

Disciplinary and Other FINRA Actions

Firms Fined

Alluvion Securities, LLC ([CRD® #143623](#), Memphis, Tennessee) submitted an Offer of Settlement in which the firm was censured and fined \$100,000. Without admitting or denying the allegations, the firm consented to the sanctions and to the entry of findings that it conducted a securities business while failing to maintain its required minimum net capital. The findings stated that during the days on which the firm maintained deficient net capital, it engaged in municipal securities transactions in the secondary market executed by a firm broker, and in the underwriting and closing of two separate offerings. As a result of its conduct, the firm willfully violated Section 15(c) of the Securities Exchange Act of 1934 and Rule 15c3-1. The findings also stated that the firm failed to establish and maintain a supervisory system, and establish, maintain, and enforce written supervisory procedures (WSPs) reasonably designed to achieve compliance with the requirements of FINRA® rules and the federal securities laws concerning net capital compliance. While the firm's WSPs provided that it was to maintain minimum net capital compliance on the days on which it conducted a securities business, its WSPs did not provide for any mechanism or system to adequately address how the Financial and Operations Principal (FINOP) is to ensure the firm's compliance with Rule 15c3-1, or how he is to ensure that the firm was in net capital compliance during all hours in which business was being conducted. The findings also included that the firm failed to file and timely file Securities Exchange Act of 1934 Rule 17a-11 financial notifications concerning net capital deficiencies, in willful violation of Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-11(b) and (c). ([FINRA Case #2013035347704](#))

Archipelago Trading Services, Inc. ([CRD #15853](#), Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent (AWC) in which the firm was censured, fined \$100,000 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 effected short sale transactions and failed to report each of these transactions to the over-the-counter (OTC) Reporting Facility (OTCRF) with a short sale modifier. The findings stated that the firm operated ArcaEdge, an alternative trading system that facilitated transactions in OTC equity securities either by matching orders from its subscribers—FINRA member broker-dealers—or by routing orders to OTC Markets via OTC Link for execution. Pursuant to Uniform Service Bureau/Executing Broker Agreements with its subscribers, the firm was responsible for accurately reporting trades executed both on ArcaEdge and via OTC Link to the OTCRF on behalf of its

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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).

subscribers. The firm reported all such trades as long sales. The findings also stated that the firm was aware of the trade reporting violations, yet continued to report trades that were not in compliance with the trade reporting rules. Additionally, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning trade reporting of short sales. ([FINRA Case #2013036257901](#))

Barclays Capital Inc. (CRD #19714, New York, New York) submitted an AWC in which the firm was censured and fined \$1,000,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it published the Pan Euro Asset-Backed Security Floating Rate Index and its component indices (collectively, the Index) with materially inaccurate coupon return information. The findings stated that the firm's management learned of these inaccuracies and determined that they would necessitate a restatement of the Index. Nonetheless, the firm continued to publish the Index for eight months—without disclosing the inaccuracies to subscribers—while the firm identified and fixed the underlying technical error that was causing the inaccuracies. The firm then restated the Index and disclosed that it had cumulatively understated coupon returns by approximately 4.3 percent. The firm reported the Index inaccuracies and the associated restatement to a European regulator and disclosed them in a Form 4530(b) with FINRA. Subscribers to the Index had a reasonable expectation that the firm would promptly inform them of significant inaccuracies. Once the firm became aware of significant inaccuracies in the Index, it had an obligation to inform subscribers pending correction of the errors.

The findings also stated that the firm failed to implement a supervisory system reasonably designed to oversee the publication of the Index and to ensure detection and timely correction of the error. After the firm made significant changes to the methodology by which the Index return was calculated and changed the source of the coupon return data for the underlying securities, it failed to conduct any additional testing or verification of the operation of the methodology after it was implemented. The findings also included that the firm published the materially inaccurate Index in communications with the public. The firm published the Index while knowing or having reason to know that it contained materially inaccurate information. ([FINRA Case #2014042781801](#))

BNP Paribas Securities Corp. (CRD #15794, New York, New York) submitted an AWC in which the firm was censured, fined \$475,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that the firm's trading desks were organized into separate aggregation units (AGUs), for purposes of compliance with SEC Rule 200(1) and pre-existing guidance concerning the proper use of AGUs. The findings stated that each of the separate AGUs contained numerous trading books, for which securities positions were netted together to determine the total net position of that AGU and, accordingly, whether the AGUs orders should be marked long or short. In addition to the firm's proprietary positions, the

AGUs also improperly included the trading positions of non-broker-dealer affiliates in determining the AGUs' net positions. As a result, the firm's AGUs failed to accurately reflect the correct positions within the appropriate trading books.

The findings also stated that the firm's written plan of organization for its AGUs failed to accurately provide for the overall net position of the securities that were traded and maintained by the firm's AGUs. More specifically, the firm's written plan of organization for its AGUs improperly permitted the inclusion of securities positions of certain non-broker-dealer affiliates in determining the net position of the firm's AGUs, and improperly permitted traders to be assigned to multiple aggregation units. The findings also included that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with the applicable securities laws and regulations, including SEC and FINRA rules, concerning aggregation of positions in a security to determine the net positions of the firm's AGUs. The firm's WSPs regarding aggregation of positions in a security improperly permitted the inclusion of certain non-broker-dealer affiliates' trading positions in determining the net positions of the firm's AGUs. ([FINRA Case #2012034389401](#))

Buckman, Buckman & Reid, Inc. ([CRD #23407](#), Little Silver, New Jersey) submitted an AWC in which the firm was censured, fined \$27,500 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that while accepting and holding customer market orders and customer limit orders, the firm executed proprietary trades at prices that would have satisfied the customer orders and subsequently executed portions of the customer orders at inferior prices. While accepting and holding customer limit orders, the firm executed proprietary trades at prices that would have satisfied the customer limit orders. The firm then executed the customer orders up to the size and at the same price at which it had traded for its own account, but failed to do so immediately. The findings also stated that the firm failed to establish WSPs that were reasonably designed to achieve compliance with FINRA Rule 5320, and failed to supervise its traders' activity adequately in that it failed to review securities transactions in a manner designed to identify the trades that violated Rule 5320. The findings also included that the firm has paid restitution for these transactions. ([FINRA Case #2013037591301](#))

Canaccord Genuity Inc. ([CRD #1020](#), New York, New York) submitted an AWC in which the firm was censured, fined \$49,500, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings in connection with it being either a distribution participant or both a distribution participant and a manager in the offerings of common stock that traded on The NASDAQ Stock Market LLC (NASDAQ) or the OTC Bulletin Board™ (OTCBB™). The findings stated that as a distribution participant during restricted periods, the firm purchased shares of a common stock that traded on the NASDAQ or the OTCBB in a series of transactions on a principal basis. The findings also stated that during restricted periods, the firm as a distribution

participant, published and maintained bids in the common stock that traded on the NASDAQ or OTCBB. As a distribution participant participating in a distribution of securities on behalf of an issuer that traded on the OTCBB, the firm also purchased shares of the issuer, in connection with syndicate covering transactions associated with the distribution, without providing complete and accurate written notice to FINRA, prior to engaging in the first syndicate covering transaction. The findings also included that the firm was not only a distribution participant, but also acted as a manager (or in a similar capacity) in the distribution of the common stock of a company that traded on the NASDAQ or the OTCBB. Because the firm acted as a manager (or in a similar capacity) in the distribution of the stock, it was required to submit to FINRA, in timely fashion, the Regulation M Restricted Period Notification. The firm, however, failed to timely file the Regulation M Restricted Period Notifications with FINRA.

FINRA also found 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, when acting as a distribution participant or manager in the offering of securities for compliance with Regulation M Rules 101 and 104, and the timely submission of required notifications to self-regulatory organizations. ([FINRA Case #2011028891801](#))

Capital Management Securities, Inc. (CRD #10579, Minneapolis, Minnesota) submitted an AWC in which the firm was censured, fined \$25,000, required to certify that it has reviewed its supervisory system and WSPs for mutual fund sales charge waivers based on a customer's status as an advisory client for compliance with FINRA rules and the federal securities laws and regulations, and required to certify that it currently has in place a system and WSPs reasonably designed to achieve compliance with those rules, laws and regulations. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that over a nearly four-year period, it failed to establish, maintain and enforce a reasonable supervisory system and WSPs designed to ensure that mutual fund sales charge waivers were obtained in accordance with the terms of the mutual fund prospectuses. The findings stated that as a result, the firm failed to provide for effective review of mutual fund transactions to ensure that sales charge waivers were granted in appropriate circumstances. The firm allowed two of its representatives to improperly enter sales charge waivers in connection with mutual fund transactions involving customer accounts. The firm knew its representatives were conducting certain sales of mutual funds at net asset value and approved of the trades without taking reasonable steps to confirm that the pricing for the mutual fund transactions was in accordance with the terms of the mutual fund prospectuses. ([FINRA Case #2014039170101](#))

Center Street Securities, Inc. ([CRD #26898](#), Nashville, 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 conduct branch inspections for non-supervisory branches within a three-year period. The findings stated that the firm 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. Although the firm represented to FINRA that it was in the process of updating its procedures to specifically address the preparation and dissemination of consolidated reports, the firm failed to do so. The firm did not maintain any documentation demonstrating that consolidated reports were properly reviewed and maintained. Further, 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 #2014039415901](#))

D.A. Davidson & Co. ([CRD #199](#), Great Falls, Montana) submitted an AWC in which the firm was censured and fined \$22,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that in transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. The firm has paid more than the \$13,603.63 in restitution sought by FINRA to address the violations. ([FINRA Case #2014040458901](#))

E. S. Financial Services, Inc., nka Brickell Global Markets, Inc. ([CRD #104316](#), Miami, Florida) submitted an AWC in which the firm was censured and fined \$275,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it charged customers a transaction fee and a custody fee in addition to a commission on fixed income transactions. The findings stated that the foregoing charges were not reasonably related to any direct handling-related services it performed, or handling-related expenses it incurred in processing transactions, but rather, were effectively additional commissions for it. The findings also stated that the firm failed to deliver prospectuses to customers who had purchased commercial paper of its affiliate. The findings also included that the firm failed to establish, maintain and enforce a supervisory system and WSPs regarding email review and to ensure prospectus delivery. FINRA found that the firm allowed persons without trading authority in a brokerage account opened by a Central American bank to direct trading in the account. The firm failed to establish, maintain and enforce a supervisory system or WSPs to prevent unauthorized trades in the Central American bank brokerage account. FINRA also found that the firm maintained inaccurate books and records reflecting that transactions were solicited, when in fact, the transactions were unsolicited. In addition, FINRA determined that the firm inaccurately computed its customer reserve formula which resulted in hindsight deficiencies and inaccurate Financial and Operational Combined Uniform Single (FOCUS) reports. ([FINRA Case #2015045608701](#))

E*Trade Clearing LLC ([CRD #25025](#), Jersey City, New Jersey) submitted an AWC in which the firm was censured and fined \$325,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report listed options positions or submit complete and accurate records of listed options positions to the Large Options Position Reporting system (LOPR). The findings stated that the firm failed to report options positions to the LOPR that were acting in concert under the common control of the same registered investment adviser, and submitted inaccurate reports of options positions to the LOPR that they failed to properly mark as acting in concert. The firm also submitted inaccurate reports of options positions to the LOPR due to their LOPR service provider failing to include changes to the positions on the options expiration dates, or the business day before the Saturday expirations. 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 the reporting of positions to the LOPR. In particular, the firm's supervisory systems and procedures, including its WSPs, failed to include a process that ensured the accuracy of its positions reported to the LOPR, and lacked a review for accounts acting in concert and a review for submissions that the LOPR rejected. ([FINRA Case #2012032253001](#))

Feltl & Company ([CRD #6905](#), Minneapolis, Minnesota) 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 a supervisory system, including WSPs, reasonably designed to achieve compliance with Section 15(f) of the Securities Exchange Act of 1934. The findings stated that the firm's WSPs did not establish reasonable procedures regarding how daily trading was to be monitored, and, if any suspicious trading was identified, what actions compliance should take. The WSPs did not articulate factors to be considered when determining whether a security should be placed on the watch list or restricted list. A company engaged the firm to represent it in connection with a potential corporate merger, and the company was placed on the firm's watch list. Several of the firm's registered representatives traded the company for their customers' accounts, as well as for their own accounts. The firm, however, did not contact or interview any of its registered representatives who traded the company while the security was on its watch list. In addition, the firm failed to take reasonable steps to investigate the possibility that the firm's registered representatives who traded the company had learned about the potential merger involving the company, which was a corporate transaction that the firm was working on at the same time that the trading in the company was taking place. ([FINRA Case #2010022567701](#))

J.P. Morgan Securities LLC ([CRD #79](#), New York, New York) submitted an AWC in which the firm was censured, fined \$350,000 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 a coding error in the firm's auto market maker tool resulted in miscalculations concerning the firm's short positions. The findings stated that as a result of the coding error, the firm's position following sell orders was increased rather than decreased, and the firm failed to

properly mark sell orders as short. Additionally, because of another coding error— which translated a trader’s entry of a manual locate code as an indicator to mark the side of that order as short sale exempt—the firm improperly marked short sale orders as short exempt. As a result of the coding error related to miscalculations concerning the firm’s short positions, the firm effected a short sale in an equity security for its own account, without borrowing the security, or entering into a *bona-fide* arrangement to borrow the security; or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due; and documenting compliance with Rule 203(b)(1) of Regulation SHO. The firm’s Risk Arbitrage Sector manually marked all sell orders as short without referencing the aggregation unit’s position data in real time using the firm’s order management system. The findings also stated that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to Rule 200(g) of Regulation SHO. The WSPs did not provide for a statement of the supervisory step(s) to be taken by the person(s) responsible for supervision with respect to Rule 200(g). As a result, the firm failed to detect that its Risk Arbitrage Sector was marking all orders short without referencing position data in real time using the desk’s primary order management system. ([FINRA Case #2012032274401](#))

J.P. Turner & Company, L.L.C. (CRD #43177, Atlanta, Georgia) submitted an AWC in which the firm was censured and fined \$75,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it did not prevent registered representatives from making multiple telephone solicitations to numbers on the firm’s do-not-call registry and on the national do-not-call registry, and further failed to establish, maintain, and enforce a supervisory system to ensure that its registered representatives did not contact individuals that were listed on both the firm and national do-not-call registry. The findings stated that the firm required branch offices that engaged in telemarketing to use a third-party system that was integrated into its phone system to screen calls against the firm and national do-not-call registry. The firm’s technology department would forward the firm’s do-not-call registry to the third-party provider for inclusion in its database. The firm stopped using the third-party provider on a companywide basis, and instead created an in-house system. However, when the firm ceased using the third-party provider on a companywide basis, one of its offices was authorized to continue to utilize the third-party system. When the firm ceased using the third-party provider, its technology department stopped providing the third-party provider with the firm’s do-not-call registry. As a result, the branch office still using the third-party system was not screening its calls against the firm’s do-not-call registry.

The findings also stated that it failed to deliver official statements to customers in connection with sales of municipal securities and failed to enforce its WSPs. The firm executed sales of offered municipal securities in the secondary market within the primary offering disclosure period. The firm did not deliver an official statement in connection with these sales. Instead, the firm included a statement in the trade confirmations advising customers that “complete information will be provided upon request.” The confirmation

statements, however, did not include the required notification advising customers of the availability of the official statement on the Electronic Municipal Market Access system and how to obtain it. ([FINRA Case #2014039275901](#))

J.P. Turner & Company, L.L.C. ([CRD #43177](#), Atlanta, Georgia) submitted an AWC in which the firm was censured, fined \$140,000 and ordered to pay \$76,743.68, 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 and/or sold municipal securities for its own account from and/or to a customer at an aggregate price (including any mark-up or mark-down) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction; the expense involved in effecting the transaction; the fact that the broker, dealer, or municipal securities dealer is entitled to a profit; and the total dollar amount of the transaction. 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 Municipal Securities Rulemaking Board (MSRB) rules, concerning fair pricing of municipal securities. ([FINRA Case #2013035877801](#))

Livevol Securities, Inc. ([CRD #23670](#), San Francisco, California) submitted an AWC in which the firm was censured and fined \$125,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that the firm, through two of its principals, permitted one of its customers to circumvent the Professional Customer Order designation rules of various options exchanges. The findings stated that they did so by failing to aggregate orders that were placed in multiple accounts under the same common beneficial ownership of the customer, which resulted in the accounts not being properly designated as Professional Customer. As a result, the customer avoided paying higher options exchange fees, and avoided receiving lower exchange priority of execution. The findings stated that the separate master accounts were opened in the names of non-registered individuals who were friends or relatives of a particular trader. None of the account holders were registered individuals and no trading occurred through the master accounts. The master accounts each had several sub-accounts that were opened in the names of individual traders, including the trader whose friends or relatives opened the master accounts, most of whom were also non-registered traders and had limited trading authority to conduct buying and selling trading activity only. The limited trading authority was reflected in forms on file with the firm, which expressly prohibited the traders from transferring securities and/or disbursing funds from the accounts. Based on approved documents, all of which were on file at the firm, the firm and two of its principals knew or should have known that the common beneficial owners controlled the master/sub accounts. For the purpose of the Professional Customer designation, the accounts were required to be aggregated.

The findings also stated that in the third quarter of 2011, the sub-accounts placed more than 390 orders in listed options per day on average during one or more months during this period. As such, all orders for these accounts were required to be represented as Professional Customer during the following quarter. Although the firm's own reports flagged two sub-accounts as Professional Customer in September 2011 because they each individually exceeded the average of over 390 orders in September, during the fourth quarter of 2011, the firm and two of its principals failed to designate any of the orders in the accounts of the common beneficial owners as Professional Customer. As a result, during the fourth quarter of 2011, there were 97,940 orders that were entered that were incorrectly designated as Customer instead of Professional Customer, which resulted in a total of 23,292 executions involving a total of 310,520 contracts. These contracts therefore received priority of execution and did not pay higher fees to the various options exchanges where the executions took place. The firm failed to maintain and have in place a system of adequate policies and procedures, including WSPs, designed to prevent its clients from circumventing the Professional Customer designation. The findings also included that two separate customer accounts at the firm engaged in prearranged trading for the specific purpose of obtaining rebates from one or more options exchanges. This trading constituted improper prearranged trading. The firm failed to maintain and have in place a system of adequate policies and procedures, including WSPs, to review, detect or prevent its customers from engaging in prearranged trading. As a result, the firm failed to prevent the prearranged trading between two customer accounts. ([FINRA Case #2012034821901](#))

Oppenheimer & Co. Inc. (CRD #249, New York, New York) submitted an AWC in which the firm was censured, fined \$15,000, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to provide written notification disclosing to its customer the call date and dollar price of the call in transactions in municipal securities executed on the basis of a yield to call. The findings stated that the firm failed to provide written notification disclosing to its customer the correct next potential call date in transactions in continuously callable municipal securities executed on the basis of a yield to call. The firm provided written notification improperly disclosing to its customer a yield to call in transactions in municipal securities with a variable interest rate and failed to provide written notification disclosing to its customer the correct lowest effective yield in a transaction in a municipal security. The findings also 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 MSRB rules, concerning customer confirmations for municipal securities transactions. ([FINRA Case #2014041053201](#))

ProEquities, Inc. (CRD #15708, Birmingham, Alabama) submitted an AWC in which the firm was censured, fined \$165,000 and ordered to pay \$109,709 in restitution to customers. The firm has paid full restitution and provided proof of payment to FINRA. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to identify and apply sales charge discounts to certain customers' eligible

purchases of unit investment trusts (UITs) resulting in customers paying excessive sales charges of approximately \$109,709. The findings stated that the firm failed to establish, maintain and enforce a supervisory system and WSPs reasonably designed to ensure that customers received sales charge discounts on all eligible UIT purchases. The firm lacked WSPs to identify transactions eligible for sales charge discounts and lacked a process to assure that such discounts were properly applied. The firm also failed to conduct quarterly client file reviews as required by its own procedures as a means to identify situations in which appropriate price break information had not been disclosed. As a result of these failures, the firm did not detect and correct failures by its registered representatives to appropriately identify transactions that were eligible for sales charge discounts. ([FINRA Case #2014041841001](#))

Questar Capital Corporation ([CRD #43100](#), Minneapolis, Minnesota) submitted an AWC in which the firm was censured and fined \$125,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain adequate supervisory systems regarding its use of consolidated reports and its review of certain home office email correspondence. The findings stated that the firm permitted its registered representatives to create consolidated reports using a vendor-provided system that allowed for manual entries of various assets held away from the firm. During that time, the firm generated 559,518 consolidated reports, of which nearly 60,000 contained manual entries. The firm failed to enforce its WSP requirement that before a registered representative could use the manual-entry function, the representative first had to complete training. More than half of the firm registered representatives who generated consolidated reports with manual entries did so without first completing the required training. The firm also fell short of its requirement to perform a manual entry spot check, which required auditing 50 percent of the registered representatives who created consolidated reports with manual entries each month. The manual entry spot check, moreover, was inadequate. Although 50 percent of the registered representatives who created manual entries were to be audited each month, the firm's written procedures did not specify what portion of those representatives' entries would be reviewed, and did not identify any risk-based criteria for selecting which representatives' entries to review. As a result, the firm's supervisory procedures were not reasonably designed to ensure that consolidated reports were accurate and not misleading. The findings also stated that some email correspondence of certain firm home office employees was not copied or journaled to the appropriate server for review of email communications at the firm, resulting in those emails not being subject to supervisory review. The firm was unable to determine exactly how many emails were not subjected to supervisory review during a period of time. (FINRA Case #2013037301701/2014038871401)

Radnor Research & Trading Company LLC ([CRD #130120](#), New York, New York) submitted an Offer of Settlement in which the firm was censured and fined \$50,000. Without admitting or denying the allegations, the firm consented to the sanctions and to the entry of findings that it failed to timely report written complaints from a customer and from

a prospective customer to FINRA. The findings stated that even after FINRA brought the customer's complaint to the attention of firm management, the firm failed and refused to report the complaint. The firm still has not reported either complaint to FINRA. The findings also stated that the firm willfully failed to disclose the customer's complaint on the Uniform Application for Securities Industry Registration or Transfer (Form U4) of the registered representative against whom the complaint was made. Despite knowledge of the customer's complaint and even after repeated notice from FINRA, the firm never disclosed it on the representative's Form U4, which remains inaccurate to this day. The findings also included that the firm did not disclose markups or markdowns in writing to customers for executed riskless principal transactions involving equity securities. FINRA found that the firm failed to establish and maintain a supervisory system, including written procedures, reasonably designed to achieve compliance with the requirements of FINRA rules and the federal securities laws in several areas, including customer complaint reporting, Form U4 disclosure reporting, disclosures of markups and markdowns to customers, and canceled trades. The firm also lacked adequate written procedures regarding due diligence to be done in private placements sold by the firm. The firm failed to adequately supervise customer complaints, which led to the failure to report them properly as FINRA rules required. The firm also failed to properly supervise canceled trades, disclosure of markups and markdowns to customers, Regulation S offerings, and disclosures to customers buying stock at the same time registered representatives were selling the same stock. ([FINRA Case #2013036681701](#))

Sagetrader, LLC ([CRD #137862](#), San Francisco, California) 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 timely report reportable order events (ROEs) to the Order Audit Trail System (OATS™). The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning OATS reporting. The firm's supervisory system did not include WSPs providing for supervisory steps reasonably designed to ensure the firm's OATS submissions were timely, accurate and complete. ([FINRA Case #2014043003201](#))

Scottsdale Capital Advisors Corp ([CRD #118786](#), Scottsdale, Arizona) 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 the firm, through its Order Sending Organizations (OSOs), transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data. The findings stated that though the firm's OSOs made errors with respect to the firm's submissions to OATS, the firm is responsible for ensuring that its ROEs are accurately reported to OATS. ([FINRA Case #2014039940101](#))

SG Americas Securities, LLC ([CRD #128351](#), 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 transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data. ([FINRA Case #2014039941601](#))

UBS Securities LLC ([CRD #7654](#), 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 display immediately a bid or offer that reflected the price and the full size of customer limit orders for OTC equity securities held by the firm that were at a price that would have improved the bid or offer of the firm in such securities. ([FINRA Case #2013038786401](#))

VFinance Investments, Inc ([CRD #44962](#), Boca Raton, Florida) 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 accepted and held customer orders in OTC securities, traded for its own account at prices that would have satisfied the customer orders, and failed to execute or immediately execute the customer orders up to the size and at the same price at which it traded for its own account or at a better price. The findings stated that the firm has already voluntarily made restitution to affected customers. ([FINRA Case #2014042516101](#))

Wedbush Securities Inc. ([CRD #877](#), Los Angeles, California) submitted an Offer of Settlement in which the firm was censured, fined \$130,000, and required to remediate its supervisory violations. Without admitting or denying the allegations, the firm consented to the sanctions and to the entry of findings that it created and produced to FINRA staff-falsified and misleading documents, in connection with the staff's review of the firm's reporting of municipal securities transactions. The findings stated that the firm altered MSRB Report Cards by whiting-out date information and adding supervisory signatures that gave the false impression that the firm conducted and evidenced supervisory reviews of MSRB Report Cards, when in fact the firm had not conducted such supervisory reviews. The findings also stated that the firm reported municipal securities transactions to the MSRB in an untimely manner, failed to conduct supervisory reviews of MSRB Report Cards, and failed to designate a registered principal with responsibility to conduct supervisory reviews of the firm's reporting of municipal securities transactions. ([FINRA Case #2012032080301](#))

Wells Fargo Securities, LLC ([CRD #126292](#), Charlotte, North Carolina) submitted an AWC in which the firm was censured and fined \$300,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it provided confirmations to customers that inaccurately reflected the capacity in which the firm acted in connection with transactions over a period of about 15 months. The findings stated that in connection with the development of a new business platform, the firm discovered an issue with the accuracy of trade confirmations it provided to customers. The firm indicated

that the cause of the inaccuracies was a coding issue with its back office system, which it had previously rolled out. The findings also stated that the firm failed to establish, maintain, and enforce a reasonable supervisory system and WSPs designed to achieve compliance with all applicable securities laws and regulations, including supervision of trade confirmations and monitoring the accuracy of confirmations. Although the firm detected inaccurate confirmations in connection with transactions involving municipal securities, it failed to determine if the inaccuracies were more widespread and involved other securities. The inadequate supervision resulted in the failure to deliver accurate trade confirmations. ([FINRA Case #2014039462701](#))

Woodbury Financial Services, Inc. (CRD #421, Oakdale, Minnesota) submitted an AWC in which the firm was censured, fined \$100,000 and required to submit satisfactory proof of payment of restitution to affected customers in the amount of \$98,937.31, or of reasonable and documented efforts undertaken to effect restitution. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to identify and apply sales charge discounts to certain customers' eligible purchases of UITs, resulting in customers paying excessive sales charges of approximately \$98,937.31. The findings stated that the firm has paid restitution to all affected customers. The findings also stated that the firm failed to establish, maintain, and enforce a supervisory system and WSPs reasonably designed to ensure that customers received sales charge discounts on all eligible UIT purchases. ([FINRA Case #2014041842001](#))

Individuals Barred or Suspended

Robert Nelson Adrian (CRD #1791731, Memphis, Tennessee) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any principal capacity for 45 days. Without admitting or denying the findings, Adrian consented to the sanctions and to the entry of findings that he failed to take adequate action to supervise a registered representative that was reasonably designed to detect and prevent the registered representative's unsuitable trading in customer accounts. The findings stated that despite being alerted to potential suitability problems in the customer accounts by multiple member firm reports, Adrian failed to take adequate action to follow up in the appropriate supervisory manner to determine if the transactions were suitable for the customers. Adrian failed to contact the customers directly regarding his concerns, and instead primarily relied on the registered representative's explanations of the pattern of account activity.

The suspension is in effect from December 21, 2015, through February 3, 2016. ([FINRA Case #2012032916702](#))

Luis Alvira ([CRD #2714996](#), Burlingame, California) submitted an AWC in which he was fined \$15,000 and suspended from association with any FINRA member in any principal capacity for one week. Without admitting or denying the findings, Alvira consented to the sanctions and to the entry of findings that a member firm, through Alvira and another managing director at the firm, permitted one of its customers to circumvent the various options exchanges' Professional Customer Order designation rules. The findings stated they did so by failing to aggregate orders that were placed in multiple accounts under the same common beneficial ownership of the customer, which resulted in the accounts not being properly designated as Professional Customer. As a result, the customer avoided paying higher options exchange fees, and avoided receiving lower exchange priority of execution. Based upon approved documents, all of which were on file at the firm, the firm, Alvira and another managing director, as principals, knew or should have known that the common beneficial owners controlled the master/sub-accounts. As such, for the purpose of the Professional Customer designation, the accounts were required to be aggregated. The findings also stated that in the third quarter of 2011, the sub-accounts placed more than 390 orders in listed options per day on average during one or more months during this period. As such, all orders for these accounts were required to be represented as Professional Customer during the fourth quarter of 2011. Although the firm's own reports flagged two sub-accounts as Professional Customer in September 2011 because they each individually exceeded the average of over 390 orders in September, the firm and Alvira failed to designate any of the orders in the accounts of the common beneficial owners as Professional Customer. As a result, there were 97,940 orders that were entered that were incorrectly designated as Customer instead of Professional Customer, which resulted in a total of 23,292 executions involving a total of 296,296 contracts. These contracts therefore received priority of execution and did not pay higher fees to the various options exchanges where the executions took place.

The suspension was in effect from November 16, 2015, through November 22, 2015. ([FINRA Case #2012034821902](#))

Andrew Markman Arthur ([CRD #1864083](#), New York, New York) 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, Arthur consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to report a federal tax lien in the amount of approximately \$111,131.

The suspension is in effect from December 21, 2015, through January 19, 2016. ([FINRA Case #2014042261801](#))

Zachary T. Bader ([CRD #5902742](#), West Babylon, 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, Bader consented to the sanction and to the entry of findings that he engaged in excessive and unsuitable trading in customer accounts, with a reckless

disregard for the interests of those customers and in a manner that was inconsistent with the customers' investment objectives, financial situations and needs. The findings stated that as a result, Bader willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The findings also stated that Bader made unsuitable recommendations of a complex exchange traded note (ETN) to customers without a reasonable basis to believe that the ETN was suitable for at least some investors. At the time Bader made these recommendations, he did not understand the mechanics of the ETN and had not conducted adequate due diligence to determine that it was suitable for at least for some investors. Bader's customers were charged a total of \$31,453 in commission on trades in the ETN. ([FINRA Case #2013036387301](#))

Gregory Barton ([CRD #1680043](#), Glen Cove, New York) was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. The sanctions were based on findings that Barton willfully failed to timely amend his Form U4 to reflect events relating to his financial condition. The findings stated that FINRA discovered that Barton had failed to disclose that he had filed a voluntary petition for bankruptcy, and was the subject of Internal Revenue Service (IRS) liens and New York State tax warrants.

The suspension is in effect from November 16, 2015, through May 15, 2016. ([FINRA Case #2013037128401](#))

Tom Rankin Baughman ([CRD #2720943](#), Harrodsburg, Kentucky) 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 six months. Without admitting or denying the findings, Baughman consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to reflect that he had been charged with a felony. The findings stated that Baughman later pled guilty to a reduced misdemeanor battery charge.

The suspension is in effect from November 16, 2015, through May 15, 2016. ([FINRA Case #2015044902301](#))

James Bernard Bertero ([CRD #3126691](#), Forestville, California) submitted an AWC in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Bertero consented to the sanctions and to the entry of findings that on two separate dates, he stated to his assistant that he had verbally confirmed wire requests totaling \$30,500 with a customer, when he had not done so. The findings stated that an imposter posing as his member firm's customer hacked into the customer's email account and emailed wire transfer requests to Bertero from the customer's email account. Bertero authored a misleading email that he forwarded to his assistant for processing one of the wire transfer requests. Bertero's statements in the email made it appear as if he had spoken to the customer and had verbally confirmed the request. For the second wire transfer request from the imposter, without verbally confirming the wire request with the customer, Bertero again directed his

assistant to process the request and misrepresented that he had verbally confirmed the request with the customer. Bertero's assistant completed the required forms, submitted the requests for processing, and the firm effected the wire transfers. For both of the wire requests, the assistant stated on the required forms that Bertero had verbally confirmed the wires with the customer.

The findings also stated that Bertero's false statements caused the assistant to create inaccurate books and records, which caused the firm to create and maintain inaccurate books and records, and to process wire transfer requests that were fraudulent. After learning that the wire transfers were fraudulent, the firm recovered \$30,460 and reimbursed the difference of \$40. As such, the customer was made whole for the \$30,500 fraudulently transferred from their accounts.

The suspension was in effect from December 7, 2015, through January 5, 2016. ([FINRA Case #2013039312001](#))

Stephen Marc Biley ([CRD #2339187](#), Englewood, Colorado) submitted an AWC in which he was fined \$30,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Biley consented to the sanctions and to the entry of findings that he participated in the sale of unregistered shares of thinly-traded OTC penny stocks on behalf of customers, in contravention of Section 5 of the Securities Act of 1933. The findings stated that no registration statement was in effect for any of the shares sold and no exemption from registration applied to exempt the transactions from Section 5. Biley did not conduct a sufficient inquiry into the circumstances surrounding the customers' acquisition and sale of the shares, prior to executing the sales, to ensure the availability of an exemption from registration.

The suspension is in effect from December 7, 2015, through January 20, 2016. ([FINRA Case #2013035865301](#))

Garnette Marie Bond ([CRD #6078926](#), Brunswick, Maine) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Bond consented to the sanction and to the entry of findings that she forged customers' signatures on insurance policy applications submitted on their behalf, and impersonated one of the customers in a telephone interview associated with one of the applications. The findings stated that the customers did not authorize Bond to submit the policy applications. The findings also stated that Bond failed to provide FINRA with requested information in a timely manner. ([FINRA Case #2013038935701](#))

Jerrelle Lavard Borden ([CRD #6328440](#), Waterford, Michigan) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Borden consented to the sanction and to the entry of findings that he failed to provide FINRA with requested documents and information

during the course of an investigation into allegations that he converted commission checks intended for employees of his member firm's affiliate life insurance company. ([FINRA Case #2015045363301](#))

Carol Susan Bunevich ([CRD #1731603](#), Siasconset, Massachusetts) submitted an AWC in which she was assessed a deferred fine of \$47,500 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Bunevich consented to the sanctions and to the entry of findings that high-risk internote bonds (CIT bonds) were moved into her personal account, with her permission, at non-*bona fide* prices and with an arrangement to sell the bonds back to her member firm to address the firm's net capital deficiency, and to prevent additional net capital deficiencies. This conduct is commonly known as "parking." The findings stated that Bunevich was one of three executives at her firm responsible for the net capital requirements of the trading activity of the executives and their employees (the trading unit). The trading unit established a substantial position in specific CIT bonds by purchasing lists of bonds. The firm did not maintain a sufficient capital cushion to permit the purchase by the trading unit of these CIT bonds and the concomitant applicable haircut required by the bonds. The executives, including Bunevich, agreed to move these bonds in three equal allotments into their personal accounts to avoid any further net capital deficiency by the firm. These trades were executed at prices that were non-*bona fide*, as the bonds were moved into the personal accounts at the prices the firm had originally paid for the bonds. The executive who moved the bonds did not re-calculate the prices for the bonds to reflect current market prices. Bunevich was not the executive who executed the CIT bond trades, and was not informed by the executive of the prices at which the bonds were moved into her personal account, nor was she informed of other trade details at the time the bonds were moved into her personal account. The movement of the bonds into the executives' personal accounts eliminated the net capital deficiency. The executives agreed to hold the securities for a period of time before re-selling the securities back to the firm and, ultimately, to the firm's customers. By permitting this conduct to occur through her personal accounts, Bunevich willfully caused a violation of SEC Rule 15c3-1.

The suspension is in effect from August 3, 2015, through February 2, 2016. ([FINRA Case #2010022603001](#))

Lance Harvey Choos ([CRD #1652930](#), Darien, Connecticut) 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, Choos consented to the sanctions and to the entry of findings that he caused his member firm's books and records to be inaccurate by accepting an additional \$50,000 in compensation on a firm supervisor's behalf. The findings stated that the supervisor told Choos that he would cause the firm to pay Choos an additional \$50,000 and asked Choos to remit approximately \$30,000 of that amount to the supervisor and to keep the remaining approximately \$20,000 to cover the potential tax liability. Unbeknownst to Choos and the firm, the supervisor was embezzling

that money from the firm. Ultimately, Choos agreed to accept the \$50,000, remitted approximately \$30,000 of that amount to the supervisor in cash, and used the remainder to pay applicable taxes.

The suspension was in effect from December 7, 2015, through January 5, 2016. ([FINRA Case #2014040091301](#))

Mark J. Ciriaco ([CRD #5522142](#), Omaha, Nebraska) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Ciriaco consented to the sanction and to the entry of findings that he converted approximately \$31,000 of a Nebraska-based non-profit choral organization's funds by taking and using the funds for his personal expenses without authorization. The findings stated that Ciriaco was an executive director and the treasurer of the organization, and did not receive a salary or other direct compensation for his work with the organization. Ciriaco was an authorized signer and debit card holder on the organization's bank accounts. The organization's board of directors reviewed its bank statements and identified transactions tied to Ciriaco that the directors claimed were not related to the organization's operations. Members of the organization's board confronted Ciriaco about the unauthorized expenditures and demanded repayment. Ciriaco agreed to repay the organization and, after taking a loan to obtain the necessary funds, paid the organization \$31,107.64. After being repaid, the organization terminated its relationship with Ciriaco. ([FINRA Case #2014042879701](#))

Brian Patrick Dennen ([CRD #3239786](#), San Ramon, California) submitted an AWC in which he was fined \$15,000 and suspended from association with any FINRA member in any principal capacity for one week. Without admitting or denying the findings, Dennen consented to the sanctions and to the entry of findings that a member firm, through Dennen and another managing director at the firm, permitted one of its customers to circumvent the various options exchanges' Professional Customer Order designation rules. The findings stated that they did so by failing to aggregate orders that were placed in multiple accounts under the same common beneficial ownership of the customer, which resulted in the accounts as not being properly designated as Professional Customer. As a result, the customer avoided paying higher options exchange fees, and avoided receiving lower exchange priority of execution. Based upon approved documents, all of which were on file at the firm, the firm, Dennen and another managing director, as principals, knew or should have known that the common beneficial owners controlled the master/sub-accounts. As such, for the purpose of the Professional Customer designation, the accounts were required to be aggregated. The findings also stated that in the third quarter of 2011, the sub-accounts placed more than 390 orders in listed options per day on average during one or more months during this period. As such, all orders for these accounts were required to be represented as Professional Customer during the fourth quarter of 2011. Although the firm's own reports flagged two sub-accounts as Professional Customer in September 2011 because they each individually exceeded the average of over 390 orders in September,

the firm and Dennen failed to designate any of the orders in the accounts of the common beneficial owners as Professional Customer. As a result, there were 97,940 orders that were entered that were incorrectly designated as Customer instead of Professional Customer, which resulted in a total of 23,292 executions involving a total of 296,296 contracts. These contracts therefore received priority of execution and did not pay higher fees to the various options exchanges where the executions took place.

The suspension was in effect from December 7, 2015, through December 13, 2015. ([FINRA Case #2012034821903](#))

Xavier R. Endress (CRD #5466273, Bloomfield Hills, Michigan) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Endress consented to the sanction and to the entry of findings that he failed to provide written notification to his member firm of his ownership of, and his outside business activities through, a limited liability company, or his beneficial interest in the company's brokerage account with the firm, as required by FINRA rules and the firm's WSPs. The findings stated that Endress created the company, engaged in outside business activities through that company, and opened and funded the brokerage account at his firm for that company, which account he solely controlled. The findings also stated that Endress provided false information to his firm on the documents required to establish the company's brokerage account. Endress established the company's account under another registered representative's number, signed that registered representative's name to the beneficial owner form without the registered representative's knowledge or consent, and failed to identify himself as the beneficial owner of that account. Endress placed securities transactions directly into the company's account using a strategy that he designed. ([FINRA Case #2013039046302](#))

Joshua Brian Gladtko (CRD #4305338, Hewitt, New Jersey) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Gladtko consented to the sanction and to the entry of findings that he failed to appear for on-the-record testimony requested by FINRA in connection with an investigation into, among other things, the offer and sale of multiple private placement securities. ([FINRA Case #2015044211101](#))

Jonathan Jay Greenfield (CRD #2591266, West Hills, California) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Greenfield consented to the sanction and to the entry of findings that he recklessly, and at times intentionally, made material misrepresentations and omissions in emails to customers regarding the features of a company's renewable secured debentures in connection with their purchases of the debentures. The findings stated that those material misstatements and omissions concerned material facts for investors, including the actual financial condition of the issuer, the safety of the debentures, and the profitability of the issuer's business. As a result of his

conduct, Greenfield willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, and FINRA Rules 2010 and 2020. The findings also stated that Greenfield made additional material misrepresentations and omissions to more than 50 customers through email who did not purchase the debentures. By recklessly or intentionally making material misrepresentations and omissions regarding the debentures to customers who did not purchase the debentures, Greenfield violated FINRA Rule 2010, both independently and by virtue of violating Section 17(a)(1) of the Securities Act of 1933. Greenfield negligently made material misrepresentations and omissions to his customers through email regarding the debentures, both to those customers who purchased and to those who did not, in violation of FINRA Rule 2010, both independently and by virtue of violating Section 17(a)(2) and/or 17(a)(3) of the Securities Act of 1933.

The findings also included that Greenfield distributed a sales brochure related to the debentures to customers that contained false and misleading statements related to the issuer's assets and the collateral used to secure repayment of the debentures. Greenfield provided the customers with sales literature that falsely stated the debentures were secured by life insurance policies owned by the issuer. Greenfield also failed to disclose the material differences between the debentures and bank certificates of deposit in emails to customers. ([FINRA Case #2012034936501](#))

Anthony Arthur Grey ([CRD #709788](#), Winter Park, Florida) was fined \$30,000, suspended from association with any FINRA member in any capacity for 18 months and required to disgorge \$15,750, plus pre-judgment interest, to FINRA. The sanctions were sustained by the Securities and Exchange Commission (SEC) following appeal of a National Adjudicatory Council (NAC) decision. The sanctions were based on findings that Grey willfully engaged in undisclosed interpositioning, charged unfair prices and excessive mark-ups, and engaged in fraud. The findings stated that Grey violated MSRB Rules G-17 and G-30, and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5. Because Grey's violations were willful, he is statutorily disqualified.

The suspension is in effect from November 2, 2015, through May 1, 2017. ([FINRA Case #2009016034101](#))

Christian B. Harkness ([CRD #3022251](#), La Crosse, Wisconsin) 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 nine months. Without admitting or denying the findings, Harkness consented to the sanctions and to the entry of findings that he twice borrowed money from his customer, and engaged in a loan modification with the customer, without prior written permission from or notice to his member firms. The findings stated that Harkness participated in outside business activities without disclosing such participation to his firms. The findings also stated that Harkness submitted five annual compliance questionnaires to one of the firms in which he falsely certified that he had disclosed any loans from customers. In three of the five compliance questionnaires, Harkness also falsely certified that he had disclosed all outside business activities.

The suspension is in effect from November 16, 2015, through August 15, 2016. ([FINRA Case #2014043789101](#))

Thomas J. Hind ([CRD #5162110](#), Staten Island, 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, Hind consented to the sanction and to the entry of findings that he misappropriated funds by obtaining double payment on his paychecks. The findings stated that Hind deposited the paychecks via a mobile application into his checking account and also cashed the physical copies of those same checks at check cashing centers. Hind previously received paychecks from his member firm via direct deposit to his checking account. However, Hind notified the firm that he had closed his checking account and wished to receive physical paychecks going forward. The firm issued Hind physical paychecks on three separate dates, totaling \$5,109.15. Because each paycheck had already been deposited and paid, the paychecks were returned unpaid to the check cashing centers, resulting in losses to the check cashing centers. ([FINRA Case #2015045049101](#))

Joseph Robert Holzhaue ([CRD #6058571](#), Henderson, Nevada) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Holzhaue consented to the sanction and to the entry of findings that he signed and distributed to a third party a false and materially misleading letter on his member firm's letterhead purporting to confirm a client's financial ability to purchase a multi-million dollar home. The findings stated that the letter was misleading because the client was not a client of the firm, the client never executed any transaction through the firm, and an account was never opened for the client at the firm. Also, the client did not hold any funds or securities at the firm, and Holzhaue had not reviewed any account statements, tax returns, or other financial documents to validate the veracity of the client's claimed wealth. Holzhaue's basis for the statement in the verification letter was based solely on the client's unverified oral representations.

The findings also stated that Holzhaue failed to provide written disclosure to, or obtain approval from the firm before engaging in consulting activities through his outside consulting business. Holzhaue served as the CEO and president of the outside consulting business when the outside business issued an invoice to the client requesting a total of \$40,000 for services performed by Holzhaue and another registered representative associated with the outside business. The findings also included that Holzhaue used a personal email account to conduct firm-related business, which caused his firm to fail to comply with its recordkeeping obligations. Holzhaue used his personal, Web-based email account to request that the client provide brokerage account statements to the firm as a prerequisite for opening an account at the firm. FINRA found that Holzhaue failed to appear and provide FINRA-requested on-the-record testimony. ([FINRA Case #2014039707402](#))

Joseph Scott Hooper ([CRD #2066207](#), Bowling Green, Kentucky) submitted an Offer of Settlement in which he was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in any capacity for five months and required to pay \$62,500, plus interest, in deferred disgorgement of commissions received. Without admitting or denying the allegations, Hooper consented to the sanctions and to the entry of findings that he participated in private securities transactions through the sales of an entity's stock to investors or investor groups for a total value of \$500,000, without notifying his member firm in writing that he was participating in the sale of the entity's securities or the compensation that he may receive in connection with the transactions. The findings stated that Hooper failed to disclose that he had any role in such transactions when describing his outside employment with the entity to the firm. Hooper was also serving as the director of investor relations for the entity; and in that capacity, he participated in the sale of the entity's stock and was compensated for that participation. Written descriptions Hooper provided to the firm regarding his role at the entity omitted any reference to participation in stock sales and described his duties, among other things, as communications with investors, and described his compensation as salary and bonus. Hooper's participation in the sale of the stock was outside the scope of his association with his firm, which did not sell or authorize the sale of the stock, and the firm did not approve his participation in the stock transactions. Hooper received \$62,500 and more than 3,125 shares of the entity's stock as compensation. The entity later filed for bankruptcy protection.

The suspension is in effect from November 16, 2015, through April 15, 2016. ([FINRA Case #2012034723801](#))

Rani Tarek Jarkas ([CRD #2642904](#), San Francisco, California) was barred from association with any FINRA member in any capacity. The sanctions were imposed by the NAC following appeal of an Office of Hearing Officers (OHO) decision. The sanction was based on the findings that Jarkas failed to appear and testify on-the-record before FINRA during an investigation. The NAC found that Jarkas allowed his member firm to conduct a securities business without maintaining sufficient net capital on two distinct occasions. First, Jarkas held 30 securities positions in the firm's retail average price account for up to several days that were firm—and not customer—trades. His proprietary trading triggered a higher minimum net capital requirement of \$100,000, which the firm failed to satisfy. The firm was not approved to conduct proprietary trading, and thus Jarkas' actions triggered a corresponding filing requirement of an application of the firm's material change in business, which he failed to file. Second, Jarkas failed to ensure that the firm's net capital computation and FOCUS filings for two quarters reflected the outstanding IRS payroll tax liabilities issued against him and the firm.

This matter has been appealed to the SEC and the bar is in effect pending review. ([FINRA Case #2009017899801](#))

James Michael Johnson (CRD #827560, Richmond, Virginia) submitted an AWC in which he was assessed a deferred fine of \$50,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, Johnson consented to the sanctions and to the entry of findings that he made negligent misrepresentations and omissions in connection with securities investments made away from his member firm by the firm customers. The findings stated that Johnson discussed with the customers their purchase of a 10 percent interest in a company that was formed to develop rural land into a residential neighborhood in West Virginia. Johnson inaccurately represented that all development costs had been covered; houses were ready to be built on the property; the customers' investment, along with that of others, would allow the company to begin building houses immediately; and the infrastructure for building the houses was already in place. Johnson also provided the customers with written materials, including a brochure, on which he made a handwritten note, "\$5 to \$9 million," to indicate the customers' ultimate expected profit from their investment in the company, and also provided them with a handwritten note stating that the company would have an immediate expected profit of \$20 million, of which their portion would be \$2 million, within three years of their investment. Johnson lacked a reasonable basis for believing that these statements were true. Johnson omitted material facts, of which he was aware, that should have been disclosed. These included that the company had, days before the customers' investment, purchased from Johnson and another member the same interest being sold to the customers for substantially less than the amount the customers were paying; that an associate of Johnson, and one of the company's original investors, had been indicted on Ponzi scheme charges and had sold his interest in the company at the request of the other owners because of those charges less than three months earlier; and that the company had \$8.3 million in outstanding debt (from two separate loans).

The findings also stated that the customers purchased a \$70,000 note from the company. In connection with the sale of this note, Johnson falsely told the customers that their funds were needed to pay an expert the company had retained to secure Housing and Urban Development (HUD) financing for the development project. Johnson also told them that the HUD financing was "free money" rather than the loan it really was, and that the company was applying for the loan, rather than the city that had approved the project. Finally, Johnson told the customers that the company would repay the \$70,000 note in a short time. Johnson did not have a reasonable basis for making the statements, and the company never repaid the customers' note.

The findings also included that Johnson participated in the private securities transactions to the customers without giving prior written notice to his firm. Johnson failed to provide his firm with the requisite written notice of his full involvement in the company, as well as his involvement in two other outside business activities. Johnson exceeded the scope of his firm's approval of his involvement in the company as an outside business activity, and

failed to disclose his involvement in other outside business activities to his firm. Johnson failed to disclose all changes in the company's ownership, his increased level of activity in the company, and the recommendations he made in connection with the customers' investments in the company.

The suspension is in effect from December 7, 2015, through December 6, 2017. ([FINRA Case #2012032080901](#))

John Sherman Jumper ([CRD #2809649](#), Eads, Tennessee) submitted an Offer of Settlement in which he was fined \$15,000 and suspended from association with any FINRA member in any principal capacity for two months. Without admitting or denying the allegations, Jumper consented to the sanctions and to the entry of findings that he knew, should have known, or was reckless in not knowing, that his actions would result in his member firm conducting a securities business while failing to maintain its minimum net capital requirement. The findings stated that by his actions, Jumper allowed the firm to conduct a securities business while below its minimum net capital requirement. Jumper knew of the firm's history of repeated net capital violations and of the firm's recent problems with maintaining minimum net capital compliance. Jumper failed to verify that the firm had the requisite minimum amount of net capital before he engaged in the underwriting and closing of two offerings. The findings also stated that Jumper failed to establish and maintain a supervisory system and establish, maintain and enforce WSPs reasonably designed to achieve compliance with the requirements of FINRA rules and the federal securities laws concerning net capital compliance. Jumper was responsible for the issuance, dissemination and maintenance of the firm's WSPs, including any amendments, modifications or revisions thereto. Despite knowing of the firm's history of net capital issues and that the firm was routinely below required minimum net capital, Jumper did not put in place a system to ensure that the firm did not conduct a securities business while net capital deficient.

The suspension is in effect from December 7, 2015, through February 6, 2016. ([FINRA Case #2013035347704](#))

Ariana Grace Kaiser ([CRD #6020881](#), Chicago, Illinois) submitted an AWC in which she was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for seven months. Without admitting or denying the findings, Kaiser consented to the sanctions and to the entry of findings that she attempted to settle a customer dispute away from her member firm without first notifying and receiving approval from the firm's compliance department as its WSPs required. The findings stated that Kaiser improperly agreed to resolve the dispute with a customer regarding premium payments on a life insurance policy by agreeing to reimburse that customer one and one half months of premiums, totaling \$6,000. Ultimately, Kaiser did not reimburse the customer. The findings also stated that Kaiser failed to timely respond to FINRA's requests for information and documents in connection with its investigation of her attempt to settle away from the firm.

The suspension is in effect from November 16, 2015, through June 15, 2016. (FINRA Case [#2014042390702](#))

Daniel Kaminski ([CRD #5794432](#), Bel Air, Maryland) 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, Kaminski consented to the sanctions and to the entry of findings that he submitted life insurance applications on behalf of customers who had not authorized the applications, and signed the customers' names to the applications without their authorization or consent.

The suspension is in effect from November 16, 2015, through November 15, 2016. ([FINRA Case #2014042197501](#))

Daniel George Kasbar ([CRD #5869994](#), Cooper City, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Kasbar consented to the sanction and to the entry of findings that he failed to provide FINRA with requested documents and information during its investigation into allegations that he engaged in an outside business activity beyond the scope of the approvals provided by his member firms. ([FINRA Case #2015045744901](#))

John David Kavalier ([CRD #1676338](#), Boston, Massachusetts) 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 three months. Without admitting or denying the findings, Kavalier consented to the sanctions and to the entry of findings that he made unsuitable recommendations to his customers and failed to comply with his suitability obligations. The findings stated that Kavalier recommended that the customers invest in a highly volatile ETN. Kavalier's intent was to hedge his clients' long positions in certain S&P 500 equity securities and hedge against potential negative macroeconomic events. Kavalier implemented a strategy, however, that was not suited to the intended investment objective. The ETN is a complicated and risky investment that is not suitable for unsophisticated investors. The findings also stated that Kavalier did not adequately explain the nature and risks of the ETN, mistakenly recommending the product as a suitable hedge for long positions in the market for the customers. Kavalier also failed to take into account the significant difference between hedging strategies to limit potential losses and trading in a speculative investment to turn a quick profit on market movements or expected market movements. Moreover, Kavalier's customers did not fully understand the product, and therefore should not have been encouraged to purchase it.

The suspension is in effect from November 2, 2015, through February 1, 2016. ([FINRA Case #2013038125501](#))

Anthony Benedict Kerrigone ([CRD #2612581](#), Cherry Hills Village, Colorado) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Kerrigone consented to the sanctions and to the entry of findings that he placed orders to sell short low-priced stocks through his member firm's proprietary trading account and failed to locate the securities, claiming the market maker exemption to the locate requirements. The findings stated that the market maker exemption was not available to the firm because Kerrigone was not engaging in *bona-fide* market-marking activities in these securities. The firm generated over \$158,239 in profits from these short transactions. By doing so, Kerrigone caused his firm to violate Rule 203(b)(1) of Regulation SHO.

The suspension is in effect from December 7, 2015, through June 6, 2016. ([FINRA Case #2012032731801](#))

Sheik Firdosh (Abida) Khan ([CRD #2448117](#), Murrieta, California) submitted an AWC in which she was suspended from association with any FINRA member in any capacity for four months plus 10 additional business days. In light of Khan's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Khan consented to the sanctions and to the entry of findings that she failed to provide written notice of three outside business activities to her member firm. The findings stated that those activities included the sale of a list of firm customers to an entity intending to move the customers to a different broker-dealer. In connection with that transaction, Khan sent a letter to several of her firm customers that contained multiple misleading and false statements. Although Khan visited the website of the entity that purchased the list in an attempt to learn more about its business, she did not attempt to look into the background of the individual who negotiated and signed the purchase agreement at that time. Khan learned from a financier acquaintance that the individual had likely used a pseudonym in his dealings with her and her customers, and that, if so, the individual had been barred by the SEC for stock manipulation in 2003. Khan subsequently contacted federal regulators to disclose this information. Khan did not give her firm prior written notice of her agreement to sell the list or of her sale of firm customer information to the entity that purchased the list, preventing the firm from evaluating her outside business activity and determining whether to place conditions on or prohibit it.

The findings also stated that Khan was involved in the formation of two limited-liability companies. Khan did not provide her firm with prior written notice of her involvement with either of these outside entities, preventing the firm from evaluating her outside business activity and determining whether to place conditions on or prohibit it. The finding also included that Khan participated in a private securities transaction and opened an outside brokerage account, both acting on her daughter's behalf under power of attorney. Before participating in this transaction, Khan failed to provide written notice to her firm regarding the details of the proposed transaction and her proposed role therein. Khan also failed to

notify her firm in writing of her intentions to act as power of attorney, and failed to notify the other broker-dealer of her association with her firm. No transactions occurred in the outside account while Khan was registered with her firm.

The suspension is in effect from November 16, 2015, through March 30, 2016. ([FINRA Case #2015045211101](#))

Jacob Lerman ([CRD #5945678](#), Willow Grove, Pennsylvania) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Lerman consented to the sanction and to the entry of findings that in a written response to a FINRA request, he admitted forging a customer's signature on an application to open an individual retirement account but claimed that the customer had authorized him to sign her name to the application. The findings stated that Lerman later admitted at his on-the-record testimony that his response was inaccurate and that the customer had not authorized him to sign the application. ([FINRA Case #2014042671201](#))

Douglas John Lovette ([CRD #4507724](#), Chicago, Illinois) submitted an AWC in which he was fined \$10,000, suspended from association with any FINRA member in any capacity for 10 business days and required to pay \$1,870.75, plus interest, in disgorgement. Without admitting or denying the findings, Lovette consented to the sanctions and to the entry of findings that he purchased shares in initial public offerings (IPOs) while registered with a FINRA member firm, in a disclosed personal brokerage account he held at another member firm. The findings stated that Lovette sold all of the IPO shares he purchased through the account at the other firm, earning a total profit of \$1,870.75.

The suspension was in effect from December 7, 2015, through December 18, 2015. ([FINRA Case #2014042573101](#))

Jason Gerald Medvec ([CRD #4940767](#), Middletown, Connecticut) 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, Medvec consented to the sanctions and to the entry of findings that he improperly took non-public personal customer information from a member firm, and in doing so, caused the firm to violate SEC Regulation S-P. The findings stated that immediately prior to leaving the firm to join another member firm, and in order to use such information at the new firm, Medvec emailed several spreadsheets containing names, account numbers, telephone numbers, and account balance information of the firm's customers from his firm email address to his personal email address without the firm's knowledge or consent. Medvec attached to one of the emails sent to his personal email address a spreadsheet titled "vacation" in order to conceal his actions. Medvec's conduct was contrary to the policies of both firms. Medvec did not have the firm's permission to take non-public personal information.

The suspension was in effect from November 16, 2015, through November 30, 2015. ([FINRA Case #2014039937101](#))

Blair Christopher Mielke ([CRD #1878222](#), Newburgh, Indiana) was barred from association with any FINRA member in any capacity. The SEC sustained the sanction following an appeal of a NAC decision. The sanction was based on findings that Mielke participated in undisclosed private securities transactions, engaged in undisclosed outside business activities, made misstatements on his member firm's compliance questionnaires when he failed to disclose his outside business activities, and, failed to respond completely and timely to FINRA's requests for information and documents.

This matter has been appealed to the U.S. Court of Appeals for the Eleventh Circuit. The bar remains in effect pending review. ([FINRA Case #2009019837302](#))

Richard Marvin Muhlberg ([CRD #2242640](#), Cherry Hill, New Jersey) 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 three months. Without admitting or denying the findings, Muhlberg consented to the sanctions and to the entry of findings that he borrowed \$11,500 from a customer in violation of his member firm's procedures and without informing the firm of the loan. The findings stated that Muhlberg repaid the loan. The firm's procedures explicitly prohibited representatives from engaging in such a lending arrangement. The findings also stated that Muhlberg falsely represented to the firm in compliance questionnaires that he had not borrowed money from a customer of the firm.

The suspension is in effect from December 7, 2015, through March 6, 2016. ([FINRA Case #2015045751201](#))

Christopher Lawrence Norris ([CRD #4007080](#), Lakeland, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Norris consented to the sanction and to the entry of findings that he misappropriated \$19,873.19 from a property owners association for which he served as a treasurer and sat on its board of directors. The findings stated that Norris misappropriated the funds by forging another property owners association board member's name on a property owners association check made payable to Norris. Norris' position as treasurer afforded him access to the property owners association's check book and bank accounts. The findings also stated that Norris failed to appear for FINRA on-the-record testimony. ([FINRA Case #2015045744402](#))

Jack Stuart O'Brien Jr. ([CRD #350394](#), San Jose, California) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, O'Brien consented to the sanction and to the entry of findings that he failed to provide FINRA with requested documents and information during the course of an investigation into allegations that he violated his member firm's policies by accepting compensation for personal services he provided to a firm's customer. ([FINRA Case #2015045575101](#))

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

Hadit Perez ([CRD #6182669](#), Kew Gardens, 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, Perez consented to the sanction and to the entry of findings that she refused to appear for FINRA on-the-record testimony in connection with FINRA's investigation into the Uniform Termination Notice for Securities Industry Registration (Form U5) her member firm had filed disclosing that Perez had been discharged following her termination from the firm's affiliate bank for opening bank accounts using information provided by a third party, without the account holders present, in exchange for cash. ([FINRA Case #2014040988401](#))

David Paul Rankin Jr. ([CRD #1671861](#), Danville, Kentucky) 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 ordered to pay \$29,500, plus interest, in restitution to a customer. Without admitting or denying the findings, Rankin consented to the sanctions and to the entry of findings that he obtained personal loans from one of his customers totaling \$29,500, pursuant to promissory note agreements, in contravention of his member firm's policy. The findings stated that Rankin did not notify his firm of the loan or seek the firm's prior written approval. Although quarterly payments of principal and interest were to be made on both notes, Rankin failed to make any payments on the notes.

The suspension is in effect from December 7, 2015, through March 6, 2016. ([FINRA Case #2015044345701](#))

Jason Lee Reid ([CRD #5824399](#), 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, Reid consented to the sanction and to the entry of findings that he knew or should have known that the offering documents that he created and used to solicit investors in private offerings contained materially false and misleading information and failed to discuss material facts. The findings stated that the offering documents failed to discuss material risks posed by an investment in a company, and contained materially false and misleading statements regarding the company's future business prospects, including statements that the company had a "signed" contract for the use of its medical smart card in New York State's Medicaid and Medicare programs. As a result, Reid contravened Section 17(a)(2) of the Securities Act of 1933. The company raised approximately \$1.3 million in the offerings. Reid conducted due diligence on the company, assisted in the hiring of new management and legal representatives, and assisted in transforming the company from a limited liability company into a Delaware corporation. As a result of the due diligence Reid performed, he obtained information that raised "red flags" about the company and its management, including among others, that a New Jersey Superior Court had enjoined the company's founder from making materially false and misleading statements regarding the business prospects of a predecessor to the company and from engaging in unregistered securities sales. Reid knew, or should have known, that the company's founder was not a reliable source of information. Reid did not adequately verify the founder's assertions with independent third parties. The findings also stated that Reid engaged in investment banking business before he was registered, acted as a principal without a principal registration, and engaged in sales of the company's securities and earned commissions from the sales, without being properly registered. The findings also included that Reid willfully failed to report and timely report required information in his Form U4, including the existence of a \$50,659 tax lien, his current residential address and outside business activities. ([FINRA Case #2014042122101](#))

Jeffery Bruce Risinger ([CRD #6148229](#), Fishers, Indiana) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Risinger consented to the sanction and to the entry of findings that he refused to appear and provide FINRA with on-the-record testimony related to allegations that he participated in a Ponzi scheme. The findings stated that the SEC has filed a civil complaint against Risinger. ([FINRA Case #2015045682501](#))

Jeffrey Laine Rittberger ([CRD #5882038](#), Zanesville, 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 45 days. Without admitting or denying the findings, Rittberger consented to the sanctions and to the entry of findings that he failed to have a reasonable basis for believing that recommendations he made to customers for purchases of municipal

UITs, totaling approximately \$198,000, were suitable. The findings stated that Rittberger failed to conduct reasonable diligence regarding the municipal UITs prior to participating in the recommendations, and did not have an understanding of the product's potential risks and rewards. Rittberger did not read the prospectuses or other literature for the municipal UITs, nor did he attempt to learn more about the municipal UITs from wholesalers or any other employees of the issuing product sponsor, relying instead on the information one of his colleagues who held a Series 7 license provided him. The findings also stated that each of the customers complained to Rittberger's member firm after the value of their municipal UITs declined. The firm resolved the complaints by either cancelling the customers' trades or compensating them for realized losses.

The suspension is in effect from December 7, 2015, through January 20, 2016. ([FINRA Case #2013036874902](#))

Timothy Ray Rodgers ([CRD #735129](#), Louisburg, Kansas) 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 five months. Without admitting or denying the findings, Rodgers consented to the sanctions and to the entry of findings that he participated in private securities transactions without providing prior written notice and receiving the firm's prior written approval. The findings stated that Rodgers completed annual firm compliance questionnaires in which he falsely represented that he had disclosed all his private securities investments to the firm.

The suspension is in effect from December 7, 2015, through May 6, 2016. ([FINRA Case #2014042274801](#))

Richard Justin Rubin ([CRD #5845276](#), Trumbull, Connecticut) 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 days. Without admitting or denying the findings, Rubin consented to the sanctions and to the entry of findings that he engaged in an outside business activity without the written approval of his member firm. The findings stated that Rubin requested the firm's permission to own real estate and engage in real estate-related outside business activities with an entity in which he was a partner. The firm provided Rubin with written permission to own real estate and to engage in the entity's business activities. However, the firm specifically instructed Rubin that he was not allowed to solicit other individuals to invest in real estate. Rubin solicited an individual to invest \$15,000 in a real estate deal that was outside of his capacity as a partner of the entity, was unrelated to the entity's business activities, and that the firm specifically prohibited. Rubin received remuneration for his efforts in the real estate deal.

The suspension was in effect from November 2, 2015, through November 16, 2015. ([FINRA Case #2013038632601](#))

John Michael Elias Saad ([CRD #2185911](#), Atlanta, Georgia) was barred from association with any FINRA member in any capacity. The SEC sustained the sanction following appeal of a NAC decision. The sanction was based on findings that Saad misappropriated \$1,144 from his member firm's parent company by intentionally falsifying receipts, submitting a fraudulent expense report, and accepting reimbursement to which he was not entitled. The findings stated that Saad willfully engaged in efforts to deceive his employer about his expenses, did not come clean about his misconduct for months, and thereafter tried to conceal the extent of his actions from state and FINRA examiners. In prior proceedings, the U.S. Court of Appeals did not disturb the findings that Saad misappropriated funds, but it remanded to the SEC for further consideration of the bar that had been imposed. The SEC remanded to the NAC the portion of the proceeding that concerned the sanction. On remand, the NAC reaffirmed the bar. The NAC decision was then appealed to the SEC. The bar remained in effect during the SEC's review.

This matter has been appealed to the U.S. Court of Appeals for the District of Columbia Circuit and the bar remains in effect pending review. ([FINRA Case #2006006705601](#))

Christopher Stephen Scott ([CRD #1019176](#), Colorado Springs, Colorado) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Scott consented to the sanctions and to the entry of findings that he borrowed money from a customer of his member firm without prior written permission from or notice to his firm. The findings stated that Scott completed an annual compliance questionnaire and falsely stated that he had never loaned money to a customer, borrowed money from a customer or coinvested with a customer.

The suspension was in effect from December 7, 2015, through December 28, 2015. ([FINRA Case #2015044007101](#))

Frederick William Shultz ([CRD #5239977](#), Newburgh, Indiana) was barred from association with any FINRA member in any capacity. The sanction was imposed by the SEC following appeal of a NAC decision. The sanction was based on findings that Shultz participated in undisclosed private securities transactions and engaged in undisclosed outside business activities, made misstatements on his member firm's compliance questionnaires when he failed to disclose his outside business activities, caused his firm to maintain inaccurate books and records, misused customer funds by misallocating them to a limited liability company as profits, and failed to appear timely for FINRA on-the-record testimony. ([FINRA Case #2009019837302](#))

George Raymond Siracuse ([CRD #2134210](#), Jessup, 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 four months. Without admitting or denying the findings, Siracuse consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose federal and state tax liens that had been filed against him, totaling approximately \$368,000.

The suspension is in effect from December 7, 2015, through April 6, 2016. ([FINRA Case #2014043630501](#))

William Allen Slone (CRD #426516, Cheshire, Connecticut) 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 20 business days. Without admitting or denying the findings, Slone consented to the sanctions and to the entry of findings that he effected discretionary transactions in a customer's account without obtaining the customer's prior written authorization and without his member firm having accepted the account as discretionary in writing.

The suspension was in effect from November 16, 2015, through December 14, 2015. ([FINRA Case #2014042924501](#))

David John Sullivan (CRD #1696064, Sherborn, Massachusetts) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Sullivan consented to the sanctions and to the entry of findings that he effected numerous transactions in a customer's accounts without obtaining the customer's prior written authorization and without his member firm having accepted the accounts as discretionary.

The suspension was in effect from December 21, 2015, through January 12, 2016. ([FINRA Case #2014042650301](#))

Morris Jack Sweet (CRD #2310393, West Bloomfield, Michigan) 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, Sweet consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose IRS tax liens filed against him totaling approximately \$286,500.

The suspension is in effect from December 7, 2015, through March 6, 2016. ([FINRA Case #2015044525801](#))

Clarence Mark Tingle (CRD #2648807, Ocean View, Delaware) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Tingle consented to the sanctions and to the entry of findings that he exercised discretion in customers' accounts without first obtaining the customers' written authorization that was accepted by his member firm. The findings stated that although the customers orally authorized the use of discretion, Tingle failed to obtain their written authorization to do so.

The suspension was in effect from December 7, 2015, through December 28, 2015. ([FINRA Case #2014042951501](#))

Leon William Vaccarelli ([CRD #3227636](#), Waterbury, Connecticut) submitted an AWC in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Vaccarelli consented to the sanctions and to the entry of findings that he exercised discretion in customers' accounts notwithstanding the fact that he did not have the customers' written authorization to place discretionary trades, and his member firm had not approved and accepted the accounts as discretionary. The findings stated that Vaccarelli falsely certified on annual firm compliance questionnaires that he did not handle any retail (non-advisory) customer accounts on a discretionary basis.

The suspension is in effect from December 21, 2015, through January 20, 2016. ([FINRA Case #2014042302001](#))

Dennis Paul Van Patter ([CRD #1364583](#), Little Elm, Texas) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Van Patter consented to the sanctions and to the entry of findings that his recommendation that a retired customer invest in alternative investments was not suitable in light of the customer's ranked primary investment objectives and risk tolerances, the concentrated nature of the investments, and the customer's financial circumstances. The findings stated that Van Patter recommended that the customer invest \$1,614,000 in alternative investments, such as real estate investment trusts, note programs, oil and gas drilling partnerships, and other private placements, all of which are securities. The investments Van Patter recommended were all described in the offering documents as being speculative, highly speculative, highly risky, and/or involving a high degree of risk. As a direct result of Van Patter's recommendations, the customer had approximately 52 percent of his liquid net worth concentrated in high-risk alternative investments.

The suspension is in effect from December 21, 2015, through February 3, 2016. ([FINRA Case #2013036647401](#))

Christopher J. Vega ([CRD #5634846](#), Greendale, Wisconsin) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for three months. In light of Vega's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Vega consented to the sanction and to the entry of findings that he engaged in a check-kiting scheme whereby he wrote checks totaling \$2,030 drawn against his personal checking account with a bank when he knew that the account contained insufficient funds to cover such checks. The findings stated that by depositing checks drawn on an account with insufficient funds, and thereafter immediately withdrawing a portion of the deposited funds, Vega obtained unauthorized loans from his member firm's affiliate bank. Vega deposited the checks into his account with his firm's affiliate bank, and immediately thereafter withdrew amounts totaling between \$60 and \$1,020 from that account, despite the fact the personal checking account with the other

bank contained non-sufficient funds to cover the checks. The checks were returned to that bank for non-sufficient funds. At the time Vega wrote the checks, the account with his firm's affiliate bank contained a balance of less than \$2, thus causing a negative balance in the affiliate's account. Thereafter, Vega deposited funds to clear the deficits in the affiliate's account created by the check-kiting scheme.

The suspension is in effect from December 7, 2015, through March 6, 2016. ([FINRA Case #2013039435801](#))

Adam Howard Warga ([CRD #2606732](#), Atlanta, Georgia) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for 20 business days. In light of Warga's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Warga consented to the sanction and to the entry of findings that he participated in the sale of unregistered shares of thinly traded OTC penny stocks on behalf of customers. The findings stated that no registration statement was in effect for any of the shares sold, and no exemption from registration applied to exempt the transactions from Section 5 of the Securities Act of 1933. Warga did not conduct a sufficient inquiry into the circumstances surrounding the customers' acquisition and sale of the shares, prior to executing the sales, to ensure the availability of an exemption from registration.

The suspension was in effect from November 2, 2015, through November 30, 2015. ([FINRA Case #2013035865302](#))

Christina Kaye Wilson ([CRD #6108725](#), North Las Vegas, Nevada) submitted an AWC in which she was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for 18 months. Without admitting or denying the findings, Wilson consented to the sanctions and to the entry of findings that she created, signed, and distributed to a third party a misleading letter on her member firm's letterhead purporting to confirm a client's financial ability to purchase a multi-million dollar home. The findings stated that the letter was misleading because the client was not a client of the firm, the client never executed any transaction through the firm, and an account was never opened for the client at the firm. Also, the client did not hold any funds or securities at the firm, and Wilson had not reviewed any account statements, tax returns or other financial documents to validate the veracity of the client's claimed wealth. Wilson's basis for the statement in the verification letter was based solely on the client's unverified oral representations. The findings also stated that Wilson failed to provide written disclosure to, or obtain approval from her firm before engaging in an outside consulting activity through her outside consulting business. Wilson served as the director of the consulting business when it issued an invoice to the client requesting a total of \$40,000 for services performed by Wilson and another registered representative associated with the outside business.

The suspension is in effect from November 16, 2015, through May 15, 2017. ([FINRA Case #2014039707401](#))

Individual Fined

Samantha Arrieta McAfee ([CRD #5058580](#), Pasadena, California) submitted an Offer of Settlement in which she was censured, fined \$20,000, and required to requalify as a general securities principal by examination prior to either acting in that capacity with any FINRA member or registering with any FINRA member in that capacity. Without admitting or denying the allegations, McAfee consented to the sanctions and to the entry of findings that she failed to reasonably supervise the production of supervisory documents to FINRA that contained falsified information, *i.e.*, whited-out report generated dates and inaccurate supervisory signatures, regarding her firm's supervisory reviews of municipal securities transactions reporting. ([FINRA Case #2012032080301](#))

Decisions Issued

The Office of Hearing Officers (OHO) issued the following decisions, which has been appealed to or called for review by the NAC as of November 30, 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*.

Miguel Ortiz (CRD #5893323, New York, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Ortiz fraudulently misrepresented and omitted material facts in connection with communications with customers by distributing misleading emails and falsified account statements that misrepresented the true composition and value of an investment account and concealed the losses in the account. As a result, Ortiz violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, and FINRA Rule 2020. The findings stated that Ortiz created the false account statements to mislead the customers into believing that their joint brokerage account with Ortiz's former member firm contained assets and investments that it did not contain and to prevent the customers from learning the true value of their joint account. Before, during and after Ortiz's association with his firm, he misrepresented the composition and value of the customers' account and actively concealed significant losses from them to avoid confrontation and prevent them from liquidating their account. The customers ultimately closed their joint account and received a wire transfer of \$47,156.09. They lost approximately \$162,843. The findings also stated that Ortiz willfully failed to amend his Form U4 to disclose a judgment entered against him in federal court in the amount of \$4,983,606, plus interest of \$110,253.

This matter has been appealed to the NAC and the sanction is not in effect pending review. ([FINRA Case #2014041319201](#))

Wood (Arthur W.) Company, Inc. ([CRD #3798](#), Boston, Massachusetts) was censured, fined \$75,000, ordered to pay 40,229.28, plus interest, in restitution to customers, and prohibited from executing liquidating transactions in penny stocks for new accounts for a period of two years. The sanctions were based on findings that the firm failed to implement and enforce its anti-money laundering (AML) program with respect to monitoring for, and reasonably following up on, potentially suspicious activities. The findings stated that the firm failed to properly investigate or ignored red flags relating to certain customers' account activity, concerns raised by its clearing firm and certain email communications. The firm also failed to conduct adequate and independent tests of its AML program for calendar years 2008 through 2011. The findings also stated that the firm charged unreasonable and unfair commissions on equity transactions. Although the firm's WSPs required that it review the reasonableness of commissions charged, it never did so. The firm failed to establish, maintain, and enforce a supervisory system, including WSPs to ensure the commissions it charged were reasonable and fair.

The findings also included that the firm prepared and maintained inaccurate books and records by failing to take into account payments made to another FINRA member firm, in willful violation of Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-3 thereunder. The firm knowingly failed to accrue for liabilities in the form of the payments made to the FINRA member firm, resulting in erroneous net capital calculations; and knowingly failed to make its required SEC net capital filing, in willful violation of Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-11 thereunder. The firm also conducted a securities business while net capital deficient, in willful violation of Section 15(c) of the Securities Exchange Act of 1934 and Rule 15c3-1 thereunder. The charge that the firm violated FINRA Rule 4511 was dismissed because the alleged conduct ended before the effective date of that rule.

This matter has been appealed to the NAC and the sanctions are not in effect pending review. ([FINRA Case #2011025444501](#))

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.

Vincent Au ([CRD #2005219](#), New York, New York) was named a respondent in a FINRA complaint alleging that he willfully failed to amend his Form U4 to disclose a federal tax lien in the amount of \$179,641. ([FINRA Case #2013036653301](#))

David Adam Elgart ([CRD #825759](#), Roswell, Georgia) was named a respondent in a FINRA complaint alleging that he willfully failed to timely amend his Form U4 to disclose that he was subject, at various times, to unsatisfied tax liens totaling almost \$390,000. The complaint alleges that Elgart falsely completed and submitted to FINRA a personal activity questionnaire, which misled FINRA by attesting that he had not been the subject of any lien filings when he knew that he had been. ([FINRA Case #2013035211801](#))

David Paul Eller ([CRD #2464854](#), Westport, Connecticut) was named a respondent in a FINRA complaint alleging that he willfully misrepresented the status of his association with his current member firm to another member firm. The complaint alleges that when Eller was hired by a new firm for their broker training program, he did not disclose his on-going association with his current firm. Eller signed a false Form U4 that was filed by the new firm, stating that his association with his current firm had ended, when in fact the association with his current firm continued for another three months. Eller willfully misrepresented his association with the current firm in order to protect his position as a proprietary trader with the current firm in the event that he could not complete the new firm's training program and preserve his potential to receive compensation from the current firm until he started earning commissions at the new firm. By misrepresenting the date on which his association with the current firm had ended, Eller prevented the new firm from taking steps to evaluate whether his dual registration was permissible and monitor for any potential conflicts of interest.

The complaint also alleges that Eller willfully failed to disclose to the new firm a federal tax lien in the amount of \$4,588,740, and willfully failed to timely amend his Form U4 to disclose the lien. The complaint further alleges that in addition to Eller's outside activities with his current firm, he also engaged in outside business activities with two businesses and earned compensation without providing prior written notice to, and obtaining prior approval from his new firm. ([FINRA Case #2013039114102](#))

Glenn Robert King ([CRD #2191091](#), Marlboro, New Jersey) was named a respondent in a FINRA complaint alleging that he made fraudulent misrepresentations and omissions to customers of his member firm in connection with the sale of UITs. The complaint alleges that King failed to disclose the features and risk of UITs, and failed to disclose the sales charges and costs associated with each of the UITs they purchased. King misrepresented to the customers, who were all retirees, that he would use their investment funds to purchase safe, no-risk bonds, and that he would not charge any fees or commissions on the transactions. In reality, King used the customers' funds to purchase UITs, resulting in approximately \$17,000 in realized losses to the customers (and approximately \$43,000 in unrealized losses) and approximately \$38,000 in commissions to him. King further failed to provide the customers with prospectuses for their UITs, as the firm's procedures required. As a result of his conduct, King willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and violated NASD Rule 2120 and FINRA Rule 2020.

The complaint also alleges that King engaged in a pattern of short-term trading in long-term investment products in customer accounts. This pattern of trading was excessive and unsuitable, and resulted in approximately \$163,000 in losses to the customers, while King generated gross commissions of approximately \$210,000. King did not have a reasonable basis to believe that such transactions were suitable for any investor. The complaint further alleges that King exercised discretion in customer accounts without their written authority or his firm's approval. King's firm prohibited its representatives from using discretion.

([FINRA Case #201504444801](#))

Katherine Farber Lapidoth ([CRD #1941579](#), Fort Lauderdale, Florida) was named a respondent in a FINRA complaint alleging that after joining a member firm, she provided misleading information and altered documents to four state securities regulators in response to inquiries about her termination from her previous member firm. The complaint alleges that Lapidoth's previous firm terminated her for sending an unapproved email to prospective clients. Lapidoth was later terminated by her new firm. The complaint also alleges that Lapidoth failed to produce FINRA-requested documents and information in a timely and complete manner during FINRA's investigation into her termination by her new firm. ([FINRA Case #2013039650502](#))

David Michael Miller ([CRD #5461431](#), Columbus, Ohio) was named a respondent in a FINRA complaint alleging that he recommended UIT purchases totaling approximately \$5.4 million in customers' accounts, without a reasonable basis for doing so and without first exercising the diligence necessary to understand the UIT's features, terms and risks. The complaint alleges that Miller did not read the prospectuses, did not know that the underlying closed-end funds were leveraged or understand the associated effect of that leverage, did not understand the volatility that the closed-end funds were subject to, and did not know that the closed-end funds invested in bonds whose maturities did not match with the trust termination. Also, Miller did not understand liquidity and the secondary market for UITs, and did not understand the valuation of the UITs at trust termination.

The complaint also alleges that Miller negligently misrepresented and omitted to disclose material facts to customers in connection with their purchases of UITs totaling \$964,000. Had Miller conducted reasonable diligence on the UITs, he would have uncovered the falsity of his misrepresentations and the existence of the material facts he failed to disclose. The complaint further alleges that Miller acted negligently in misrepresenting material facts to an additional customer because he failed to conduct reasonable diligence on the UITs, which would have uncovered the falsity of his misrepresentations. Miller misrepresented to this customer that the UIT the customer invested in was "safe," and that if the customer held his UIT investment until trust termination then he would receive his entire \$150,000 principal investment in addition to the 5 percent interest payment he received during the term of the trust. ([FINRA Case #2013036874901](#))

Spencer Edwards, Inc. ([CRD #22067](#), Centennial, Colorado) and Gordon Douglas Dihle ([CRD #1851834](#), Kiowa, Colorado) were named respondents in a FINRA complaint alleging that the firm, acting through registered representatives, liquidated approximately 4 billion shares of penny stocks in customer accounts at the firm that were not registered with the SEC, nor were the transactions exempt from registration, in contravention of Section 5 of the Securities Act of 1933. The complaint alleges that the activity in each of the customer accounts generally followed the same pattern and should have been seen as red flags. Several of the customer accounts, some of which were under common control, acted in concert by alternating accounts for liquidating the same penny stocks. Other red flags present for some of the transactions included that the customers deposited recently-issued physical share certificates that lacked restrictive legends, the sales occurred around the time of promotional press releases, and the shares being deposited represented a large percentage of the float. None of the penny stock sales at issue qualified for an exemption under Section 4(1) of the Securities Act of 1933, and the associated safe harbor contained in Rule 144 of the Securities Act of 1933. Likewise, the transactions by the firm did not qualify for the Section 4(4) of the Securities Act of 1933 exemption under the Securities Act of 1933 for brokers' transactions because the firm failed to conduct adequate due diligence into the circumstances surrounding the sales, including whether the transaction satisfied the conditions of Rule 144. This was the case despite the presence of obvious red flags, many of which were identified by the firm's own WSPs as indicative of a possible unregistered distribution.

The complaint also alleges that the firm, and Dihle during his tenure as chief compliance officer (CCO), failed to establish, maintain, and enforce a supervisory system reasonably designed to achieve compliance with Section 5 for sales of penny stocks and failed to conduct reasonable and meaningful inquiries of the circumstances surrounding the sales of the unregistered penny stocks. The firm and Dihle failed to ensure that brokers conducted the inquiry outlined in the firm's WSPs regarding Rule 144 transactions, including in the face of red flags identified in its WSPs indicating possible unregistered distribution of securities. The firm and Dihle failed to establish, maintain and enforce a supervisory system reasonably designed to ensure that the firm retained and reviewed business-related email communications despite clear indications registered representatives were using personal email accounts for business related communications. The firm failed to have adequate WSPs addressing the deposit securities request form and its use with penny stock deposits.

The complaint further alleges that the firm and Dihle, the firm's AML Compliance Officer (AMLCO), failed to adequately establish and implement the firm's AML program and AML policies and procedures. The firm and Dihle failed to reasonably detect and investigate red flags indicative of potentially suspicious transactions. Because of these failures, the firm and Dihle did not make a reasoned determination whether or not to report the suspicious transactions to the Financial Crimes Enforcement Network (FinCEN) by filing a suspicious activity report, as appropriate. In addition, the complaint alleges that the firm's registered representatives used personal email accounts for business communications,

resulting in the firm failing to retain certain business related records. Firm personnel, including the CCO Dihle, were aware that registered representatives were using personal email to conduct firm-related business and did not stop the practice. The firm did not host or retain the personal email accounts the registered representatives used. ([FINRA Case #2013035865303](#))

George Anthony Zedan ([CRD #3073261](#), Whittier, California) was named a respondent in a FINRA complaint alleging that he converted a total of approximately \$17,000 belonging to an elderly customer before a bank placed a hold on Zedan's account. The complaint alleges that Zedan proposed that he and the customer jointly purchase residential property for renovation and resale. According to Zedan, the customer was to fund the venture, while Zedan was to identify real estate agents, potential properties and potential contractors. The purported real estate venture agreement was not reduced to writing. Following discussions with Zedan, the customer liquidated securities in her account worth \$306,183 to use in the purported real estate venture with Zedan. Zedan's member firm issued a check in the amount of \$300,000 to the customer. At Zedan's direction, the customer deposited a check in the amount of \$300,000 into her personal bank account, and also at Zedan's direction, wrote a personal check made out to Zedan in the amount of \$300,000. In the memo line of the check, the customer wrote "real estate." Zedan deposited the customer's check in his personal bank account via an automated teller machine (ATM). After depositing the customer's check into his personal bank account, Zedan failed to use the funds to purchase real estate. In fact, Zedan never identified any properties to place bids on, nor did he place bids on any properties or apply for any loans for the purchase of any property. Instead, without the customer's knowledge or consent, Zedan proceeded to convert the customer's funds to his personal use. The bank's investigator called the Glendale California Police Department to report possible elder abuse in connection with the \$300,000 check that the customer provided to Zedan and a felony complaint was filed. The case against Zedan was dismissed due to the fact that the victim, the elderly customer, had died. The complaint also alleges that Zedan completely failed to provide all of the documents and information FINRA requested during the course of its investigation. ([FINRA Case #2013038377001](#))

Complaints Dismissed

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

Candace Jean Lee (CRD #1502112)
Seattle, Washington
(November 17, 2015)
FINRA Case #2013035095301

Paul Joseph McIntyre (CRD #1002368)
Lake Oswego, Oregon
(November 19, 2015)
FINRA Case #2011025679201

MSC-BD, LLC (CRD #142927)
Lake Oswego, Oregon
(November 19, 2015)
FINRA Case #2011025679201

Garry Nelson Savage Sr. (CRD #1195330)
Huron, Ohio
(November 2, 2015)
FINRA Case #2012033508702

Wall Street Strategies, Inc. (CRD #31268)
Huron, Ohio
(November 2, 2015)
FINRA Case #2012033508702

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

TNP Securities, LLC (CRD #149178)
Costa Mesa, California
(November 19, 2015)
FINRA Case #2011025785602

Firm Expelled for Failure to Supply Financial Information Pursuant to FINRA Rule 9552

Saint Laurent Capital, Inc. (CRD #143396)
Long Beach, California
(November 19, 2015)

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

Caprock Securities, Inc. (CRD #8014)
Lubbock, Texas
(November 10, 2015)

Gilford Securities Incorporated (CRD #8076)
New York, New York
(November 26, 2015)

Mercator Associates, LLC (CRD #112903)
Toronto, Canada
(November 25, 2015)

Firms Suspended for Failure to Pay Annual Assessment 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.)

Aldwych Securities LLC (CRD #167980)
New York, New York
(November 23, 2015 – December 1, 2015)

Kota Global Securities Inc. (CRD #28137)
New York, New York
(August 17, 2015 – November 4, 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.)

Antonio Ambrosio (CRD #2927679)
Mount Royal, New Jersey
(November 27, 2015)
FINRA Case #2014041727401

Brian Michael Corbman (CRD #4296565)
Delray Beach, Florida
(November 30, 2015)
FINRA Case #2013037558101

Richard Gordon Drown Jr. (CRD #717599)
La Quinta, California
(November 27, 2015)
FINRA Case #2015046267901

Jason John Garcia (CRD #3236880)
Lake Mary, Florida
(November 30, 2015)
FINRA Case #2014041652101

Honetta C. Kao (CRD #5700105)
Staten Island, New York
(November 9, 2015)
FINRA Case #2014039091901

Michael Terrence Snedeker (CRD #2811809)
Waltham, Massachusetts
(November 6, 2015)
FINRA Case #2015046211101

Cynthia Irene Taylor (CRD #6099126)
Henderson, Colorado
(November 30, 2015)
FINRA Case #2015046127501

John Howard Towers (CRD #700221)
Plano, Texas
(December 21, 2015)
FINRA Case #2013038827701/FPI150010

Marat Zeltser aka Matt Zeltser (CRD #5224578)
Brooklyn, New York
(November 9, 2015)
FINRA Case #2014039091902

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.)

Raymond Thomas Clark (CRD #3120696)
Buffalo, New York
(November 19, 2015)
FINRA Case #2011027402201

Robert Anthony Powers (CRD #2236389)
West Chester, Pennsylvania
(November 3, 2015)
FINRA Case #2014041244002

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.)

Raymond Francis Aleksey (CRD #1755471)
Brooklyn, New York
(November 16, 2015)
FINRA Case #2015045763901

Matthew C. Ashton (CRD #6102975)
Jupiter, Florida
(November 23, 2015)
FINRA Case #2015046151801

Ryan Jerry Attenson (CRD #1132472)
Royal Oak, Michigan
(November 23, 2015)
FINRA Case #2015044360701

Kamran Azim (CRD #5880708)
Mason, Ohio
(November 23, 2015)
FINRA Case #2015046321701

Tiffany Dawn Bee (CRD #6331074)
Independence, West Virginia
(November 19, 2015)
FINRA Case #2015046235701

Keith Joseph Bettex (CRD #2054476)
Apex, North Carolina
(November 23, 2015)
FINRA Case #2014041468001

Bruce Scott Birke (CRD #1671284)
San Diego, California
(November 23, 2015 – December 15, 2015)
FINRA Case #2015045898901

Toby Blackwood (CRD #6190590)
Oklahoma City, Oklahoma
(November 16, 2015)
FINRA Case #2015045365601

Angela K. Blaylock (CRD #6249875)
Jacksonville, Florida
(November 16, 2015)
FINRA Case #2014043850301

Benjamin Jon Brown (CRD #4274268)
Goshen, Indiana
(November 16, 2015)
FINRA Case #2015044544601

Thomas Anthony Cammarano (CRD #1922079)
Laguna Hills, California
(November 2, 2015)
FINRA Case #2015044900101

Saimir Collaku (CRD #5969154)
Budd Lake, New Jersey
(November 23, 2015)
FINRA Case #2014043784001

Brian Andrew Dunn (CRD #4372263)
Philadelphia, Pennsylvania
(November 12, 2015)
FINRA Case #2015044865201

Robert Blake Ellender (CRD #2345532)
Baton Rouge, Louisiana
(November 19, 2015)
FINRA Case #2015045846501

Susan Ann Ericson (CRD #2823353)
Wayzata, Minnesota
(November 13, 2015)
FINRA Case #2015045328001

Jose L. Espinoza (CRD #5604760)
Union City, New Jersey
(November 16, 2015)
FINRA Case #2015045752001

Aaron Alexander Fauntleroy (CRD #5921719)
Clinton, Maryland
(November 23, 2015)
FINRA Case #2015046090101

Craig Steven Ferraro (CRD #4558308)
Commack, New York
(November 2, 2015)
FINRA Case #2015044616801

Michael W. Finn (CRD #6170820)
Anniston, Alabama
(November 2, 2015)
FINRA Case #2015044708301

Alain J. Florestan (CRD #2818942)
Queens Village, New York
(August 17, 2015 – November 3, 2015)
FINRA Case #2015044596201

Robert Joseph Gray (CRD #6377741)
Virginia Beach, Virginia
(November 16, 2015)
FINRA Case #2015045674201

Kyle Brockman Greene (CRD #6256773)
 Altadena, California
 (November 13, 2015)
 FINRA Case #2015045420801

Larry Phillip Harvey Jr. (CRD #6042767)
 Chicago, Illinois
 (November 13, 2015)
 FINRA Case #2015045556101

Christopher Hermiz (CRD #6125075)
 West Bloomfield, Michigan
 (November 16, 2015)
 FINRA Case #2015044830701

Gregory Kieth Hines Jr. (CRD #4221844)
 Reynoldsburg, Ohio
 (November 23, 2015)
 FINRA Case #2015046235501

Steve Everett Hinrichs (CRD #3015757)
 Riverside, California
 (November 16, 2015)
 FINRA Case #2015046149001

Richard Allen Isgrig (CRD #255524)
 Cincinnati, Ohio
 (November 19, 2015)
 FINRA Case #2015045879901

Brian Grayson Kidder (CRD #2255243)
 Altamonte Springs, Florida
 (November 9, 2015)
 FINRA Case #2015046624801

Warren Scott Koch (CRD #2442078)
 Roanoke, Texas
 (November 23, 2015)
 FINRA Case #2015044525101

**Matthew Lawrence Lalonde
 (CRD #2347350)**
 Kinnelon, New Jersey
 (November 9, 2015)
 FINRA Case #2015045396501

Kathleen Mary Loney (CRD #2928102)
 Havertown, Pennsylvania
 (November 12, 2015)
 FINRA Case #2015045032901

James Joseph McCarron III (CRD #2152625)
 Silver Spring, Maryland
 (November 16, 2015)
 FINRA Case #2014043569201

Samuel Ryan McClain (CRD #1555602)
 Reading, Massachusetts
 (November 6, 2015 – November 16, 2015)
 FINRA Case #2015045532001

Marco A. Mendoza (CRD #5461605)
 San Antonio, Texas
 (November 2, 2015)
 FINRA Case #2015044931401

Vincent Joseph Menello Jr. (CRD #6476153)
 Marlton, New Jersey
 (November 16, 2015)
 FINRA Case #2015045831801

Jason Scott Miller (CRD #5652863)
 Littleton, Colorado
 (November 12, 2015)
 FINRA Case #2015044562901

Chakkin Tony Mok (CRD #4267922)
 Miami, Florida
 (November 23, 2015)
 FINRA Case #2014042976401

Elizabeth Ann Monge (CRD #1925364)
 St. Johns, Florida
 (November 23, 2015)
 FINRA Case #2015044895701

Samuel Sean Nelson (CRD #6051619)
 San Mateo, California
 (November 23, 2015)
 FINRA Case #2015045783001

Hai Yan Ni (CRD #5049987)
Glenelg, Maryland
(November 23, 2015)
FINRA Case #2014042588601

Darlene Byrd Page (CRD #2644707)
Wesley Chapel, Florida
(November 2, 2015)
FINRA Case #2015044572601

Edward Homer Painter (CRD #1407117)
Chappaqua, New York
(November 23, 2015)
FINRA Case #2015045976901

Bernard Mark Parker (CRD #2010184)
Indiana, Pennsylvania
(November 23, 2015)
FINRA Case #2014043341801

Christopher A. Parris (CRD #4552325)
West Henrietta, New York
(November 9, 2015)
FINRA Case #2015046056401

Benjamin John Pritchett (CRD #3059581)
Philadelphia, Pennsylvania
(November 16, 2015)
FINRA Case #2015046858701

Francis Anthony Jason Punsalan (CRD #6375900)
San Pablo, California
(November 2, 2015)
FINRA Case #2015044657201

Ebony C. Ranson (CRD #6373634)
Phoenix, Arizona
(November 13, 2015)
FINRA Case #2015045360001

Toni Leynett Robertson (CRD #4021430)
Lubbock, Texas
(November 16, 2015)
FINRA Case #2015046415002

Carmie Lynn Shifflett (CRD #2934855)
Downey, California
(November 12, 2015)
FINRA Case #2015044117001

William Victor Siegel (CRD #4407213)
New York, New York
(November 23, 2015)
FINRA Case #2015046109601

John Larry Simpson (CRD #2814811)
Mobile, Alabama
(November 12, 2015)
FINRA Case #2015045075601

Robert Jay Snider (CRD #6215516)
Algona, Iowa
(November 16, 2015)
FINRA Case #2015045822301

Renate Barbel Sterrett (CRD #2388217)
Golden, Colorado
(November 13, 2015)
FINRA Case #2015045154501

Abel Gaim Teklai (CRD #6482044)
Lynnwood, Washington
(November 23, 2015)
FINRA Case #2015046312201

Vladimir Tingue (CRD #6332903)
Brooklyn, New York
(November 19, 2015)
FINRA Case #2015045951301

Leonard Toth (CRD #4429802)
Palmetto, Florida
(November 2, 2015)
FINRA Case #2015044146701

Jean Ann Walsh-Josephson (CRD #2736044)
Oshkosh, Wisconsin
(November 16, 2015)
FINRA Case #2015046529801

Joseph Arnold Weber (CRD #2489411)
Pleasant Prairie, Wisconsin
(November 23, 2015)
FINRA Case #2015045673901

Teule S. Williams (CRD #5910452)
Newnan, Georgia
(November 23, 2015)
FINRA Case #2015046205601

Robin Michelle Wolfgram (CRD #2223962)
San Jose, California
(November 13, 2015)
FINRA Case #2015044830401

Jamie Reid Zimmerman (CRD #6469373)
Jacksonville, Florida
(November 16, 2015)
FINRA Case #2015045508901

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.)

William Walter Almond (CRD #2988547)
Leominster, Massachusetts
(November 6, 2015)
FINRA Arbitration Case #14-01478

William Austin Bailey (CRD #1085215)
Mesa, Arizona
(November 5, 2015)
FINRA Arbitration Case #11-04553

Brian Michael Berger (CRD #3208127)
Coral Springs, Florida
(November 3, 2015)
FINRA Arbitration Case #14-03787

Joseph Craig Buchanan (CRD #5450460)
Thousand Oaks, California
(December 20, 2013 – November 23, 2015)
FINRA Arbitration Case #12-01386

George William Carris (CRD #3079577)
Philadelphia, Pennsylvania
(November 4, 2015)
FINRA Arbitration Case #14-01213

Maurice Joseph Chelliah (CRD #4385058)
Yorba Linda, California
(November 4, 2015)
FINRA Arbitration Case #13-03600

Anthony Diaz (CRD #4131948)
East Stroudsburg, Pennsylvania
(November 3, 2015)
FINRA Arbitration Case #13-00323

Michael Harris Lauer (CRD #4406317)
San Francisco, California
(November 2, 2015)
FINRA Arbitration Case #15-00105

Anthony Locantore (CRD #2330837)
Boonton, New Jersey
(May 29, 2015 – November 24, 2015)
FINRA Arbitration Case #12-01883

Wilhelm Nash (CRD #2258212)
Palm Beach Gardens, Florida
(January 31, 2014 – November 13, 2015)
FINRA Arbitration Case #10-05421

Wilhelm Nash (CRD #2258212)
Palm Beach Gardens, Florida
(March 27, 2015 – November 13, 2015)
FINRA Arbitration Case #14-01487

Peter Andrew Reinhart (CRD #1762563)
De Pere, Wisconsin
(November 13, 2015)
FINRA Case #2015047313601/ARB150051

Chad Herschel Samuel (CRD #4328858)

Nixa, Missouri

(November 2, 2015)

FINRA Arbitration Case #11-00958

Charles Vaccarro (CRD #2796589)

Port Washington, New York

(November 5, 2015)

FINRA Arbitration Case #14-00035

FINRA Fines Scottrade \$2.6 Million for Significant Failures in Required Electronic Records and Email Retention

The Financial Industry Regulatory Authority (FINRA) announced that it fined [Scottrade, Inc.](#) \$2.6 million for failing to retain a large number of securities-related electronic records in the required format, and for failing to retain certain categories of outgoing emails. Scottrade also did not have a reasonable supervisory system in place to achieve compliance with certain SEC and FINRA books and records rules, which contributed to its record-retention failures.

Federal securities laws and FINRA rules require that business-related electronic records be kept in non-rewritable, non-erasable format (also referred to as “Write-Once, Read-Many” or “WORM” format) to prevent alteration. The SEC has stated that these requirements are an essential part of the investor protection function because a firm’s books and records are the “primary means of monitoring compliance with applicable securities laws, including antifraud provisions and financial responsibility standards.”

FINRA found that from January 2011 to January 2014, Scottrade did not have centralized document-retention processes or procedures for all firm departments to follow. Further, no one at the firm was charged with responsibility for ensuring a consistent document-retention process, fully compliant with the record-retention rules, including the requirement that all records be retained in WORM format. Personnel in different departments of the firm saved certain documents to a restricted shared drive, which was not WORM-compliant. As a result, Scottrade failed to preserve a large number of key securities business electronic records in the required format.

Over a related time frame, FINRA found that Scottrade also failed to copy more than 168 million outgoing emails to the firm’s WORM storage device, resulting in the deletion of those emails. These emails were generated automatically by the firm’s internal systems or by third-party vendors acting on Scottrade’s behalf, and included items such as margin call notices, address change notifications and failed password attempt notifications.

Brad Bennett, Executive Vice President and Chief of Enforcement, said, “Firms must maintain sound supervisory systems and procedures to ensure the integrity, accuracy, and accessibility of electronic books and records.”

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

FINRA Fines Deutsche Bank Securities Inc. \$1.4 Million for Violating Regulation SHO and Short Interest Reporting Rules

The Financial Industry Regulatory Authority (FINRA) announced that it has fined [Deutsche Bank Securities Inc.](#) \$1.4 million for violating Regulation SHO, FINRA's short interest reporting rule and for related supervisory failures.

Reg SHO generally allows firms to track their positions in a security from certain trading operations or trading desks separately from other positions maintained at the firm through the use of an "aggregation unit." Reg SHO requires, among other things, that in determining the net positions of aggregation units, firms cannot include the securities positions of a non-U.S.-broker-dealer affiliate. FINRA found that for over 10 years, Deutsche Bank has been improperly including securities positions of a non-U.S.-broker-dealer affiliate in numerous aggregation units when determining each unit's net position.

In addition, FINRA requires firms, with certain exceptions, to regularly report their total "short" positions in all customer and proprietary firm accounts in equity securities. These short positions must be reported on a gross, rather than a net basis. FINRA found that from April 2004 to September 2012, Deutsche Bank reported the netted positions in its financial aggregation account as the firm's short interest positions for that particular day.

Thomas Gira, FINRA Executive Vice President and Head of Market Regulation, said, "The foundation for Regulation SHO compliance and the benefits it provides to investors and market integrity is that firms properly track their short positions in accordance with the rule. Similarly, in order to preserve the value and integrity of short interest information reported to and disseminated by FINRA, it is incumbent on firms to accurately calculate this information."

FINRA also found that Deutsche Bank's supervisory system with respect to its aggregation unit structure and short interest reporting was not reasonably designed to detect and prevent such rule violations during the relevant time periods.

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

FINRA Files Complaint Charging Cantone Research Inc., President Anthony Cantone With Fraud

Alleged Misrepresentations Tied to Christopher Brogdon in Sales of \$8 Million in Promissory Notes

The Financial Industry Regulatory Authority (FINRA) announced that it has filed a complaint against [Cantone Research Inc.](#) (CRI), of Tinton Falls, NJ, and its President, [Anthony J. Cantone](#) (Cantone), charging fraud in connection with the sales and subsequent extensions of more than \$8 million of certificates of participation (COP) in five promissory notes. The complaint alleges that, to date, four of the five relevant promissory notes have defaulted, resulting in approximately \$6 million in losses to investors. At the same time, CRI and Cantone received fees, commissions and other payments of more than \$1 million. Additionally, the complaint charges [Christine L. Cantone](#), CRI's Chief Compliance Officer during the time of the alleged fraudulent misconduct, with failing to supervise Cantone.

According to the complaint, the promissory notes at issue were executed on behalf of one of several entities controlled by Christopher Brogdon, an individual who worked in the assisted living and nursing home industry. Under the terms of the COP sold by Cantone, Brogdon would use investors' funds to purchase and/or redevelop a nursing home, assisted living facility or other real-estate that he controlled. In return, investors were promised 10 percent interest in addition to the return of their principal. The complaint alleges that at the time that CRI and Cantone solicited investors to purchase the COP, and later, when CRI and Cantone extended certain of the COP, CRI and Cantone either misrepresented or failed to disclose material information to investors that cast substantial doubt on Brogdon's ability to successfully make the required principal and interest payments.

FINRA alleges that CRI and Cantone misrepresented and/or failed to disclose material facts to investors and prospective investors, including that:

- ▶ Brogdon had twice been barred from the securities industry, once for "egregious misconduct" involving unauthorized transactions, and later for a separate "scheme" involving financial misconduct;
- ▶ Brogdon had been indicted for racketeering, theft and Medicaid fraud;
- ▶ Brogdon had been found liable for breaching a stock repurchase guarantee agreement; and
- ▶ Several entities controlled by Brogdon had filed for bankruptcy.

In addition, [the complaint](#) alleges that on numerous occasions, Brogdon (and/or an entity under his control) breached the terms of the promissory notes by failing to make a required principal or interest payment. However, instead of informing the COP investors of these defaults, CRI and Cantone attempted to conceal the defaults from investors by, among other things, secretly "covering" the interest payments on Brogdon's behalf. CRI and Cantone continued to solicit new COP investors after one or more of these defaults without disclosure to prospective investors.