

Disciplinary and Other FINRA Actions

Firms Fined, Individuals Sanctioned

Braymen, Lambert and Noel Securities, Ltd. ([CRD® #124902](#), San Antonio, Texas) and **Shannon Braymen** ([CRD #2099783](#), San Antonio, Texas) submitted a Letter of Acceptance, Waiver and Consent (AWC) in which the firm was censured and fined \$70,000. Ms. Braymen was fined \$20,000 and suspended from association with any FINRA® member in any principal capacity for one month. Without admitting or denying the findings, the firm and Ms. Braymen consented to the sanctions and to the entry of findings that the firm, acting through Ms. Braymen, failed to supervise its private placement securities business and the activities of registered representatives located in two of its branch offices. The findings stated that the firm, acting through Ms. Braymen, failed to register those two branch office locations. The findings also stated that the firm, acting through Ms. Braymen, failed to conduct and/or to adequately document several branch office inspections. Specifically, the firm inspected five branch offices, but failed to document the inspections. The firm's documentation failed to document the testing and verification of its policies and procedures. In addition, the firm and Ms. Braymen failed to maintain a schedule for compliance inspections of its non-branch offices and had inadequate supervisory systems and written supervisory procedures (WSPs) regarding scheduling such inspections. The findings also included that the firm, acting through Ms. Braymen, failed to capture, review and retain certain email correspondence, and failed to enforce its WSPs regarding documenting reviews of other email correspondence.

The suspension is in effect from September 21, 2015, through October 20, 2015. ([FINRA Case #2011025610501](#))

Signator Investors, Inc. ([CRD #468](#), Boston, Massachusetts) and **Gregory Joseph Mitchell** ([CRD #864670](#), Loudon, Tennessee) submitted an AWC in which the firm was censured and fined \$450,000. Mitchell was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any supervisory capacity for seven months. Without admitting or denying the findings, the firm and Mitchell consented to the sanctions and to the entry of findings that the firm failed to establish, maintain and enforce a reasonable supervisory system, including WSPs, regarding its registered representatives use of consolidated reports. The findings stated that Mitchell failed to enforce the firm's policies and procedures related to client file reviews and branch audits by providing advance notice of which client files would be reviewed, as well as advance notice of unannounced branch audits to registered representatives. The firm made a consolidated reporting system available to

Reported for October 2015

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

its registered representatives that allowed the representatives to enter customized values for assets and accounts held away from the firm into a consolidated report. However, the firm did not have an adequate supervisory system to review the reports, including the accuracy of manually entered valuations provided to the customers. The firm's procedures did not contain any reference to, or discussion of, supervising consolidated reports or the use of the system. In fact, the firm did not have a review process for the consolidated reports. The lack of procedures led to confusion among firm supervisors regarding who was responsible for reviewing the consolidated reports.

The findings also stated that the firm failed to follow its procedures regarding the review of incoming and outgoing correspondence. The firm, through Mitchell and an individual, failed to adequately supervise a registered representative's use of a fax machine, as the individual never reviewed any incoming or outgoing faxes from that machine and thought that Mitchell was reviewing them. However, Mitchell was unaware that the registered representative had a fax machine. In addition, the firm's procedures did not require a review of the fax machine's log on a regular basis, nor did it require a duplicate copy of faxed material to be sent automatically for review. Therefore, any communications sent from the registered representative's fax machine were not reviewed. The findings also included that the firm's procedures did not require that the value of outside holdings manually entered into the consolidated reports be verified or reviewed by a supervisor before being provided to customers. As a result, no supervisor verified or reviewed valuations associated with manual entries made in any of the reports.

FINRA found that the firm failed to maintain certain consolidated reports sent to its customers. Consequently, the firm does not have any record of certain consolidated reports distributed to customers. FINRA also found that the firm failed to establish, maintain, and enforce WSPs regarding its client file review and branch audit programs. While the firm did not have written policies or procedures addressing whether registered representatives should be provided with advance notice of which files would be reviewed, the firm's Director of Compliance for Surveillance believed that the firm's unwritten policy was not to give registered representatives advance notice of the specific files to be reviewed. Rather, the supervisor should pick the files at the time of the review. However, while Mitchell was conducting file reviews, many times he would have the registered representatives send him the files to be reviewed, or let them know ahead of time which files he would be reviewing. Despite being reprimanded by the firm's Director of Compliance for Surveillance, Mitchell continued to provide registered representatives with advance notice of which files would be reviewed, and the firm did not take any additional steps to monitor Mitchell's procedures in this area or enact additional policies or procedures. Mitchell also notified the registered representatives under his supervision in advance of the examination despite knowing that the examination of a branch office was supposed to be unannounced.

The suspension is in effect from August 17, 2015, through March 16, 2016. ([FINRA Case #2012032782402](#))

Firms Fined

American Financial Associates, Inc. ([CRD #29049](#), Easton, Pennsylvania) submitted an AWC in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that firm registered representatives' emails stored on their personal computer hard drives were not retained in the manner required under Rule 17a-4(f) as promulgated under Section 17(a) of the Securities Exchange Act of 1934. The findings stated that the emails were not kept in an easily accessible place, were not stored exclusively in a non-rewritable, non-erasable format, and no independent third party had the necessary access to these records. The firm did not give FINRA advance notice of its use of electronic storage media and it lacked the required audit system. The findings also stated that the firm failed to establish, maintain and enforce a supervisory system and WSPs reasonably designed to ensure the review of registered representatives' securities-related correspondence with customers, and failed to conduct any supervisory review of registered representatives' emails. ([FINRA Case #2013035119901](#))

Barclays Capital Inc. ([CRD #19714](#), New York, New York) submitted an AWC in which the firm was censured, fined \$40,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted reports to the Order Audit Trail System (OATS™) that contained inaccurate, incomplete or improperly formatted data. The findings stated that the firm's customer confirmations were inaccurate or incomplete, in that the firm failed to disclose the correct capacity in which it acted and the correct type of remuneration, failed to disclose the correct capacity in which it acted, and failed to disclose to its customer that the transaction was executed at an average price. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to FINRA Rule 5310, Supplementary Material .06. ([FINRA Case #2012031645101](#))

Bill Few Securities, Inc. ([CRD #41917](#), Pittsburgh, Pennsylvania) 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 firm registered representatives' emails stored on their personal computer hard drives were not retained in the manner required under Rule 17a-4 as promulgated under Section 17(a) of the Securities Exchange Act of 1934. The findings stated that the emails were not kept in an easily accessible place; were not stored exclusively in a non-rewritable, non-erasable format; and no independent third party had the necessary access to these records. The findings also stated that for three branch offices, the firm did not give FINRA advance notice of its use of electronic storage media and lacked the required audit system. ([FINRA Case #2013035120401](#))

BNP Paribas Securities Corp. ([CRD #15794](#), New York, New York) 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 report S1 transactions in Trade Reporting and Compliance Engine® (TRACE®)-eligible corporate debt securities to TRACE within 15 minutes of the execution time, failed to report the correct market identifier for P1 transactions in TRACE-eligible corporate debt securities to TRACE, and failed to report the correct trade execution time for P1 transactions in TRACE-eligible corporate debt securities to TRACE. The findings stated that the firm failed to report the correct trade execution time for transactions in TRACE-eligible securitized products to TRACE and failed to show the correct execution time on the memoranda of brokerage orders. The findings also stated that the firm failed to report S1 transactions in TRACE-eligible agency debt securities to TRACE within 15 minutes of the execution time, and failed to report transactions in TRACE-eligible corporate debt securities to TRACE within 15 minutes of the execution time. ([FINRA Case #2014040111801](#))

BTIG, LLC ([CRD #122225](#), San Francisco, California) submitted an AWC in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to capture the “not held” term and condition for orders. The findings stated that as a result, the firm failed to show the “not held” term and condition on the memoranda of brokerage orders, and transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data. Specifically, the OATS reports omitted the “not held” special handling code. ([FINRA Case #2012035212501](#))

Canaccord Genuity Inc. f/k/a Collins Stewart LLC ([CRD #24790](#), 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 establish, maintain, and enforce written policies and procedures reasonably designed to prevent the execution or display of a non-exempt short sale order in a security subject to a short sale circuit breaker at a price less than or equal to the national best bid. The findings stated that the firm failed to provide for supervisory systems, including WSPs, reasonably designed to achieve compliance with respect to SEC Rule 201(b) of Regulation SHO. ([FINRA Case #2011030762101](#))

Canaccord Genuity Inc. ([CRD #1020](#), New York, New York) submitted an AWC in which the firm was censured, fined \$57,500 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data. The findings stated that the firm executed sale transactions and failed to report each of these transactions to the FINRA/Nasdaq Trade Reporting Facility® (FNTRF) as short. The firm provided written notification to customers that failed to disclose its correct capacity, failed to disclose that it was a market maker in a security, incorrectly disclosed compensation type, failed to disclose that a transaction was executed at an average price, and/or incorrectly disclosed that a transaction was executed at an average price. The firm

failed to accurately describe sale transactions as long or short on its trading ledger. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA rules. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs regarding supervisory system procedures and qualifications, OATS, and accurate books and records. ([FINRA Case #2013035826201](#))

Cedar Point Capital, LLC ([CRD #145116](#), Edina, Minnesota) 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 willfully violated Securities Exchange Act of 1934 Rule 10b-9 by reducing the minimum amount of funds required to close a private placement without first returning all escrowed funds to subscribers. ([FINRA Case #2014039170201](#))

CION Securities, LLC ([CRD #15487](#), 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 failed to maintain and preserve certain of its electronic communications as required under FINRA rules and Securities Exchange Act of 1934 Rule 17a-4. The findings stated that as a result of a configuration error following the implementation of a new third-party retention system for electronic communications, at least 20,000 firm emails sent or received over a one-month period were deleted from the firm's retention system approximately two years later. As a result, the emails were stored only on the firm's email servers, rather than in non-writeable, non-erasable format. The emails could have been double deleted from the servers or modified by email users. A firm affiliate discovered and corrected the error. ([FINRA Case #2014040006301](#))

Citigroup Global Markets Inc. ([CRD #7059](#), New York, New York) submitted an AWC in which the firm was censured and fined \$30,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it permitted nine quarterly stock dividend income checks totaling \$3,092.30, received from an issuer and payable to a third party, to be deposited into a registered representative's personal brokerage account. The findings stated that the firm approved the deposit of these checks into the representative's account without obtaining a Letter of Authorization from the third-party payee, which was required by the firm's written procedures. ([FINRA Case #2011030674103](#))

First New York Securities L.L.C. ([CRD #16362](#), New York, New York) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that its written plan of organization failed to adequately specify each aggregation unit's trading objectives. The findings stated that the firm failed to enforce a requirement in its WSPs that specified that the firm was to maintain written records for each aggregation unit that included the account number of each trading account designated as part of the aggregation unit. ([FINRA Case #2014041310401](#))

Glendale Securities, Inc. ([CRD #123649](#), Sherman Oaks, California) submitted an AWC in which the firm was censured, fined \$12,500 and ordered to pay \$947.10, 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 accepted and held customer orders, traded for its own account at prices that would have satisfied the customer orders, and failed to execute or immediately execute the customer orders in over-the-counter (OTC) securities up to the size and at the same price at which it traded for its own account or at a better price. ([FINRA Case #2014040421501](#))

H. Beck, Inc. ([CRD #1763](#), Bethesda, Maryland) submitted an AWC in which the firm was censured and fined \$40,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to enforce its WSPs regarding on-going due diligence. The findings stated that the firm's WSPs provided that it would conduct an ongoing review of the companies with which it maintained a business relationship and would report any significant developments to senior management. However, the firm failed to conduct adequate ongoing due diligence on three private placement funds. The findings also stated that the firm failed to detect and further investigate the deterioration of the financial condition of the funds and the funds' investment adviser. The firm received an email containing audited financial statements for the funds and the funds' investment adviser for fiscal year-end December 2007 that showed a deterioration in the financial condition of the funds and the funds' investment adviser when compared to the previous year's financial statements. (FINRA Case #2011029195002)

H. Rivkin & Co., Inc. ([CRD #29459](#), Pennington, New Jersey) submitted an AWC in which the firm was censured and fined \$7,500. A lower fine was imposed after considering, among other things, the firm's revenues and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to preserve some of its business-related electronic communications in an easily accessible place. The findings stated that the firm's registered representatives sent and received Bloomberg messages relating to the firm's business that were retained by Bloomberg, but not the firm. The firm did not have custody or control over those records since it could not easily access them without first requesting them from Bloomberg and then paying a fee for their retrieval. ([FINRA Case #2012030677801](#))

Investacorp, Inc. ([CRD #7684](#), Miami, Florida) submitted an AWC in which the firm was censured; fined \$50,000; ordered to pay \$27,400.93, plus interest, in restitution to customers; ordered to review all non-traded real estate investment trusts (REITs) and business development companies (BDCs) sales it made, and certify that it has identified all transactions for which a customer did not receive the volume discount for which it was eligible and provide restitution if necessary; and ordered to provide a report that explains how the firm has corrected its systems and procedures with respect to the sale of non-traded REITs and BDCs. 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 volume discounts to eligible purchases of non-traded REITs and BDCs, resulting in customers paying excessive sales charges of approximately \$27,500. The findings stated that the firm failed to establish, maintain, and enforce an adequate supervisory system and WSPs with respect to the sale of non-traded REITs and BDCs. The firm did not have procedures in place reasonably designed to identify accounts that would be eligible for volume discounts. The findings also stated that the firm relied on its associated persons to ensure its customers received the volume discounts to which they were entitled, but failed to provide adequate guidelines, instructions, or policies for its associated persons and supervisors to follow to ensure that the customer sales volume discounts were applied. ([FINRA Case #2014042565701](#))

J.H. Darbie & Co., Inc. ([CRD #43520](#), New York, New York) and Wolf A. Popper, Inc. ([CRD #44974](#), New York, New York) submitted an AWC in which Darbie was censured; fined \$230,000, \$10,000 of which is joint and several with Popper; and is required to comply with undertakings in the AWC. Popper was censured; fined \$10,000, which is joint and several with Darbie; and if, within three years from the date of Notice of Acceptance of the AWC, Darbie transfers its penny stock liquidation business to Popper, Popper shall agree to comply with the undertakings in the AWC. A lower fine was imposed on Popper after considering, among other things, the firm's revenues and financial resources. Without admitting or denying the findings, the firms consented to the sanctions and to the entry of findings that the firms facilitated the deposit and liquidation of billions of shares of low-priced, microcap stocks for customers without having in place adequate procedures to assure that such liquidation transactions were scrutinized sufficiently. The findings stated that both firms failed to reasonably detect and investigate "red flags" indicative of potentially suspicious activity in connection with certain stock transactions, which might have required the filing of a suspicious activity report. No registration statement had been filed with the Securities and Exchange Commission (SEC) or was in effect for the sales, and the sales transactions were not exempt from registration with the SEC. Darbie acted in contravention of Section 5 of the Securities Act of 1933. Darbie failed to conduct a reasonable inquiry into the transactions despite red flags indicating that these customers were related and were engaging in unregistered securities distributions. Darbie failed to establish, maintain and enforce a supervisory system reasonably designed to achieve compliance with Section 5. Darbie failed to reasonably ensure that adequate due diligence was conducted before executing sales in microcap stocks to verify that the transactions were registered or exempt from registration. Darbie also lacked an adequate system for the review and aggregation of securities held by related customers to determine whether the customers were in a control relationship with the issuer and subject to volume limitations on re-sales. Consequently, Darbie failed to conduct reasonable inquiries surrounding the sales of certain such stocks and failed to aggregate securities holdings among related accounts, entities and account holders.

The findings also stated that both firms failed to develop and implement an anti-money laundering (AML) program reasonably designed to achieve compliance with the Bank Secrecy Act and its implementing regulations to detect and cause the reporting of suspicious transactions. Popper's AML program was not reasonably tailored to the risks posed by the penny stock liquidation business and failed to adequately scrutinize customer accounts, account relationships, the customer's expected activity, the low-priced securities, share amounts, share volumes, promotional activity and liquidation patterns for suspicious activity. As a consequence of its deficient AML system, Popper failed to appropriately identify, investigate or respond to the red flags, and consider whether or not to report the activity as suspicious. Moreover, Popper failed to maintain evidence that account activity was being monitored for potentially suspicious activity. The findings also included that Darbie and Popper failed to conduct independent AML tests. Additionally, Darbie's AML tests were inadequate as they failed to address its low-priced security deposit and liquidation business.

FINRA found that Darbie failed to adequately supervise a registered representative's sale of hundreds of millions of shares of penny stocks received electronically and liquidated into the marketplace. Darbie failed to require or perform adequate due diligence, and properly supervise the registered representative's sale of billions of shares of penny stock received in certificate form and liquidated into the marketplace. FINRA also found that Darbie failed to establish and implement a reasonable system for monitoring of potential conflicts of interest involving a registered representative who owned a transfer agent and was heavily involved in processing stock certificates for issuers of microcap securities. Darbie failed to take sufficient steps to supervise the registered representative where stock coming into a Darbie customer account was processed by the transfer agent and did not exercise appropriate heightened scrutiny over documentation or information from the transfer agent accompanying the deposit of such shares. ([FINRA Case #2014041086502](#))

JMP Securities LLC (CRD #22208, 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 it failed to make clear, comprehensive and prominent disclosures in research reports. The findings stated that instead of complying with a specific disclosure requirement, the firm used an indefinite boilerplate statement. Although the firm had a policy of seeking investment banking business from each company covered by its research at least once a quarter, the boilerplate language, which appeared in each of the firm's research reports published during a period of time, lacked the required specificity and therefore was not clear, comprehensive and prominent.

The findings also stated that the firm omitted conflict of interest disclosures from research reports. The firm failed to disclose in eight research reports that it managed or co-managed a public offering of securities for the subject company in the past 12 months, failed to disclose in one research report that it received compensation for investment banking services from the subject company in the past 12 months, and failed to disclose

in eight research reports that it made a market in the securities of the subject company. The findings also included that the firm failed to adopt written procedures concerning its compliance with NASD Rule 2711(d)(2), which prohibits any compensation to research analysts based on a specific investment banking services transaction and provides that the member, in reviewing and approving research analyst compensation, may not consider as a factor the analyst's contributions to the firm's investment banking business. The firm's WSPs, however, set forth various factors the firm was to consider in determining analyst compensation, including the number of times the firm is selected by its corporate customers to render advisory, underwriting and other financial services to them. ([FINRA Case #2013039333001](#))

J.P. Turner & Company, L.L.C. (CRD #43177, Atlanta, Georgia) submitted an AWC in which the firm was censured; fined \$45,000; ordered to pay \$21,230, plus interest, in restitution to customers; required to certify that it has corrected its systems and procedures with respect to the sale of non-traded REITs and BDCs; and ordered to review all non-traded REITs and BDC sales it made and certify that it had identified all transactions for which a customer did not receive the volume discount for which it was eligible and provide restitution, if necessary. 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 volume discounts to certain customers' eligible purchases of non-traded REITs and BDCs, resulting in customers paying excessive sales charges of \$21,230. The findings stated that the firm failed to establish, maintain and enforce a supervisory system and WSPs with respect to the sale of non-traded REITs and BDCs. The firm did not have procedures in place reasonably designed to identify accounts that would be eligible for volume discounts. The firm relied on its associated persons to ensure its customers received the volume discounts to which they were entitled, but failed to provide adequate guidelines, instructions, or policies for its associated persons and supervisors to follow to determine whether a customer's purchase qualified for a volume discount and to ensure that the customer was made aware of the available discount. ([FINRA Case #2014042566601](#))

Katalyst Securities LLC (CRD #112494, New York, New York) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it permitted an unregistered person to act on its behalf in a capacity requiring registration with FINRA. The findings stated that the firm paid a selling concession to unregistered entities, which were controlled by associated persons of the firm. The findings also stated that the firm failed to adequately supervise associated persons' use of non-firm email for business purposes, and failed to properly retain certain business-related emails these individuals sent and received. Despite being aware of the use of non-firm email addresses for business-related communications, the firm failed to adopt a supervisory system that would have reasonably provided for the retention and supervision of these communications. The individuals were directed to copy a firm-issued email address on their communications but the firm did not take reasonable steps to ensure or verify that this occurred, or that the communications were otherwise retained in the firms' retention system. ([FINRA Case #2014039352701](#))

Landolt Securities, Inc. ([CRD #28352](#), Oshkosh, Wisconsin) submitted an AWC in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that during the 2012 and 2013 calendar years, it engaged in excess of 10 proprietary trades and conducted a securities business while failing to maintain a minimum net capital of \$100,000. The findings stated that as a result, the firm was required to disclose the \$100,000 minimum net capital requirement, however it failed to do so and filed inaccurate Financial and Operational Combined Uniform Single (FOCUS) reports. Engaging in proprietary trading in excess of 10 trades was not approved in the firm's membership agreement with FINRA. The firm's membership agreement with FINRA did not allow it to engage in trading from its own account.

The findings also stated that the firm did not accurately record the time of receipt for certain transactions involving municipal securities, and failed to report to the Municipal Securities Rulemaking Board (MSRB) certain municipal securities transactions. The firm failed to implement an adequate supervisory system and failed to establish WSPs adequately designed to ensure that all municipal securities transactions were reported to the MSRB on its clearing firm's behalf. ([FINRA Case #2013035055001](#))

Merrill Lynch, Pierce, Fenner & Smith Incorporated ([CRD #7691](#), New York) submitted an AWC in which the firm was censured and fined \$70,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to show the terms and conditions on the memoranda of brokerage orders. The findings stated that the firm accepted a short sale order in an equity security from another person, or 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 SEC Rule 203(b)(1) of Regulation SHO. The findings also stated that the firm transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data. The findings also included that the firm failed to append the short sale indicator on trade reports submitted to the FNTRF for a short sale transaction in a reportable security, and failed to timely report transactions that required a .RX modifier to the FNTRF by 8:00 p.m. Eastern Time. FINRA found that in April 2012, the firm made available a report on the covered orders in national market system securities that it received for execution from any person that included inaccurate information. ([FINRA Case #2012031645001](#))

Morgan Stanley Smith Barney ([CRD #149777](#), Purchase, New York) submitted an AWC in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it permitted seven quarterly stock dividend income checks totaling \$2,716.60, received from an issuer and payable to a third party, to be deposited into a registered representative's personal brokerage account. The findings stated that the firm approved the deposit of these checks

into the representative's account without obtaining a Letter of Authorization from the third-party payee, which was required by the firm's written procedures. ([FINRA Case #2011030674102](#))

National Financial Services LLC ([CRD #13041](#), Boston, Massachusetts) submitted an AWC in which the firm was fined \$5,000. Without admitting or denying the findings, the firm consented to the sanction and to the entry of findings that it incorrectly designated the tape eligible flag of "R" for reports to the FNTRF and reported the incorrect Related Market Center Indicator code in reports to the FNTRF. ([FINRA Case #2013035824202](#))

National Planning Corporation ([CRD #29604](#), El Segundo, California) submitted an AWC in which the firm was censured; fined \$30,000; ordered to pay \$16,411.09 plus interest, in restitution to customers; ordered to provide certification that it has corrected its systems and procedures with respect to the sale of non-traded REITs and BDCs; and ordered to review all non-traded REIT and BDC sales it made and certify that it has identified all transactions for which a customer did not receive the volume discount for which it was eligible and provide restitution, if necessary. 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 volume discounts to certain customers' eligible purchases of non-traded REITs, resulting in seven customers collectively paying excessive sales charges of \$16,411.09 on nine purchases. The findings stated that with respect to the sale of non-traded REITs and BDCs, the firm failed to establish, maintain, and enforce a supervisory system and WSPs reasonably designed to identify accounts that would be eligible for volume discounts. The findings also stated that the firm relied on its associated persons, including supervisors, to ensure its customers received the volume discounts to which they were entitled, but failed to provide adequate guidelines, instructions or policies for its associated persons to follow to determine whether a customer's purchase qualified for a volume discount and to ensure that the customer was made aware of the available discount. ([FINRA Case #2014042567801](#))

Nationwide Planning Associates Inc. ([CRD #31029](#), Paramus, New Jersey) submitted an AWC in which the firm was censured and fined \$55,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it issued advertisements and sales literature that contained unbalanced, exaggerated and misleading statements. The findings stated that the firm failed to annually inspect two offices of supervisory jurisdiction; failed to inspect, at least every three years, non-supervisory branch offices; and failed to conduct regular, periodic inspections of non-branch locations. The inspections that the firm did conduct were deficient. The findings also stated that the firm failed to retain all business-related emails sent to or from registered representatives, and failed to establish, maintain and enforce an adequate supervisory system relating to the review of email. ([FINRA Case #2012030679601](#))

Pacific Crest Securities LLC nka KeyBanc Capital Markets Inc. ([CRD #6619](#), Portland, Oregon) submitted an AWC in which the firm was censured and fined \$225,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed in multiple respects to make clear, comprehensive and prominent disclosures in research reports. The findings stated that it was the firm's practice to include in the same research report both the disclosures, as well as certain boilerplate disclosures that contained conditional language. The firm's research disclosures were not sufficiently prominent. The findings also stated that the firm omitted from certain research reports information it was required to disclose concerning conflicts of interest. The findings also included that the firm failed in one instance to comply with restrictions of NASD Rule 2711(b). In that instance, a member of the firm's sales force was provided the entire draft of a research report prior to publication. The firm failed to establish that the sales person was reviewing the research report for factual accuracy, and no authorized legal or compliance personnel were copied on the communication transmitting the research report.

FINRA found that the firm's procedures did not include sufficient controls to ensure the accuracy of the manual process by which required disclosures were inputted into its disclosure database. The firm identified defects with its research publication program, which included both automated and manual processes, but failed to timely resolve these defects, resulting in these disclosure issues. The firm's supervisory procedures were not reasonably designed to ensure compliance with Rule 2711(b). The firm did not establish adequate criteria for this supervisory review or sufficiently specific procedures concerning the monitoring of communications between research and investment banking personnel. FINRA also found that the firm failed to establish and implement supervisory procedures, including written procedures, reasonably designed to achieve compliance with SEC Rule 501(a) of Regulation AC. The firm relied upon a quarterly certification procedure to address the attestation requirements of Rule 501(a), rather than requiring a specific attestation for each research report regarding the research analyst's personal views and compensation. In addition, FINRA determined that the firm's written information barrier procedures did not identify when the firm's research reports contained material non-public information and did not describe when firm personnel had a "need to know". The firm did not establish procedures concerning when information on unpublished research reports could be shared with someone with a "need to know". Moreover, FINRA determined that the firm failed to implement supervisory systems reasonably designed to limit the transmission of pre-publication research to the firm's trading personnel. The firm's procedures did not contain any provision for the pre-publication supervisory review of communications between research and trading personnel to identify potential trading ahead of research. Additionally, the firm's supervisory review of emails (which was limited to 10 emails per quarter per person) was not reasonably designed to identify or limit the transmission of pre-publication research reports to the firm's trading personnel. ([FINRA Case #2013038534101](#))

SG Americas Securities, LLC ([CRD #128351](#), New York, New York) submitted an AWC in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that for settlement dates July 29, 2011, through January 31, 2012, the firm failed to report short interest positions. The findings stated that for settlement dates July 29, 2011, through April 30, 2012, the firm incorrectly reported short interest positions. ([FINRA Case #2012031858801](#))

State Street Global Markets, LLC ([CRD #30107](#), Boston, Massachusetts) 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 it failed to report S1 transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time, and failed to report the correct trade execution time for such transactions. The findings stated that the firm failed to show the correct execution time on the memoranda of brokerage orders. ([FINRA Case #2014040977401](#))

Trident Partners LTD. ([CRD #41258](#), Woodbury, New York) submitted an AWC in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to execute customer market orders fully and promptly. The findings stated that 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 findings also stated that the firm failed to show the correct entry time and execution time on brokerage order memoranda, and failed to show the entry time on one brokerage order memorandum. ([FINRA Case #2012034702001](#))

UBS Financial Services Inc. ([CRD #8174](#), Weehawken, New Jersey) submitted an AWC in which the firm was censured and fined \$750,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that from July 2009 through December 2013, the firm failed to reasonably supervise and to have an adequate supervisory system, including adequate WSPs, to address short positions in tax-exempt municipal bonds that resulted primarily from trading errors at the firm's retail branches. The findings stated that as a result of these supervisory failures, the firm inaccurately represented to approximately 4,371 customers that approximately \$1,174,000 in interest that the firm paid to those customers was exempt from taxation. In fact, the firm did not hold the bonds on the customers' behalf, and the firm paid the interest that the customers received and therefore was taxable as ordinary income. This resulted in the underpayment of not less than \$282,261 in federal income taxes. The firm failed to consider, and its automated system that calculated the interest owed to customers did not take into account, whether the interest it paid to customers should be coded as non-taxable when the firm, rather than the municipal issuer, paid the interest.

The findings also stated that the firm did not provide adequate guidance or oversight on how and when municipal short positions should be covered. This deficiency may have been prolonged due to the difficulty of covering these positions in light of characteristics of municipal securities as well as the limited amount outstanding of a particular municipal bond. Beginning in 2012, the firm recognized that short positions were not being covered in a timely fashion and undertook efforts that reduced the number of short positions. Nevertheless, during the relevant period, the firm often did not cover municipal short positions for a month or more, and some of the short positions were not covered for more than a year. The findings also included that the firm failed to disclose to customers that they were not receiving tax-exempt interest when the firm was short municipal securities. In addition, as a result of the foregoing, the firm sent inaccurate Forms 1099 to customers who received firm-paid interest for calendar years 2009 through 2012, and also sent inaccurate account statements to certain customers during the review period that incorrectly classified firm-paid interest as tax-exempt when it should have been classified as taxable. The firm did not maintain records identifying particular customer accounts that offset its short municipal bond positions. The firm's short positions were held in aggregate and not allocated to specified customers. Because the firm's short municipal bond positions were not offset against specific customer holdings, it was unable to accurately report taxable income to its customers who were receiving firm-paid interest as taxable income. ([FINRA Case #2014041645601](#))

VCA Securities, LP ([CRD #130748](#), Dallas, Texas) submitted an AWC in which the firm was censured and fined \$35,000. A lower fine was imposed after considering, among other things, the firm's revenues and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce an adequate supervisory system and adequate written supervisory control procedures reasonably designed to review and monitor the transmittals of funds from customer accounts to third-party accounts. The findings stated that as a result, the firm processed unauthorized Letters of Authorization sent from a cyber-hacker of a customer's email account resulting in \$250,500 in wire transfers from a customer account to an unauthorized third-party bank account. ([FINRA Case #2014042049901](#))

Wells Fargo Advisors, LLC ([CRD #19616](#), St. Louis, Missouri) submitted an AWC in which the firm was censured, fined \$500,000 and ordered to pay \$241,974.34, plus pre-judgment 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 made unsuitable recommendations to retail customers to purchase structured repackaged asset-backed trust securities (STRATS), a complex structured product that paid a floating rate of periodic income up to a minimum or maximum rate, based on the STRATS trust's interest in a capital security issued by a financial institution and the STRATS trust's interest in an interest rate swap contract. The findings stated that the firm sold approximately \$12 million worth of STRATS to its retail customers, in both the primary and secondary markets. Although the firm provided its sales-force training on structured products, none of this

training related specifically to the unique features and risks of STRATS. Additionally, although the firm's intranet page dedicated to fixed income products provided basic information concerning STRATS, it did not provide any information concerning the risks of investing in these products, and specifically did not address the risks to customer principal in the event of a redemption of the underlying capital security. In certain circumstances, the customer would face a substantial risk of loss of principal upon termination of STRATS due to the amount of a swap termination fee. The firm's registered representatives generally were not familiar with such risks of investing in STRATS and were consequently unable to explain such risks when recommending the product to the firm's retail customers. Eventually, the financial institution redeemed the underlying capital security, causing the STRATS to be terminated. Based on the terms of the underlying swap agreement, customers received the proceeds of the redemption after the swap termination fee was paid. As a result, at the time of the STRATS' termination, many customers holding STRATS received less, and in some cases significantly less, than the amount they paid for the STRATS. The firm failed to educate its registered representatives regarding the unique features and risks of STRATS. As a result, the firm's registered representatives did not comprehend the risks to customers of investing in STRATS and lacked a reasonable basis for recommending these products to the firm's retail customers.

The findings also stated that the firm made available to its sales force certain internal-use-only documents regarding STRATS. These documents did not contain adequate descriptions of the product, nor did they disclose the degree to which STRATS customers could lose principal if the underlying capital security was redeemed. Accordingly, the firm's internal-use-only communications were not fair and balanced, and did not provide a sound basis for evaluating the facts surrounding STRATS or its risks. The findings also included that the firm failed to establish and maintain supervisory procedures, including training of its registered representatives, that were reasonably designed to achieve compliance with FINRA suitability standards. The firm's supervisory system for the sale of STRATS was not reasonably designed because it failed to include adequate training for the firm's sales force regarding the risks of investing in the product. The firm did not provide product-specific training to its registered representatives, and the internal-use-only materials made available to its registered representatives did not adequately inform its representatives about the risks of investing in STRATS. ([FINRA Case #2012033568901](#))

William Blair & Company L.L.C. (CRD #1252, Chicago, Illinois) submitted an AWC in which the firm was censured, fined \$350,000, and required to undertake a thorough review of its policies and procedures concerning compliance with NASD Rule 2711, including but not limited to reviewing a meaningful sample of its research reports. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed in several respects to make clear, comprehensive and prominent disclosures in research reports. The findings stated that the firm used an indefinite or conditional statement in certain research reports that lacked the required specificity, and was not clear, comprehensive and prominent. The firm, in addition to the disclosure required by

Rule 2711(h)(8), included a conditional statement in certain research reports that was not clear, comprehensive and prominent. The firm's disclosures were not sufficiently prominent and its research reports did not clearly identify the disclosures. The firm also commingled required disclosures with other disclosures and disclaimers not required by Rule 2711. These deficiencies were present in most of the research reports the firm published during a specific period. The findings also stated that the firm omitted from four of its research reports disclosures regarding if the firm managed or co-managed a public offering of securities for the subject company in the past 12 months. The findings also included that the firm failed to adequately define research ratings in two of its research reports.

FINRA found that the firm did not disclose its relevant relationship to the companies covered in the compendium research reports and did not direct readers in a clear manner to where applicable disclosures could be found. FINRA also found that the firm improperly published two research reports during the quiet period after a secondary offering. In addition, FINRA determined that the firm failed to adequately implement its WSPs to ensure that it affirmatively made required disclosures and that required disclosures were sufficiently clear, comprehensive and prominent. The firm also failed to adequately implement its WSPs concerning the definition of research ratings, disclosures in compendium research reports and publication of research during quiet periods. ([FINRA Case #2013038534401](#))

Individuals Barred or Suspended

Arie Baron ([CRD #5847939](#), **Modiin, Israel**) submitted an AWC in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for seven months. Without admitting or denying the findings, Baron consented to the sanctions and to the entry of findings that he effected discretionary transactions in the securities accounts of customers of his member firm without having obtained the customers' prior written authorization and the firm's written acceptance of the accounts as discretionary. The findings stated that Baron forged customers' signatures on mutual fund switch letters without those customers' knowledge or consent.

The suspension is in effect from August 17, 2015, through March 16, 2016. ([FINRA Case #2014042944301](#))

Derek Josef Bemby ([CRD #5878656](#), **Kansas City, Missouri**) 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, Bemby consented to the sanctions and to the entry of findings that he failed to timely respond to FINRA's requests for documents and information relating to disclosures made on his amended Uniform Termination Notice for Securities Industry Registration (Form U5) regarding a customer's written complaint alleging that Bemby failed to disclose tax implications on a loan the customer took from his variable life policy.

The suspension is in effect from August 17, 2015, through February 16, 2016. ([FINRA Case #2013038676202](#))

Ronald Joseph Benevento ([CRD #2841848](#), Franklin Square, New York) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 60 days. Without admitting or denying the findings, Benevento consented to the sanctions and to the entry of findings that he recommended mutual fund switch transactions in customer accounts without having reasonable grounds for believing that such transactions were suitable for those customers in light of the nature of the recommended transactions, the frequency of the transactions, and the transaction costs incurred. The findings stated that in connection with the switch transactions, all of which involved the purchase and sale of Class A mutual fund shares that had front-end sales loads, Benevento's customers incurred approximately \$45,000 in losses. Benevento has returned that amount to his member firm and the customers were fully compensated. The findings also stated that Benevento mismarked order tickets for mutual fund trades in customer accounts as unsolicited when the trades were solicited, causing the firm to maintain inaccurate books and records.

The suspension is in effect from August 17, 2015, through October 15, 2015. ([FINRA Case #2013035369501](#))

Devin Ashley Born ([CRD #2275635](#), Sinking Spring, Pennsylvania) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 60 days. Without admitting or denying the findings, Born consented to the sanctions and to the entry of findings that he caused his member firm's books and records to be inaccurate by backdating, or causing to be backdated, documents relating to the firm's annual branch inspections to reflect that the inspections had been completed in 2011 when, in fact, they had been completed in 2012.

The suspension is in effect from September 8, 2015, through November 6, 2015. ([FINRA Case #2012030675903](#))

Kenneth Ray Brannen ([CRD #1861189](#), Lakeland, Florida) 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 30 business days, and ordered to pay \$1,600, plus interest, in restitution to a customer. Without admitting or denying the findings, Brannen consented to the sanctions and to the entry of findings that he borrowed \$1,800 from his customer without his member firm's knowledge or approval. The findings stated that to date, Brannen has repaid \$200. The loan did not fall within any of the exceptions to the firm's policy prohibiting registered representatives from borrowing funds from any clients.

The suspension is in effect from September 8, 2015, through October 19, 2015. ([FINRA Case #2014040687301](#))

Michael John Brunelli ([CRD #4293626](#), Norwood, Massachusetts) 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, Brunelli consented to the sanctions and to the entry of findings that he failed to respond to a FINRA request for information related to his apparent acceptance of a check made payable to him by a customer of an investment advisory company where he worked.

The suspension is in effect from August 17, 2015, through February 16, 2016. ([FINRA Case #2014041641102](#))

Walter Rae Chao ([CRD #4665787](#), Redwood City, California) submitted an AWC in which he was assessed a deferred fine of \$30,000, suspended from association with any FINRA member in any capacity for two years and required to requalify as a general securities principal by passing the Series 24 examination prior to associating with any FINRA member firm as a general securities principal following his suspension. Without admitting or denying the findings, Chao consented to the sanctions and to the entry of findings that he participated in private securities transactions totaling \$1.27 million without his member firm's approval. The findings stated that Chao had requested approval but the firm denied his request. Although Chao did not receive any direct compensation from a firm selling the private securities for his customers' transactions, the selling firm waived approximately \$8,000 in fees associated with Chao's mother's purchase in the private securities. The findings also stated that Chao took steps to conceal his participation in the private securities transactions from his firm. Chao regularly used an unapproved email address for communications related to his customers' transactions with the selling firm. In addition, Chao provided false and misleading answers in his firm's compliance questionnaire by stating that he had not participated in any private securities transactions and by failing to disclose his use of an unapproved email address. The findings also included that Chao provided false and misleading statements to FINRA regarding his involvement in the private securities transactions.

FINRA found that Chao, as a branch manager, failed to adequately supervise. During his firm's 2011 and 2012 audits of his branch office, the firm notified Chao that his staff had used blank signed forms and unapproved email addresses. Chao failed to take adequate steps to ensure that the office's files were purged of existing blank signed forms, that his staff stopped using blank signed forms, and that his staff did not use unapproved email addresses.

The suspension is in effect from August 17, 2015, through August 16, 2017. ([FINRA Case #2012034046301](#))

William J. Condon ([CRD #4750224](#), South Boston, Massachusetts) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Condon consented to the sanctions and to the entry of findings that he paid unregistered individuals

approximately \$62,000 in commissions in connection with customers that they referred to him. The findings stated that Condon caused his member firm's books and records to be inaccurate by writing personal checks totaling approximately \$115,000 directly to registered persons to compensate them for their involvement in sales of securities, rather than ensuring that the commissions were paid through the firm as required by its WSPs. The money represented a portion of the commissions Condon earned from recommending securities transactions in customer accounts that the registered persons referred to him.

The suspension was in effect from September 8, 2015, through October 7, 2015. ([FINRA Case #2012034628601](#))

Philip Dunwoody Cox Jr. ([CRD #2858433](#), Atlanta, Georgia) submitted an AWC in which he was assessed a deferred fine of \$10,000, suspended from association with any FINRA member in any capacity for three months, and required to pay deferred disgorgement of commissions received in the amount of \$5,238.40, plus interest. Without admitting or denying the findings, Cox consented to the sanctions and to the entry of findings that he marked a total of 966 order tickets in 26 customer accounts as unsolicited when he had solicited each order by bringing the relevant security or transaction to the customer's attention. The findings stated that the mismarked order tickets involved leveraged and inverse exchange-traded funds (ETFs). Cox mismarked the order tickets in contravention of his member firm's WSPs, which prohibited registered representatives from soliciting leveraged and inverse ETFs. By mismarking the order tickets, Cox caused the firm's books and records to be inaccurate.

The suspension is in effect from September 8, 2015, through December 7, 2015. ([FINRA Case #2013038830501](#))

Kenneth Enlo Crosser ([CRD #4589397](#), Ottumwa, Iowa) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Crosser consented to the sanction and to the entry of findings that he refused to appear for FINRA-requested testimony during the course of an investigation into allegations that he was involved in the sale of structured settlement cash flow instruments to investors without providing his member firm with prior written notice and receiving firm approval to engage in this activity. ([FINRA Case #2013037328701](#))

Eric Andre Dallas Sr. ([CRD #3193223](#), New Rochelle, 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, Dallas consented to the sanction and to the entry of findings that he engaged in a check-kiting scheme through which he wrote checks to himself drawn against his two personal brokerage accounts that he maintained at his member firm when he knew the accounts contained insufficient funds to cover the checks. The findings stated that Dallas wrote approximately 85 checks with insufficient funds totaling approximately \$44,000, drawn against one of the two personal brokerage accounts he maintained. The findings also stated that on at least one occasion, when questioned by his supervisor about

bounced checks in his personal brokerage accounts, Dallas misstated that the returned checks were due to administrative issues and not because of insufficient funds. Dallas approved a number of insufficient fund checks in his personal brokerage account, thereby clearing multiple checks written against his account despite insufficient funds. The findings also included that Dallas improperly reversed over-limit, returned check, automated teller machine (ATM) and other fees totaling over \$6,000 that had been charged to his personal brokerage accounts. Dallas provided the first approval for these fee reversals. On at least one occasion, he convinced a supervisor to provide final approval by misstating that his manager had approved the reversals.

FINRA found that Dallas failed to timely respond to FINRA requests for information related to allegations reported in his firm's Form U5 filing that he was discharged due to the firm's loss of confidence relating to his personal check-writing activity, which was not client-related. Dallas sent FINRA his response seven months after the due date in the original request letter and only after FINRA had initiated non-summary suspension proceedings against him due to his failure to respond. ([FINRA Case #2013038774902](#))

Robert Jay Eide ([CRD #1015261](#), New York, New York) submitted an Offer of Settlement in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the allegations, Eide consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose tax liens totaling over \$640,000. The findings stated that Eide reported, during the time one or more liens were in effect, that he did not have any unsatisfied liens in response to his member firm's internal Annual Employee Certification.

The suspension was in effect from September 14, 2015, through October 2, 2015. ([FINRA Case #2011026386002](#))

Marcus Lea Farquhar ([CRD #2514264](#), Edna, Texas) submitted an AWC in which he was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Farquhar consented to the sanctions and to the entry of findings that he made misrepresentations regarding his employment over the telephone and by facsimile to a FINRA member firm in order to perform various services for his clients, including changing their address, requesting distributions, updating information and restoring online access. The findings stated that in each instance, Farquhar identified himself as a representative of his prior broker-dealer, while he was employed by and associated with another member firm.

The suspension was in effect from August 17, 2015 through September 28, 2015. ([FINRA Case #2014040062001](#))

Paul Filler Gans Jr. ([CRD #1002070](#), Redding, California) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings,

Gans consented to the sanctions and to the entry of findings that he loaned \$20,000 to a customer without obtaining prior written approval for the loan, or otherwise disclosing the loan to his member firm.

The suspension was in effect from September 8, 2015, through September 21, 2015. ([FINRA Case #2014043897201](#))

Gregory Gassoso ([CRD #2873605](#), Brooklyn, New York) submitted an AWC in which he was fined \$5,000, suspended from association with any FINRA member in any capacity for one year, and ordered to pay \$800, plus interest, in restitution to a customer. Without admitting or denying the findings, Gassoso consented to the sanctions and to the entry of findings that he effected unauthorized transactions in a customer's account, resulting in a loss of approximately \$1,500.

The suspension is in effect from September 8, 2015, through September 7, 2016. ([FINRA Case #2013039506601](#))

Patrick Landon Garrett ([CRD #2045288](#), Franklin, Tennessee) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Garrett consented to the sanction and to the entry of findings that on multiple occasions, he intentionally and knowingly misrepresented to his brokerage customer the value of her account. The findings stated that Garrett misrepresented to the customer that her account value was approximately \$200,000 more than the value showing on her printed and online account statements. Garrett told the customer that those statements were inaccurate because of settlement date issues. The findings also stated that as a result of Garrett's recommendation, the customer purchased shares of an initial public offering (IPO) of a new company; and in the following months, the company's share price began to decline, resulting in unrealized investment losses in the customer's account. To recover some of the customer's unrealized investment losses, Garrett told the customer that he would make her whole by reversing the IPO transaction in her account, which he claimed would result in a refund of her initial investment amount. Garrett attempted to make the customer whole by misusing funds from the joint account of a husband and wife to purchase most of the first customer's IPO shares from the customer at the customer's initial purchase price. Garrett recommended the company's shares to the husband and wife, and misrepresented to one of them that he could get shares at the current market value, which Garrett claimed was a good price. Unbeknownst to the husband and wife, Garrett purchased shares of the company in the customers' joint account at a higher price than the current market price. As a result, the joint account customers suffered an immediate investment loss of over \$34,000.

The findings also included that Garrett processed the transactions in the customers' accounts as trade errors. In order to do so, Garrett submitted to his member firm trade correction and cancellation forms that falsely claimed that the first customer's purchase of the shares was the result of a trade error. The firm approved and processed the transactions

in the customers' accounts based on this false documentation. As a result, the customer's purchase of the IPO shares was cancelled without any loss to her account or any loss to Garrett, notwithstanding the substantial decrease in share price. Garrett disclosed the events and conduct to the first customer and the firm. The firm, thereafter, reimbursed the customers for their losses. ([FINRA Case #2014040147501](#))

Edward Sloan Gay ([CRD #4410790](#), Ashland, Virginia) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for 15 business days. In light of Gay's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Gay consented to the sanction and to the entry of findings that he caused his member firm's books and records to be inaccurate by signing his name as the broker of record on a customer's variable annuity applications, even though he did not substantially participate in the sales of the annuities to the customer. The findings stated that Gay then shared the commissions from that sale with an unregistered individual.

The suspension was in effect from September 8, 2015, through September 28, 2015 ([FINRA Case #2011026121804](#))

Steven Philip Goldberg ([CRD #3075067](#), Katonah, 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, Goldberg consented to the sanction and to the entry of findings that he converted funds from his member firm by charging personal expenses totaling approximately \$50,000 to the firm's credit card. The findings stated that as the firm's chief operating officer, Goldberg approved these personal expenditures as business expenses and paid for the purchases with funds from the firm's bank accounts. ([FINRA Case #2013037009301](#))

Thomas Grande ([CRD #6212876](#), Gilford, New Hampshire) 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, Grande consented to the sanctions and to the entry of findings that he mischaracterized the nature of meals on reimbursement requests submitted to his member firm. The findings stated that although Grande was permitted to seek reimbursement for meals while traveling for business, on two reimbursement requests, Grande claimed that he had dined with a customer when, in fact, he had dined alone. In further support of his request for reimbursement, Grande fabricated emails from each of the customers he claimed to have dined with and provided the fabricated emails to his supervisor. When the firm confronted Grande, he admitted to fabricating the emails.

The suspension is in effect from August 17, 2015, through February 16, 2016. ([FINRA Case #2014041480501](#))

Scott Stephen Griffin ([CRD #2215459](#), Schenectady, New York) submitted an AWC in which he was fined \$5,000, suspended from association with any FINRA member in any capacity for 15 days and suspended from association from any FINRA member in any principal capacity for 30 days. The suspensions will run concurrently. Without admitting or denying the findings, Griffin consented to the sanctions and to the entry of findings that he backdated, or caused to be backdated, documents relating to his member firm's annual branch inspections to reflect that the inspections had been completed in 2011 when they had been completed in 2012. The findings stated that Griffin instructed another firm employee to backdate similar documents. Griffin thereby caused the firm's books and records to be inaccurate.

The suspension in any capacity was in effect from September 16, 2015, through September 30, 2015. The suspension in any principal capacity is in effect from September 16, 2015, through October 15, 2015. ([FINRA Case #2012030675902](#))

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

The decision has been appealed to the SEC and the bar remains in effect pending review. ([FINRA Case #2012032997201](#))

Charlotte Ann Guin ([CRD #4050796](#), Huffman, Texas) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Guin consented to the sanction and to the entry of findings that she failed to provide documents and information as requested by FINRA during the course of its investigation into allegations that Guin, among things, converted a non-firm customer's funds. ([FINRA Case #2015045263801](#))

Kobina Gyesi Hagan ([CRD #1901637](#), Wolcott, Connecticut) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for one month. In light of Hagan's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Hagan consented to the sanction and to the entry of findings that he failed to timely disclose a federal tax lien filed against him in the amount of \$107,146.57.

The suspension was in effect from September 8, 2015, through October 7, 2015. ([FINRA Case #2014041020401](#))

Barry George Hartman ([CRD #1361232](#), Missoula, Montana) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hartman consented to the sanction and to the entry of findings that he served on the board of directors of an unaffiliated privately held company without providing written notice to his member firm in the form the firm required. The findings stated that Hartman participated in private securities transactions by personally investing approximately \$450,000 in the undisclosed outside business. Hartman also recommended that the firm's customers invest in the undisclosed outside business and referred them directly to complete their investments. Hartman failed to provide written notice of these private securities transactions to the firm, and he failed to comply with firm procedures that required the firm's pre-approval of such transactions. ([FINRA Case #2015044671601](#))

Matthew Iuculano ([CRD #5641140](#), Oyster Bay, 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, Iuculano consented to the sanction and to the entry of findings that he failed to respond to FINRA requests for documents and information relating to his termination from a member firm. The findings stated that the firm had filed a Form U5 terminating Iuculano's registration for accepting checks for insurance policy applications made payable to his insurance agency in violation of the policies of the insurance parent company of the firm; and for use of an unapproved website, in violation of the policies of the firm. ([FINRA Case #2014042121501](#))

Marc Nathan Jaffe ([CRD #2187547](#), Carmel, Indiana) submitted an AWC in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for 60 business days. Without admitting or denying the findings, Jaffe consented to the sanctions and to the entry of findings that he willfully failed to timely disclose federal and state tax liens on his Uniform Application for Securities Industry Registration or Transfer (Form U4).

The suspension is in effect from September 21, 2015, through December 14, 2015. ([FINRA Case #2014040339501](#))

Michael Anthony Jump ([CRD #1146669](#), Somonauk, Illinois) submitted an AWC in which he was fined \$10,000, suspended from association with any FINRA member in any capacity for two months and required to pay \$6,889, plus interest, in disgorgement of commissions. Without admitting or denying the findings, Jump consented to the sanctions and to the entry of findings that he negligently misrepresented information pertaining to the fees associated with replaced variable annuities (VAs) on forms submitted to his member firm. The findings stated that Jump represented that the fees associated with the old VAs were higher than they actually were. The findings also stated that Jump made unsuitable recommendations with respect to VA exchanges when he recommended that

his customers liquidate VAs they were holding, and use the proceeds to purchase new VAs. Jump failed to make a reasonable assessment of the advantages and disadvantages of the recommended exchanges. Jump failed to understand that the income rider feature of the existing VAs could have been cancelled without affecting the viability of the existing VAs. Jump did not have a reasonable basis for recommending that these customers enter into the VA exchanges.

The suspension is in effect from September 21, 2015, through November 20, 2015. ([FINRA Case #2014039222501](#))

John Michael Kastelic Jr. ([CRD #5836566](#), Hubertus, Wisconsin) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Kastelic consented to the sanction and to the entry of findings that he failed to respond to repeated FINRA requests for documents and information in connection with its investigation into allegations that he participated in a check-kiting scheme while associated with his member firm. ([FINRA Case #2014043698901](#))

Stephen Jung Lee ([CRD #3078914](#), San Francisco, California) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Lee consented to the sanctions and to the entry of findings that he improperly instructed four of his customers to sign five blank or incomplete member firm forms. The findings stated that Lee entered information onto four pre-signed forms and submitted those forms to his firm for processing. The pre-signed forms that Lee completed and submitted to the firm inaccurately implied that the customers had reviewed and approved all of the information contained on the forms prior to affixing their signatures to the forms. Lee also improperly maintained one original and four photocopies of the pre-signed forms in his files for these four customers. Lee's firm's written policies and procedures for document integrity prohibited registered representatives from accepting or maintaining blank or incomplete customer-signed forms or impairing the authenticity of any forms; and at all relevant times, Lee was aware of the firm's document integrity policies and procedures. The firm issued Lee a Letter of Education and a written warning for violating its document integrity policy.

The suspension was in effect from August 17, 2015 through September 15, 2015. ([FINRA Case #2013038416701](#))

Daniel Edward Levin ([CRD #707280](#), Dallas, Texas) submitted an AWC in which he was assessed a deferred fine of \$25,000, suspended from association with any FINRA member in any capacity for six months and required to requalify as a general securities representative by passing the Series 7 examination prior to associating with any FINRA member firm in that capacity following the six-month suspension. Without admitting or denying the findings, Levin consented to the sanctions and to the entry of findings that he hosted a weekly radio show during which he made statements that were unbalanced, promissory, misleading and/or lacked reasonable basis. The findings stated that Levin utilized the show

to market his retirement planning business. During the shows, Levin repeatedly touted the benefits of investing in equity-indexed annuities (EIAs), although he did not mention this product by name. Instead, Levin only generically described the positive features and characteristics of the EIAs that he was selling to his customers. Levin also made unwarranted performance projections without disclosing that they were dependent on the performance of an index.

The suspension is in effect from August 17, 2015, through February 16, 2016. ([FINRA Case #2014040335101](#))

Roman Tyler Luckey ([CRD #2977054](#), Long Beach, California) submitted an Offer of Settlement in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any principal capacity for 14 months. Without admitting or denying the allegations, Luckey consented to the sanctions and to the entry of findings that he failed to adequately supervise registered representatives at his member firm who were in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, FINRA Rule 2020 and NASD Rule 2120. The findings stated that Luckey failed to address multiple red flags suggesting that the registered representatives were excessively trading, churning and making unsuitable recommendations to customers. Luckey failed to take any meaningful measure to address the misconduct and to ensure that the firm's representatives acted in a manner that was compliant with applicable laws, regulations and rules.

The suspension is in effect from August 17, 2015 through October 16, 2016. ([FINRA Case #2012030564701](#))

Stewart Clinton Malloy ([CRD #1029931](#), Bellport, 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 business days. Without admitting or denying the findings, Malloy consented to the sanctions and to the entry of findings that he effected transactions in the joint account of customers without having obtained the customers' prior written authorization and his member firm's written acceptance of the account as discretionary. The findings stated that on a firm annual compliance questionnaire, Malloy inaccurately stated that he did not have any accounts in which business was transacted on a discretionary basis.

The suspension is in effect from September 8, 2015, through October 19, 2015. ([FINRA Case #2013035953801](#))

Steve Walter Marciniak ([CRD #4154796](#), Allentown, Pennsylvania) submitted an AWC in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Marciniak consented to the sanctions and to the entry of findings that he executed trades on customers' behalves in non-discretionary managed accounts prior to receiving the customers' authorization.

The suspension was in effect from September 21, 2015, through October 9, 2015. ([FINRA Case #2013035965901](#))

Michael Earl McCune ([CRD #1640241](#), Overland Park, Kansas) was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. The NAC affirmed the sanctions following an appeal of an OHO decision. The sanctions were based on findings that McCune willfully failed to timely amend his Form U4 to disclose a bankruptcy, three federal tax liens and a state tax lien filed against him. The findings stated that despite receiving notice of these reportable events, McCune failed both to inform his member firm and to make timely amendments to his Form U4.

This matter has been appealed to the SEC and the sanctions are not in effect pending review. ([FINRA Case #2011027993301](#))

Jonathan Thomas McDermott ([CRD #1642514](#), 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, McDermott consented to the sanction and to the entry of findings that he failed to provide documents and information FINRA requested during the course of its investigation into his use of personal emails, instant messaging and text messages for his investment banking business without obtaining his member firm's approval. ([FINRA Case #2014039393901](#))

Derek Lee Miller ([CRD #4748724](#), Redondo Beach, California) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Miller consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony FINRA requested in connection with an investigation into potential unsuitable trading. ([FINRA Case #2014043091101](#))

Glenn Allen Moffitt ([CRD #4767024](#), 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, Moffitt consented to the sanction and to the entry of findings that he failed to appear for a FINRA on-the-record interview during its investigation into allegations that he converted at least \$370,000 from an elderly customer. ([FINRA Case #2014041600301](#))

Gehrin Michael Ortiz ([CRD #5533216](#), Thousand Oaks, California) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Ortiz consented to the sanction and to the entry of findings that he refused to respond to FINRA's request for information during the course of its investigation into whether he failed to disclose material information on his Form U4. ([FINRA Case #2013036666401](#))

Jason Michael Otto ([CRD #5215431](#), Studio City, California) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Otto converted \$4,346.49 from a bank that employed him by improperly charging off a debit balance in his personal account. The findings stated that Otto purchased nine cashier's checks from his checking account even though he lacked sufficient funds to pay for the checks. Otto was able to have the cashier's checks issued by the bank by using other employees' computer log-in passwords to approve payment of the checks using bank funds, without the employees' or the bank's permission. The bank had policies that prohibited its employees from approving overdrafts on their own accounts and abusing banking privileges by writing checks against insufficient funds. As a result of Otto's purchases of the cashier's checks, his bank account had a debit balance of \$4,346.49. Otto reversed the \$4,346.49 debit, which cancelled the negative balance in his account, without the bank's permission or authority. Otto did not repay the bank. The findings also stated that Otto failed to produce FINRA-requested information and documents, and failed to attend his FINRA on-the-record interview regarding his conversion of funds from the bank. ([FINRA Case #2014041319401](#))

Tiffany Danielle Peacock-Asakawa ([CRD #2012644](#), Huntington Beach, California) 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 10 months. Without admitting or denying the findings, Peacock-Asakawa consented to the sanctions and to the entry of findings that she entered inaccurate trade orders through her member firm's trade order system, which caused the firm to maintain inaccurate books and records. The findings stated that Peacock-Asakawa accepted the trade orders on behalf of some of her Hawaii-based customers, despite not being licensed at that time as a securities agent in Hawaii. Peacock-Asakawa inaccurately identified her registered sales assistant as the representative who accepted the trade orders in her firm's trade order system.

The findings also stated that when the firm's compliance personnel questioned Peacock-Asakawa about one of the trade orders at issue, she falsely stated that the sales assistant had accepted and entered the trade order on the customer's behalf. Peacock-Asakawa then attempted to persuade the sales assistant to corroborate her verbal misstatements. The findings also included that while registered with another member firm, Peacock-Asakawa executed at least 200 discretionary trades in two customer accounts without the customers' prior written authorization or the firm's written approval. At the time Peacock-Asakawa exercised trading discretion in the customers' respective accounts, the accounts were not enrolled in any firm-established discretionary program. FINRA found that Peacock-Asakawa falsely represented to the firm in annual compliance questionnaires that she had not entered trades in customer accounts on a discretionary basis.

The suspension is in effect from September 8, 2015, through July 7, 2016. ([FINRA Case #2012035351901](#))

Charles Posner ([CRD #2171942](#), Boynton Beach, Florida) 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, Posner consented to the sanctions and to the entry of findings that he willfully failed to timely disclose a Chapter 13 bankruptcy filing on his Form U4.

The suspension is in effect from August 17, 2015, through November 16, 2015. ([FINRA Case #2014043777201](#))

Robert Anthony Powers ([CRD #2236389](#), West Chester, Pennsylvania) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Powers consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose civil judgments and a state lien that had been filed against him.

The suspension is in effect from September 8, 2015, through November 7, 2015. ([FINRA Case #2014041244002](#))

Walter Paul Priebe ([CRD #1295817](#), Pompano Beach, Florida) submitted an AWC in which he was fined \$25,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Priebe consented to the sanctions and to the entry of findings that he engaged in outside business activities in which he acted in a fiduciary capacity for various trusts without providing notice to his member firm and without obtaining approval in accordance with the firm's procedures. The findings stated that Priebe made false representations regarding his outside business activities on his firm's annual compliance questionnaires for three years.

The suspension is in effect from September 21, 2015, through March 20, 2016. ([FINRA Case #2014041781901](#))

Francesco Puccio ([CRD #3204237](#), Webster, 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, Puccio consented to the sanction and to the entry of findings that he failed to provide FINRA with documents and information in connection with its investigation into allegations that he converted funds from a non-firm customer. ([FINRA Case #2015046238101](#))

Mark Brian Quimby ([CRD #4893546](#), Palm Harbor, Florida) 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, Quimby consented to the sanctions and to the entry of findings that he participated in private securities transactions by soliciting two customers to invest \$20,000 and \$39,725, respectively, in a security formed to invest in alternative investments, without providing prior written notice to his member firm or receiving its written approval to solicit or in

any way participate in the investment. The findings stated that the investment fund was managed by Quimby's wife but not offered by the firm. Quimby falsely stated on firm compliance questionnaires in 2012 and 2013 that he had not engaged in soliciting, referring or recommending any private securities products.

The suspension is in effect from September 8, 2015, through December 7, 2015. ([FINRA Case #2014041780601](#))

Robert Y. Rabinowitz (CRD #2821450, Livingston, New Jersey) submitted an AWC in which he was fined \$15,000 and suspended from association with any FINRA member in any principal capacity for 30 days, with the exception of any activities requiring a Series 4 or Series 27 license. Without admitting or denying the findings, Rabinowitz consented to the sanctions and to the entry of findings that as his member firm's AML compliance officer, he failed to establish and implement a reasonably designed AML program at the firm. The findings stated that Rabinowitz failed to detect, investigate and respond appropriately to various red flags that suggested potentially suspicious activity associated with customer liquidations of low-priced securities that might have required the filing of a suspicious activity report. Rabinowitz gathered information about certain stock deposits and separately reviewed daily or monthly commission runs or daily trade blotters, but did not monitor appropriately for patterns of suspicious trading. Rabinowitz failed to evidence reviews that may have been conducted to investigate red flags indicative of potentially suspicious trading activity in customer accounts.

The findings also stated that Rabinowitz failed to establish, maintain, and enforce an adequate supervisory system and WSPs reasonably designed to achieve compliance with Section 5 of the Securities Act of 1933. Rabinowitz failed to implement an adequate system at the firm for the review and aggregation of unregistered securities held by related customers to determine whether the customers were in a control relationship with the issuer and, as a result, subject to volume limitations on sales. The findings also included that Rabinowitz failed to supervise a firm registered representative whose customers primarily engaged in the liquidation of thinly traded low-priced securities. Rabinowitz failed to adequately supervise the registered representative and respond appropriately to red flags of irregularities, including indications that certain customers were related, coordinating their activities, and engaging in unregistered securities distributions.

The suspension was in effect from September 8, 2015, through October 7, 2015. ([FINRA Case #2014041086503](#))

Cynthia Jan Reinbold (CRD #1038378, Amarillo, Texas) submitted an AWC in which she was suspended from association with any FINRA member in any capacity for six months. In light of Reinbold's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Reinbold consented to the sanction and to the entry of findings that she falsified a transfer on death agreement document, causing her member firm to maintain inaccurate books and records. The findings stated that Reinbold entered

an account number on a transfer on death agreement that had been signed two years prior and submitted it to the firm for processing, contrary to her firm's WSPs, which she acknowledged upon her employment at the firm. Reinhold had already received a Cautionary Action Letter from FINRA warning her that she had improperly accepted signed, but otherwise blank account opening documents for a customer, completed the documents and submitted them to a FINRA member firm for processing in order to open multiple accounts for the customer. The findings also stated that Reinhold failed to timely amend her Form U4 to disclose compromises with creditors.

The suspension is in effect from August 17, 2015, through February 16, 2016. ([FINRA Case #2015044649301](#))

James Edward Rooney Jr. (CRD #1857754, Carrollton, Texas) was fined \$72,500, suspended from association with any FINRA member in any capacity for 23 months, suspended in any principal or supervisory capacity for 18 months and required to requalify by exam as a general securities representative and as a general securities principal. The NAC affirmed the findings and modified the sanctions imposed by OHO. The sanctions were based on findings that Rooney engaged in private securities transactions by participating in transactions involving installment plan contracts without providing prior written notice to his member firm. The findings stated that Rooney recommended the installment plan contract to his customer without a reasonable basis for believing it to be a suitable investment, and failed to conduct a reasonable investigation into the organization offering the installment plan contracts and the contracts themselves. Rooney sold the product without conducting due diligence, expecting to receive a commission. The findings also stated that Rooney made negligent misrepresentations of material fact to the customer. Although Rooney may not have known that his representations regarding the organization and the features of the contract were false, a rudimentary investigation would have uncovered it. Rooney presented misleading sales materials to his customer when soliciting the installment plan contract by distributing materials that provided oversimplified and incomplete information. The findings also included that Rooney failed to adequately supervise a registered representative's sales of the installment plan contracts.

The suspension in any capacity is in effect from October 5, 2015, through September 4, 2017.

The suspension in any principal or supervisory capacity is in effect from October 5, 2015, through April 4, 2017. ([FINRA Case #2009019042402](#))

Jack Allen Scherbert (CRD #1882576, Sparks, Nevada) submitted an AWC in which he was barred from association with any FINRA member firm in any capacity. Without admitting or denying the findings, Scherbert consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony regarding its investigation into whether he had improperly made guarantees regarding return of interest and principal to his member firm's customers in connection with Uniform Investment Trust investments. ([FINRA Case #2014043217701](#))

Matthew Lee Spawn ([CRD #5024229](#), Columbus, Nebraska) 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 eight months. Without admitting or denying the findings, Spawn consented to the sanctions and to the entry of findings that he willfully failed to amend his Form U4 to report a state regulatory action against him. The findings stated that Spawn entered into a consent order with the Nebraska Department of Insurance pursuant to which he admitted to violating certain Nebraska laws. Spawn also submitted a compliance questionnaire to his member firm in which he falsely certified that he had not been the subject of any undisclosed regulatory investigations.

The suspension is in effect from August 17, 2015, through April 16, 2016. ([FINRA Case #2013039104701](#))

Albert Roberts Strickler ([CRD #5893216](#), Wellsburg, West Virginia) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Strickler consented to the sanction and to the entry of findings that he refused to provide FINRA with documents and information during the course of its investigation into allegations that he falsified his member firm's records and failed to disclose a bankruptcy. ([FINRA Case #2015044392701](#))

Sean Michael Sweeney ([CRD #2056728](#), Newtown Square, 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 three months. Without admitting or denying the findings, Sweeney consented to the sanctions and to the entry of findings that he failed to timely disclose on his Form U4 tax liens filed against him by the Internal Revenue Service (IRS) totaling \$715,313.25 and the State of Pennsylvania in the amount of \$77,219.68.

The suspension is in effect from September 8, 2015, through December 7, 2015. ([FINRA Case #2012032384801](#))

Yuvraj Taneja ([CRD #6293132](#), Leesburg, Virginia) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Taneja consented to the sanction and to the entry of findings that he electronically submitted fictitious applications for term life insurance policies to a non-member insurance company affiliated with his member firm, on behalf of purported customers that did not exist. The findings stated that Taneja created fake names for the applicants and used his friends' bank accounts to submit payments for the policies. Taneja submitted and paid for these fictitious applications in order to win a contest sponsored by the insurance company. ([FINRA Case #2014043322301](#))

Louis Anthony Tinoco Jr. ([CRD #2941445](#), Miami Beach, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Tinoco consented to the sanction and to the entry of findings that he provided his member firm's customer with a false account summary that

concealed trading losses in the account by overstating the value of the customer's account by more than \$200,000. The findings stated that by providing the customer with the false and misleading account summary, Tinoco concealed losses from the customer that were incurred by Tinoco's trading activity. The findings also stated that Tinoco failed to appear and provide FINRA-requested testimony. ([FINRA Case #2013037604101](#))

Kevin Christopher Trost ([CRD #6106856](#), Morgantown, Pennsylvania) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Trost consented to the sanction and to the entry of findings that after he was involved in a three-car accident, Trost wrote an umbrella policy for himself that would have insured him for potentially significant liabilities arising out of the accident. The findings stated that Trost backdated the policy two days before the accident and made it appear that the policy was submitted approximately 90 minutes before the accident, when it was actually submitted approximately 90 minutes after the accident. Trost also told a claims adjuster that he had submitted the umbrella policy on a certain date, which was untrue. ([FINRA Case #2015045969901](#))

Christopher Frederic Veale ([CRD #2536489](#), Brooklyn, New York) submitted an Offer of Settlement in which he was censured, assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 12 months. Without admitting or denying the allegations, Veale consented to the sanctions and to the entry of findings that he failed to timely produce documents and information, and appear for FINRA-requested on-the-record testimony, and only did so after the filing of a complaint. The findings stated that Veale willfully failed to amend his Form U4 to disclose tax liens filed against him, which totaled approximately \$730,000.

The suspension is in effect from September 8, 2015, through September 7, 2016. ([FINRA Case #2015044099801](#))

Jason Paul Ward ([CRD #2948162](#), Owasso, Oklahoma) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Ward consented to the sanctions and to the entry of findings that he failed to disclose his involvement in two outside business activities to his member firms. The findings stated that in connection with his hiring at one of the firms, Ward falsely stated on a firm outside business activity form that he was not involved in any outside business activity.

The suspension is in effect from September 8, 2015, through October 22, 2015. ([FINRA Case #2013038431801](#))

Terrance Jerome Wilkerson ([CRD #4002576](#), Desoto, Texas) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Wilkerson consented to the sanctions and to the entry of findings that he engaged in an undisclosed outside

business activity by assisting an individual to obtain financing to purchase a mortgage business. The findings stated that for his efforts, Wilkerson received approximately \$50,000 in compensation from the individual. Wilkerson's member firm's WSPs require that employees who wish to participate in outside business activities request approval on the firm's Associate Investment Monitoring (AIM) website prior to participation. Wilkerson completed an annual certification via AIM which addressed outside business activities as well as other activities. Wilkerson disclosed a \$25,000 passive investment in an entity, which the individual owned, but failed to disclose his involvement in assisting the individual to obtain financing to purchase a mortgage business or that he would be receiving \$50,000 in compensation for his involvement. Accordingly, Wilkerson did not provide prior written notice to the firm or obtain firm approval to engage in this outside business activity or to receive compensation.

The suspension is in effect from September 21, 2015, through October 20, 2015. ([FINRA Case #2012034715401](#))

Cory Don Williams ([CRD #2957248](#), Monkton, Maryland) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Williams consented to the sanction and to the entry of findings that he participated in at least 125 private securities transactions with another registered representative without providing written notice of the transactions to his member firm or receiving the firm's approval. The findings stated that approximately \$13.5 million of the transactions were by firm customers. Williams' participation in the transactions included responding to customer requests related to investments in a company, authorizing wire transfers of funds from customer accounts at the firm to the company, and manually adding customers' outside company holdings to consolidated statements that were sent to the customers. The company paid Williams approximately 3 percent of the assets he and the former registered representative sold to customers, half of which Williams remitted to the former registered representative, with proceeds to Williams totaling approximately \$94,000. In early 2012, the company stopped paying dividends and its shares are currently worthless. The findings also stated that Williams willfully failed to disclose unsatisfied tax liens on his Form U4. In addition, Williams submitted annual compliance questionnaires to the firm that contained false answers regarding his knowledge of the liens. ([FINRA Case #2012032782403](#))

Elise Joy Williams ([CRD #5356274](#), Denver, Colorado) submitted an AWC in which she was barred from association with any FINRA member firm in any capacity. Without admitting or denying the findings, Williams consented to the sanction and to the entry of findings that she caused her member firm's affiliate to issue fictitious homeowner's insurance policies to herself, the insurance affiliate's customers and prospective insurance customers. The findings stated that Williams received a commission on each fictitious policy she caused the insurance affiliate to issue. Williams received commission payments of approximately \$67,000 from the insurance affiliate. The insurance affiliate recovered approximately \$41,341 of the commissions paid on the fictitious policies. ([FINRA Case #2015044319001](#))

Simon Xi ([CRD #5547581](#), 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, Xi consented to the sanction and to the entry of findings that by use of electronic communications in interstate commerce, Xi, knowingly or recklessly, made untrue statements of material facts pertaining to his cost basis in three transactions for or with customers involving the purchases and/or sales of fixed-income securities. The findings stated that as a result, Xi willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. ([FINRA Case #2015046288501](#))

Individuals Fined

Harry Joseph Murn ([CRD #2853574](#), Pelham, New York) submitted an AWC in which he was censured, fined \$30,000 and required to complete the regulatory element of continuing education within three months of the acceptance of the AWC. Without admitting or denying the findings, Murn consented to the sanctions and to the entry of findings that he routinely received “Focus Lists” that identified certain securities in which his member firm sought a high ranking in order to attract certain investment banking business. The findings stated that as the trader assigned to certain securities, Murn manually advertised trade volume in such securities. As such, Murn was responsible for ensuring that the volume he advertised was accurate. Six securities for which Murn advertised volume were on the “Focus Lists” he received. In numerous instances, Murn manually advertised trade volume that exceeded his firm’s executed trade volume in six securities that were on Focus Lists. The number of shares Murn manually advertised had no apparent relationship to the number of shares actually traded. ([FINRA Case #2008013679805](#))

Individuals Sanctioned

Audra Lynn Lalley ([CRD #3107785](#), Los Angeles, California) received a Letter of Caution in the form of an OHO Hearing Panel Decision. The sanction was based on findings that Lalley executed unauthorized trades in a customer’s account. The findings stated that Lalley mistakenly made the unauthorized trades and her actions were not egregious. The findings also stated that Lalley sent communications to the customer that were not fair and balanced. ([FINRA Case #2011030072301](#))

Decisions Issued

The Office of Hearing Officers (OHO) issued the following decision, which has been appealed to or called for review by the NAC as of August 31, 2015. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decision. Initial decisions where the time for appeal has not yet expired will be reported in future FINRA Disciplinary and Other Actions.

Jeffrey Donald Noard ([CRD #1983392](#), Menomonee Falls, Wisconsin) was fined \$2,500 and suspended from association with any FINRA member in any capacity for 10 business days. The sanctions were based on findings that Noard recommended and sold high-risk renewable debentures to an elderly customer who was not suited for such investments. The findings stated that Noard failed to make the independent, customer-specific suitability determination, and failed to tailor his recommendations to the customer's financial profile and investment objectives. Noard did not adequately explain the risks associated with the issuer's debentures. Noard did not have reasonable grounds for believing that the recommendation was suitable for his customer based on the customer's financial situation, objective and needs.

This matter has been appealed to the NAC and the sanctions are not in effect pending review. ([FINRA Case #2012034936101](#))

Thaddeus James North ([CRD #2100909](#), Brookfield, Connecticut) was fined \$5,000. The sanction was based on findings that North, as his member firm's CCO, failed to enforce the firm's WSPs regarding oversight of electronic communications. The findings stated that North assumed the responsibility for reviewing the firm's electronic communications after he recognized red flags indicating that another principal was not conducting the required reviews. In an effort to comply with the WSPs, North conducted occasional, random reviews of electronic communications, but not enough to comply with the requirements of the firm's WSPs.

This matter has been appealed to the NAC and the sanction is not in effect pending review. ([FINRA Case #2012030527503](#))

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.

Leonard Allen Goldberg (CRD #223972, Rancho Mirage, California) was named a respondent in a FINRA complaint alleging that he caused more than \$123,600 in losses to five customers while making over \$77,900 for himself and his member firms by using discretion without the requisite written authorization in connection with 300 mutual fund and ETF transactions to his benefit and the customers' detriment. The complaint alleges that Goldberg used that discretion to facilitate a scheme of effecting fraudulent and unsuitable short-term switching of Class A mutual funds in the five customers' accounts. The customers trusted Goldberg to trade on their behalf in their accounts, and he did not inform them in advance of the trades. Goldberg's mutual fund switching in the customers' accounts had no business purpose other than to generate commissions for himself. Goldberg's repeated purchases and sales of Class A mutual funds meant that his short-term trading resulted in repeated fees and charges to his customers. The short-term mutual fund switch transactions effected in these accounts was inconsistent with the customers' financial circumstances and/or investment objectives. As a result, Goldberg willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 and willfully acted in contravention of Section 17(a)(1) of the Securities Act of 1933.

The complaint also alleges that, in the alternative, Goldberg employed his scheme negligently, acting in contravention of Section 17(a)(3) of the Securities Act of 1933. The complaint further alleges that Goldberg effected the short-term mutual fund transactions without having reasonable grounds for believing that such transactions were suitable for these customers in view of the nature, frequency and size of the recommended transactions, and in light of each customer's financial situation, investment objectives, risk tolerance and circumstances. Goldberg did not discuss the different types of shares available for investment, or the sales charges and operating expenses associated with each share class and their effect on potential returns. Goldberg also did not disclose cost-saving options that were available. When Goldberg exercised discretion in the customers' accounts, he acted without the required written authorization from the customers and the firms. Goldberg regularly created, or caused to be created, false and inaccurate firm records. Goldberg submitted to his firms approximately 238 electronic orders and 20 mutual fund switch forms in which he falsely identified the vast majority of these transactions as unsolicited. Since Goldberg used his discretion in all of the mutual fund transactions in the customers' accounts, all of those transactions were solicited. In so doing, Goldberg caused firm records to be inaccurate and false, and evaded the scrutiny of his firms' compliance departments.

In addition, the complaint alleges that Goldberg caused the customers' signatures to be forged on new account forms and mutual fund switch letters. Goldberg caused the falsification of some of the information relating to each customer's investment experiences, net worth and risk tolerance on the new account forms. Goldberg used the false and inaccurate records he created, or caused to be created, to further his unsuitable and fraudulent mutual fund switching scheme. To further flout regulatory requirements, in connection with the accounts of customers separate from the fraud, Goldberg instructed

two different sales assistants to put their own California home addresses on the customer account documents. These customers lived in Tennessee and Massachusetts, two states in which Goldberg was not licensed at the time. In so doing, Goldberg misled his firms and facilitated his undetected continued servicing of these out-of-state accounts at a time when he was no longer licensed to do so. ([FINRA Case #2011026098504](#))

John Soon Lee (CRD #2689460, McLean, Virginia) was named a respondent in a FINRA complaint alleging that he converted \$10,810.59 from his supervisor at his member firm. The complaint alleges that Lee used his supervisor's credit card to incur business travel expenses, submitted the expense forms to his firm for reimbursement, obtained reimbursement directly from the firm, but failed to reimburse his supervisor the funds as per their agreement. The complaint also alleges that Lee failed to respond fully to FINRA requests for information during the course of its investigation into whether he had converted funds and concerning possible violations of federal securities laws and/or FINRA rules. Lee failed to appear for an on-the-record interview and provide FINRA-requested testimony. ([FINRA Case #2014041372002](#))

Bharminder Singh (CRD #5428974, New York, New York) was named a respondent in a FINRA complaint alleging that he engaged in a fraudulent scheme and practice of repeatedly buying retail-sized lots of senior notes issued by a company at unfair prices from his member firm's retail customers for the proprietary account that he managed, and later sold the notes in institutional-sized lots in the inter-dealer market at substantially higher prices. The complaint alleges Singh regularly bought the notes for the proprietary trading account that he managed from retail customers at unfair prices, without disclosing to the selling customers that his prices were below the prevailing market price. After Singh accumulated an institutional-sized lot of the notes from customers, generally over the course of a month or more, he then sold the notes in the inter-dealer market for substantially more than he had paid for them. Singh's misconduct increased his trading profits to the detriment of the firm's retail customers. Because of Singh's fraudulent scheme and practice of charging unfair prices, the firm's customers who sold the notes to Singh received less than they otherwise would have had they been given a fair price. As a result of his misconduct, Singh willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. ([FINRA Case #2010022691102](#))

Melissa Manuel Velasquez (CRD #5312952, Santa Monica, California) was named a respondent in a FINRA complaint alleging that she made false statements in an email to personnel of her employer bank in connection with a third-party wire request received from a customer's email account. The complaint alleges that Velasquez wrote in her email to a bank employee that she had received the wire instructions from the customer at his home and attempted to fax the instructions to the bank's wire room from her office. Velasquez actually received the wire instructions by email and did not take the instructions to the office to try and fax them to the wire room. The wire request was from an imposter who had gained unauthorized access to the customer's email account. Ultimately, the wire

request was stopped before funds were sent when the bank learned that the request was from an imposter. Velasquez was terminated by her member firm for violating the bank's policies with respect to her untrue statements in her email, and for failing to fully cooperate and answer questions truthfully and completely during the bank's investigation. ([FINRA Case #2015044379701](#))

David Robert Wolk ([CRD #2945630](#), New York, New York) was named a respondent in a FINRA complaint alleging that he willfully failed to timely update his Form U4 to disclose that he was subject to tax liens totaling over \$810,000, a state tax levy for \$106,871.02, and that he had entered into an Offer in Compromise with the IRS for eight tax years. The complaint alleges that Wolk made a false attestation to his member firm on an annual compliance questionnaire through which he failed to disclose the liens, levy or compromise. ([FINRA Case #2012033981601](#))

Complaints Dismissed

FINRA issued the following complaint, which represented FINRA's initiation of a formal proceeding. The allegations were not proven, and a Hearing Panel dismissed the complaint.

Jack Lawrence Howard (CRD #1273894)
New York, New York
(August 17, 2015)
FINRA Case #2011026395701

Robin Maranda Oscher (CRD #1901235)
La Jolla, California
(August 11, 2015)
FINRA Case #2007009250301

Decision Dismissed

OHO issued the following decision, which was appealed to the NAC. The NAC reversed the Hearing Panel's liability findings and sanctions and dismissed the underlying complaint.

Warren Arthur Forest (CRD #1238043)
Casselberry, Florida
(August 31, 2015)
FINRA Case #2009016159102

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

Brookville Capital Partners LLC. (CRD #102380)
Melville, New York
(August 27, 2015)
FINRA Case #2011025868701

W.A. Capital Markets (CRD #6292)
New York, New York
(August 11, 2015)
FINRA Case #2011026156202

W.A. Capital Markets (CRD #6292)
New York, New York
(August 27, 2015)
FINRA Case #2011028360701

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

Capital Technology, Inc. (CRD #27017)
Norwalk, Connecticut
(August 14, 2015)

Firm Cancelled for Failure to Pay Outstanding Fees Pursuant to FINRA Rule 9553

Rowe Capital Partners, L.L.C. (CRD #116428)
Boulder City, Nevada
(August 19, 2015)
FINRA Case #20150462731/DFC150003

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.)

Avior Capital, LLC (CRD #44732)
San Diego, California
(August 17, 2015 – August 25, 2015)

Bristol Investment Group, Inc. (CRD #39684)
New York, New York
(August 17, 2015 – August 21, 2015)

High Point Capital Group, Inc. (CRD #25667)
Cocoa, Florida
(August 17, 2015)

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

Saint Laurent Capital, Inc. (CRD #143396)
Long Beach, California
(August 18, 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.)

Bennett Scott Broad (CRD #702460)
Rydal, Pennsylvania
(August 25, 2015)
FINRA Case #2015044602401

Antonio Costanzo (CRD #2580765)
Chesapeake, Virginia
(August 31, 2015)
FINRA Case #2015044604701

Steven Craig Duprey (CRD #6066936)
Weymouth, Massachusetts
(August 24, 2015)
FINRA Case #2014043078101

Niaz Elmazi aka Nick Morrissey (CRD #2992689)
Brooklyn, New York
(August 10, 2015)
FINRA Case #2014043542401

John A. Gervasi (CRD #6037465)
Deer Park, New York
(August 24, 2015)
FINRA Case #2014040113401

Paige Strother Hays (CRD #6298585)
Spring, Texas
(August 24, 2015)
FINRA Case #2014043420801

Michael Ross Highfill (CRD #3201665)
Madison, Mississippi
(August 6, 2015)
FINRA Case #2015045652501

Jose Manuel Irizarry (CRD #1889005)
Dorado, Puerto Rico
(August 11, 2015)
FINRA Case #2014041987001

Matthew Deater Kelley (CRD #1816472)
Naples, Florida
(August 17, 2015)
FINRA Case #2014043841101

Keith Joseph Kobziewicz (CRD #3275459)
Boca Raton, Florida
(August 24, 2015)
FINRA Case #2014041964501

Robert Mas Laborete (CRD #2370611)
San Diego, California
(August 11, 2015)
FINRA Case #2014043401301

Scott Lyndon Martin (CRD #3089836)
Auburn, California
(August 11, 2015)
FINRA Case #2014042986401

Silvia Navarro Vallesillo (CRD #6303864)
Yuma, Arizona
(August 25, 2015)
FINRA Case #2014043204801

Marcus Antonio Ortega (CRD #6122819)
Stamford, Connecticut
(August 4, 2015)
FINRA Case #2015044933701

Rachael N. Register (CRD #6222224)
Jacksonville, Florida
(August 24, 2015)
FINRA Case #2014042901101

Matthew J. Semetulskis (CRD #6351144)
Naperville, Illinois
(August 25, 2015)
FINRA Case #2015044491101

Christopher Anthony Sumner (CRD 4334586)
Cardiff by the Sea, California
(August 24, 2015)
FINRA Case #2014042268201

Melonie P. Thomas (CRD #4776691)
Myrtle Beach, South Carolina
(August 25, 2015)
FINRA Case #2014043913001

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.)

Modesto Biney (CRD #6239490)
New Hope, Minnesota
(April 28, 2015 - August 3, 2015)
FINRA Case #2014042555001

Michael Joseph Cassano (CRD #5568219)
Oakland Gardens, New York
(August 17, 2015)
FINRA Case #2015044718201

Eduardo Jhonattan Chacon Melgarejo (CRD #6314837)
Marietta, Georgia
(August 7, 2015)
FINRA Case #2015045754901

Alisha Chahal (CRD #5919412)
Dix Hills, New York
(July 16, 2015 – August 12, 2015)
FINRA Case #2015044471001

Johnnie L. Christopher Jr. (CRD #5595549)
Detroit, Michigan
(August 10, 2015)
FINRA Case #2015045861701

Ina E. Collazo (CRD #4665385)
Bronx, New York
(August 14, 2015)
FINRA Case #2015044109601

Stephen Anthony Dalla Torre (CRD #1373684)
Roseland, New Jersey
(August 17, 2015)
FINRA Case #2015044495201

Andrea Lynn Fayette (CRD #6143548)
Glendale, Arizona
(August 20, 2015)
FINRA Case #2015044579201

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

Ricardo Francois (CRD #4280627)
Brooklyn, New York
(August 20, 2015)
FINRA Case #2015043464602

Honetta C. Kao (CRD #5700105)
Staten Island, New York
(August 28, 2015)
FINRA Case #2014039091901

Sean Thomas Lopez (CRD #6355181)
Covina, California
(August 17, 2015)
FINRA Case #2015044127201

Albert Manzo (CRD #6127339)
Santa Ana, California
(August 20, 2015)
FINRA Case #2015044885301

Andrew Marzec (CRD #6083775)
Shoreham, New York
(August 3, 2015)
FINRA Case #2014043542403

Richard Allen McGuire (CRD #4637028)
Bay Shore, New York
(August 14, 2015)
FINRA Case #2015044591001

Frederick Eugene Monroe Jr. (CRD #2457010)
Queensbury, New York
(August 6, 2015)
FINRA Case #2015045800501

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

Jessica Claire Sampel (CRD #6238207)
Clearwater, Florida
(August 20, 2015)
FINRA Case #2015045579101

Matthew J. Semetulskis (CRD #6351144)
Naperville, Illinois
(August 14, 2015 – August 24, 2015)
FINRA Case #2015044491101

Grace W. Smith (CRD #4017716)
Charlotte, North Carolina
(August 17, 2015)
FINRA Case #2015044474101

Michael Terrence Snedeker (CRD #2811809)
Waltham, Massachusetts
(August 27, 2015)
FINRA Case #2015046211101

James Coleman Starks (CRD #5120313)
Brooklyn, New York
(August 20, 2015)
FINRA Case #2015043464601

Marat Zeltser aka Matt Zeltser (CRD #5224578)
Brooklyn, New York
(August 31, 2015)
FINRA Case #2014039091902

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

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

James Curtis Ackerman (CRD #1641924)
Demarest, New Jersey
(August 18, 2015)
FINRA Arbitration Case #09-03694

Robert Joseph Altemus (CRD #4644089)
Alamo, California
(August 18, 2015)
FINRA Arbitration Case #14-02391

John Francis Clancy (CRD #2592118)
Florence, Kentucky
(August 18, 2015)
FINRA Arbitration Case #14-02216

Scott Alan Dascani (CRD #2275151)
Naples, Florida
(March 15, 2012 – August 21, 2015)
FINRA Arbitration Case #11-03148

Matthew DiGregorio (CRD #2434158)
Oceanside, New York
(August 31, 2015)
FINRA Arbitration Case #13-00570

Hugh Monroe Dyson Jr. (CRD #827628)
Holly Springs, North Carolina
(August 21, 2015)
FINRA Arbitration Case #12-03409

Peter Alex Gouzos (CRD #1959666)

Delray Beach, Florida

(August 18, 2015)

FINRA Arbitration Case #14-02017

William Albert Hansen (CRD #1838808)

Tarrytown, New York

(August 31, 2015)

FINRA Arbitration Case #14-02130

Donna Marie Jenkins (CRD #2156974)

Saint Petersburg, Florida

(February 11, 2014 – August 6, 2015)

FINRA Arbitration Case #11-04549

Jason Eric Mininger (CRD #2439580)

Rocklin, California

(August 18, 2015)

FINRA Arbitration Case #14-01692

Scott Cameron Nicol (CRD #2331269)

Washington Township, Michigan

(January 8, 2014 – August 20, 2015)

FINRA Arbitration Case #13-00977

John Morgan Pickens Jr. (CRD #4316358)

Eleanor, West Virginia

(August 18, 2015)

FINRA Arbitration Case #13-03082

Francisco Xavier Savigne (CRD #2992317)

Sarasota, Florida

(August 13, 2015)

FINRA Arbitration Case #14-00694

Michael Edward Wallace (CRD #2328485)

Yardley, Pennsylvania

(August 31, 2015)

FINRA Arbitration Case #00-03950

FINRA Fines Aegis Capital Corp. \$950,000 for Sales of Unregistered Penny Stocks and AML Violations

Two Chief Compliance Officers Fined and Suspended

Aegis CEO Fined and Suspended for Failure to Report Liens

FINRA fined Aegis Capital Corp. \$950,000 for improperly selling unregistered penny stocks and for related supervisory failures, and for failing to implement anti-money laundering (AML) policies and procedures. Aegis is also required to retain an independent consultant to review its supervisory and AML systems and procedures. In addition, Charles D. Smulevitz and Kevin C. McKenna, who served successively as Chief Compliance and AML Compliance Officers at the time of the violations, agreed to 30- and 60-day principal suspensions, and fines of \$5,000 and \$10,000, respectively, for their supervisory and AML failures. [In a separate proceeding](#), Robert Eide, Aegis's President and CEO, was suspended for 15 days and fined \$15,000 for failing to disclose more than \$640,000 in outstanding liens.

Brad Bennett, Executive Vice President and Chief of Enforcement, said, "Firms who open their doors to penny stock liquidators must have robust systems and procedures to ensure strict adherence to the registration and AML rules given the significant risk of investor fraud and market manipulation. The compliance officers sanctioned in this case were directly responsible for supervising sales of restricted securities but failed to conduct a meaningful inquiry in the presence of significant red flags indicating the sales could be illicit distributions of unregistered stocks."

In general, securities must be registered with the SEC to ensure that potential investors are able to receive essential facts about the issuers. FINRA found that from April 2009 to June 2011, Aegis Capital Corp. liquidated nearly 3.9 billion shares of five penny stocks that were not registered with the SEC and not exempt from registration. There were many "red flags" associated with the transactions, including that the customers were referred to Aegis by a single former securities broker who was barred from the industry and who controlled the activity in several of the Aegis accounts. Without conducting a reasonable inquiry into the red flags, Aegis sold the unregistered shares in violation of the registration requirements of the securities laws.

FINRA's investigation found that the violations resulted, in part, from the supervisory failures of Aegis and its two Chief Compliance Officers, Smulevitz and McKenna, during the period of the liquidations. Aegis did not have a supervisory system reasonably designed to prevent the distribution of unregistered securities, and further failed to conduct reasonable and meaningful inquiries of the circumstances surrounding the sales of a total of 10 penny stocks by more than a dozen customers.

Additionally, FINRA found that Aegis, as well as Smulevitz and McKenna, as the firm's AML Compliance Officers, did not adequately implement the firm's AML program, as they failed to reasonably detect and investigate red flags indicative of potentially suspicious transactions. Specifically, the firm, through Smulevitz and McKenna, did not investigate the deposits of unregistered securities, followed shortly thereafter by liquidations. These sometimes occurred at the same time periods of suspicious promotional activity were undertaken and amounted to large percentages of the daily trading volume, and transfers of the resulting proceeds out of the accounts shortly after the liquidations. These failures evidenced the firm's inadequate system to detect, investigate and, where appropriate, report suspicious activity to the Financial Crimes Enforcement Network.

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

McKenna's suspension is in effect from September 8, 2015, through November 6, 2015.

Smulevitz's suspension was in effect from September 8, 2015, through October 7, 2015.

FINRA Bars Former Caldwell Broker for Churning Customer Accounts

FINRA permanently barred Richard Adams, a former registered representative of Caldwell International Securities Corp., from the securities industry for churning customers' accounts and other securities rule violations. Adams also failed to report a dozen unsatisfied judgments and liens on his U4 Registration Form as required by FINRA rules.

FINRA found that from July 2013 to June 2014, Adams excessively traded and churned the accounts of two customers generating more than \$57,000 in commissions. At the same time, the excessive trading activity in these accounts resulted in over \$37,000 in customer losses.

Brad Bennett, FINRA's Executive Vice President and Chief of Enforcement, said, "A key element of retail investor protection is the aggressive pursuit of brokers who churn and excessively trade customer accounts. FINRA has no tolerance for brokers who place commissions ahead of what is suitable and appropriate for their customers."

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

FINRA Fines StockCross Financial Services, Inc. \$800,000 for Regulation SHO Violations

FINRA fined StockCross Financial Services, Inc. \$800,000 for Regulation SHO violations and for related supervisory violations that spanned more than three years. As part of the sanctions, StockCross is ordered to provide a report to FINRA regarding the effectiveness of its Reg SHO supervisory system within six months.

Thomas Gira, FINRA Executive Vice President and Head of Market Regulation, said, “FINRA expects firms to fully comply with all of the requirements of Regulation SHO. This is essential in dealing with potentially abusive short selling conduct that negatively affects the markets, and failure to do so can result in investor harm.”

After completion of a sales transaction, firms are required to deliver the shares transacted to a registered clearing agency for settlement. If the shares are not delivered by the appropriate date, SEC’s Reg SHO requires the firm to take affirmative action to close out the failure to deliver by purchasing or borrowing the securities. The firm must be net flat or long in the relevant security at the end of the “close-out” date. If the failure to deliver is not closed out, the firm may not accept additional short sale orders in the security without first borrowing or arranging to borrow the security.

FINRA found that from November 2009 to May 2013, StockCross’ system to monitor and track its close-out obligations was fundamentally flawed because StockCross did not believe it was required to be either net flat or long in a security at the end of the day on which it purchased shares to meet its close-out obligation. In fact, after the purchase transactions had been executed, the firm did not put any limit or restrictions on the remainder of the day’s trading activity in that security. StockCross’ flawed system caused the firm to have a failure to deliver for seven or more consecutive settlement days on approximately 1,826 occasions. Additionally, StockCross executed at least 4,132 short sales at a time when it had an outstanding close-out obligation for such securities, and did not first borrow or arrange to borrow the security.

In addition, FINRA found that StockCross did not have a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with Rule 204 of Regulation SHO.

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

FINRA Fines Charles Schwab & Co., Inc. \$2 Million for Net Capital Deficiencies

FINRA censured and fined Charles Schwab & Co., Inc. \$2 million for net capital deficiencies and for related supervisory failures. The net capital deficiencies occurred on three separate dates in 2014, and ranged from \$287 million to \$775 million.

FINRA found that on three occasions between May 15, 2014, and July 1, 2014, Schwab was net capital deficient up to \$775 million. The deficiencies arose because on each of those dates, Schwab had inflows of cash that exceeded the amounts it could invest with existing facilities, so instead, Schwab transferred \$1 billion to its parent company for overnight investment. Schwab's Treasury group approved the \$1 billion transfer as an unsecured loan under a revolving loan agreement without consulting its Regulatory Reporting group as to how these transfers would impact the firm's net capital position. Schwab did not have procedures in place requiring its Treasury group to consult with its Regulatory Reporting group regarding the potential effect of its actions on net capital, nor were Schwab's supervisory systems, including written procedures, reasonably designed to prevent the Treasury group from entering into unsecured transfers with affiliates that could result in a net capital deficiency.

Brad Bennett, FINRA's Executive Vice President and Chief of Enforcement, said, "Communication between risk functions within a firm is essential. In this case, Schwab failed to coordinate across its various business units which ultimately led to the firm's net capital deficiencies. Maintaining adequate net capital is critical to the protection of customer assets."

The investigation was conducted by the Department of Enforcement and the Department of Member Regulation Risk Oversight & Operational Regulation.

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