FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement, Complainant, v. Glendale Securities, Inc. (CRD No. 123649), George Alberto Castillo (CRD No. 1936486), Paul Eric Flesche (CRD No. 3277904), Albert Raymond Laubenstein (CRD No. 303462), Jose Miguel Abadin (CRD No. 1273345), and Huanwei Huang (CRD No. 3268328), Respondents.	DISCIPLINARY PROCEEDING NO. 2016049565901

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. During the period from October 2014 through March 2016 (the "Relevant Period"), Respondents Glendale Securities, Inc. ("Glendale" or the "Firm") and its President and Head Trader George Castillo, engaged in a scheme to manipulate a low-priced, thinly-traded stock issued by NuGene International Inc. ("NuGene" or "NUGN"). Glendale and Castillo

placed an order on behalf of a Firm customer to manipulate the closing price of NUGN, in willful violation of Section 10(b) of the Securities and Exchange Act of 1934 and SEC Rule 10b-5 thereunder, and in violation of FINRA Rules 2020 and 2010. By artificially inflating NUGN's price, Glendale and Castillo released customers from so-called "lock-up" agreements that limited their ability to sell shares of NUGN unless and until NUGN's market capitalization reached certain thresholds. Once the customers' shares were free from the lock-up agreement as a result of the artificial price inflation, those customers liquidated over $8 million of NUGN shares, and for its part, the Firm earned over $190,000 in commissions and fees for effecting such liquidations.

2. Glendale's business primarily concerned facilitating customer deposits and liquidations of microcap securities and penny stocks and market making in those same securities. Yet throughout the Relevant Period, Respondents Glendale, Castillo, Chief Compliance Officer Eric Flesche, and Anti-money Laundering ("AML") Compliance Officer Albert Laubenstein, failed to establish and implement AML policies and procedures reasonably designed to detect and report suspicious activity, including AML red flags, specific to the Firm's lines of business, and therefore violated FINRA Rules 3310(a) and 2010. In addition, registered representatives Huanwei Huang and Jose Abadin failed to detect and report suspicious activity, including AML red flags, in connection with the Firm's penny stock business, in violation of FINRA Rules 3310(a) and 2010.

3. Glendale failed to conduct adequate due diligence on correspondent accounts it opened for a foreign financial institution, in violation of FINRA Rules 3310(b) and 2010. Glendale and Laubenstein also failed to establish and implement AML procedures

designed to monitor and detect suspicious activity within the Firm's foreign-based accounts, in violation of FINRA Rules 3310(a) and 2010.

4. Glendale, Castillo and Flesche further failed to establish and maintain a supervisory system, including written supervisory procedures ("WSPs"), reasonably designed to achieve compliance with the requirements of Section 5 of the Securities Act of 1933 (the "Securities Act") for sales of restricted securities, in violation of FINRA Rules 3110(a), 3110(b) and 2010. In addition, during the Relevant Period, Glendale, Castillo, Flesche, Laubenstein, and Abadin failed to comply with Section 5 of the Securities Act, by causing the Firm to engage in the unlawful resale of approximately 482,377 shares of restricted securities into the public market, absent a valid exemption, in violation of FINRA Rule 2010.

5. Further, the Firm, Flesche and Laubenstein failed to reasonably supervise Huang. Flesche and Laubenstein failed to conduct a reasonable review of Huang's email with customers using the Firm's email systems, which contained red flags of potentially suspicious activity, and failed to make reasonable inquiries about his communications with customers. By virtue of this conduct, the Firm, Flesche and Laubenstein violated FINRA Rule 3110(a) and 2010.

6. During the Relevant Period, Huang also violated FINRA Rules 4511 and 2010 by exchanging more than 150 securities-related electronic communications with customers using "WeChat," a cellular-based messaging application, outside of the Firm's systems, without providing those communications to the Firm. These messages contained numerous red flags of suspicious activity that Huang and the Firm failed to identify and address. By virtue of this misconduct, Huang caused his Firm to violate the recordkeeping requirements of Exchange Act Rule 17a-4 and FINRA Rules 4511 and 2010.

7. Using the Firm's email system and WeChat, Huang also improperly disclosed confidential, nonpublic customer information to third parties absent an agreement from the customers permitting him to do so, in contravention of Regulation S-P. Accordingly, Huang violated FINRA Rule 2010.

RESPONDENTS AND JURISDICTION

Glendale Securities

8. Glendale Securities (CRD No. 123649) is a Sherman Oaks, California-based broker-dealer, and has been a FINRA member since 2003. The Firm employs approximately five registered individuals from two branch offices located in Sherman Oaks and New York City. The Firm's primary source of revenue during the Relevant Period was derived from its customers depositing and liquidating microcap securities and penny stocks, and market-making in those same securities.

9. In November 2010, Glendale was sanctioned by FINRA for supervisory violations and AML deficiencies related to the sale of microcap securities. In particular, the Firm consented to the entry of findings by FINRA that it failed to adequately implement or enforce its AML program and to otherwise comply with its AML-related obligations by failing to review the activity of a customer who, through over 50 foreign accounts, deposited and sold approximately 279 million shares of microcap securities and thereafter wired sale proceeds out of the Firm to a foreign bank account. The Firm further consented to the entry of findings that it had no written procedures to detect and prevent participation in an unregistered distribution of securities and thus its supervisory system and procedures were inadequately designed to achieve compliance with Section 5 of the Securities Act. Under Article IV of FINRA's By-Laws,

FINRA possesses jurisdiction over Glendale Securities because (a) it currently is a FINRA member and (b) the Complaint charges the Firm with securities-related misconduct committed while it was a FINRA member.

George Alberto Castillo

10. George Alberto Castillo (CRD No. 1936486) entered the securities industry in 1993 and became registered with FINRA in December 1993 through an association with a FINRA member. From December 1993 to November 2005, Castillo was associated with several FINRA members as a General Securities Representative and in various principal capacities. Since September 2005, Castillo has been registered with FINRA through his association with Glendale Securities and currently is, and during all times relevant to this Complaint was, the Firm's President and its Head Trader, with an ownership interest in the Firm. Under Article V of FINRA's By-Laws, FINRA possesses jurisdiction over Castillo because (a) he currently is registered with FINRA and associated with a member firm and (b) the Complaint charges him with misconduct committed while he was registered with FINRA and associated with a member firm.

Paul Eric Flesche

11. Paul Eric Flesche (CRD No. 3277904) entered the securities industry in 1999 and became registered with FINRA in September 1999 through an association with a FINRA member. From September 1999 to April 2005, Flesche was associated with several FINRA members as a General Securities Representative and in various principal capacities. Since October 2005, Flesche has been registered with FINRA through his association with Glendale and currently is, and all times relevant to this Complaint was, the Firm's Chief Compliance Officer, with an ownership interest in the Firm. Under Article V of FINRA's By-Laws, FINRA

possesses jurisdiction over Flesche because (a) he currently is registered with FINRA and associated with a member firm and (b) the Complaint charges him with misconduct committed while he was registered with FINRA and associated with a member firm.

Albert Raymond Laubenstein

12. Albert Raymond Laubenstein (CRD No. 303462) entered the securities industry in 1985 and became registered with FINRA in July 1985 through an association with a FINRA member. From July 1985 to February 2010, Laubenstein was associated with several FINRA members as a General Securities Representative and in various principal capacities. From February 2010 until December 2016, Laubenstein was associated with Glendale as the Firm's AML Compliance Officer ("AMLCO"). Glendale filed a Uniform Termination Notice for Securities Industry Registration (Form U5) for Laubenstein on December 27, 2016. Under Article V of FINRA's By-Laws, FINRA possesses jurisdiction over Laubenstein because (a) the Complaint was filed within two years after the effective date of termination of Respondent's registration and (b) the Complaint charges him with misconduct committed while he was registered with FINRA and associated with a member firm.

Jose Miguel Abadin

13. Jose Miguel Abadin (CRD No. 1273345) entered the securities industry in 1988 and became registered with FINRA in June 1988 through an association with a FINRA member. From June 1998 to February 2006, Abadin was associated with several FINRA members as a General Securities Representative and in various principal capacities. Since February 2006, Abadin has been registered with FINRA through his association with Glendale and currently is a licensed equity trader with an ownership interest in the Firm. Under Article V of FINRA's By-Laws, FINRA possesses jurisdiction over Abadin because (a) he currently is registered with

FINRA and associated with a member firm and (b) the Complaint charges him with misconduct committed while he was registered with FINRA and associated with a member firm.

Huanwei Huang

14. Huanwei Huang (CRD No. 3268328) entered the securities industry in 1999 and became registered with FINRA in August 1999 through an association with a FINRA member. From August 1999 to September 2005, Huang was associated with several FINRA members as a General Securities Representative and a General Securities Principal. Since November 2005, Huang has been registered with FINRA through his association with Glendale and currently is, and at all times relevant to this Complaint, a General Securities Representative in the Firm's New York City branch office. Under Article V of FINRA's By-Laws, FINRA possesses jurisdiction over Huang because (a) he currently is registered with FINRA and associated with a member firm and (b) the Complaint charges him with misconduct committed while he was registered with FINRA and associated with a member firm.

FACTUAL BACKGROUND

I. Respondents' Market Manipulation and Liquidation Activity Involving NUGN

A. Bling Marketing Inc. and NuGene Inc. Enter Into Agreement and Plan of Merger

15. On December 26, 2014, Bling Marketing Inc. ("Bling" or "BLMK") entered into an Agreement and Plan of Merger (the "Merger") with NuGene, which left NuGene as the surviving entity and a wholly owned subsidiary of Bling.

16. In connection with and simultaneous to the Merger, Bling's board of directors approved a stock split in the form of a stock dividend payable to the holders of its common

stock. Upon closing, each recipient of the stock dividend received 15.04 shares of BLMK common stock for each share of BLMK common stock held.

17. Immediately prior to the Merger and stock dividend, BLMK was quoted on the OTCBB and PINKBBO between $.03 and $.10 per share; however, there was no trading volume in BLMK until after the Merger.

18. Both Bling and NuGene purported to be actively conducting business before the Merger; however, each was thinly capitalized and had only nominal revenue. In particular, at the time of the Merger, Bling was a newly created "wholesale affordable jewelry" company that was a self-described shell company until September of 2014 when it first earned revenues. As of September 30, 2014, Bling reported assets totaling $25,275, a year-to-date net operating loss of $14,268, and later reported aggregate net losses throughout its pre-Merger operations.

19. NuGene was incorporated in 2006 and focused on the development and marketing of customized skin care products. As of September 30, 2014, NuGene reported assets totaling $68,620, and year-to-date net income of $48,317. According to public filings made in connection with the Merger, NuGene had historically limited operational activity and very limited sales.

20. NuGene, as the surviving company, began trading under the ticker symbol BLMK once the Merger was completed, and assumed the ticker symbol NUGN on February 3, 2015.

1. NuGene Shareholders That Deposited Shares Were Subject to Lock-Up/Leak-Out Agreements

21. In connection with the Merger, 30 of Bling's 77 shareholders sold approximately 11 million shares of BLMK common stock to 38 individuals, of which approximately 7 million shares were subject to restricted trading. The terms of the trading restrictions were described in a Lock-Up/Leak-Out Agreement (the "Lock-Up Agreement"). Pertinently, among the post-

Merger shareholders subject to the Lock-Up Agreement were Customer A and Customer B, both of which deposited BLMK/NUGN shares at Glendale.

22. The terms of the Lock-Up Agreement were as follows: all shareholders subject to the Lock-Up Agreement were prohibited from selling any shares of BLMK/NUGN for the first 75 days after the Lock-Up Agreement was ratified. Thereafter, the shareholders were permitted to incrementally sell, or "leak-out," shares over the ensuing 150 days, provided that the shareholders sold no more than 20% of shares owned in any 30 day period.

23. The Lock-Up Agreement further contained an escape clause that served to limit or cancel the lock-up and leak-out terms if BLMK/NUGN were to achieve a target level of market capitalization. In particular, if on three consecutive trading days the closing price of BLMK/NUGN achieved a market capitalization of $160 million, then 50% of a shareholder's unsold shares would be released from the Lock-Up Agreement. If on three consecutive trading days the closing price of BLMK/NUGN achieved a market capitalization of $200 million, the entire balance of a shareholder's unsold shares would be released from the Lock-Up Agreement. Thus, shareholders that held shares subject to the Lock-Up Agreement benefited from BLMK/NUGN achieving these market capitalization thresholds in that some or all of their shares became immediately freely tradeable.

24. Terms of the Lock-Up Agreement were described generally in publicly available SEC filings made contemporaneous with the Merger, and were referenced in the stock purchase agreements for Customer A and Customer B that were submitted to Glendale when Customer A and Customer B deposited NUGN shares. In addition, the precise terms of the Lock-Up Agreement described above were stamped on the stock certificates that Customer B deposited into its Glendale account.

B. Suspicious Trading Activity in BLMK/NUGN

1. Castillo Begins Making a Market for BLMK

25. Castillo first accepted a deposit of 2,000 BLMK shares by Customer C on October 23, 2014, approximately six weeks after Bling became publicly listed, and over two months before the Merger. Customer C stated that the purpose for his deposit of BLMK shares at Glendale was "resale."

26. On May 29, 2014, approximately five months prior to his deposit of BLMK shares, Customer C's account had been designated by the Firm as a "high risk account." Notably, Customer C's account was designated high risk because the Firm identified suspicious activity in his account that involved the liquidation of microcap securities.

27. Prior to Customer C's deposit, BLMK had experienced no trading volume in the market, and the only quotes in the market were bids from $.03 to $.10 by two unrelated market makers. There were no quotes on the ask.

28. Glendale placed no BLMK orders on behalf of Customer C prior to the Merger, and the Firm took no principal positions in the stock (long or short) from the time of Customer C's deposit through the date of the Merger.

29. On January 6, 2015 – coincident with the announcement of the Merger – Glendale began making a market in BLMK. That same day, Castillo received an instruction from Customer C to sell 500 BLMK shares for $.13 per share, which, at that time, exceeded the prevailing inside bid price in the market by $.03.

30. After receiving Customer C's order, Castillo purchased Customer C's BLMK shares at the bid price of $.13 into the Firm's proprietary account. When Castillo purchased the shares from Customer C there were no other ask quotes in the market, and Castillo's purchase of

Customer C's BLMK shares represented the first and only market transaction for BLMK stock in its trading history under the BLMK symbol. In addition, there was no trading volume in BLMK or NUGN for 19 trading days following Castillo's purchase.

31. After his sale to Castillo, Customer C placed no additional orders to buy or sell shares of BLMK/NUGN through his Glendale account. On April 13, 2015, Customer C transferred all of his remaining NUGN shares to an account in his name at another broker-dealer.

32. On January 22, 2015, Bling issued the 15.04-to-1 stock dividend payment to its shareholders – including Glendale, whose 500 shares became 7,520 shares. Notably, while the stock dividend increased the number of BLMK shares issued and outstanding by a magnitude of over 15, it did not dilute Bling's quoted stock price.

2. Customer D Buys Shares of NUGN from Castillo at Inflated Prices and Sells into the Market at Historical High Prices to Unlock NUGN Shares

33. BLMK began trading as NUGN on February 3, 2015. NUGN experienced its first active trades the following day, when another market maker placed an opening inside bid of $.011 prior to the market opening. At 8:19 am, Castillo placed his opening bid of $.11. Castillo then increased his bid three times throughout the morning of February 4, ultimately placing a high-bid of $1.01 at 10:56 am.

34. Castillo was also attempting to sell shares of NUGN held by the Firm. Starting at 10:24 am, Castillo showed an ask of $2.00 per share at a time when no other market makers were placing quotes on the ask, and prior to any Firm customer contacting Castillo to sell shares of NUGN. Thus, the ask quotes were set entirely by Castillo and were intended to be sold from the Firm's inventory.

35. Castillo's ask quotes were met. At 10:57 am Castillo sold 450 NUGN shares from the Firm's proprietary trading account at $2.00. Castillo did not treat this sale as

suspicious, even though the stock had no trading history under the symbol NUGN, and the only prior market activity in the stock was Castillo's purchase of BLMK at $.13 per share, which pre-dated the 15.04-to-1 stock dividend.

36. Castillo then increased his ask to $2.25 – an 11% increase from the earlier sale. Again, the ask was met. At 11:32 am Castillo sold 900 NUGN shares from the Firm's proprietary trading account at $2.25. Again, Castillo did not treat this sale as suspicious.

37. By early afternoon, the inside bid had dropped significantly, from an intra-day high of $2.00, to $.25. At 1:38 pm, Castillo placed a day buy limit order on behalf of Firm Customer D to purchase 7500 shares of NUGN at $.26 per share, and at 1:39 pm, Castillo partially filled Customer D's order by selling her 5,170 shares from the Firm's proprietary account. The 5,170 shares traded in this transaction represented 78% of the daily market volume. Castillo was the broker of record for Customer D's account, and had approved Customer D's request to open her new account less than two weeks earlier on January 23, 2015.

38. The following day, February 5, 2015, Customer D instructed Castillo to place a day limit order to sell her newly-acquired NUGN shares at a price of $10.00 per share – over 38 times the price that she had purchased the shares one day earlier. Castillo entered Customer D's order; however, the order expired unfulfilled at the close of the trading day.

39. On February 6, 2015, Customer D placed another day limit order with Castillo, this time seeking to sell her NUGN shares at a price of $5.00 per share. The order expired unfulfilled. Customer D placed the same order each subsequent trading day until February 11, 2015, when she instructed Castillo to place a good-until-canceled order to sell 5,000 shares of NUGN for $5.00 per share.

40. There was no trading volume in NUGN from February 5 through February 23, 2015. For each trading day during this range, including February 4, 2014, NUGN's closing share price was $.26.

41. On February 24, 2015, at 2:19 pm, Customer D's thirteen-day-old good-until-canceled order was partially fulfilled when a proprietary trading account at Broker-Dealer A placed a bid at $5.00 for 250 NUGN shares. This transaction represented 100% of NUGN's daily market volume and pushed the closing stock price up to $5.00 per share.

42. On February 25, 2014, Customer D sold an additional 1,020 shares of NUGN from her still outstanding good-until-canceled order at a price of $5.00 per share. Customer D's order was met in three separate transactions throughout the trading day, which collectively represented 100% of NUGN's daily market volume and again set the closing stock price at $5.00 per share.

43. On February 26, 2015, Customer D sold 1,000 shares of NUGN from her still outstanding good-until-canceled order at a price of $5.00 per share. Customer D's order was met in a single transaction, which represented 100% of NUGN's daily market volume and established a closing price at $5.00 per share.

44. According to the Firm's calculations, NUGN had approximately 41 million shares outstanding during the three-day period from February 24, 2015 through February 26, 2015. Accordingly, NUGN's closing stock price of $5.00 per share for the three consecutive trading days above resulted in the Firm's daily market capitalization exceeding $200 million. As a result, as of February 27, 2015, all shareholders who were previously bound by the terms of the Agreement were free to sell all of their shares of NUGN.

3. Glendale Facilitates Its Customers' Liquidation of Unlocked NUGN Shares Amidst A Promotional Campaign Paid For by Customer A

45. As noted above, Customer A and Customer B were subject to the Lock-Up Agreement through their purchase of BLMK stock. Both Customer A and Customer B began liquidating shares of NUGN immediately after the Lock-Up Agreement was voided.

46. As of March 4, 2015, Respondent Abadin assumed responsibility for making a market in NUGN on behalf of the Firm.

a. Customer A Liquidates 2.5 million NUGN Shares Amidst a Stock Promotion Campaign

47. Customer A opened an account at Glendale on February 4, 2015, through Respondent Abadin, who was Customer A's registered representative throughout the Relevant Period. Customer A was a Nevada corporation established on January 29, 2015, whose business concerned "Advertising and Marketing Service." An individual, RM, was the CEO, President, Vice President, Treasurer and Secretary for Customer A, and was the point of contact for Abadin for all of Customer A's securities-related activity.

48. On February 12, 2015, Customer A deposited 2,899,878 shares of NUGN into its Glendale account. Customer A stated that the purpose for its deposit of NUGN securities was "resale." Despite that Customer A's shares were subject to the Lock-Up Agreement, Customer A's deposit questionnaire for its NUGN shares stated that all 2.9 million shares were freely tradeable. In addition, while the Firm prohibited any single customer from depositing shares in an amount exceeding 20% of the securities' public float, Customer A's deposit represented 26% of NUGN's public float when the Firm accepted its deposit.

49. After depositing its NUGN shares at the Firm, Customer A created and disseminated through the US mails an "advertisement/market awareness campaign" in the form

of a 28-page color brochure published by MicroCap MarketPlace, which promoted NuGene and encouraged investors to purchase shares of NUGN stock. The brochure claimed, among other things, that the price of NUGN shares "could fly from $1.27 to $25.08" and "could send NUGN shares soaring 1,875%." Notably, the $1.27 share price referenced in the brochure was NUGN's closing price on March 9, 2015, and represented a 75% decrease in the value of the stock in only six trading days since the price had closed at $5.00 for the third consecutive day on February 27.

50. Customer A paid approximately $4.4 million dollars to marketing vendors to cover the costs associated with creating and distributing the advertisement. Further, Customer A acknowledged in the advertisement that it "fully intends to sell their shares without notice into this advertisement/market awareness campaign, including selling into increased volume and share price that may result from this advertisement/market awareness campaign."

51. On June 8, 2015, NuGene issued a press release in which it announced that it was "requested by OTC Markets Group to comment on recent trading and promotional activity concerning NUGN common stock." The June 8 release stated:

> *OTC Markets informed [NuGene] that it has become aware of certain promotional activities concerning [NuGene's] stock. Included among the promotional activities was a mailer authored by MicroCap Marketplace promoting [NuGene] and encouraging investors to purchase NUGN shares. The mailer's disclaimer also stated that a non-management affiliated third party shareholder of [NuGene] created and distributed this "advertisement." This promotional activity coincided with higher than average trading volume and fluctuations in NUGN stock price. We are unaware of the full nature and content of this promotional activity, who else may be responsible and the extent of its dissemination. Neither [NuGene], nor its management, directors, nor other controlling shareholders are to our knowledge associated with any promotional mailers which tout [NuGene] or which encourage investors to purchase NUGN shares. To our knowledge none of our management or directors (two of whom are our principal or controlling shareholders) sold or purchased NUGN securities within the past 30 days.*

52. Customer A began liquidating shares of NUGN on February 27, 2015, the day that its shares – by virtue of the escape clause of the Lock-Up Agreement – became freely tradeable. Customer A sold shares of NUGN consistently from February through August 2015. During this time, the market price of NUGN initially fell from its high – the three-day consecutive $5.00 closing price on February 24-26 – to $1.37 on March 9, 2015. Thereafter, the market price steadily increased while Customer A liquidated its NUGN shares. In particular, from March 10, 2015 to June 10, 2015, the price of NUGN increased from $1.37 to $4.43 with the stock losing value on only two trading days during the three month period.

53. On June 10, 2015, Customer A purchased over $1 million of NUGN stock, driving the price of the stock to its highest historical closing price other than the three consecutive days in February when it closed at $5.00.

54. From February 27, 2015, through August 3, 2015, Customer A sold 2,573,252 shares of NUGN for total proceeds of approximately $7,304,353. For liquidating Customer A's shares of NUGN, Glendale received fees totaling approximately $192,689.

b. Customer B Liquidates ¼ million NUGN Shares

55. Customer B opened an account at Glendale on February 18, 2015, through Respondent Abadin, who was Customer B's registered representative throughout the Relevant Period. Customer B was a Nevada corporation established on October 16, 2014, whose business concerned "Investments." An individual, KS, was the President, Vice President, Treasurer and Secretary for Customer B, and was the point of contact for Abadin for all of Customer B's securities-related activity. Customer B opened an account at Glendale for the specific purpose of depositing shares of NUGN.

56. On February 27, 2015, Customer B deposited 272,158 shares of NUGN into its Glendale account. On March 10, 2015, Customer B deposited an additional 1,088,623 shares of NUGN into its Glendale account. For each deposit, Customer B stated that the purpose for its deposit of NUGN securities was "resale."

57. Customer B began liquidating shares of NUGN on April 7, 2015. From that day until July 22, 2015, Customer B sold 247,950 shares of NUGN for total proceeds of approximately $812,988. For liquidating Customer B's shares of NUGN, Glendale received fees totaling approximately $18,427.

C. Other Suspicious Activity Concerning NUGN

58. Customer A and Customer B each obtained their NUGN shares through stock purchase agreements of BLMK shares prior to the Merger. In particular, shares deposited by Customer A were obtained through four stock purchase agreements and shares deposited by Customer B were obtained through two stock purchase agreements. Each of the six share purchase agreements was dated December 18, 2014, and each of the individual sellers identified in the agreement shared a common surname.

59. One individual who sold shares to Customer A, NF, was the spouse of the CEO of BLMK prior to the Merger with NUGN.

60. Further, two individual sellers named in share purchase agreements with Customer B, MF and EF, resided at the same address with Customer C.

61. A total of nine Firm customers sold shares of NUGN from February 4, 2015 through October 5, 2015. Among these customers was Customer E, which deposited 216,140 NUGN shares on March 5, 2015, less than two weeks after it had opened an account in the name

of a C corporation on February 23, 2015. Abadin was the broker associated with Customer E's account.

62. Customer E began liquidating its shares of NUGN on June 1, 2015. Throughout June 2015, Customer E liquidated 85,140 shares for proceeds totaling $340,838.17. In July 2015, Customer E liquidated an additional 40,000 NUGN shares. On July 15, 2015, Customer E wired out of his Firm account $360,000 of NUGN sales proceeds to an account held in Customer E's name at another financial institution. Throughout the two-month period that Customer E liquidated shares of NUGN, it earned sales proceeds of $459,466.72.

63. Abadin also purchased and sold shares of NUGN during the Relevant Period. In particular, Abadin purchased 14,000 shares of NUGN on March 27, 2015 for $25,980, or an average price of $1.86 per share. Abadin then sold his 14,000 shares on June 4, 5, and 6, 2015, for $57,458.13, for a profit of $31,478.13 – a 121% return.

64. In addition to Customer A, Customer B, Customer D, Customer E, and Abadin, four Firm customers traded shares of NUGN during the Relevant Period. These four customers only purchased and sold shares of NUGN in market transactions, and three of the four profited from their NUGN trading. In particular, these four customers earned rates of return on their NUGN investments of 68%, 28%, 27% and -2%. One of the four customer accounts that traded NUGN was previously identified as a high-risk account because the Firm had previously identified suspicious microcap liquidation activity in the account.

II. Sale of Restricted Securities

65. Customer A and Customer B each purchased shares of BLMK on December 18, 2014, through a series of share purchase agreements; Customer A entered into four such agreements, and Customer B entered into two. Each of the six sellers was an individual with the

same surname, and collectively the six sellers listed as their addresses two locations less than three miles apart in bordering New York counties.

66. Seller NF sold 49,900 BLMK shares to Customer A. NF was married to DK, the CEO of BLMK until the Merger. Thus, NF, by virtue of his relationship with DK, was an affiliate of BLMK.

67. Similarly, two other BLMK sellers, EF and MF, sold 90,478 BLMK shares to Customer B. EF and MF have the same surname as NF, and provided the same residential address that NF provided in connection with their sale of BLMK shares to Customer B. Thus, by virtue of their relationship with NF and DK, EF and MF were affiliates of BLMK.

68. Customer A deposited 2,899,878 NUGN shares into its Firm account from February 24 through February 27, 2015. Customer A identified NF as the source of 750,496 shares (49,900 BLMK shares prior to the 15.04-to-1 stock dividend). Accordingly, 750,496 of the NUGN shares deposited by Customer A were restricted until June 17, 2015, because Customer A purchased those shares from an affiliate of the issuer, BLMK.

69. Customer A sold 1,552,599 NUGN shares from February 27, 2015 through May 28, 2015. Of the 1,522,599 NUGN shares sold, approximately 401,817 were restricted shares that originated from NF. These sales generated proceeds for Customer A of approximately $894,304 and generated fees for the Firm totaling approximately $23,579.

70. Customer B deposited 1,360,790 NUGN shares into its Firm account from March 2 through March 19, 2015. Customer B identified EF and MF as the source for its entire deposit of NUGN shares. Accordingly, all of the 1,360,790 NUGN shares deposited by Customer B were restricted until June 17, 2015, because Customer B purchased the shares from an affiliate of the issuer, BLMK.

71. Customer B made unregistered resales of 80,560 NUGN shares from April 7, 2015 through June 9, 2015. Thus, all 80,560 NUGN shares Customer B sold into the market were restricted. These sales generated proceeds for Customer B of approximately $350,412, and generated fees for the Firm totaling approximately $7,182.

III. Glendale's Supervision System and Anti-Money Laundering Program

A. Respondents' General Supervisory and AML Responsibilities

72. Throughout the Relevant Period, the Firm maintained Written Supervisory Procedures (WSPs). As written in the Section titled Designation of Supervisors, Castillo, Flesche and Laubenstein were the principals responsible for supervision of the Firm's business lines.

73. Through the Relevant Period, the Firm generated the bulk of its revenue from customers that deposited and liquidated microcap securities, including penny stocks. To support this line of business, the Firm often acted as a market maker for the low-priced securities that its customers deposited into Firm accounts. In addition, the Firm was required to determine whether securities that it accepted for deposit were registered with the SEC, and if not whether the securities were exempt from registration and eligible for public resale.

74. Castillo was the Firm's president, CEO, and Head Trader during the Relevant Period, and supervised the Firm's retail sales and trading. Castillo was also the direct supervisor for Flesche and Abadin.

75. Flesche was the Firm's CFO, CCO, and its FINOP during the Relevant Period. Flesche was the Firm principal designated to supervise the Firm's microcap securities and penny stock business activity, and was responsible for final review and approval of customer deposits

of low-priced securities. Like Castillo, Flesche reviewed all Firm trading activity on a T+1 basis. Flesche also supervised Castillo's trading activity.

76. In addition, as the WSP's identified, Castillo and Flesche were the Firm principals responsible for preventing unregistered resales of restricted securities.

77. Laubenstein was the Firm's AML Compliance Officer. Among other responsibilities, Laubenstein reviewed customer deposits of low-priced securities, reviewed all employee trading activity, and was individually responsible for investigating potentially suspicious activity at the Firm and determining whether to file a Suspicious Activity Report (SAR).

78. Huang, a registered representative, held a general securities principal license throughout the Relevant Period. Flesche was Huang's direct supervisor.

B. Supervision of Customers' Deposit and Liquidation of Low Priced Securities

79. When a customer sought to deposit microcap securities into a Firm account, the Firm policies required it to collect information to determine, among other things, whether the securities were registered or exempt from registration, and whether the securities were eligible for immediate resale.

80. Flesche was tasked with reviewing each deposit of microcap securities, including supporting documents, and was ultimately responsible for either approving or rejecting the deposit. Flesche was responsible for making the final determination as to whether the Firm accepted a customer's deposit of securities.

81. Flesche was also tasked with conducting a daily review of the Firm's trading activity to identify any unusual transactions or inconsistencies in connection with the liquidation of microcap securities. If during the course of reviewing deposits and liquidations Flesche

identified potentially suspicious activity, he was tasked with notifying Laubenstein of such activity.

C. Glendale's AML Program

82. Glendale's written AML program was memorialized within the Firm's WSPs in an appendix titled *Anti-Money Laundering Program: Glendale Securities, Inc. Compliance and Supervisory Procedures* (the "AML Procedures"). Within the AML Procedures the Firm designated Laubenstein as its AML Program Compliance Officer "with full responsibility for the firm's AML program."

83. The AML Procedures contained a chapter titled "General Customer Due Diligence," which directed the Firm and its staff "to obtain sufficient information about each customer to allow [the Firm] to evaluate the risk presented by each customer and to detect and report suspicious activity."

84. For accounts deemed to be "higher risk," the Firm's AML Program required that Firm personnel obtain additional information about the high risk account holder. This included, among other things: the purpose of the account; the customer's source of funds and wealth; banking references; a description of the customer's primary trade area; and a description of the business operations and anticipated volume of trading.

85. With regard to general customer due diligence, the AML Program stated that the Firm would "ensure that the customer information remains accurate by updating the account with any relevant changes in the type of business being conducted, objectives, principals or other important facts about the account."

86. In the chapter titled "Monitoring for Suspicious Activity," the AML Procedures state that the Firm "will manually monitor a sufficient amount of account activity to permit

identification of patterns of unusual size, volume, pattern or type of transactions, . . . or any of the 'red flags' identified [within the AML Procedures]." The AML Procedures specifically stated that Laubenstein as the AML Compliance Officer, with the approval of Castillo, was responsible for monitoring for suspicious activity, including documenting when and how it was carried out, and reporting suspicious activities to the appropriate authorities.

87. All Firm employees were responsible for having a general understanding of money laundering and immediately reporting suspected money laundering activities to the AML Compliance Officer.

88. To facilitate monitoring for suspicious activity, Laubenstein received a number of exception reports from Glendale's clearing firm. However, these reports were tailored by the clearing firm to apply to the business lines associated with introducing broker-dealers that engage in high-velocity trading – not those engaged in the deposit and liquidation of low-priced securities. Thus, the information contained within the exception reports was of little value to Laubenstein because the risks associated with the Firm's business lines were not addressed by the exception reports.

89. Laubenstein regularly reviewed a Glendale-generated report of daily trading activity that occurred within customer accounts that were deemed "high risk" accounts. However, the Firm had no meaningful policies and procedures for what made a customer account deemed "high risk," and the categorization of such accounts was based upon the subjective judgment of Laubenstein or other principals of the Firm. Moreover, the "high risk" report contained only transactional information from a single trade date and did nothing to assist Laubenstein to identify patterns of trading that extended beyond that single day's trading activity.

90. Instead, Laubenstein relied upon the Firm's traders Castillo and Abadin to identify potentially suspicious activity within customer accounts on an ad hoc basis. However, there were no reasonable policies and procedures concerning how the Firm's traders were supposed to identify and document potentially suspicious activity. Laubenstein did not have a practice of monitoring trading activity occurring over multiple days to locate patterns of suspicious activity.

91. If any Firm personnel referred potentially suspicious activity to Laubenstein to review, Laubenstein did not document any review or his follow-up he performed unless he decided to file a SAR, in which case the SAR filing was itself the only documentation concerning the potentially suspicious activity.

92. The Firm had no AML-specific policies and procedures concerning its market-making business, and Laubenstein had no role in monitoring that business line for suspicious activity.

D. Red-Flags Involving Firm Customers That Deposited and Liquidated Low-Priced Securities

93. Throughout the Relevant Period the Firm failed to identify and investigate numerous red flags in connection with its customers' deposit and liquidation of microcap securities.

1. Activity Involving Bling/NuGene

94. Customer C first opened an account with Glendale in July 2012. Castillo signed Customer C's new account application as the registered representative associated with the account, and Flesche signed as the branch manager approving the opening of the account.

95. In or around May 2014, Glendale placed Customer C on the high risk account list after it identified suspicious activity in Customer C's account. Specifically, the Firm observed

that Customer C purchased from seven investors shares of a microcap security for which Customer C's wife was previously the CEO. Customer C purchased the shares from each investor for $100, even though the market price at the time valued each investor's share at approximately $11,500. The Firm noted that these transactions were suspicious because they indicated that the investors were acting as a proxy for Customer C and/or his wife in order to prevent the securities from being affiliate stock and thereby circumventing the restrictions concerning the sale of the securities.

96. After Glendale changed clearing Firms, Customer C prepared a second new account application on or around October 22, 2014, and immediately thereafter deposited 2,000 shares of BLMK stock.

97. When Customer C deposited these shares, BLMK had only nominal assets and revenues, was newly listed and had no historical trading volume, and was quoted at a price of $.03 per share – the highest price that it had quoted since being listed. Upon opening his Glendale account, Customer C disclosed that he had learned about BLMK from a "friend."

98. Despite Customer C's recent history of suspicious trading in microcap securities, the Firm took no action to learn about Customer C's anticipated future trading activity, or about his relationship with BLMK. In fact, other than Googling Customer C's name, and verifying that Customer C was not named in the Department of Treasury's Office of Foreign Asset Control ("OFAC") Specially Designated Nationals List, the Firm did nothing to conduct heightened due diligence concerning Customer C after his account was deemed high risk. Notably, the Firm did not obtain any of the additional information required by its AML Program concerning high risk account holders.

99. The Firm further failed to take any action to investigate the sudden price jump from $.29 to $5.00 that occurred on February 24, 2015, and was sustained for three trading days, that had the consequence of freeing Firm customers from the Lock-Up Agreement. Notably, the Firm did not treat the price spike as a red flag even though there had been no market volume in NUGN since February 4, 2015, and the price spike occurred on trading volume of only 250 shares on February 24, 1,020 shares on February 25, and 1,000 shares on February 26.

100. Neither did the Firm investigate the dramatic price drop that occurred on the following two trading days – to $2.25 on February 27, and to $1.36 on March 2.

101. Even though Castillo observed steady price increases in NUGN that occurred from March 2015 through June 2015, and identified this pattern of activity to Laubenstein, neither Castillo nor Laubenstein took further steps to investigate or report the activity as it occurred.

102. In addition, no one at Glendale identified or addressed the promotion activity in NUGN that commenced during May 2015.

103. The Firm also did not investigate NUGN trading in Customer E's high-risk account, despite the liquidation during a promotional campaign.

104. The Firm also did not reasonably investigate Abadin's NUGN trading, despite his liquidation during the promotional campaign.

2. Activity Involving Broke Out, Inc.

105. Broke Out, Inc. ("Broke Out") was a Frankfurt, Germany-based corporation in the business of "designing, manufacturing, and selling street ware [sic] and gym fitness apparel." Broke Out was incorporated on August 19, 2014 in the state of Nevada, but was operated through a wholly owned subsidiary "organized under the Laws of England and Wales."

106. Broke Out was quoted on the OTC Bulletin Board from July 28, 2015, through October 14, 2015, under the ticker symbol BRKO. On October 15, 2015, BRKO began being quoted on the OTC Link.

107. On December 2, 2015, Customer F, who claimed to be a resident of Malaysia, emailed Huang requesting to open a new account at Glendale to deposit and liquidate shares of BRKO. Customer F was not a Firm customer or known to Huang before Huang received Customer F's email.

108. In his new account form, Customer F stated that he did not have any bank or brokerage relationship other than the relationship he was requesting with Glendale, even though he claimed to have annual income of approximately $75,000 and a net worth of $1.5 million. Customer F further stated that his Glendale account would not send transfers to or receive transfers from any foreign countries, even though Customer F indicated that he was a Malaysian citizen, provided residential and business addresses in Malaysia, and provided an account number for a checking account in a Malaysian bank.

109. Yet no one at Glendale met Customer F in person, reasonably investigated the authenticity of the photocopy of the passport Customer F provided, or took adequate steps to verify that Customer F read and comprehended the application he submitted to Glendale to open the account.

110. On December 11, 2015, Huang opened an account for Customer F, with secondary and tertiary approvals from Castillo and Laubenstein, and the Firm received 1,310,000 shares of BRKO from Customer F.

111. On January 21, 2016, Huang notified Customer F that his BRKO shares were authorized to be sold by Glendale's clearing firm, and that Customer F could place sell orders with Huang by telephone or email.

112. On January 28, 2016, Broke Out filed a Form 8-K with the US Securities and Exchange Commission in which it reported that on January 27, 2016 it entered into a share exchange agreement with a Belize-based company, pursuant to which it abandoned its streetwear and gym fitness apparel business in favor of a very different business, "developing mobile apps and games for Google's Android and Apple's iOS platforms." Thereafter, Broke Out was individually controlled by CSK, a resident of Malaysia who became Broke Out's sole executive officer and member of its board of directors.

113. In a "Broker Representation Letter" Glendale obtained from Customer F, Customer F attested that he was not an affiliate of BRKO, and would not act in concert with another person to sell his BRKO stock. However, no one at Glendale confirmed that Customer F understood the meaning of the term "affiliate" or "acting in concert" as those terms relate to the sale of restricted securities.

114. Customer F subsequently provided the Firm with a BRKO bank statement from 2015, even though this material is not typically available to a shareholder who was not affiliated with a publicly traded company. Yet no one at Glendale inquired with Customer F about how he obtained the document, whether he was an affiliate, or whether he was acting in concert.

115. Additionally, the BRKO bank account statement reflected purchases inconsistent with the company's purported business, namely purchases from a men's clothing company in the United Kingdom. Yet no one at Glendale made inquiries about this information.

116. Customer F began placing orders to sell BRKO on February 3, 2016.

117. Soon after Customer F began liquidating his BRKO shares, BRKO became the subject of an internet-based stock promotion campaign by penny stock promoters, which contained questionable assertions about BRKO and its stock price.

118. In particular, in early March 2016, newsletters distributed through email and published on publicly-accessible websites made dubious claims concerning BRKO and its potential future stock price. For example, a newsletter dated March 8, 2016, stated that "BRKO leaps up 145% with promise of much more gains to come!" Another newsletter dated March 11, 2016, stated "Here is why [BRKO] could go up from $3 to $20." An email dated March 14, 2016 stated that "Come next week you will likely have to pay more than $5 per share to buy BRKO so move quickly if you want to get in on the ground floor." Additionally, another newsletter stated "WHILE BRKO HAS GONE UP 300% SINCE MONDAY THE STOCK IS POISED TO GO UP ANOTHER 300% THIS MONTH!" It also asserted that "The same way Uber solved the transportation problem (which is very large scale of course), BRKO solves smaller problems for mobile apps user such as …. being able to fake your gps location so that you can lie to someone about where you are and get out of trouble."

119. This newsletter included "disclaimers" that a company paid $110,000 to have the newsletter distributed. The "disclaimers" also stated that "[a]ny first, middle, and/or last name referring to our 'editor,' 'analyst,' 'copywriter' or any other site or name is purely fictitious and statements by such fictitious characters should not be relied upon."

120. Huang, Castillo, Flesche and Laubenstein each reviewed BRKO stock promotion materials on or before March 9, 2016, and observed the questionable claims they contained. Nevertheless, Huang received and entered sell orders from Customer F throughout March 2016

when Huang knew that his customer was selling into a paid promotional campaign, and knew that Customer F had access to BRKO bank statements that were not publicly available.

121. Despite the presence of red flags of suspicious activity and becoming aware of the promotional campaign, no one at Glendale took reasonable steps to determine the identity of anyone who had paid for the promotional campaign, or to determine whether Customer F played any role in the promotional campaign.

122. Rather, Glendale merely asked Customer F to provide a self-serving written statement that Customer F was not financially responsible for or connected to the people or entities that sponsored the BRKO promotional activity.

123. From February 4, 2016 to March 14, 2016, Glendale liquidated 472,782 BRKO shares held by Customer F, including throughout the promotional campaign described above. Notably, on nine of these trading days Customer F's trading in this security represented over 20% of the trading activity and on four of these days Customer F's trading activity represented from 62 to 98% of the outstanding trading in this security.

124. On March 3, 2016, while Customer F was liquidating his BRKO shares, he requested, and Laubenstein approved, two requests to wire transfer BRKO sale proceeds totaling $1,065,000 from Customer F's Glendale account to a bank account in Singapore. Customer F's request to transfer funds to a foreign bank account were approved despite that Customer F's new account documents explicitly stated that he would not transfer funds to or from a foreign country, another red flag that Glendale did not reasonably address.

125. The SEC halted all trading in BRKO on March 17, 2016, "because of concerns regarding the accuracy and adequacy of information in the marketplace and potentially manipulative transaction in BRKO common stock."

126. Customer F asked Huang whether he would be able to resume liquidating after the suspension was lifted or if he would need to find another broker to liquidate his BRKO shares on the grey market.

127. The sales of Customer F's BRKO shares through Glendale generated sale proceeds of $1,279,352 and generated $38,438 in commissions for Glendale.

3. Activity Involving Vitaxel

128. On May 28, 2015, Glendale, through Castillo and Flesche, prepared and submitted to FINRA's OTC Compliance Unit a Form 211 seeking authorization to initiate quotations for Albero Corp. ("Albero") on the OTC Bulletin Board and OTC Link ATS.

129. When the Firm sought approval to make a market for Albero, it described Albero as a development stage company in the business of breeding horses. As of June 24, 2015, Albero's business activity was limited to developing a business plan, leasing pasture space, and purchasing one 20 year old mare to breed an Irish Sport Horse.

130. According to the Form 211, Albero's president purchased Albero shares during October 2014 as part of an offering pursuant to Regulation S, which provides an exclusion from the Section 5 registration requirements of the Securities Act for offerings made outside of the United States. Regulation S is available only for offers and sales made in an offshore location. However, the president listed a United States address for himself and provided bank account statements reflecting that he was located in the United States during October 2014. No one at Glendale identified this or made follow-up inquiries.

131. Publicly available documents showed that VXEL's attorney, who was identified in the Form 211 papers, was sued for penny stock fraud during 2001, and was ultimately criminally convicted and ordered to forfeit funds in connection with market manipulation

activity. Further, in May 2015, the SEC charged the attorney with orchestrating a promotional campaign that touted the prospects of microcap companies and enticed investors to buy stock at inflated prices.

132. On July 17, 2015, based in part upon the Firm's representations concerning Albero's assets and its business plan, the Firm received authorization to quote Albero Corp. Common Stock on the OTC Bulletin Board and OTC Link under the ticker symbol ALLR.

133. On January 8, 2016, Albero changed its name to Vitaxel Group Limited (Vitaxel), and increased its authorized capital stock from 75,000,000 shares of common stock to 7,000,000,000 shares of common and 100,000,000 shares of "blank check" preferred stock. In connection with the name change, Vitaxel change its ticker symbol to VXEL.

134. Vitaxel departed significantly from Albero's purported business. On January 18, 2016, Vitaxel entered into a share exchange under an agreement with two Malaysia-based corporations pursuant to which the Malaysia-based corporations became wholly owned subsidiaries of Vitaxel. In connection with the share exchange, Vitaxel discontinued its horse breeding business, transferred all pre-share exchange assets and liabilities to its pre-share exchange majority stock holder in exchange for the cancellation of his 3,000,000 shares of common stock, and acquired the businesses of the two Malaysia-based corporations, which Vitaxel described as "a multi-level marketing model with an emphasis on travel, entertainment and lifestyle products and services."

135. Prior to the share exchange agreement, Albero issued 825,000 common shares to 29 investors, all of whom were individuals residing in Northern Ireland and who purchased shares through a Form S-1 registration statement. In or around December of 2015,

approximately 30 buyers located in Asia purchased the common shares from the Northern Ireland shareholders through a single buyer's representative.

136. Through Huang, Glendale began receiving requests to open new accounts and deposit shares of VXEL as early as January 11, 2016 – after the issuer changed its name and requested to change its ticker symbol but prior to the consummation of the share exchange agreement. Over time, Huang accepted deposits of VXEL stock to liquidate for approximately 30 shareholders. Each of these shareholders was referred to Huang by one of two individuals, KO and his assistant KS, who acted as "agents" and "buyers' representatives" of the VXEL shareholders. KO and KS sent new account applications and share deposit requests to Huang on behalf of the shareholders, even though the Firm had not received a power of attorney or other agreement by which the customers authorized KO or KS to act on their behalf.

137. Huang and Glendale failed to reasonably inquire about the relationships between the VXEL shareholders, KO and KS, and VXEL. In particular, Huang and the Firm took no action to determine the scope of the consulting work performed by KO and KS for VXEL, how the VXEL shareholders came to know KO and KS, what if any compensation KO and KS received for their VXEL-related work, whether they performed any other work for VXEL, or whether they were affiliated in any way with the issuer beyond acting as consultants. Huang and the Firm failed to make these inquiries, even though KO and KS sent Huang emails to his Glendale address that showed that their consulting company, Asiacrux, shared the same address as VXEL.

138. All of the approximately 30 shareholders who deposited VXEL shares claimed to be located in either Singapore, Malaysia, or Hong Kong, and were unknown to Glendale prior to November 2015. Even though these customers resided in foreign jurisdictions and were only

recently referred to the Firm, Huang took no action to verify the accuracy of the information contained in their new account documents or to otherwise "know his customers" as required by the Firm's AML Procedures. In fact, other than KO, Huang spoke to only one of the approximately 30 shareholders that deposited VXEL shares into accounts at Glendale.

139. In addition to consulting for VXEL, KO was a VXEL shareholder and opened an individual account at Glendale in October 2015 to deposit and liquidate VXEL shares. KO provided a Malaysian business address when he opened his Glendale account that was the same business address associated with VXEL, a fact which Huang did not identify or inquire about at any time, including when he opened the account, when he received KO's VXEL shares or when KO made referrals and gave instructions about other VXEL shareholders.

140. Huang obtained self-serving representation letters from KO and the other VXEL shareholders in which each shareholder attested that:

- s/he was not an affiliates of VXEL within the meaning of Rule 144;
- s/he did not acquire the stock "with a view to distribution";
- s/he had not purchased, offered or sold an VXEL stock "except in accordance with all applicable Federal and State securities laws," and;
- s/he was not acting in concert with any other persons or entities.

141. However, neither Huang, nor any other Firm personnel, discussed the representation letters with KO or any of the VXEL shareholders to confirm their accuracy, or took any steps to ensure that the shareholders understood the representation letter given that the shareholders were located in Malaysia and the representation letter was written in English and referenced various US securities laws and rules.

142. Huang received additional referrals directly from VXEL after VXEL created and sent to its shareholders an announcement bearing the Vitaxel corporate logo that instructed shareholders "To Trade VXEL Please email to Andy Huang at ******@glendalesecurities.com" and include account information and buy/sell instructions. Yet Huang and Glendale did not inquire with VXEL as to how VXEL came to know of Huang or why they sent this correspondence.

143. Further, documents provided to the Firm in connection with the deposit of VXEL shares contained red flags that signaled potentially suspicious activity. For example, Customer G represented in a deposit questionnaire that he was not a control person or affiliated with any public company. Yet publicly available information showed that he was a director of a public company under the control of VXEL. Neither Huang, Flesche nor anyone else at Glendale inquired about whether the customer was interested in purchasing VXEL to support the price of the stock.

144. Huang and Glendale also failed to detect press reports that named Customer G as the co-owner of an entity whose records were disclosed in connection with leaked records of the Panamanian law firm Mossack Fonseca & Co., also known as the "Panama Papers."

145. In addition, On March 1, 2016, KO contacted Huang by email and wrote: "By the way, I would really appreciate if at the end of today the system can show [that] there is a[n] ask price of US$0.04." Huang responded by WeChat and stated "You can not [sic] send me the email like the last one. The price is determined by the market." KO then replied by WeChat "Sorry … we just want to show there is an ask price of 0.04 … please delete it." Huang then wrote "Pls never ever mention what price your [sic] want to see." Huang did not identify that

this was a red flag or was indicative of potentially suspicious activity, and made no inquiry to determine whether KO was attempting to improperly support the price of the stock.

IV. Failure to Monitor Activity in Foreign Financial Institutions

146. In 2007, Glendale entered into a referral agreement with the British Caribbean Bank International, Ltd. ("BCB"), a subsidiary of the Belize Bank Ltd. Under the agreement, Glendale agreed to open correspondent accounts for customers of BCB pursuant to a commission and fee-splitting schedule. From December 2010 until the accounts were closed in 2012, approximately 34 accounts were open and active at Glendale (the "BCB Accounts").

147. Eighteen of the BCB Accounts were opened on behalf of customers of BCB who remained undisclosed to Glendale (the "Undisclosed Accounts"). Each of the Undisclosed Accounts was assigned a Glendale account number and was identified in communications between BCB and Glendale by a reference number. The remaining 16 BCB Accounts were opened on behalf of corporate customers of BCB, which names were disclosed to Glendale.

148. The new account documents Glendale collected for the Undisclosed Accounts included documents and information related only to BCB and certain of its officers and directors, however, the underlying beneficial owners of the Undisclosed Accounts were not disclosed or known to Glendale until the accounts were closed in 2012.

149. Despite that the BCB Accounts were based in a known financial secrecy haven, the Firm did not investigate the nature of BCB's business and the type, purpose and anticipated activity for the underlying accounts, including whether any account was opened for the purpose of transacting on behalf of underlying customers or for the purpose of proprietary transactions.

150. Further, Laubenstein, as the Firm's AMLCO, failed to establish and implement risk-based AML procedures and controls designed to detect and report suspicious activity within

the Firm's foreign-based accounts, including a periodic review of the correspondent account activity to determine that it was consistent with the type, purpose and anticipated activity of the account..

V. Huang Used WeChat to Communicate with Firm Customers

151. Throughout the time that Huang communicated with KS and KO, Huang used an internet-based cellular telephone application called WeChat to have telephone conversations with and to send and receive text messages with KO and KS, in addition to having other communications with KS and KO via his Firm email address.

152. Huang's communications via WeChat with KS and KO concerned securities-related matters, but he did not provide them to the Firm.

VI. Supervision of Huang

153. Flesche, as Huang's direct supervisor, and Laubenstein as the Firm's AMLCO and the principal charged with investigating potentially suspicious activity at the Firm, failed to make reasonable inquiries with Huang about his communications with Firm customers regarding VXEL or BRKO to ensure that Huang was detecting and addressing red flags of suspicious activity.

154. Laubenstein was the supervisor designated to review Huang's incoming and outgoing email. Yet Laubenstein failed to detect numerous emails on the Firm's systems from KS and KO containing red flags of suspicious activity regarding VXEL.

155. Flesche and Laubenstein failed to ensure that Huang discussed the representation letters made by shareholders of VXEL to determine that the customers understood the contents of the attestations and that they were verified to be accurate.

156. In addition, no one at Glendale took reasonable steps to verify the accuracy of translations Huang made of his communications with customers and signage posted in his office that were not written in English.

FIRST CAUSE OF ACTION
WILLFUL STOCK MARKET MANIPULATION
Violation of Securities and Exchange Act of 1934 § 10(b), Rule 10b-5 thereunder; FINRA Rules 2020 and 2010
(Respondents Castillo and Glendale)

157. The Department realleges and incorporates by reference paragraphs 1- 156 above.

158. Section 10(b) of the Securities Exchange Act of 1934 addresses misconduct in connection with the purchase or sale of securities by the use of interstate commerce. Rule 10b-5, promulgated under Section 10(b), makes it unlawful "to employ any device, scheme, or artifice to defraud" or any practice "which operates or would operate as a fraud or deceit upon any person" in connection with the sale of securities.

159. FINRA Rule 2020 provides that "[n]o member shall effect any transaction in, or induce the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device or contrivance."

160. FINRA Rule 2010 requires FINRA members to observe high standards of commercial honor and just and equitable principles of trade. Conduct that violates Rule 10b-5 and FINRA Rule 2020 also violates FINRA Rule 2010.

161. Respondents Glendale and Castillo violated these rules by manipulating the price of NUGN stock. In particular, Castillo, acting in concert with Firm customers, placed orders to buy and sell shares of NUGN stock to inflate the stock price, with the goal of causing the stock price to close at $5.00 per share for three consecutive days, and thus release two Firm customers

from being subject to the Lock-Up Agreement. Once freed from the Lock-Up Agreement, the Firm facilitated the sale of over $8 million of NUGN shares during a stock promotion campaign funded by Customer A – the Firm customer with the largest NUGN holding.

162. Glendale and Castillo knew throughout the Relevant Period that BLMK (and later NUGN) was thinly capitalized, held few tangible assets, and had no consistent history of generating revenue. Nevertheless, after the Firm began making a market in BLMK, Castillo purchased 500 shares from a known high-risk customer at a price well above the price at which the stock was historically quoted, and at a time when the market had demonstrated no interest in the stock.

163. Glendale and its customer who held BLMK stock received a stock dividend that increased the number of shares each held by a magnitude of over fifteen. Typically, such a dividend would dilute the value of the shares proportional to the increase in the number of shares outstanding, but in this instance Castillo continued to place bids in the market at prices well above pre-dividend trading. Indeed, on February 4, 2015, Castillo placed bids for NUGN in excess of $2.00, even though the highest prior sale was Castillo's own $.13 purchase prior to the stock dividend – an over 23000% increase when accounting for the dividend.

164. Also on February 4, 2015, Customer D purchased 5170 NUGN shares from Castillo for $.26. Castillo was Customer D's broker of record and had opened her account less than two weeks prior to her purchase of NUGN. Customer D had no account activity prior to her purchase of NUGN, and her purchase from Glendale on February 4 set the closing price at a new high of $.26, which price held until the close of trading on February 23, 2015.

165. On February 11, 2015, Customer D contacted Castillo and placed a good-until-canceled order to sell 5000 shares of NUGN for $5.00 per share.

166. On February 24, 2015, at 2:19 pm, Customer D's thirteen day old order was partially fulfilled when a proprietary trading account at Broker-Dealer A placed a bid at $5.00 for 250 NUGN shares. On February 25, 2014, Customer D sold an additional 1020 shares of NUGN from her still outstanding good-until-canceled order at a price of $5.00 per share. On February 26, 2015, Customer D sold 1000 shares of NUGN from her still outstanding good-until-canceled order at a price of $5.00 per share. These three transactions represented 100% of the market activity in NUGN on each of the three trading days. Additionally, each of these sales caused NUGN to close at $5.00, and provided NUGN a three consecutive trading day market capitalization of $200 million, which equaled the amount necessary to nullify the Lock-Up Agreement that prevented Customer A and Customer B from selling NUGN shares.

167. The trading described above concerning Customer D was the only activity to take place in her account from the time it was opened on January 23, 2015, to September 30, 2015.

168. Castillo knew, or was reckless in not knowing, that Customer D's good until canceled order to sell NUGN at $5.00 was intended to inflate NUGN's price to achieve a level of market capitalization that would nullify the Lock-Up Agreement for Customer A and Customer B.

169. From February 27, 2015 through August 3, 2015, Glendale and Castillo liquidated millions of shares of NUGN for Customer A and Customer B, for which the sales proceeds exceeded $8 million. For its part, the Firm earned commissions and fees totaling over $190,000.

170. By reason of the foregoing, Respondents Glendale and Castillo willfully violated Section 10(b) of the Securities and Exchange Act of 1934 and Rule 10b-5 thereunder, and FINRA Rules 2020 and 2010.

SECOND CAUSE OF ACTION
UNLAWFUL SALE OF RESTRICTED SECURITIES
In Contravention of Securities Act of 1933 § 5; Violation of FINRA Rule 2010
(Respondents Flesche, Abadin, and Glendale)

171. The Department realleges and incorporates by reference paragraphs 1 through 170 above.

172. Section 5 of the Securities Act prohibits the sale of any security through the mails or in interstate commerce, unless a registration statement is in effect as to the transaction. Conduct that contravenes Section 5 violates FINRA Rule 2010.

173. The six share purchase agreements through which Customer A and Customer B purchased shares of BLMK, later listed as NUGN, identified individual sellers with a common surname and residential addresses within close proximity to one another. In addition, one seller, NF, was the spouse of BLMK's former CEO, DK. By virtue of the familial relationship between NF and DK, and the common residential address shared by NF, EF and MF, all of these individuals were affiliates of BLMK. Thus, all shares sold by NF, EF and MF to Customer A and Customer B through the share purchase agreements were restricted from sale until the Customer A and Customer B satisfied a six month holding period, pursuant to Rule 144.

174. At no time from December 18, 2014 to June 17, 2015, was a valid registration statement in effect concerning the NUGN resales by Customer A and Customer B. Also, no exemption from registration applied to any of the resale transactions during this time. Thus, each sale by Customer A and Customer B prior to June 9, 2015 constituted an unregistered nonexempt resale of a restricted security in violation of Section 5 of the Securities Act.

175. By approving the above described NUGN shares for immediate resale, and thereafter selling the shares into the secondary market, Respondents Glendale, Flesche, and

Abadin acted in contravention of Section 5 of the Securities Act, and thereby violated FINRA Rule 2010.

THIRD CAUSE OF ACTION
UNREASONABLE ANTI-MONEY LAUNDERING SYSTEM
AND FAILURE TO IDENTIFY AND INVESTIGATE AML RED FLAGS
Violation of FINRA Rules 3310 and 2010
(Respondents Glendale, Castillo, Flesche, Laubenstein, Huang and Abadin)

176. The Department realleges and incorporates by reference paragraphs 1 through 175 above.

177. FINRA Rule 3310(a) provides that member firms must establish and implement policies and procedures that can be reasonably expected to detect and cause the reporting of transactions required under 31 U.S.C. 5318(g) and the implementing regulations thereunder, and establish and implement policies, procedures, and internal controls reasonably designed to achieve compliance with the Bank Secrecy Act and the implementing regulations thereunder.

178. 31 CFR 1010.610, a regulation implementing the BSA, requires broker dealers and other covered financial institutions to "establish a due diligence program that includes appropriate, specific, risk-based, and, where necessary, enhanced policies, procedures, and controls that are reasonably designed to enable the covered financial institution to detect and report, on an ongoing basis, any known or suspected money laundering activity conducted through or involving any correspondent account established, maintained, administered, or managed by such covered financial institution in the United States for a foreign financial institution." The due diligence program …shall include, in relevant part, assessing the money laundering risk presented by such correspondent account, based on a consideration of all relevant factors, which shall include, as appropriate:

a. The nature of the foreign financial institution's business and the markets it serves;

b. The type, purpose, and anticipated activity of such correspondent account;

c. The nature and duration of the covered financial institution's relationship with the foreign financial institution (and any of its affiliates);

d. The anti-money laundering and supervisory regime of the jurisdiction that issued the charter or license to the foreign financial institution, and, to the extent that information regarding such jurisdiction is reasonably available, of the jurisdiction in which any company that is an owner of the foreign financial institution is incorporated or chartered; and

e. Information known or reasonably available to the covered financial institution about the foreign financial institution's anti-money laundering record.

In addition, firms must apply risk-based procedures and controls to each such correspondent account reasonably designed to detect and report known or suspected money laundering activity, including a periodic review of the correspondent account activity sufficient to determine consistency with information obtained about the type, purpose, and anticipated activity of the account.

179. Glendale, and its principals Castillo, Flesche and Laubenstein were aware of the importance of implementing an effective system to monitor for suspicious activity because the Firm had recently been sanctioned by FINRA for failing to have an adequate AML compliance program in place. In particular, in November 2010, the Firm consented to the entry of findings that from January 2005 through March 2008, the Firm failed to adequately implement or enforce its AML program and to otherwise comply with its AML obligations, as the Firm failed to

identify and analyze numerous potentially suspicious microcap and/or penny stock transactions in its customers' accounts.

180. In spite of Glendale's prior AML-related disciplinary history, the Firm's AML Program was not adequate to identify and investigate patterns of suspicious activity throughout the Relevant Period. In particular, the Firm received exception reports from its clearing firm that were not designed to identify patterns of potentially suspicious activity within the Firm's primary business line – microcap and penny stock liquidation and market making over-the-counter and bulletin board securities. Accordingly, the Firm relied entirely upon manual review of trading data to identify potentially suspicious activity, which review failed entirely to identify potentially suspicious activity within customer accounts that traded BLMK/NUGN.

181. The Firm's AML Program relied upon individual registered representatives to identify potentially suspicious activity within customer accounts not identified as "high risk accounts," which, once identified, was supposed to be referred to Laubenstein to further investigate. However, the written procedures failed to specify how this process was to be accomplished, and the informal manner in which the Firm's registered representatives referred potentially suspicious activity to Laubenstein meant that investigations that failed to result in a SAR filing were neither formally documented nor otherwise memorialized.

182. Castillo, Flesche, and Laubenstein also failed to investigate Customer C – a "high risk account" holder – after he deposited BLMK shares into his Firm account, even though the Firm had labeled his account high risk because he had engaged in potentially manipulative activity in connection with the sale of unregistered securities. Notably, these Respondents failed to obtain any additional information required by the Firm's AML Program concerning high risk account holders.

183. Castillo, Flesche, and Laubenstein further failed to investigate Customer D, a new Firm customer whose only activity at the Firm was (1) purchasing 5,170 shares of NUGN from Castillo at $.26, and (2) entering a good-until-cancelled sell offer at $10.00, which ultimately led to the three sales of NUGN at $5.00 that nullified Customer A's and Customer B's Lock-Up Agreement.

184. Castillo, Flesche, Laubenstein, and Abadin also failed to detect or to investigate other potentially suspicious activity within the nine customer accounts that liquidated NUGN stock, including: the cause or causes of the wild price increases and volatility that occurred when the stock began trading; that Customer A had funded a promotional campaign for NUGN and intended to liquidate NUGN shares during the promotional campaign; deposit and liquidation activity within Customer E's account, which was deemed a high-risk account; or deposit and liquidation activity within Abadin's account.

185. Castillo, Flesche, Laubenstein, and Huang failed to identify or investigate red flags in connection with Customer F's deposit and liquidation of BRKO stock, specifically: that BRKO was thinly capitalized and went through ownership and business changes after Customer F had deposited BRKO shares; that the issuer and Customer F were located in separate foreign jurisdictions; that Customer F presented bank records of BRKO not typically accessible by non-insiders; that Customer F sought to liquidate his BRKO shares into a stock promotion campaign; that once the Firm authorized Customer F to liquidate his shares, his sale activity dominated the market; that the SEC halted trading in BRKO while Customer F was liquidating shares; and that Customer F requested to wire transfer over $1 million in sale proceeds to a Singapore-based bank account while liquidating shares.

186. Castillo, Flesche, Laubenstein, and Huang failed to identify or investigate red flags in connection with approximately 30 Firm customers' deposit and liquidation of VXEL stock, specifically: that VXEL was thinly capitalized and went through name, ownership and business changes; that the issuer was located in a foreign jurisdiction separate from the customers that sought to liquidate the securities; that two individuals were acting as agents for foreign customers to deposit and liquidate VXEL securities.

187. Because the Respondents did not adequately identify or consider numerous red flags related to customer accounts, they also failed to adequately consider whether to file a Suspicious Activity Report with respect to these accounts, as required by the Bank Secrecy Act and its implementing regulations.

188. Huang further violated the firm's CIP program by communicating exclusively with intermediaries on behalf of new customers that opened accounts at the Firm to deposit and liquidate microcap securities and penny stocks. More specifically, Huang failed to use any of the required non-documentary methods to verify the identity of the approximately 30 foreign-based Firm customers who opened new accounts at the Firm without a face-to-face meeting with Huang.

189. In addition, Laubenstein as the AML Compliance Officer, and Flesche as Huang's immediate supervisor, each failed to ensure that Huang complied with the Firm's customer identification and verification requirements by confirming his customers' identities through the non-documentary methods described in the Firm's WSPs.

190. Further, because the Firm failed to ascertain the type, purpose and anticipated activity of the correspondent accounts, it could not assess the money laundering risks presented by the accounts, nor could it conduct required periodic review of the correspondent account

activity to determine whether the activity was consistent with its stated purpose. Thus, the Firm and Laubenstein also failed to establish and implement an adequate due diligence program for correspondent accounts for foreign financial institutions as a component of its AML program, and failed to establish and implement risk-based AML procedures and controls designed to detect and report suspicious activity within correspondent accounts.

191. As a result of the foregoing, Glendale, Castillo, Flesche, Laubenstein, Abadin and Huang violated FINRA Rules 3310 and 2010.

FOURTH CAUSE OF ACTION
FAILURE TO SUPERVISE
Violation of FINRA Rules 3110 and 2010
(Respondents Glendale, Castillo, Flesche and Laubenstein)

192. The Department realleges and incorporates by reference paragraphs 1 through 191 above.

193. FINRA Rule 3110(a) requires member firms to "establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules."

194. Rule 3110(b) requires member firms to "establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules."

Inadequate WSPs and Supervision of the Firm's Microcap Securities Liquidation Business

195. Glendale, through Castillo and Flesche, failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with Section 5

for sales of unregistered securities. In particular, the Firm's supervisory system was inadequate to ensure that its customers' sales of microcap securities were sold pursuant to an effective registration statement or a valid exemption therefrom.

196. Throughout the Relevant Period, Glendale, Castillo and Flesche were aware of the importance of implementing a reasonable supervisory system to monitor for potential Section 5 violations in the Firm's microcap liquidation business, both because it was the Firm's principal revenue-generating business line, and because the Firm was recently sanctioned by FINRA for failing to have written procedures in place from April 2007 through April 2009, that were reasonably designed to detect and prevent participation in an unregistered distribution of securities.

197. Again, Glendale's supervisory system for sales of unregistered shares of restricted securities was deficient, in spite of its disciplinary history, because the Firm's WSPs did not set forth a standardized process for Firm personnel to conduct an inquiry aimed at ensuring that transactions qualified for available exemptions from registration.

198. Indeed, to this end the WSPs contained only a general instruction that the Firm "must take reasonable steps to ensure that the transaction qualifies for the exemption …" including "taking whatever steps necessary to ensure that the sale does not involve an issuer, a person in a control relationship with an issuer, or an underwriter with a view to offer or sell the securities in connection with an unregistered distribution." And while the WSPs contained a bulleted list of action items that instructed Castillo and Flesche to review certain documents in connection with a deposit of unregistered securities, the WSPs failed to describe the purpose for the review described in the action items, including failing to explain the risks associated with each action item and how the review described in the WSPs would ameliorate those risks.

199. Flesche, the Firm's CCO, was broadly responsible for daily supervision of the Firm's microcap securities liquidation business activity, including approving or rejecting customers' requests to deposit such securities for resale. In connection with his supervisory duties, Flesche reviewed supporting documents provided by Firm customers that purported to establish that the customer's securities were eligible for resale into the secondary market.

200. However, in connection with the deposit and sale of BLMK/NUGN, neither Castillo nor Flesche took any action to determine the relationship between Castillo's customers that deposited BLMK/NUGN shares, and the prior owners of the securities to ensure that the shares deposited were immediately sellable. Consequently, the Firm failed to identify that Customer A and Customer B each received shares directly from affiliates of the issuer, and thus some of the shares that those customers deposited at the Firm were not eligible for immediate resale.

Glendale, Flesche and Laubenstein, Failed to Supervise Huang

201. Flesche, as Huang's direct supervisor, failed to supervise Huang's communications with Firm customers that resided outside of the United States. In particular, Flesche was aware that Huang opened accounts and conducted securities transactions on behalf of customers in Malaysia and China. However, Flesche failed to inquire how Huang communicated with his overseas customers in general, or take any reasonable steps to ensure that Huang was verifying that his customers understood the communications, including the representations Glendale was seeking from them.

202. Laubenstein was principally responsible for reviewing Huang's email communications. However, Laubenstein's review was confined to conducting periodic word-

search reviews of emails retained by the Firm's email archive vendor. Laubenstein unreasonably failed to detect numerous red flags of suspicious activity contained in emails regarding VXEL.

203. Glendale's email review system was also unreasonable because these English language-based word searches would not yield results when Huang communicated by email with Firm customers in other languages, such as Chinese. Laubenstein took no action to determine how to apply search terms to Huang's non-English written communications, even though he observed that Huang drafted translations of Glendale documents from English to Chinese for customers and posted signage in Glendale's New York office that was written in Chinese.

204. Based on the foregoing, Glendale, Castillo, Flesche and Laubenstein violated FINRA Rules 3110 and 2010.

FIFTH CAUSE OF ACTION
MISUSE OF CONFIDENTIAL NONPUBLIC INFORMATION
In Contravention of SEC Regulation S-P; Violation of FINRA Rule 2010
(Respondent Huang)

205. The Department realleges and incorporates by reference paragraphs 1 through 204 above.

206. SEC Regulation S-P governs the treatment of non-public, personal information about consumers and customers by financial institutions, including broker-dealers. Non-public, personal information includes: (1) information a consumer provides to a broker-dealer to obtain a financial product; (2) information about a consumer resulting from any transaction involving a financial product or service between a broker-dealer and a consumer; or (3) information a broker-dealer otherwise obtains about a consumer in connection with providing a financial product or service to that consumer. A broker-dealer may not, directly or through any affiliate, disclose any non-public personal information about a consumer to a nonaffiliated third party unless: (1) the broker-dealer has provided the consumer an initial privacy notice; (2) the broker-

dealer has provided to the consumer an opt out notice regarding any information sharing arrangements it may have with nonaffiliated third parties; (3) the broker-dealer has given the consumer a reasonable opportunity to opt out of having their information shared before it discloses the information to the nonaffiliated third party; and (4) the consumer does not opt out.

207. When Huang communicated with KO and KS concerning his customers' trading activity, he disclosed non-public personal information about those customers to KO and KS. When doing this, Huang acted without the prior consent of any of the affected customers.

208. By disclosing confidential customer information to KO and KS, Huang caused the Firm to violate Regulation S-P, and in so doing, Huang violated FINRA Rule 2010.

SIXTH CAUSE OF ACTION
VIOLATION OF RECORDKEEPING REQUIREMENTS
Violation of FINRA Rules 4511 and 2010
(Respondent Huang)

209. The Department realleges and incorporates by reference paragraphs 1 through 208 above.

210. Section 17(a) of the Exchange Act and Rule 17a-4 promulgated thereunder require that broker-dealers preserve records of all communications sent and received by them related to their business, for a period of not less than three years.

211. FINRA Rule 4511 requires members to make and preserve books and records as required under FINRA and Exchange Act rules, including Rule 17a-4. An individual may violate Rule 4511 by causing his or her member firm to keep inaccurate books and records. A violation of Rule 4511 constitutes a separate violation of FINRA Rule 2010.

212. By exchanging securities-related communications with KO and KS via WeChat, and failing to retain and submit such communications to the Firm, Huang caused the Firm to

violate Exchange Act Rule 17a-4, and Huang independently violated FINRA Rules 4511 and 2010.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

A. make findings of fact and conclusions of law that Respondents committed the violations charged and alleged herein;

B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed;

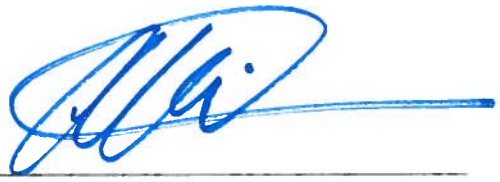
C. order that one or more of the sanctions provided under FINRA Rule 8310(a) be imposed, including that Respondent be required to disgorge fully any and all ill-gotten gains made in connection with the above-described conduct;

D. order that Respondent(s) bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330;

E. make specific findings that Glendale willfully violated Rule 10b-5 of the Exchange Act.

FINRA DEPARTMENT OF ENFORCEMENT

Date: 10/5/17



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