

Disciplinary and Other FINRA Actions

Firm Fined, Individual Sanctioned

Newport Coast Securities, Inc. ([CRD® #16944](#), New York, New York) and Kristopher Charles Kessler ([CRD #4543640](#), San Clemente, California) submitted an Offer of Settlement in which the firm was censured and fined \$35,000, of which \$5,000 is joint and several with Kessler. Kessler was fined \$5,000, which is joint and several with the firm, and suspended from association with any FINRA® member in any principal capacity for 10 business days. Without admitting or denying the allegations, the firm and Kessler consented to the sanctions and to the entry of findings that they failed to establish and maintain a supervisory system reasonably designed to achieve compliance with applicable securities laws, regulations and rules, and failed to enforce the firm's written supervisory procedures (WSPs) with respect to the business activities of a former registered representative at the firm. The findings stated that the registered representative facilitated a private securities transaction by causing an elderly customer's securities to be transferred from the customer's account at the firm to an account controlled by the former registered representative at the firm without the customer's approval. Kessler, acting in his role as the firm's chief operations officer (COO) and/or compliance manager, on the firm's behalf, approved the opening of the account into which these securities were deposited, and reviewed and approved the actual transfer of the customer's securities into the registered representative-controlled account at the firm, despite the fact that the WSPs prohibited its representatives from participating in private securities transactions.

The findings also stated that the firm failed to record the transaction in its books and records, and, along with Kessler, did not supervise the registered representative's participation in the transaction, which was done without the customer's approval or authorization. No one from the firm, other than the registered representative, contacted the customer regarding this transaction. The firm and Kessler failed to act reasonably to supervise the former registered representative. The findings also included that the firm and Kessler failed to adequately supervise the private securities transaction and to enforce the firm's own WSPs. Their failure to make reasonable inquiries or otherwise follow up on numerous "red flags" enabled the registered representative to make improper use of the customer's securities and proceeds to facilitate the private securities transaction and enrich himself at the customer's expense.

The suspension was in effect from October 5, 2015, through October 16, 2015. ([FINRA Case #2010025708501](#))

Reported for November 2015

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

Firm and Individuals Fined

R.M. Duncan Securities, Inc. ([CRD #14344](#), Little Rock, Arkansas), Randall Max Duncan ([CRD #873519](#), Searcy, Arkansas) and Stephen Blake Murchison ([CRD #1686750](#), Little Rock, Arkansas) submitted an Offer of Settlement in which they were censured; fined \$90,000, jointly and severally; and ordered to pay, jointly and severally, \$61,262.83, plus interest, in restitution to customers. The firm was also fined an additional \$15,000. Without admitting or denying the allegations, the firm, Duncan and Murchison consented to the sanctions and to the entry of findings that they sold municipal securities for their own accounts to customers at aggregate prices (including any mark-ups) that were 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 transactions; the fact that the broker, dealer, or municipal securities dealer is entitled to a profit; and the total dollar amount of each transaction. The findings stated that the firm, acting through Duncan and Murchison, executed bond transactions and later sold the bonds to its customers at prices that were approximately 55 percent higher than the prevailing market price. The firm, Duncan and Murchison purchased \$180,000 par-value bonds at an inflated price from a customer who is now deceased. The firm, Duncan and Murchison then solicited, via telephone, elderly customers to purchase a total of \$215,000 par value bonds. The firm, Duncan and Murchison told customers that they would receive an 11 percent tax-free yield on the bond interest payments, despite the fact that the bonds were in default and were not paying full interest. As a result of their solicitation of customers and sale to another FINRA member firm, the firm, Duncan and Murchison needed to acquire more bonds—\$55,000 par-value—than they had purchased from the customer. To fill this shortfall, the firm purchased approximately \$55,000 par-value bonds from Duncan’s investment fund. As a result, the elderly customers paid prices that were unfair.

The findings also stated that the firm failed to establish and maintain a system, including WSPs, to supervise the municipal securities activities of its registered representatives and principals, and other associated persons, reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Municipal Securities Rulemaking Board (MSRB) rules concerning fair pricing. ([FINRA Case #2010024109201](#))

Firms Fined

Apex Clearing Corporation ([CRD #13071](#), Dallas, Texas) submitted a Letter of Acceptance, Waiver and Consent (AWC) in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it had fail-to-deliver positions at a registered clearing agency in equity securities that resulted from long sales, and did not close the fail-to-deliver positions

by purchasing or borrowing securities of like kind and quantity within the time frame prescribed by Rule 204(a)(1) of Regulation SHO. The findings stated that the firm had fail-to-deliver positions at a registered clearing agency in equity securities that resulted from sales of securities that the seller was deemed to own pursuant to §242.200 of Regulation SHO and intended to deliver once all restrictions on delivery had been removed, and did not close the fail-to-deliver positions by purchasing or borrowing securities of like kind and quantity within the timeframe prescribed by Rule 204(a)(2) of Regulation SHO. The findings also stated that the firm had fail-to-deliver positions at a registered clearing agency in equity securities that was attributable to market-making activities, and did not close out the fail-to-deliver positions by purchasing or borrowing securities of like kind and quantity within the time frame prescribed by Rule 204(a)(3) of Regulation SHO. The findings also included that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to Rule 204 of Regulation SHO. ([FINRA Case #2012034681201](#))

Barclays Capital Inc. ([CRD #19714](#), New York, New York) submitted an AWC in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to take reasonable steps to establish that the intermarket sweep orders (ISOs) it routed met the definitional requirements set forth in Rule 600(b)(30) of Regulation NMS. ([FINRA Case #2013037651901](#))

BNY Mellon Capital Markets, LLC ([CRD #17454](#), 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 failed to report transactions in Trade Reporting and Compliance Engine (TRACE)-eligible securities to TRACE within the time permitted by FINRA Rule 6730. ([FINRA Case #2015044257001](#))

Canaccord Genuity Inc. ([CRD #1020](#), New York, New York) submitted an AWC in which the firm was censured, fined \$30,000, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to implement policies and procedures that reasonably avoid displaying, or engaging in a pattern or practice of displaying, locking or crossing quotations in any over-the-counter (OTC) equity security. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA rules. ([FINRA Case #2013037049501](#))

Cetera Investment Services LLC ([CRD #15340](#), St. Cloud, Minnesota) submitted an AWC in which the firm was censured; fined \$30,000; ordered to pay \$17,883.66, plus interest, in restitution to customers; and ordered to review all non-traded real estate investment trust (REIT) and business development company (BDC) sales it made during the relevant period and certify that it has identified all transactions for which a customer did not receive the

volume discount for which the customer was eligible and provide restitution if necessary. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to identify and apply volume discounts to eligible purchases of non-traded REITs and BDCs, resulting in customers failing to receive the benefit of approximately \$18,000 of available sales charge discounts. The findings stated that the firm failed to establish, maintain and enforce an adequate supervisory system and WSPs with respect to the sale of non-traded REITs and BDCs. The firm did not have procedures in place reasonably designed to identify accounts that would be eligible for volume discounts. The firm relied on its associated persons to ensure its customers received the volume discounts to which they were entitled, but failed to provide adequate guidelines, instructions or policies for its associated persons and supervisors to follow to ensure that the customer sales volume discounts were applied. ([FINRA Case #2014042566201](#))

Deutsche Bank Securities Inc. ([CRD #2525](#), New York, New York) submitted an AWC in which the firm was censured and fined \$162,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it inaccurately stated its capacity and inaccurately represented a commission equivalent/mark-down charge as a commission. The findings stated that the firm failed to state that the price represented on confirmations was an average price and inaccurately stated that it was a market maker. The findings also stated that the firm incorrectly reported the buy/sell indicator to the FINRA/Nasdaq Trade Reporting Facility® (FNTRF), and failed to submit a non-tape report to the FNTRF identifying a party involved in a trade executed within its alternative trading system (ATS). The findings also included that the firm submitted a non-media reported trade to the FNTRF utilizing an inaccurate next-day settlement modifier, inaccurately reported a principal trade to the FNTRF with a riskless capacity and submitted a media-reported transaction to the FNTRF utilizing an inaccurate outbound ISO modifier.

FINRA found that the firm failed to report to TRACE the correct trade execution time for S1 transactions in TRACE-eligible corporate debt securities, and failed to report to TRACE S1 and P1 transactions in TRACE-eligible corporate debt securities within the time required by FINRA Rule 6730. FINRA also found that the firm failed to show the correct execution time on the memoranda of brokerage orders and effected transactions in securities while a trading halt was in effect with respect to each of the securities. ([FINRA Case #2013035824001](#))

E*TRADE Clearing LLC ([CRD #25025](#), Jersey City, New Jersey) submitted an AWC in which the firm was censured, fined \$18,000, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted expiring exercise declarations to The Options Clearing Corporation (OCC) after the 7:30 p.m. Eastern Time deadline on the business day immediately prior to the expiration day of the contracts, even though its customers had timely submitted their declarations to the firm by the 5:30 p.m. Eastern Time deadline for options holders. The findings stated that the firm failed to maintain and submit memoranda to a national

options exchange or FINRA explaining its late submissions of expiring exercise declarations. The findings also stated that firm's supervisory system, including its WSPs, did not provide for supervision reasonably designed to achieve compliance with respect to FINRA Rule 2360(b)(23)(B). ([FINRA Case #2013035399301](#))

Hilltop Securities Independent Network Inc. fka SWS Financial Services, Inc. ([CRD #17587](#), Dallas, Texas) was fined \$50,000. The sanction was based on findings that the firm's supervisory system and WSPs failed to adequately set forth the suitability review process for certain variable annuity transactions and the time for transmitting variable annuity applications to the issuing insurer. The findings stated that the firm submitted variable annuity applications to the issuing insurance companies prior to the completion of the required suitability review. The findings also stated that the firm failed to implement adequate surveillance procedures to monitor its registered representatives' rates of effecting variable annuity exchanges, but FINRA did not prove, by a preponderance of the evidence, that the firm lacked policies or procedures reasonably designed to implement corrective measures to address inappropriate exchanges or the conduct of associated persons who engaged in inappropriate exchanges. FINRA also did not prove, by a preponderance of the evidence, that the firm's principals who reviewed the specific variable annuity transactions cited by FINRA lacked a reasonable basis to believe that the transactions were suitable for the customers or that the firm failed to develop and document adequate training policies and procedures for its principals who reviewed variable annuity transactions. ([FINRA Case #2011025622001](#))

INTL FCStone Financial Inc. ([CRD #45993](#), Winter Park, Florida) submitted an AWC in which the firm was censured; fined \$22,500; required to pay \$436.98, plus interest, in restitution to customers, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that the firm accepted and held customer orders, traded for its own account at prices that would have satisfied the customer orders, and failed to execute or immediately execute the customer orders in OTC securities up to the size and at the same price at which it traded for its own account or at a better price. The findings stated that the firm failed to implement policies and procedures that reasonably avoid displaying, or engaging in a pattern or practice of displaying, locking or crossing quotations in any OTC equity security. The finding also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA rules. ([FINRA Case #2012035215001](#))

Investment Planners, Inc. ([CRD #18557](#), Decatur, Illinois) 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 have an adequate supervisory system and WSPs in place to ensure that the firm's registered representatives accurately disclosed certain charges on the firm's variable annuity transmittal and disclosure forms (VA switch forms) in connection with variable annuity exchanges. The

findings stated that the firm's WSPs required that its designated supervising principal ensure that all charges associated with each variable annuity transaction be disclosed to the customer. However, the firm's WSPs failed to describe how the designated supervising principal would verify the accuracy of those charges, and the firm did not provide supervisors with any guidance or tools to help them to conduct their reviews. As a result, the firm failed to detect that several of the firm's registered representatives prepared VA switch forms that misstated the fees associated with VA transactions. Those VA switch forms were subsequently provided to and reviewed and signed by the firm's customers. ([FINRA Case #2014039222502](#))

Lincoln Financial Advisors Corporation ([CRD #3978](#), Fort Wayne, Indiana) submitted an AWC in which the firm was censured and fined \$150,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain adequate supervisory systems and procedures reasonably designed to achieve compliance by its registered representatives with their suitability obligations in recommending that customers invest in a hedge fund offered as a sub-account to a private placement variable annuity (PPVA). The findings stated that the hedge fund engaged in a complex options trading strategy, including trading uncovered options, which exposed customers to a high degree of financial risk under certain circumstances. Based on these recommendations, customers invested a total of approximately \$11.7 million in the hedge fund. Ultimately, the hedge fund was shut down. The firm failed to provide adequate training or guidance to its registered representatives on the trading strategy or risks of the hedge fund before they solicited and sold the investments. The firm failed to adequately supervise its registered representatives' customer-specific suitability determinations in connection with investments in the hedge fund. Although the firm conducted suitability reviews concerning a customer's initial sub-account allocation, the firm did not conduct a similar review when customers re-allocated their investments in the PPVA to the hedge fund. The firm did not provide sufficient guidance to its registered representatives regarding concentration of customer assets in the hedge fund. Although the firm's WSPs limited customer investments to no more than 10 percent of their net worth in a specific alternative investment product, such as the hedge fund, the firm did not review investments in the hedge fund for compliance with this limit. ([FINRA Case #2012032975301](#))

Merrill Lynch, Pierce, Fenner & Smith Incorporated ([CRD #7691](#), New York, New York) submitted an AWC in which the firm was censured, fined \$17,500, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to implement policies and procedures that reasonably avoid displaying, or engaging in a pattern or practice of displaying, locking or crossing quotations in any OTC equity security. The findings stated that firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning FINRA Rule 6437. ([FINRA Case #2013039305901](#))

Pinnacle Investments, LLC ([CRD #142910](#), Syracuse, New York) submitted an AWC in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to preserve all business-related communications a registered representative and his assistant sent or received using outside email accounts. The findings stated that the firm was aware that the representative and his assistant were using personal email accounts for business-related communications, but failed to take any steps to review or retain those emails. The findings also stated that the firm failed to establish, maintain, and enforce an adequate supervisory system and WSPs with respect to the review and retention of email.

([FINRA Case #2014038901201](#))

Potamus Trading, LLC ([CRD #142867](#), Boston, Massachusetts) submitted an AWC in which the firm was censured and fined \$22,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that the firm failed to transmit Reportable Order Events (ROEs) to the Order Audit Trail System (OATS™) on 49 business days. The findings stated that the firm improperly submitted execution reports that contained inaccurate, incomplete or improperly formatted data. ([FINRA Case #2014041154901](#))

Scottrade, Inc. ([CRD #8206](#), St. Louis, Missouri) submitted an AWC in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted reports to OATS that contained inaccurate Time-in-Force codes, inaccurate Special Handling codes, inaccurate Order Received timestamps and inaccurate Order Cancel timestamps. ([FINRA Case #2014040029101](#))

Sterne Agee Financial Services, Inc. ([CRD #18456](#), Birmingham, Alabama) 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 the firm failed to enforce its WSPs prohibiting solicitation of inverse or leveraged exchange-traded funds (ETFs). The findings stated that the firm maintained WSPs that prohibited its registered representatives from soliciting transactions in inverse or leveraged ETFs. A registered representative solicited transactions in leveraged and inverse ETFs in contravention of the firm's WSPs and mismarked all of the order tickets as "unsolicited" when, in fact, he had solicited each order. Despite the occurrence of almost 1,000 transactions in a limited number of inverse and leveraged ETFs, the firm never investigated whether the transactions were actually unsolicited. The findings also stated that due to the mismarked order tickets, the firm's books and records were inaccurate. ([FINRA Case #2013038830502](#))

UBS Financial Services Inc. ([CRD #8174](#), Weehawken, New Jersey) and UBS Securities LLC ([CRD #7654](#), New York, New York) submitted an AWC in which UBS Financial Services Inc. was censured and fined \$200,000. UBS Securities LLC was censured, fined \$300,000 and required to certify in writing to FINRA, within 180 days of the issuance of a Notice of Acceptance of the AWC, that it has fully remediated the “Sent As” email problem. Without admitting or denying the findings, the firms consented to the sanctions and to the entry of findings that they failed to properly retain and review attachments to certain written electronic communications the firms’ employees sent or received. The findings stated that the firms’ employees, in addition to using their email systems, also used Bloomberg L.P. electronic mail and instant messages (Bloomberg Messages) to communicate internally and externally. Each day, Bloomberg provided the firms with copies of all of their Bloomberg Messages and their attachments so that the firms could ingest them into their email review system and retain them. Bloomberg posted to a file-transfer protocol (FTP) site one file containing all of the Bloomberg Messages and another file containing all of their attachments. The firms then downloaded those two files into their own system for retention and supervision. However, without informing the firms, Bloomberg changed the way it posted electronic files to the FTP site. Because the firms were not notified of the change, on days when Bloomberg posted multiple attachment files, the firms’ system downloaded only one of the files from the FTP site for retention and supervision, and did not download any additional files containing attachments. As a result, the firms were unable to review the attachments contained in those files. The firms’ system did not detect any error because it was programmed to download one attachment file. For more than two years, the firms’ employees sent and received approximately 13 million Bloomberg Messages with attachments. About 8 million such messages had attachments that were not ingested into the firms’ archive and therefore not available for supervisory review. None of the attachments were deleted or lost. The firm discovered the problem thereafter, and corrected it within a month.

The findings also stated that UBS Securities sent tens of millions of email messages from its shared mailboxes, but failed to maintain a record of the individual employees or application that sent the “Sent As” email messages. Because there were not any records as to who sent the email messages, although the messages were archived, the messages were not included in UBS Securities’ supervisory review of employee emails. The findings also included that the firms failed to establish, maintain, and enforce a supervisory system and/or WSPs that were reasonably designed to achieve the firms’ compliance with applicable rules regarding the review and storage of electronic communications. ([FINRA Case #2011030806901](#))

Wedbush Securities Inc. ([CRD #877](#), Los Angeles, California) submitted an AWC in which the firm was censured, fined \$20,000, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted reports to OATS that contained inaccurate, incomplete or improperly

formatted data, and failed to properly memorialize OATS order information on the memoranda of brokerage orders. The findings stated that the firm failed to provide written notification disclosing relevant information to its customers. The firm failed to disclose that transactions were executed at average prices, that transaction details were available upon request, its capacity in the transactions, and that it charged commissions or commission equivalents. The findings also stated that the firm's supervisory system failed to provide for supervision reasonably designed to achieve compliance with respect to SEC Rule 204.

([FINRA Case #2013035824401](#))

Wiley Bros. Aintree Capital, LLC ([CRD #3767](#), Nashville Tennessee) submitted an AWC in which the firm was censured and fined \$35,000. 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 and adequate written supervisory control procedures reasonably designed to review and monitor the transmittals of funds from customer accounts to firm employees. The findings stated that a registered sales assistant converted approximately \$147,400 from a firm customer by using blank, pre-signed letters of authorization to request and obtain checks payable to herself. The sales assistant also requested checks payable to the customer, claiming that she would hand-deliver the checks to him, but thereafter forged the endorsements on the checks to herself and converted the funds. The findings also stated that the firm's supervisory control system in this area failed to include a policy or procedure requiring a review to detect or prevent transmittals of funds from customers to firm employees. The firm failed to enforce its own WSPs related to hand-delivery of checks. The firm's WSPs required that checks that are hand-delivered to customers be accompanied by the customer signing a receipt acknowledgement and by sending a follow-up letter to the customer. Those WSPs were not implemented for the aforementioned checks. As a result of the firm's failure to establish, maintain, and enforce a supervisory system and adequate written supervisory control procedures, the registered sales assistant was able to convert the funds. ([FINRA Case #2014040590101](#))

Individuals Barred or Suspended

Rushton Leigh Ardrey III ([CRD #1598393](#), Newbury, Massachusetts) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for 10 business days. In light of Ardrey's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Ardrey consented to the sanction and to the entry of findings that without his member firm's prior written authorization, he caused a wire of \$33,000 to be sent from his personal bank account to that of a customer in order to reimburse the customer for losses sustained in her account.

The suspension was in effect from September 21, 2015, through October 2, 2015.

([FINRA Case #2013039039501](#))

Russell Brian Beasley ([CRD #3230076](#), Statham, Georgia) 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, Beasley consented to the sanctions and to the entry of findings that he reused a customer's original signature on two occasions in order to help effectuate bona fide individual retirement account (IRA) distributions. The findings stated that Beasley's member firm had a WSP prohibiting its registrants from altering firm documents in any manner or reusing customer signatures from previous documents, which Beasley acknowledged upon his employment at the firm. By reusing the customer's original signature, changing the dates on the forms and submitting the forms to the firm for processing, Beasley caused his firm to maintain inaccurate books and records.

The suspension is in effect from October 5, 2015, through December 4, 2015. ([FINRA Case #2015044456601](#))

James D. Belenis ([CRD #2441443](#), Davis, California) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Belenis consented to the sanctions and to the entry of findings that he engaged in a private securities transaction by investing in a limited liability company that held a gold mining operation, without prior written notice to his member firm. The findings stated that Belenis assisted in raising capital for the limited liability company, yet inaccurately answered "no" on a firm questionnaire asking whether he had assisted in raising capital.

The suspension was in effect from October 5, 2015, through October 30, 2015. ([FINRA Case #2013036196701](#))

Ryan Neel Bowers ([CRD #3237368](#), San Diego, California) submitted an AWC in which he was assessed a deferred fine of \$25,000 and suspended from association with any FINRA member in any capacity for five months. Without admitting or denying the findings, Bowers consented to the sanctions and to the entry of findings that he was aware of but failed to provide updated valuation information regarding private equity funds to the firm that was the custodian of investors' holdings in those funds. The findings stated that as a result, the custodian produced account statements falsely representing that investors' positions were unchanged, when in fact their positions had declined. Bowers was the chief executive officer (CEO) of a registered investment adviser that served as the investment advisor for the private equity funds and was responsible for management of these funds. The funds raised approximately \$22 million in cash and securities from investors. The investment adviser reported periodic account values to investors in the funds through quarterly reports generated by a third-party company that served as the custodian of the funds' investments, and through monthly reports generated by a third-party company that served as the custodian of the investors' investments. One of the registered investment

adviser's responsibilities was to timely transmit updated valuations of the funds to the third-party company that served as the custodian of investors' investments, including their holdings in these particular funds. As the investment adviser's CEO, Bowers was responsible for ensuring that this task was completed in a timely fashion. As a result of the failure to provide the custodian with updated valuation information, investors who were reviewing only their monthly account statements from the custodian and not their quarterly account statements would have been unaware of significant declines in the values of both funds.

The suspension is in effect from September 21, 2015, through February 20, 2016.

[\(FINRA Case #2012032801901\)](#)

Kenneth Brownlee ([CRD #4534181](#), Buford, Georgia) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Brownlee recommended that customers invest in a company when he did not fully understand the company's investments and did not have a reasonable basis to determine that the securities were suitable for customers. The findings stated that the investments were not approved by Brownlee's member firm and he did not receive the firm's advance approval to sell the investments. Unbeknownst to Brownlee, the investment was a fraudulent Ponzi scheme and his customers lost their money. Brownlee received compensation related to his customers' investments in the company. Brownlee never provided his firm with written notice disclosing his role in the private securities transactions and of his expected receipt of compensation for the sales. The findings also stated that Brownlee falsely denied on his firm's annual compliance questionnaires that he had engaged in private securities transactions, that he had used a private email account for securities-related correspondence, and that he had obtained a power of attorney from two of his firm's customers. The findings also included that Brownlee provided false responses to FINRA requests related to his involvement in sales of the company's investments and his receipt of referral fees related to the sales, and failed twice to appear for FINRA on-the-record testimony. ([FINRA Case #2013036217601](#))

Nicholas Joseph Bruzzese ([CRD #2448750](#), Staten Island, New York) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the findings, Bruzzese consented to the sanctions and to the entry of findings that he failed to provide his member firm with prior written notice of his participation in private securities transactions in which he received a commission of \$15,000 in connection with his role in a transaction between two companies.

The suspension is in effect from September 21, 2015, through September 20, 2016.

[\(FINRA Case #2013038138301\)](#)

Heidi Diana Carter ([CRD #5716379](#), Los Angeles, California) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Carter consented to the sanction and to the entry of findings that she refused to respond to FINRA's request for documents and information in connection with an investigation into allegations that she converted funds from a retail bank customer. ([FINRA Case #2015046010901](#))

Brantly Chavis Jr. ([CRD #5577031](#), Aliso Viejo, California) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Chavis consented to the sanction and to the entry of findings that he converted at least \$25,000 from a customer of his member firm to his personal use. The findings stated that the funds were obtained as an investment for an outside business activity. Chavis solicited \$118,000 in purported investments for the outside business from the then-87-year-old customer (acting as power-of-attorney for her grandson's account). The capital provided to the outside business by the customer was the only funding the company ever received. Chavis transferred to himself \$25,000 of the funds the customer provided to the outside business. Chavis commingled the customer's investments with personal funds, from which he then paid personal expenses unrelated to the outside business. The findings also stated that Chavis failed to disclose his involvement in the outside business activity to his firm as the firm required and in accordance with FINRA Rule 3270. ([FINRA Case #2014042234401](#))

Aldo Comuzzi ([CRD #4333010](#), Boca Raton, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Comuzzi consented to the sanction and to the entry of findings that he refused to provide a response to a FINRA request for documents and information during an investigation into whether he had engaged in excessive trading and whether he had improperly utilized discretion without written approval in certain of his member firm's customer accounts. ([FINRA Case #2014043592101](#))

Patrick Lacy Cook ([CRD #1232972](#), Houston, Texas) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Cook 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 Cook and his sales assistant received an email sent from a customer's email account that requested a \$35,000 third-party wire transfer from a Uniform Transfer to Minors Act (UTMA) account for which the customer was the custodian of the UTMA account. The email indicated that the wire was to be made payable to a bank account for an individual's benefit. Cook did not have any discretionary authority for the UTMA account. Nevertheless, in an effort to raise proceeds

to fund the \$35,000 third-party wire transfer, Cook effected securities transactions in the UTMA account. Cook never received instructions or authorization from any party to sell any securities to generate proceeds for the wire.

The suspension was in effect from October 19, 2015, through October 30, 2015. ([FINRA Case #2013036844501](#))

Gaby Delisme ([CRD #4533627](#), Tampa, Florida) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Delisme failed to appear and provide sworn testimony at a FINRA on-the-record interview. ([FINRA Case #2013036799902](#))

Daniel G. Dillard ([CRD #4289333](#), Austin, Texas) 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, Dillard consented to the sanctions and to the entry of findings that he tracked his progress towards generating \$1,500,000 in net commissions, as part of a financial institution services agreement with a third party, under which the third party was currently receiving 28 percent of Dillard's commissions pursuant to a temporary increase. The third party received the commission payments directly from Dillard's FINRA member firm. Once the \$1,500,000 threshold had been reached, per the terms of the agreement, the commission payments to the third party would revert to 25 percent. The findings stated that once he believed that he had reached the threshold, Dillard took an internal firm form that he previously submitted to his firm and falsified it by altering the commission distribution percentages to reflect 25 percent to the third party and 75 percent to himself, reusing the third-party president's prior signature, and then submitting the falsified form to his firm. Dillard changed the commission distribution percentages and reused the third-party president's prior signature without the third party's knowledge, authorization or consent. Dillard's actions caused his firm to maintain inaccurate books and records.

The suspension is in effect from October 5, 2015, through January 4, 2016. ([FINRA Case #2013036891701](#))

Eric William Ellinghaus ([CRD #2589213](#), Ridgewood, New Jersey) 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 45 days. Without admitting or denying the findings, Ellinghaus consented to the sanctions and to the entry of findings that he recommended and entered securities orders for an outside brokerage account owned by family members while in possession of certain confidential and/or proprietary information, in contravention of his member firm's policies.

The suspension is in effect from October 5, 2015, through November 18, 2015. ([FINRA Case #2013038417601](#))

David Kristian Evansen ([CRD #1579910](#), New Lisbon, Wisconsin) was barred from association with any FINRA member in any capacity. The Securities and Exchange Commission (SEC) sustained the sanction following an appeal of a National Adjudicatory Council (NAC) decision. The findings stated that Evansen failed to timely respond to FINRA requests for information, and failed to appear and provide testimony FINRA requested during the course of its investigation into allegations that Evansen engaged in misconduct in the accounts of customers of his member firm. ([FINRA Case #2010023724601](#))

Gregory Flemming Jr. ([CRD #2882842](#), Rocky Point, New York) 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 four months. Without admitting or denying the allegations, Flemming consented to the sanctions and to the entry of findings that he willfully failed to timely disclose on his Uniform Application for Securities Industry Registration and Transfer (Form U4) a judgment in the amount of \$122,616.58, New York State tax warrants totaling \$19,120, and a federal tax lien in the amount of \$26,527.86. The findings stated that Flemming also failed to disclose a judgment in the amount of \$57,666.12. The findings also stated that Flemming falsely attested to the accuracy of his Form U4 to his member firm on its annual compliance meeting documents.

The suspension is in effect from September 21, 2015, through January 20, 2016.
([FINRA Case #2013037423701](#))

Penny Gail Flippen ([CRD #2742088](#), Mount Airy, North Carolina) submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Flippen consented to the sanctions and to the entry of findings that she falsely represented that she was the registered representative on accounts serviced by another registered representative and held by different firm customers. The findings stated that Flippen did so in order to permit the other representative to make recommendations and earn commissions on transactions with those customers, all of whom were residents of states in which the representative was denied registration due to unrelated customer complaints. Although Flippen occasionally placed trades for customers, she did so following the representative's instructions and did not personally make any recommendations to or transact business with firm customers. The representative received all commissions on customer trading and paid Flippen a straight salary with occasional bonuses. Flippen admittedly only registered in the states because the representative was unsuccessful in obtaining his registrations. The findings also stated that Flippen caused her firm to create and maintain inaccurate books and records by falsely representing on certain firm records, including the firm's trade blotter and customer account statements, that she was the registered representative with respect to these accounts.

The suspension was in effect from September 21, 2015, through October 30, 2015.
([FINRA Case #2013036068202](#))

Robert Emmett Gill ([CRD #2715248](#), Eatontown, New Jersey) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Gill consented to the sanctions and to the entry of findings that he never sought or received his member firm's approval of a \$100,000 loan he received from a customer. The findings stated that the firm's WSPs prohibited its representatives from borrowing funds from customers.

The suspension was in effect from October 5, 2015, through November 4, 2015. ([FINRA Case #2013038782001](#))

Michael James Glodzik ([CRD #4603549](#), Shirley, 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 30 days. Without admitting or denying the findings, Glodzik consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to report that he was charged with a felony.

The suspension was in effect from September 8, 2015, through October 7, 2015. ([FINRA Case #2014041944101](#))

Willard Lee Golightly ([CRD #4395250](#), San Antonio, Texas) submitted an AWC in which he was barred from association with any FINRA member in any principal capacity and suspended from association with any FINRA member in any capacity for three months. In light of Golightly's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Golightly consented to the sanctions and to the entry of findings that he failed to appropriately supervise the sales practices of a registered representative who engaged in unsuitable trading in his customers' brokerage and advisory accounts, primarily by inappropriately concentrating his customers' accounts in low-priced securities. The findings stated that Golightly failed to appropriately respond to red flags, and as a result, the registered representative's ongoing sales practice violations continued over an extended period. In addition, Golightly failed to appropriately maintain and enforce his member firm's WSPs, which required supervisory personnel to periodically review customer accounts to ensure that they were not inappropriately concentrated in particular securities, and that securities trades were appropriate in light of the customers' financial needs, tolerance for risk and investment objectives, among other factors.

The suspension is in effect from September 21, 2015, through December 20, 2015. ([FINRA Case #2013038132001](#))

Allen Michael Green ([CRD #824126](#), South Lyon, Michigan) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Green recommended unsuitable securities to a disabled customer with limited financial resources. The findings stated that Green had an unusual worldview as it related to investment strategies, which resulted in his recommending unsuitable investments for the customer. Green believed that the world economy was about to collapse and that

certain categories of assets would increase in value in the resulting disorder. These beliefs led Green to recommend that the customer purchase securities involving investments in precious metals, commodities, natural resources and energy. Green did not provide the customer with other investment suggestions. To pursue this investment strategy, Green recommended that the customer liquidate her existing annuity. She followed Green's advice and sold the annuity, incurring a surrender charge of \$59,583. Green's recommendations for aggressive growth caused the customer to lose at least \$193,165, not counting the \$59,583 annuity surrender charge.

The findings also stated that Green did not have a reasonable basis to recommend non-traditional ETFs to his retail customers. Green failed to understand how non-traditional ETFs operated and the inherent risks they posed to retail customers. As a result, Green failed to learn important facts relating to the suitability of the products as investments for his customers. During FINRA's investigation, Green exhibited a lack of knowledge about how non-traditional ETFs worked. Green also recommended that his customers hold the investment for longer than a day, contrary to the disclosures contained in the funds' prospectuses. Green's customers typically held the non-traditional ETFs for more than six months, and sometimes for longer than one year. As a result, Green's customers lost money. ([FINRA Case #2011028071901](#))

Vashawn Andrew Green ([CRD #6121027](#), Jersey City, 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, Green consented to the sanction and to the entry of findings that he opened his locker during an unscheduled break while sitting for his Series 7 qualification examination and briefly reviewed a study guide he had brought with him. The findings stated that Green knew that the testing rules prohibited him from reviewing the study guide while taking the examination. ([FINRA Case #2015044814401](#))

Edmond John Harris ([CRD #237825](#), Lighthouse Point, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Harris consented to the sanction and to the entry of findings that he refused to respond to FINRA's request for information in connection with an investigation into whether he had improperly exercised discretionary trading authority in customer accounts. ([FINRA Case #2014043428601](#))

Daniel Harutunian ([CRD #2481103](#), Studio City, 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 five months. Without admitting or denying the findings, Harutunian consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose unsatisfied Internal Revenue Service (IRS) tax liens filed against him. The findings stated that Harutunian willfully filed a misleading Form U4, in which he answered "no" to the question, "Do you have any unsatisfied judgments or liens against you?" even though a tax lien had not been satisfied. After FINRA

inquired about the liens, Harutunian amended his Form U4 to disclose for the first time that he was the subject of an IRS tax lien, but only disclosed one of the two unsatisfied liens and inaccurately stated the amount owed to the IRS. The findings also stated that Harutunian engaged in an outside business activity without providing prior written notice to his member firm. Harutunian was actively involved in the outside business and was compensated by the business for his services. Harutunian, however, failed to provide timely notice to his firm and also failed to disclose these activities when the firm specifically asked him to describe his outside business activities during a branch office review. In response to a FINRA inquiry, Harutunian disclosed his activities in the outside business activity to his firm for the first time.

The suspension is in effect from October 5, 2015, through March 4, 2016. ([FINRA Case #2013039647901](#))

David Khezri (CRD #2736831, Miller Place, New York) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Khezri consented to the sanctions and to the entry of findings that he improperly exercised discretion by effecting trades for customers without obtaining the customers' prior written authorization and without having his member firm's acceptance of the accounts as discretionary. The findings stated that Khezri exercised discretion by executing trades days after his customers provided him oral authority to do so. Khezri's firm did not permit discretionary trading except for registered investment advisers trading in their advisory clients' accounts. Khezri was not a registered investment adviser.

The suspension is in effect from October 19, 2015, through November 30, 2015. ([FINRA Case #2015044589701](#))

John Joseph Kolinofsky Jr. (CRD #1988299, Carrollton, Texas) submitted an AWC in which he was fined \$20,000, suspended from association with any FINRA member in any capacity for one month, suspended from association with any FINRA member in any principal capacity for three months and required to cooperate with FINRA in its continuing investigation of this matter. The suspensions shall run consecutively. Without admitting or denying the findings, Kolinofsky consented to the sanctions and to the entry of findings that he failed to reasonably supervise a registered representative's participation in private securities transactions and outside business activities. The findings stated that as branch manager, Kolinofsky was responsible for reviewing outside business activities and private securities transactions disclosures, as well as monitoring the brokers under his supervision for general compliance with his member firm's WSPs. Kolinofsky was aware that the representative was engaged in an outside business activity with a biopharmaceutical company through the representative's participation on the company's scientific advisory board, and was also aware that the representative had not provided the firm with prior written notice of that outside business activity. As the supervisory principal

at the branch, Kolinofsky was required to review and pre-approve all outside business activity disclosure forms in order to ensure that firm registered representatives made the appropriate disclosures in compliance with FINRA rules. The representative submitted outside business activity forms for Kolinofsky's review that did not disclose his involvement with the biopharmaceutical company. Although the representative's outside business activity disclosure forms failed to reference any of his outside business activities with the company, Kolinofsky nonetheless approved them without following up with him about his participation in the company. Despite being aware of the representative's business activities with the biopharmaceutical company, Kolinofsky, in his capacity as branch manager and supervisory principal, did not take any affirmative steps to detect, prevent and/or report the full scope of the representative's misconduct. The findings also stated that Kolinofsky invested \$10,000 in the biopharmaceutical company's private offering, acquiring shares of the company's preferred stock, without providing prior written notice to his firm and contrary to the firm's WSPs.

The suspension in any capacity is in effect from October 19, 2015, through November 18, 2015. The suspension in any principal capacity will be in effect from November 19, 2015, through February 18, 2016. ([FINRA Case #2012033291201](#))

Anthony Paul Librizzi ([CRD #2133015](#), Galloway, New Jersey) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Librizzi consented to the sanctions and to the entry of findings that he borrowed a total of \$33,000 from customers in violation of his member firms' written procedures. The findings stated that Librizzi first received a \$25,000 undocumented loan from a customer. Approximately \$20,000 remains outstanding on the loan. Librizzi then received an \$8,000 loan from another customer that Librizzi documented by executing a handwritten loan agreement. Librizzi repaid the customer the \$8,000 loan.

The suspension was in effect from October 5, 2015, through November 3, 2015. ([FINRA Case #2013038381601](#))

Pegeen McLaughlin Lodge ([CRD #1025262](#), Wilmington, Delaware) submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Lodge consented to the sanctions and to the entry of findings that on two dates in November 2013, she caused four fraudulent wire transfers totaling \$66,539 to be sent from a customer's account to domestic third-party bank accounts when she failed to verbally confirm the wire transfer instructions with the customer prior to processing. The findings stated that Lodge processed the wire transfers based on email instructions that she received from an impostor posing as the customer who had hacked into the customer's email account. In connection with the transfers, Lodge completed and submitted verbal wire-processing forms to her member firm. On each wire-processing form, Lodge attested

that she had verbally confirmed the wire-transfer requests with the customer, when in fact she had not done so. In addition, on each wire-processing form, Lodge stated that the reason for the wire-transfer requests was to pay a vendor. Lodge had not obtained such information from the imposter nor had she confirmed the information with the customer. Though Lodge assumed that this was the reason for the transfers based upon her relationship with the customer and her knowledge of his business, she failed to confirm the information with the customer. As a result, Lodge falsified firm records and caused her firm's books and records to be inaccurate

The suspension was in effect from October 5, 2015, through November 3, 2015. ([FINRA Case #2014039885601](#))

Rudolf Malebranche ([CRD #2903325](#), Yonkers, 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 three months. Without admitting or denying the findings, Malebranche consented to the sanctions and to the entry of findings that he signed a customer's initials on an investment switch letter form without the customer's knowledge or authorization.

The suspension is in effect from September 8, 2015, through December 7, 2015. ([FINRA Case #2014039974801](#))

Alejandro Federico Marin Aigster ([CRD #6103302](#), Weston, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Marin Aigster consented to the sanction and to the entry of findings that he failed to provide documents and information FINRA requested in connection with its investigation into his alleged misconduct involving an unauthorized loan with a customer of his member firm's bank affiliate in violation of the firm's policies and his failure to disclose an unsatisfied judgment. ([FINRA Case #2014043835601](#))

Robert C. Marrone ([CRD #4343935](#), Lincoln Park, 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, Marrone consented to the sanction and to the entry of findings that he refused to respond to FINRA's requests for information during the course of its investigation into whether he engaged in unauthorized trading and used discretion in client accounts without written authorization. ([FINRA Case #2014042204201](#))

J. Thaddeus Peter McGaffey ([CRD #3263062](#), Pinckney, Michigan) submitted an AWC in which he was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in any capacity for three months and ordered to pay \$35,000, plus interest, in restitution to a customer. Without admitting or denying the findings, McGaffey consented to the sanctions and to the entry of findings that he obtained a \$35,000 personal loan from one of his customers, though the loan would not have been allowed under his member firm's procedures, and he did not seek or obtain the firm's prior written approval.

The findings stated that less than two months later, McGaffey falsely certified on a firm questionnaire that he did not have any outstanding loans from customers and had not borrowed from a customer in the last 12 months. McGaffey failed to make payments on the loan as required, and did not make any payments until the customer negotiated an amended loan agreement through her attorney.

The suspension is in effect from October 5, 2015, through January 4, 2016. ([FINRA Case #2014042420801](#))

David Edward Mickey ([CRD #2732315](#), East Amherst, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Mickey consented to the sanction and to the entry of findings that he failed to appear for testimony in response to a FINRA request regarding an investigation into his securities trading activities, and whether he traded securities on the basis of material, non-public information ([FINRA Case #2014043307801](#))

Jeffrey Allan Mohlman ([CRD #4431845](#), Dayton, Ohio) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Mohlman consented to the sanction and to the entry of findings that he refused to provide on-the-record testimony FINRA requested during the course of an investigation into allegations that he engaged in unapproved and undisclosed private securities transactions. ([FINRA Case #2015044734401](#))

Christopher John Moran ([CRD #1095395](#), Jackson Heights, New York) submitted an Offer of Settlement in which he was fined \$15,000 and suspended from association with any FINRA member in any principal capacity for 18 months. Without admitting or denying the allegations, Moran consented to the sanctions and to the entry of findings that he shared securities transaction-based compensation with a company that was not a FINRA member or a registered broker-dealer. The findings state that Moran caused his member firm to pay the company approximately \$91,000 in transaction-based compensation. The findings also stated that Moran, on his firm's behalf, failed to establish, maintain, or enforce a reasonable supervisory system or written procedures in connection with the firm's private placement business. In addition, Moran failed to reasonably supervise a company's proposed offer and private placement of promissory notes, failed to reasonably supervise individuals concerning their activities in connection with the offer and sale of the notes, and failed to reasonably supervise an individual with a view towards preventing his violations of federal securities laws, including Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder.

The suspension is in effect from October 5, 2015, through April 4, 2017. ([FINRA Case #2011027338901](#))

Jackie Lynn Muniz (CRD #5908242, Myrtle Beach, South Carolina) 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, Muniz consented to the sanctions and to the entry of findings that she wrote and deposited checks when she knew that she did not have sufficient funds in her checking account to cover the transactions. The findings stated that Muniz maintained at least three personal checking accounts at the same bank. Muniz wrote five checks totaling \$1,300 to herself or “cash,” and deposited them into one of her other personal checking accounts at the same bank. Muniz then immediately withdrew some or all of the amount of the check she had just deposited knowing that she did not have sufficient funds in her account to cover the checks or the immediate withdrawals.

The suspension is in effect from September 8, 2015, through December 7, 2015. ([FINRA Case #2014041822501](#))

Jason David Orloff (CRD #5964366, Brooklyn, 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 six months. Without admitting or denying the findings, Orloff consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to report a Chapter 7 bankruptcy filing and federal tax liens issued by the IRS.

The suspension is in effect from September 8, 2015, through March 7, 2016. ([FINRA Case #2014040311101](#))

Dino Pappas (CRD #3250113, Tampa, Florida) 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 three months. Without admitting or denying the findings, Pappas consented to the sanctions and to the entry of findings that while in the midst of divorce proceedings, he instructed an administrative assistant at his member firm to call his wife’s life insurance company and impersonate his wife in order to obtain information about her life insurance policy.

The suspension is in effect from October 5, 2015, through January 4, 2016. ([FINRA Case #2015044287601](#))

Frederick Fabian Perry (CRD #4358723, Fort Lauderdale, Florida) 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 one year. Without admitting or denying the findings, Perry consented to the sanctions and to the entry of findings that as a loan officer for his member firm’s affiliate bank, he signed two false affidavits that allowed a bank customer to evade certain Florida state taxes. The findings stated that Perry signed the affidavits falsely swearing that he and the bank customer had executed, in international waters, documents related to two loan amendments. One loan amendment involved \$56 million

and the other involved \$30 million. Perry and the customer signed the documents in Florida. Had the loan documents actually been signed in international waters, the Florida Stamp Tax Laws would not have applied. As a result, the false sworn affidavits allowed the customer to avoid paying taxes of around \$4,900 to Florida.

The suspension is in effect from September 8, 2015, through September 7, 2016.

[\(FINRA Case #2014042312301\)](#)

Timothy L. Pilkington ([CRD #4584630](#), Covington, Tennessee) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Pilkington consented to the sanction and to the entry of findings that he refused to appear and provide FINRA with requested testimony in connection with its investigation into Pilkington's failure to disclose two Federal Deposit Insurance Corporation (FDIC) orders on his Form U4. ([FINRA Case #2015044844701](#))

Shawna Marie Pilsl ([CRD #1140589](#), Shawnee, Kansas) submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Pilsl consented to the sanctions and to the entry of findings that in connection with two wire-transfer requests totaling \$70,500, she falsely completed, signed and submitted wire-request forms to her member firm, stating on each form that she verbally confirmed each wire-transfer request with a customer. The findings stated that Pilsl's false attestations on the wire-request forms caused her firm to maintain inaccurate books and records. Pilsl made false statements to firm personnel that she had verbally confirmed with the customer one of the wire-transfer requests when she had not done so. Pilsl submitted the wire transfers for processing based on email instructions that she received from an impostor posing as the customer, who had hacked into the customer's email account. The firm's cashiering department rejected the second wire-transfer request because the customer's signature appeared to be identical on both wire-request forms and because the date on both forms was in European format. Pilsl told cashiering department personnel that she verbally confirmed the second wire-transfer request with the customer when in fact she had not. At the cashiering department personnel's insistence, Pilsl called the customer on the same date and discovered that both wire-transfer requests were fraudulent. The firm never processed the second wire-transfer request, and was unable to recover any of the \$20,500 in funds transferred out of the customer's account for the first wire-transfer request. The firm reimbursed the customer the \$20,500.

The suspension was in effect from September 8, 2015, through October 7, 2015.

[\(FINRA Case #2015044334601\)](#)

Robert Hawkes Potter ([CRD #1198202](#), Farmington, Utah) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Potter consented to the sanction and to the entry of findings that he failed to provide documents and information FINRA requested during the course of its investigation into allegations that he commingled customer funds with his personal funds. ([FINRA Case #2014041579901](#))

Brian Brock Reid ([CRD #4620232](#), Castle Rock, Colorado) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Reid consented to the sanction and to the entry of findings that he created fictitious property and casualty insurance policies, for which his member firm's insurance affiliate paid him commissions that he was not entitled to. ([FINRA Case #2015045133201](#))

Christopher Paul Richards ([CRD #4799136](#), Baldwin, New York) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Richards consented to the sanctions and to the entry of findings that he exercised discretion in one of his customers' securities account without obtaining the customer's prior written authorization or his member firm's prior written approval to service the account on a discretionary basis. The findings stated that Richards received the customer's verbal authorization and approval for purchases and sales of products, but exercised his discretion in executing those transactions on future dates.

The suspension was in effect from October 19, 2015, through October 30, 2015. ([FINRA Case #2014039219801](#))

Paul Reid Richardson ([CRD #1006146](#), Temple Terrace, Florida) submitted an AWC in which he was suspended from association with any FINRA member in any principal capacity for 60 days. In light of Richardson's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Richardson consented to the sanction and to the entry of findings that he failed to enforce supervisory controls designed to prevent unauthorized wire-transfer activity. The findings stated that Richardson approved third-party wire transfers, totaling approximately \$89,000, from customers' accounts, which were later determined to have been made by an imposter. In approving these transfers without having conducted the required customer verifications, Richardson failed to adhere to his member firm's written policies and procedures concerning third-party distributions. Richardson failed to verbally confirm the wire instructions with the customers, relying instead on the representations from the customers' broker that the customers had made the requests. Richardson failed to detect red flags related to the wire requests when approving the unauthorized distributions, and failed to identify that the email address used to make the wire requests did not match the one on file with the firm for the customers. Further, at least one of the IRA distribution request forms submitted to Richardson for

review appeared to be a reused copy of an earlier IRA distribution request form. In addition, the name of the out-of-state third-party account to which the imposter requested funds be distributed was in the same name as a dba previously used and disclosed on the customers' broker's Form U4 while he was registered with another member firm. Richardson, despite reviewing the broker's Form U4 upon his hiring, did not connect the entity name with the broker.

The suspension is in effect from October 5, 2015, through December 3, 2015. ([FINRA Case #2014040964802](#))

John Thomas Rincon ([CRD #5936880](#), New York, New York) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Rincon consented to the sanctions and to the entry of findings that he held a directorship for a private equity fund in which he received compensation totaling approximately \$50,000, without disclosing such participation to, or receiving approval for such participation from his member firm. The findings stated that Rincon's actions were contrary to the firm's written policies and procedures.

The suspension was in effect from October 5, 2015, through November 3, 2015. ([FINRA Case #2013038594301](#))

John Joseph Rocco Jr. ([CRD #1347619](#), Peabody, Massachusetts) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Rocco consented to the sanction and to the entry of findings that he failed to provide documents and information FINRA requested during the course of its investigation into allegations that he borrowed funds from a customer of his member firm in violation of the firm's policy. ([FINRA Case #2015046583101](#))

Kevin Rodriguez ([CRD #5457876](#), New York, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Rodriguez consented to the sanction and to the entry of findings that he converted more than \$1,400 from his member firm by submitting false expense reports. The findings stated that Rodriguez charged personal expenses to the firm's credit card and mischaracterized the personal expenses as business-related, for which he sought and received reimbursement from the firm. Rodriguez has paid restitution to the firm. By falsifying firm expense reports, Rodriguez caused the firm to maintain inaccurate books and records. ([FINRA Case #2015043960101](#))

Edward Keith Roos ([CRD #2573108](#), Cape Coral, Florida) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Roos consented to the sanctions and to the entry of findings that he participated in an outside business activity without providing written to notice, or obtaining the requisite approval from, his member firms.

The findings stated that Roos completed compliance forms in which he failed to disclose his involvement in the outside business, which was his wife's law-suit loan business. Additionally, after Roos requested permission from one of the firms to participate in the outside business and it denied that request, he continued participating in the company's business. The findings also stated that Roos participated in another outside business activity for nearly two months without it being disclosed to and approved by one of the firms.

The suspension is in effect from October 19, 2015, through December 18, 2015. ([FINRA Case #2014041312701](#))

David J. Rosenberg ([CRD #3223751](#), Buffalo Grove, Illinois) 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, Rosenberg consented to the sanctions and to the entry of findings that he failed to timely disclose on his Form U4 the material fact that he filed a voluntary petition for bankruptcy under Chapter 7 of the Bankruptcy Code. The findings stated that Rosenberg later received his discharge.

The suspension is in effect from October 5, 2015, through January 4, 2016. ([FINRA Case #2014039218102](#))

Ralph Willard Savoie ([CRD #411660](#), Mandeville, Louisiana) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Savoie consented to the sanction and to the entry of findings that he refused to respond to FINRA requests for information and documents during the course of its investigation into allegations that he misappropriated more than \$665,000 from at least one member firm customer. ([FINRA Case #2015046239401](#))

Glenn Philip Scharf ([CRD #1562031](#), Sarasota, Florida) 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, Scharf consented to the sanctions and to the entry of findings that he failed to supervise a registered representative in a manner reasonably designed to achieve compliance with applicable securities laws and NASD® and FINRA rules. The findings stated that Scharf was the registered representative's direct supervisor and the principal responsible for reviewing daily order entries and the purchase and sales blotter. Scharf failed to detect the registered representative's charging of excessive mark-ups and mark-downs, or to otherwise ensure that his charges for purchases and sales of equity securities were fair and reasonable.

The suspension was in effect from October 5, 2015, through October 23, 2015. ([FINRA Case #2011025603001](#))

Matthew Todd Schomburg ([CRD #4411293](#), Houston, Texas) submitted an AWC in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Schomburg consented to the sanctions and to the entry of findings that he engaged in private securities transactions without first providing prior written notice to his member firm. The findings stated that Schomburg made personal investments totaling approximately \$12,500 in a limited liability company formed for the purpose of investing in a medical appliance enterprise and in a Texas-based bank. Schomburg failed to give the requisite notice to the firm until he disclosed the investments to his securities supervisor during the course of his annual branch audit.

The findings also stated that Schomburg engaged in outside business activities without providing prior and/or prompt written notice to the firm. Schomburg established a limited liability company, through which he intended to develop and operate commercial office space. Schomburg later sold the real property that he held in the company's name and purchased a fully-developed commercial office property. Schomburg did not update his outside business activity disclosures to reflect the company or request approval to engage in any outside business activities with the company until he disclosed the company's existence and name change to his securities supervisor during the course of his annual branch audit. The findings also included that Schomburg forged the signatures of insurance customers on numerous insurance forms, and permitted his insurance employees to forge insurance customers' signatures on numerous insurance forms as an accommodation to customers when it was inconvenient for the customers to sign the documents themselves and with the customers' knowledge and authorization.

The suspension is in effect from October 5, 2015, through April 4, 2016. ([FINRA Case #2013038573201](#))

Matthew P. Schulman ([CRD #3126179](#), Edgewater, 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, Schulman consented to the sanction and to the entry of findings that he engaged in a fraudulent trading scheme through which he effected bond trades between his personal brokerage account at his member firm and the firm's proprietary trading account at disproportionate prices that significantly favored him at the firm's expense, resulting in illicit profits of approximately \$30,000 and a corresponding loss to the firm. The findings stated that as a result of his misconduct, Schulman willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. As a bond trader for the firm, Schuman was authorized to make bond trades in the firm's proprietary account; and in this capacity, Schulman had a duty to act for the firm's benefit. Schulman determined the bond prices for the trades and always provided himself with a disproportionate financial gain to the firm's detriment, either requiring that the firm sell bonds to his personal account at a substantial discount, or charging the firm significantly more to purchase bonds from his personal account than what he had paid to buy the same bonds from the firm's account. ([FINRA Case #2015045654001](#))

Todd Alan Shanholtzer ([CRD #2339175](#), Las Vegas, Nevada) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Shanholtzer consented to the sanctions and to the entry of findings that he mishandled funds from a brokerage customer by mistakenly directing \$58,622 of the customer's funds into the wrong account, which caused the customer to incur a significant tax liability. The findings stated that Shanholtzer failed to deposit the funds into a qualified tax-deferred account, as the customer and the customer's wife instructed him, and instead the funds were mistakenly deposited into the customer's and his wife's joint brokerage account. As a result, the \$58,622 was deemed a taxable distribution and an early withdrawal subject to state and federal tax. When the customer complained to Shanholtzer about this error and other prior transactions, Shanholtzer settled the complaint away from his member firm by making a total of \$50,000 in payments directly to the customer. Shanholtzer asked the customer and his wife not to mention their complaints to anyone, including the firm, and to not use the word "mistake" in any written communications to him. Shanholtzer did not inform his firm of the customer's complaints or of the payments to the customer. The findings also stated that Shanholtzer provided a \$40,000 personal cash loan to a corporate brokerage customer without notifying his firm or receiving its approval. The firm's written policies prohibited Shanholtzer from engaging in this lending arrangement.

The suspension is in effect from October 5, 2015, through April 4, 2016. ([FINRA Case #2014040688601](#))

Amy L. Singer ([CRD #2706888](#), Churchville, New York) 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 two months. Without admitting or denying the findings, Singer consented to the sanctions and to the entry of findings that on multiple occasions, in connection with her team's efforts to expedite certain customer transactions, Singer notarized documents related to customer transactions when the customers who had signed the forms were not present. The findings stated that, acting at a more senior firm employee's direction, Singer altered a customer check request in order to circumvent the firm's U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) compliance system. The check was to be made payable to a person whose name was similar to a name on the OFAC sanctions list. Due to the similarity between the payee's name and the individual on the OFAC sanctions list, the firm's OFAC compliance system suspended issuance of the check pending further review. In order to expedite the customer's check request, Singer altered the payee's name in order to cause the check request to clear the firm's systems when resubmitted.

The suspension is in effect from October 5, 2015, through December 4, 2015. ([FINRA Case #2014042690501](#))

Norma Monica Skeete ([CRD #1175911](#), Arlington, Virginia) submitted an Offer of Settlement in which she was assessed a deferred fine of \$2,500 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the allegations, Skeete consented to the sanctions and to the entry of findings that she made negligent misrepresentations to a customer of her member firm, in connection with a loan that the customer made to a real estate venture. The findings stated that Skeete negligently made the misrepresentations about the customer's loan without making reasonable attempts to verify what she told the customer. Skeete relied solely on representations by purported business partners of the venture, and did not take any independent steps to understand how the loans would be documented, where the funds were held, who held the funds, whether the purported business partners had taken any steps to secure the real estate, or how the customer would be repaid. Skeete did not request or review any documentation in connection with the loan, and did not have a reasonable basis to believe that the customer's funds were safe or that his return was guaranteed. Regardless, Skeete wrote in an email to the customer that his loan, plus interest, would be safe and would be returned to him. When the customer sought an update about his loan, Skeete told him in an email that things were going according to plan and that the deal would close by a certain date, based solely on what the business partners told her. However, contrary to Skeete's representations, the customer's funds were not safe and he was not repaid. The customer never recovered his funds and lost \$160,000.

The suspension was in effect from September 8, 2015, through October 5, 2015. ([FINRA Case #201303655501](#))

Ronald Burton Smith ([CRD #2483733](#), Moorestown, New Jersey) 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, Smith 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 and a state tax lien that had been filed against him.

The suspension is in effect from October 19, 2015, through January 18, 2016. ([FINRA Case #2015043158301](#))

Clifford Jean St. Simon ([CRD #2701335](#), Uniondale, New York) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, St. Simon consented to the sanctions and to the entry of findings that he improperly exercised discretion by effecting trades for customers without obtaining the customers' prior written authorization and without having his member firm's acceptance of the accounts as discretionary. The findings stated that St. Simon exercised discretion by executing trades days after his customers provided him oral authority to do so. The firm did not permit discretionary trading except for registered investment advisers trading in the accounts of their advisory clients. St. Simon was not a registered investment adviser.

The suspension is in effect from October 19, 2015, through November 30, 2015.

([FINRA Case #2015044589501](#))

Bryan Patrick Stevenson ([CRD #6028574](#), Shorewood, Illinois) submitted an Offer of Settlement 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 allegations, Stevenson consented to the sanctions and to the entry of findings that he brought study materials onto the testing premises for a Series 7 examination. The findings stated that before beginning the examination, Stevenson was presented with the FINRA Test Center Rules of Conduct, to which he electronically agreed to abide. In a letter to FINRA, Stevenson admitted that a piece of paper the test center administrator found containing notes and formulas was his.

The suspension is in effect from October 5, 2015, through April 4, 2016. ([FINRA Case #2013038822001](#))

Thomas Edward Stratton-Crooke ([CRD #710070](#), Shaker Heights, Ohio) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Stratton-Crooke consented to the sanctions and to the entry of findings that he executed discretionary transactions in customers' accounts without the customers' prior written authorization or his member firm's approval. The findings stated that Stratton-Crooke discussed investment strategies, purchases and sales of products with his clients, but exercised his discretion in executing those transactions on future dates.

The suspension is in effect from October 5, 2015, through October 16, 2015. ([FINRA Case #2014042524101](#))

Wayne Joseph Thaler ([CRD #2586890](#), Metter, Georgia) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for three months. In light of Thaler's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Thaler consented to the sanction and to the entry of findings that he charged excessive mark-ups and mark-downs in connection with riskless principal purchases and sales of a penny stock in customers' accounts, resulting in approximately \$3,100 in unfair mark-ups.

The suspension is in effect from October 5, 2015, through January 4, 2016. ([FINRA Case #2011025603002](#))

Michael Steve Touré ([CRD #5307376](#), London, Great Britain) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Touré consented to the sanctions and to the entry of findings that he engaged in an outside business activity without providing any notification to his member firm or its foreign

securities affiliate of his proposed involvement in the outside business activity, written or otherwise. The findings stated that neither the firm nor its affiliate ever approved Touré's involvement in the outside business activity. Touré sent a large number of emails from his firm email account to recipients working in the luxury retail and cosmetic sector in an effort to offer his expertise, connections and knowledge related to strategic, financial mergers and acquisitions, and capital-raising activities. Touré offered to provide these services in his personal capacity and not as an employee of the firm or its affiliate. Touré communicated, had meetings, provided financial projection data, and received and reviewed financial performance and business strategy material with prospective outside clients. Touré also provided a PowerPoint presentation to an outside client on his firm's letterhead. Touré entered into five non-disclosure agreements with companies. In two of the non-disclosure agreements, Touré signed them as an employee of his firm. The findings also stated that Touré falsely stated on an annual compliance certification that he was not involved in any outside business activities during the year.

The suspension is in effect from September 8, 2015, through December 7, 2015.

([FINRA Case #2013039154801](#))

Jordan Scott Trice ([CRD #5500091](#), Reno, Nevada) was fined \$10,000, suspended from association with any FINRA member in any capacity for 20 business days and ordered to pay \$3,364.80, plus interest, in disgorgement. The sanctions were based on findings that Trice accepted orders from a customer to purchase or write option contracts, which related to an option class that was the subject of an options disclosure document, in a customer account that had not been approved for options trading. These orders resulted in a net loss to the customer of approximately \$29,050.84. Trice received commissions totaling approximately \$3,364.80 as a result of these options transactions.

The suspension was in effect from September 21, 2015, through October 16, 2015.

([FINRA Case #2012030670603](#))

Dick Todd Vandermolen ([CRD #4442110](#), Gilbert, Arizona) 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, Vandermolen consented to the sanctions and to the entry of findings that he willfully failed to disclose in a Form U4, and also failed to amend his Form U4 to disclose, IRS liens for unpaid taxes and a civil judgment entered against him for unpaid credit card debt, totaling \$286,523.72. The findings stated that Vandermolen inaccurately responded "no" on his initial Form U4 filed with his member firm, thereby failing to disclose his outstanding IRS liens and the civil judgment.

The suspension is in effect from October 19, 2015, through January 18, 2016. ([FINRA Case #2013038139501](#))

John Joseph Vaughan ([CRD #1495636](#), Glen Rock, New Jersey) was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in any principal capacity for six months. The sanctions were based on findings that Vaughan failed to establish, maintain and enforce a reasonable supervisory system for registered representatives requiring heightened supervision and for reviewing customer transactions. The findings stated that the heightened supervision plans were not reasonably designed to detect potential sales practice abuses, and Vaughan failed to ensure that the registered representatives were adequately supervised. Vaughan also failed to place other registered representatives on heightened supervision even though they had each been named in at least seven customer arbitration complaints. The findings also stated that Vaughan unreasonably delegated trade-blotter reviews to an inexperienced and inadequately trained junior employee.

The suspension is in effect from September 21, 2015, through March 20, 2016. ([FINRA Case #2012030373701](#))

Individual Fined

Nachor Alvarez ([CRD #2221545](#), Nutley, New Jersey) submitted an AWC in which he was assessed a deferred fine of \$5,000. Without admitting or denying the findings, Alvarez consented to the sanction and to the entry of findings that while registered with his member firm, he purchased shares in two initial public offerings in a disclosed personal brokerage account he held at another member firm. ([FINRA Case #2014043580201](#))

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.

Charles Robert Cobb ([CRD #1505020](#), Lynchburg, Virginia) and **Curtis Michael Worrell** ([CRD #1084980](#), Roanoke, Virginia) were named respondents in a FINRA complaint alleging that Cobb and Worrell, acting outside of the scope of their employment with their member firm, participated in private securities transactions from which they received selling compensation, without providing prior notice to their firm of their proposed roles in, or the selling compensation that they may receive from the transactions. The complaint alleges that Cobb and Worrell never received their firm's written approval to participate in the private securities transactions. On annual compliance acknowledgments, Cobb and Worrell falsely stated that they had not engaged in any private securities transactions away from the firm. ([FINRA Case #2012032740401](#))

Stuart Graham Dickinson ([CRD #1047824](#), Highland Park, Texas) and **Trent Whitford Schneider** ([CRD #3175324](#), Austin, Texas) were named respondents in a FINRA complaint alleging that Dickinson failed to conduct adequate and reasonable due diligence on a private placement securities offering and did not have a reasonable basis to recommend it to any of the customers who purchased it upon his recommendation. The complaint alleges that Dickinson sold to customers limited partnership interests in the private placement securities offering that offered investors the opportunity to acquire an income stream derived from the acquisition and operation of automated teller machines (ATMs). Had Dickinson conducted adequate and reasonable due diligence on the private placement securities offering, he would have detected multiple red flags indicating that the underlying purchase and operation of the ATMs was fraudulent. Dickinson's customers suffered a total loss of more than a million dollars because the underlying business scheme of the offering was a fraud and most of the ATMs were fictional. The complaint also alleges that Schneider, a supervising principal and compliance officer in charge of alternative investments at his member firm, was responsible for supervising Dickinson's due diligence for the private placement securities offering and for conducting his own due diligence of the alternative investment. Schneider, however, failed to adequately supervise Dickinson and ensure that Dickinson conducted reasonable due diligence on the private placement securities offering. Schneider also did not conduct his own adequate due diligence. The complaint further alleges that Schneider failed to provide prompt written notice to the firm that he owned a 5 percent interest in, and was the chief compliance officer (CCO) of, the general partner of the private placement securities offering. ([FINRA Case #2012033286901](#))

Lombard Securities Incorporated ([CRD #27954](#), Baltimore, Maryland) was named a respondent in a FINRA complaint alleging that it failed to establish, maintain, and enforce a supervisory system and WSPs that were reasonably designed to ensure the retention, preservation and review of email, and failed to retain and review certain emails. As a result, the firm willfully violated Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-4 thereunder. The complaint alleges that the firm also failed to establish, maintain, and enforce a supervisory system and WSPs reasonably designed to prevent unsuitable mutual-fund switching and, as a result, failed to adequately supervise and failed to reject mutual fund switches despite the presence of red flags. The firm did not have any electronic surveillance reports or exception reports to detect mutual fund switches but instead relied on a manual blotter review. The firm's manual monitoring system was unreasonable and resulted in the firm's failure to detect most, if not all, of the mutual-fund switches.

The complaint also alleges that the firm failed to establish, maintain, and enforce a supervisory system and WSPs reasonably designed to supervise the sale of leveraged, inverse and inverse-leveraged ETFs. The firm did not employ any sort of exception report or other automated surveillance to monitor holding periods for non-traditional ETFs. The firm monitored non-traditional ETFs through a daily trade blotter that did not differentiate between traditional and non-traditional ETFs, and did not specify the hold periods for either. Many of the undetected transactions in non-traditional ETFs involved extended holding periods and excessive concentration levels, and/or resulted in customer losses. The

complaint further alleges that the firm failed to apply sales-charge discounts to customers' eligible purchases of unit investment trusts (UITs), which resulted in approximately \$25,037.23 in total missed discounts. The firm failed to establish, maintain, and enforce a supervisory system and WSPs reasonably designed to ensure that customers received sales-charge discounts on all eligible UIT purchases. ([FINRA Case #2014038911101](#))

Jeffrey E. Rodgers ([CRD #4965478](#), Bend, Oregon) was named a respondent in a FINRA complaint alleging that he received loans from customers totaling of \$38,600 in contravention of the written procedures established by his member firm without seeking or obtaining the firm's approval. The complaint alleges that Rodgers has failed to repay most of the money he borrowed from the customers. Rodgers' firm subsequently reimbursed one of the customers in the amount of \$10,500. The complaint also alleges that Rodgers engaged in unapproved outside business activities by working for an information technology and business consultancy company. Rodgers received compensation totaling approximately \$75,000 in connection with these activities but failed to provide written notice to his firm prior to participating. The complaint further alleges that Rodgers completed annual firm sales questionnaires for two years in which he falsely represented to his firm that he had not borrowed money from his firm's clients and, in one of those two questionnaires, that he was not engaged in any outside business interests or affiliations that require disclosure. In addition, the complaint alleges that Rodgers failed to provide documents and information and appear to complete providing testimony as FINRA required. ([FINRA Case #2013036836801](#))

Southeast Investments, N.C., Inc. ([CRD #43035](#), Charlotte, North Carolina) and **Frank Harmon Black** ([CRD #22451](#), Rock Hill, South Carolina) were named respondents in a FINRA complaint alleging that the firm, acting through Black, provided fabricated branch-inspection documents to FINRA during an examination, and falsely reported branch inspections that had never taken place. The complaint alleges that the firm and Black provided false investigative testimony to FINRA when Black testified that he conducted branch inspections of former firm representatives' non-registered office locations on the dates reflected on the branch inspection documents. The complaint also alleges that the firm and Black failed to ever conduct branch office inspections of these non-registered office locations. The complaint further alleges that the firm willfully violated Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-4 by failing to retain electronic business-related correspondence. The firm and Black knew, or reasonably should have known, that its email system, which allowed firm personnel to utilize their own email providers, was inadequate because representatives could easily evade their honor system by not copying the home office on business-related electronic communications. In addition, the complaint alleges that the firm, acting through Black, failed to establish, maintain and enforce written procedures and a system to supervise the activities of each registered representative, registered principal, and other associated person that was reasonably designed to achieve compliance with applicable securities laws and regulations regarding the preservation of business-related electronic communications and branch inspections. ([FINRA Case #2014039285401](#))

Complaints Dismissed

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

Paul Charles Dotson (CRD #2314498)
New York, New York
(September 24, 2015)
FINRA Case #2009020803102

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

Martinez-Ayme Financial Group Incorporated dba Martinez-Ayme Securities (CRD #109838)
Miami, Florida
(September 15, 2015)
FINRA Case #2013037419101

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

HLH Securities, Inc. (CRD #23326)
Costa Mesa, California
(September 2, 2015)

Firms Suspended for Failure to Supply Financial Information 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.)

MIP Global, Inc. (CRD #164640)
Guaynabo, San Juan, Puerto Rico
(September 3, 2015 – September 25, 2015)

MIP Global, Inc. (CRD #164640)
Guaynabo, San Juan, Puerto Rico
(September 3, 2015 – September 25, 2015)

MIP Global, Inc. (CRD #164640)
Guaynabo, San Juan, Puerto Rico
(September 8, 2015 – September 25, 2015)

Redwine & Company, Inc. (CRD #39616)
Charlotte, North Carolina
(September 3, 2015 – October 8, 2015)

Redwine & Company, Inc. (CRD #39616)
Charlotte, North Carolina
(September 8, 2015 – October 8, 2015)

Saint Laurent Capital, Inc. (CRD #143396)
Long Beach, California
(September 8, 2015)

Individuals Barred for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552(h)

(If the bar has been vacated, the date follows the bar date.)

Arnold Baratz (CRD #2317724)
Aurora, Illinois
(September 4, 2015)
FINRA Case #2014043817901

Curlean Bradley-Lofters (CRD #2174124)
Bronx, New York
(September 15, 2015)
FINRA Case #2015043955301

Ben Hilton Bruner (CRD #5996474)
Dothan, Alabama
(September 18, 2015)
FINRA Case #2015043987401

Randy Carole Denenberg (CRD #1041070)
Dallas, Texas
(September 25, 2015)
FINRA Case #2015044514901

Regina Michelle Flener (CRD #5865285)
 Mount Washington, Kentucky
 (September 4, 2015)
 FINRA Case #2014043807401

Kristina Ann Gannon (CRD #6014740)
 West Linn, Oregon
 (September 15, 2015)
 FINRA Case #2014043676501

Daniel Heredia-Macias (CRD #6001063)
 Denver, Colorado
 (September 21, 2015)
 FINRA Case #2015045337101

Thomas John Hindes Jr. (CRD #3274228)
 Machesney Park, Illinois
 (September 14, 2015)
 FINRA Case #2013039377701

Belinda F. Hutto (CRD #4815931)
 Orangeburg, South Carolina
 (September 21, 2015)
 FINRA Case #2015044570201

Benjamin Halden Kline (CRD #5598831)
 Cookeville, Tennessee
 (September 14, 2015)
 FINRA Case #2014043778701

Jerome Stuart Kudisher (CRD #1067552)
 Short Hills, New Jersey
 (September 8, 2015)
 FINRA Case #2014043726401

David Michael Levy (CRD #2255938)
 Wellington, Florida
 (September 29, 2015)
 FINRA Case #2015044603301

Vladimir Lenin Lopez (CRD #5641968)
 Sylmar, California
 (September 21, 2015)
 FINRA Case #2015044015201

Russell Philip Macke (CRD #1882345)
 St. Louis, Missouri
 (September 28, 2015)
 FINRA Case #2015044602001

Jose Eduardo Mancia (CRD #6101761)
 Palmdale, California
 (September 15, 2015)
 FINRA Case #2014043819101

Justin Eugene May-Lawhon (CRD #5920187)
 Clermont, Florida
 (September 28, 2015)
 FINRA Case #2014043319301

Jerry Owen Mofield (CRD #2057807)
 Roanoke, Virginia
 (September 29, 2015)
 FINRA Case #2015045469701

Edward Thomas Murphy (CRD #3041818)
 South Plainfield, New Jersey
 (September 8, 2015)
 FINRA Case #2012033590301

Theresa Leone Tremblay (CRD #5482816)
 Verona, Wisconsin
 (September 28, 2015)
 FINRA Case #2014043884601

Adela Noelle Turner (CRD #6054155)
 Dublin, Ohio
 (September 25, 2015)
 FINRA Case #2015044436901

Louis Joseph Wepy (CRD #2344269)
 Staten Island, New York
 (September 28, 2015)
 FINRA Case #2015044135501

Leor Yohanan (CRD #3236428)
 Brooklyn, New York
 (September 21, 2015)
 FINRA Case #2014040349301

Individuals Revoked for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320

(If the revocation has been rescinded, the date follows the revocation date.)

Michael Davidson (CRD #2271320)
 Brooklyn, New York
 (September 1, 2015)
 FINRA Case #C10050009

Lee James Johnson (CRD #1370119)
 Pacifica, California
 (September 1, 2015)
 FINRA Case #C01920038

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.)

Antonio Ambrosio (CRD #2927679)
 Mount Royal, New Jersey
 (September 17, 2015)
 FINRA Case #2014041727401

Silvia Patricia Arevalo (CRD #6227717)
 Los Angeles, California
 (September 8, 2015 – September 22, 2015)
 FINRA Case #2014042942901

Donna Kay Beers (CRD #1172038)
 Fountain Hills, Arizona
 (July 6, 2015 – September 14, 2015)
 FINRA Case #2014040397201

Joe L. Buckner (CRD #2187957)
 Carrollton, Texas
 (September 28, 2015)
 FINRA Case #2015045420401

Brian Michael Corbman (CRD #4296565)
 Delray Beach, Florida
 (September 18, 2015)
 FINRA Case #2013037558101

Richard Gordon Drown Jr. (CRD #717599)
 La Quinta, California
 (September 17, 2015)
 FINRA Case #2015046267901

Jason John Garcia (CRD #3236880)
 Lake Mary, Florida
 (September 18, 2015)
 FINRA Case #2014041652101

Li-Lin Hsu (CRD #4706509)
 Diamond Bar, California
 (September 21, 2015)
 FINRA Case #2015045016701

Margaret Mary Martin (CRD #4085531)
 Ladue, Missouri
 (July 9, 2015 – September 10, 2015)
 FINRA Case #2015044252801

Cynthia Irene Taylor (CRD #6099126)
 Henderson, Colorado
 (September 21, 2015)
 FINRA Case #2015046127501

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

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

Enver Rahman Alijaj (CRD #4943780)
 New York, New York
 (September 14, 2015)
 FINRA Arbitration Case #14-03719

Christopher R. Barber (CRD #5560178)
 New York, New York
 (September 9, 2015)
 FINRA Arbitration Case #14-00940

Richard F. Divenuto (CRD #2513921)
 Newburgh, New York
 (September 23, 2015)
 FINRA Arbitration Case #13-01513

Michael Britt Doyle (CRD #2163573)
 Mill Valley, California
 (September 14, 2015)
 FINRA Arbitration Case #11-04285

Anthony Ryan Dutter (CRD #5104102)
 Lincoln, Nebraska
 (September 16, 2015)
 FINRA Arbitration Case #14-00427

John Scot Galinsky (CRD #1513926)
 Lemont, Illinois
 (September 28, 2015)
 FINRA Case #20150467739/ARB150044 /
 FINRA Arbitration Case #13-01265

Stephen Grivas (CRD #1829703)
 Jericho, New York
 (September 14, 2015)
 FINRA Arbitration Case #13-00487

William Benton Guido (CRD #4504723)
 Mount Pleasant, South Carolina
 (September 9, 2015)
 FINRA Arbitration Case #14-02346

Joseph Kennon Jayne (CRD #2359927)
 Needham, Massachusetts
 (September 15, 2015)
 FINRA Arbitration Case #14-03181

Michael David Lee (CRD #4004907)
 Millis, Massachusetts
 (September 9, 2015)
 FINRA Arbitration Case #14-02586

George Henry Lucker III (CRD #2793806)
 Dalton Gardens, Idaho
 (September 17, 2015)
 FINRA Arbitration Case #12-02097

Daniel Richard Mignone (CRD #3255740)
 Wellington, Florida
 (September 9, 2015)
 FINRA Arbitration Case #13-03248

Kenneth Charles Miles (CRD #812979)
 Redlands, California
 (September 14, 2015)
 FINRA Arbitration Case #14-00565

Cornelia S. O'Grady (CRD #4621507)
 Lawrenceville, New Jersey
 (November 14, 2014 – September 21, 2015)
 FINRA Arbitration Case #14-00024

David Allen Palmer (CRD #5631131)
 Dallas, Texas
 (September 15, 2015)
 FINRA Arbitration Case #14-02755

Darin Richard Pastor (CRD #3224977)
 Irvine, California
 (September 4, 2015)
 FINRA Arbitration Case #14-02000

Nicholas Vito Ragone (CRD #1490383)
 Melville, New York
 (November 14, 2014 – September 15, 2015)
 FINRA Arbitration Case #13-01217

Gary Alan Schwarcz (CRD #725627)
 Syosset, New York
 (September 4, 2015)
 FINRA Arbitration Case #14-02987

Ritchey Jon Wetzel (CRD #3156402)
 Kansas City, Missouri
 (September 4, 2015)
 FINRA Arbitration Case #13-01956

Michael R. Wilt (CRD #1785219)
 Grafton, Wisconsin
 (August 1, 2012 – September 21, 2015)
 FINRA Arbitration Case #11-00634

FINRA Sanctions 10 Former Global Arena Representatives as a Result of FINRA Crackdown on Broker Migration

The Financial Industry Regulatory Authority (FINRA) announced that, as a result of a 2014 onsite exam, it found securities violations including various misleading sales pitches, customer account churning and other business misconduct at Global Arena Capital Corp. It has barred seven former registered representatives from the securities industry, suspended an eighth person whose bar will become effective in October, and barred two former branch managers from serving in a principal capacity. The actions are a result of FINRA's continued focus on tracking groups of brokers that move from one risky firm to another. Seven of the 10 individuals had moved from HFP Capital Markets LLC—a problem firm that FINRA later expelled—to Global Arena Capital Corp. Global Arena opened a branch office in October 2013 to register a number of brokers who had been discharged by HFP. Like HFP, the branch office's business model involved cold-calling customers, including seniors, to make solicited recommendations of securities.

Susan Axelrod, FINRA's Executive Vice President, Regulatory Operations, said, "FINRA carefully monitors broker migration particularly with respect to brokers that move in groups from an expelled or high-risk firm to other securities firms, based on a variety of risk factors. FINRA will continue to leverage this data to expedite sales practice examinations and enforcement investigations to rid the industry of individuals who prey on vulnerable investors."

FINRA employed a risk-based approach to identify certain brokers who had moved from HFP to Global Arena and were then subject to heightened regulatory scrutiny during a 2014 exam. During the onsite audit and subsequent investigation, FINRA found that certain Global Arena representatives engaged in securities fraud by, among other things, using misleading sales pitches and high pressure sales tactics to make sales of junk bonds and other securities to customers. Brokers at the firm also churned existing customer accounts by recommending frequent trades and made unsuitable recommendations.

In the actions announced today, FINRA barred the former President of Global Arena Capital Corp., Barbara Desiderio, and five former representatives (David Awad, a.k.a. "David Bennett," James Torres, Peter Snetzko, Alex Wildermuth, and Michael Tannen) in all capacities; barred two former principals of the firm (Kevin Hagan and Richard Bohack) in a principal capacity for supervisory failures; and sanctioned two former representatives (Niaz Elmazi, aka "Nick Morrissey" and Andrew Marzec) for failing to cooperate with FINRA's investigation. One of these individuals was barred in August 2015 and the other individual's bar becomes effective in October 2015. FINRA cancelled Global Arena's membership in July 2015, and the firm's de facto owner and three other former Global Arena brokers had been barred for fraud in a separate FINRA action related to HFP in July 2015.

In settling the actions, the respondents neither admitted nor denied the charges, but consented to the entry of FINRA's findings. The two individuals sanctioned for non-cooperation were sanctioned pursuant to a summary proceeding and not pursuant to settlement, and thus they did not consent to entry of any FINRA findings.

FINRA Sanctions UBS Puerto Rico \$18.5 Million for Supervisory Failures Regarding Sales of Puerto Rican Closed-End Funds and Related Loans

The Financial Industry Regulatory Authority (FINRA) censured and fined UBS Financial Services Incorporated of Puerto Rico (UBS PR) \$7.5 million for supervisory failures related to the suitability of transactions in Puerto Rican closed-end fund (CEF) shares. In addition, FINRA ordered UBS PR to pay approximately \$11 million in restitution to 165 customers who were forced to realize losses on their CEF positions.

FINRA found that for more than four years, UBS PR failed to monitor the combination of leverage and concentration levels in customer accounts to ensure that the transactions were suitable given the customers' risk objectives and profiles. The firm failed to implement a reasonably designed system to identify and prevent unsuitable transactions in light of the unique Puerto Rican economy, in which retail customers typically maintained high levels of concentration in Puerto Rican assets and often used those highly concentrated accounts as collateral for cash loans. Despite UBS PR's knowledge of these common practices, it failed to adequately monitor concentration and leverage levels to identify whether certain customers' CEF transactions were suitable in light of the increased risks in their existing portfolio.

Brad Bennett, FINRA Executive Vice President of Enforcement, said, "UBS of Puerto Rico operated in a unique economy and ultimately failed to tailor its supervisory systems to its specific business needs. Despite the fact the firm was very familiar with the unusual characteristics of its retail accounts, it did not supervise these transactions properly to prevent customers' heightened exposure to risk."

In this case, UBS PR solicited certain customers to open lines of credit (LOCs) collateralized by their securities accounts. If the customer's account value fell below the required collateral level, the customer received a "maintenance call" and was required to deposit additional assets or liquidate securities to meet the call. Where an LOC is collateralized by a diversified account, a customer may have a variety of securities that s/he can liquidate to meet a maintenance call. However, the risk of investor loss is increased when an LOC is collateralized by a highly concentrated account—and due to the unique benefits of Puerto Rican assets for Puerto Rican residents, UBS PR customer accounts were typically highly concentrated in CEF shares. The market events of Aug. 2013 caused the value of many CEF shares to plummet, and customers who received maintenance calls were forced to realize substantial losses in order to meet them.

FINRA highlighted retail customers' use of leverage through securities-backed LOCs in its 2015 Regulatory and Examination Priorities Letter.

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

FINRA appreciates and recognizes the assistance of the Securities and Exchange Commission (SEC), which announced an action today against UBS PR for the firm's failure to supervise a former broker who had customers invest in CEFs using money borrowed pursuant to lines of credit. UBSPR agreed to settle SEC's charges by paying \$15 million in disgorgement, interest, and penalties, which will be placed into a fund for harmed investors.

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