

Disciplinary and Other FINRA Actions

Firms Expelled

North Woodward Financial Corp. (CRD® #104097, Birmingham, Michigan) was expelled from FINRA® membership. The Securities and Exchange Commission (SEC) sustained the sanction following appeal of a National Adjudicatory Council (NAC) decision. The sanction was based on findings that the firm and its owner failed to respond completely to FINRA requests for information and documents. The findings stated that the firm and its owner also failed to timely amend its owner's Uniform Application for Securities Industry Registration or Transfer (Form U4) with material information about a federal tax lien that was filed against him. ([FINRA Case #2010021303301](#))

Firms Fined, Individuals Sanctioned

Caldwell International Securities Corporation (CRD #104323, Nassau, Bahamas), Greg Allen Caldwell (CRD #2816295, Austin, Texas) and Paul Joseph Jacobs (CRD #4658235, Austin, Texas) submitted an Offer of Settlement in which the firm was censured, fined \$1,000,000, and required to pay \$1,026,089.48 in restitution to customers. Greg Caldwell was assessed a deferred fine of \$50,000 and barred from association with any FINRA member in any principal capacity. Jacobs was suspended from association with any FINRA member in any principal capacity for six months.

Without admitting or denying the allegations, the firm, Caldwell and Jacobs consented to the sanctions and to the entry of findings that the firm, by and through one or more of its principals, including Caldwell and Jacobs, failed to develop, maintain and enforce a supervisory system, including written supervisory procedures (WSPs), reasonably tailored to its business model, allowing many of its registered representatives to recommend an unsuitable active trading investment strategy that the representatives did not understand and which caused significant financial losses to customers while generating substantial profits for the firm, Caldwell, Jacobs and others. The findings stated that representatives were allowed to engage in trading with discretion without authorization, and trading that exceeded the benchmarks for excessive trading and churning without any meaningful supervision of this activity. Firm principals Caldwell and Jacobs were responsible for supervising one or more of these relevant registered representatives. Greg Caldwell and Jacobs were each aware of the extraordinarily high level of trading in customer accounts. However, Greg Caldwell and Jacobs did not take meaningful steps to supervise the high level of trading activity, nor did they adequately monitor for excessive trading or churning other than to review each trade at the firm in isolation on a daily basis. Once possible excessive trading and churning was identified,

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

Greg Caldwell and Jacobs did not adequately respond to investigate and, if necessary, stop this misconduct. Moreover, Greg Caldwell and Jacobs knew accounts were being traded under an active trading investment strategy, but did not make any effort to determine if the representatives understood the risks of the strategy or had a reasonable basis to recommend it. The firm is liable for the unsuitable recommendations of the active trading investment strategy made by its representatives.

The findings also stated that the firm failed to ensure that several of the registered representatives were placed on heightened supervision in compliance with the firm's WSPs, failed to ensure that electronic correspondence at branches was being reviewed in compliance with the firm's WSPs, and as a result, failed to report customer complaints, and failed to offer customers mutual fund right of reinvestment/reinstatement waived or reduced sales charges, resulting in customers being overcharged \$107,367.08. The findings also included that the firm, by and through Caldwell and Jacobs, failed to establish, maintain and enforce a system, including WSPs, reasonably designed to supervise the core activity in which many of its brokers engaged—active and aggressive trading. Specifically, the firm failed to create and maintain procedures to monitor for, detect and prevent churning, excessive trading and unsuitable active trading investment strategy recommendations.

FINRA found that the firm's supervisory deficiencies also led to the firm charging customers misleading and/or discriminatory miscellaneous fees in transactions. As a result, the firm willfully violated Section 10(b) of the Exchange Act and Rule 10b-10 thereunder. FINRA also found that the supervisory deficiencies led to anti-money laundering (AML) failures. The firm failed to log into the Financial Crimes Enforcement Network (FinCEN) system and conduct any of the required searches of its accounts and systems to determine whether it maintained any accounts for persons appearing on FinCEN's 314(a) request list.

Jacobs' suspension is in effect from September 6, 2016, through March 5, 2017. ([FINRA Case #2014039091903](#))

Financial West Investment Group, Inc. dba Financial West Group ([CRD #16668](#), Westlake Village, California) and **Gene Charles Valentine** ([CRD #1079871](#), Houston, Texas) submitted a Letter of Acceptance, Waiver and Consent (AWC) in which the firm was censured and fined \$40,000. Valentine was fined \$10,000 and suspended from association with any FINRA member in any principal capacity for 30 days. Without admitting or denying the findings, the firm and Valentine consented to the sanctions and to the entry of findings that the firm's WSPs failed to address many elements of the firm's due-diligence process for private placements. The findings stated that the firm's WSPs failed to describe the process for approving private placement offerings and failed to describe how or when to evaluate private placement offerings. Moreover, the firm failed to consistently follow the written procedures that it did have (i.e., by failing to document the review as described in the procedures).

The findings also stated that the firm failed to enforce its WSPs relating to CRD checks for potential hires designed to prevent the firm from hiring an individual subject to a statutory disqualification. Valentine, as the chairman and chief executive officer (CEO), directed and permitted the firm to associate with an individual who was statutorily disqualified due to a non-investment related felony conviction, first as an employee and later as an independent contractor. A firm principal and others in firm management alerted Valentine to the individual's felony and the fact that the firm could not associate with the individual without completing an MC-400 Application seeking FINRA's permission to associate with the individual. Valentine overrode their concerns and permitted the firm to continue to associate with the individual by allowing the individual to continue his duties on the firm's behalf as an independent contractor.

Valentine's suspension is in effect from September 19, 2016, through October 18, 2016. ([FINRA Case #2014042263601](#))

Firms Fined

Boenning & Scattergood, Inc. ([CRD #100](#), West Conshohocken, Pennsylvania) submitted an AWC in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to reasonably supervise a registered representative's private securities transactions. The findings stated that the representative operated a registered investment advisor (RIA) that held customer accounts at broker-dealers other than the firm. The RIA was disclosed to the firm and approved as an outside business activity. Although the representative participated in securities transactions for compensation through the RIA, including transactions executed on behalf of firm customers, the firm did not record these securities transactions on the firm's books and records or otherwise supervise these activities, as required. Moreover, the firm's WSPs failed to address the approval process for private securities transactions or provide procedures for their ongoing supervision. The findings also stated that the firm failed to reasonably supervise consolidated reports and failed to retain consolidated reports sent to customers. The firm discovered that a registered representative was using Microsoft Excel to create consolidated reports and had been sending approximately 120 reports per year to firm customers. The reports listed the customers' assets, deposits and withdrawals of funds, and rates of return, among other information, but did not contain any disclosures regarding assets held outside of the firm or the sources of the data on the reports. The representative printed the reports and sent them with a cover letter to his customers without retaining copies in his correspondence file. The firm did not have any WSPs governing consolidated reports, did not have a system to detect the use of consolidated reports, and did not have a method to review such reports for accuracy. While the firm ostensibly treated consolidated reports as correspondence, it failed to enforce those procedures as evidenced by its failure to review or retain any of the hundreds of consolidated reports sent.

The findings also included that the firm failed to retain business-related instant messages. Due to the failure of an outside vendor's computer server, the firm failed to retain all business-related instant messages for a one-year period from this vendor, amounting to 1.5 percent of the firm's instant messages. Approximately 57,000 instant messages approximately 53 registered persons had sent were lost and cannot be recovered. FINRA found that the firm failed to conduct adequate branch inspections. The firm's compliance personnel failed to review all of the areas required by NASD Rule 3010(c) when conducting the firm's branch inspections. In addition, the firm's compliance personnel did not memorialize branch inspection findings in a written report, as required. The firm failed to inspect the firm's non-branch locations on any regular, periodic basis. FINRA also found that the firm failed to accurately update its registered representatives' Forms U4 to disclose representatives' outside business activities. ([FINRA Case #2014038906401](#))

Commerz Markets LLC ([CRD #41957](#), 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 report transactions in Trade Reporting and Compliance Engine® (TRACE®)-eligible corporate debt securities to TRACE within 15 minutes of the execution time. ([FINRA Case #2015046333401](#))

CV Brokerage, Inc ([CRD #462](#), West Conshohocken, Pennsylvania) 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 allowed a non-broker-dealer entity to send orders to another broker-dealer for execution via electronic communications connections and access rights for execution services the firm established and maintained with that other broker-dealer. The findings stated that the non-broker-dealer entity transmitted short sale orders in equity securities, for which the firm did not borrow the security or enter into a bona-fide arrangement to borrow the security, or have reasonable grounds to believe that the security could be borrowed so that it could be delivered by the date delivery was due; and it did not document compliance with Rule 203(b)(1) of Regulation SHO. The findings also stated that the firm failed to adequately enforce its WSPs, which called for reviews to ensure compliance with Rule 203(b)(1) of Regulation SHO. ([FINRA Case #2012035026501](#))

Deutsche Bank Securities Inc. ([CRD #2525](#), New York, New York) submitted an AWC in which the firm was censured and fined \$200,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report short interest positions in dually listed securities, because the firm had been unaware that a U.S. ticker symbol had been assigned to such securities after the firm's initial short position had been established. The findings stated that the firm's supervisory system and WSPs did not provide for supervision reasonably designed to achieve compliance with respect to the FINRA rules regarding short interest reporting, particularly with respect to dually listed securities. ([FINRA Case #2014041910001](#))

Guggenheim Securities, LLC ([CRD #40638](#), New York, New York) submitted an AWC in which the firm was censured, fined \$20,000, and required to pay \$1,129.33, 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 in over-the-counter (OTC) securities, traded for its own account at prices that would have satisfied the customer orders, and failed to execute or immediately execute the customer orders up to the size and at the same price at which it traded for its own account, or at a better price. The findings stated that in several instances, the firm also failed to make every effort to cross a marketable customer order with another order the firm received on the opposite side of the market. ([FINRA Case #2013036709801](#))

ITG Inc. ([CRD #29299](#), New York, New York) submitted an AWC in which the firm was censured and fined \$85,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted reports that contained inaccurate, incomplete, or improperly formatted data to the Order Audit Trail System (OATS™). The findings stated that the firm transmitted reports where it incorrectly submitted the “T” Reporting Exception Code, incorrectly submitted an Account Type code of “A” for an order received from a broker-dealer, incorrectly submitted an Account Type code of “A” for an order from the firm’s error facilitation account, and failed to submit the Not Held Special Handling Code as indicated on the order ticket. The findings also stated that the firm failed to properly classify orders for purposes of SEC Rule 605 of Regulation NMS order execution disclosure. The firm erroneously classified orders to sell short as a covered order, failed to properly classify orders as a marketable limit order, and erroneously classified an order greater than 9,999 shares as a covered order. The findings also included that the firm made available reports on the covered orders in national market system securities that it received for execution from any person, and failed to properly disclose order execution statistics for covered order type/size categories.

FINRA found that following its finding of a violation of SEC Rule 605 for incorrectly including in the firm’s monthly report non-exempt short sales in covered order type/size categories, the firm took steps to remediate the issue. However, due to a misconfiguration in the firm’s reporting system, the firm continued to include in its SEC Rule 605 reports non-exempt short sales from one client. FINRA also found that the firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with the applicable securities laws and regulations, and FINRA rules, concerning compliance with the requirements of SEC Rule 605 of Regulation NMS. ([FINRA Case #2014039940201](#))

J.P. Morgan Securities LLC ([CRD #79](#), New York, New York) 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 accept or decline transactions in reportable securities in the OTC Reporting Facility™ (ORF™) within 20 minutes after execution. ([FINRA Case #2014042418001](#))

KCD Financial, Inc. ([CRD #127473](#), Green Bay, Wisconsin) was censured and fined \$73,000. The NAC affirmed the findings in part and reversed in part, and vacated the sanctions in part and modified in part, following appeal of the Office of Hearing Officers (OHO) decision. The sanctions were based on findings that the firm sold at least \$2 million in unregistered securities and failed to supervise its representatives' sales of unregistered securities. The findings stated that the unregistered securities were purported to be exempt from registration pursuant to a registration exemption under Regulation D that, among other things, prohibited the issuer from engaging in a "general solicitation" or "general advertising," and restricted sales to accredited investors and non-accredited investors who met certain sophistication criteria. Shortly after the offering commenced, the issuer generated a press release concerning the launch of the investment fund, which resulted in newspaper articles that the issuer promptly posted on its affiliate's unrestricted website. The issuer's securities attorney contacted the firm and informed it that the newspaper articles amounted to a breach of the prohibition against general solicitation and advised the firm that the newspaper articles should not be posted on the issuer's website. Although the firm took some efforts to limit sales of the offering, the firm did not prohibit sales of the offering, never ensured that the newspaper articles were taken down from the issuer's affiliate's website, and never investigated whether any of the purchasers learned of the offering from the newspaper articles. The firm also failed to meet its burden of proving with sufficient evidence that the offering had been sold only to accredited investors or persons who met the sophistication criteria of Rule 506. The NAC reversed the findings that the firm violated FINRA's communications with the public rule and vacated the sanctions that had previously been imposed for those findings.

This matter has been appealed to the SEC and the sanctions are not in effect pending review. ([FINRA Case #2011025851501](#))

KeyBanc Capital Markets Inc. ([CRD #566](#), Cleveland, Ohio) submitted an AWC in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to have a system in place to properly determine whether, on a moment-to-moment basis, it maintained sufficient net capital prior to, during and after the completion of underwriting commitments, as a result of applying incorrect haircut deductions. The findings stated that in one such instance, the incorrect haircut application resulted in an overstatement of the firm's net capital of more than \$13 million. The findings also stated that as a result of the computation error, the firm submitted a Financial and Operational Combined Uniform Single (FOCUS) filing that incorrectly reported the firm's excess net capital. The findings also included that the firm failed to maintain accurate books and records. The firm failed to record an approximately \$73 million market fund position on its sub-ledger and stock record, due to its erroneous belief that it was not required to memorialize this position in the sub-ledger. This failure meant that the firm did not have an audit trail to its back-office systems for this position, as required. The firm also failed to maintain separate ledger accounts for transactions related to different affiliate entities. There was a coding

discrepancy between the firm's stock record and securities allocation with respect to a certain position, which resulted in inaccurately recording the long inventory positions on its stock record. The firm was not accurately assessing whether it had sufficient capital in place prior to an underwriting commitment and, therefore, did not have records to substantiate that such an assessment was being made.

FINRA found that the firm made inaccurate computations in its customer reserve calculation. These computation errors occurred because of the firm's improper inclusion and exclusion of various credits and debits, resulting in overstatements of both customer credit and customer debit balances for the customer reserve formula. Additionally, with respect to certain money market fund and bank sweep redemptions, there were numerous instances in which the firm overstated customer debits by amounts ranging from \$13,000 to more than \$4 million due to incorrectly considering a receivable to be from the customer rather than the appropriate bank or fund. FINRA also found that the firm failed to have adequate supervisory controls in place to ensure that it properly calculated net capital charges for its underwriting commitments and To Be Announced transactions, which resulted in erroneous or omitted net capital calculations. These errors did not result in any net capital deficiencies. Similarly, inadequate controls impacted the accuracy of the firm's customer reserve computations as evidenced by the firm's failure to detect coding discrepancies in the firm's stock record and securities allocations. When considered together, these errors demonstrate the inadequacies of the firm's supervision of these calculations. The firm also lacked an adequate supervisory system reasonably designed to ensure compliance with rules concerning net capital, customer reserve formula, FOCUS filings, and maintenance of accurate books and records. ([FINRA Case #2013035677101](#))

Merrill Lynch, Pierce, Fenner & Smith Incorporated ([CRD #7691](#), 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 made publicly available a report on its routing of non-directed orders in covered securities. The findings stated that these reports included incomplete information as to the identity of the venues to which the largest number of total non-directed orders were routed for execution, and other venues to which 5 percent or more of non-directed orders were routed for execution. ([FINRA Case #2014042962101](#))

Nomura Securities International, Inc. ([CRD #4297](#), New York, New York) 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 after receiving and exposing only a portion of a customer's order to the marketplace, the firm purchased contracts of calls for, and sold shares from, its own proprietary account to hedge its anticipated facilitation of the remainder of the customer order. The findings stated that the firm's supervisory system for reviewing securities transactions was not reasonably designed to ensure compliance with applicable anticipatory hedging and front-running rules, and the firm failed to enforce compliance with its WSPs applicable to

anticipatory hedging and front-running transactions. Specifically, the firm failed to enforce and supervise enforcement of its WSPs regarding the escalation of anticipatory hedging and front-running issues to the appropriate supervisory and/or compliance personnel; and the firm's WSPs did not address, or provide for the supervision of, transactions designed to hedge the partial exposure of customer orders to ensure compliance with applicable anticipatory hedging and front-running rules. ([FINRA Case #2013038492801](#))

Performance Trust Capital Partners, LLC ([CRD #36155](#), Chicago, Illinois) 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 report information regarding purchase and sale transactions effected in municipal securities to the Real-Time Transaction Reporting System (RTRS) in the manner prescribed by the Municipal Securities Rulemaking Board (MSRB) Rule G-14 RTRS Procedures and the RTRS Users Manual. The findings stated that the firm failed to report information about such transactions within 15 minutes of trade time to an RTRS Portal. ([FINRA Case #2015044322301](#))

Pershing LLC ([CRD #7560](#), Jersey City, New Jersey) submitted an AWC in which the firm was censured and fined \$19,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that on 170 occasions, it accepted a short sale order in an equity security from another person without borrowing the security, or entering into a bona-fide arrangement to borrow the security, or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due, and documenting compliance with Rule 203(b)(1) of Regulation SHO. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with certain applicable securities laws and regulations, and/or FINRA rules. The firm's WSPs for its market-making desk failed to provide for the minimum requirements for adequate WSPs to achieve compliance with Rule 203(b)(1) of Regulation SHO concerning short sale orders received from non-U.S. registered broker-dealers. ([FINRA Case #2014040372701](#))

ProEquities, Inc. ([CRD #15708](#), Birmingham, Alabama) submitted an AWC in which the firm was censured and fined \$200,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce adequate written procedures to supervise sales of non-traditional ETFs and to supervise the creation and dissemination of consolidated reports. The findings stated that the firm permitted its registered representatives to solicit transactions in non-traditional ETFs even though the firm did not have in place written procedures relating to suitability and supervision of recommendations involving non-traditional ETFs. The firm also failed to have in place a procedure or system to identify instances in which a customer might be holding a position in a non-traditional ETF for an extended period of time. In addition, the firm did not provide adequate training and guidance to its registered representatives regarding the unique characteristics and risks of non-traditional ETFs.

The findings also stated that the firm permitted its registered representatives to prepare and disseminate consolidated reports using firm-approved software applications. Some of those applications provided the ability to manually enter securities positions and values. The firm did not have written procedures addressing the use and supervision of consolidated reports. The findings also included that permitted its registered representatives, who were also investment advisers (RR/IAs), to offer investment-advisory services through independent RIAs. The firm had in place written procedures for supervision and recordkeeping of such activities but failed to enforce its written procedures relating to the supervision of registered persons conducting investment-advisory business through an independent RIA. Specifically, the firm failed to ensure that certain RR/IAs complied with the firm's requirement that they provide written notice to the compliance department of any changes in their RIA business or clientele. In addition, the firm's written procedures required that supervising principals utilize a "Section 40 blotter" to review RR/IA securities transactions executed away from the firm, but in certain circumstances the firm did not enforce that requirement, and individual supervising principals were permitted to utilize their own methods to review these transactions and often did not document the reviews. Finally, the firm's written procedures required that compliance department personnel conduct and document an annual review of each RR/IA's business and recordkeeping practices, but such reviews were not consistently performed or documented.

FINRA found that the firm failed to adequately enforce certain provisions of its written procedures relating to the supervision of sales of variable annuities and 1035-exchange transactions. The firm maintained written procedures relating to the supervision of sales of variable annuities that identified, but did not sufficiently address, particular factors to be considered in assessing the suitability of a recommendation to buy or sell, in whole or in part, a variable annuity. The firm failed to ensure that such reviews were always performed and documented and failed to ensure that reviews of a weekly 1035-exchange report were always conducted timely and consistently. The firm's written procedures addressing suitability of variable-annuity recommendations identified, but did not adequately discuss, annuity share class as a factor to be considered in assessing suitability. ([FINRA Case #2014039418801](#))

R. Seelaus & Co., Inc. (CRD #14974, Summit, New Jersey) submitted an AWC in which the firm was censured, fined \$25,000, and ordered to pay \$12,987.15, 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 purchased municipal securities for its own account from a customer and/or sold municipal securities for its own account to a customer at an aggregate price (including any mark-down or mark-up) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction; the expense involved in effecting the transaction; the fact that the broker, dealer or municipal securities dealer is entitled to a profit; and the total dollar amount of the transaction. ([FINRA Case #2014040416401](#))

Robert W. Baird & Co. Incorporated ([CRD #8158](#), Milwaukee, Wisconsin) submitted an AWC in which the firm was fined \$6,500. Without admitting or denying the findings, the firm consented to the sanction and to the entry of findings that it failed to report the correct trade execution time for transactions in TRACE-eligible securitized products to TRACE, and failed to show the correct execution time on brokerage order memoranda. ([FINRA Case #2015047484601](#))

Sigma Financial Corporation ([CRD #14303](#), Ann Arbor, Michigan) submitted an AWC in which the firm was censured, fined \$100,000, and required to pay \$92,053.63, plus interest, in restitution to customers. The firm paid full restitution, plus statutorily calculated interest, and provided proof of payment to FINRA. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to identify and apply sales charge discounts to certain customers' eligible purchases of unit investment trusts (UITs), resulting in customers paying excessive sales charges of approximately \$92,053.63. The findings stated that the firm failed to establish, maintain, and enforce a supervisory system and WSPs reasonably designed to ensure customers received sales charge discounts on all eligible UIT purchases. ([FINRA Case #2014041839601](#))

Susquehanna Financial Group, LLLP ([CRD #35865](#), Bala Cynwyd, Pennsylvania) 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 improperly made payments for order flow totaling approximately \$30,439 to an unregistered entity, in connection with trades detailed in the entity's invoices. The findings stated that the entity, which engaged in trading and research on ETFs for institutional customers, has never been a FINRA member or a registered broker-dealer. FINRA members are prohibited from dealing with non-members except at the same prices, for the same commissions or fees, and on the same terms and conditions accorded by such member to the general public; and payments of fees and commissions to unregistered broker-dealers are prohibited. ([FINRA Case #2016049362701](#))

UBS Financial Services Inc. ([CRD# 8174](#), Weehawken, New Jersey) submitted an AWC in which the firm was censured and fined \$250,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to provide sales charge waivers to mutual fund customers entitled to such waivers through rights of reinstatement. The findings stated that the firm failed to establish, maintain, and enforce a supervisory system and WSPs reasonably designed to ensure that all eligible customers received sales charge waivers available through rights of reinstatement. The firm relied primarily on its registered representatives to identify and apply sales charge waivers through rights of reinstatement. The firm used a report to monitor whether representatives were appropriately identifying and applying these waivers, which was deficient. The firm did not have any supervisory system or procedures to review or test the report to ensure that it was accurate, complete and functioning as intended. Thus, the firm was unaware for several years that the report was not monitoring all mutual fund transactions for missed rights of reinstatement. ([FINRA Case #2013038351701](#))

Vision Brokerage Services, LLC ([CRD #47927](#), Stamford, Connecticut) 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 failed to establish, maintain and enforce a supervisory system, including WSPs, reasonably designed to supervise the activities of foreign associates (FAs). The findings stated that the firm's WSPs stated that FAs would be supervised in the same manner as the firm's domestic representatives. However, the firm's supervision of FAs differed from its supervision of the firm's domestic representatives in several respects. The firm did not assign FAs firm email addresses and did not require that the firm retain the FAs' business-related communications. The firm required all domestic representatives to disclose all outside business activities on an annual attestation form, but did not require the same of FAs. The firm did not require FAs to disclose any non-firm accounts and provide duplicate monthly statements to firm compliance as domestic representatives were required to do. The findings also stated that the firm designated the FAs' offices as non-branch locations, when they should have been registered as branches of the firm. Had they been registered as branches, the firm would have been required to inspect the FAs' offices annually, rather than once every three years as required for non-branch locations. As a result, the firm did not inspect any of the FAs' offices. ([FINRA Case #2013035110601](#))

Individuals Barred or Suspended

Joseph Michael Araiz ([CRD #1278925](#), New York, New York) submitted an Offer of Settlement in which he was assessed a deferred fine of \$45,000, suspended from association with any FINRA member in a supervisory capacity for 60 days, required to pay \$18,669.51, plus interest, in restitution to customers, and required to requalify by exam for all licenses prior to registering with any FINRA member. Without admitting or denying the allegations, Araiz consented to the sanctions and to the entry of findings that he and his member firm failed to establish, maintain and enforce a reasonably designed supervisory system, including WSPs, to supervise the firm's business of buying and selling corporate bonds to customers and to supervise the activities of its registered representatives and associated persons. The findings stated that Araiz was the firm's indirect—but sole—owner, its CEO, and its chief compliance officer (CCO). The firm's supervisory system and procedures, including its WSPs, failed to provide reasonable steps to ensure that when conducting supervisory reviews of fixed income transactions, its markups were not excessive. The firm's procedures were not reasonably tailored to the firm and a registered representative's practices with respect to charging markups in bond transactions.

The findings also stated that the firm and Araiz failed to establish any exception reports or automated surveillance programs to monitor for excessive markups. Instead, the firm's supervisory system for excessive markups was based solely on inadequate manual reviews. Araiz's manual review of the registered representative's transactions was flawed in that he failed to review and detect that the firm was effectively marking up transactions twice.

Although Araiz reviewed certain transactions by reviewing the firm's trade blotters, he failed to determine and consider the total markup that the registered representative charged, even though he knew that each trade included one markup from the trader to the registered representative and a second markup from the registered representative to the customer. As the firm's sole owner, Araiz profited from the excessive markups that the registered representative charged.

The suspension is in effect from September 6, 2016, through November 4, 2016. ([FINRA Case #2012034242501](#))

Kerry William Baker ([CRD #3221816](#), Bolingbrook, Illinois) 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 five months. Without admitting or denying the findings, Baker consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose that he was charged with two felony counts of driving under the influence of alcohol, and that he was convicted of a felony. The findings stated that Baker submitted two annual compliance attestations to his member firm in which he falsely certified that he did not have any felony charges or indictments. Baker also failed to timely amend his Form U4 to disclose that he was subject to a federal tax lien that remains unsatisfied.

The suspension is in effect from September 6, 2016, through February 5, 2017. ([FINRA Case #2015048269601](#))

Joseph N. Barnes Sr. ([CRD #5603198](#), Miami, Florida) was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. The sanctions were based on findings that Barnes willfully failed to timely disclose bankruptcy petitions on his Form U4.

The suspension is in effect from August 15, 2016, through February 14, 2017. ([FINRA Case #2013038418201](#))

Michael James Barranco ([CRD #4825738](#), Montgomery, Alabama) submitted an AWC in which he was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, Barranco consented to the sanctions and to the entry of findings that he participated in private securities transactions with three different issuers outside of his member firm without providing proper notice to the firm.

The suspension is in effect from August 1, 2016, through July 31, 2018. ([FINRA Case #2015048273301](#))

Joseph Leon Bess II ([CRD #4441939](#), Oklahoma City, Oklahoma) 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 two months. Without admitting or denying the findings, Bess consented to the sanctions and to the entry of findings that he marked order tickets for

the purchase of ETFs in customer accounts as unsolicited when, in fact, Bess had solicited each order by bringing the relevant ETF transaction to the attention of each customer. The findings stated that Bess' member firm maintained an approved list of securities that could be solicited, and the firm's electronic order-taking system would reject any trades in unapproved securities that were marked as solicited. Because none of the ETF's that were the subject of the mismarked transactions were on the approved list, Bess marked the transactions as unsolicited in order to have the trades accepted by the firm's electronic system. By mismarking the order tickets, Bess caused his firm to keep inaccurate books and records.

The suspension was in effect from August 15, 2016, through October 14, 2016. ([FINRA Case #2014041059901](#))

Thomas Edward Brenner Jr. ([CRD #1489233](#), Orrville, Ohio) 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 16 months, and ordered to pay deferred disgorgement of commissions of \$189,000, plus interest. Without admitting or denying the findings, Brenner consented to the sanctions and to the entry of findings that he engaged in two separate private placements which were rife with supervisory and substantive violations. The findings stated that in soliciting customers to purchase a private placement offering, Brenner provided customers with a private placement memorandum (PPM) for the offering and a program summary, the latter of which provided a brief summary of the offering. Both the PPM and the program summary contained several statements that claimed or implied that the investments were secured, or suggested a level of safety in the investments or reliability in forecasting returns by investors.

The findings also stated that in soliciting investors for another offering, Brenner provided each investor with an application form, a subscription agreement, a promissory note and an executive summary generally describing the offering. At various times while Brenner was soliciting investors in this offering, a founder of the offering told Brenner that a PPM was forthcoming. But, the PPM was not completed until after FINRA's investigation of the offering began and well after Brenner had ceased soliciting investors. Hence, the PPM was not provided to investors. By distributing a variety of documents to investors in each offering, Brenner negligently made untrue statements of material facts or omitted to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, and made statements which were not fair and balanced, and were misleading, exaggerated and unwarranted.

The findings also included that Brenner's member firm's WSPs designated him as the principal responsible for ensuring compliance with all procedures relating to private placements, including the due diligence requirements. Brenner, however, was not aware that he was the designated principal under the WSPs and did not have any experience in supervising private placements. Despite the express references in the firm's WSPs to due diligence requirements for private placements, neither Brenner nor anyone else at the firm

conducted the diligence the firm's WSPs required. Brenner assumed that another principal of the firm had conducted the due diligence of one of the offerings. However, that principal was unaware of the offering and did not conduct any due diligence. Brenner's review of the offering was limited to talking with the offering's founder and discussing its business plan with a few people in the medical or pharmaceutical industries for the purpose of understanding the market demand for the self-owned toxicology laboratories.

The suspension is in effect from August 15, 2016, through December 14, 2017. ([FINRA Case #2015046056403](#))

Joseph Ronald Butler ([CRD #2447535](#), Brandywine, Maryland) was barred from association with any FINRA member in any capacity and ordered to pay \$170,408.18, plus interest, in restitution to his former customer. The SEC affirmed the findings and sanctions following appeal of a NAC decision. The sanctions were based on findings that Butler converted an elderly customer's funds and named himself the beneficiary of her annuity by submitting a falsified beneficiary change request form falsely representing that he was her son. The findings stated that Butler took advantage of his elderly customer, who was suffering from declining mental health and relied on him to help manage her finances. Butler, aware of her diminished capacity, withdrew funds from the customer's bank account by writing and cashing checks payable to himself and to "cash," made wire transfers from the customer's account to his own, and used her accounts to pay his personal tax liabilities. Butler also took the customer to his attorney, where she ultimately executed papers naming Butler her personal representative and the primary beneficiary under her will, and giving him power of attorney. ([FINRA Case #2012032950101](#))

Adam Christopher Canote ([CRD #6328833](#), Columbia, 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 three months. Without admitting or denying the findings, Canote consented to the sanctions and to the entry of findings that he altered documents and submitted them with insurance applications to his member firm. The findings stated that over several months, Canote submitted documents to his firm's insurance affiliate, which purportedly showed that applicants were previously insured by another insurance company. Canote created those documents by altering a declarations page for a policy that the other insurance company previously issued. Canote changed the policy's date and the policyholder's name, address and vehicles, although he did not alter the policy's number or coverages. Canote's firm's insurance affiliate discovered Canote's use of the altered declarations pages after an underwriter noticed inconsistencies in one of Canote's applications—the altered declarations page accompanying the application contained different typefaces, did not list the applicant as the policyholder, and stated that the applicant had a 12-month policy although the other insurance company only issues six-month policies.

The suspension is in effect from September 6, 2016, through December 5, 2016. ([FINRA Case #2015047756801](#))

Jonathan Jomar Casiano ([CRD #6607584](#), Mansfield, Texas) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Casiano consented to the sanction and to the entry of findings that while registered with his member firm, he issued, or caused to be issued, debit cards linked to the accounts of bank customers. The findings stated that Casiano directed family members and a friend to use the debit cards to make unauthorized withdrawals of funds from the bank customers' accounts totaling at least \$14,400. Casiano used the misappropriated funds to make personal expenditures. ([FINRA Case #2016050795201](#))

Ciro Gilbert Cavazos ([CRD #4438921](#), Magalia, California) submitted an AWC in which he was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in any capacity for three months, and ordered to pay \$7,000 in deferred restitution to a customer. Without admitting or denying the findings, Cavazos consented to the sanctions and to the entry of findings that he borrowed \$10,000 from one of his customers. The findings stated that the loan was undocumented and did not have specific repayment terms or a fixed maturity date. Cavazos orally agreed to repay the loan when he was able to do so. The loan remained outstanding when Cavazos' registrations transferred to another member firm and the customer's account followed. Cavazos has partially repaid the money borrowed from the customer.

The suspension is in effect from August 15, 2016, through November 14, 2016. ([FINRA Case #2016049080401](#))

Steven Paul Colacurcio ([CRD #1717483](#), Boca Raton, Florida) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Colacurcio consented to the sanctions and to the entry of findings that he exercised discretionary power in a customer's account without obtaining the customer's prior written authorization and without having his member firm's acceptance of the account as discretionary.

The suspension was in effect from September 6, 2016, through September 26, 2016. ([FINRA Case #2014043592102](#))

Olga Amalia Martinez De Aguirre ([CRD #4196339](#), The Woodlands, Texas) submitted an AWC in which she was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the findings, De Aguirre consented to the sanctions and to the entry of findings that she willfully failed to timely amend her Form U4 to disclose federal tax liens that had been filed against her while they were unsatisfied, and willfully failed to timely amend her Form U4 to disclose both a criminal misdemeanor charge and guilty plea of theft by check. The findings stated that De Aguirre made at least two separate misrepresentations to her member firm, in both an annual compliance questionnaire and in response to an audit, falsely denying being the subject of any liens.

The suspension is in effect from September 6, 2016, through September 5, 2017. ([FINRA Case #2015047953601](#))

Michael James Draper ([CRD #1760044](#), 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 six months. Without admitting or denying the findings, Draper consented to the sanctions and to the entry of findings that he willfully failed to amend his Form U4 to disclose that he became subject to a federal tax lien in the amount of \$683,204, and a California state tax lien totaling \$54,326.

The suspension is in effect from September 6, 2016, through March 5, 2017. ([FINRA Case #2015045048401](#))

Brian Powers Dunne ([CRD #6356612](#), Fairfield, Connecticut) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Dunne consented to the sanctions and to the entry of findings that he assisted with editing a brochure for a company that he was involved in founding without first notifying his member firm. The findings stated that at the time Dunne began working as an investment banker for his firm, he did not notify it of his association with the company. When the firm's compliance personnel noticed his activity and asked about his involvement with the company, Dunne initially did not provide the firm with information and subsequently provided incomplete information.

The suspension was in effect from August 1, 2016, through August 19, 2016. ([FINRA Case #2015048346801](#))

Brian James Egan ([CRD #4527950](#), 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, Egan consented to the sanction and to the entry of findings that he failed to provide prompt written notice to his member firm of outside brokerage accounts he owned or held trading authority over at another FINRA member firm, which included both Egan's family members and customers of his tax and accounting service. The findings stated that Egan exercised his trading authority in the accounts at the other firm to execute trades and to transfer funds and securities from certain customer accounts to his own accounts at the other firm. The findings also stated that Egan made misrepresentations in compliance forms he submitted to his firm in which he certified and/or indicated that he had disclosed all of his personal trading accounts held away from his firm. However, these compliance forms, and Egan's related certifications, were false because he had not disclosed the accounts he owned or controlled at the other firm. The findings also included that Egan failed to respond to FINRA requests for documents and information, and provided false information in response to one such request for information by falsely stating that he did not maintain trading authority for any persons or entities in accounts at the other firm when he did have such authority in the accounts. ([FINRA Case #2015046381101](#))

Adam Denny Estes ([CRD #4089657](#), **Bloomington, Indiana**) submitted an AWC in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for 15 months. Without admitting or denying the findings, Estes consented to the sanctions and to the entry of findings that he participated in private securities transactions totaling over \$1.2 million without providing prior written notice to his member firm, nor did he seek or obtain the firm's permission to participate in them. The findings stated that these transactions involved small businesses in which Estes and others, including a firm customer, invested. Estes also engaged in outside businesses that he formed with others without providing prior written notice to the firm, and were outside the course and scope of his employment with the firm. The findings also stated Estes made misrepresentations and omissions concerning the private securities transactions and outside business activities in annual firm questionnaires and other compliance documents.

The suspension is in effect from September 6, 2016, through December 5, 2017. ([FINRA Case #2014040633501](#))

Michael Fang ([CRD #5653787](#), **Fresh Meadows, 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, Fang consented to the sanctions and to the entry of findings that he participated in an outside business activity with a customer of his member firm without providing any notice to his firm. The findings stated that Fang participated in the undisclosed outside business activity with the customer to purchase high-end cars in the United States and export them to China. Fang's role was to bring prospective customers to car dealerships to make purchases and then assist with delivering those cars to United States ports for transport to China. Fang was not compensated from this business, but he entered the business arrangement with the expectation that he would receive approximately \$250 to \$400 for each car delivered.

The suspension was in effect from August 1, 2016, through September 29, 2016. ([FINRA Case #2015046902101](#))

Jason Feinglas ([CRD #4297835](#), **Sunnyvale, Texas**) 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, Feinglas consented to the sanctions and to the entry of findings that he failed to obtain verbal confirmation regarding wire transfer requests that appeared to have been sent by a customer of his member firm using the customer's actual email account, when unbeknownst to Feinglas, the emails were actually sent by a fraudster posing as the customer. The findings stated the firm's WSPs prohibited execution of wire transfer instructions received via email without the customer's verbal confirmation. After receiving the wire requests, Feinglas called the customer but was unable to reach them. Feinglas, however, indicated on firm forms that he had spoken with the customer about each wire request when he had not done so, and subsequently caused the firm to maintain inaccurate books and records.

The suspension was in effect from September 6, 2016, through October 5, 2016. ([FINRA Case #2014043226101](#))

Leonard V. Fox Jr. ([CRD #1034449](#), Marlton, New Jersey) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Fox consented to the sanction and to the entry of findings that he failed to respond to FINRA requests for documents and information related to an investigation into allegations that he had borrowed and misappropriated funds from a member firm customer. ([FINRA Case #2016050482101](#))

Lennie Simmons Freiman ([CRD #1007506](#), Fischer, Texas) submitted an Offer of Settlement in which he was assessed a deferred fine of \$75,000 and barred from association with any FINRA member in any principal capacity. Without admitting or denying the allegations, Freiman consented to the sanctions and to the entry of findings that while serving as a principal of his member firm, he failed to develop, maintain and enforce a supervisory system, including WSPs, reasonably tailored to the firm's business model, allowing many of its registered representatives to recommend an unsuitable active trading investment strategy that the representatives did not understand and which caused significant financial losses to customers while generating substantial profits for Freiman and others at the firm. The findings stated that Freiman's firm's WSPs designated Freiman as one of the principals responsible for reviewing the business in which the firm was engaged, and for ensuring that the firm had systems and procedures designed to detect and prevent violations of, and achieving compliance with, securities laws and regulations. Freiman, however, failed to establish and maintain a system to supervise certain activities that was reasonably designed to achieve compliance with applicable securities laws and regulations and NASD/FINRA rules. Freiman failed to monitor for, detect and, when detected, investigate multiple instances of potential misconduct by the firm's brokers involving unsuitable active trading investment strategies, unsuitable ETFs, discretionary trading without written authorization and excessive trading/churning in multiple customer accounts across multiple branches of the firm. Freiman did not take any meaningful steps to monitor for excessive trading or churning. Even when faced with findings contained in an independent consultant's report identifying specific instances of misconduct, Freiman failed to act to address such practices until the firm finally began calculating the cost-to-equity ratios and turnover rates in accounts. However, Freiman's response was inadequate and the firm continued to fail to reasonably monitor for and detect excessive trading. In addition, Freiman failed to implement a reasonable supervisory system to adequately review trades for unsuitable recommendations, such as ETFs, and adequately monitor whether the firm's representatives understood the risks and benefits of the active trading investment strategy they were recommending, nor did the firm monitor whether the representatives had done any due diligence on the recommended active trading investment strategy. As a result of the grossly inadequate supervisory system Freiman had established, firm brokers made unsuitable recommendations to customers to purchase and hold ETFs, engaged

in discretionary trading without written authorization, excessively traded and churned accounts, and made unsuitable recommendations to customers to engage in an active trading investment strategy. This misconduct, in turn, resulted in many firm customers suffering significant losses and paying staggering commissions and fees.

The findings also stated that Freiman firm's did not establish, maintain, and enforce written procedures to supervise its representatives' recommendations of active and aggressive trading investment strategies to many of its customers in multiple branches. The findings also included that the firm's WSPs designated Freiman as the firm principal responsible for AML compliance. Freiman, however, failed to log into the FinCEN system and failed to conduct any of the required searches of the firm's accounts/systems to determine whether it maintained any accounts for persons/entities appearing on FinCEN's 314(a) request list. ([FINRA Case #2014039091903](#))

Leigh McCobb Garber ([CRD #2768572](#), Cazenovia, New York) submitted an Offer of Settlement in which she was fined \$15,000 and suspended from association with any FINRA member in any principal capacity for one year. Without admitting or denying the allegations, Garber consented to the sanctions and to the entry of findings that as her member firm's president and CEO, she failed to supervise activities that consisted of interest-only strips from loans issued by the United States Small Business Association meant only for Qualified Institutional Buyers (QIBs) to individual retail investors at undisclosed markups using general solicitation emails that fraudulently misrepresented the product. The findings stated that in each instance, Garber, on the firm's behalf, signed the trade tickets approving the markup. In total, the firm charged approximately \$112,408 in markups for a security that the firm purchased for a total of about \$548,722 and sold to customers for a total of about \$661,131. Garber could see the price the firm and the customer paid simultaneously during her review. The markups were excessive on their face.

Garber was also responsible for reviewing correspondence and contacts with customers to ensure that an offering proceeds without general solicitation, which she failed to do. The findings also stated that Garber and her firm failed to establish and maintain proper supervisory systems and procedures for the firm's sales of Rule 144A Securities, markups and Section 5 of the Securities Act of 1933 (Securities Act) activities related to the sales of the interest-only unregistered security. Garber gave her written approval for the sale of the unregistered securities to individual customers despite the fact that three months earlier she had provided a written representation to the placement agent that the firm would only sell the product, a Rule 144A security, to QIBs. Garber was the designated supervisor for markups and private placements, yet she approved the excessive markups, signed the internal trade tickets, and approved the sales of unregistered securities despite the fact that they violated Section 5. Notwithstanding the fact that the firm was engaged in the business of selling and buying securities issued pursuant to Rule 144A of the Securities Act, the firm did not have a reasonable supervisory system, including WSPs, for this activity.

The suspension is in effect from September 19, 2016, through September 18, 2017. ([FINRA Case #2010022046101](#))

Keith Douglass Geary ([CRD #2996679](#), Edmond, Oklahoma) was fined \$20,000, suspended from association with any FINRA member in any capacity for 30 business days, and barred from association with any FINRA member in any principal or supervisory capacity. The NAC imposed the sanctions following appeal of an OHO Decision. The sanctions were based on findings that on two separate instances, Geary permitted his member firm to operate while it lacked the required minimum net capital. The findings stated that Geary caused the firm's first net capital violation when he acquired almost \$77 million in collateralized mortgage obligations (CMOs) in the firm's account without having a buyer for the CMOs, and the firm did not have the money to pay for the CMOs. As a result of the trade, Geary permitted his firm to operate for two days while net capital deficient. Geary then knowingly permitted the firm to operate for 13 days while it lacked the required net capital a second time less than eight months later.

This matter has been appealed to the SEC, and the sanctions, except for the principal and supervisory bar, are not in effect pending review. ([FINRA Case #2009020465801](#))

Robert Spaulding Gleason Sr. ([CRD #222951](#), Owensboro, Kentucky) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Gleason consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony in connection with an investigation into allegations that he potentially engaged in unauthorized trading in one customer's account. ([FINRA Case #2015047887401](#))

Matthew Josef Gorelik ([CRD #1872946](#), Beverly Hills, California) 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 18 months. Without admitting or denying the findings, Gorelik consented to the sanctions and to the entry of findings that in connection with associating with a member firm, he stated on his Uniform Application for Investment Adviser Registration (Form ADV) that he had graduated from and obtained a bachelor's degree from a university located in Massachusetts. The findings stated that Gorelik had neither graduated from the university, nor had he obtained a bachelor's degree from any university. After the firm requested documents in an effort to verify Gorelik's claim, he created a document that purported to be a copy of his university diploma and provided the false document, which was not issued or authorized by the university, to the firm.

The suspension is in effect from August 15, 2016, through February 14, 2018. ([FINRA Case #2014042379001](#))

James Michael Griegel ([CRD #1463581](#), Sauk Village, Illinois) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Griegel consented to the sanction and to the entry of findings that in his role as treasurer of the town of Sauk Village, Illinois, he forged the signatures of Sauk Village officials on police pension fund checks made payable to himself for his own use and benefit. The findings stated that in total, Griegel converted checks totaling \$21,206 from the Sauk Village Police Department Pension Fund. ([FINRA Case #2016048470401](#))

Charese Rhema Alferez Harper ([CRD #5574127](#), Sacramento, California) submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Harper consented to the sanctions and to the entry of findings that she falsified information related to an automobile insurance policy for her husband after he filed a claim with her member firm. The findings stated that the apparent purpose of Harper's actions was to reduce the amount of the deductible that her husband would be required to pay and to increase his liability coverage amounts with regard to a pending accident.

The suspension is in effect from August 15, 2016, through November 14, 2016. ([FINRA Case #2015047811201](#))

Robert Eugene Heath ([CRD #2089974](#), Monument, Colorado) submitted an AWC in which he was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in any capacity for three months, and ordered to pay \$7,500, plus interest, in deferred restitution to a customer. Without admitting or denying the findings, Heath consented to the sanctions and to the entry of findings that he borrowed money from a customer through an undocumented, but orally-agreed-upon loan, when his member firm's procedures prohibited its registered representatives from borrowing from customers under any circumstances. The findings stated that Heath would make monthly payments to the customer until the loan was repaid. Heath has not repaid the customer any principal since taking the loan, and he has made only one monthly interest payment to the customer, but has not made any additional interest payments.

The suspension is in effect from August 15, 2016, through November 14, 2016. ([FINRA Case #2015046946301](#))

Jervis Bennett Hough ([CRD #4291302](#), Duluth, Georgia) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any principal capacity for 15 business days. Without admitting or denying the findings, Hough consented to the sanctions and to the entry of findings that he failed to ensure that his member firm conducted adequate due diligence regarding a private placement offering by a corporation, failed to document the due diligence he conducted, and failed to enforce the firm's WSPs relating thereto. The findings stated that Hough, as his firm's CCO, agreed to conduct the due diligence relating to the corporation's offering. The due diligence that Hough

conducted was inadequate. In addition, Hough identified an outside third-party consultant to conduct due diligence and provide a due diligence report in connection with the corporation's offering. The firm also failed to adequately investigate the value of the drivers of the corporation's business, investigate the corporation's competitive advantages and disadvantages, identify its major competitors, or conduct any market analysis, investigate any industry market trends, investigate the biographical information for key managers, or analyze any financial projections or business plans, despite express reference to these steps in the WSPs. Hough failed to ensure that the firm followed its own WSPs relating to due diligence requirements for private placements.

The suspension was in effect from September 6, 2016, through September 26, 2016. ([FINRA Case #2015046056404](#))

Stephanie Elaine Jackson ([CRD #4298211](#), Oviedo, Florida) submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Jackson consented to the sanctions and to the entry of findings that she willfully failed to timely amend her Form U4 to disclose federal tax liens that had been filed against her. The findings stated that Jackson made false attestations to her member firm on at least three annual compliance questionnaires in which she failed to disclose the tax liens.

The suspension is in effect from September 6, 2016, through March 5, 2017. ([FINRA Case #2015047284501](#))

William Fredrick Kerschbaumer Jr. ([CRD #4334749](#), New Philadelphia, Ohio) submitted an AWC in which he was assessed a deferred fine of \$12,500 and suspended from association with any FINRA member in any capacity for 12 months. Without admitting or denying the findings, Kerschbaumer consented to the sanctions and to the entry of findings that he signed customer names on member firm documents related to their annuity investments without the customers' knowledge and/or authorization. The findings stated that in addition to signing the customers' names without their knowledge and/or consent, Kerschbaumer caused the firm to maintain inaccurate books and records. Kerschbaumer also made an untrue statement to the firm in connection with the firm's investigation of a customer complaint relating to the falsified signatures. The findings also stated Kerschbaumer misrepresented the surrender period for his customers' variable annuity. Kerschbaumer falsely represented to the customers that their additional contribution to their variable annuity was subject to the same surrender period as their initial investment, but he did not take any steps to confirm the accuracy of this statement. In fact, the customers' additional contribution to their variable annuity was subject to a new surrender period.

The suspension is in effect from September 6, 2016, through September 5, 2017. ([FINRA Case #2014040827601](#))

Jeffrey Anthony Laboranti ([CRD #5491330](#), Moscow, Pennsylvania) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Laboranti consented to the sanctions and to the entry of findings that while he was a registered representative at a member firm, he knowingly transferred funds through checks and electronic transfers drawn on one of his personal bank accounts and deposited those funds into another of his personal bank accounts when the transferring account did not have a sufficient balance for the transfer. The findings stated that after initiating those transfers, Laboranti immediately withdrew funds or made expenditures from the receiving account prior to the transferred funds being returned to the transferring account for insufficient funds.

The suspension is in effect from September 19, 2016, through December 18, 2016. ([FINRA Case #2015046379801](#))

Henry Liaw ([CRD #6181681](#), St. Louis, 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 30 business days. Without admitting or denying the findings, Liaw consented to the sanctions and to the entry of findings that he received compensation for services he provided for outside business activities that were outside the scope of his relationship with his member firm and without providing any notice to the firm. The findings stated that Liaw received a total of \$50,000 in fees for his services.

The suspension was in effect from August 15, 2016, through September 26, 2016. ([FINRA Case #2014042365201](#))

Paul George Liebezeit ([CRD #2537354](#), Berwyn, Pennsylvania) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Liebezeit consented to the sanctions and to the entry of findings that he participated in a private securities transaction by recommending that potential customers invest in a fund of hedge funds away from his member firm that was not approved for sale through the firm. The findings stated that Liebezeit did not provide prior written notice of his participation in this transaction, and he did not obtain the firm's written approval to participate in the transaction.

The suspension is in effect from September 6, 2016, through March 5, 2017. ([FINRA Case #2014043011201](#))

Patrick William Lofaro ([CRD #2502145](#), Lindenhurst, New York) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Lofaro consented to the sanctions and to the entry of findings that he purchased 5,000 shares of a company's stock totaling \$98,497 in a customer's account at his member firm, without the customer's authorization, knowledge or consent. The findings stated

that Lofaro used a personal email account, without his firm's authorization, knowledge or consent, to conduct securities business with two customers. The emails concerned transactions in the customers' accounts, including complaints by a customer regarding the performance of his account, the commission charged on a trade in his account and the unauthorized transaction in the company's stock. The use of an outside email account was contrary to Lofaro firm's WSPs. Lofaro did not have the firm's approval to use his external email account to communicate with customers. By using an outside email account for securities-related business without the firm's knowledge and consent, Lofaro prevented it from effectively supervising his communications with the public and complying with its recordkeeping obligations to preserve emails.

The suspension was in effect from August 1, 2016, through September 14, 2016. ([FINRA Case #2014039317001](#))

Hal Irving Marcus (CRD #861802, Buffalo Grove, Illinois) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Marcus consented to the sanctions and to the entry of findings that he effected transactions in a customer's account without having obtained the customer's prior written authorization and his member firm's written acceptance of the account as discretionary.

The suspension was in effect from August 15, 2016, through August 26, 2016. ([FINRA Case #2015045099601](#))

Tracy Fiacco Martuscello (CRD #1933853, Latham, New York) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Martuscello consented to the sanction and to the entry of findings that she refused to appear for FINRA on-the-record testimony related to an investigation into allegations that she embezzled money from high school booster clubs in her capacity as co-treasurer. ([FINRA Case #2016049021201](#))

Robert Austin McAllister III (CRD #5993688, Ocean City, New Jersey) 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 two months. Without admitting or denying the findings, McAllister consented to the sanctions and to the entry of findings that he borrowed \$8,500 from a customer of his member firm, who was also a family friend. The findings stated that the firm's policy generally prohibited borrowing funds from a firm customer, unless the customer is an immediate family member or a person with whom the representative had a personal relationship, and the representative had obtained the firm's pre-approval. In this instance, the firm never gave any such approval. McAllister's firm repaid the loan.

The suspension is in effect from September 6, 2016, through November 5, 2016. ([FINRA Case #2016048841201](#))

Bernard G. McGee ([CRD #1203327](#), Cazenovia, New York) was barred from association with any FINRA member in any capacity and ordered to pay \$237,643.25, plus interest, in restitution to a customer. The NAC imposed the sanctions following McGee's appeal of an OHO decision. The sanctions were based on findings that McGee willfully failed to inform a customer of the more than \$59,000 in commissions McGee received in connection with the customer's purchase of a charitable gift annuity; and that McGee made an unsuitable recommendation to the customer when he proposed that the customer surrender variable annuities and purchase the charitable gift annuity. The NAC also determined that McGee engaged in undisclosed outside business activities, failed to timely update his Form U4, and made misrepresentations on his firm's annual compliance questionnaires, but the NAC declined to impose additional sanctions on McGee for this misconduct in light of the bar it assessed for his fraud and suitability violations.

McGee has appealed the NAC's decision to the SEC. The bar the NAC imposed is in pending the SEC's review. ([FINRA Case #2012034389202](#))

Blair Christopher Mielke ([CRD #1878222](#), Newburgh, Indiana) was barred from association with any FINRA member in any capacity. The U.S. Court of Appeals for the Eleventh Circuit dismissed Mielke's appeal of an SEC decision. The sanction was based on findings that Mielke participated in undisclosed private securities transactions, engaged in undisclosed outside business activities, made misstatements on his member firm's compliance questionnaires when he failed to disclose his outside business activities, and failed to respond completely and timely to FINRA's requests for information and documents. ([FINRA Case #2009019837302](#))

Daniel John Myers ([CRD #5202769](#), Branford, Connecticut) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the findings, Myers consented to the sanctions and to the entry of findings that he executed unauthorized transactions in a customer account at his member firm. The findings stated that the same customer complained to Myers regarding the unauthorized trading. Myers did not bring this complaint to the attention of his firm, but rather settled the customer complaint without notifying the firm by writing the customer two checks totaling \$28,000. The findings also stated that Myers utilized a personal email account to conduct firm-related business. The firm had not approved the use of this email account, and the firm did not retain or preserve the emails contained therein, which caused the firm to fail to comply with its recordkeeping obligations.

The suspension is in effect from September 6, 2016, through September 5, 2017. ([FINRA Case #2015048045501](#))

Janet Kay Redman ([CRD #5518096](#), Rehoboth Beach, Delaware) was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Redman consented to the sanctions and to the entry of findings that she bypassed her member firms' supervisory systems and procedures by failing to disclose to them that she had been designated as an executrix and residuary beneficiary of a customer's estate, that she had been named the beneficiary of the same customer's personal bank accounts, and that she had been given a limited power of attorney by the customer related to the customer's health care. The findings stated that Redman did not disclose these facts to either firm, and she later failed to disclose her receipt of funds as a beneficiary of the customer's personal bank accounts when the customer died. The findings also stated that Redman provided inaccurate responses to questions on three compliance questionnaires that were relevant to her status with respect to the customer's estate and personal bank accounts; and as a result, her firms were prevented from adequately supervising her conduct and the nature of her relationship with the relevant customer. After receiving a complaint from the customer's estate, one of Redman's firms directed her to return the funds that she had received from the customer's personal bank accounts. Redman subsequently did so and renounced her status as a residuary beneficiary of the customer's estate.

The suspension was in effect from August 1, 2016, through September 14, 2016. ([FINRA Case #2015046639201](#))

Elimam Sanousi (ID #11060363, Roslindale, Massachusetts) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Sanousi consented to the sanction and to the entry of findings that he converted approximately \$2,960 by charging personal expenses to a member firm-issued credit card and then falsely claimed that the charges were fraudulent or business-related to avoid responsibility for paying those expenses. The findings stated that after being confronted by his member firm with evidence that the charges were neither fraudulent nor business-related, Sanousi admitted the charges were neither fraudulent nor business-related. Sanousi was thereafter terminated by the firm. ([FINRA Case #2016048897101](#))

Christopher Mark Schonscheck ([CRD #2303093](#), Kettering, Ohio) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Schonscheck consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose tax liens totaling \$117,567.80 and a civil judgment in the amount of \$1,120.61. The findings stated that Schonscheck completed Affirmation of Compliance forms to his member firm falsely stating that he had disclosed all unsatisfied judgments and liens when he had not.

The suspension is in effect from September 6, 2016, through January 5, 2017. ([FINRA Case #2014041041801](#))

Devindra Sukhram ([CRD #4764489](#), Bronx, New York) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for 15 business days. In light of Sukhram's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Sukhram consented to the sanction and to the entry of findings that he exercised discretionary power in a customer's account without obtaining the customer's prior written authorization and without having his firm accept the account as a discretionary account. The findings stated that Sukhram failed to discuss the subject trades with the customer on the day of the transactions. The firm prohibited the use of discretion in customer accounts other than time and price discretion.

The suspension was in effect from September 6, 2016, through September 26, 2016. ([FINRA Case #2014041613501](#))

Gregory Scott Taylor ([CRD #1531557](#), Dallas, Texas) submitted an Offer of Settlement 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 allegations, Taylor consented to the sanctions and to the entry of findings that he engaged in unethical conduct involving an elderly customer at his member firm. The findings stated that Taylor was named the beneficiary of the customer's bank accounts, which held more than \$59,000 in funds. While associated with the firm, Taylor was named as the executor of the customer's estate, which contained at least \$2 million in assets, and given power of attorney over the customer in the event she became incapacitated. The findings also stated that, in violation of the firm's policies and procedures, Taylor failed to disclose to his firm that he had been named the beneficiary of the customer's bank accounts, the executor of her estate and her attorney-in-fact. Although the customer was no longer a customer of the firm when Taylor learned that she had named him the executor of her estate and her attorney, the firm's policies and procedures prohibited Taylor from accepting a fiduciary appointment from a non-family member-related person absent firm approval. The findings also included that Taylor accepted a cash gift from the customer, which was prohibited by the firm's policies and procedures. Approximately one month after accepting the cash gift, Taylor submitted a compliance questionnaire to the firm in which he falsely denied accepting any prohibited gifts from a firm customer within the preceding 12 months.

The suspension is in effect from August 15, 2016, through November 14, 2016. ([FINRA Case #2014040523101](#))

Thomas Leo Thesier ([CRD #6050749](#), Mason, Michigan) 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 six months. Without admitting or denying the findings, Thesier consented to the sanctions and to the entry of findings that he signed his customers' names to insurance applications and other insurance-related forms, with their knowledge and authorization after they had communicated to him that it was inconvenient for them to sign the documents themselves. The findings stated that Thesier submitted falsified insurance information that enabled his customers to qualify for discounts on their insurance premiums.

The suspension is in effect from September 6, 2016, through March 5, 2017. ([FINRA Case #2015045879001](#))

Jeffrey Steven Torrison ([CRD #1695663](#), Lakewood, Colorado) submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the allegations, Torrison consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose a federal tax lien filed against him in the total amount of \$26,988.24. The findings stated that Torrison falsely represented to his member firm on its Annual Compliance Questionnaire and Certification that he was not the subject of an unreported lien.

The suspension was in effect from September 19, 2016, through October 14, 2016. ([FINRA Case #2013038071201](#))

Douglas Allen Troszak ([CRD #2219763](#), Birmingham, Michigan) was barred from association with any FINRA member in any capacity. The NAC affirmed the findings and sanctions OHO had imposed against Troszak. The sanctions were based on findings that Troszak failed to respond to FINRA requests for information and documents related to loans he obtained from a number of individuals, four of whom were customers of his member firm; failed to prepare required annual reports and certifications regarding the documenting, review and testing of the firm's WSPs; failed to establish and maintain an adequate supervisory system by tailoring it to his member firm's business; failed to establish and implement adequate and appropriate AML procedures for his member firm; failed to conduct a timely independent AML test; willfully failed to timely amend his Form U4 to report a judgment entered against him; and failed to adopt and provide customers with a privacy notice that complied with the requirements of Regulation S-P. ([FINRA Case #2011028502101](#))

Winston Wade Turner ([CRD #5965386](#), Tampa, Florida) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Turner falsified information relating to variable annuity transactions. The findings stated that Turner circumvented his member firm's supervisory review process by misrepresenting the source of funds in variable annuity application materials in connection with exchanges by customers. Turner further circumvented his firm's supervisory review process by lying to the firm about the source of funds for the variable annuity purchases and about the relationship between a customer and Turner's former marketing assistant. Turner also engaged in deceptive conduct by misrepresenting his personal email addresses as the email address of his customers, by submitting documents bearing forged signatures of a customer, and by making payments to a customer from his own funds while creating the false appearance that the funds were coming from the firm. The findings also stated that Turner falsified his firm's books and records by submitting falsified variable annuity applications, questionnaires, customer information forms, and related documents for the exchanges by customers, by submitting documents with forged signatures of a customer,

and by misrepresenting his own email address as that of customers. The findings also included that Turner induced customers to purchase securities by intentionally or recklessly making material misstatements and omissions regarding the earnings to be generated by their variable annuities, and as to the tax impact of a transaction involving one customer. As a result, Turner willfully violated Section 10(b) of the Exchange Act and Rule 10b-5, and violated FINRA Rule 2020.

FINRA found that Turner failed to disclose or provide accurate and timely disclosure of his outside business activities, and failed to disclose or obtain authorization from his firm to engage in private securities transactions. FINRA also found that Turner refused to produce significant categories of information FINRA requested, and failed to appear for his scheduled on-the-record testimony. ([FINRA Case #2013038398401](#))

Jack Brian Weinstock ([CRD #4125551](#), Torrance, California) was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in any capacity for six months and required to pay deferred disgorgement of \$15,500, plus prejudgment interest. The NAC affirmed the findings and sanctions following Weinstock's appeal of an OHO decision. The sanctions were based on findings that Weinstock accepted compensation from another person as a result of an outside business activity, without providing prompt written notice to his member firm. The findings stated that Weinstock introduced some of his business contacts to an individual hoping that the introductions would lead to investments in a private placement, and that the investors would elect to use the returns on their investments to purchase high-premium insurance products from Weinstock. Weinstock was paid \$15,500 for arranging the introductions. Weinstock's firm discharged him after learning of the introductions.

The suspension is in effect from September 19, 2016, through March 20, 2017. ([FINRA Case #2010022601501](#))

Steven Michael Wisniewski ([CRD #2068119](#), Phoenixville, Pennsylvania) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Wisniewski consented to the sanctions and to the entry of findings that he signed a customer's name on account documents without her authorization. The findings stated that Wisniewski also forged the customer's initials on variable annuity switch forms.

The suspension is in effect from September 6, 2016, through December 5, 2016. ([FINRA Case #2015044110101](#))

Complaints Filed

FINRA issued the following complaints. Issuance of a disciplinary complaint represents FINRA's initiation of a formal proceeding in which findings as to the allegations in the complaint have not been made and does not represent a decision as to any of the allegations contained in the complaint. Because these complaints are unadjudicated, you may wish to contact the respondents before drawing any conclusions regarding these allegations in the complaint.

Christopher B. Ariola ([CRD #2957096](#), Santa Monica, California) was named a respondent in a FINRA complaint alleging that he made unsuitable recommendations to elderly retirees to invest a substantial portion of their limited retirement assets in certain gold and energy stocks. The complaint alleges that these recommendations were unsuitable given these customers' financial circumstances, investment objectives and low risk tolerances, and because the recommendations resulted in the customers' accounts being unduly concentrated in gold and energy stocks. Ariola made similar unsuitable recommendations with respect to a former customer's retirement account that he controlled on the former customer's behalf. As a result of his unsuitable recommendations, these customers suffered a combined total of approximately \$140,000 in realized losses. The complaint also alleges that Ariola obtained access to the former customer's retirement account and engaged in securities trading in that account on the customer's behalf without providing the required written notice of such outside brokerage account to his member firm or of his registered status with his firm to the firm that held the retirement account. ([FINRA Case #2012034139101](#))

Craig David Dima ([CRD #2314389](#), Brooklyn, New York) was named a respondent in a FINRA complaint alleging that he made unauthorized sales of a company's stock in a senior customer's account. The complaint alleges that to conceal this unauthorized trading, Dima made fraudulent misrepresentations and omissions to the customer by falsely telling the customer that the sales were the result of computer issues, human error or statements to that effect, rather than his unauthorized trades. As a result of his misconduct, Dima willfully violated Section 10(b) of the Exchange Act and Rule 10b-5, and FINRA Rules 2010 and 2020. Dima routinely misrepresented to the customer that his member firm would reimburse her for the fees and commissions she paid in connection with the unauthorized stock sales, and that the firm would restore to her account dividend payments that she was entitled to receive. Additionally, Dima misrepresented to the customer that to correct the "errors" and return her account to its original share amount, he needed to buy back the shares of the company's stock in her account. These misrepresentations enabled Dima to conceal unauthorized trades and generated approximately \$372,000 in additional revenues for Dima and his firm.

The complaint also alleges that Dima made unsuitable trades in the customer's account. Dima sold all, or substantially all, of the customer's stock of the company—a "blue chip," dividend-paying stock—and after waiting a short period, purchased the same company's stock back in the customer's account. Dima effected short-term, round-trip purchases and sales of the stock without having a reasonable basis to believe that such purchases and sales were suitable for the customer in view of the nature, frequency and size of the transactions, the risks and transaction costs associated with such transactions, and in light of her financial situation, investment objectives, circumstances and needs. Dima's pattern of selling and then repurchasing the shares was also inconsistent with the customer's desire to hold the company's shares in her account as a long-term investment and as a means of generating dividends. Dima's unsuitable recommendations resulted in harm to the customer, in that she paid mark-ups/mark-downs and fees of approximately \$376,000 for the stock trades, was deprived of approximately \$127,000 in dividend payments, and suffered trading losses of approximately \$72,000 from three of the round-trip sequences of the company's stock transactions.

The complaint further alleges that Dima effected trades (purchases and sales) of the company's stock in which he charged mark-ups or mark-downs of approximately 3 percent or more. The mark-ups and mark-downs that Dima assessed were unreasonable, unfair and excessive taking into consideration all relevant circumstances, including the nature of the transactions, riskless principal trades, and the nature of the security, a widely traded, blue chip stock. On average, the customer paid approximately 6 percent in mark-ups/mark-downs in connection with each short-term, round-trip stock transaction. In total, Dima charged her the approximately \$372,000 in mark-ups and mark-downs solely to buy and sell the same company's stock. Dima also required the customer to pay a \$49 ticket charge for each trade. In total, she was charged approximately \$4,000 in ticket charges on the company's stock trades. ([FINRA Case #2015046440701](#))

David William Huff ([CRD #4423458](#), Meraux, Louisiana) was named a respondent in a FINRA complaint alleging that he willfully failed to timely amend his Form U4 to disclose a Chapter 13 bankruptcy petition that he filed in a United States Bankruptcy Court. The complaint alleges that over eight months after filing the bankruptcy petition and in response to his member firm's inquiry, Huff provided an updated Form U4 to the firm to disclose the bankruptcy petition. The complaint also alleges that Huff falsely attested that he had reviewed all information on his Form U4, including all disclosure questions, and that his Form U4 currently on file with the firm was accurate and complete. ([FINRA Case #2014042059701](#))

John Richard Kuprianchik III ([CRD #4185525](#), Northport, New York) was named a respondent in a FINRA complaint alleging that he willfully failed to timely disclose unsatisfied tax liens on his Form U4. The complaint alleges that Kuprianchik made false attestations on his member firms' documents regarding the undisclosed liens. ([FINRA Case #2014042919501](#))

Samuel Ryan McClain ([CRD #1555602](#), Reading, Massachusetts) was named a respondent in a FINRA complaint alleging that he failed to appear and provide sworn testimony to FINRA relating to an investigation regarding potential misconduct by McCain, including failure to make multiple required disclosures on his Form U4 and participation in multiple undisclosed outside business activities. ([FINRA Case #2015045532002](#))

Steven Mark Newman ([CRD #4733820](#), Houston, Texas) was named a respondent in a FINRA complaint alleging that he willfully failed to disclose on his Form U4 that he was named a defendant in a pending, investment-related civil litigation in which a former customer alleged that he engaged in fraud, theft and conversion in connection with soliciting investments in outside business activities with actual damages of at least \$50,000. The complaint alleges that Newman failed to provide any notice, including written notice, to his member firm that he engaged in outside business activities that were also the subject of the undisclosed litigation. ([FINRA Case #2014040883401](#))

Leondro Panazzolo Ruschel ([CRD #6294859](#), Porto Alegre, Brazil) was named a respondent in a FINRA complaint alleging that he failed to appear for FINRA-requested testimony as part of an investigation into the adequacy of the AML policies and practices of Ruschel's former member firm. ([FINRA Case #2016049661902](#))

Landon L. Williams ([CRD #1751467](#), Daytona Beach, Florida) was named a respondent in a FINRA complaint alleging that he participated in telephone conversations with customers during which he made false and/or misleading statements to the customers and/or failed to disclose material information about securities transactions that he was recommending to them. The complaint alleges that in connection with certain false statements that were made to one particular customer, Williams violated Section 10(b) of the Exchange Act and FINRA Rule 2020. The complaint also alleges that in connection with each telephone conversation, Williams, as his member firm's policies and procedures required, electronically entered notes in the firm's customer relationship management software application describing his discussions with and disclosures made to the customers. In his notes, Williams made false statements about what he discussed with and disclosed to the customers. Williams' note entries in the firm's system were relied upon by supervisory personnel to evaluate the suitability of Williams' recommendations and to determine whether or not to approve the securities transactions that he had recommended. Williams also made false statements in an email to a manager at his firm. Williams knew, or should have known, that his notes would be reviewed by firm supervisory and/or compliance personnel, including his immediate supervisor, and knew, or should have known, that the information he provided in his email to a firm manager would be considered in evaluating the suitability of his recommendations to a customer. By entering false information in the firm's system and in his email to a firm manager, Williams caused his firm's books and records to be inaccurate. ([FINRA Case #2014042524301](#))

Decision Dismissed

OHO issued the following decision, which was appealed to the NAC. The NAC dismissed the appeal as moot and vacated OHO's findings and sanctions.

North Woodward Financial Corp.
(CRD #104097)
Birmingham, Michigan
(July 19, 2016)
FINRA Case #2011028502101

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

Oakbridge Financial Services, Inc.
(CRD #16323)
Kirkwood, Missouri
(August 16, 2016)
FINRA Case #2014039174201

Firm Expelled for Failing to Pay Arbitration Awards Pursuant to FINRA Rule 9554

Fairbridge Capital Markets (CRD #103818)
Guaynabo, Puerto Rico
(August 26, 2016)
FINRA Case #20160494648/ARB160012

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

Fairbridge Capital Markets (CRD #103818)
Guaynabo, Puerto Rico
(August 15, 2016)

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.)

Lakeridge Capital Inc. (CRD #25005)
Ontario, Canada
(August 31, 2016 – September 2, 2016)

MIP Global, Inc. (CRD #164640)
San Juan, Puerto Rico
(August 31, 2016 – September 21, 2016)

Pariter Securities, LLC (CRD #127836)
Guaynabo, Puerto Rico
(August 31, 2016 – September 1, 2016)

Robert R. Meredith & Co., Inc. (CRD #29501)
New York, New York
(August 31, 2016 – September 2, 2016)

U.S. Discount Brokerage, Inc. dba U.S. Brokerage, Inc. (CRD #39307)
Columbus, Ohio
(August 31, 2016 – September 2, 2016)

Wyche Securities, Inc. (CRD #40772)
Corvallis, Montana
(August 31, 2016)

Firm Suspended for Failing to Pay Arbitration Awards 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.)

Fairbridge Capital Markets (CRD #103818)
Guaynabo, Puerto Rico
(August 5, 2016 – August 25, 2016)
FINRA Case #20160494648/ARB160012

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.)

Kamran Azim (CRD #5880708)
Mason, Ohio
(August 23, 2016)
FINRA Case #2015046321702

Mohamed Baksh (CRD #2885880)
Dumont, New Jersey
(August 22, 2016)
FINRA Case #2015047798701

David F. Bouchard (CRD #6487891)
Cranston, Rhode Island
(August 1, 2016)
FINRA Case #2016048906801

Alina Brindusescu (CRD #4355448)
Los Angeles, California
(August 1, 2016)
FINRA Case #2015048346101

James Lee Carpenter (CRD #2199138)
Medford, Oregon
(August 15, 2016)
FINRA Case #2015048064901

Donna Chen (CRD #4982316)
Houston, Texas
(August 29, 2016)
FINRA Case #2016049318501

Marcus Joseph Debaise (CRD #2404266)
Ellington, Connecticut
(August 29, 2016)
FINRA Case #2015046925901

Robert Philip DePalo (CRD #2946313)
Brookville, New York
(August 4, 2016)
FINRA Case #2015044211102/ FPI160002

Phillip David Donnan (CRD #5750971)
Easley, South Carolina
(August 16, 2016)
FINRA Case #2015045095301

Kristen Mae Fitzhugh (CRD #5881437)
Rocky River, Ohio
(August 29, 2016)
FINRA Case #2015047702901

Yitzhok Alexander Fox (CRD #2386111)
Citrus Heights, California
(August 15, 2016)
FINRA Case #2016048527202

Yosef Yehuda Fox (CRD #2386001)
Chicago, Illinois
(August 22, 2016)
FINRA Case #2016048527201

Russell Lee Goldstein (CRD #5502960)
Plymouth Meeting, Pennsylvania
(August 15, 2016)
FINRA Case #2016048395101

Israel Guzman (CRD #6373054)
Hawthorne, California
(August 8, 2016)
FINRA Case #2016049403701

Bingyi Hu (CRD #5573954)

Miami, Florida
(August 30, 2016)
FINRA Case #2015045334901

Philip Joseph Johnson (CRD #6114248)

Flanders, New Jersey
(August 1, 2016)
FINRA Case #2015047802601

David Richard Kerr III (CRD #5422704)

Skaneateles, New York
(August 1, 2016)
FINRA Case #2015048207701

Kenneth Joseph Kolquist (CRD #4997582)

Duluth, Minnesota
(August 1, 2016)
FINRA Case #2015047359901

Destina Mantar (CRD #6363802)

New York, New York
(August 15, 2016)
FINRA Case #2015047707801

Pedro Juan Marrero Astacio IV (CRD #4593391)

Orlando, Florida
(August 29, 2016)
FINRA Case #2016048479901

Valon Mehmeti (CRD #6157895)

Staten Island, New York
(August 15, 2016)
FINRA Case #2016049420201

Mercedes Molina (CRD #6534378)

Saddle Brook, New Jersey
(August 8, 2016)
FINRA Case #2016048596701

Robert Isaac Newell (CRD #4842006)

Las Vegas, Nevada
(August 1, 2016)
FINRA Case #2015047978001

Christopher A. Parris (CRD #4552325)

West Henrietta, New York
(January 19, 2016 – August 24, 2016)
FINRA Case #2015046056401

Barbara Joann Peters (CRD #6285698)

Louisville, Kentucky
(August 23, 2016)
FINRA Case #2015047947401

Mikhail M. Rasner (CRD #5945495)

Pittsburgh, Pennsylvania
(August 29, 2016)
FINRA Case #2015047974201

Rennie M. Roach (CRD #4482798)

Scottsdale, Arizona
(August 29, 2016)
FINRA Case #2015048175301

Warren Marc Rockmacher (CRD #2005652)

Trumbull, Connecticut
(August 29, 2016)
FINRA Case #2015044980801

Lance R. Shaw (CRD #4065444)

Haverford, Pennsylvania
(August 16, 2016)
FINRA Case #2016048486101

Michael Ronald Smith (CRD #428405)

North Miami Beach, Florida
(August 22, 2016)
FINRA Case #2015047778601

James Tao (CRD #3260224)

Houston, Texas
(August 29, 2016)
FINRA Case #2016049120001

Larry Steven Werbel (CRD #828351)

Solon, Ohio
(August 16, 2016)
FINRA Case #2014042949701

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.)

Maricela Alvarez (CRD #6126780)
Riverside, California
(August 8, 2016)
FINRA Case #2016049062001

Rushton Leigh Ardrey III (CRD #1598393)
Newbury, Massachusetts
(August 15, 2016)
FINRA Case #2015048133601

Michael Banjany (CRD #5917243)
Jackson, New Jersey
(August 22, 2016)
FINRA Case #2015048317801

Kristen Denys Bartley (CRD #5306048)
New Albany, Ohio
(August 8, 2016)
FINRA Case #2016048547001

Dawn Bennett (CRD #1567051)
Chevy Chase, Maryland
(August 2, 2016 – August 16, 2016)
FINRA Case #2015047682401

Terry Stephen Carraher (CRD #3255825)
Carlsbad, California
(August 22, 2016)
FINRA Case #2016049589301

Christopher Jeffrey Daniel (CRD #6209668)
Chandler, Arizona
(August 8, 2016)
FINRA Case #2016048790301

Paul Edward Dorion (CRD #1103701)
Killington, Vermont
(August 22, 2016)
FINRA Case #2015047608601

John Ezmat (CRD #3014413)
Oakland, New Jersey
(August 5, 2016)
FINRA Case #2016049344101

Noel Flemming (CRD #2030824)
Winchester, Massachusetts
(August 8, 2016)
FINRA Case #2016049770801

Yohandy Gonzalez (CRD #6298112)
Pembroke Pines, Florida
(August 29, 2016)
FINRA Case #2016049683301

Stephen Duncan Grant (CRD #2447319)
Alameda, California
(August 12, 2016)
FINRA Case #2016048782601

James Walter Ignatowich (CRD #2490731)
Delray Beach, Florida
(August 1, 2016)
FINRA Case #2014040158901

EvaJean Marie Jackson (CRD #5841613)
Pearland, Texas
(August 15, 2016)
FINRA Case #2015045048402

Oded Joseph Jacobowitz (CRD #2809625)
Lawrence, New York
(August 29, 2016)
FINRA Case #2015047753801

Russell A. Kellock (CRD #5882786)
Phoenix, Arizona
(June 17, 2016 – August 30, 2016)
FINRA Case #2016048402501

Dana Liesl McMillin (CRD #5878203)
Naperville, Illinois
(August 8, 2016)
FINRA Case #2016049130301

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

Myrna Margarita Perez (CRD #4389021)
Miami, Florida
(August 15, 2016)
FINRA Case #2016049193401

Raymond John Pirrello Jr. (CRD #2782019)
Sparta, New Jersey
(August 4, 2016)
FINRA Case #2016050071901

Robinson Rodriguez (CRD #6237290)
Fort Worth, Texas
(August 8, 2016)
FINRA Case #2016049403301

David Aaron Seigerman (CRD #2200011)
Morristown, New Jersey
(August 22, 2016)
FINRA Case #2016050466901

Michael Alan Siegel (CRD #1950871)
Livingston, New Jersey
(August 18, 2016)
FINRA Case #2016050346301

Stewart Field Smith (CRD #1122433)
Scottsdale, Arizona
(August 8, 2016)
FINRA Case #2016048641501

Frank Rowlin Underhill Jr. (CRD #4970331)
Las Vegas, Nevada
(August 12, 2016)
FINRA Case #2015045581601

William Upchurch Jr. (CRD #1195846)
Hyattsville, Maryland
(August 22, 2016)
FINRA Case #2015047841901

**Travis Michael Vandermale
(CRD #5906443)**
Munds Park, Arizona
(August 8, 2016)
FINRA Case #2016049326301

William Christopher Wade (CRD #4947224)
Fairhope, Alabama
(August 29, 2016)
FINRA Case #2016049655201

Cindy Ah Ran Yi (CRD #6484595)
Royersford, Pennsylvania
(August 22, 2016)
FINRA Case #2016048730801

Julie Marie Ziolkowski (CRD #3028245)
Roanoke, Texas
(August 5, 2016)
FINRA Case #2016049283101

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.)

George William Carris (CRD #3079577)
Philadelphia, Pennsylvania
(August 17, 2016)
FINRA Arbitration Case #15-03002

Michael Kevin Clark (CRD #5469820)
Belle Harbor, New York
(August 17, 2016)
FINRA Arbitration Case #15-03002

Jason Robert Diaz (CRD #4598807)
Huntington, New York
(August 15, 2016)
FINRA Arbitration Case #16-00300

Gregory Flemming Jr. (CRD #2882842)
Rocky Point, New York
(August 8, 2016)
FINRA Arbitration Case #14-01901

Christopher John Gimblet (CRD #3197433)
New Braunfels, Texas
(August 22, 2016)
FINRA Case #2016049078701/ARB160009

David Alan Lavine (CRD #4895654)
Sugar Land, Texas
(August 8, 2016)
FINRA Arbitration Case #14-03770

Derek Lee Miller (CRD #4748724)
Encinitas, California
(August 1, 2016)
FINRA Arbitration Case #15-02303

Steven Nelson (CRD #6290676)
Ft. Meyers Beach, Florida
(August 17, 2016)
FINRA Arbitration Case #15-03002

Hector Perez (CRD #5431109)
Kearny, New Jersey
(August 15, 2016)
FINRA Arbitration Case #15-01119

Naseem Mohammed Salamah (CRD #4907349)
Rockford, Illinois
(February 22, 2014 – August 22, 2016)
FINRA Arbitration Case #13-01325

Wesley Wayne Shaw (CRD #5668164)
Odessa, Texas
(August 8, 2016)
FINRA Arbitration Case #15-03182

Lance E. Slater (CRD #1191942)
Marlton, New Jersey
(August 8, 2016)
FINRA Arbitration Case #15-03077

Scott Paul Storchak (CRD #1170464)
Boynton Beach, Florida
(August 23, 2016)
FINRA Arbitration Case #15-01256

FINRA Files Complaint Charging Broker With Fraudulently and Excessively Trading Accounts of Elderly, Blind Widow

FINRA filed a complaint against broker [Hank Mark Werner](#) of Northport, New York, charging him with securities fraud for churning the account of his customer, a 77-year-old blind widow, and for excessive and unsuitable trading concerning her account. The complaint alleges that Werner engaged in a deceptive and fraudulent scheme by churning the widow's accounts over a three-year period to maximize his compensation by charging more than \$243,000 in commissions, while causing the customer approximately \$184,000 in net losses.

According to the complaint, Werner had been the elderly customer's broker—and that of her blind husband until his 2012 death—since 1995. The complaint alleges that a few weeks after the customer's husband passed away, Werner began aggressively trading her accounts to generate excessive commissions for himself. Werner exercised control over each of her accounts and recommended every trade, and the customer followed all of Werner's recommendations. Because she was blind and severely debilitated, requiring in-home care, the customer relied completely on Werner to accurately portray her account activity and let her know about account performance.

From October 2012 to December 2015, Werner placed over 700 trades in more than 200 different securities, and charged the widow either a markup or commission on every purchase and sale, and initially charged a markup or commission between 2.50 percent and 3.00 percent. When he changed firms, he increased his markups and commissions on her trades to 3.75 to 4.25 percent, an increase of over 40 percent. The complaint notes that based on the level of trading and commissions charged, there was little to no possibility that the customer would profit from such trading. It also notes the trading in the accounts was excessive, as evidenced by the high turnover rates and cost-to-equity ratios for her accounts ranging from 64.40 percent to 97.73 percent.

In addition, FINRA also alleges in the complaint that in light of the customer's investment objective and financial situation, Werner did not have reasonable grounds or a reasonable basis to believe that his recommended trading was suitable. The complaint also alleges that in July 2015, Werner recommended an unsuitable variable annuity exchange, and earned a commission of more than \$10,000 on the transaction.

[FINRA's complaint](#) emanated from an examination commenced by FINRA's Department of Member Regulation triggered by "red flags" in Werner's trading at his former firm.

FINRA Fines Barclays Capital Inc. \$1.3 Million for Extensive OATS Reporting Violations and Related Supervisory Failures

FINRA fined [Barclays Capital Inc.](#) \$1.3 million for systemic OATS reporting violations and related supervisory failures.

FINRA rules require firms to transmit to OATS complete and accurate data relating to events in the lifecycle of an order, called ROEs. FINRA found 15 system issues at Barclays Capital that gave rise to OATS reporting violations. Barclays Capital transmitted more than 3 billion inaccurate or incomplete ROEs to OATS, including omitted special handling codes; inaccurate timestamps, execution quantities and member type codes; and duplicate or erroneous reports. In addition, Barclays Capital failed to transmit millions of ROEs to OATS. FINRA also found that Barclays Capital's supervisory system was not reasonably designed to achieve compliance with its OATS reporting obligations.

"When firms fail to transmit OATS data or transmit inaccurate or incomplete data to OATS, market integrity is compromised because potential violative conduct, including manipulative activity and customer harm, may be obscured," said Thomas Gira, Executive Vice President and Head of Market Regulation at FINRA. "OATS data is essential to FINRA's automated equities surveillance program and is therefore critical to investor protection."

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

FINRA Fines Deutsche Bank Securities Inc. \$12.5 Million for Inadequate Supervision of Internal Communications

FINRA fined [Deutsche Bank Securities Inc.](#) \$12.5 million for significant supervisory failures related to research and trading-related information it disseminated to its employees, called 'hoots' or 'squawks,' over internal speakers commonly known as 'squawk boxes.' Despite multiple red flags regarding the potential dissemination of confidential information, Deutsche Bank failed to establish adequate supervision over registered representatives' access to hoots or their communications with customers regarding hoots. As part of the settlement, Deutsche Bank also agreed to provide a written certification that it has adopted and implemented supervisory systems and written procedures concerning hoots that are reasonably designed to achieve compliance with FINRA rules and federal securities laws.

FINRA found that Deutsche Bank was aware that hoots involving research and trading might contain confidential, price-sensitive information, and that there was a risk that material non-public information could be communicated over them. However, for several years, the firm repeatedly ignored red flags indicating that its supervision was inadequate, including internal audit findings and recommendations, multiple internal warnings from members of the firm's compliance department, and internal risk assessments.

Despite these red flags, the firm still failed to implement reasonable written policies, procedures and systems governing who should have access to the hoot information, how the employees should handle hoot information, and how supervisors should supervise employees to ensure compliance, and protection of confidential and material nonpublic information potentially communicated over the hoots.

Brad Bennett, FINRA's Executive Vice President and Chief of Enforcement, said, "Recognizing and responding to red flags is the hallmark of proper supervision, particularly in areas involving confidential information. Deutsche Bank's disregard of years of red flags including internal audit findings, risk assessments and compliance recommendations was particularly egregious given the risk that material nonpublic information could be communicated over squawk boxes."

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