

Disciplinary and Other FINRA Actions

Firms Fined

American Enterprise Investment Services, Inc. ([CRD® #26506](#), Minneapolis, Minnesota) submitted an Acceptance, Waiver and Consent (AWC) in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report transactions in Trade Reporting and Compliance Engine® (TRACE®)-eligible securitized products to TRACE within the time required by FINRA Rule 6730. ([FINRA Case #2012032242001](#))

BB&T Securities, LLC ([CRD #142785](#), Richmond, Virginia) submitted an AWC in which the firm was censured, fined \$20,000 and ordered to pay \$7,243.62, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it charged excessive mark-ups on corporate bond transactions, an excessive mark-down on a corporate bond transaction, and an excessive mark-up on a municipal bond transaction. The findings stated that the mark-ups and mark-down were not fair and reasonable, taking into consideration all relevant factors, including the individual prevailing market prices. As a result, the firm's account holders were assessed \$7,243.62 in excessive charges for those transactions. The findings also stated that the firm did not adequately implement or enforce its written supervisory procedures (WSPs), which required mark-ups and mark-downs to be calculated from the prevailing market price. The firm did not follow its stated procedures for reviewing and approving excessive mark-ups. ([FINRA Case #2013036202701](#))

BTIG, LLC ([CRD #122225](#), San Francisco, California) submitted an AWC in which the firm was fined \$5,000. Without admitting or denying the findings, the firm consented to the sanction and to the entry of findings that in nine instances, it failed to immediately publish a bid or offer that reflected the price and the full size of a customer limit order for an over-the-counter (OTC) equity security the firm held that was at a price that would have improved the firm's bid or offer in such security. ([FINRA Case #2013035512201](#))

Chapin Davis, Inc. ([CRD #28116](#), Baltimore, Maryland) 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 in connection with the sale of structured products, the firm's supervisory system and WSPs were inadequate. The findings stated that the firm sold approximately \$24.5 million in structured notes and Federal Deposit Insurance Corporation (FDIC) insured structured certificates of deposit (CDs) to retail

Reported for December 2014

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).

customers. The firm did not have a system or WSPs for evaluating and conducting due diligence on the products, including determining risks and suitability issues, as applicable, and for approving the products. The firm offered limited training on the products, and its WSPs did not specifically address the products or provide guidance or restrictions unique to the products, including assessment or consideration of customer-specific suitability, as applicable. In addition, the firm did not sufficiently review transactions in the products, including monitoring of accounts for overconcentration of the products. ([FINRA Case #2012030601701](#))

Citadel Securities LLC ([CRD #116797](#), Chicago, Illinois) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to timely report Reportable Order Events (ROEs) to the Order Audit Trail System (OATS). ([FINRA Case #2012033129701](#))

Citigroup Global Markets Inc. ([CRD #7059](#), New York, New York) submitted an AWC in which the firm was censured and fined \$175,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it permitted a group of portfolio managers who were not registered with FINRA® in any capacity to direct the Citigroup Principal Strategies Desk's trading activity from approximately November 2007 until January 2012. The findings also stated that, within this time period, the firm permitted a managing director who was not registered with FINRA in any capacity to supervise one of the portfolio managers. ([FINRA Case #2012034022101](#))

Citigroup Global Markets Inc. ([CRD #7059](#), New York, New York) submitted an AWC in which the firm was censured, fined \$125,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that the firm, on 9,396 occasions, accepted a short sale order in an equity security from another person, or effected a short sale in an equity security for its own account, without borrowing the security, or entering into a bona-fide arrangement to borrow the security, or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due, and documenting compliance with Securities and Exchange Act of 1934 (SEA) Rule 203(b)(1) of Regulation SHO. The findings stated that the firm submitted inaccurate short interest position reports to FINRA. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning accurate short interest reporting pursuant to FINRA Rule 4560. ([FINRA Case #2011027469601](#))

Credit Suisse Securities (USA) LLC ([CRD #816](#), New York, New York) submitted an AWC in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed, as managing underwriter, to report new issue offerings in TRACE-eligible corporate securities in

accordance with the requirements of FINRA Rule 6760(c). The findings stated that the firm failed to report S1 transactions in TRACE-eligible agency debt securities to TRACE within 15 minutes of the execution time, and reported S1 transactions in TRACE-eligible agency debt securities to TRACE that it was not required to report. ([FINRA Case #2012032502701](#))

CV Brokerage, Inc. ([CRD #462](#), West Conshohocken, Pennsylvania) submitted an AWC in which the firm was fined \$5,000. Without admitting or denying the findings, the firm consented to the sanction and to the entry of findings that it failed to file an application with FINRA for approval of a material change of its business operations involving conducting a research business. The findings stated that the firm failed to report customer-side transactions to the Real-time Transaction Reporting System (RTRS) in the manner prescribed by Municipal Securities Rulemaking Board (MSRB) Rule G-14. ([FINRA Case #2013035122101](#))

E1 Asset Management, Inc. ([CRD #46872](#), Jersey City, New Jersey) submitted an AWC in which the firm was censured, fined \$25,000 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 OATSTM that contained inaccurate, incomplete or improperly formatted data. 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 FINRA rules. The firm's WSPs failed to provide for one or more of the four minimum requirements for adequate WSPs regarding OATS compliance. The firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its WSPs concerning reviews of OATS website information, and those procedures incorrectly indicated the firm was eligible for exclusion from the definition of a Reporting Member under FINRA Rule 7410, and inaccurately described the scope of securities encompassed within OATS reporting requirements. ([FINRA Case #2012034618201](#))

Edward D. Jones & Co., L.P. ([CRD #250](#), St. Louis, Missouri) submitted an AWC in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to develop and implement adequate anti-money laundering (AML) procedures for reviewing deposits and liquidations of third-party stock certificates in customer accounts. The findings stated that the firm failed to obtain any information regarding the relationship between the stockholder and the account holder, and failed to have procedures to track or investigate situations where third-party stock certificates were deposited into a firm account. The firm did not document the reason for a stock's change of ownership from the original owner to a firm account holder. As a result, certain firm customers deposited and liquidated various third-party stock certificates that were beneficially owned by individuals who were either previously denied their own account with the firm or who were otherwise ineligible to establish an account at the firm. ([FINRA Case #2012031611301](#))

Genworth Financial Securities Corporation n/k/a Cetera Financial Specialists LLC ([CRD #10358](#), Schaumburg, Illinois) submitted an AWC in which the firm was censured and fined \$75,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system and enforce WSPs reasonably designed to identify and prevent unsuitable excessive trading and churning in customer accounts. The findings stated that although the firm's WSPs explicitly provided for the monthly review of an active account report, no such report existed and the firm did not have any other systems in place that would monitor active accounts for excessive trading. The firm's failure to have such systems in place and its failure to enforce WSPs allowed a registered representative to, among other things, churn a customer's account in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5. The firm previously compensated the customer for, among other things, the losses in the account. ([FINRA Case #2012033141502](#))

Gilford Securities Incorporated ([CRD #8076](#), New York, New York) submitted an AWC in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it issued eight research reports, which were widely distributed through commercial distribution outlets, on a pharmaceutical company containing unwarranted and misleading statements regarding the participation of a prominent medical research university in a human study of one of the company's dietary supplements. The findings stated that the pharmaceutical company announced the results of separate animal and human studies regarding one of its supplements. The animal study was conducted and completed by an independently funded research team at the medical research university, led by a doctor the university employed. The pharmaceutical company's subsidiary conducted the human study with the participation of the same doctor as a senior consultant. The eight research reports the firm issued on the pharmaceutical company contained inaccurate statements that mistakenly suggested that the university conducted the human study. Four of those reports also contained inaccurate statements suggesting that the doctor was acting on the university's behalf in assisting with the human study. ([FINRA Case #2013035928001](#))

Global Financial Services, L.L.C. ([CRD #35699](#), Houston, Texas) submitted an AWC in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and implement policies and procedures reasonably expected to detect and cause the reporting of suspicious activities. The findings stated that despite multiple "red flags" indicative of potentially suspicious activity in several accounts, the firm failed to investigate the activity to determine whether the activity warranted the filing of Suspicious Activity Reports (SAR), if appropriate. The firm's written AML procedures failed to adequately address red flags indicating potential suspicious activity, responsibility for filing of SARs, and monitoring of third-party money movements for potentially suspicious activity. The firm's written AML procedures failed to adequately explain what steps the firm would take to monitor for suspicious activity, and failed to address the frequency of the reviews and how the

reviews would be documented. The findings also stated that the firm failed to establish and implement policies, procedures and internal controls reasonably designed to achieve compliance with the Bank Secrecy Act. In addition, the firm failed to have written AML procedures addressing its Section 311 requirements of the USA PATRIOT Act and failed to provide notices to its correspondent accounts for foreign financial institutions. ([FINRA Case #2012030724501](#))

GMP Securities, LLC ([CRD #41025](#), New York, New York) submitted an AWC in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the correct trade execution time for transactions in TRACE-eligible securities to TRACE, and failed to report transactions in TRACE-eligible securities to TRACE within the time required by FINRA Rule 6730(a). ([FINRA Case #2013037784101](#))

Goldman, Sachs & Co. ([CRD #361](#), New York, New York) submitted an AWC in which the firm was censured and fined \$5,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it submitted Execution or Combined Order/Execution Reports that contained inaccurate, incomplete or improperly formatted data. The findings stated that the firm improperly submitted Execution or Combined Order/Execution Reports that it was not required to report. ([FINRA Case #2012033550001](#))

Goldman, Sachs & Co. ([CRD #361](#), New York, New York) submitted an AWC in which the firm was censured and fined \$55,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report apparent customer order events to OATS, failed to provide a record of order route reports submitted to OATS, failed to accurately append the short sale indicator to FINRA/NASDAQ Trade Reporting Facility® (FNTRF) reports, failed to document “stopped stock” information on customer order memoranda, failed to provide complete and/or accurate customer order memoranda and inaccurately marked sell transactions on its trading ledger. The findings stated that the firm incorrectly reported the number of shares executed at the market center as away executed shares in the firm’s Rule 605 of Regulation NMS report, and transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data. ([FINRA Case #2011026096702](#))

INTL FCStone Securities, Inc. ([CRD #45993](#), Winter Park, Florida) 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 immediately display, route, execute or cancel customer limit orders, when the price and the full size of each customer limit order would have improved the firm’s bid or offer in such security. ([FINRA Case #2011030138801](#))

KCG Americas LLC fka Knight Capital Americas LLC ([CRD #149823](#), Jersey City, New Jersey) 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 as managing underwriter of a distribution or offering, other than a secondary offering, the firm failed to report new issue offerings in TRACE-eligible securitized products to FINRA Operations. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and NASD rules, concerning FINRA Rule 6760. ([FINRA Case #2013037791101](#))

Legend Securities, Inc. ([CRD #44952](#), New York, New York) submitted an AWC in which the firm was censured and fined \$52,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data. The findings stated that the firm failed to report complete and accurate data to the FNTRF in transactions in reportable securities. Specifically, the firm incorrectly reported agency transactions as principal or riskless-principal transactions, and incorrectly media reported transactions in designated securities to the FNTRF. The firm reported last sale reports of transactions in eligible securities to the FNTRF it was not required to report. The firm accepted orders from customers for execution in the pre-market session or post-market session without disclosing to such customers that extended-hours trading involves material trading risks, including the possibility of lower liquidity, high volatility, changing prices, unlinked markets, an exaggerated effect from news announcements, wider spreads and any other relevant risk. The firm made a report publicly available on its routing of non-directed orders in covered securities during a quarter that included incomplete information as to the orders that were not transmitted to the clearing firm for routing. The firm also failed to provide evidence that it provided hard-copy notifications to its customers, at least annually, that hard-copies of the quarterly order routing reports are available, free of charge, upon request from the customer, and customers may request specific information regarding the routing of their own orders. The firm failed to provide an order record for transactions, failed to provide a customer confirmation, failed to provide the name of the customer for an order, failed to provide order records with execution quantity and execution price, failed to provide an order record with order quantity and limit price, failed to provide an order record with order quantity, failed to provide an order record with execution quantities, failed to document the cancel replacement information on an order record, and incorrectly coded order tickets as directed orders. The firm sent short sale orders for execution and failed to properly mark the orders as short. The firm, on 31 occasions, accepted a short sale order in an equity security from another person, or effected a short sale in an equity security for its own account, without borrowing the security, or entering into a bona-fide arrangement to borrow the security, or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due, and documenting compliance with SEA Rule 203(b)(1) of Regulation SHO.

The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA rules. The firm's WSPs failed to provide for one or more of the four minimum requirements for adequate WSPs regarding supervisory system, procedures and qualifications; order handling; best execution; anti-intimidation/coordination; trade reporting; sale transactions; other trading rules; OATS; other rules; and use of multiple market participant identifiers (MPIDs). The firm also failed to transmit ROEs to OATS on 155 business days under its MPID. ([FINRA Case #2012030989702](#))

Macquarie Capital (USA) Inc. ([CRD #36368](#), New York, New York) 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 failed to report 63 short interest positions totaling 1,711,524 shares. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws and regulations, and/or FINRA rules, concerning short interest reporting. ([FINRA Case #2013037956901](#))

Merrill Lynch, Pierce, Fenner & Smith Incorporated ([CRD #7691](#), New York, New York) submitted an AWC in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in NMS stocks that do not fall within any applicable exception, and if relying on an exception, are reasonably designed to assure compliance with the terms of the exception. The findings stated that the firm 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 #2010023889001](#))

Merrill Lynch, Pierce, Fenner & Smith Incorporated ([CRD #7691](#), New York, New York) submitted an AWC in which the firm was censured, fined \$250,000 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 its supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and NASD/FINRA rules, concerning the detection of orders for the purchase and sale of securities that resulted in no change of beneficial ownership. The findings stated that the firm's supervisory system failed to detect and review trades emanating from customer orders that did not include the value "USD" in the currency indicator field, which left a gap in the firm's surveillance system that resulted in the firm failing to review in its wash trade surveillance program numerous trades, representing millions of shares in various securities across 83 customer accounts, and allowed wash transactions to occur undetected by the firm. ([FINRA Case #2010022950801](#))

Morgan Keegan & Company, LLC ([CRD #4161](#), Memphis, Tennessee) submitted an AWC in which the firm was censured and fined \$17,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to execute orders fully and promptly. The findings stated that in three of the instances, the firm failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. The firm paid restitution to the affected customers. The firm also failed to show the correct entry time on the memoranda of brokerage orders. ([FINRA Case #2012034707301](#))

Morgan Stanley Smith Barney LLC ([CRD #149777](#), Purchase, New York) submitted an AWC in which the firm was censured and fined \$800,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to issue account statements and confirmations for numerous Global Stock Plan Services Group (GSPS) customer accounts and transactions. The findings stated that when the firm did issue GSPS account statements and confirmations, they failed to disclose required information including whether the firm acted in an agency or principal capacity, and the market value of the securities so as to provide the dollar amount of the opening and closing account balances. The findings also stated that the firm failed to indicate whether certain option transactions, which were processed through one of the firm's programs and two of the firm's exception trade processing systems, were opening or closing transactions. The findings also included that the firm failed to establish, maintain and enforce a reasonable supervisory system and written procedures to achieve compliance with applicable customer account statement and transaction confirmation rule requirements. Those supervisory failures allowed the firm's violations to continue unchecked and the deficiencies affected millions of customers and transactions during a time period of approximately four and a half years. ([FINRA Case #2012031184001](#))

OneAmerica Securities, Inc. ([CRD #4173](#), Indianapolis, Indiana) 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 filed some of its representatives' Uniform Application for Securities Industry Registration or Transfer (Form U4) amendments more than 30 days after the firm learned facts or circumstances giving rise to the amendments. The findings stated that the firm's WSPs failed to provide adequate guidance to representatives on reporting Form U4 updates to the firm by failing to indicate the requisite time period for making such updates, as well as the types of events that would necessitate these updates. The firm subsequently revised its policies and procedures to provide sufficient guidance to its representatives; however, the firm's implementation of the revised policies was deficient. Although the firm warned representatives that they may be fined if they made untimely notifications to the firm of

potential Form U4 amendments, the firm then delayed enforcement of the revised policy. The firm's reliance upon inadequate WSPs, in addition to its delay in implementing its revised policies and procedures, caused the firm's system of supervision to be unreasonably designed to enforce compliance with FINRA By-Laws Article V, Section 2(c). ([FINRA Case #2012030742501](#))

Oppenheimer & Co. Inc. ([CRD #249](#), New York, New York) submitted an AWC in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the correct trade execution time for transactions in TRACE-eligible securitized products and failed to show the correct execution time on the memoranda of brokerage orders. ([FINRA Case #2013037792401](#))

Performance Trust Capital Partners, LLC ([CRD #36155](#), Chicago, Illinois) 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 TRACE-eligible securitized products to TRACE within 15 minutes of the execution time, failed to report the correct trade execution time for transactions in TRACE-eligible securitized products to TRACE, and failed to show the correct order execution time on brokerage order memoranda. ([FINRA Case #2013036894901](#))

Prudential Investment Management Services LLC ([CRD #18353](#), Newark, New Jersey) submitted an AWC in which the firm was censured and fined \$300,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that for almost four-and-a-half years, it failed to timely deliver mutual fund prospectuses to certain retirement account customers within three business days of purchase in connection with the firm's mutual fund purchase transactions. The findings stated that this failure resulted from a programming defect in the firm's automated prospectus delivery system, as well as manual input errors made by employees in the firm's affiliated retirement business. The firm identified these deficiencies based on an internal review, self-reported the matter to FINRA and shortly thereafter began providing prospectuses to the impacted customers, a process that is now complete. Because of the firm's failure to deliver prospectuses on time to a significant number of customers who purchased mutual funds, these customers were not provided with important disclosures about these products by settlement date. The findings also stated that the firm failed to establish and maintain a supervisory system and WSPs reasonably designed to monitor and ensure the timely delivery of mutual fund prospectuses to customers. In fact, the firm did not maintain any WSPs addressing its prospectus delivery requirements during the relevant period although it had, in an annual review of its compliance and supervisory procedures, identified the absence of WSPs regarding prospectus delivery as a regulatory gap. ([FINRA Case #2012030681301](#))

Sigma Financial Corporation ([CRD #14303](#), Ann Arbor, Michigan) submitted an AWC in which the firm was censured and fined \$185,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it violated NASD Ruled 3010(a)-(d) and FINRA Rule 2010. The findings noted that the firm's reliance upon a limited number of individuals from an entity with common ownership to remotely conduct all of the supervisory and compliance functions for a total of 1,274 registered representatives and 854 branch offices between the firm and another broker-dealer, as well as its affiliated advisor, was not reasonable. The findings stated that the firm's system for reviewing its registered representatives' email was not reasonably designed and resulted in inadequate supervision of the firm's email communications. In addition, the firm failed to conduct timely inspections of two of its branch offices. As a result, the firm's reliance upon its email review and branch office inspection systems as controls to ensure the reporting of customer complaints was not reasonable given these existing inadequacies. The findings also stated that the firm did not adequately supervise its representatives' creation and use of consolidated statements. Once a representative was approved to use a template, no further review or supervision occurred unless the representative submitted another template.

Some of the firm's representatives were also employees of an outside entity that wholesaled products; despite the unique nature of the outside entity's business, the firm did not implement an adequate system of supervision, which was tailored to the business the representatives conducted through the outside entity. The firm failed to monitor the outside entity's financial statements, or any expense, gift, or gratuity logs for potential issues of influence. The firm's WSPs did not address the entity's wholesaling business or the supervision of the representatives participating in the wholesaling activities.

Although the firm required representatives to notify their principals if they made changes to their websites, the firm did not conduct adequate supervision of those non-preferred vendor websites to ensure that representatives were actually making the required notifications. Moreover, the firm's WSPs did not address the on-going supervision of websites. The firm allowed its representatives to hold securities investment accounts through other FINRA member firms. Although the firm received duplicate statements of its representatives' outside accounts, it failed to implement a supervisory system to review those accounts for potentially problematic activity. The firm's WSPs failed to address the monitoring of account activity in representative accounts held at other member firms.

As part of the findings, it was also noted that the firm failed to conduct any independent due diligence for the structured products recommended to customers. Instead, the firm relied completely on the determination of its fixed income distributors to sell the structured products as sufficient evidence of suitability. The firm failed to implement and maintain WSPs and a supervisory system for evaluating whether these structured products were appropriate for its customers. Moreover, when a customer sold a variable annuity and purchased a fixed annuity, neither transaction was recorded on the firm's

books and records, and no supervisory review of the variable-to-fixed annuity transaction's suitability was conducted. The firm failed to establish and maintain a supervisory system reasonably designed to supervise this component of its business, and its WSPs failed to adequately address the specific requirements for supervisors to assess the suitability of such transactions. In addition, the firm failed to take any meaningful steps to implement or otherwise comply with the new suitability rule, FINRA Rule 2111, by the effective date.

Concerning direct application-way business, it was found that the firm failed to monitor for changes in customer address as required by its WSPs, and failed to maintain or enforce an adequate supervisory system to monitor for customer changes of address. The firm also failed to establish and maintain an adequate supervisory system for the protection of confidential customer information on electronic devices, as the firm did not conduct any review as part of its branch inspections to ensure that the representatives were using passwords, anti-virus software and anti-spyware tools, as certified on their annual regulatory questionnaires. In addition, there were not any onboarding procedures for new representatives at the time they became registered that would require them to attest to using such safeguards. FINRA also found that the firm did not establish and maintain an adequate supervisory system concerning the registration of branch offices that executed trades. ([FINRA Case #2012032595501](#))

Southwest Securities, Inc. ([CRD #6220](#), Dallas, Texas) 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, within 30 seconds after execution, to transmit last sale reports of transactions in designated securities to the FNTRF and failed to report the correct execution time in last sale reports of transactions in designated securities to the FNTRF. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and FINRA rules concerning the timely submission of accurate trade reports to the FNTRF. ([FINRA Case #2013035850301](#))

Stifel, Nicolaus & Company, Incorporated ([CRD #793](#), St. Louis, Missouri) submitted an AWC in which the firm was censured, fined \$32,500 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 report the correct symbol indicating the capacity in which the firm executed transactions in reportable securities to the FNTRF. The findings stated that the firm, when it acted as principal for its own account, failed to provide written notification disclosing to its customer the correct reported trade price in the transaction, failed to provide written notification disclosing to its customer its correct capacity in the transaction, incorrectly included an average price disclosure in the transaction, and inaccurately disclosed the commission or commission equivalent in the transaction. The firm, on six occasions, accepted a short sale order in an equity security from another person, or effected a short sale in an equity security for its own account, without borrowing

the security, or entering into a bona-fide arrangement to borrow the security, or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due, and documenting compliance with SEA Rule 203(b)(1) of Regulation SHO. The firm made available a report on the covered orders in national market system securities that it received for execution from any person. This report failed to include information regarding two orders that the firm should have reported for the review period. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs regarding supervisory systems, procedures and qualifications; order handling; short sale transactions; trade reporting; soft dollars accounts and trading; OATS reporting; algorithmic trading; multiple MPIDs; and maintaining books and records relating to electronic communications between trading desks. ([FINRA Case #2012031657601](#))

SunGard Brokerage & Securities Services, LLC ([CRD #104162](#), Geneva, Illinois) submitted an AWC in which the firm was censured and fined \$40,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it executed short sale transactions and failed to report each of these transactions to the FNTRF with a short sale modifier. The findings stated that the firm, on 12,783 occasions, accepted a short sale order in an equity security from another person, or effected a short sale in an equity security for its own account, without borrowing the security, or entering into a bona-fide arrangement to borrow the security, or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due; and documenting compliance with SEA Rule 203(b)(1) of Regulation SHO. The firm failed to take reasonable steps to establish that the ISOs it routed met the definitional requirements set forth in Rule 600(b)(30) of Regulation NMS. ([FINRA Case #2010025353101](#))

Tradition Asiel Securities Inc. ([CRD #28269](#), New York, New York) submitted an AWC in which the firm was censured, fined \$22,500 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 report transactions in TRACE-eligible securities to TRACE that it was required to report, failed to report the correct trade execution time for transactions in TRACE-eligible securities to TRACE, and failed to show the correct trade execution time on brokerage order memoranda. The findings stated that the firm failed to enforce its WSPs, which specified that firm personnel would ensure that appropriate reports are submitted to TRACE. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with TRACE reporting rules. ([FINRA Case #2013037956601](#))

UBS Securities LLC ([CRD #7654](#), New York, New York) submitted an AWC in which the firm was censured and fined \$30,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it effected 322 transactions in securities during 59 trading halts with respect to such securities. ([FINRA Case #2011029290101](#))

Wedbush Securities Inc. ([CRD #877](#), Los Angeles, California) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that in 16 instances, the firm had a fail-to-deliver position at a registered clearing agency in an equity security that resulted from sales of a security 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 position by purchasing or borrowing securities of like kind and quantity within the timeframe prescribed by Rule 204(a)(2) of Regulation SHO. ([FINRA Case #2010021544001](#))

Individuals Barred or Suspended

Matthew King Absher ([CRD #5668975](#), Austin, Texas) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 60 days. Without admitting or denying the findings, Absher consented to the sanctions and to the entry of findings that he engaged in an outside business activity by serving as a director of an inactive, but registered company he incorporated for day trading without providing written notice to his member firm. The findings stated that Absher inaccurately answered firm questionnaires about that outside business activity. Additionally, Absher engaged in an outside business activity by serving as president of a company that provided containers for construction sites without providing written notice to his firm.

The suspension was in effect from October 6, 2014, through December 4, 2014. ([FINRA Case #2013038446701](#))

Andre Podesser Aliance ([CRD #5846053](#), Long Island City, New York) was assessed a deferred fine of \$5,000 and suspended from associating with any FINRA member in any capacity for three months. The sanctions were based on findings that Aliance falsified a customer's signature card by cutting, copying and affixing the customer's signature from bank documents onto the signature card without the customer's knowledge or authorization. The findings stated that Aliance realized that he did not have a signed signature card for the new checking account of two customers, a married couple, without which the bank would not complete the process to open an account. Rather than ask the customers to return and sign another signature card, Aliance cut one of the customers' signatures from another document that the customer had signed and pasted it to a new signature card. Aliance thereafter scanned the account-opening documents, including the signature card, for submission to the bank. The customers were unaware and did not consent to Aliance's actions. In addition, both his member firm and affiliated bank's procedures prohibited Aliance's conduct.

The suspension is in effect from October 20, 2014, through January 19, 2015. ([FINRA Case #2013037604801](#))

Ricky Eugene Bell ([CRD #2065556](#), Fayetteville, North Carolina) was barred from association with any FINRA member in any capacity and ordered to pay a total of \$19,650, plus interest, in restitution to customers. The sanctions were based on findings that Bell engaged in private securities transactions through a lending program without providing notice to, or receiving approval from, his member firm. The findings stated that Bell solicited and received personal loans totaling \$19,650 from customers without requesting or receiving his firm's approval to solicit or receive the loans. The firm notified Bell of its policies and procedures against borrowing from customers. The findings also stated that Bell failed to respond to FINRA requests for information and documents and to provide on-the-record testimony. ([FINRA Case #2013039439301](#))

William Lynn Bennett ([CRD #4413415](#), Alvin, Texas) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Bennett consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose an Internal Revenue Service (IRS) tax lien. The findings stated that Bennett did not disclose the lien until his member firm discovered the existence of the lien.

The suspension is in effect from October 6, 2014, through February 5, 2015. ([FINRA Case #2014040955901](#))

Shawn Peter Bishop ([CRD #6262968](#), Crown Point, Indiana) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Bishop consented to the sanction and to the entry of findings that he converted funds totaling \$2,000 from his teller drawer at his member firm's affiliate bank and used the funds for his personal benefit. The findings stated that Bishop returned some of the funds to his teller drawer without the bank's detection. Bishop did not have permission or authority from the bank to use the teller drawer funds for his personal benefit. ([FINRA Case #2014042331701](#))

Angela Marie Borchardt ([CRD #4145563](#), Tomahawk, Wisconsin) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Borchardt consented to the sanction and to the entry of findings that she impersonated customers in phone calls to her prior member firm requesting that the customers' accounts be liquidated so they could invest the proceeds through her new member firm. The findings stated that as a result, Borchardt's prior firm was deceived into liquidating all securities positions the customers held, without the customers' knowledge or authorization. Borchardt attempted to conceal her conduct by falsely informing her supervisors at her new firm that the customers were on the phone with her during the calls and by asking one of the customers to falsely inform her new firm that the customer had participated in the phone call. The findings also stated that Borchardt failed to appear for FINRA on-the-record testimony. ([FINRA Case #2013037650602](#))

Benjamin Brown Jr. (CRD #3091206, Jamaica, 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 10 business days. Without admitting or denying the findings, Brown consented to the sanctions and to the entry of findings that he effected option transactions while exercising discretion in a customer's account without the customer's prior written authorization to exercise such discretion and without his member firm's written permission to engage in such discretionary trading.

The suspension was in effect from November 3, 2014, through November 14, 2014. ([FINRA Case #2013035710101](#))

Ranola Lavohn Brown Chitmon (CRD #5561262, Vallejo, California) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Chitmon consented to the sanction and to the entry of findings that she failed to appear as a witness and provide testimony FINRA had requested in connection with a disciplinary hearing. ([FINRA Case #2012030570302](#))

Douglas Walter Campbell Jr. (CRD #2462754, New Canaan, Connecticut) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Campbell consented to the sanctions and to the entry of findings that he engaged in unsuitable trading in a customer's account by recommending purchases of speculative investments, which were not consistent with the customer's investment objectives, resulting in an overconcentration in the customer's account. The findings stated that the concentrated position in the customer's account was unsuitable in light of her financial profile, personal circumstances and limited ability to withstand financial losses. The customer's account sustained losses of approximately \$99,000. Campbell made the recommendations without reasonable grounds for believing that they were suitable for the customer.

The suspension was in effect from October 6, 2014, through October 31, 2014. ([FINRA Case #2012034600201](#))

Chase Bishop Casson (CRD #4404195, Carlsbad, California) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Casson consented to the sanction and to the entry of findings that he failed to provide FINRA with requested information and documentation as part of an investigation into whether he was engaged in private securities transactions. The findings stated that after receiving a fourth request, Casson informed FINRA that he would not cooperate or provide the requested information and documentation. ([FINRA Case #2014041826101](#))

Jack Xiao Xi Chen ([CRD #4456395](#), Corona, 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, Chen consented to the sanction and to the entry of findings that he failed to provide documents and information to FINRA pertaining to allegations that he knowingly provided incorrect occupation, salary and address information for insurance company customers on traditional life insurance applications. The findings stated that Chen's counsel contacted FINRA and advised that Chen would not provide any further documents and information FINRA requested, or otherwise participate in the investigation. ([FINRA Case #2014039710901](#))

Christopher Clements ([CRD #1695798](#), Darien, Connecticut) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Clements consented to the sanction and to the entry of findings that he submitted false travel-related expense reports to his member firm. The findings stated that Clements was reimbursed approximately \$9,000 for car mileage and tolls to which he was not entitled, and then converted those funds from his firm for his own use. ([FINRA Case #2011028107201](#))

Michael Francis Dillon ([CRD #6013034](#), Clarks Summit, Pennsylvania) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Dillon consented to the sanctions and to the entry of findings that he forged customer signatures on forms in connection with enrollment in Term Life or LongTerm Care policies and a Savings Incentive Match Plan for Employees (SIMPLE) Individual Retirement Account (IRA) plan without their explicit knowledge, authorization or consent. The findings stated that all of the signatures were done with a good-faith belief of implied authority. No customers have complained, and all of the customers had been involved in meetings with Dillon regarding the opening of the accounts or purchase of the policies that the forms were for.

The suspension is in effect from November 3, 2014, through February 2, 2015. ([FINRA Case #2013035747501](#))

Michael Dinerman ([CRD #4919653](#), San Diego, 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 three months. Without admitting or denying the findings, Dinerman consented to the sanctions and to the entry of findings that he engaged in an outside business activity by serving as the Chief Operating Officer (COO) of a startup biotechnology company without providing prior written notice to his member firm. The findings stated that Dinerman purchased shares of the company in a private offering and purchased a convertible note from the company without prior written notice to the firm. Additionally, Dinerman inaccurately answered a firm annual questionnaire about that outside business activity and his private securities purchases.

The suspension is in effect from November 3, 2014, through February 2, 2015. ([FINRA Case #2013039108401](#))

Michael Edward Donnelly ([CRD #2276988](#), Newark, Delaware) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Donnelly consented to the sanction and to the entry of findings that he failed to provide FINRA with requested information and documentation for an investigation related to allegations that he converted client funds. The findings stated that after Donnelly received a second request, he informed FINRA that he would not cooperate or provide the requested information and documentation. ([FINRA Case #2014042487201](#))

John Wesley DuRant III ([CRD #1546234](#), Savannah, 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 six months. Without admitting or denying the findings, DuRant consented to the sanctions and to the entry of findings that he made sales of equity indexed annuities totaling approximately \$741,981. The findings stated that the indexed annuities were not products offered or sponsored by DuRant's member firm, and he did not provide prior written notice to the firm of his intent to sell the indexed annuities. DuRant earned commissions on the sales. In addition, DuRant submitted monthly compliance questionnaires that failed to disclose the activity.

The suspension is in effect from November 3, 2014, through May 2, 2015. ([FINRA Case #2013039263101](#))

Jo Ellen Fisher ([CRD #3047985](#), Gallipolis, Ohio) submitted an Offer of Settlement in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the allegation, Fisher consented to the sanction and to the entry of findings that she intentionally converted more than \$924,750 from a 95-year-old customer's trust account without the customer's knowledge or authorization. Fisher transferred the securities and cash from the trust account to her own daughter's brokerage account. The findings stated that after liquidating most of the securities, Fisher and her family used the funds for their personal benefit.

The findings also stated that Fisher provided a falsified "Godparent's Certificate" to her member firm and FINRA, and provided falsified client notes to her firm to create the deceptive appearance that the elderly customer intended to gift the securities and cash to Fisher's daughter because the daughter was purportedly the elderly customer's goddaughter, which she was not. The findings also included that during sworn testimony provided to FINRA, Fisher falsely claimed that the elderly customer directed each of the unauthorized transfers from his trust account to Fisher's daughter's brokerage account and that he did so because the daughter was his goddaughter. During testimony, Fisher falsely claimed that the "Godparent's Certificate" confirmed that her daughter was the elderly customer's goddaughter. Fisher also falsely testified that the client notes stating that the elderly customer intended to give money to Fisher's daughter were authentic. When informed during testimony that there was evidence that the client notes were fictitious, Fisher refused to answer any further questions. ([FINRA Case #2014041208401](#))

Yimin Ge ([CRD #4891755](#), Brooklyn, New York) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Ge consented to the sanction and to the entry of findings that she entered into an agreement with counterparties at other financial institutions to engage in pre-arranged trading in willful violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5. The findings stated that these prearranged transactions artificially influenced the natural forces of supply and demand in the market for the relevant securities. ([FINRA Case #2014041901701](#))

Abhishek Ghuwalewala ([CRD #5784094](#), Chicago, Illinois) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Ghuwalewala consented to the sanctions and to the entry of findings that while employed at a member firm, Ghuwalewala opened accounts at another broker-dealer firm that he did not disclose to his firm. The findings stated that Ghuwalewala failed to disclose his association with his firm to the other broker-dealer firm on the new account application for two of these accounts. Additionally, one of the undisclosed accounts was opened one day after the firm instructed Ghuwalewala that he was not allowed to open such accounts. The firm contacted the broker-dealer, which informed the firm that Ghuwalewala had recently opened two new accounts. For several months, the firm attempted unsuccessfully to have Ghuwalewala move the accounts from the broker-dealer to the firm, pursuant to the firm's policy prohibiting employees from holding outside brokerage accounts. Instead of complying with the firm's instruction to either close or transfer his accounts with the broker-dealer, Ghuwalewala opened a fourth account with the broker-dealer. Ghuwalewala did not disclose this account to the firm and again listed a previous employer as his current employer on the new account application form with the broker-dealer.

The suspension is in effect from November 3, 2014, through January 2, 2015. ([FINRA Case #2013036256501](#))

Patrick Arthur Gierke ([CRD #2169974](#), Lake in the Hills, Illinois) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Gierke consented to the sanctions and to the entry of findings that he failed and neglected to give prior or prompt written notice of his engagement in outside business activities to his member firm. The findings stated that Gierke received approximately \$32,314 in compensation for referring firm customers to an outside agent unaffiliated with the firm for the purpose of purchasing equity indexed annuities totaling approximately \$639,568 that were not offered by the firm.

The suspension is in effect from November 3, 2014, through January 2, 2015. ([FINRA Case #2011028628001](#))

Peter N. Girgis ([CRD #4520444](#), Staten Island, New York) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Girgis consented to the sanctions and to the entry of findings that he sent nonpublic personal information about a customer to an unauthorized individual, which caused a violation of Regulation S-P of the Securities Exchange Act of 1934 on the part of his member firm. The findings stated that Girgis sent, via facsimile, a monthly account statement for the customer to another customer without the customer's knowledge or permission. The account statement contained nonpublic customer information, including the account number, name, home address, account holdings and value of the customer's account at the firm. Girgis knew at the time he provided the account statement that he was not permitted to do so. Girgis did not provide the customer with a reasonable opportunity to opt out of the disclosure to the other customer.

The suspension is in effect from November 17, 2014, through December 31, 2014. ([FINRA Case #2013037123901](#))

Sanjay Goswami ([CRD #3024009](#), New York, New York) 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 60 days. Without admitting or denying the findings, Goswami consented to the sanctions and to the entry of findings that he engaged in a business activity with an entity outside the scope of his relationship with his member firm. The findings stated that Goswami failed to provide prior written notice to the firm before engaging in the business activity and did not disclose his involvement with the entity on a firm annual compliance certification. The findings also stated that Goswami sent emails and sales material to potential institutional investors that contained false, misleading and unwarranted statements concerning the outside business activity and the firm's involvement in that business.

The suspension is in effect from October 20, 2014, through December 18, 2014. ([FINRA Case #2012034747701](#))

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

This matter has been appealed to the SEC. The sanctions are not in effect pending the review. ([FINRA Case #2009016034101](#))

James Michael Ham ([CRD #1865836](#), Dallas, Texas) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 60 days. Without admitting or denying the findings, Ham consented to the sanctions and to the entry of findings that he executed discretionary transactions by making reallocations in the subaccounts of variable annuities customers owned without obtaining the customers' written authorization or his member firm's acceptance of the accounts as discretionary. The findings stated that at the time of the transactions, the firm did not permit its registered representatives to exercise discretion in customer accounts.

The suspension is in effect from November 3, 2014, through January 1, 2015. ([FINRA Case #2013039556701](#))

Nathan Andrew Harmon ([CRD #4988618](#), San Antonio, Texas) 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 nine months. Without admitting or denying the findings, Harmon consented to the sanctions and to the entry of findings that he engaged in an unapproved outside business activity by selling an equity-indexed annuity, that not his member firm had approved for sale, to a customer and receiving compensation as a result. The findings stated that Harmon did not complete an outside business activity disclosure (OBA) form, an OBA questionnaire, or receive the firm's prior approval to sell the equity-indexed annuity as by the firm's WSPs required. When FINRA initially asked Harmon about this activity, Harmon denied that he received compensation from the transaction.

The suspension is in effect from November 3, 2014, through August 2, 2015. ([FINRA Case #2013037822701](#))

Robert John Head ([CRD #240935](#), Omaha, Nebraska) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Head consented to the sanction and to the entry of findings that he exercised discretion in the account of an elderly customer diagnosed with dementia without obtaining the customer's prior written consent to do so. The findings stated that Head recommended transactions that were qualitatively and quantitatively unsuitable for the customer given her financial needs and medical condition. ([FINRA Case #2013038957401](#))

Jon Robert Hickman ([CRD #4644088](#), Pleasant Hill, California) submitted an AWC in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Hickman consented to the sanctions and to the entry of findings that while registered as a research analyst through a member firm, he made posts on Twitter concerning equity securities that failed to disclose that he owned shares of the subject security and/or were not fair and balanced in that they did not disclose risk or contingent factors or failed to provide a sound basis for evaluating the facts in regard to a particular security. The findings stated that Hickman posted the messages without his firm's knowledge.

The suspension was in effect from November 17, 2014, through December 1, 2014. ([FINRA Case #2011030501201](#))

Eric William Johnson ([CRD #2142522](#), Hinsdale, 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, Johnson consented to the sanction and to the entry of findings that he misappropriated more than \$1 million from at least six firm customers' brokerage accounts at his member firm. The findings stated that Johnson made wire transfers of funds from the firm customers' brokerage accounts to his own personal bank accounts. The firm's wire transfer form required the signature of a firm principal and the signature and seal of the firm's notary public. To effectuate certain wire transfers of customer funds to his personal bank accounts, Johnson falsified, or caused to be falsified, the signatures of a firm principal and the firm's notary public, as well as the notarized seal. The findings also stated that Johnson failed to provide FINRA-requested documents and information, and failed to appear and provide on-the-record testimony. Counsel for Johnson informed FINRA that Johnson would not provide the requested documents and information and would not appear and provide on-the-record testimony. ([FINRA Case #2014042723401](#))

Timothy Johnson II ([CRD #4634056](#), Florissant, Missouri) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Johnson consented to the sanction and to the entry of findings that he attempted to convert funds from his member firm for personal use and benefit by submitting false expense reports seeking reimbursement for personal, non-business related expenses. The findings stated that the firm discovered the false expense reports and refused to pay the personal expenses. By submitting false expense reports, Johnson caused the firm to maintain inaccurate books and records. The findings also stated that Johnson failed to appear and provide FINRA-requested testimony. ([FINRA Case #2013039579401](#))

Gregory S. Langsett ([CRD #1202437](#), Ft. Lauderdale, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Langsett consented to the sanction and to the entry of findings that he refused to provide FINRA with documents and information as part of an investigation into allegations that he participated in at least one private securities transaction by soliciting an elderly customer to invest in a purported hedge fund without providing prior written notification to, and receiving approval from, his member firm. The findings stated that Langsett submitted a deficient response to a FINRA Rule 8210 request for documents and information, and did not respond to an additional FINRA request. Langsett, through his counsel, stated that he refused to produce the requested documents or information. ([FINRA Case #2014041846301](#))

Michael Gregg Lieberman ([CRD #5266225](#), Huntersville, North Carolina) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Lieberman consented to the sanction and to the entry of findings that he failed to provide FINRA-requested documents and information regarding an investigation into allegations that he may have converted approximately \$1.4 to \$1.6 million of his member firm's funds. The findings stated that Lieberman, through his counsel, informed FINRA that he would not cooperate with FINRA's investigation. ([FINRA Case #2014042862101](#))

Matthew Anthony Luciano ([CRD #2645314](#), West Palm Beach, Florida) 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, Luciano consented to the sanctions and to the entry of findings that he engaged in an outside business activity without providing prompt written notice to his member firm. The findings stated that Luciano operated an investment-related limited liability company that offered consulting services for hedge fund managers. The company also maintained a website, on which Luciano was listed as a member on the Board of Directors.

The suspension was in effect from October 20, 2014, through November 14, 2014. ([FINRA Case #2012032976601](#))

Benjamin Doyle Maleche ([CRD #5573340](#), Seattle, Washington) 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 nine months. Without admitting or denying the findings, Maleche consented to the sanctions and to the entry of findings that he participated in the sale of private securities transactions by referring customers of his member firm to invest in a fund composed of pre-initial public offering (IPO) shares offered by an investment company without the firm's knowledge or consent. The findings stated that Maleche had a customer sign an incomplete switch letter form and arranged for other customers to sign blank securities business-related forms. Maleche was aware of his firm's prohibition against registered representatives accepting or retaining signed blank or incomplete applications or forms from a client.

The suspension is in effect from October 20, 2014, through July 19, 2015. ([FINRA Case #2013038502601](#))

Robert Charles Mangold ([CRD #1665614](#), Mt. Laurel, Florida) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for 60 days. In light of Mangold's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Mangold consented to the sanction and to the entry of findings that he solicited and received loans of \$56,000 from two customers. The findings stated that both of his member firms specifically prohibited its registered representatives from borrowing money from customers. Mangold made partial repayments totaling \$25,000 to the two customers.

The suspension is in effect from November 3, 2014, through January 1, 2015. ([FINRA Case #2013037265701](#))

Christopher Lawrence Miller ([CRD #1311128](#), The Woodlands, Texas) submitted an AWC in which he was assessed a deferred fine of \$15,000, suspended from association with any FINRA member in any capacity for 11 months and required to requalify as a general securities representative by passing the Series 7 examination prior to associating with any FINRA member firm in that capacity following the suspension. Without admitting or denying the findings, Miller consented to the sanctions and to the entry of findings that he posted messages on an Internet message board concerning publicly-traded securities that were unbalanced, promissory, misleading and/or lacked reasonable basis. The findings stated that Miller made all of the posts were at home from his personal computer during non-working hours. Miller owned varying positions in each of these stocks, and at times misstated the extent of his holdings in his posts. Miller also posted under two separate aliases, occasionally with the two aliases expressing agreement with each other. Miller failed to have any of his posts approved by a registered principal responsible for advertising at his member firm.

The suspension is in effect from October 6, 2014, through September 5, 2015. ([FINRA Case #2012035338601](#))

David Philip Morabito ([CRD #2799155](#), Mineola, New York) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for six months. In light of Morabito's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Morabito consented to the sanction and to the entry of findings that he participated in private securities transactions with a private investment company without providing notice of the transactions to his member firm or obtaining its written approval prior to participating in the transactions. The findings stated that Morabito recommended and facilitated firm customers to invest in a technology company through the private investment company. The customers have not received repayment of their loan, interest or any stock in the technology company. The findings also stated that Morabito loaned one of his immediate family members \$25,000 to invest in the technology company. At the time, the family member held an account with the firm that Morabito serviced. Morabito failed to notify the firm of the loan or obtain the firm's written approval to make the loan. The findings also included that Morabito willfully failed to update his Form U4 to disclose a bankruptcy and lien.

The suspension is in effect from November 3, 2014, through May 2, 2015. ([FINRA Case #2013036871102](#))

Fernando Alberto Morgan ([CRD #1200619](#), Miami, Florida) 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, Morgan 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. The findings stated that Morgan did not amend his Form U4 to reflect the liens until his member firm discovered an email between Morgan and his Certified Public Accountant (CPA) referencing an IRS tax lien.

The suspension is in effect from October 20, 2014, through January 19, 2015. ([FINRA Case #2014040876601](#))

James Gregory Nixon ([CRD #5284595](#), Tulsa, Oklahoma) submitted an AWC in which he was assessed a deferred fine of \$20,000, suspended from association with any FINRA member in any capacity for 12 months and ordered to pay deferred restitution of \$4,550, plus interest, to a customer. Without admitting or denying the findings, Nixon consented to the sanctions and to the entry of findings that he improperly accepted \$5,000 in loans and \$7,000 in monetary gifts from customers of his member firm. The findings stated that Nixon was aware of the firm's policy against receiving loans and cash gifts from customers but failed to report or get the firm's approval. The findings also stated that Nixon falsely reported on the firm's annual certifications that he had not obtained loans or gifts from customers. During the firm's investigation related to Nixon accepting loans from firm customers, he provided materially false responses and misleading information to the firm regarding the loans and gifts. Nixon's firm determined that Nixon had obtained money from a customer and that he had provided materially false responses to its questions. The firm terminated Nixon's employment thereafter.

The suspension is in effect from October 20, 2014, through October 19, 2015. ([FINRA Case #2014041097901](#))

Ralph Irwin Pence ([CRD #2591008](#), Coppell, Texas) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Pence consented to the sanctions and to the entry of findings that he engaged in outside business activities without written notice to his member firm, including after the firm told him to cease such activities. The findings stated that despite the firm's denials of his requests to engage in the outside business activities and the firm's reprimands due to his involvement with the activities prior to receiving approval, Pence remained actively involved with the outside business activities through his termination from the firm. Pence completed and submitted the firm's Field Annual Compliance Questionnaire for four years. In each questionnaire, Pence denied providing third-party administration services, denied being involved in any retail or wholesale merchandising or services, and certified that he had disclosed all outside business activities that he was engaged in. These responses were inaccurate in light of his ongoing involvement with the outside business activities.

The suspension is in effect from October 20, 2014, through April 19, 2015. ([FINRA Case #2013038482601](#))

James Emory Poe ([CRD #5085362](#), Benbrook, Texas) submitted an AWC in which he was assessed a deferred fine of \$775,000, which includes disgorgement of financial benefits received of \$686,230, plus interest, and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, Poe consented to the sanctions and to the entry of findings that he failed to provide prior written notice to or receive written approval from his member firm regarding his roles with two hedge funds, his planned participation or his expected compensation. The findings stated that Poe structured and sold investments in life settlements totaling approximately \$2.25 million and received compensation in the form of management fees. Poe failed to provide prior written notice to or receive written approval from his firm regarding his role, his planned participation or his expected compensation. Poe participated in private securities transactions with the hedge funds and by selling investments in life settlements. Poe failed to provide prior written notice of these activities to his firm and did not receive the firm's written approval of them. Poe received compensation from engaging in the private securities transactions. The findings also stated that Poe failed to respond in a timely manner to FINRA requests for information or documents regarding, among other things, his participation in the hedge funds.

The suspension is in effect from November 3, 2014, through November 2, 2016. ([FINRA Case #2013036824401](#))

James Harrison Purtle ([CRD #2169206](#), Ramsey, Minnesota) submitted an AWC in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Purtle consented to the sanctions and to the entry of findings that he exercised discretion in a customer's accounts without obtaining the customer's prior written authorization. The findings stated that the customer periodically discussed her account strategies with Purtle and gave him verbal authorization to exercise discretion in her accounts. However, the customer did not give Purtle written authorization to exercise discretion in her accounts, and Purtle's member firm did not approve her accounts as discretionary accounts.

The suspension was in effect from November 3, 2014, through November 14, 2014. ([FINRA Case #2013036525701](#))

Derek Brice Radzikowski ([CRD #2707808](#), Highland Beach, Florida) submitted an AWC in which he was assessed a deferred fine of \$18,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, Radzikowski consented to the sanctions and to the entry of findings that he engaged in outside business activities where he conducted a mortgage relief business through multiple business entities and received compensation from that business without providing written notice to his member firms.

The suspension is in effect from October 20, 2014, through October 19, 2016. ([FINRA Case #2012034808901](#))

Jose E. Ramirez ([CRD #5657264](#), Springfield, Massachusetts) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Ramirez failed to comply with multiple FINRA requests for information and documents related to an investigation into whether he failed to disclose criminal charges filed against him while he was associated with a FINRA member firm. ([FINRA Case #2013036007801](#))

Roger Stephen Rathmell ([CRD #711949](#), Chesterfield, Missouri) 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, Rathmell consented to the sanctions and to the entry of findings that he failed to report written customer complaints in accordance with his member firm's policies and procedures. The findings stated that Rathmell received written complaints from customers alleging that a registered representative of his firm was misappropriating the customers' funds. At the time, Rathmell was a supervisor in the same office as the registered representative and was responsible for reporting customer complaints to appropriate firm personnel.

The suspension is in effect from October 6, 2014, through April 5, 2015. ([FINRA Case #2013037137601](#))

Steven Robert Rosh ([CRD #2962763](#), Edgewood, Kentucky) 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 60 days. Without admitting or denying the findings, Rosh consented to the sanctions and to the entry of findings that he engaged in outside businesses without first providing written notice to his member firm. The findings stated that Rosh participated in an unapproved private securities transaction by loaning \$145,462.61 to a financial entity without obtaining the firm's prior written authorization.

The suspension is in effect from November 3, 2014, through January 1, 2015. ([FINRA Case #2012034754201](#))

Michael Sherman Sleight ([CRD #1328515](#), Walworth, New York) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for six months. In light of Sleight's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Sleight consented to the sanction and to the entry of findings that he failed to timely amend his Form U4 to disclose a felony charge for driving while intoxicated. The findings stated that after filing for bankruptcy, Sleight stopped disclosing more than \$170,000 in outstanding federal liens on his Form U4 and inaccurately reported that he had no unsatisfied liens against him. The bankruptcy did not eliminate those liens.

The suspension is in effect from October 20, 2014, through April 19, 2015. ([FINRA Case #2013037455201](#))

Javier Tellez (CRD #4589012, Miami, Florida) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Tellez consented to the sanctions and to the entry of findings that he failed to implement his member firm's AML compliance program (AMLCP), and failed to report account activity and other similar activity in accounts to the firm's AML principal as required by the firm's AMLCP. The findings stated that Tellez failed to report certain AML red flags indicative of potentially suspicious activity, as identified within the firm's AMLCP, which were exhibited in various customer accounts involving potentially suspicious liquidations of Venezuelan sovereign and state-sponsored bonds. The majority of the accounts exhibited a pattern of receiving Venezuelan bonds after which the bonds were sold in a short period of time, followed by disbursement of the sale proceeds by outgoing wire transfers, checks and automated teller machine (ATM) withdrawals without re-investment. Certain of the accounts engaged in extensive money movements after the liquidation of Venezuelan bonds without any further corresponding securities activity, which often times exceeded the account holders' stated net worth and annual income. Other accounts solely engaged in extensive money movements without any corresponding securities or bond liquidation activity, which exceeded the account holders' stated net worth and annual income. In addition to being aware of activity that was inconsistent with the foreign exchange market process, Tellez also attempted to assist a customer open additional accounts to circumvent those restrictions.

The suspension is in effect from October 20, 2014, through January 19, 2015. ([FINRA Case #2013035775301](#))

Mario Patrick Torsiello (CRD #1667050, Chappaqua, New York) submitted an Offer of Settlement in which he was fined \$35,000, barred from association with any FINRA member in a principal capacity and suspended from association with any FINRA member in any capacity for 12 months. Without admitting or denying the allegations, Torsiello consented to the sanctions and to the entry of findings that he failed to implement and enforce his member firm's WSPs and failed to supervise a registered representative who engaged in insider trading and willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5. The findings stated that Torsiello never obtained or reviewed firm employees' duplicate confirms or statements for accounts held away from the firm, even though he was required to do so pursuant to his member firm's WSPs. Torsiello sent a letter to a broker-dealer at which the registered representative held a securities account telling the broker-dealer not to send duplicate confirms and statements for the registered representative's account to the firm. Even though required to do so pursuant to his member firm's WSPs, Torsiello also never created or maintained a written Restricted List prohibiting firm employees from transacting in any security on the list. Torsiello never obtained an

executed Insider Trading Acknowledgment form from the registered representative, even though he was required to do so pursuant to his member firm's WSPs. The findings also stated that Torsiello willfully failed to timely disclose liens, judgments, a felony charge and a felony guilty plea on his Form U4.

The suspension is in effect from November 17, 2014, through November 16, 2015. ([FINRA Case #2012035252802](#))

Duncan Eric Wine ([CRD #1263728](#), Houston, Texas) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Wine consented to the sanctions and to the entry of findings that he willfully failed to amend his Form U4 to disclose an unsatisfied IRS tax lien and a personal bankruptcy filing.

The suspension is in effect from October 20, 2014, through January 19, 2015. ([FINRA Case #2013039386601](#))

Dennis Todd Witthoeft ([CRD #1631137](#), Wesley Chapel, Florida) 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, Witthoeft consented to the sanctions and to the entry of findings that he improperly exercised discretion by effecting stock and option transactions in a single customer account after the end of the business days on which the customer authorized the transactions. The findings stated that Witthoeft failed to obtain the customer's written authorization permitting such use of discretion and his member firm had not accepted the account as discretionary.

The suspension is in effect from November 3, 2014, through December 15, 2014. ([FINRA Case #2013037625201](#))

Alicia Maria Woppel ([CRD #5872671](#), Norwood Park, Illinois) submitted an AWC in which she was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for 16 months. Without admitting or denying the findings, Woppel consented to the sanctions and to the entry of findings that she willfully failed to amend her Form U4 to report felony charges and a felony conviction for burglary. The findings stated that Woppel submitted compliance affirmations to her member firm in which she falsely certified that she had disclosed to the firm any arrests or criminal proceedings involving her when in fact she had not done so. The findings also stated that Woppel failed to timely respond to a FINRA request for documents and information regarding allegations that she failed to amend her Form U4 to report felony charges.

The suspension is in effect from November 3, 2014, through March 2, 2016. ([FINRA Case #2013037772802](#))

David Young ([CRD #2895390](#), North Las Vegas, Nevada) 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, Young consented to the sanctions and to the entry of findings that he willfully failed to disclose an Order issued by the State of Nevada Department of Business and Industry, Division of Mortgage Lending, that barred him from conducting a mortgage modification or foreclosure business, imposed a \$50,000 administrative fine, ordered a refund of \$13,475 to homeowners and ordered payment of costs of \$1,020.

The suspension is in effect from October 20, 2014, through April 19, 2015. ([FINRA Case #2012034477101](#))

Dennis Young ([CRD #2070952](#), Forest Hills, New York) submitted an AWC in which he was fined \$11,500 and suspended from association with any FINRA member in any principal capacity for four months. Without admitting or denying the findings, Young consented to the sanctions and to the entry of findings that he failed to develop and implement a reasonably designed AML suspicious activity monitoring program. The findings stated that Young, acting in his capacity as the AML Compliance Officer (AMLCO) of his member firm, failed to monitor, detect, investigate and, where appropriate, report potentially suspicious activity related to the deposit and liquidation of low-priced securities through various accounts at the firm. While the firm's AML procedures were not adequately tailored to the risks associated with the deposit and liquidation of low-priced securities, there was activity that should have triggered additional due diligence under the existing procedures that Young, in his role as AMLCO, failed to properly address. The firm's clearing firm also raised concerns about the legitimacy of the issuers whose securities were being deposited and liquidated through a foreign institutional customer's accounts. These inquiries, which included specific allegations of prior market manipulative activities by executives for certain issuers, were never investigated. If Young had conducted additional due diligence, he would have discovered additional red flags indicative of potentially suspicious activity about the client and the securities being liquidated.

The findings also stated that Young, acting in his capacity as the firm's chief compliance officer (CCO), failed to establish, maintain and enforce an adequate supervisory system, including WSPs, reasonably designed to achieve compliance with Section 5 of the Securities Act of 1933 in relation to the deposit and liquidation of low-priced securities. Young instead unreasonably relied upon branch personnel and the firm's clearing firm to monitor for compliance with Section 5. In fact, notwithstanding Young's awareness of the pervasiveness of the deposit and liquidation of low-priced securities in the subject accounts, and the red flags raised by the firm's clearing firm about the issuers in connection with multiple inquiries, Young failed to establish, maintain, and enforce an adequate supervisory system to monitor and address this activity.

The suspension is in effect from November 17, 2014, through March 16, 2015. ([FINRA Case #2011025544301](#))

Robert Anthony Yrshus ([CRD #858876](#), Houston, Texas) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Yrshus consented to the sanctions and to the entry of findings that he willfully failed to amend his Form U4 to disclose unsatisfied IRS tax liens and civil judgments.

The suspension is in effect from October 20, 2014, through April 19, 2015. ([FINRA Case #2013039386602](#))

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.

Michael Jeffrey Baker ([CRD #2565823](#), Hoboken, New Jersey) was named a respondent in a FINRA complaint alleging that he completely failed to respond to FINRA requests for information and documents in connection with an investigation of a potential failure to timely report a judgment or disclose an IRS lien on his Form U4. ([FINRA Case #2014041664201](#))

Kenneth Brownlee ([CRD #4534181](#), Buford, Georgia) was named a respondent in a FINRA complaint alleging that he failed to conduct sufficient due diligence on a company to be able to make suitable recommendations to his customers and did not have a reasonable basis to make the recommendations. The complaint alleges that Brownlee brought the investment in the company to his customers' attention, recommended that they sell their current investments and invest in the company, and facilitated the sale of their current investments and investments in the company. The complaint also alleges that Brownlee failed to give prior written notice to, and receive prior written permission from his member firm before participating in these private securities transactions. Brownlee received compensation from the company and an affiliate.

The complaint further alleges that Brownlee falsely represented to his firm in his annual compliance questionnaire that he had not engaged in any private securities transactions during the prior 12 months, had not accepted compensation from any person or entity not approved by his firm, had forwarded copies of all securities-related incoming and outgoing correspondence that was not received through his firm email account, and had not provided fiduciary services, such as acting with power of attorney, for any person. In addition, the complaint alleges that Brownlee falsely stated in response to FINRA requests for information and documents that he did not receive any money from the company or

any related entity, and that he did not participate in his customers' investments in the company. Moreover, the complaint alleges that Brownlee failed to appear for FINRA-requested on-the-record testimony. ([FINRA Case #2013036217601](#))

J. Michael Casas ([CRD #4422064](#), Katy, Texas) was named a respondent in a FINRA complaint alleging that he intentionally made material misrepresentations to induce individuals to invest a total of \$83,066.41 as "seed capital" to help fund the development and execution of a planned reverse merger transaction that was ultimately never consummated. The complaint alleges that Casas misappropriated more than \$48,000 of the invested funds and converted them to his own personal use. Casa has never repaid the misappropriated funds. The complaint also alleges that in the subscription agreement for these investments, as well as related email communications, Casas represented that the intended purpose of the funds was for accounting fees, legal fees, and operational expenses of the entity that was purportedly facilitating the reverse merger transaction. Casas knew at the time that these representations were false since he intended to use the funds for his own personal use. Casas induced the purchase of the securities by the means of a manipulative, deceptive or other fraudulent device or contrivance, in willful violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5. ([FINRA Case #2013036799501](#))

Bradley Keith Drude ([CRD #1401888](#), New Orleans, Louisiana) was named a respondent in a FINRA complaint alleging that he failed to disclose, in contravention of his member firm's WSPs, that a customer had named him as executor and beneficiary in her will, granted him general power-of-attorney, and designated him as the person to make health-care decisions on her behalf. The complaint alleges that Drude's failure to disclose his fiduciary positions to the firm prevented the firm from addressing the conflicts of interest and potential exploitation of Drude's relationship with his customer. The complaint also alleges that the firm sent out annual outside business activity questionnaires over three years asking Drude whether he had been named or served in a fiduciary capacity in the preceding 12 months. In response to all three questionnaires, Drude failed to disclose that the customer had named him in her will as beneficiary and executor, or granted him general power-of-attorney. As a result, Drude caused his firm's books and records to be false. The complaint further alleges that Drude failed to provide his firm with prior written notice of his expectation of compensation due to his being named as the executor in a customer's will. ([FINRA Case #2012033824902](#))

eBX LLC dba Level ATS ([CRD #138138](#), Boston, Massachusetts) was named a respondent in a FINRA complaint alleging that it failed to properly report to FINRA approximately 15,339,190 transactions it matched on behalf of its broker-dealer subscribers. The complaint alleges that in each of these agency transactions, the firm either incorrectly denoted its capacity as principal or failed to include a short sale indicator. The complaint also alleges that the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with its trade reporting obligations,

continuously and repeatedly failing to report cross transactions as agent and failing to include the short sale indicator when required, despite being specifically instructed to do so by FINRA. ([FINRA Case #2010021572001](#))

Robert Jay Eide ([CRD #1015261](#), New York, New York) was named a respondent in a FINRA complaint alleging that he willfully failed to timely update his Form U4 to disclose tax liens. ([FINRA Case #2011026386002](#))

Antonio Vergaray Falcon ([CRD #5615176](#), Granada Hills, California) was named a respondent in a FINRA complaint alleging that he failed to appear for FINRA on-the-record interviews as part of an investigation of Falcon and the circumstances leading to his termination by his former member firm, including allegations that he violated the firm's medical underwriting procedures by providing his own fluid samples instead of his customers'. ([FINRA Case #2013035252902](#))

Sharon H. Goodale ([CRD #4970485](#), Pomona, California) was named a respondent in a FINRA complaint alleging that she failed to respond to FINRA requests for documents and information regarding the circumstances leading to her termination by her former member firm, including allegations that she violated the firm's policies and procedures by signing pre-filled traditional life insurance applications without actually witnessing the respective customers' signatures. ([FINRA Case #2013035445001](#))

Richard Francis Kenny Jr. ([CRD #2794050](#), Chicago, Illinois) was named a respondent in a FINRA complaint alleging that he repeatedly refused to fully respond to FINRA requests for information in connection with an investigation of trading activity in accounts he serviced. ([FINRA Case #2014040779001](#))

Anthony P. Le ([CRD #2887469](#), New York, New York) was named a respondent in a FINRA complaint alleging that he converted approximately \$71,843 from his member firm by causing commissions on his trades to be increased for his personal benefit without the firm's knowledge or consent. In addition, the complaint alleges that Le converted approximately \$17,783 in commissions from another registered representative of his firm by making himself the salesperson of record for transactions in which he did not participate. The complaint also alleges that, in executing his scheme to convert funds, Le falsified firm records and caused his firm to maintain inaccurate books and records by improperly creating or falsifying order tickets. ([FINRA Case #2013039338501](#))

Meyers Associates, L.P. ([CRD #34171](#), New York, New York), **Imtiaz A. Khan** ([CRD #4084250](#), New York, New York) and **Bruce Meyers** ([CRD #1045447](#), New York, New York) were named respondents in a FINRA complaint alleges that the firm and Meyers engaged in the improper public offering and sale of unregistered securities, in contravention of Section 5 of the Securities Act of 1933. The complaint alleges that through general solicitation, the firm and Meyers marketed an unregistered offering to more than 1,000 recipients of boiler-plate emails, without first establishing a substantive relationship with each recipient

solicited. In marketing the offering, the firm, acting through Meyers, made exaggerated and unbalanced claims and improper predictions of price performance and omitted material facts, including full disclosure of the firm's, Khan's and Meyers' ownership interest in the company. The emails were not fair and balanced because they did not contain adequate risk disclosures. The complaint also alleges that the firm was required to file a private placement memorandum (PPM) for another offering with FINRA at or prior to the first time the document was provided to any prospective investor. The firm failed to do so and did not file the PPM until at least three months after providing the PPM to a prospective investor.

The complaint further alleges that the firm failed to establish and maintain a reasonable system for maintaining accurate books and records. Khan and Meyers caused the firm to record payments in its books and records, including payments for personal expenses, as miscellaneous travel and entertainment expenses or other miscellaneous business expenses, rather than as compensation to them. Payments made for their personal expenses should have been recorded in the firm's books and records as part of their compensation. As a result, the firm willfully violated Section 17(a) of the Securities Exchange Act of 1934 and Rules 17a-3, 17a-4 and 17a-5 thereunder; NASD Rule 3110; and FINRA Rules 2010 and 4511 by creating and maintaining inaccurate books and records. Khan and Meyers also caused the firm to issue them inaccurate IRS Forms W-2 that understated their compensation by failing to include any of the more than \$200,000 the firm paid on their behalf, including for their personal expenses.

In addition, the complaint alleges that the firm failed to establish and maintain a reasonable system, including adequate WSPs, for the review by a registered principal of incoming and outgoing electronic correspondence. The firm did not maintain any documentation that adequately identified the communications reviewed, the reviewers or the dates on which the communications were reviewed. The firm failed to report, and failed to timely report, customer complaints. Most of the complaints were sent to registered representatives via email, and contained allegations of sales practice violations. The firm failed to locate many of these emails through any supervisory review of email communications. The firm also failed to establish, maintain and enforce written supervisory control policies and procedures concerning the transmittal of customer funds and the activities of producing managers. In addition, the firm prepared a deficient NASD Rule 3012 report during 2009. ([FINRA Case #2010020954501](#))

Peter Michael Terlecky III ([CRD #2301793](#), Grand Island, New York) was named a respondent in a FINRA complaint alleging that he circumvented his member firm's supervisory and compliance procedures by concealing and failing to process variable annuity purchase transactions totaling approximately \$2.3 million as annuity replacement trades, even though each purchase was funded by the sale of a fixed or variable annuity. The complaint alleges that Terlecky concealed the variable annuity replacements from his firm's supervisory review by structuring them as separate trades through a two-step process, rather than through annuity exchanges. Terlecky accomplished this by transferring

the sale proceeds from the replaced annuity to a firm brokerage (money market) account and then, after waiting a short period, usually seven days or less, used the funds in the brokerage account to purchase the new variable annuity. Terlecky prepared and submitted new account forms and annuity documents to the firm for each of the variable annuity replacements containing numerous misrepresentations and items of false information that further disguised the true nature of these transactions. Terlecky earned greater commissions and avoided supervisory scrutiny by circumventing firm procedures and concealing the annuity replacements. Conversely, the customers suffered harm as a result of this misconduct by, among other things, being deprived of receiving firm-mandated disclosures of material facts regarding annuity replacements and the opportunity of performing a meaningful comparison between the annuities they were selling and those they were considering for purchase, and, in some instances, unnecessarily incurring new seven year surrender periods with their replacement variable annuities. ([FINRA Case #2011029089201](#))

James Frederick Van Doren ([CRD #5048067](#), Long Island City, New York) was named a respondent in a FINRA complaint alleging that he participated in a scheme to defraud a business associate's creditors and creditors of the associate's company by concealing the associate's funds from the creditors and allowing the associate to improperly use the money for the associate's personal benefit. The complaint alleges that Van Doren retained some funds to cover losses incurred by his outside business through its investments with the associate and the associate's business. Van Doren pled guilty in U.S. District Court to one count of money-laundering for depositing a check from the associate into Van Doren's account and wiring funds to an account the associate controlled. ([FINRA Case #2013036707101](#))

Complaints Withdrawn

(FINRA issued the following complaint, which represented FINRA's initiation of a formal proceeding. The Hearing Officer has subsequently ordered that the complaint be withdrawn.)

Yingchen Liu ([CRD #5356808](#))
New York, New York
(October 9, 2014)
FINRA Case #2013038309401

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

Hunter Scott Financial, LLC (CRD #45559)
 Delray Beach, Florida
 (October 10, 2014)
 FINRA Case #2012034690901

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.)

Bryan Wayne Anderson (CRD #3116269)
 Hoover, Alabama
 (October 10, 2014)
 FINRA Case #2014041230201

Byron Ray Claflin (CRD #1516534)
 Rockford, Washington
 (October 3, 2014)
 FINRA Case #2014040462801

Courtney Lamant Crusoe (CRD #6263882)
 Fort Wayne, Indiana
 (October 14, 2014)
 FINRA Case #2014040252601

William Stanley Davis (CRD #5705644)
 Murfreesboro, Tennessee
 (October 3, 2014)
 FINRA Case #2014040139601

Tauber Lawrence Emmings (CRD #1753977)
 East Rochester, New York
 (October 3, 2014)
 FINRA Case #2014039930701

Michael Melvin Frazier (CRD #1025419)
 Ottumwa, Iowa
 (October 28, 2014)
 FINRA Case #2014040829601

Arsen A. Gaboyan (CRD #5768192)
 Glendale, California
 (October 28, 2014)
 FINRA Case #2014041098001

William Joseph Gaspar (CRD #1490765)
 Excelsior, Minnesota
 (October 6, 2014)
 FINRA Case #2014041311301

Theresa Rene Harfoot (CRD #5396450)
 White Lake, Michigan
 (October 14, 2014)
 FINRA Case #2014040519801

Akshay Balakrishna Hegde (CRD #5540272)
 Miami, Florida
 (October 21, 2014)
 FINRA Case #2013038083901

Erik Lawrence Hockenberry (CRD #4472105)
 Salem, Missouri
 (October 21, 2014)
 FINRA Case #2014039746801

Jeffrey Einer Lewis (CRD #3133083)
 Renick, West Virginia
 (October 14, 2014)
 FINRA Case #2014041136001

Aliza Ann Manzella (CRD #6014502)
 Lake Barrington, Illinois
 (October 28, 2014)
 FINRA Case #2014040782101

Patricia S. Miller (CRD #2302464)
 South Park, Pennsylvania
 (October 3, 2014)
 FINRA Case #2014041294401

James Ward Noble (CRD #5574568)
Cartersville, Georgia
(October 16, 2014)
FINRA Case #2013035203502/FPI140007

Devlin Wayne Osburn (CRD #2042339)
Pasadena, California
(October 27, 2014)
FINRA Case #2014041090301

Stephen Eldridge Ridgely II (CRD #2662867)
Parkland, Florida
(October 28, 2014)
FINRA Case #2014040445101

Andrea Sanchez (CRD #5401265)
New Rochelle, New York
(October 21, 2014)
FINRA Case #2014040235501

Monica L. Smith (CRD #6256393)
Houston, Texas
(October 28, 2014)
FINRA Case #2014040895801

Hope Renee Thomas (CRD #2182450)
German Valley, Illinois
(October 27, 2014)
FINRA Case #2013036944901

Julia Luisa Volkman (CRD #4249235)
Menomonee Falls, Wisconsin
(October 20, 2014)
FINRA Case #2014041509301

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.)

Thomas Michael Giugliano (CRD #2804591)
Cold Spring Harbor, New York
(December 24, 2012 – October 1, 2014)
FINRA Case #2008011665801

David Robert Wolk (CRD #2945630)
New York, New York
(October 29, 2014)
FINRA Case #2012034393403

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.)

Donald L. Baker II (CRD #3153629)
Charlotte, Vermont
(October 14, 2014)
FINRA Case #2013036310901

Deborah Bush (CRD #5986365)
Inglewood, California
(October 10, 2014)
FINRA Case #2014041932801

Todd Alan Cummings (CRD #4027892)
Burleson, Texas
(October 24, 2014)
FINRA Case #2014041919701

Richard Edward Ford (CRD #5605404)
Chicago, Illinois
(August 18, 2014 – October 31, 2014)
FINRA Case #2013036650601

David Robert Gray II (CRD #1501892)
Greenwood Village, Colorado
(August 21, 2014 – October 17, 2014)
FINRA Case #2013037654101

Donald Gammon Hall Jr. (CRD #5426644)
Raleigh, North Carolina
(October 14, 2014)
FINRA Case #2014042124201

Kimberley Ann Jim (CRD #4722843)
Oregon City, Oregon
(October 16, 2014)
FINRA Case #2013039397602

Patricia Maria Lanigan (CRD #2237413)
Clifton, New Jersey
(October 14, 2014)
FINRA Case #2013039390301

Edwin Rafael Mejia (CRD #5266920)
Yonkers, New York
(October 27, 2014)
FINRA Case #2014041136401

Scott Newsholme (CRD #3062837)
Freehold, New Jersey
(October 21, 2014)
FINRA Case #2014042041701

Earthel Dwight Parker (CRD #5545133)
Redford, Michigan
(April 14, 2014 – April 29, 2014)
FINRA Case #2012033747401

Uday M. Raval (CRD #4921150)
Hillsborough, New Jersey
(October 20, 2014)
FINRA Case #2014041709401

Darrell Duane Smith (CRD #1685641)
Forest City, Iowa
(October 21, 2014)
FINRA Case #2012031921701/FPI140010

B. Chapman Syme (CRD #4279574)
New York, New York
(October 27, 2014)
FINRA Case #2013037133101

Shakeel Ahmad Tanveer (CRD #2339705)
Mason, Ohio
(October 14, 2014)
FINRA Case #2014041513901

Timothy Eugene White (CRD #3191794)
San Angelo, Texas
(October 31, 2014)
FINRA Case #2013039435101

Individuals Suspended for Failure to Comply with an Arbitration Award or Settlement Agreement Pursuant to FINRA Rule 9554 (The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Joshua Robinson Ballinger (CRD #4097684)
Fort Wayne, Indiana
(October 6, 2006 – October 27, 2014)
FINRA Arbitration Case #05-06604

Patrick Ryan Bray (CRD #3184746)
Bradenton, Florida
(October 21, 2014)
FINRA Arbitration Case #12-00084

Jason Robert Buscaglia (CRD #5399296)
Massapequa, New York
(October 22, 2014)
FINRA Arbitration Case #13-01124

Joel William Carlson (CRD #2844760)
Vadnais Heights, Minnesota
(October 22, 2014)
FINRA Arbitration Case #12-04090

Charles Barnett Davis Jr. (CRD #61845)
Snellville, Georgia
(October 27, 2014)
FINRA Arbitration Case #13-00438

Turker Ergun (CRD #4347758)
Irvine, California
(October 22, 2014)
FINRA Arbitration Case #12-03926

Derek Ryan Forrest (CRD #5502817)
Tulsa, Oklahoma
(October 16, 2014)
FINRA Arbitration Case #13-02153

Lauren Gail Ganz (CRD #2176417)
Maple Plain, Minnesota
(October 24, 2014)
FINRA Arbitration Case #13-01412

Gregory Evan Goldstein (CRD #2412387)
Stevenson Ranch, California
(October 27, 2014)
FINRA Arbitration Case #11-01931

William Eric Hopkins Sr. (CRD #4067348)
Raleigh, North Carolina
(October 21, 2014)
FINRA Arbitration Case #13-02960

David Scott Isolano (CRD #2504880)
Harrisburg, Pennsylvania
(October 27, 2014)
FINRA Arbitration Case #13-01829

Matthew Thomas Kane (CRD #4763692)
Quincy, Massachusetts
(October 21, 2014)
FINRA Arbitration Case #13-02643

Florence Rosenthal Klein (CRD #271361)
Colorado Springs, Colorado
(October 21, 2014)
FINRA Arbitration Case #12-00091

Brian Joseph Merrigan (CRD #2195460)
Golden, Colorado
(October 23, 2014)
FINRA Arbitration Case #13-02600

Edward Thomas Murphy (CRD #3041818)
South Plainfield, New Jersey
(October 24, 2014)
FINRA Arbitration Case #13-02678

Gurudeo Sukul Persaud (CRD #1607379)
Orlando, Florida
(October 21, 2014)
FINRA Arbitration Case #12-02801

Frank Anthony Quatararo Jr. (CRD #2698037)
Sandy Springs, Georgia
(October 23, 2014)
FINRA Arbitration Case #13-01509

Anthony John Salino (CRD #2162704)
New Fairfield, Connecticut
(October 27, 2014)
FINRA Arbitration Case #13-01948

Joseph Jared Sanchis (CRD #4705240)
Belmont, California
(October 2, 2014)
FINRA Arbitration Case #13-02817

Brian Simone (CRD #5357610)
Elmhurst, New York
(October 24, 2014)
FINRA Arbitration Case #12-02408

Steven John Simone (CRD #2413602)
East Elmhurst, New York
(October 24, 2014)
FINRA Arbitration Case #12-02408

Jeremy Gerald Tintle (CRD #2817173)
Atlanta, Georgia
(October 24, 2014)
FINRA Arbitration Case #13-00461

FINRA Fines Merrill Lynch a Total of \$6 Million for Reg SHO Violations and Supervisory Failures

The Financial Industry Regulatory Authority (FINRA) announced that it has censured and fined [Merrill Lynch Professional Clearing Corp. \(Merrill Lynch PRO\)](#) \$3.5 million for violating Regulation SHO, an SEC rule that established a regulatory framework to govern short sales and prevent abusive naked short selling. FINRA also censured and fined its affiliated broker-dealer, [Merrill Lynch, Pierce, Fenner & Smith Incorporated \(Merrill Lynch\)](#), \$2.5 million for failing to establish, maintain and enforce supervisory systems and procedures related to Regulation SHO and other areas.

In addition to curtailing naked short selling, among other things, Regulation SHO also aims to reduce the number of instances in which sellers fail to timely deliver securities. Regulation SHO requires a firm to timely “close out” any fail-to-deliver positions by borrowing or purchasing securities of like kind and quantity. Additionally, Reg SHO permits firms to reasonably allocate fail-to-deliver positions to its broker-dealer clients that caused or contributed to the firm’s fail-to-deliver position.

FINRA found that from September 2008 through July 2012, Merrill Lynch PRO did not take any action to close out certain fail-to-deliver positions, and did not have systems and procedures in place to address the close-out requirements of Regulation SHO for the majority of that period. FINRA also found that from September 2008 through March 2011, Merrill Lynch’s supervisory systems and procedures were inadequate and improperly permitted the firm to allocate fail-to-deliver positions to the firm’s broker-dealer clients based solely on each client’s short position without regard to which clients caused or contributed to Merrill Lynch’s fail-to-deliver position.

Brad Bennett, FINRA’s Executive Vice President and Chief of Enforcement, said, “Firms must ensure that their supervisory systems are designed to address and ensure compliance with Regulation SHO. In these cases, each firm’s failure to establish systems and procedures to properly close out its fail-to-deliver positions could have potentially negative market impact, which could harm investors.”

FINRA’s investigation was conducted by the Departments of Enforcement and Market Regulation.