participated in private securities transactions without providing prior notice to his member firm. The findings stated that Heimowitz recommended that customers purchase securities in companies that did not offer securities through the firm. Heimowitz recommended that one customer invest in a company, for which his son served as the chief executive officer (CEO). Heimowitz provided this customer with promotional materials. Subsequently, this customer invested a total of \$26,000 in the company. In addition, Heimowitz recommended that all of the customers invest in two other companies for which he was a consultant. After Heimowitz provided the customers with promotional materials, each of the customers invested in each of these companies, collectively investing a total of \$255,000. Heimowitz also arranged for the customers to receive certificates or other materials confirming their purchases of the companies' securities. The findings also stated that Heimowitz engaged in an outside business activity without providing prior notice to his firm.

The suspension is in effect from October 19, 2015, through May 18, 2016. ([FINRA Case #2014042998901](#))

William Andrew Hightower ([CRD #2152369](#), Bellaire, Texas) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hightower consented to the sanction and to the entry of findings that he failed to respond fully to FINRA requests for documents and information in connection with an investigation into allegations that he improperly referred customers to an unapproved private securities transaction. ([FINRA Case #2014042558101](#))

Conrad Richard Huss ([CRD #2047874](#), Airmont, New York) submitted an Offer of Settlement in which he was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the allegations, Huss consented to the sanctions and to the entry of findings that he negligently misrepresented material facts in connection with the solicitation and sale of \$1.4 million worth of promissory notes issued in a private offering to customers in contravention of Section 17(a)(2) of the Securities Act of 1933. The findings stated the notes were issued by a real estate development company that defaulted under the notes and failed to pay customers the principal due and owing under the promissory notes, resulting

in significant losses to many customers. Huss negligently misrepresented to customers that the notes were fully secured and provided investors with documents in which the company falsely stated that the notes were secured by the sale of certain historic rehabilitation tax credits. Huss used these materials in connection with the sale of the notes to prospective investors, negligently disregarding information indicating that the company's statements were false and that in reality, there was not any collateral for the notes.

The suspension is in effect from October 19, 2015, through October 18, 2017. ([FINRA Case #2011027338901](#))

Brodie Crawford Johnson ([CRD #2460459](#), Greenwich, Connecticut) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Johnson consented to the sanction and to the entry of findings that he failed to provide FINRA-requested documents and information during the course of an investigation into trading in his personal accounts and whether he provided his member firm with prior written notice of certain outside business activities. ([FINRA Case #2014042996701](#))

Phillip Andrew Johnson ([CRD #501352](#), Murfreesboro, Tennessee) submitted an AWC in which he was assessed a deferred fine \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Johnson consented to the sanctions and to the entry of findings that he borrowed \$322,000 from a customer of his member firm, but failed to notify the firm or obtain its written approval of the loan in advance. The findings stated that Johnson made an inaccurate statement on his firm's annual compliance questionnaires related to his borrowing from a firm customer.

The suspension is in effect from October 19, 2015, through January 18, 2016. ([FINRA Case #2015045420301](#))

John C. Kelly ([CRD #4758321](#), New York, New York) submitted an AWC in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, Kelly consented to the sanctions and to the entry of findings that he engaged in check kiting when he wrote checks totaling \$14,050, payable to him, drawn from his brokerage account at his member firm that he knew lacked sufficient funds to cover the checks. The findings stated that in each instance, Kelly deposited the check into his personal account at another bank, and immediately withdrew cash against the check before the check was dishonored for non-sufficient funds. Although Kelly eventually deposited sufficient funds into the accounts and satisfied all overdraft fees, by engaging in this activity, Kelly temporarily gained access to funds that, at the time, he was not authorized to access. The findings also stated that Kelly willfully failed to amend his Form U4 to disclose civil judgments filed against him. The findings also included that Kelly failed to timely respond to FINRA's requests for information and documents.

The suspension is in effect from November 2, 2015, through November 1, 2017. ([FINRA Case #2013039016802](#))

James Martin Avon Kierstead (CRD #1431580, Dayton, Ohio) submitted an AWC 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, Kierstead consented to the sanctions and to the entry of findings that he instructed a registered representative at his member firm to submit a statement of facts to the firm that was false, and which Kierstead knew at the time was untrue. The findings stated that during the firm's investigation of the representative, who allegedly impersonated a client in order to facilitate withdrawals from the client's annuity, the representative admitted to Kierstead that he had impersonated that client. Notwithstanding this admission, Kierstead advised and encouraged the representative to provide a written statement to the firm that was inconsistent with that admission and contained facts that were untrue. The findings also stated that the representative's false written statement subsequently became a part of the firm's books and records and was thereafter provided to FINRA during an examination of the firm.

The suspension is in effect from October 5, 2015, through October 4, 2016. ([FINRA Case #2013038651901](#))

Heon Cheol Kim (CRD #6121957, New York, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Kim consented to the sanction and to the entry of findings that he failed to appear for on-the-record testimony requested by FINRA during the course of its investigation into his discharge from his member firm for engaging a non-licensed individual to solicit and sell variable products to clients in violation of the firm's policies and procedures. ([FINRA Case #2014043316501](#))

Yong Kun Kim (CRD #5687815, Calabasas, California) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Kim consented to the sanction and to the entry of findings that he refused to provide FINRA with requested testimony during the course of an investigation of the disclosure regarding Kim's resignation included on his amended Form U5. ([FINRA Case #2015044615201](#))

Frederick Juri Kotowitz (CRD #4170441, Westfield, Massachusetts) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Kotowitz failed to attend a FINRA-requested on-the-record interview and failed to timely comply with requests for information and documents in connection with its investigation into the existence of unsatisfied civil judgments entered against him. The findings stated that Kotowitz willfully failed to timely disclose the existence of the civil judgments on his Form U4. ([FINRA Case #2013037815302](#))

Oskar Kowalski ([CRD #5794970](#), Greenlawn, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Kowalski consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA during the course of an investigation into potential sales practice violations. ([FINRA Case #2015046156301](#))

Qui Hong Lam ([CRD #4125759](#), Houston, Texas) submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Lam consented to the sanctions and to the entry of findings that she falsified documents related to customers' accounts by altering the risk tolerances on already-signed options agreements for the customers' accounts without the customers' knowledge and consent. The findings stated that Lam then submitted the documents for approval to her member firm. The firm's WSPs prohibited employees from changing or adding information to any document after a client has signed it unless the change is subsequently initialed by both the employee and client as acknowledgement of the change. Neither Lam nor the clients initialed the changed information on the options agreements before Lam submitted them to the firm for approval. The findings also stated that by altering the documents, Lam caused her firm to retain and preserve false records.

The suspension was in effect from October 19, 2015, through December 2, 2015. ([FINRA Case #2014041497101](#))

Chandler D. Le ([CRD #4738556](#), Philadelphia, Pennsylvania) submitted an AWC in which he was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Le consented to the sanctions and to the entry of findings that he engaged in an undisclosed outside business by performing work for, and receiving compensation from, a tax preparation firm outside the scope of his relationship with his member firm. The findings stated that Le failed to provide the necessary prior written notice to the firm. Further, the firm prohibited its representatives from providing tax preparation services. The findings also stated that Le commingled customer funds in a business account under his personal control. Le received approximately \$6,395 in cash from one of his insurance company customers, which was to be used to pay the initial premium on an insurance policy for the customer's son. Le deposited the funds in cash into his business bank account, and wrote a check in that amount to the insurance company for the premium.

The suspension is in effect from October 19, 2015, through December 18, 2015. ([FINRA Case #2014041392601](#))

David Dixon Lewis ([CRD #1004661](#), Seattle, Washington) submitted an Offer of Settlement in which he was assessed a deferred fine of \$30,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the allegations, Lewis consented to the sanctions and to the entry of findings that he failed to

establish, maintain, and enforce an adequate supervisory system and WSPs at a former FINRA member firm in connection with the firm's options business, its average price account and its heightened supervision of registered representatives. The findings stated that the WSPs, which Lewis maintained, were deficient in that they did not require an options principal to review the "Accounts for Statement Review" reports and determine whether any of the firm's options accounts required further review, and the WSPs did not require documentation of the reasons for any action taken upon such review, or of the decision to take no action. The WSPs did not state with specificity criteria for identifying options accounts warranting additional review. The WSPs were further deficient because they failed to provide for verification that the customer understood and authorized the transactions when multiple options transactions were effected in an account. Lewis did not establish, maintain, or enforce any system or procedure to ensure that customers had sufficient buying power to support their purchases of options, or that customers who traded options were not exposed to risks greater than the firm had authorized. The supervisory system and WSPs Lewis established and maintained did not include any procedures to ensure there was sufficient equity in customers' accounts when trades were entered in the average price account, or that the trades were allocated to the accounts identified on the order tickets. Lewis failed to enforce the requirements of the firm's WSPs regarding a registered representative placed under heightened supervision. The findings also stated that Lewis failed to timely amend his Form U4 to disclose IRS tax liens that had been filed against him.

The suspension is in effect from November 2, 2015, through November 1, 2017. ([FINRA Case #2011025633201](#))

Linda M. MacGregor (CRD #5885616, West Berlin, New Jersey) submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, MacGregor consented to the sanctions and to the entry of findings that she processed wire transfer requests and completed her member firm's wire transfer forms in which she falsely attested that she had verbally confirmed the orders with the customer. The findings stated that an imposter posing as the customer sent emails to MacGregor requesting wire transfers totaling \$29,000 from the customer's account to two third-party bank accounts. The firm's WSPs prohibited the processing of wire transfers based solely upon instructions provided by email. The findings also stated that in connection with one wire transfer request, MacGregor provided a fictitious reason for the transfer that had not even been provided by the imposter. The firm processed the wire transfers based upon the information MacGregor provided in the forms. The customer contacted the firm and stated that he had not requested or authorized any wire transfers from his account. The firm subsequently reimbursed him for the \$29,000 improperly wired from his account. The findings also stated that MacGregor caused the firm to maintain inaccurate books and records concerning the wire requests.

The suspension was in effect from October 19, 2015, through November 17, 2015. ([FINRA Case #2014043560301](#))

Zoran Miling ([CRD #5538444](#), Shaker Heights, Ohio) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Miling consented to the sanctions and to the entry of findings that he downloaded a software program maintained by his former member firm onto his personal computer while at the firm, in violation of the firm's policy. The findings stated that Miling had signed an employment agreement with the firm in which he agreed not to, among other things, transfer, in whole or part, any confidential or proprietary information of the firm, to any person, firm, association, or any other entity or third party for any reason or purpose whatsoever, except as may be necessary to perform his duties or as may otherwise be required by law. While the information contained in the software program did not include non-public confidential personal information of firm customers protected by Regulation S-P, the firm considered the information contained in the software program to be proprietary because it included, among other things, contact information for its network of industry contacts and notes created by certain firm employees of their conversations with industry contacts that they saved in the software program.

The findings also stated that while at a new member firm, in violation of Miling's separation agreement with his former firm, he logged onto the software program, using his password and the password of four other employees of the former firm, to access and download business contact lists and other information maintained on the software program, which the former firm considered proprietary. Miling then used the information he downloaded from the software program to contact companies via his new firm email account.

The suspension was in effect from November 2, 2015, through December 14, 2015. ([FINRA Case #2014039952802](#))

Andre Mitchell ([CRD #2145891](#), Brooklyn, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Mitchell failed to respond to FINRA's requests for information and documents, and to appear for testimony related to an investigation into his alleged conversion of funds from a customer. The findings stated that while dually employed by his member firm and its insurance affiliate, Mitchell converted, for his own personal use, approximately \$658 in cash given to him from an insurance customer for the purpose of paying insurance policy premiums. Mitchell's failure to apply the customer's funds to her insurance premiums caused the customer's policies to lapse. ([FINRA Case #2013035618602](#))

Clifford D. Morgan ([CRD #4749706](#), Chesterton, Indiana) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Morgan consented to the sanction and to the entry of findings

that he participated in private securities transactions without providing the required prior written notice to his member firm. The findings stated that Morgan referred and solicited people, including his firm's customers, to investment in separate companies' private securities transactions. Morgan's referrals purchased a total of approximately \$1.8 million of a company's promissory notes, while Morgan personally purchased more than \$200,000 of the notes. Morgan solicited one firm customer to invest \$25,000 in return for an equity stake in another company, a corporate entity of which Morgan was a member. Morgan referred a different firm customer to invest in a third company, and based on Morgan's referral, that customer invested \$30,000 in a convertible promissory note. All of the transactions were conducted away from the firm. In connection with Morgan's referrals to one of the companies, he made material misrepresentations and omissions by forwarding to potential investors, including firm customers, a document the company created that contained multiple misrepresentations, including falsely stating that the company had completed four deals, overstating its revenue and inaccurately projecting a high return with low risk. The findings also stated that Morgan participated in numerous outside business activities without providing the prior written notice to his firm disclosing his participation in them. Morgan formed and participated in some of the outside business activities for compensation. Morgan also served in appointed capacities, including as an advisor and as a principal, and as a founding member with others. The findings also included that during the course of FINRA's investigation, Morgan failed to fully and timely comply with FINRA's requests for information. ([FINRA Case #2014043670301](#))

Marcus Yee Norona ([CRD #1408760](#), Vallejo, California) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Norona consented to the sanctions and to the entry of findings that he willfully failed to timely disclose compromises with creditors on his Form U4. The findings stated that Norona knew of these compromises at the time he made them. Norona amended his Form U4 to disclose the compromises after FINRA sent him a letter that identified several potential Form U4 reporting failures.

The suspension is in effect from November 2, 2015, through February 1, 2016. ([FINRA Case #2015045866801](#))

John Thomas Oates Jr. ([CRD #2977498](#), Yardley, Pennsylvania) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Oates consented to the sanctions and to the entry of findings that he engaged in an outside business activity for compensation without providing prior written notice to his member firm. The findings stated that Oates participated in the purchase of approximately \$1.4 million in alternative investment products for individuals, including a customer of the firm, and received approximately \$69,000 in compensation for his involvement in the transactions.

The suspension is in effect from October 5, 2015, through April 4, 2016. ([FINRA Case #2013036612701](#))

Liam Gerard O’Keeffe ([CRD #2049144](#), Brookfield, Connecticut) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, O’Keeffe consented to the sanction and to the entry of findings that he failed to provide FINRA-requested documents and information during the course of an investigation into allegations that he exercised discretion in a customer’s brokerage account without written authorization and facilitated a loan away from his member firm. ([FINRA Case #2015045166901](#))

Emily S. Pao ([CRD #2751711](#), Temple City, California) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Pao consented to the sanction and to the entry of findings that she failed to provide FINRA-requested testimony during the course of an investigation into allegations that she converted funds from a retail bank customer. ([FINRA Case #2015045932001](#))

Harry E. Peden IV ([CRD #2468177](#), Greenwich, Connecticut) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Peden consented to the sanctions and to the entry of findings that he failed to timely disclose a civil judgment on his Form U4. The findings stated that Peden engaged in an outside business activity without appropriate written notice to his member firm. Peden never provided his firm with prior written notice that he intended to act as a baseball umpire and receive compensation for it. Peden failed to disclose his work as an umpire when he completed a semi-annual questionnaire administered by the firm.

The suspension is in effect from November 2, 2015, through March 1, 2016. ([FINRA Case #2013038009301](#))

William Maximillian Pottetti ([CRD #1132085](#), Port Jefferson, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Pottetti consented to the sanction and to the entry of findings that he converted \$50,000 from a customer of his member firm. The findings stated that Pottetti recommended to the firm customer that she invest in a company Pottetti claimed to have started to treat gray hair. Pottetti accepted a \$50,000 check from the customer for this purpose. However, Pottetti did not invest the funds as intended, but rather converted them for his own personal use, later returning only \$5,000 to the customer. ([FINRA Case #2013036104701](#))

Mark Steven Prokay ([CRD #5967567](#), Hermitage, Pennsylvania) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Prokay consented to the sanction and to the entry of findings that

he refused to appear for on-the-record testimony requested by FINRA during the course of its investigation into the circumstances surrounding his discharge from his member firm. ([FINRA Case #2014039926402](#))

Jose Luis Rodriguez ([CRD #4863249](#), Elmhurst, Illinois) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Rodriguez consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose that he was the subject of multiple tax liens. The findings stated that Rodriguez was aware of all of the liens at the time they were filed. The findings also stated that Rodriguez provided false information to his member firm by repeatedly stating on the firm's annual compliance questionnaire that he did not have any judgments or liens against him.

The suspension is in effect from October 19, 2015, through January 18, 2016. ([FINRA Case #2014041419201](#))

Albert Lee Rosebush ([CRD #1213100](#), Mishawaka, Indiana) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the findings, Rosebush consented to the sanctions and to the entry of findings that he willfully failed to timely amend and willfully failed to amend his Form U4 to disclose tax liens filed against him.

The suspension is in effect from October 19, 2015, through October 18, 2016. ([FINRA Case #2013036065701](#))

Bradley Louis Rozema ([CRD #703960](#), Greenwood, Indiana) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Rozema consented to the sanctions and to the entry of findings that he executed discretionary transactions in customers' securities accounts pursuant to the customers' prior verbal authorization, for purchases and sales of products consistent with their investment strategies, but without the customers' prior written authorization or his member firm's written approval.

The suspension was in effect from November 2, 2015, through November 13, 2015. ([FINRA Case #2014042371301](#))

John Walter Ruggles ([CRD #2105539](#), Indianapolis, Indiana) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 14 months. Without admitting or denying the findings, Ruggles consented to the sanctions and to the entry of findings that he falsified his member firm's records in an attempt to mislead his firm. The findings stated that Ruggles, while working as a compliance advisor with his firm, provided firm management with falsified copies of emails and the supporting trade details in order to give the appearance that he had

completed his required compliance reviews when, in fact, he had not done so. Although the falsified emails purported to date back to a certain date, the subject lines all made reference to future periods. After further review, the firm could not find an original record in the firm's electronic compliance files of any of the printed emails Ruggles provided. The firm also determined that two of the data reports Ruggles provided contained falsified and altered transaction data. It appeared that Ruggles changed the executed dates for certain customer bond trades. Based on information contained in the FINRA Report Center, the firm also determined that Ruggles had not viewed a report despite having marked the compliance task completed. The findings also stated that by falsifying data contained in the reports, Ruggles entered false information in his firm's books and records, and caused the firm to maintain inaccurate books and records.

The suspension is in effect from November 2, 2015, through January 1, 2017. ([FINRA Case #2015045211801](#))

David Allen Scholl ([CRD #1461137](#), Caledonia, Michigan) submitted an AWC in which he was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in any capacity for three months and required to pay deferred disgorgement of commissions in the amount of \$7,000, plus interest. Without admitting or denying the findings, Scholl consented to the sanctions and to the entry of findings that he failed to disclose to his member firm his participation in a private securities transaction for compensation involving outside businesses. The findings stated that Scholl did not give written notice to the firm or receive its approval prior to participating in a former client's investment of \$241,000 in the private securities transaction, a real estate venture offered by the outside businesses. In return, Scholl's former client received a promissory note, promising payment of \$257,870 within 120 days of the investment of principal. The note eventually defaulted, failing to provide the former client the promised returns on his investment. Scholl received a \$7,000 commission for his involvement in the client's transaction,.

The suspension is in effect from November 2, 2015, through February 1, 2016. ([FINRA Case #2013037123401](#))

Darin John Schubring ([CRD #2126754](#), Middleton, Wisconsin) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Schubring consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose unsatisfied federal and state tax liens and civil judgments entered against him totaling approximately \$400,000. The findings stated that Schubring has since satisfied all of the outstanding judgments and liens, and disclosed them on his Form U4.

The suspension is in effect from November 16, 2015, through March 15, 2016. ([FINRA Case #2013039474901](#))

Jeffrey David Snyder ([CRD #4608767](#), Brewster, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Snyder consented to the sanction and to the entry of findings that he failed to fully cooperate and comply with his obligation to respond to questions during a FINRA on-the-record interview. The findings stated that although Snyder appeared for the on-the-record interview, he repeatedly refused to respond to certain questions concerning allegations that he paid a customer compensation for investment losses without his member firm's knowledge or authorization. ([FINRA Case #2015045289901](#))

Joseph Murray Snyder III ([CRD #5950558](#), Lexington, South Carolina) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Snyder consented to the sanction and to the entry of findings that he failed to provide FINRA with on-the-record testimony as part of an investigation into Snyder's termination from his member firm, as well as allegations that he misappropriated customer cash insurance premium payments, falsified company records, and used his personal credit cards to make installment insurance premium payments. ([FINRA Case #2014040233501](#))

David Paul Spangler ([CRD #3077874](#), Dallas, Texas) submitted an AWC 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, Spangler consented to the sanctions and to the entry of findings that he caused his member firm's books and records to be inaccurate. The findings stated that a firm supervisor told Spangler that he would cause the firm to pay Spangler an additional \$25,000, and asked him to remit \$19,000 of that amount to the supervisor and to keep the remaining \$6,000 to cover the potential tax liability. The supervisor told Spangler that he wanted to do so in order to keep his own monthly salary below a certain figure. The supervisor told Spangler that payment of the additional compensation to him had been approved by one of the firm's owners. In fact, unbeknownst to Spangler and the firm, the supervisor was embezzling that money from the firm. Ultimately, Spangler agreed to accept the \$25,000, remitted \$19,000 of that amount to the supervisor and used the remainder to pay applicable taxes.

The suspension is in effect from November 16, 2015, through December 15, 2015. ([FINRA Case #2014040091001](#))

Paul Anthony Steffany ([CRD #1082262](#), Stamford, Connecticut) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Steffany consented to the sanction and to the entry of findings that he converted funds belonging to a customer, an estate with a testamentary trust for which he served as the trustee. The findings stated that Steffany converted at least \$112,742 in funds belonging to the estate by paying himself trustee fees that were excessive and inconsistent with the limited nature of his duties as trustee. The document governing the trust was silent on the amount of compensation to be paid to the trustee.

Steffany paid himself trustee fees by transferring funds from the estate's brokerage account at his member firm into a bank account held by the estate outside of the firm. Steffany arranged for the estate's bank account statements to be sent to his home address. In doing so, Steffany concealed his misconduct from the firm. Although Steffany refunded approximately \$112,742 to the estate and resigned as trustee, he did not do so until after the firm commenced an investigation into his administration of the trust.

The findings also stated that Steffany forged the signature of a co-executor on checks made payable to the estate. Steffany deposited the checks into the estate's bank account held outside of the firm and subsequently used certain of these funds for his personal use. Steffany arranged for checks made payable to the estate to be issued from the estate's brokerage account at the firm. The checks, which totaled \$247,000, were made payable to the estate in the name of Steffany, who was an executor of the estate, and the co-executor. Steffany endorsed 12 of these checks, totaling \$170,000, by signing his own name and forging the signature of his co-executor. Steffany endorsed the remaining checks "for deposit only." ([FINRA Case #2014041650301](#))

Karen Ann Tautges-Parisian ([CRD #4433311](#), Minnetonka, Minnesota) submitted an AWC in which she 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, Tautges-Parisian consented to the sanctions and to the entry of findings that she made unsuitable recommendations to a customer to purchase a company's penny stock. The findings stated that Tautges-Parisian failed to have reasonable grounds to believe that the penny stock was a suitable investment for the customer. Given the customer's financial condition and circumstances, the customer could not afford the risk associated with investing in penny stocks and should not have been concentrated in such a risky investment. The customer sold his penny stock shares for a total loss of \$16,032.52. At the time of the transactions in question, he did not have any prior investment experience or any assets other than the funds he invested with Tautges-Parisian. Tautges-Parisian's member firm later reimbursed the customer for his losses.

The suspension is in effect from November 2, 2015, through August 1, 2016. ([FINRA Case #2014040305901](#))

David Torbati ([CRD #5029029](#), New York, New York) submitted an AWC 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, Torbati consented to the sanctions and to the entry of findings that he failed to provide notice to his member firm of an outside brokerage account held with another firm. The findings stated that Torbati used the outside account to day trade options, despite firm policies that prohibited the activity. The findings also stated that Torbati failed to disclose to the executing firm that he was associated with a broker-dealer.

The suspension was in effect from October 19, 2015, through November 18, 2015. ([FINRA Case #2015044411101](#))

Yasushi Uchida ([CRD #2760425](#), Kawasaki-shi, Japan) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for seven months. Without admitting or denying the findings, Uchida consented to the sanctions and to the entry of findings that on a certain date, he was not sufficiently hedged to account for market movements affecting interest rates, and he experienced a loss of approximately 30 million yen, or \$312,500, across his corporate bond positions when a policy announcement was made by the Bank of Japan regarding its plans to address deflation. The findings stated that Uchida concealed this loss by mismarking 10 Japanese corporate bond positions. The findings stated that Uchida hid the loss by tightening the spreads on the bonds, which had the effect of artificially increasing their value and masking the losses in the book, and by changing his valuation benchmark to shorter-term Japanese government bonds, which resulted in higher prices for the bonds. On occasions when Uchida's supervisor questioned Uchida about his marks, Uchida falsely told his supervisor that his marks were accurate. As a result, Uchida caused his member firm's books and records to be inaccurate.

The suspension is in effect from October 19, 2015, through May 18, 2016. ([FINRA Case #2013039318901](#))

Rodney Dewayne Welch ([CRD #5628247](#), Minden, Louisiana) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Welch consented to the sanction and to the entry of findings that he refused to respond to a FINRA request for documents and information during its investigation concerning claims that Welch had submitted fraudulent insurance claims, had diverted funds from a homeowner's escrow check to an unrelated policyholder's account, and had failed to deposit at least one large customer cash deposit into his premium funds account. ([FINRA Case #2015044103101](#))

Tracy Neal Wengert ([CRD #3182678](#), Lakeside, Arizona) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Wengert consented to the sanction and to the entry of findings that he failed to comply with multiple FINRA requests for documents and information in connection with an investigation into allegations against Wengert, including that he opened brokerage accounts outside of his member firm on behalf of firm customers and engaged in unsuitable trades in these accounts. ([FINRA Case #2015044289201](#))

Brian Michael White ([CRD #5126711](#), Houston, Texas) was barred from association with any FINRA member in any capacity. White withdrew his appeal of the OHO decision and the NAC did not call this matter for review. The sanction was based on findings that during a FINRA investigation, White falsely testified at an on-the-record interview regarding his knowledge about, and involvement with, a limited partnership entity. The findings stated that White engaged in undisclosed outside business activities through the entity and failed to provide written notification to his member firm until after he had participated

in the activity, and only after the firm discovered the activity and directed him to disclose it in writing. The findings also stated that White participated in an undisclosed private securities transaction involving the sale of a promissory note to his mother. The transaction was outside the regular course or scope of White's employment with his firm, and he failed to notify or provide the firm with prior written notice of the transaction. ([FINRA Case #2012033128703](#))

Salena Lynn Woods ([CRD #5527951](#), Pearland, Texas) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Woods consented to the sanction and to the entry of findings that she failed to provide documents and information to FINRA during the course of its investigation into allegations that she misappropriated funds from a retail bank customer's account. ([FINRA Case #2015046299601](#))

Decisions Issued

The Office of Hearing Officers (OHO) issued the following decision, which has been appealed to or called for review by the NAC as of October 31, 2015. 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 issues of *FINRA Disciplinary and Other Actions*.

J. Michael Casas ([CRD #4422064](#), San Antonio, Texas) was barred from association with any FINRA member in any capacity and ordered to pay \$50,000, plus interest, in restitution to an investor. The sanctions were based on findings that Casas willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and FINRA Rules 2010 and 2020 by fraudulently selling securities issued by his company on the basis of false statements of material fact regarding the use of investor funds. The findings stated that Casas made material misrepresentations when soliciting two investors to invest a total of \$83,000 in the membership interests of the company he owned and controlled. The purpose of the investments was to fund the development and execution of a reverse merger transaction, which ultimately was never consummated. The findings also stated that Casas converted a majority of the investors' investments to pay his personal expenses. Casas told both investors that their investments would be used to facilitate the reverse merger transaction, particularly with respect to the payment of accounting fees and legal fees, as well as other operational expenses of the company. In an email to one of the investors, Casas further represented that the vast majority of the funds would be directed to accounting and legal fees. Instead, Casas paid less than \$31,000 to accounting and legal firms. However, at no time did Casas disclose that he intended to use the funds for his own personal expenses. Although the subscription agreement warned investors that the securities were risky and an investment in the company could result in losses, the subscription agreement was insufficient to notify potential investors of Casas' intention to use investor funds for his personal expenses.

This matter has been appealed to the NAC and the sanctions are not in effect pending review. ([FINRA Case #2013036799501](#))

Louis Karl Kittlaus ([CRD #602059](#), Naples, Florida) was assessed a deferred fine of \$25,000, suspended from association with any FINRA member in any capacity for two years, and ordered to requalify by examination before again becoming registered in any capacity in the securities industry. The sanctions were based on findings that Kittlaus made false, exaggerated, unwarranted and misleading statements in a communication he distributed to the public. The findings stated that Kittlaus wrote and distributed a letter received by a president of a FINRA member firm, and in it made exaggerated and unwarranted claims and improper predictions of future performance. The letter contained a pitch for alternative investments and an invitation to attend a dinner meeting, and attached to the letter were two pages describing renewable secured debentures issued by a company. The letter promised significant potential gain without disclosing any risks, including possible financial loss, and failed to provide the reader with any basis, much less a sound one, for evaluating the claims it made. The promised high rate of return and projection of profitability were not accompanied by any explanation of the assumptions underlying the forecasts. The allegation that Kittlaus distributed a misleading brochure advertising the debentures was dismissed.

This matter has been appealed to the NAC and the sanctions are not in effect pending review. ([FINRA Case #2012033508702](#))

Wedbush Securities Inc. ([CRD #877](#), Los Angeles, California) was fined \$1,000,000. The sanctions were based on findings that the firm submitted incomplete and inaccurate blue sheets to the SEC in willful violation of Section 17(a) of the Securities Exchange Act of 1934 and Rules 17a-4(j) and 17a-25, and FINRA Rule 2010. The findings stated that the firm also submitted incomplete and inaccurate blue sheets to FINRA, in violation of FINRA Rules 8211, 8213, and 2010. The inaccurate and incomplete submissions to both the SEC and FINRA stemmed from the firm's lack of any coherent system or supervision, review and quality control for the firm's blue sheets. The findings also stated that the firm failed to have in place an audit system providing for accountability regarding inputting of records, in willful violation of Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-4(f)(3)(v), and FINRA Rule 2010. The firm did not have an audit system in place providing accountability for the information entered into its blue sheets responses. The firm was ignorant of the defects in its blue sheet submissions because it did not have a system for auditing the information entered into its blue sheet responses to provide for accountability. Senior compliance personnel did not institute any procedures for checking the entry of information in the blue sheets before submission, and any quarterly review of the blue sheets after submission was purely *ad hoc*. The findings also included that the firm failed to establish and maintain a supervisory system, and failed to establish, maintain and enforce WSPs reasonably designed to achieve compliance with applicable securities laws, regulations and rules, in violation of NASD Rule 3010 and FINRA Rule 2010.

This decision has been appealed to the NAC and the sanction is not in effect pending review. ([FINRA Case #2012034934301](#))

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.

John Joseph Arnold ([CRD #2854371](#), San Clemente, California) was named a respondent in a FINRA complaint alleging that despite his member firm's requirement that firm personnel verbally confirm all emailed wire instructions, Arnold instructed a firm sales assistant to process two wire requests, falsely representing to her that he had verbally confirmed each of the wire requests with a customer. The complaint alleges that Arnold verbally misrepresented to his firm supervisor that he had verbally verified the first wire request with the customer. In connection with the second wire request, the complaint alleges that Arnold falsely represented to the sales assistant that the customer needed the wire transfer to pay for medical costs. An imposter posing as the customer of the firm sent emails to Arnold requesting that two wire transfers, totaling \$127,200, be sent to third-party bank accounts. The firm also expressly prohibited its employees from structuring wire transfer requests over consecutive business days to avoid obtaining a letter of authorization. The complaint further alleges, however, that notwithstanding the firm's letter of authorization requirements for wire requests exceeding \$50,000, and without prompting from the imposter, Arnold structured the impostor's first wire request for \$77,200 by splitting it into two separate transfers executed over two consecutive business days. By structuring the impostor's wire request, Arnold circumvented the firm's requirement that he obtain a letter of authorization from the customer to process the \$77,200 wire request. In so doing, Arnold prevented the firm from detecting the true dollar amount of the wire request, the authenticity of the wire request and impeded the firm's ability to supervise such transactions.

After the imposter sent Arnold a third email requesting an additional wire transfer of \$170,000 to a third party, Arnold finally called the customer to verbally verify the wire request. During Arnold's ensuing telephone conversation with the customer, he learned that the customer's email account had been hacked and that the customer had not requested any of the three wire requests. Arnold subsequently called the firm supervisor and informed him that the wire requests from the customer's account were fraudulent. During the call with the firm supervisor, Arnold admitted that he had lied to him when he told him that he had verbally verified the first wire request with the customer. The firm reimbursed the customer \$127,200 for the fraudulent wire transfers that it had processed from his account. In addition, the complaint alleges that relying on Arnold's misrepresentations, and at his direction, the sales assistant recorded false entries in the firm's Web-based system concerning Arnold's purported verbal verification of the wire requests, and a fictitious purpose for a wire request, causing the firm to preserve and maintain false books and records. ([FINRA Case #2013038333001](#))

Modesto Biney (CRD #6239490, New Hope, Minnesota) was named a respondent in a FINRA complaint alleging that he facilitated a customer's conversion of his member firm's affiliate bank's funds. The complaint alleges that Biney knowingly and improperly placed false credit memos in the bank customer's account on separate occasions that allowed the customer to convert approximately \$14,000 of the bank's funds for the customer's personal use and benefit. Biney applied the false credit memos on the customer's account knowing that a prior deposit had not been made into the account and in violation of the bank's procedure. Biney did not have permission or authority from the bank to allow the customer access to its funds through falsified credit memos. The complaint also alleges that Biney failed to timely produce FINRA-requested documents and information. ([FINRA Case #2014042555002](#))

Alan Cashaw Jr. (CRD #4574278, Philadelphia, Pennsylvania) was named a respondent in a FINRA complaint alleging that he failed to timely respond to FINRA's requests for information and failed to respond in any way to FINRA's requests for information and documents in connection with its investigation into whether Cashaw had failed to properly maintain, retain, and secure customer records as required by FINRA Rule 4511 and Securities Exchange Act of 1934 Rule 17a-3. ([FINRA Case #2014041884602](#))

Matthew Joseph Dodds Jr. (CRD #2176100, New Brunswick, New Jersey) was named a respondent in a FINRA complaint alleging that he selectively disclosed material non-public information to his member firm's client—a hedge fund—regarding a merger between two publicly-traded medical device companies. The complaint alleges that Dodds called an analyst with the hedge fund and informed him that one of the medical device companies would be issuing a press release the following morning reaffirming that the merger would proceed despite prior developments that had cast doubt on the viability of the merger. Dodds also left a voicemail with a second analyst at the hedge fund alluding to the following morning's press release. The fact that the company would be reaffirming its commitment to the merger was material to both companies given that a notice issued by the U.S. Department of Treasury had cast doubt on whether the merger would proceed. That fact was not reflected in Dodds' published research, or otherwise publicly available, prior to the press release. The following morning, as Dodds had informed the analyst, the company issued a press release reaffirming that the merger would proceed. By selectively disclosing material non-public information to the analyst, Dodds violated his firm's policies and procedures, which prohibited him from disseminating material non-public information to any person who did not have a valid need to know the information.

The complaint also alleges that Dodds attempted to destroy evidence of his selective disclosure by asking the analyst to erase a voice message Dodds had left in which he had alluded to the following day's press release concerning the merger. At the time, Dodds knew that his firm was investigating him and knew, or should have known, that his

communications with the analyst, including the voice message he had left the analyst, were potential evidence of violations of FINRA rules and firm policies. The analyst did not delete the voice message Dodds had left him. ([FINRA Case #2014043020901](#))

Ronald Leslie Geffner ([CRD #840191](#), Oceanside, New York) was named a respondent in a FINRA complaint alleging that he willfully failed to amend his Form U4 to timely report six tax liens totaling over \$300,000 and a bankruptcy. The complaint alleges that Geffner made false attestations to his member firm on annual compliance certification questionnaires in which he represented that he had not incurred any unsatisfied judgments or liens against him since completing his prior certification. ([FINRA Case #2013039639101](#))

Fred Perelman ([CRD #2866846](#), Brooklyn, New York) was named a respondent in a FINRA complaint alleging that he failed to respond to requests FINRA's requests for information and documentation during the course of a cycle examination of his member firm. The complaint alleges that Perelman's failure to provide the information and documentation requested impeded FINRA's investigation into the underlying conduct. ([FINRA Case #2015047104201](#))

Carlton I. Phelps ([CRD #6403922](#), Washington, DC) was named a respondent in a FINRA complaint alleging that he engaged in check kiting by writing checks, payable to himself, from his personal and business bank accounts knowing that he had insufficient funds to cover the checks, depositing the checks into other bank accounts, and shortly thereafter, improperly withdrawing funds to which he was not entitled from the latter bank accounts. The complaint alleges that Phelps maintained the personal and business checking accounts at an affiliate bank of his member firm. Each of the checks was subsequently returned for insufficient funds. In total, Phelps wrote bad checks worth \$4,715 and obtained at least \$1,343.73 in funds to which he was not entitled. ([FINRA Case #2015044145201](#))

Jeffery Allen Vaughn ([CRD #2124515](#), Mason, Ohio) was named a respondent in a FINRA complaint alleging that he failed to timely respond to FINRA's requests for information and documents in connection with an inquiry into a Form U5 his member firm that stated he had been terminated due to outstanding tax obligations. The complaint alleges that Vaughn willfully caused the filing of false and misleading information on his Form U4 regarding the basis for his previous suspension from association with FINRA member firms. The complaint also alleges that Vaughn provided false and misleading information to his firm in a signed letter about the basis for his previous suspension from association with FINRA member firms. The complaint further alleges that Vaughn willfully failed to timely disclose unsatisfied Ohio state tax liens on his Form U4. ([FINRA Case #2013037097602](#))

James Dozier Whelan ([CRD #872806](#), Annapolis, Maryland) was named a respondent in a FINRA complaint alleging that he willfully failed to timely amend his Form U4 to disclose tax liens totaling approximately \$835,000 the IRS and the State of Maryland Comptroller's Office had filed against him. ([FINRA Case #2014041510702](#))

Complaints Dismissed/ Withdrawn

FINRA issued the following complaints, 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 complaints be dismissed/withdrawn.

Gurterath Manni Singh Buttar (CRD #4511978)
Toronto, Canada
(October 19, 2015)
FINRA Case #2011025438601

Carlton & Associates, Inc. (CRD #20999)
Tampa, Florida
(October 29, 2015)
FINRA Case #2010024109201

Kenneth Richard Harter (CRD #1448027)
Roland, Arkansas
(October 29, 2015)
FINRA Case #2010024109201

Scott Spiering (CRD #1828899)
Carlsbad, California
(October 19, 2015)
FINRA Case #2012030557901

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

SH Investment & Securities (CRD #123074)
Los Angeles, California
(October 6, 2015)
FINRA Case #2013037137201

Firms Cancelled for Failure to Pay Outstanding Annual Assessment Fee Pursuant to FINRA Rule 9553

High Point Capital Group, Inc. (CRD #25667)
Cocoa, Florida
(October 5, 2015)

Indiana Merchant Banking and Brokerage Co., Inc. (CRD #16315)
Indianapolis, Indiana
(October 31, 2015)

Pennaluna & Company Inc. (CRD #11604)
Coeur D'Alene, Idaho
(October 28, 2015)

Firms Suspended for Failure to Pay Arbitration Fees Pursuant to FINRA Rule 9553

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

Craig Scott Capital, LLC (CRD #155924)
Uniondale, New York
(October 14, 2015)

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.)

David Michael Burke (CRD #2431098)
Sullivans Island, South Carolina
(October 5, 2015)
FINRA Case #2015045305101

Michael Joseph Cassano (CRD #5568219)
Oakland Gardens, New York
(October 27, 2015)
FINRA Case #2015044718201

Eduardo Jhonattan Chacon Melgarejo (CRD #6314837)
Marietta, Georgia
(October 19, 2015)
FINRA Case #2015045754901

Johnnie L. Christopher Jr. (CRD #5595549)
Detroit, Michigan
(October 19, 2015)
FINRA Case #2015045861701

Ina E. Collazo (CRD #4665385)
Bronx, New York
(October 26, 2015)
FINRA Case #2015044109601

Stephen Anthony Dalla Torre (CRD #1373684)
Roseland, New Jersey
(October 27, 2015)
FINRA Case #2015044495201

Andrea Lynn Fayette (CRD #6143548)
Glendale, Arizona
(October 30, 2015)
FINRA Case #2015044579201

Ricardo Francois (CRD #4280627)
Brooklyn, New York
(October 30, 2015)
FINRA Case #2015043464602

Sean Thomas Lopez (CRD #6355181)
Covina, California
(October 27, 2015)
FINRA Case #2015044127201

Albert Manzo (CRD #6127339)
Santa Ana, California
(October 30, 2015)
FINRA Case #2015044885301

Andrew Marzec (CRD #6083775)
Shoreham, New York
(October 13, 2015)
FINRA Case #2014043542403

Richard Allen McGuire (CRD #4637028)
Bay Shore, New York
(October 26, 2015)
FINRA Case #2015044591001

Frederick Eugene Monroe Jr. (CRD #2457010)
Queensbury, New York
(October 16, 2015)
FINRA Case #2015045800501

Paul Anthony Posillico (CRD #4194630)
Lake Grove, New York
(October 5, 2015)
FINRA Case #2014042126601

Jessica Claire Sampel (CRD #6238207)
Clearwater, Florida
(October 30, 2015)
FINRA Case #2015045579101

Grace W. Smith (CRD #4017716)
Charlotte, North Carolina
(October 27, 2015)
FINRA Case #2015044474101

James Coleman Starks (CRD #5120313)
Brooklyn, New York
(October 30, 2015)
FINRA Case #2015043464601

Alfred Talens Jr. (CRD #4178504)
Carmel, Indiana
(October 13, 2015)
FINRA Case #2015044377301

Victor Tarkang (CRD #6004858)
Bowie, Maryland
(October 2, 2015)
FINRA Case #2015044191301

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.)

Richard Dwayne Blair (CRD #2256412)
Austin, Texas
(October 15, 2015)
FINRA Case #2011027271901

Eul Hyung Choi (CRD #1592055)
Los Angeles, California
(October 6, 2015)
FINRA Case #2013037137201

Gary Mark Gible (CRD #1819311)
Darien, Connecticut
(October 15, 2015)
FINRA Case #2011025957702

Calvin Burchard Grigsby (CRD #1123572)
Danville, California
(October 15, 2015)
FINRA Case #2012030570301

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.)

Adam Douglas Carrol (CRD #5614419)
Oswego, Illinois
(October 8, 2015)
FINRA Case #2013038015301

Dennis Fitzgerald Davis (CRD #4855416)
Brooklyn, New York
(October 15, 2015)
FINRA Case #2015044318301

Stevaun I. Davis (CRD #6442249)
Cleveland Heights, Ohio
(October 15, 2015)
FINRA Case #2015044437501

Theodore Garrity (CRD #4512988)
Edina, Minnesota
(October 15, 2015)
FINRA Case #2015044576401

Andy Edgar Hernandez (CRD #5279232)
Riverside, California
(October 29, 2015)
FINRA Case #2015044367301

Geneero Tyrone Jackson (CRD #4842137)
Hazel Crest, Illinois
(July 6, 2015 – October 6, 2015)
FINRA Case #2014043511201

Tony Sang Jung (CRD #4476421)
Fort Lee, New Jersey
(October 15, 2015)
FINRA Case #2015044914101

Andreas Stavros Kentrotas (CRD #3202515)
 Manhasset, New York
 (October 2, 2015)
 FINRA Case #2014043840401

Jay Max Mabry (CRD #4674047)
 Schaumburg, Illinois
 (October 13, 2015)
 FINRA Case #2015046202001

Brett James McCullough (CRD #5421058)
 Baton Rouge, Louisiana
 (October 29, 2015)
 FINRA Case #2015046557101

Joseph Anthony Mele (CRD #6007521)
 Oxnard, California
 (October 13, 2015)
 FINRA Case #2015046218101

Mary Pearl Reed (CRD #1227002)
 Atlanta, Georgia
 (August 13, 2015 – October 15, 2015)
 FINRA Case #2015044279801

Marguerite A. Sanders (CRD #5058526)
 Elizabethtown, Kentucky
 (October 30, 2015)
 FINRA Case #2015044923501

Eugene Theodore Smietana (CRD #3160947)
 Traverse City, Michigan
 (October 13, 2015)
 FINRA Case #2015044455901

Jacqueline Lee Vadala (CRD #4591227)
 Merrick, New York
 (October 13, 2015)
 FINRA Case #2015045625001

Edward Francis Vincent (CRD #4292385)
 Southport, Connecticut
 (October 30, 2015)
 FINRA Case #2015044734501

Kenneth Robert Wooden (CRD #2777325)
 Lexington, Kentucky
 (October 2, 2015)
 FINRA Case #2015044038001

Individuals Suspended for Failure to Comply with an Arbitration Award or Settlement Agreement Pursuant to FINRA Rule Series 9554.

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

Tatyana Andreyeva (CRD #2875136)
 Brooklyn, New York
 (October 20, 2015)
 FINRA Arbitration Case #15-00188

Anthony Joseph Calascione (CRD #2869991)
 Staten Island, New York
 (January 11, 2005 – October 22, 2015)
 FINRA Arbitration Case #03-09042

Robert Chan (CRD #4478074)
 Yorba Linda, California
 (October 27, 2015)
 FINRA Arbitration Case #14-00832

Brendan Perry Frank (CRD #4544992)
 Dedham, Massachusetts
 (April 27, 2015 – October 16, 2015)
 FINRA Arbitration Case #14-01570

Rene Xavier Joliot (CRD #2755836)
 Miami Beach, Florida
 (October 26, 2015)
 FINRA Arbitration Case #14-00264

Thomas Glavin Labeau (CRD #1024145)
Canton, Michigan
(November 25, 2014 – October 28, 2015)
FINRA Arbitration Case #13-02338

**Gustavo Miguel Mattei Zapata
(CRD #2314605)**
Guaynabo, Puerto Rico
(October 27, 2015)
FINRA Arbitration Case #13-03496

Richard Winsor Ohrn (CRD #5106991)
Boca Raton, Florida
(October 27, 2015)
FINRA Arbitration Case #13-02874

David Steele Pennington (CRD #3068904)
Lexington, Kentucky
(October 5, 2015)
FINRA Case #20150466728/ARB150040

Mark Alan Primrose (CRD #4204395)
Vinton, Iowa
(October 20, 2015)
FINRA Arbitration Case #14-01821

Nathan Trent Zimmerman (CRD #4210398)
Surprise, Arizona
(October 27, 2015)
FINRA Arbitration Case #14-03479

FINRA Expels Halcyon Cabot Partners and Bars CEO and CCO for Fraud, Sales Practice Abuses, and Widespread Supervisory and AML Failures

Firm Engaged in Scheme to Conceal Kickback of Private Placement Fees

The Financial Industry Regulatory Authority (FINRA) announced that it has expelled New York-based Halcyon Cabot Partners, Ltd., and barred Chief Executive Officer Michael Morris and Chief Compliance Officer Ronald Heineman from the securities industry, for fraud, sales practice abuses, and widespread supervisory and anti-money laundering failures. FINRA found that Halcyon, Morris and Heineman engaged in a scheme to conceal a kickback of private placement fees.

FINRA's investigation found that Halcyon, Morris and Heineman, along with a previously barred registered representative, Craig Josephberg, agreed to conceal the discount the issuer provided to a venture capital firm when it purchased a private placement in a cancer drug development company. The scheme was effected through a bogus placement fee agreement that was entered into after the venture capital firm had already agreed to purchase the entirety of the offerings. Halcyon did not perform any work, as there was already a buyer in place, but rather returned almost all of its \$1.75 million placement fee to the investor through sham consulting agreements. This fraudulent scheme allowed the drug company to conceal that it was selling its shares at a discount.

Brad Bennett, FINRA's Executive Vice President and Chief of Enforcement, said, "This sham placement arrangement allowed the investor to conceal the kickback of the placement fee and thus deceive the market into believing that the shares were being sold at the full offering price. These actions were consistent with the culture of non-compliance fostered by Halcyon and its principals, which manifested itself in widespread sales practice abuses and AML violations that are also detailed in this case."

In addition to the kickback scheme, FINRA also found that Halcyon and Morris enabled a now-expelled broker-dealer, Felix Investments, LLC, to collect undisclosed commissions. Pursuant to an agreement between Halcyon and Felix, Felix charged buyer commissions and Halcyon charged seller commissions on a transaction, despite the fact Halcyon did not provide any services to the sellers. Halcyon then secretly shared the sellers' commissions with Felix.

FINRA also found that Morris falsified Halcyon's books and records to conceal Josephberg's sales of securities in states where he was not registered, including Florida, Texas and Colorado. Halcyon also failed to supervise Josephberg, who churned retail customer accounts and effected unauthorized trades.

In concluding this settlement, Halcyon Cabot Partners, Morris and Heineman neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

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

FINRA Sanctions Santander Securities LLC \$6.4 Million for Supervisory Failures Related to Sales of Puerto Rican Bonds

The Financial Industry Regulatory Authority (FINRA) announced that it ordered Santander Securities LLC to pay approximately \$4.3 million in restitution to certain customers who were solicited to purchase Puerto Rican Municipal Bonds (PRMBs). Additionally, the firm will pay restitution of \$121,000 and make offers of rescission to buy back the securities sold to certain customers impacted by the firm's failure to supervise employee trading. FINRA also censured and fined Santander \$2 million for supervisory failures related to sales of PRMBs and Puerto Rican closed-end funds, and for failing to reasonably supervise employee trading in its Puerto Rico branch office.

Brad Bennett, FINRA's Executive Vice President and Chief of Enforcement, said, "This is a strong reminder to firms that they must focus on customers' exposure to market risks and suitability, particularly in those markets like Puerto Rico that present unique risks and challenges."

FINRA found that between December 2012 and October 2013, Santander did not ensure that its proprietary product risk-classification tool accurately reflected market risks of investing in PRMBs, and failed to adequately supervise its customers' use of margin and concentrated positions in their accounts. The firm's systems and procedures did not require a review or assessment of its product risk-classification tool, used by Santander's representatives when recommending products to customers, to determine whether it factored in the changed risks of investing in PRMBs. Most notably, Santander did not review or assess the tool's PRMB risk classifications following significant market events such as the December 13, 2012, Moody's downgrade of certain PRMBs to one level above junk. The day after the Moody's downgrade, Santander stopped purchasing PRMBs that its Puerto Rican customers wanted to sell and accelerated its efforts to reduce the firm's inventory of PRMBs.

During this same time period, Santander did not have systems or procedures in place to ensure that any comprehensive review of accounts with significant concentration in Puerto Rican bonds and closed-end funds was conducted to determine whether new purchases were suitable in light of existing positions.

Additionally, FINRA found that Santander failed to reasonably supervise employee trading in its Puerto Rico office with a view toward mitigating potential conflicts of interest where customer orders were filled through positions held in their own broker's personal brokerage account. Because Santander did not have adequate systems in place, approximately 400 of these types of transactions went undetected.

In concluding this settlement, Santander neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

FINRA Sanctions 12 Firms a Total of \$6.7 Million for Failing to Apply Sales Charge Discounts to Customers' Purchases of UITs

More than \$4 Million in Restitution Ordered to Affected Customers

The Financial Industry Regulatory Authority (FINRA) announced that it has ordered 12 firms to pay restitution totaling more than \$4 million and fines totaling more than \$2.6 million for failing to apply available sales charge discounts to customers' purchases of Unit Investment Trusts (UITs), and related supervisory failures.

FINRA imposed sanctions against the following firms:

- ▶ First Allied Securities, Inc. of San Diego, CA, was ordered to pay \$689,647 in restitution and fined \$325,000.
- ▶ Fifth Third Securities, Inc. of Cincinnati, OH, was ordered to pay \$663,534 in restitution and fined \$300,000.
- ▶ Securities America, Inc. of La Vista, NE, was ordered to pay \$477,686 in restitution and fined \$275,000.
- ▶ Cetera Advisors LLC of Denver, CO, was ordered to pay \$452,622 in restitution and fined \$250,000.
- ▶ Park Avenue Securities LLC of New York, NY, was ordered to pay \$443,255 in restitution and fined \$300,000.
- ▶ Commonwealth Financial Network of Waltham, MA, was ordered to pay \$357,521 in restitution and fined \$225,000.
- ▶ MetLife Securities, Inc. of New York, NY, was ordered to pay \$349,748 in restitution and fined \$300,000.
- ▶ Comerica Securities of Detroit, MI, was ordered to pay \$197,757 in restitution and fined \$150,000.
- ▶ Cetera Advisor Networks LLC of El Segundo, CA, was ordered to pay \$151,108 in restitution and fined \$150,000.
- ▶ Ameritas Investment Corp. of Lincoln, NE, was ordered to pay \$128,544 in restitution and fined \$150,000.
- ▶ Infinex Investments, Inc. of Meridian, CT, was ordered to pay \$109,627 in restitution and fined \$150,000.
- ▶ The Huntington Investment Company of Columbus, OH, was ordered to pay \$60,973 in restitution and fined \$75,000.

Brad Bennett, FINRA's Executive Vice President and Chief of Enforcement, said, "Firms need to ensure that their registered representatives are providing customers the sales charge discounts to which they are entitled. The firms sanctioned today failed to provide these discounts, resulting in customer harm in the form of higher costs for which customers have been or will be reimbursed."

A UIT is a type of investment company that offers redeemable units of a generally fixed portfolio of securities that terminate on a specific date. UIT sponsors generally offer sales charge discounts to investors, known as “breakpoint discounts” and “rollover and exchange discounts.” A breakpoint discount is a reduced sales charge based on the dollar amount of the purchase-the higher the amount the greater the discount. Breakpoints generally function as a sliding reduction in the sales charge percentage available for purchases, usually beginning at \$25,000 or \$50,000 (or the corresponding number of units). A rollover or exchange discount is a reduced sales charge that is offered to investors who use the termination or redemption proceeds from one UIT to purchase another UIT.

In March 2004, FINRA issued a *Regulatory Notice* to firms titled, Unit Investment Trust Sales, to remind broker-dealers that they should develop and implement procedures to ensure customers receive appropriate sales charge discounts for UITs.

In concluding these settlements, the firms neither admitted nor denied the charges, but consented to the entry of FINRA’s findings.

FINRA Orders an Additional Five Firms to Pay \$18 Million in Restitution to Charities and Retirement Accounts Overcharged for Mutual Funds

The Financial Industry Regulatory Authority (FINRA) announced that it has ordered five firms to pay restitution estimated at more than \$18 million, including interest, to affected customers for failing to waive mutual fund sales charges for eligible charitable organizations and retirement accounts. The following firms were sanctioned.

- ▶ Edward D. Jones & Co., L.P. – \$13.5 million in restitution
- ▶ Stifel Nicolaus & Company, Inc. – \$2.9 million in restitution
- ▶ Janney Montgomery Scott, LLC – \$1.2 million in restitution
- ▶ AXA Advisors, LLC – \$600,000 in restitution
- ▶ Stephens Inc. – \$150,000 in restitution

In July 2015, FINRA had ordered Wells Fargo Advisors, LLC; Wells Fargo Advisors Financial Network, LLC; Raymond James & Associates, Inc.; Raymond James Financial Services, Inc.; and LPL Financial LLC to pay restitution for similarly failing to waive mutual fund sales charges for certain charitable and retirement accounts. Collectively, an estimated \$55 million in restitution will be paid to more than 75,000 eligible retirement accounts and charitable organizations as a result of those cases and the cases announced today. Brad Bennett, FINRA's Executive Vice President and Chief of Enforcement, said, "These actions are further evidence of our commitment to pursue substantial restitution for adversely affected mutual fund investors who were not afforded the full benefit of available sales charge waivers. Cooperation credit was granted to those firms that were proactive in identifying and remediating instances where their customers did not receive applicable discounts."

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

FINRA found that although the mutual funds available on the firms' retail platforms offered these waivers to charitable and retirement plan accounts, at various times since at least July 2009, the firms did not waive the sales charges for affected customers when they offered Class A shares. As a result, more than 25,000 eligible retirement accounts and charitable organizations at these firms either paid sales charges when purchasing Class A shares, or purchased other share classes that unnecessarily subjected them to higher ongoing fees and expenses.

FINRA also found that Edward Jones, Stifel Nicolaus, Janney Montgomery, AXA and Stephens failed to adequately supervise the sale of mutual funds that offered sales charge waivers. The firms unreasonably relied on financial advisors to waive charges for retirement and eligible charitable organization accounts, without providing them with critical information and training.

In concluding these settlements, Edward Jones, Stifel Nicolaus, Janney Montgomery, AXA and Stephens neither admitted nor denied the charges, but consented to the entry of FINRA's findings.