

Disciplinary and Other FINRA Actions

Firm Fined, Individual Sanctioned

Merrimac Corporate Securities, Inc. ([CRD® #35463](#), Altamonte Springs, Florida) and Robert G. Nash ([CRD #718820](#), Deltona, Florida)

July 17, 2019 – The Securities and Exchange Commission (SEC) issued a decision in which the firm was suspended from FINRA® membership in all capacities for 30 business days, suspended from receiving and liquidating penny stocks for one year, fined \$225,000 and required to retain an expert to evaluate and approve its written supervisory procedures (WSPs). The SEC sustained the findings and the sanctions imposed by FINRA as to the firm, and sustained in part and set aside in part the findings as to Nash. The SEC remanded the proceeding to FINRA for reconsideration of the sanctions imposed on Nash. The SEC found that the firm and Nash, its chief compliance officer (CCO), provided documents to FINRA on which they knew signatures purporting to reflect supervisory review had been falsified without informing FINRA of the falsification. The SEC also found that the firm engaged in the unregistered offer and sale of 56.5 million shares of penny stocks not subject to an exemption from registration, in violation of Section 5 of the Securities Act of 1933. The SEC further found that the firm unreasonably failed to develop adequate anti-money laundering (AML) procedures that provided for the monitoring and reporting of suspicious penny stock transactions and failed to implement its existing AML procedures. The firm's written AML program was not, by any measure, reasonably designed to achieve compliance with the Bank Secrecy Act and its implementing regulations. The SEC also found that the firm failed to establish and maintain an effective supervisory system with respect to the private securities transactions of two representatives, penny stock deposits, its use of foreign finders, and investment-related websites. Nash also failed to maintain an effective supervisory system with respect to the firm's penny stock deposits and the use of foreign finders. The SEC set aside the finding that Nash failed to establish a supervisory system reasonably designed to ensure appropriate review and supervision of investment-related websites. The SEC found that Nash established a reasonably designed supervisory system with respect to the websites. The firm, however, failed to implement that supervisory system to reasonably ensure appropriate review and supervision of the websites. FINRA also found that the firm effected securities transactions while its registration was suspended.

The sanctions are not in effect pending review. ([FINRA Case #2011027666902](#))

Reported for September 2019

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).

Firms Fined

CV Brokerage, Inc ([CRD #462](#), Williamstown, New Jersey)

July 2, 2019 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system and failed to establish, maintain and enforce WSPs, reasonably designed to achieve compliance with applicable FINRA rules regarding the participation of firm registered representatives in private securities transactions. The findings stated that a representative of the firm participated in multiple private securities transactions, at least two of which are known to have involved firm customers. Among others, the representative formed an investment fund that was managed by her registered investment advisory firm. The investment fund traded hundreds of millions of dollars at multiple financial institutions and exchanges and the representative received substantial selling compensation related to her participation in the fund. The firm's WSPs permitted the representative, who was a principal of the firm, to supervise her own compliance with its private securities transactions procedures. The firm had hired, or could have hired, other principals who could have reviewed and supervised the representative's participation in approved private securities transactions, or disapproved her participation in private securities transactions. Moreover, the firm failed to perform the necessary analysis and create the necessary documentation prior to allowing the representative to self-supervise her own participation in private securities transactions. The findings also stated that the firm failed to supervise the representative's participation in private securities transactions. The firm failed to supervise the securities trading conducted by the investment fund as if it was executed on behalf of the firm. The firm also failed to record the securities transactions for the fund on its books and records. As noted, the representative received selling compensation from transactions conducted by the investment fund, all of which were conducted away from the firm. ([FINRA Case #2017052325902](#))

Planmember Securities Corporation ([CRD #11869](#), Carpinteria, California)

July 3, 2019 – An AWC was issued in which the firm was censured and fined \$90,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it had no WSPs or reasonable supervisory system for the surveillance of rates of variable annuity exchanges. The findings stated that the firm purported to use a spreadsheet prepared each month that summarized all variable annuity transactions to surveil rates of variable annuity exchanges. However, this spreadsheet failed to indicate whether particular transactions were, in fact, exchanges. Thus, based on this system, the firm could not determine if any of its associated persons had rates of exchanges requiring further review concerning inappropriate exchanges. The findings also stated that the firm failed to establish or maintain a reasonable supervisory system, including WSPs, related to the review or approval of consolidated reports with respect to compliance with regulatory requirements or the retention of consolidated reports. The firm also failed to supervise

the preparation and use of consolidated reports by its registered representatives. The findings also included that the firm failed to establish, maintain and enforce a reasonable supervisory system, including WSPs, for the review of email and hard copy customer correspondence. Because the firm did not conduct correspondence review close in time to receipt, any sales practice concerns or red flags raised through such correspondence could go undetected for long periods of time. FINRA found that contrary to its WSPs, the firm failed to conduct a weekly review of representatives' social media sites that the representatives disclosed to the firm 22 times out of a sample of 26 weeks reviewed. In addition, because the firm did not have a reasonable system to monitor for compliance with its social media policies, representatives were able to maintain business-related pages on a social media site that had not been preapproved by a qualified registered principal. As a result of the firm not reasonably monitoring for usage of undisclosed websites, it failed to preapprove websites operated by representatives as required by its WSPs. ([FINRA Case #2015047824201](#))

Citigroup Global Markets Inc. ([CRD #7059](#), New York, New York)

July 8, 2019 – An AWC was issued in which the firm was censured and fined \$55,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report reportable options positions to the large options position reporting (LOPR) system due to a programming error in connection with accounts acting in-concert, and failed to report proprietary positions as acting-in-concert, because of a design flaw in its reporting logic. The findings stated that the firm reported positions to the LOPR in the wrong format and with an incorrect effective date. ([FINRA Case #2014043477301](#))

OTA LLC ([CRD #25816](#), Purchase, New York)

July 8, 2019 – An AWC was issued 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 had fail-to-deliver positions at a registered clearing agency and did not close out the fails by purchasing or borrowing securities of like kind or quantity within the required timeframe. The findings stated that the firm failed to exit the penalty box by purchasing securities of like kind and quantity as required. Instead, the firm erroneously relied on the borrowing activity of the clearing firm to exit the penalty box. In some instances, the firm executed short sales in those securities without closing out the fail-to-deliver position by purchasing securities of like kind and quantity. ([FINRA Case #2016051808903](#))

Traderfield Securities Inc. ([CRD #20130](#), New York, New York)

July 9, 2019 – An AWC was issued in which the firm was fined \$5,000. Without admitting or denying the findings, the firm consented to the sanction and to the entry of findings that it failed to have a system of supervisory control procedures that tested and verified that its supervisory procedures were reasonably designed to achieve compliance with applicable

securities laws and regulations and FINRA rules. The findings stated that the firm failed to create reports of its testing and verification. The findings also stated that the firm failed to properly complete annual certifications of its compliance and supervisory processes.

[\(FINRA Case #2017052485801\)](#)

Aegis Capital Corp. ([CRD #15007](#), New York, New York)

July 10, 2019 – An AWC was issued in which the firm was censured and fined \$93,125. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that while participating in public offerings that were subject to FINRA Rule 5110, it failed to file certain documents specified in FINRA Rule 5110(b)(5) with FINRA after it had filed such documents with the SEC. The findings stated that to date, these documents have not been filed with FINRA. In addition, the firm failed to timely file certain documents specified in FINRA Rule 5110(b)(5) with FINRA after it had filed such documents with the SEC. The documents, filed between four days and over two years late, were not filed in a timely manner with FINRA by the issuer, the managing underwriter, or another member. The findings also stated that in connection with two prospectuses, the firm failed to disclose a total of \$14,000 in fees and compensation for the underwriter's counsel. With respect to one of the prospectuses, the firm failed to disclose a 7 percent underwriting discount. The findings also included that while the firm acted as a distribution participant for an offering, it purchased shares of common stock on a principal basis in a single transaction and entered quotes into the marketplace during the restricted period of the distribution of securities of a company's offering. FINRA found that while acting as a manager (or in a similar capacity) on behalf of issuers in a distribution of covered securities that were subject to restricted periods under SEC Rule 101, the firm filed restricted period notifications late, filed restricted period notifications that did not identify all distribution participants in the notice, and filed a trading notification late. FINRA also found that the firm failed to establish and maintain a reasonable supervisory system, including WSPs, to achieve compliance with applicable securities laws and regulations, FINRA rules and SEC Rule 101 of Regulation M. The firm subsequently enhanced its written procedures and systems to address the subject rule set. [\(FINRA Case #2013038210402\)](#)

Clearpool Execution Services, LLC ([CRD #168490](#), New York, New York)

July 10, 2019 – An AWC was issued in which the firm was censured and fined \$473,000, of which \$43,000 is payable to FINRA. The remaining balance is to be paid to other self-regulatory organizations in related matters. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a system that was reasonably designed to achieve compliance with applicable securities laws and regulations, and applicable FINRA rules. The findings stated that FINRA identified and reviewed potentially manipulative trading activity by a foreign, unregistered proprietary trading fund that was an affiliate and customer of the firm. The firm executed the fund's trades and introduced its order flow to other broker-dealers for execution. The fund traded through more than 1,000 foreign, unregistered individual

traders and triggered thousands of surveillance alerts at FINRA and multiple exchanges for potentially manipulative trading, known as layering and spoofing. Despite being on notice of potentially manipulative trading by the fund, the firm terminated the trading access of hundreds of individual traders, but continued to execute and introduce orders from the fund. The findings also stated that the firm failed to establish, maintain and enforce written procedures reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. ([FINRA Case #2014042373804](#))

BNP Paribas Securities Corp. ([CRD #15794](#), New York, New York)

July 11, 2019 – An AWC was issued 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 report and failed to timely report to the FINRA/Nasdaq Trade Reporting Facility® (FNTRF) transactions effected pursuant to the exercise of an over-the-counter (OTC) option that required a special trade report modifier. The findings stated that the firm began reporting the required transactions, and completed its reporting, after being alerted by FINRA that it failed to report these transactions. Later, the firm deployed another automated system to report all of its transactions that required the special trade report modifier and it experienced several issues that resulted in the failure to timely report certain of these transactions. The findings also stated that the firm did not establish and maintain a reasonably designed supervisory system to achieve compliance with FINRA Rule 7230A(g)(2). The firm's supervisory system, including its surveillance reports, excluded a review of OTC vanilla options and was limited to timely and complete reporting for OTC structured options. In addition, the firm's supervisory system did not call for a review of transactions reported through a manual process to ensure that both vanilla and structured options were timely reported. ([FINRA Case #2013039188301](#))

Western International Securities, Inc. ([CRD #39262](#), Pasadena, California)

July 16, 2019 – An AWC was issued in which the firm was censured, fined \$75,000 and required to provide remediation to eligible customers who qualified for, but did not receive, the applicable mutual fund sales charge waivers. As part of this settlement, the firm agrees to pay restitution to eligible customers, which is estimated to total \$375,000 (i.e., the amount eligible customers were overcharged, inclusive of interest). Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it disadvantaged certain retirement plan and charitable organization customers who were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge. The findings stated that these eligible customers were instead sold Class A shares with a front-end sales charge or Class B or C shares with back-end sales charges and higher ongoing fees and expenses. These sales disadvantaged eligible customers by causing such customers to pay higher fees than they were actually required to pay. The findings also stated that the firm failed to reasonably supervise the application of sales charge waivers to eligible mutual fund sales. The firm relied on its financial advisors to determine the applicability of sales charge waivers, but failed to maintain reasonable written policies

or procedures to assist financial advisors in making this determination. In addition, the firm failed to adequately notify and train its financial advisors regarding the availability of mutual fund sales charge waivers for eligible customers. The firm failed to adopt reasonable controls to detect instances in which they did not provide sales charge waivers to eligible customers in connection with their mutual fund purchases. As a result, the firm estimates that eligible customers were overcharged by approximately \$305,000 for mutual fund purchases made since January 1, 2011. ([FINRA Case #2017056440501](#))

Firm Sanctioned

Park Avenue Securities LLC ([CRD #46173](#), New York, New York)

July 16, 2019 – An AWC was issued in which the firm was censured and required to provide remediation to eligible customers who qualified for, but did not receive, the applicable mutual fund sales charge waivers. As part of this settlement, the firm agrees to pay restitution to eligible customers, which is estimated to total \$640,552 (i.e., the amount eligible customers were overcharged, inclusive of interest). Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it disadvantaged certain retirement plan and charitable organization customers who were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge. The findings stated that these eligible customers were instead sold Class A shares with a front-end sales charge or Class B or C shares with back-end sales charges and higher ongoing fees and expenses. These sales disadvantaged eligible customers by causing such customers to pay higher fees than they were actually required to pay. The findings also stated that the firm failed to reasonably supervise the application of sales charge waivers to eligible mutual fund sales. The firm relied on its financial advisors to determine the applicability of sales charge waivers, but failed to maintain adequate WSPs to assist financial advisors in making this determination. In addition, the firm failed to adequately notify and train its financial advisors regarding the availability of mutual fund sales charge waivers for eligible customers. The firm failed to adopt adequate controls to detect instances in which they did not provide sales charge waivers to eligible customers in connection with their mutual fund purchases. As a result of the firm's failure to apply available sales charge waivers, it estimates that eligible customers were overcharged by approximately \$560,170 for mutual fund purchases made since January 1, 2011. ([FINRA Case #2016049977201](#))

Individuals Barred

James Thomas Booth ([CRD #1906145](#), Norwalk, Connecticut)

July 1, 2019 – An AWC was issued in which Booth was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Booth consented to the sanction and to the entry of findings that he converted customer funds. The findings stated that customers gave Booth funds totaling at least approximately \$1,000,000 to invest on their behalf. Booth, however, deposited the funds into an account he controlled and, instead of using the funds for investment purposes, used them for his own personal use. ([FINRA Case #2019062787101](#))

Tina Marie Martinez ([CRD #5012793](#), Zillah, Washington)

July 1, 2019 – An AWC was issued in which Martinez was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Martinez consented to the sanction and to the entry of findings that she refused to appear for on-the-record testimony requested by FINRA after allegations that she submitted forged life insurance policies without the consent of the insureds and caused insurance customer funds to be used to pay for her insurance agency's commercial insurance policy. ([FINRA Case #2018058673601](#))

Brenda Ann Smith ([CRD #4348518](#), Philadelphia, Pennsylvania)

July 2, 2019 – An AWC was issued in which Smith was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Smith consented to the sanction and to the entry of findings that she refused to provide documents and information requested by FINRA in connection with an ongoing FINRA investigation into potential misstatements about the financial performance of an investment fund that were made during the course of private securities transactions in which she participated. ([FINRA Case #2017052325901](#))

Jeffrey Alan Blutstein ([CRD #1398688](#), Ridgefield, Connecticut)

July 3, 2019 – An AWC was issued in which Blutstein was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Blutstein consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA in connection with an investigation into whether he potentially violated FINRA rules by engaging in undisclosed outside business activities while associated with a member firm. ([FINRA Case #2018057785901](#))

Richard Earl Cagle ([CRD #2122648](#), Corpus Christi, Texas)

July 5, 2019 – An AWC was issued in which Cagle was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Cagle consented to the sanction and to the entry of findings that he refused to appear for and provide on-the-record testimony requested by FINRA after it commenced an investigation

into whether he violated FINRA rules by making unsuitable investment recommendations and mismarking customer order tickets while associated with a member firm. ([FINRA Case #2018060287901](#))

Michael Richard Mackay ([CRD #2279775](#), Liberty Township, Ohio)

July 5, 2019 – An AWC was issued in which Mackay was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Mackay consented to the sanction and to the entry of findings that he failed to respond to FINRA's request for documents and information as a part of its investigation into allegations that he had referred customers to an outside real estate investment opportunity that his member firm had not approved. ([FINRA Case #2019061378901](#))

Roman Alejandro Corona ([CRD #6347429](#), Buckeye, Arizona)

July 11, 2019 – An AWC was issued in which Corona was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Corona consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with an investigation into his outside brokerage accounts. ([FINRA Case #2017056319201](#))

Thomas John Marino ([CRD #4438533](#), Bradenton, Florida)

July 18, 2019 – An AWC was issued in which Marino was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Marino consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA in connection with its investigation into his possible misuse of funds from a senior customer. ([FINRA Case #2019062412601](#))

Joseph Scott Eckhoff ([CRD #6703549](#), Lakewood, Colorado)

July 22, 2019 – An AWC was issued in which Eckhoff was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Eckhoff consented to the sanction and to the entry of findings that he failed to provide documents and information requested by FINRA in connection with its investigation that began after it received his member firm's Uniform Termination Notice for Securities Industry Registration (Form U5) terminating his registration and stating that he was no longer appointed by an affiliated insurance company due to a non-securities related termination. The findings stated that after initially cooperating with FINRA's investigation, Eckhoff failed to provide certain additional documents and information requested. ([FINRA Case #2018058937702](#))

Robert Frederico Montes ([CRD #835488](#), Oldsmar, Florida)

July 24, 2019 – An AWC was issued in which Montes was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Montes consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA in connection with an investigation into whether he potentially misused an elderly customer's assets. ([FINRA Case #2019061459801](#))

Ernie Garcia ([CRD #6329782](#), Forest Hill, Texas)

July 25, 2019 – An AWC was issued in which Garcia was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Garcia consented to the sanction and to the entry of findings that he refused to provide documents, information and on-the-record testimony requested by FINRA in connection with an investigation into reimbursements he received under his member firm’s computer equipment reimbursement program. ([FINRA Case #2017055914801](#))

Cynthia Rice Jones ([CRD #706190](#), Boston, Massachusetts)

July 29, 2019 – An AWC was issued in which Jones was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Jones consented to the sanction and to the entry of findings that she refused to provide on-the-record testimony requested by FINRA after it received allegations that she made three unauthorized transfers, totaling \$466,195.13, from a deceased customer’s brokerage account to the customer’s accountant. ([FINRA Case #2019061425501](#))

Fortino R. Rivera ([CRD #6358600](#), Santa Ana, California)

July 29, 2019 – An AWC was issued in which Rivera was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Rivera consented to the sanction and to the entry of findings that he provided false information to FINRA during on-the-record testimony regarding a joint account he held at another FINRA member firm with a senior customer of his member firm. The findings stated that FINRA took Rivera’s on-the-record testimony as part of an investigation that was opened in order to review the allegations contained in an anonymous tip it received. During the testimony, Rivera repeatedly falsely testified that he was not aware of any joint account with the customer, speculating that the customer may have opened a joint account with Rivera’s information without his knowledge. Rivera opened the joint account with the senior customer and accessed the account online numerous times per month since its opening. ([FINRA Case #2018059735201](#))

Diane Qun Zhu ([CRD #2962421](#), San Francisco, California)

July 29, 2019 – An AWC was issued in which Zhu was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Zhu consented to the sanction and to the entry of findings that she refused to provide documents and information requested by FINRA in connection with its investigation into her outside business activity that led to her termination from her member firm. ([FINRA Case #2018060814701](#))

Michael Filipidis ([CRD #6940966](#), Mint Hill, North Carolina)

July 30, 2019 – An AWC was issued in which Filipidis was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Filipidis consented to the sanction and to the entry of findings that he refused to provide

documents and information requested by FINRA in connection with an investigation into allegations of misconduct in a customer bank account and whether he engaged in conduct that violated federal securities laws or regulations or FINRA rules. ([FINRA Case #2019062228501](#))

James Hal Heafner ([CRD #4837072](#), Charlotte, North Carolina)

July 30, 2019 – An AWC was issued in which Heafner was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Heafner consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with its inquiry into his possible involvement in an outside business activity that was not approved by his member firm. ([FINRA Case #2018059962701](#))

Vincent Joseph Storms ([CRD #4969537](#), Palm Harbor, Florida)

July 31, 2019 – An Office of Hearing Officers (OHO) decision became final in which Storms was barred from association with any FINRA member in all capacities. The sanction was based on findings that Storms caused his member firm to maintain inaccurate books and records by falsifying data he submitted to it in connection with branch audits that he performed. The findings stated that Storms' primary responsibility at the firm was to audit its branch offices and to perform any necessary follow-up work that resulted from the audits. Storms altered answers to questions from registered representatives, affecting the branch audits. By doing this, Storms avoided performing required follow-up work. Subsequently, Storms' supervisor confronted him about the altered branch audit data and to hide his misconduct, he tried unsuccessfully to correct the data he had altered. The findings also stated that Storms failed to timely appear for the on-the-record testimony requested by FINRA. Storms twice failed to appear for testimony, before he ultimately agreed to testify. Storms impeded FINRA's investigation by causing an unnecessary delay. ([FINRA Case #2017053982801](#))

Individuals Suspended

David Philip Antypas ([CRD #2603488](#), Franklin, Tennessee)

July 1, 2019 – An AWC was issued in which Antypas was suspended from association with any FINRA member in all capacities for two years. In light of Antypas' financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Antypas consented to the sanction and to the entry of findings that in contravention of, and in an effort to circumvent, his member firm's policies, he recommended that an elderly customer name his wife and subsequently his sister as sole beneficiaries on the customer's transfer on death and variable annuity accounts. The findings stated that the firm inquired about the customer's accounts during a branch audit and subsequently determined that Antypas had recommended that the customer name his wife and his sister as beneficiaries. After

the firm communicated with the customer, she removed Antypas' wife and sister from her beneficiary designations. Therefore, neither they nor Antypas obtained any funds from the customer's accounts in connection with those designations.

The suspension is in effect from July 1, 2019, through June 30, 2021. ([FINRA Case #2018056901701](#))

Ricardo de la Garza Emerich ([CRD #4246723](#), San Pedro Garza Garcia, Nuevo Leon, Mexico)

July 1, 2019 – An AWC was issued in which de la Garza Emerich was fined \$5,000 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, de la Garza Emerich consented to the sanctions and to the entry of findings that he caused his member firm to fail to preserve books and records. The findings stated that de la Garza Emerich and his assistant, who acted at his authorization, utilized unapproved email addresses to send and receive business related communications. The email addresses were not disclosed to de la Garza Emerich's member firm and the emails sent and received were not captured by it.

The suspension is in effect from August 5, 2019, through September 18, 2019. ([FINRA Case #2017055355301](#))

Scott Mason ([CRD #3207386](#), Larkspur, Colorado)

July 3, 2019 – An AWC was issued in which Mason was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Mason consented to the sanctions and to the entry of findings that he borrowed approximately \$108,360 from an elderly customer of his member firm, who was also a client and a family friend, without providing prior notice to and receiving written approval from the firm. The findings stated that Mason also modified the terms of one of the loans without notifying the firm. Mason used the borrowed funds for personal expenses, and he subsequently repaid the client in full, with interest. The findings also stated that Mason falsely stated on the firm's annual compliance questionnaires that he had not borrowed from or lent to any firm customers.

The suspension is in effect from July 15, 2019, through November 14, 2019. ([FINRA Case #2017056094901](#))

William Mark Heiden ([CRD #2885156](#), Irvine, California)

July 5, 2019 – An Offer of Settlement was issued in which Heiden was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in all capacities for six months and ordered to pay deferred restitution to a customer in the amount of \$12,084, plus interest. Without admitting or denying the allegations, Heiden consented to the sanctions and to the entry of findings that he engaged in unauthorized trading in the accounts of two elderly customers. The findings stated that following repeated requests by the daughter of one of the customers, Heiden cancelled the unauthorized trades he

made in that customer's account and cancelled another authorized trade. That customer suffered no loss. Heiden executed transactions in the other customer's account without first obtaining the customer's authorization resulting in losses, including commissions and fees, in excess of \$10,000. The findings also stated that Heiden exercised discretion in the accounts of two other elderly customers without first receiving written authorization from the customers and without acceptance of the accounts as discretionary by his member firm.

The suspension is in effect from July 15, 2019, through January 14, 2020. ([FINRA Case #2017053182001](#))

Linda Sue Zara ([CRD #2322009](#), Deerfield Beach, Florida)

July 8, 2019 – An AWC was issued in which Zara was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Zara consented to the sanctions and to the entry of findings that she borrowed \$44,292 from a 94-year-old customer of her member firm without providing prior notice to, or obtaining prior written approval from, the firm. The findings stated that Zara and the customer executed a promissory note that provided that Zara could borrow up to \$50,000 from the customer. Zara borrowed a total of \$44,292 from the customer to pay her personal credit card bills and repaid the amount she borrowed in full, plus interest.

The suspension is in effect from July 15, 2019, through October 14, 2019. ([FINRA Case #2018056922501](#))

Dennis Carey Ward ([CRD #1210684](#), Murrysville, Pennsylvania)

July 9, 2019 – An AWC was issued in which Ward was fined \$5,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Ward consented to the sanctions and to the entry of findings that he willfully failed to timely disclose tax liens on his Uniform Application for Securities Industry Registration or Transfer (Form U4). The findings stated that Ward received notice of 19 separate tax liens, with a total value of \$147,890, filed against him by either the Internal Revenue Service or the Commonwealth of Pennsylvania. Ward disclosed the liens between approximately 160 and 2,070 days late and on average more than 1,000 days late.

The suspension is in effect from August 5, 2019, through December 4, 2019. ([FINRA Case #2018058322401](#))

John Hardin Alexander ([CRD #4751186](#), Athens, Georgia)

July 10, 2019 – An AWC was issued in which Alexander was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in all capacities for 60 business days. Without admitting or denying the findings, Alexander consented to the sanctions and to the entry of findings that he exercised discretionary trading authority

and effected trades in the accounts of a customer of his member firm without having obtained prior written authorization from the customer or approval from the firm to treat the accounts as discretionary. The findings stated that Alexander made false statements regarding his exercise of discretion in the firm's annual compliance questionnaires and to its compliance department in connection with inquiries relating to his trading activity in the customer's accounts. The findings also stated that Alexander caused the firm to maintain inaccurate books and records by marking his discretionary trades as solicited or unsolicited in the firm's electronic order system instead of discretionary.

The suspension is in effect from July 15, 2019, through October 7, 2019. ([FINRA Case #2017055439501](#))

Robert Scott Davis (CRD #4662922, Richmond, Indiana)

July 10, 2019 – An AWC was issued in which Davis was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 30 days. Without admitting or denying the findings, Davis consented to the sanctions and to the entry of findings that he exercised discretionary power in the account of customers without obtaining prior written authorization from those customers or prior written approval by his member firm. The findings stated that none of the customers complained and one of the customers gave Davis verbal authority to exercise discretion in his account. The findings also stated that Davis effected unsuitable transactions involving Class A mutual fund shares and unit investment trusts for these customers. These Class A mutual funds included front-end sales charges and were intended as long-term investments. As a result of these transactions, Davis' customers collectively paid approximately \$3,500 in unnecessary costs that the firm subsequently reimbursed. Davis did not have a reasonable basis to believe that these transactions were suitable.

The suspension was in effect from July 15, 2019, through August 13, 2019. ([FINRA Case #2017055503601](#))

Jonathon Hartwig (CRD #6370247, Jamestown, Ohio)

July 10, 2019 – An AWC was issued in which Hartwig was fined \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Hartwig consented to the sanctions and to the entry of findings that he failed to notify his member firm of and amend his pending Form U4 to reflect certain material information he was required to report. The findings stated that Hartwig also provided a false response about the same information on an attestation he submitted to the firm.

The suspension is in effect from August 5, 2019, through October 4, 2019. ([FINRA Case #2017054848101](#))

Jeffrey Wade Lundstrom ([CRD #2377839](#), San Diego, California)

July 10, 2019 – An AWC was issued in which Lundstrom was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Lundstrom consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose federal tax liens totaling nearly \$106,000. The findings stated that Lundstrom completed his member firm’s annual compliance certification statement in which he attested to his understanding that he must keep his Form U4 current at all times and that he reviewed it to ensure that the filing was current.

The suspension is in effect from July 15, 2019, through January 14, 2020. ([FINRA Case #2018057708002](#))

George McElroy ([CRD #1807305](#), Chicago, Illinois)

July 10, 2019 – An AWC was issued in which McElroy was suspended from association with any FINRA member in all capacities for three months. In light of McElroy’s financial status, no monetary sanction has been imposed. Without admitting or denying the findings, McElroy consented to the sanction and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose tax liens filed against him totaling \$29,848.05, even though he had previously received reminders from his member firm about the need to make timely amendments of this type.

The suspension is in effect from July 15, 2019, through October 14, 2019. ([FINRA Case #2017053681001](#))

Cindy Maria Fuzie ([CRD #5222145](#), Granite Bay, California)

July 15, 2019 – An AWC was issued in which Fuzie was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Fuzie consented to the sanctions and to the entry of findings that she submitted for reimbursement certain meal receipts and related expense reports in which she falsely represented that clients or prospective clients had attended those meals. The findings stated that Fuzie’s member firm reimbursed her for the meals pursuant to a reimbursement program. Fuzie mistakenly believed that the money belonged to her because the amount of funds available to her through this program was derived from her annual gross revenue. Fuzie subsequently approached the firm about her inaccurate expense reimbursement requests and the firm asked Fuzie for reimbursement, which she paid and the firm accepted.

The suspension is in effect from July 15, 2019, through October 14, 2019. ([FINRA Case #2017055024201](#))

Samuel Kent Van Allen ([CRD #4464706](#), Milford, New Jersey)

July 15, 2019 – An AWC was issued in which Van Allen was fined \$7,500 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Van Allen consented to the sanctions and to the entry of findings that in anticipation of leaving his member firm he improperly removed nonpublic personal customer information from the firm, without the firm or the customers' knowledge or consent. The findings stated that Van Allen sent emails containing customers' nonpublic personal information, including social security numbers, account numbers and account details, from his firm email account to his personal email account. In addition, Van Allen downloaded customers' nonpublic information from a firm computer to a portable hard drive, and removed the information from the firm. As a result, Van Allen caused his firm to violate the SEC's Regulation S-P: Privacy of Consumer Financial Information and Safeguarding Personal Information.

The suspension was in effect from August 5, 2019, through August 23, 2019. ([FINRA Case #2017053705201](#))

David Wilson Fleming Jr. ([CRD #1021968](#), Stamford, Connecticut)

July 18, 2019 – An AWC was issued in which Fleming was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Fleming consented to the sanctions and to the entry of findings that he borrowed \$35,000 from a customer without providing prior notice to, and receiving written pre-approval from, his member firm.

The suspension is in effect from August 5, 2019, through November 4, 2019. ([FINRA Case #2017054847101](#))

Eric Jason Savell ([CRD #4182368](#), Roseville, California)

July 18, 2019 – An AWC was issued in which Savell was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for five months. Without admitting or denying the findings, Savell consented to the sanctions and to the entry of findings that he participated in a private securities transaction without providing his member firm with written notice of the transaction and his proposed role therein. The findings stated that Savell participated in an outside business activity by performing work for, and being compensated by, a company. Savell arranged for a meeting between a customer and the company's chief executive officer (CEO) for the purpose of facilitating a potential investment. Following that meeting, the customer liquidated her account at the firm through Savell and invested over \$160,000 in the company pursuant to a stock purchase agreement.

The suspension is in effect from August 5, 2019, through January 4, 2020. ([FINRA Case #2018060898601](#))

Michael David Garris ([CRD #1540384](#), Los Angeles, California)

July 22, 2019 – An AWC was issued in which Garris was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for one year. Without admitting or denying the findings, Garris consented to the sanctions and to the entry of findings that he effected unauthorized transactions in a deceased customer's account involving an aggregate amount of \$381,452.98. The findings stated that those unauthorized transactions generated \$9,313.07 in commissions. Garris' member firm subsequently reversed the unauthorized transactions, returning the accounts to their positions prior to the customer's death and refunding all associated commissions.

The suspension is in effect from August 5, 2019, through August 4, 2020. ([FINRA Case #2018059146801](#))

Brian Gregory DiJulio ([CRD #1647694](#), Kirkland, Washington)

July 23, 2019 – An AWC was issued in which DiJulio was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, DiJulio consented to the sanctions and to the entry of findings that he exercised discretion to effect transactions in customer accounts without the customers having provided prior written authorization for him to exercise discretion and without his member firm having accepted the accounts as discretionary. The findings stated that although the customers had given DiJulio express or implied authority to exercise discretion in the accounts, none of the customers had provided written authorization. The findings also stated that when DiJulio placed the transactions, he failed to mark the orders as discretionary and mismarked the transactions as unsolicited. DiJulio thereby caused the firm to make and preserve inaccurate order tickets.

The suspension is in effect from August 5, 2019, through November 4, 2019. ([FINRA Case #2018057561201](#))

Stephen Michael Whiting ([CRD #1752042](#), Huntington Woods, Michigan)

July 25, 2019 – An AWC was issued in which Whiting was suspended from association with any FINRA member in all capacities for two months. In light of Whiting's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Whiting consented to the sanction and to the entry of findings that he falsely attested that personnel of his member firm had spoken with a customer to confirm the authenticity of requests to wire funds from the customer's account to a third party, even though he knew that no one at the firm had done so. The findings stated that Whiting reduced the amount of the wire on one wire transfer request form that bore the customer's signature without obtaining the customer's authorization to alter the form. In total, Whiting's misconduct caused his firm to wire \$545,000 from the customer's brokerage account to a third-party bank account without the customer's authorization. Related to this, the customer in question filed an arbitration claim against Whiting's firm, which the firm settled. The findings also stated that Whiting caused his firm to maintain inaccurate books and records.

The suspension is in effect from August 19, 2019, through October 18, 2019. ([FINRA Case #2017053375801](#))

Aaron C. Williams ([CRD #6672540](#), New York, New York)

July 25, 2019 – An AWC was issued in which Williams was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 18 months. Without admitting or denying the findings, Williams consented to the sanctions and to the entry of findings that he possessed a prohibited device while taking the Securities Industry Essentials examination. The findings stated that during the test session, Williams possessed and had access to his cellular phone that contained study materials related to the subject matter of the licensing examination. Prior to beginning the examination, Williams attested that he had read and would abide by the qualification examinations rules of conduct that prohibit the use or possession of certain items, including electronic devices and study materials, in the examination room or during unscheduled restroom breaks.

The suspension is in effect from August 5, 2019, through February 4, 2021. ([FINRA Case #2019061057001](#))

Michael Thomas Lee ([CRD #4502893](#), Darien, Connecticut)

July 26, 2019 – An AWC was issued in which Lee was assessed a deferred fine of \$12,500 and suspended from association with any FINRA member in all capacities for one year. Without admitting or denying the findings, Lee consented to the sanctions and to the entry of findings that he engaged in an outside business activity, a prospective exchange-traded fund (ETF), without providing prior written notice to his member firm. The findings stated that Lee distributed written materials to potential investors that contained inaccurate statements about the ETF. Lee used his personal email and an email address associated with the ETF for his outside business activities that included soliciting potential investors and distributing written materials prepared by Lee's business partner. None of the individuals solicited by Lee invested in the ETF. However, the written materials falsely represented that the ETF was a hybrid registered investment advisor with \$20 million in assets under management, and that the firm's affiliated registered investment advisor was sponsoring and providing certain administrative services to the ETF. The findings also stated that Lee made false statements to the firm on annual compliance questionnaires concerning his use of an undisclosed email address to conduct a securities business.

The suspension is in effect from August 5, 2019, through August 4, 2020. ([FINRA Case #2016051985602](#))

Michael Patrick Spolar ([CRD #2192992](#), Lyndhurst, Ohio)

July 26, 2019 – An AWC was issued in which Spolar was suspended from association with any FINRA member in all capacities for 15 months. In light of Spolar’s financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Spolar consented to the sanction and to the entry of findings that he exercised discretion in placing trades in customer accounts without the customers’ written authorization and without his member firm having accepted the accounts as discretionary. The findings stated that in connection with three options trades, Spolar mismarked the trades as unsolicited and submitted falsified unsolicited options letter forms to his firm in connection with the trades.

The suspension is in effect from August 5, 2019, through November 4, 2020. ([FINRA Case #2018057366101](#))

Cheryl C. Blakey ([CRD #6058053](#), Kennett Square, Pennsylvania)

July 29, 2019 – An AWC was issued in which Blakey was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Blakey consented to the sanctions and to the entry of findings that she settled a customer complaint without notifying her member firm of the customer’s claim and without seeking or receiving authorization from the firm to resolve the complaint. The findings stated that Blakey paid \$1,019.05 to the customer to settle the customer’s verbal complaint, made to Blakey, regarding an annuity surrender charge she previously had said the customer would not incur.

The suspension was in effect from August 5, 2019, through August 23, 2019. ([FINRA Case #2018060051801](#))

Yousuf Saljooki ([CRD #5045123](#), Melville, New York)

July 29, 2019 – An AWC was issued in which Saljooki was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in all capacities for nine months. Without admitting or denying the findings, Saljooki consented to the sanctions and to the entry of findings that he willfully failed to timely disclose an unsatisfied federal tax lien in the amount of \$227,859.29. The findings stated that Saljooki caused his member firm to maintain inaccurate books and records by recommending and effecting securities transactions for customers in states where he was not licensed to sell securities using the registered representative code of another representative who was licensed in those states. The findings also stated that Saljooki failed to timely respond to FINRA’s requests for documents and information during its investigation into the federal tax lien and his use of the other representative’s code.

The suspension is in effect from August 5, 2019, through May 4, 2020. ([FINRA Case #2018057626102](#))

John Darrick Atchison ([CRD #1284207](#), Virginia Beach, Virginia)

July 30, 2019 – An AWC was issued in which Atchison was fined \$2,500 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Atchison consented to the sanctions and to the entry of findings that he executed discretionary transactions in customer accounts without prior written authorization from the customers and without his member firm having approved any of the accounts for discretionary trading. The findings stated that some of the customers had given Atchison express or implied authority to exercise discretion in their accounts.

The suspension was in effect from August 19, 2019, through September 9, 2019.
([FINRA Case #2018059155703](#))

Robert Henry Forsyth ([CRD #1425529](#), Charlottesville, Virginia)

July 30, 2019 – An AWC was issued in which Forsyth was fined \$2,500 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Forsyth consented to the sanctions and to the entry of findings that he executed discretionary transactions in customer accounts without prior written authorization from the customers and without his member firm having approved any of the accounts for discretionary trading. The findings stated that some of the customers gave Forsyth express or implied authority to exercise discretion in their accounts.

The suspension was in effect from August 19, 2019, through September 9, 2019.
([FINRA Case #2018059155701](#))

Michael Joseph David Kane ([CRD #704604](#), Virginia Beach, Virginia)

July 30, 2019 – An AWC was issued in which Kane was fined \$2,500 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Kane consented to the sanctions and to the entry of findings that he executed discretionary transactions in customer accounts without prior written authorization from the customers and without his member firm having approved any of the accounts for discretionary trading. The findings stated that some of the customers gave Kane express or implied authority to exercise discretion in their accounts.

The suspension was in effect from August 19, 2019, through September 9, 2019.
([FINRA Case #2018059155702](#))

Eric Nichols ([CRD #2710703](#), Redondo Beach, California)

July 30, 2019 – An AWC was issued in which Nichols was fined \$5,000 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Nichols consented to the sanctions and to the entry of findings that he settled a customer complaint away from his member firm. The findings stated that Nichols recommended that the customer make investments in the preferred stock of an issuer. Later, the issuer suspended its dividend payments, and the customer incurred significant unrealized losses in the security. The customer complained to Nichols, both verbally and in writing, about the unrealized losses that he had incurred and the fact that the dividend payments had been suspended. Nichols wrote checks to a customer totaling approximately \$28,000 to settle the customer's complaint. Although the firm was aware of the customer's complaint, Nichols did not disclose to it that he had written checks to the customer to settle the complaint.

The suspension was in effect from August 19, 2019, through September 9, 2019.
([FINRA Case #2019061700301](#))

Decision Issued

The OHO issued the following decision, which has been appealed to or called for review by the National Adjudicatory Council (NAC) as of July 31, 2019. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decision. Initial decisions where the time for appeal has not yet expired will be reported in future issues of FINRA Disciplinary and Other Actions.

DreamFunded Marketplace, LLC (Funding Portal ID #283594, San Francisco, California) and Manuel Fernandez (CRD #6639970, San Francisco, California)

July 1, 2019 – The firm and Fernandez appealed an OHO decision to the NAC. On July 9, 2019, FINRA cross-appealed the OHO decision to the NAC. The firm was expelled from FINRA membership as a funding portal member and Fernandez was barred from association with any FINRA funding portal member in all capacities. The sanctions were based on the findings that the firm and Fernandez, its CEO, failed to fully and completely respond to a FINRA request for documents and information that was made not only to investigate potential violations of the law and regulations applicable to crowdfunding securities offerings, but also to investigate Fernandez's potential misuse of investor monies intended to fund the establishment and operation of a crowdfunding portal he established. The findings stated that in his capacity as CEO of the firm, Fernandez did not produce all the documents in his and the firm's possession, custody, or control after FINRA requested financial records, bank account statements and investor agreements. The findings also stated that the firm and Fernandez continued to give access to their platform to a social networking company despite the accumulation of facts and circumstances giving rise to investor protection concerns. Fernandez not only gave the company access to the portal but

also facilitated the early release of investor funds to the overdrawn personal account of the issuer's CEO without any business rationale. Fernandez did this without giving investors the notices that were required to protect their rights. The findings also included that while acting on behalf of an entity, Fernandez made false and misleading statements regarding a purported investment in an issuer. The firm and Fernandez posted the misstatements regarding the purported investment on the entity's website and on social media, and in doing so, they employed a deceptive device or contrivance and created a misimpression, either with intent to mislead investors or in reckless disregard of the likelihood of misleading them. FINRA found that the firm and Fernandez failed to conduct timely and meaningful background checks or perform securities enforcement regulatory histories on issuers making offerings on the portal's platform, or that any third party did so on their behalf, so that they had a reasonable basis for believing that issuers and their principals were not disqualified from participating in a crowdfunding securities offering. FINRA also found that the firm and Fernandez failed to provide required notices to investors, including notices of a material change in an offering and notices of the early closing of two offerings. The failure to provide the required notices deprived investors of information concerning their right to cancel their investment commitments prior to the release of investor funds from escrow and the distribution of those funds to the issuers. The firm and Fernandez also failed to provide information required to be disclosed in notices of investor commitments and confirmations of the completion of transactions. Confirmations of the transactions, for instance, did not disclose basic, and required, information such as the price and quantity of securities purchased or the amount of securities sold in the offering. In addition, FINRA determined that the firm and Fernandez failed to establish and implement reasonably designed written policies and procedures and failed to establish and maintain a reasonably designed system to supervise the activities of the funding portal in order to achieve compliance with legal and regulatory requirements. The hearing panel dismissed a portion of the claims in the second cause of action, including the claim that the firm and Fernandez should have denied a company access to the portal solely on the basis of its financial projections and forecasts and that it also found no violation of Funding Portal Rule 200(c)(3) by the firm and Fernandez after it determined that intermediaries like the crowdfunding portal have no duty to conduct due diligence or to validate issuers' projections and forecasts. In addition, the hearing panel dismissed in its entirety the fourth cause of action, which charged that the firm and Fernandez lacked a reasonable basis for believing that two issuers were in compliance with their legal and regulatory obligations.

The sanctions are not in effect pending review. ([FINRA Case #2017053428201](#))

Brian Colin Doherty (CRD #2647950, Fair Haven, New Jersey)

July 11, 2019 – FINRA appealed an OHO decision to the NAC. Doherty was suspended from association with any FINRA member in all capacities for two years and ordered to pay a FINRA member firm restitution of \$56,093, plus interest, on an unpaid balance. As a result of the two-year suspension, Doherty must requalify by examination before re-

entering the industry in any registered capacity. The sanctions were based on findings that Doherty willfully violated Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5, and FINRA Rules 2020 and 2010 by intentionally engaging in a fraudulent, prearranged trading scheme to enable his customer, an individual associated with a FINRA member firm, to evade that firm's internal policies related to aged inventory. The findings stated that Doherty and the individual undertook the prearranged round-trip transactions to fraudulently update the age of the individual's inventory on the books of the individual's firm so that this individual would not be financially penalized. Doherty knew that the individual's firm would have to pay Doherty's member firm commissions for non-bona-fide transactions in which there was no beneficial change in ownership. Doherty personally benefitted because he received a portion of his firm's commissions and kept his otherwise difficult and second-largest client content. Although Doherty spoke with the head of his desk and the CCO at his firm before he executed the series of prearranged trades, he did not fully disclose the facts and circumstances of the trades. The hearing panel dismissed without discussion the allegations of causes two and three that were pleaded as alternatives to cause one.

The sanctions are not in effect pending review. ([FINRA Case #2015047005801](#))

Nancy Kimball Mellon (CRD #1253484, Apollo Beach, Florida)

July 16, 2019 – Mellon appealed an OHO decision to the NAC. Mellon was barred from association with any FINRA member in all capacities. The sanction was based on findings that Mellon converted \$4,300 from her member firm by submitting false expense reports. The findings stated that Mellon submitted false reimbursement requests for an expense she did not incur, and she obtained money to which she was not entitled. Mellon made a deliberate decision to deceive the firm by knowingly submitting an expense report using a check she had not sent and again acted deliberately when she submitted additional expense reports, even though she knew that a check she sent had bounced. The findings also stated that by submitting false expense reports, Mellon caused the firm to maintain inaccurate books and records. The findings also included that Mellon provided false and misleading information to FINRA during an investigation into her expense reports. Mellon falsely told FINRA that she was unable to provide copies of bank statements and cancelled checks when she knew that the bank would provide copies upon request. In addition, Mellon misled FINRA by saying that when she asked the bank for her account records, the bank instead told her to consult an attorney. Mellon knew that producing copies of statements from the bank account would reveal that she had not paid the corresponding expense before the firm paid her \$4,300.

The sanction is not in effect pending the review. ([FINRA Case #2017052760001](#))

Complaints Filed

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

Primex Prime Electronic Execution, Inc. dba Primex ([CRD #29394](#), New York, New York) and Wilfredo Felix Jr. ([CRD #2693672](#), North Amityville, New York)

July 1, 2019 – The firm and Felix were named respondents in a FINRA complaint alleging that Felix, the firm's CEO, falsified its books and records by misclassifying hundreds of thousands of dollars of his personal expenses as business expenses of the firm on its general ledger and in other of its books and records. The complaint alleges that Felix grouped his personal expenses along with apparently legitimate business expenses of the firm in broad general expense categories, causing its books and records to be inaccurate by significantly overstating its business expenses in those categories and by understating its distributions to Felix. Moreover, Felix caused the firm to file inaccurate quarterly Financial and Operational Combined Uniform Single (FOCUS) reports that significantly understated the amount of compensation paid to him and overstated the firm's other expenses. As a result of this conduct, the firm willfully violated Section 17(a) of the Securities Exchange Act of 1934 and Rules 17a-3 and 17a-5 thereunder. Further, because the firm's violations of the Exchange Act were willful, it is subject to statutory disqualification under Article III, Section 4 of FINRA's By-Laws and Section 3(a)(39) of the Exchange Act. The complaint also alleges that the firm failed to timely respond to FINRA's requests for information and documents. FINRA requested that the firm explain the purpose of various withdrawals and charges that Felix effected through the firm's bank account and to produce copies of all invoices and/or supporting documentation for those transactions. The complaint further alleges that Felix provided false or misleading information in a written response to FINRA's request for information and document. FINRA requested that Felix identify whether purchases made at certain vendors represented his personal expenditures or, if not, to describe the business purpose of those expenses and to provide documentation related to the firm's auditor requiring it to reclassify various purchases made at those same vendors. Felix provided a false or misleading response when he indicated that there was no need to revisit the firm's accounting for purported business expenses because the firm's auditor had required the firm to reclassify expenses in connection with audits only because the firm had changed its corporate tax structure. In addition, the complaint alleges that Felix provided false or misleading information to FINRA during on-the-record testimony when asked whether he understood that the firm's auditor had required him to reclassify \$200,000 in expenses. Felix provided a false or misleading response by testifying that the reclassification occurred because the firm changed from a C corp. to an S corp. Moreover, the complaint alleges that Felix failed to produce documents and information requested by FINRA that were material to its investigation of the firm and Felix. ([FINRA Case #2018058286901](#))

Robert Juan Escobio ([CRD #703813](#), Coral Gables, Florida)

July 17, 2019 – Escobio was named a respondent in a FINRA complaint alleging that he failed to provide information and documents requested by FINRA during an investigation into whether he continued to associate with a FINRA member firm while he was statutorily disqualified. The complaint alleges that in connection with a cycle examination of the firm, FINRA had discovered that Escobio may have accessed and utilized the firm’s email system and communicated with firm customers regarding securities business after the NAC’s denial of a membership Continuance Application. The complaint also alleges that Escobio failed to appear and provide on-the-record testimony to FINRA regarding his potential ongoing association with the firm despite his statutory disqualification. ([FINRA Case #2018059545201](#))

Wilson-Davis & Co., Inc. ([CRD #3777](#), Salt Lake City, Utah), Byron Bert Barkley ([CRD #12469](#), Salt Lake City, Utah), Lyle Wesley Davis ([CRD #62352](#), Centerville, Utah), Craig Stanton Norton ([CRD #349405](#), Highlands Ranch, Colorado) and James C. Snow Jr. ([CRD #2761102](#), Salt Lake City, Utah)

July 19, 2019 – The firm, Barkley, Davis, Norton and Snow were named respondents in a FINRA complaint alleging that the firm and Norton willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and violated FINRA Rule 2020 by manipulating the stock market for a low-priced, thinly traded, OTC microcap security issued by a company. The complaint alleges that the manipulative activity benefited numerous firm customers who collectively deposited and liquidated millions of shares of the company stock into the public markets at inflated prices. The manipulation began when Norton purchased 250 shares of the company stock at \$5.00 per share into the firm’s proprietary account. This purchase artificially set the closing price of the company stock at \$5.00 per share and helped release millions of shares of the company stock held by Norton’s customers from resale restrictions imposed on them by a “Lock-Up/Leak-Out” agreement between the customers and the issuer. Norton used his role as a market maker for the company to coordinate trading in it, coincident with a company stock promotion paid for by one of his customers, to help create the false appearance of active trading in the company stock at steadily increasing prices. This manipulative activity allowed Norton’s customers to liquidate their company stock at artificially inflated prices, generating a total of approximately \$10 million in net sales proceeds and over \$400,000 in commissions for the firm and Norton. The complaint also alleges that the firm, Barkley, Davis, and Snow failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with applicable securities laws, regulations, and FINRA rules. Barkley, Davis, and Snow failed to reasonably supervise Norton’s trading by ignoring various red flags of potentially manipulative trading set forth in the firm’s WSPs, which also failed to establish how the firm’s trading activity should be supervised to detect and prevent manipulative trading. In practice, no one at the firm, including Barkley, Davis, and Snow, was conducting a reasonable review of microcap liquidation and trading activity to detect and prevent manipulative trading, including Norton’s manipulative trading activity

involving the company. The complaint further alleges that the firm and Snow, who was responsible for the firm's AML program, failed to establish and implement AML policies and procedures reasonably designed to detect, investigate, and report, if necessary, suspicious activity related to the firm's microcap liquidation business. As a result, numerous red flags of suspicious activity related to the company's trading and liquidation activity went undetected and unaddressed. In addition, the complaint alleges that the firm and Davis provided FINRA with a false and misleading spreadsheet purporting to represent a contemporaneous annotated record of their daily review and supervision of the firm's trading activity in the company. ([FINRA Case #2016048837401](#))

Alpine Securities Corporation ([CRD #14952](#), Salt Lake City, Utah)

July 25, 2019 – The firm was named a respondent in a FINRA complaint alleging that it converted customer funds. The complaint alleges that in the face of significant and mounting financial difficulties, the firm implemented a series of exorbitant and arbitrary fees. Among other unreasonable fees, the firm instituted a \$5,000 monthly account fee, which represented an astounding increase of approximately 60,000% from its prior \$100 annual account fee. The firm then used the fees as a pretext to convert its retail customer's securities. The fees caused customers to incur significant debits in their accounts, at which point the firm told its customers that it would liquidate their securities or transfer them to proprietary accounts belonging to the firm in order to satisfy the debits. In a single month alone, the firm moved over \$950,000 of customer's securities to its proprietary accounts in order to cover these debits. The firm thus converted customer funds and securities ostensibly to pay Alpine's exorbitant fees, including the \$5,000 monthly account fee. In addition, the firm converted customer securities by misappropriating every customer position valued at \$1,500 or less on the grounds that such securities were "worthless." The firm also converted customers' securities by deeming them abandoned and moving them into its abandoned securities accounts when the securities were not, in fact, abandoned. The firm was not entitled to any of the customer funds or securities over which it took ownership and it took customer funds and securities with the intent of depriving customers of their account assets. As a result of the firm's conduct, customers were deprived of their account assets. The complaint also alleges that by taking customer funds and securities in the manner described above, the firm improperly used them for purposes not directed by the customers and commingled them with non-customer funds and securities. The complaint further alleges that the firm moved customer securities from their accounts to the firm's proprietary account to cover outstanding debits, sold hundreds of customer positions to itself for a penny per position, and moved customer securities to its abandoned securities accounts without the customers' authorization. In addition, the complaint alleges that the firm charged unfair prices and commissions by selling customer positions to itself for a penny per position when that price was unfair and not reasonably related to the current market prices of the securities. Moreover, the complaint alleges that the firm assessed unreasonable and discriminatory fees to customers, including the \$5,000 monthly fee that the firm charged to customers simply for having an account at the firm. In addition,

the firm assessed the monthly account fee inconsistently and discriminatorily by waiving or reversing the fee for certain customers, simply because those customers complained or had more profitable accounts. The firm also charged a \$1,500 fee to customers for certificate withdrawals and an illiquidity and volatility fee that were unreasonable. Furthermore, the complaint alleges that the firm made unauthorized capital withdrawals. The firm did not obtain FINRA's approval for multiple payments to affiliates that exceeded 10 percent of the firm's excess net capital. The purpose of the payments was to withdraw capital without FINRA's approval, as part of a coordinated effort to dissipate firm assets. In total, through these payments, the firm withdrew over \$2.8 million from the firm in a four-month period. On August 5, 2019, based upon the parties' consent, FINRA's OHO issued a Temporary Cease and Desist Consent Order. FINRA ordered the firm to cease and desist from any conduct constituting a conversion of customer funds and securities, from any conduct constituting a misuse of customer assets; and from effecting any unauthorized transactions in customer accounts. Further, the firm was ordered to cease and desist from placing debits in customer accounts resulting from its \$5,000 monthly account fee; from transferring cash from customer accounts to cover debits resulting from its \$5,000 monthly account fee; and from selling, journaling, or otherwise transferring securities from customer accounts to firm-owned accounts in order to satisfy debits resulting from its \$5,000 monthly account fee. The firm was also ordered to reverse the \$5,000 monthly account fee assessed in all currently open customer accounts; cease and desist from selling, journaling, or otherwise transferring securities from customer accounts on the grounds that it has deemed such securities to be worthless; cease and desist from selling, journaling, or otherwise transferring securities from customer accounts on the grounds that it has deemed such securities or accounts to be abandoned; restore any securities sold, journaled or otherwise transferred from customer accounts on the grounds that the firm deemed such securities as worthless; and cease and desist from charging the \$1,500 re-certification fee, except that the firm shall be allowed to charge a fee for re-certification that is reasonable and does not exceed \$1,000 per recertification. Moreover, the firm was ordered to cease and desist from charging the illiquidity and volatility fee, except that it shall be allowed to charge an illiquidity and volatility fee that is reasonable and does not exceed \$250 per transaction. And the firm was ordered to provide a full accounting to FINRA, within ten business days of the issuance of the Order. ([FINRA Case #2019061232601](#))

Louis Mark Miller ([CRD #3054955](#), Syosset, New York)

July 26, 2019 – Miller was named a respondent in a FINRA complaint alleging that he failed to complete and return a FINRA pre-testimony questionnaire and to appear and provide testimony requested by FINRA in connection with its investigation into allegations that he improperly exercised discretion in customer accounts without prior written authorization. ([FINRA Case #2017056829901](#))

Firm Cancelled for Failure to Pay FINRA Dues, Fees and Other Charges Pursuant to FINRA Rule 9553

James E. Coffey Securities, Inc.
(CRD #141393)
New York, New York
(July 15, 2019)

Firms Suspended for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552

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

Aldwych Securities LLC (CRD #167980)
New York, New York
(April 12, 2019 – July 9, 2019)

Aldwych Securities LLC (CRD #167980)
New York, New York
(May 5, 2019 – July 9, 2019)

Clinger & Co., Inc. (CRD #1471)
Houston, Texas
(June 7, 2019 – July 25, 2019)

Financial West Investment Group, Inc. (CRD #16668)
Reno, Nevada
(July 5, 2019)

Financial West Investment Group, Inc. (CRD #16668)
Reno, Nevada
(July 8, 2019)

LAM Securities Investments, Inc. (CRD #17037)
San Francisco, California
(May 13, 2019 – July 19, 2019)

Quadriga Securities, LLC (CRD #153861)
Denver, Colorado
(June 3, 2019 – July 30, 2019)

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.)

Marian Lynne Cook (CRD #5720180)
Joplin, Missouri
(July 8, 2019)
FINRA Case #2018060930101

Steven Glen Friedman (CRD #2987568)
Arlington, Virginia
(July 1, 2019)
FINRA Case #2018058107301

Jose Giraldo (CRD #5429476)
Chula Vista, California
(July 22, 2019)
FINRA Case #2018058059202

Kenneth William Gurrola (CRD #5657027)
New York, New York
(July 22, 2019)
FINRA Case #2018056463301

Peter Alvin Heilman (CRD #6060300)
Kansas, Ohio
(July 8, 2019)
FINRA Case #2019061400201

Brian Anthony Laishes (CRD #1397342)
Madison, Wisconsin
(July 22, 2019)
FINRA Case #2019061694401

Timothy Patrick May (CRD #2534803)
Framingham, Massachusetts
(July 26, 2019)
FINRA Case #2018060471801

Philip Albert Noto (CRD #4837180)
Red Bank, New Jersey
(July 12, 2019)
FINRA Case #2016047624302

Ziv Ohel (CRD #2275892)
Long Grove, Illinois
(July 22, 2019)
FINRA Case #2016051838401

Miguel Angel Rubio (CRD #5902328)
El Paso, Texas
(July 8, 2019)
FINRA Case #2019061538501

Roger Gordon Takami (CRD #1441400)
Renton, Washington
(July 26, 2019)
FINRA Case #2019061701001

**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.)

Debra Jean Ader (CRD #2992185)
Bloomsbury, New Jersey
(July 1, 2019)
FINRA Case #2018060297501

Reed Francis Bermingham (CRD #5526970)
West Hartford, Connecticut
(July 11, 2019)
FINRA Case #2019062274101

Michael Dean Brackett (CRD #4274006)
Harrodsburg, Kentucky
(July 8, 2019)
FINRA Case #2018059817601

Margareta Theresia Childs (CRD #1495891)
San Juan Capistrano, California
(July 11, 2019)
FINRA Case #2019061958901

Pete Chinn (CRD #2122338)
Monterey Park, California
(July 15, 2019)
FINRA Case #2019061378301

Eric Hugh Credle (CRD #6955662)
Indianapolis, Indiana
(July 11, 2019)
FINRA Case #2019062189501

Robert Christian Gasser (CRD #1634925)
Madison, New Jersey
(July 29, 2019)
FINRA Case #2019062409101

Jason Glenn Harris (CRD #6137163)
Orem, Utah
(July 11, 2019)
FINRA Case #2019061606401

Zachary Lee Hatcher (CRD #4774920)
Longmont, Colorado
(July 22, 2019)
FINRA Case #2019061543701

David Duane Horton (CRD #4699361)
Sparks, Nevada
(July 29, 2019)
FINRA Case #2019062442601

James Ortega (CRD #6676466)
Pompano Beach, Florida
(April 29, 2019 – July 9, 2019)
FINRA Case #2019061168601

Olivia Anne Pullin (CRD #6679567)

Spring Hill, Tennessee
(July 11, 2019)
FINRA Case #2019061855501

Anthony Michael Roegiers (CRD #6458438)

Rahway, New Jersey
(July 22, 2019)
FINRA Case #2019062439001

Stephen Tyler Ryan (CRD #5998547)

Batavia, Ohio
(July 11, 2019)
FINRA Case #2018059734001

Vernon David Sears Jr. (CRD #5783551)

Fair Oaks Ranch, Texas
(July 11, 2019)
FINRA Case #2018058045201

Craig Landon Siegel (CRD #5759415)

New York, New York
(May 10, 2019 – July 16, 2019)
FINRA Case #2018059755201

Fadi Sami Soliman (CRD #2740790)

Spotswood, New Jersey
(July 1, 2019)
FINRA Case #2018057407901

Minjoe Williams (CRD #6248983)

Nutley, New Jersey
(July 22, 2019)
FINRA Case #2019062281201

Individuals Suspended for Failure to Comply with an Arbitration Award or Related Settlement or an Order of Restitution or Settlement Providing for Restitution Pursuant to FINRA Rule Series 9554

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

Joseph G. Befera (CRD #4736555)

Lakewood Ranch, Florida
(July 29, 2019)
FINRA Arbitration Case #18-00144

Thomas Joseph Borruso (CRD #5475175)

Astoria, New York
(July 24, 2019)
FINRA Arbitration Case #18-01157

Ryan Lawrence Capatosto (CRD #5532940)

Huntington Beach, California
(July 29, 2019)
FINRA Arbitration Case #19-00101

Yosef Yehuda Fox (CRD #2386001)

Long Beach, California
(July 29, 2019)
FINRA Arbitration Case #18-02823

Keith Lee Guy (CRD #5758364)

Central Point Oregon
(July 22, 2019)
FINRA Arbitration Case #18-03839

Kobina Gyesei Hagan (CRD #1901637)

Wolcott, Connecticut
(July 1, 2019)
FINRA Arbitration Case #17-03503

Marc David Horner (CRD #4332438)

Wheaton, Illinois

(July 23, 2019)

FINRA Arbitration Case #15-00383

Michael Scott Lavalpe (CRD #5054798)

Brooklyn, New York

(July 25, 2019)

FINRA Arbitration Case #16-01499

Denis Patrick O'Leary (CRD #2179225)

Oceanside, New York

(July 11, 2019)

FINRA Arbitration Case #18-02489

Ronald Allen Portell (CRD #2367414)

St. Louis, Missouri

(July 16, 2019)

FINRA Arbitration Case #13-01547

Ruben Rodriguez (CRD #4549466)

Tallahassee, Florida

(July 31, 2019)

FINRA Arbitration Case #18-01377

Victor Hugo Rodriguez (CRD #4849266)

Weston, Florida

(July 8, 2019)

FINRA Arbitration Case #18-02372

Duncan Tyrel Sandlin (CRD #5847373)

Wilsonville, Oregon

(July 22, 2019)

FINRA Arbitration Case #18-03775

Press Release

FINRA Orders Summit Brokerage Services, Inc. to Pay More Than \$550,000 in Restitution to Customers Whose Accounts Were Excessively Traded

Firm Sanctioned for Failing to Reasonably Supervise Recommended Securities Transactions and Use of Consolidated Reports

FINRA announced that it has sanctioned [Summit Brokerage Services, Inc.](#) (Summit) a total amount exceeding \$880,000 for supervisory failures, including approximately \$558,000 in restitution to customers whose accounts were excessively traded by a former registered representative of the firm who was previously barred by FINRA.

FINRA found that from January 2012 through March 2017, Summit, a firm with more than 700 registered individuals, failed to review certain automated trade alerts for its registered representatives' trading activity. Specifically, Summit failed to review alerts that would be used to identify excessive trading. As a result, the firm failed to detect that one representative in particular, identified by FINRA as "CJ," excessively traded securities in the accounts of 14 customers. For example, CJ placed 533 trades for a retired customer over a three-year period, causing her to pay more than \$171,000 in commissions. For the 14 customers whose accounts were excessively traded, CJ's trading generated more than 150 alerts for potentially excessive trading. Summit received those alerts, but no one at the firm reviewed them. Summit agreed to pay restitution to affected customers in the amount of the commissions they were charged as a result of the excessive trading in their accounts. FINRA previously barred CJ in a separate disciplinary action.

"In this matter, the affected customers paid hundreds of thousands of dollars in commissions as a result of the excessive trading that occurred in their accounts," said Susan Schroeder, FINRA's Executive Vice President, Department of Enforcement. "This enforcement action reflects the fact that obtaining restitution for harmed customers remains our highest priority."

FINRA also found that from June 2015 through March 2018, Summit failed to reasonably supervise its representatives' use of "consolidated reports," documents provided to customers summarizing the customer's financial holdings, including assets held away from the firm. FINRA has issued Regulatory Notices reminding member firms that, if not rigorously supervised, consolidated reports can raise concerns, including the potential for communicating inaccurate, confusing or misleading information to customers. Summit prohibited registered representatives from sending consolidated reports unless they used a template that the firm had reviewed and approved. However, FINRA found that the firm did not have a reasonable system to track whether its representatives complied, and although approximately 100 Summit representatives sent their customers consolidated reports during this period, only eight received the required review and approval. One consolidated

report sent by a registered representative of the firm to a customer materially misstated the value of the customer's investment.

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

FINRA Fines Citigroup Global Markets Inc. \$1.25 Million for Failing to Appropriately Fingerprint or Screen Employees Over Seven-Year Period

FINRA announced it has fined [Citigroup Global Markets Inc.](#) (CGMI) \$1.25 million for failing to conduct timely or adequate background checks on approximately 10,400 non-registered associated persons spanning a seven-year period.

Federal securities laws require broker-dealers to fingerprint certain associated persons working in a non-registered capacity prior to or upon association with the firm. The fingerprint results provide information about a prospective associated person's criminal background, and firms use the results as part of their background check to determine, among other things, whether a prospective associated person has previously engaged in misconduct that subjects the individual to a statutory disqualification. Federal banking laws require banks to conduct similar checks on banking employees using a more limited list of disqualifying events.

FINRA found that from January 2010 through May 2017, CGMI failed to conduct timely or adequate background checks on approximately 10,400 of its non-registered associated persons. Also, the firm did not fingerprint at least 520 of the 10,400 non-registered associated persons until after they began their association with CGMI, thus preventing the firm from determining whether any individuals were subject to statutory disqualification from associating with a FINRA member firm. In addition, the firm was unable to determine whether it timely fingerprinted at least an additional 520 non-registered persons. While CGMI fingerprinted other non-registered associated persons, it failed to screen them as required by federal securities laws, instead limiting its screening to what was required by federal banking laws. FINRA found that because of these failures, three individuals who were subject to statutory disqualification because of criminal convictions were allowed to associate, or remain associated, with the firm during the relevant period. This arose from its failure to maintain a reasonable supervisory system and procedures to identify and properly screen all individuals who became associated with the firm in a non-registered capacity.

Susan Schroeder, Executive Vice President of FINRA's Department of Enforcement, said, "FINRA member firms must live up to their responsibility as a gatekeeper protecting investors from bad actors. It is important that firms appropriately screen all employees for past criminal or regulatory events that can disqualify individuals from associating with member firms, even in a non-registered capacity."

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