

# Disciplinary and Other FINRA Actions

## Firms Fined, Individuals Sanctioned

The Dratel Group, Inc. ([CRD® #8049](#), Southold, New York) and William Marshall Dratel ([CRD #843025](#), Southold, New York). The firm was fined \$31,000, jointly and severally with Dratel, and fined an additional \$2,500. Dratel was fined an additional \$5,000 and suspended from association with any FINRA® member in any capacity for a total of 25 business days, to be served consecutively. The National Adjudicatory Council (NAC) affirmed the sanctions following the appeal of an Office of Hearing Officers (OHO) decision. The sanctions were based on findings that Dratel willfully failed to make timely amendments to his Uniform Application for Securities Industry Registration or Transfer (Form U4), failed to establish and enforce supervisory control systems, and failed to certify compliance and supervisory processes. The findings also included that the firm failed to report municipal securities trades and executed customer transactions in corporate debt securities without completing a Trade Reporting and Compliance Engine® (TRACE®) participation agreement and failed to report transactions to TRACE; and that the both Dratel and the firm willfully failed to make timely amendments to the firm's Uniform Application for Broker-Dealer Registration (Form BD), willfully failed to create and preserve order memoranda, failed to preserve email communications, willfully failed to maintain accurate ledger and trial balances, paid a total of \$156,575 to a select group of customers for losses resulting from adverse market conditions, executed municipal securities transactions without being registered with the Municipal Securities Rulemaking Board (MSRB), and failed to have a registered municipal securities principal supervise municipal securities activities. The firm and Dratel are subject to statutory disqualification as a result of their willful misconduct.

The suspension was in effect from July 6, 2015, through August 7, 2015. ([FINRA Case #2009016317701](#))

E1 Asset Management, Inc. ([CRD #46872](#), Jersey City, New Jersey), Ron Yehuda Itin ([CRD #2344151](#), Tenafly, New Jersey) and Ahsan R. Shaikh ([CRD #2306482](#), Upper Brookville, New York) submitted an AWC in which the firm was censured and fined \$25,000. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Itin was suspended from association with any FINRA member in any supervisory capacity for one month, and Shaikh was suspended from association with any FINRA member in any supervisory capacity for one month. In light of Itin's and Shaikh's financial statuses, no monetary sanctions have been imposed. Without admitting or

## Reported for August 2015

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

denying the findings, the firm, Itin, and Shaikh consented to the sanctions and to the entry of findings that the firm failed to establish and maintain a reasonable supervisory system. As the firm's principals, Itin and Shaikh were responsible for establishing and maintaining the firm's supervisory system. The findings stated that the firm and Shaikh implemented an inadequate system to review registered representatives' electronic correspondence with the public and failed to implement suitability reviews of trading in new customer accounts. In addition, the firm and Itin failed to conduct reasonable reviews designed to detect and prevent excessive trading in customer accounts, failed to document suitability reviews and supervisory approvals of leveraged exchange-traded fund (ETF) transactions in customer accounts, and failed to enforce the firm's heightened supervision program. The findings also stated that the firm entered into numerous settlement agreements with various firm customers that contained an ambiguous confidentiality clause that customers could have interpreted as prohibiting them from cooperating with securities regulators.

Itin's suspension is in effect from August 6, 2015, through September 5, 2015. Shaikh's suspension was in effect from July 6, 2015, through August 5, 2015. ([FINRA Case #2010025835701](#))

### Firm and Individual Fined

Dempsey Lord Smith, LLC ([CRD #141238](#), Rome, Georgia) and Jerry Eskel Dempsey Jr. ([CRD #1869325](#), Rome, Georgia) submitted an AWC in which the firm was censured and fined \$10,000, of which \$5,000 is joint and several with Dempsey. Dempsey was censured and fined \$10,000, of which \$5,000 is joint and several with the firm. The aggregate fine against both the firm and Dempsey is \$15,000. Without admitting or denying the findings, the firm and Dempsey consented to the sanctions and to the entry of findings that the firm, acting through Dempsey, its Chief Executive Officer (CEO) and Financial and Operations Principal (FINOP), failed to establish a proper escrow account for the maintenance of investor funds in connection with multiple securities offerings, even though the firm participated in each of the offerings and accepted customer funds. Instead, the firm and Dempsey allowed investor funds to be commingled in attorney escrow accounts the issuers had established. The findings stated that Dempsey forwarded emails to prospective investors in connection with solicitations to sell bonds issued by an affiliate of the firm that contained promissory statements that were not fair and balanced. The findings also stated that the firm failed to enforce its written supervisory procedures (WSPs) in connection with the establishment of escrow accounts and advertising rules. The firm failed to ensure that a proper escrow account was established for three contingent offerings and failed to ensure that all its representatives' communications complied with FINRA's advertising rules. ([FINRA Case #2014039284001](#))

## Firms Fined

**Advisors Asset Management, Inc.** ([CRD #46727](#), Monument, Colorado) submitted an AWC in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to correctly report information regarding purchase and sale transactions effected in municipal securities to the Real-time Transaction Reporting System (RTS). Specifically, the firm failed to include the correct execution time, price and commission on customer transactions. The findings stated that the firm also failed to show the correct execution time on the memoranda of brokerage orders. The findings also stated that the firm failed to disclose the accurate dollar price of the trade and the dollar amount of the commission on customer confirmations for trades in municipal securities. ([FINRA Case #2014041621101](#))

**Aegis Capital Corp.** ([CRD #15007](#), New York, New York) submitted an AWC in which the firm was censured; fined \$85,000; ordered to pay \$2,537.22, plus interest, in restitution to customers; and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that the firm failed to immediately display customer limit orders in over-the-counter (OTC) equity securities in its public quotation when each such order was at a price that would have improved the firm's bid or offer in each such security; when the order was priced equal to the firm's bid or offer and the national best bid or offer for each such security; and when the size of the order represented more than a *de minimis* change in relation to the size associated with the firm's bid or offer in each such security.

The findings stated that the firm failed to contemporaneously execute customer orders in OTC equity securities after it traded each of the subject securities for its own market-making account at a price that would have satisfied the customers' orders. The firm also failed to execute a customer's order at the same price or a better price than the firm received when it executed the proprietary transaction for its own account. The findings also stated that the firm failed to execute customer orders fully and promptly. The firm failed to use reasonable diligence to ascertain the best inter-dealer market price, and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under the prevailing market conditions. The findings also included that the firm failed to accurately reflect that orders were solicited on order tickets, customer order tickets and customer monthly account statements for certain transactions.

FINRA found that the firm failed to include on the order tickets that certain transactions were executed pursuant to discretionary authority. FINRA also found that the firm exercised discretionary authority in customer accounts without having the appropriate authority granting the registered representative discretionary authority over the customers' accounts. In addition, FINRA determined that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning market order timeliness, books and records, and exercising discretionary authority in customer accounts. ([FINRA Case #2012033478801](#))

**Ascendant Capital Markets, LLC** ([CRD #152912](#), Irvine, California) submitted an Offer of Settlement in which the firm was censured and fined \$20,000. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Without admitting or denying the allegations, the firm consented to the sanctions and to the entry of findings that it failed to timely update registered representatives' Forms U4 to reflect Wells notices that they were the subjects of FINRA investigations. The findings stated the firm also failed to timely update a registered representative's Form U4 to reflect that the representative was subject to an Internal Revenue Service (IRS) tax lien. The findings also stated that the firm failed to timely report a complaint and subsequent arbitration claim made against the firm and one of its registered representatives to FINRA. The customer claimed that certain trades were unauthorized and made a demand for damages. The findings also included that the firm did not have adequate written procedures and it failed to implement its supervisory system adequately with regard to customer-complaint reporting and Form U4 disclosure. ([FINRA Case #2010023220507](#))

**Atlas One Financial Group, LLC** ([CRD #124057](#), Miami, Florida) submitted an AWC in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securitized products to TRACE within the time required. ([FINRA Case #2014042565401](#))

**Belle Haven Investments, L.P.** ([CRD #29278](#), Rye Brook, New York) submitted an AWC in which the firm was censured and fined \$22,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report to an RTRS portal information about purchase and sale transactions effected in municipal securities within 15 minutes of the trade time. The findings stated that the firm failed to report the correct trade time to the RTRS in reports of transactions in municipal securities, failed to report to an RTRS portal information regarding purchase and sale customer transactions effected in municipal securities within 15 minutes of the trade time, and failed to show the correct execution time on the memoranda of transactions in municipal securities. The findings also stated that the firm failed to report transactions in TRACE-eligible corporate debt securities to TRACE within 15 minutes of the execution time, failed to report transactions in TRACE-eligible securitized products to TRACE within 15 minutes of the execution time, failed to report the correct execution time for customer transactions in TRACE-eligible corporate debt securities to TRACE, and failed to report the correct execution time for customer transactions in TRACE-eligible securitized products to TRACE. The findings also included that the firm failed to show the correct time of execution on the memoranda of brokerage orders. ([FINRA Case #2013038815001](#))

**Beta Capital Management, L.P.** ([CRD #38964](#), Miami, Florida) submitted an AWC in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report S1 transactions in TRACE-eligible corporate debt securities to TRACE within 15 minutes of the execution time. ([FINRA Case #2014040114601](#))

**BNY Mellon Capital Markets, LLC** ([CRD #17454](#), New York, New York) submitted an AWC in which the firm was censured, fined \$25,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to immediately display, route, execute, or cancel customer limit orders in OTC securities when the price and the full size of each customer limit order would have improved the firm's bid or offer in such security. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA rules. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs concerning the timely display, routing, executing or cancellation of customer limit orders in OTC securities. ([FINRA Case #2014041051701](#))

**Bolton Global Capital** ([CRD #15650](#), Bolton, Massachusetts) submitted an AWC in which the firm was censured and fined \$35,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to provide prospectuses to customers who purchased ETFs, as required by Section 5(b)(2) of the Securities Act of 1933. The findings stated that the firm failed to establish, maintain and enforce an adequate supervisory system, including WSPs, reasonably designed to ensure the delivery of ETF prospectuses to customers. ([FINRA Case #2012030523201](#))

**Chardan Capital Markets LLC** ([CRD #120128](#), New York, New York) submitted an AWC in which the firm was censured, fined \$35,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that as a distribution participant in an offering of a common stock, which traded on the OTC Bulletin Board™ (OTCBB™), it published and maintained bids in the common stock and purchased shares of the common stock on a principal basis during the restricted period. The findings stated that during restricted periods in offerings or private placements of common stock, the firm failed to timely file Regulation M Restricted Period Notifications and a Regulation M Trading Notification while it acted as a distribution participant, acted as a manager (or in a similar capacity) in the distribution of securities, and maintained bids in the common stock. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and FINRA rules. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs concerning market making and timely submission of notifications to self-regulatory organizations when acting as a manager (or in a similar capacity) in the distribution of securities. ([FINRA Case #2010025490702](#))

**Citigroup Global Markets Inc.** ([CRD #7059](#), New York, New York) submitted an AWC in which the firm was censured and fined \$65,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to accept or decline trades in OTC and National Market System (NMS) securities within 20 minutes of execution. ([FINRA Case #2013037783401](#))

**Cobra Trading, Inc.** ([CRD #132078](#), Plano, Texas) submitted an AWC in which the firm was censured, fined \$32,500 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it executed short sale orders and failed to properly mark the orders as short. The findings stated that the firm, on multiple occasions, accepted a short sale order in an equity security from another person, or effected a short sale in an equity security for its own account, without borrowing the security, entering into a bona-fide arrangement to borrow the security, having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due, and documenting compliance with Securities and Exchange Commission (SEC) Rule 203(b)(1) of Regulation SHO. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations concerning the firm's compliance with SEC Rules 200(g) and 203(b)(1) of Regulation SHO. ([FINRA Case #2011028810501](#))

**COR Clearing LLC** ([CRD #117176](#), Omaha, Nebraska) submitted an AWC in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that the firm failed to transmit Reportable Order Events (ROEs) to the Order Audit Trail System (OATS™). ([FINRA Case #2014040009401](#))

**Core Financial, LLC** ([CRD #151044](#), Columbus, Ohio) submitted an AWC in which the firm was censured and fined \$17,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that in connection with six contingent (or "all-or-none") offerings of securities, it violated SEC Rule 15c2-4 by depositing customer funds into an escrow account for which the firm's (and issuer's) attorney acted as agent or trustee. The findings stated that the firm willfully violated SEC Rule 10b-9 by closing two contingent offerings, resulting in the release of investor funds to the issuers, prior to the receipt of investor funds sufficient to meet the offerings' respective contingency amounts. ([FINRA Case #2014039217201](#))

**Corporate Investments Group, Inc.** ([CRD #38690](#), Chicago, Illinois) submitted an AWC in which the firm was censured, fined \$20,000 and ordered to pay \$5,381.97, plus interest, in disgorgement of commissions. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it executed option transactions on a riskless principal basis in the accounts of approximately 20 customers, and charged markups or markdowns which were excessive and unfair. The findings stated that the firm failed to establish, maintain and enforce adequate WSPs related to proprietary and riskless principal trading and the establishment of fair prices related to securities transactions. The findings also stated that the firm failed to maintain accurate confirmations involving options transactions when it prepared written confirmations that inaccurately stated that an option transaction was effected on an agency basis, when, in fact, it was conducted on a principal basis. The findings also included that the firm failed to maintain accurate records

of order tickets involving options transactions when it created order tickets that failed to contain the entry time and the execution time of customer trades conducted on a riskless principal basis. ([FINRA Case #2013036292101](#))

**Edward D. Jones & Co., L.P.** ([CRD #250](#), St. Louis, Missouri) submitted an AWC in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the correct trade execution time for transactions in TRACE-eligible securitized products to TRACE, and failed to show the correct execution time on the memoranda of brokerage orders. ([FINRA Case #2014041068801](#))

**Garden State Securities, Inc.** ([CRD #10083](#), Red Bank, New Jersey) submitted an Offer of Settlement in which the firm was censured and fined \$85,000. Without admitting or denying the allegations, the firm consented to the sanctions and to the entry of findings that it failed to report, or timely report, various events to FINRA, including arbitration settlements, an internal disciplinary action and customer complaints. The findings stated the firm failed to report, or timely report, statistical and summary information regarding customer complaints, and in some instances failed to accurately report this information for customer complaints. The firm also failed to maintain required books and records concerning customer complaints. The findings also stated that the firm failed to ensure that Forms U4 for its representatives were updated or timely updated to disclose certain material information of which the firm was aware. Such information included activities that should have been disclosed under the Other Business section of the Form U4, arbitration and/or litigation-related events, and customer complaints. The findings also included that the firm's procedures regarding telemarketing did not indicate that the caller must provide an address or telephone number at which they may be contacted, and the firm, acting through its representatives, repeatedly failed to include this information during telemarketing efforts.

FINRA found that the firm, contrary to its WSPs, failed to demonstrate appropriate principal approval of certain advertising materials, including sales literature and websites, and failed to retain certain advertising materials. The firm's website, representatives' websites, and sales literature distributed via email by the firm's representatives contained unbalanced, exaggerated or misleading statements. FINRA also found that the firm failed to establish, maintain and enforce an adequate supervisory system, including WSPs, designed to achieve compliance with the requirements of FINRA rules and the federal securities laws regarding the approval, use and dissemination of sales material; the requirement that telemarketing callers provide the called party with the name of the individual caller, the name of the member and an address or telephone number at which the member firm may be contacted; and telemarketing efforts in the United Kingdom consistent and compliant with requirements established by the Financial Services Authority. ([FINRA Case #2011025318202](#))

**Goldman, Sachs & Co.** ([CRD #361](#), New York, New York) submitted an AWC in which the firm was censured, fined \$185,000 and required to provide reports, written and oral, to FINRA regarding the effectiveness of the firm's WSPs with respect to supervisory inadequacies identified. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report S1 transactions in TRACE-eligible corporate debt and agency debt securities to TRACE within 15 minutes of the execution time. The findings stated that the firm also failed to report transactions in TRACE-eligible securitized products to TRACE within the time required. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs regarding the timely submission of accurate reports to TRACE. ([FINRA Case #2013037909601](#))

**KCG Americas LLC** ([CRD #149823](#), Jersey City, New Jersey) submitted an AWC in which the firm was censured, fined \$107,500 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in NMS stocks that do not fall within any applicable exception, and if relying on an exception, are reasonably designed to assure compliance with the terms of the exception. The findings stated that the firm failed to take reasonable steps to establish that the intermarket sweep orders it routed met the definitional requirements set forth in Rule 600(b)(30) of Regulation NMS. The findings also stated that the firm transmitted to the FINRA/Nasdaq Trade Reporting Facility® (FNTRF) last sale reports with a trade report modifier that inaccurately indicated that the trade qualified for an exception or exemption from SEC Rule 611 of Regulation NMS, and transmitted last sale reports to the FNTRF with an inaccurate execution time. The findings also included that the firm failed to timely report ROEs to OATS, submitted New Order Reports and related subsequent reports to OATS where the timestamp for the related subsequent report occurred prior to the receipt of the order, and submitted Execution or Combined Order/Execution Reports that OATS was unable to link to the related trade report in a FINRA transaction reporting system. The firm submitted Route or Combined Order/Route Reports that OATS was unable to link to the related exchange order, unable to match to the receiving firm's related New/Combined Order Reports, and unable to match to a related New Order Report submitted by other members when the member firm was named as the "Sent-to-Firm."

FINRA found that the firm failed to submit Execution Reports to OATS, failed to submit the Special Handling Code of "ADD" and/or the correct Order Share Quantity on Cancel/Replace Reports, failed to submit the Special Handling Code of "ADD" to OATS, incorrectly submitted the Special Handling Code of "ADD," failed to submit the correct Order Share Quantity, failed to submit an Execution Report to OATS, and failed to submit Route Reports to OATS to reflect the route of a portion of an order to another market center. ([FINRA Case #2009021106201](#))

**Merrill Lynch Professional Clearing Corp.** ([CRD #16139](#), New York, New York) submitted an AWC in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it submitted trade corrections directly through The Options Clearing Corporation (OCC) for orders in multiple options series which resulted in the improper duplication of options trades and the firm incurring a loss of \$13.2 million. The findings stated that the firm failed to maintain and have in place a system of adequate policies and procedures designed to prevent the duplication of options orders. ([FINRA Case #2012034383701](#))

**Merrimac Corporate Securities, Inc.** ([CRD #35463](#), Altamonte Springs, Florida) stipulated to a \$100,000 fine and the requirement to retain an independent consultant to review its policies, systems and procedures (written and otherwise), and training relating to outside business activities and private securities transactions, and adopt and implement the independent consultant's recommendations. The NAC affirmed the sanctions following the firm's appeal of an OHO decision, in which the firm argued that it lacked the ability to pay the stipulated fine. The sanctions were based on findings that the firm failed to establish, maintain and enforce reasonable WSPs, and failed to reasonably supervise the outside business activities and private securities transactions of two registered representatives who have since been barred from the industry. The findings stated that the representatives operated a company and sold investments away from the firm. The representatives solicited individuals to invest in their company and raised an aggregate amount of \$4 million from those investors. The representatives arranged for investors, many of whom were firm customers, to hold investments in their company away from the firm's clearing firm with non-broker-dealer custodians. One representative also solicited investments in a second outside business, of which he was an owner. The findings also stated that the firm failed to adequately implement its procedures regarding participation in outside businesses and private securities transactions, and failed to implement reasonable procedures regarding the use of outside custodians. The findings also included that the firm failed to follow up on "red flags" and adequately inquire into the representatives' outside business activities and involvement in private securities transactions despite personal knowledge about both. ([FINRA Case #2009017195204](#))

**Morgan Stanley Smith Barney LLC** ([CRD #149777](#), Purchase, New York) submitted an AWC in which the firm was censured, fined \$12,500 and ordered to pay \$2,641.16, plus interest, in restitution to investors. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it sold municipal securities for its own account to a customer at an aggregate price (including any markup) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer, or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction; the expense involved in effecting the transaction; the fact that the broker, dealer; or municipal securities dealer is entitled to a profit; and the total amount of the transaction. ([FINRA Case #2012033446701](#))

**Newbridge Securities Corporation** ([CRD #104065](#), Fort Lauderdale, Florida) submitted an AWC in which the firm was censured, fined \$22,500 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report information regarding municipal securities transactions for customers to an RTRS portal within 15 minutes of the trade time and failed to report the correct trade time to an RTRS portal. The findings stated that the firm failed to show the correct trade time on the memoranda of brokerage orders. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or MSRB rules. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs concerning municipal securities reporting. ([FINRA Case #2014041621501](#))

**PFA Security Asset Management, Inc.** ([CRD #101161](#), Camp Hill, Pennsylvania) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to retain all business-related electronic communications. The findings stated that the firm's WSPs did not specify how it would retain its electronic communications. Instead, the firm's relied on an inadequate "honor system," whereby its representatives were to print their incoming and outgoing emails and attachments for hardcopy review and retention. The firm did not have any means to test or ensure that its representatives were, in fact, printing their emails and attachments, and did not take any steps to ensure that the "honor system" was followed or successful. ([FINRA Case #2014038912201](#))

**Prospera Financial Services, Inc.** ([CRD #10740](#), Dallas, Texas) submitted an AWC in which the firm was censured, fined \$12,500 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to transmit ROEs to OATS on 140 business days. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs for OATS reporting. ([FINRA Case #2014040008801](#))

**Rice Securities, LLC dba Rice Financial Products Company** ([CRD #21606](#), New York, New York) submitted an AWC in which the firm was censured and fined \$35,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it did not adopt a supervisory system that reasonably provided for the retention and supervision of a registered representative's business-related correspondence with the public even though it was aware that the representative was using his personal email address to conduct firm business. The findings stated that the registered representative received an email from a potential customer and sent emails in response that did not copy any firm email address and were otherwise not retained in the manner required under books and records rules. The findings also stated that an unregistered person associated with the firm transacted business in municipal securities without being

appropriately qualified with a Municipal Securities Representative license. Although the firm's WSPs stated that a Municipal Securities Representative license was required for representatives who solicited orders and/or sold municipal securities, its WSPs failed to include that registration as a municipal securities representative was required for persons who engaged in financial advisory or consultant services for issuers in connection with the issuance of municipal securities. The findings also included that the firm created written branch office inspection reports regarding its branch offices that failed to address the testing areas required by NASD Rule 3010(c)(2), failed to identify any activities in those areas in which those offices did not engage, and failed to document that supervisory policies and procedures for those activities must be in place before the firm could engage in them. ([FINRA Case #2012030430201](#))

**Roosevelt & Cross, Incorporated** ([CRD #6964](#), New York, New York) submitted an AWC in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that through its clearing broker, the firm failed to report the correct yield to the RTRS in reports of transactions in municipal securities. The findings stated that the firm failed to provide written notification to its customers disclosing the accurate yield in transactions in municipal securities. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to applicable securities laws and regulations, and MSRB rules concerning the review of yield on confirmations issued by its clearing broker. ([FINRA Case #2013038983001](#))

**SH Investment & Securities** ([CRD #123074](#), Los Angeles, California) submitted an AWC in which the firm was censured and fined \$15,000, jointly and severally with an individual. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to file an application with FINRA for approval of a change in the firm's equity ownership. The findings stated that an individual became a direct owner with control of more than 25 percent of the firm's equity, but the firm never filed the required application for approval of the changes in ownership and control. ([FINRA Case #2013037137201](#))

**State Street Global Markets, LLC** ([CRD #30107](#), Boston, Massachusetts) submitted an AWC in which the firm was censured, fined \$35,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the correct trade execution time for transactions in TRACE-eligible securities to TRACE, failed to accurately report transactions in TRACE-eligible securities to TRACE, and failed to show the correct execution time on the memoranda of brokerage orders. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs regarding the accuracy of the execution time it recorded and reported to TRACE. ([FINRA Case #2014042145001](#))

**Stifel, Nicolaus & Company, Incorporated** ([CRD #793](#), Saint Louis, Missouri) submitted an AWC in which the firm was censured, fined \$40,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the correct symbol indicating whether transactions were a buy, sell or cross, and inaccurately appended a price-override modifier to last sale reports of transactions that were reported to the FNTRF. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules concerning trade reporting. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs concerning the proper use of trade reporting modifiers. ([FINRA Case #2013037038501](#))

**Tribal Capital Markets, LLC aka Blue Capital Securities, Inc.** ([CRD #38901](#), New York, New York) submitted an AWC in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that in connection with selling collateralized mortgage obligations (CMOs), it provided marketing materials for a proposed CMO transaction to customers that failed to adequately disclose and present a balanced discussion of certain risks involved in the transaction. The findings stated that the firm failed to provide required CMO educational materials prior to its sales of CMOs to retail customers. The findings also stated that the firm violated books and records rules in connection with its mortgage-backed securities (MBS) and CMO business, in that its order memoranda transactions were incomplete or contained inaccuracies. Order tickets failed to identify the registered representative who entered the order, contained inaccurate order execution times, and were marked as unsolicited when that was not the case. The findings also included that the firm violated FINRA's TRACE rules in connection with its MBS and CMO business. The firm failed to report transactions, failed to report transactions within 15 minutes of the execution time, and failed to accurately report times of order receipt, order entry and order execution for transactions in TRACE-eligible securitized products to TRACE.

FINRA found that the firm failed to establish, maintain and enforce a reasonable supervisory system, including establishing reasonable WSPs, with respect to its sales of MBS and CMOs, and with respect to its TRACE reporting for securitized products. The firm's systems and procedures for TRACE reporting were also inadequate. The procedures failed to provide for a procedure or method for its supervisors to document or evidence supervisory reviews of TRACE reporting. ([FINRA Case #2013035242501](#))

**UBS Financial Services, Inc.** ([CRD #8174](#), Weehawken, New Jersey) submitted an AWC in which the firm was censured and fined \$45,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the accurate execution time of transactions in TRACE-eligible securitized products to TRACE, failed to report transactions in TRACE-eligible S1 agency debt securities within

15 minutes of the execution time to TRACE, and failed to record the correct execution time on the memoranda of brokerage orders of securitized product transactions. ([FINRA Case #2013038746301](#))

**UBS Securities LLC** ([CRD #7654](#), New York, New York) submitted an AWC in which the firm was censured and fined \$90,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that as managing underwriter, it failed to report new issue offerings in TRACE-eligible corporate debt securities to FINRA according to the time frames set forth in FINRA Rule 6760. The findings stated that the firm failed to report the correct execution time for transactions in TRACE-eligible securitized products and for S1 transactions in TRACE-eligible agency debt securities to TRACE. The findings also stated that the firm failed to show the correct execution time on the memoranda of brokerage orders. The findings also included that the firm failed to report S1 transactions in TRACE-eligible agency debt securities within 15 minutes of the execution time to TRACE. FINRA found that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and FINRA rules concerning trade reporting in TRACE-eligible securities. ([FINRA Case #2013036731601](#))

**Virtu Financial Capital Markets LLC** ([CRD #45986](#), New York, New York) submitted an AWC in which the firm was censured, fined \$22,500 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted reports that contained inaccurate, incomplete or improperly formatted data to OATS. The findings stated that the firm failed to establish, maintain, and enforce written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in NMS stocks that do not fall within any applicable exception, and if relying on an exception, are reasonably designed to assure compliance with the terms of the exception. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to SEC Rule 611(a) (1) of Regulation NMS because its supervisory system failed to ensure that its execution of trades at the National Best Bid and Offer mid-point did not result in trade-throughs. ([FINRA Case #2013035829001](#))

## Individuals Barred or Suspended

**Raymond Dickie Adcock** ([CRD #1592822](#), Cabot, Arkansas) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Adcock consented to the sanction and to the entry of findings that while working as a registered representative for a member firm, he misappropriated \$10,000 in proceeds generated from a private placement offering done by an unregistered investment adviser. The findings stated that Adcock misappropriated the funds by drafting a \$10,000 check, made payable to cash, from the unregistered investment adviser's bank account and converted the funds for his personal use. ([FINRA Case #2015044253401](#))

**Julian Luis Alfonso** ([CRD #1801087](#), Miami, Florida) submitted an AWC in which he was suspended from association with any FINRA member in any principal or supervisory capacity for one month and required to requalify by exam as a FINOP prior acting in that capacity. In light of Alfonso's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Alfonso consented to the sanctions and to the entry of findings that he failed to enforce his member firm's WSPs related to financial controls and financial books and records. Those failures resulted in several inaccuracies in the firm's books and records, including the general ledger, trial balance, balance sheet, net capital computations, and Financial and Operational Combined Uniform Single (FOCUS) reports. The findings stated that Alfonso permitted the firm to conduct a securities business while it was net capital deficient. Alfonso failed to file timely notifications of the firm's net capital deficiencies, failed to ensure that the firm's general ledger, trial balance and balance sheet accurately reflected the firm's liabilities, and failed to provide the firm's FINOP with the supporting documents required to accurately compute the firm's net capital and file accurate FOCUS reports. The findings also stated that Alfonso, as the firm's chief compliance officer (CCO), failed to notify its FINOP that the firm entered into a settlement with FINRA for a \$25,000 fine, which should have been accrued as a liability.

The suspension was in effect from July 6, 2015, through August 5, 2015. ([FINRA Case #2013035307702](#))

**Justin Amaral** ([CRD #4440980](#), Boston, Massachusetts) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Amaral consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony involving a FINRA investigation. ([FINRA Case #2014041397201](#))

**Garyn Ian Angel** ([CRD #3172630](#), Port Richey, Florida) submitted an AWC in which he was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Angel consented to the sanctions and to the entry of findings that he participated in two private securities transactions without providing prior written notice to his member firms. The findings stated that Angel settled a customer's complaint regarding a customer's investment without notifying his present or his former firms.

The suspension is in effect from June 15, 2015, through October 14, 2015. ([FINRA Case #2014040036901](#))

**Vito James Balsamo** ([CRD #2084901](#), Staten Island, New York) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Balsamo consented to the sanction and to the entry of findings that he participated in private securities transactions without first obtaining his member firm's written approval. The findings stated that Balsamo solicited purchases of securities, consisting of ownership interests in a limited liability

company (LLC), from three customers. Balsamo received an ownership interest in the LLC based on his ability to raise capital for it. The total amount of funds the customers invested in the LLC was approximately \$475,000. The findings also stated that Balsamo made misrepresentations to the firm in connection with his private securities transactions in a compliance questionnaire. The findings also included that Balsamo failed to provide FINRA-requested on-the-record testimony. ([FINRA Case #2013036704401](#))

**Darlene Kay Bandy** ([CRD #11744](#), Bellflower, California) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Bandy consented to the sanction and to the entry of findings that she failed to provide FINRA-requested on-the-record testimony involving an investigation into allegations that she converted her member firm's funds. ([FINRA Case #2015044090401](#))

**Kenneth Wayne Billingsley** ([CRD #1664116](#), North Las Vegas, Nevada) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Billingsley consented to the sanctions and to the entry of findings that he willfully failed to update his Form U4 to disclose federal tax liens, state tax liens and a bankruptcy filing.

The suspension is in effect from July 6, 2015, through January 5, 2016. ([FINRA Case #2013035079401](#))

**Nabil Bouab** ([CRD #4340284](#), Upper Saddle River, New Jersey) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Bouab consented to the sanctions and to the entry of findings that he impersonated a client, at the client's request, during telephone calls with the client's outside brokerage firm in order to place rebalancing trades in the client's account. The findings stated that Bouab caused a sales assistant to impersonate the client's wife to effect trades in the wife's account at the same brokerage firm. The client and his wife asked Bouab to make these calls on their behalf and had authorized the underlying transactions.

The suspension was in effect from July 6, 2015, through July 31, 2015. ([FINRA Case #2013037548401](#))

**Gregory Howard Bray** ([CRD #2673259](#), St. Louis, Missouri) submitted an AWC in which he was fined \$7,500 and suspended from association with any FINRA member in any principal capacity for six weeks. Without admitting or denying the findings, Bray consented to the sanctions and to the entry of findings that he failed to adequately supervise a registered principal, who was the member firm's CEO and CCO, in connection with the principal's sales of certain complex products and recommendations of Class A mutual fund shares. The findings stated that Bray failed to ensure that the principal understood the complex products he sold to customers. Bray himself was not familiar with the risks associated with some of the complex products and did not have any basis for concluding that the principal

understood them or that the principal's recommendations were suitable. Bray's supervision also was inadequate with respect to the principal's unsuitable recommendations of Class A shares of leveraged/inverse mutual funds, and he failed to detect the principal's short-term trading of the Class A shares.

The suspension was in effect from July 6, 2015, through August 16, 2015. ([FINRA Case #2013035045901](#))

**Mark Andrew Bullivant (CRD #4444874, Fort Myers, Florida)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Bullivant consented to the sanction and to the entry of findings that he refused to appear for FINRA-requested on-the-record testimony involving an investigation into whether he had converted customer funds. ([FINRA Case #2013039617201](#))

**Terry Wayne Burcin (CRD #5369240, Midlothian, Virginia)** submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Burcin consented to the sanctions and to the entry of findings that he caused his member firm to maintain inaccurate books and records by placing his name as the soliciting registered representative on variable annuity applications for customers, even though he never met with the customers and was not involved in the sales of the annuities. The findings stated that Burcin received approximately \$8,800 in compensation from the firm related to the transactions. After receiving the compensation, Burcin wrote personal checks to the registered representative who had actually solicited the sales as reimbursement for lost commissions.

The suspension was in effect from July 6, 2015, through July 17, 2015. ([FINRA Case #2011026121801](#))

**Joseph Peter Canciglia (CRD #3194378, Fort Lee, New Jersey)** submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Canciglia consented to the sanctions and to the entry of findings that he exercised discretion in customer accounts without the customers' written authorization to place discretionary trades and without his member firm's approval and acceptance of the accounts as discretionary.

The suspension is in effect from July 20, 2015, through September 2, 2015. ([FINRA Case #2014040764601](#))

**Ryan Lawrence Carpel (CRD #2612459, Chicago, Illinois)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Carpel consented to the sanction and to the entry of findings that he failed to provide FINRA-requested documents and information involving an investigation into his securities trading activity. ([FINRA Case #2015044930601](#))

**Ramon Chavarria Jr.** ([CRD #1660515](#), El Paso, Texas) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Chavarria consented to the sanctions and to the entry of findings that he borrowed \$15,700 from three customers, contrary to his member firm's policies and procedures. The findings stated that Chavarria admitted to FINRA that he was aware of the firm's prohibition against borrowing funds from customers and that he was responsible for his actions. Chavarria has repaid the loans.

The suspension was in effect from June 15, 2015, through July 14, 2015. ([FINRA Case #2015044575201](#))

**Kai Chong Cheng** ([CRD #4987533](#), Tenafly, New Jersey) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Cheng consented to the sanctions and to the entry of findings that he failed to appear for FINRA on-the-record testimony involving an investigation into his discharge from his member firm. The findings stated that Cheng was terminated for conduct including entering into personal financial transactions with a customer, using a personal email address to communicate with a customer, and unauthorized trading in a customer account. ([FINRA Case #2013039305101](#))

**John Cherry III** ([CRD #1891720](#), New York, New York) was barred from association with any FINRA member in any capacity and ordered to pay \$138,235.38 in restitution and \$300,000 in disgorgement, along with prejudgment interest on both amounts. The NAC imposed these sanctions following an appeal of an OHO decision. Cherry appealed this matter to the SEC but later withdrew his application. The sanctions are based on findings that Cherry converted \$474,000 in customers' funds to purchase a house without the customers' knowledge or authorization. At Cherry's direction, the customers transferred their funds to a company Cherry owned and controlled for the purpose of investing in securities. Rather than investing the funds in securities as the customers had directed, Cherry used the funds to purchase the house in which he and his wife were living. Cherry concealed his misconduct from his customers by making supposed interest payments, totaling \$35,764.17, and by causing false documentation of their purported securities investment to be sent to them. When the interest payments stopped, Cherry lied to his customers, offering a number of false excuses for why their funds could not be returned.

The NAC found that Cherry misused and converted customer funds in violation of FINRA Rules 2010 and 2150(a) and NASD Rule 2330(a), and willfully committed securities fraud in violation of Section 10(b) of the Exchange Act and Rule 10b-5, and FINRA Rules 2010 and 2020. The NAC also found that Cherry engaged in outside business activities when he conducted business through two entities without making the required written disclosures to his member firm. Cherry used these entities as part of the scheme to convert his customers' funds. Cherry did not disclose any of his involvement with one entity, and with respect to the other entity, his disclosures to the firm were false and misleading. ([FINRA Case #2011026935101](#))

**Eul Hyung Choi (CRD #1592055, Los Angeles, California)** submitted an AWC in which he was assessed a deferred fine of \$15,000, jointly and severally, suspended from association with any FINRA member in any capacity for 30 days, and required to requalify by exam as a general securities principal. Without admitting or denying the findings, Choi consented to the sanctions and to the entry of findings that he failed to cause his member firm to file an application with FINRA for approval of a change in the firm's equity ownership. The findings stated that Choi became a direct owner with control of more than 25 percent of the firm's equity, but the firm never filed the required application for approval of the changes in ownership and control.

The suspension was in effect from June 15, 2015, through July 14, 2015. ([FINRA Case #2013037137202](#))

**Derek V. Chu (CRD #4683951, Pleasant Hill, California)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Chu consented to the sanction and to the entry of findings that he failed to provide FINRA-requested documents and information involving an investigation into allegations that he exceeded the scope of his approved outside business activity by soliciting investments and/or promissory notes. ([FINRA Case #2015044848301](#))

**Bradley Claus (CRD #5127951, Castle Rock, Colorado)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Claus misrepresented material facts in connection with the sale of securities in emails he sent using an unapproved personal email account. The findings stated that Claus' use of a personal email account to conduct his securities business enabled him to circumvent his member firm's supervisory procedures. The findings also stated that Claus participated in securities transactions outside the scope of his employment with the firm without providing prior written notice to the firm. ([FINRA Case #2012033520801](#))

**Ronald Seth Cohen (CRD #2419431, Boca Raton, Florida)** submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Cohen consented to the sanctions and to the entry of findings that he engaged in three outside business activities without providing prior written notice to his member firm. The findings stated that Cohen actively managed three businesses and received approximately \$466,200 in compensation from the businesses' owner, a firm customer. The findings also stated that Cohen made misrepresentations to his firm regarding his participation in the outside business activities by falsely stating that he disclosed all outside business activities on two annual compliance questionnaires. These representations were false, as Cohen had not disclosed his participation in the three outside business activities.

The suspension is in effect from July 6, 2015, through November 5, 2015. ([FINRA Case #2014042790701](#))

**Susan Jane Cornwall (CRD #2646782, Westford, Massachusetts)** submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 18 months. Without admitting or denying the findings, Cornwall consented to the sanctions and to the entry of findings that she falsely represented to a customer that a wire transfer was a distribution from the customer's Individual Retirement Account (IRA). The findings stated that Cornwall failed to open an IRA account for the customer after she had lost the customer's IRA application and the check that was meant to fund the account. When the customer asked for a distribution from her account, Cornwall caused the wire transfer from her business bank account to the customer's personal checking account in the amount of \$8,000. In order to respond to questions from the customer regarding why she was not receiving statements for her IRA, and without the customer's knowledge or permission, Cornwall completed a new IRA application in the customer's name and submitted it to her member firm for approval. As part of that application, Cornwall forged the customer's signature. In addition, Cornwall cut and pasted the customer's name onto a statement for Cornwall's business bank account and then submitted the falsified statement to the firm along with the new IRA application. In order to fund the new IRA, Cornwall caused approximately \$32,084 from her business bank account to be deposited into the IRA.

The suspension is in effect from June 15, 2015, through December 14, 2016. ([FINRA Case #2014043726801](#))

**Jeffrey David Daggett (CRD #843023, Temecula, California)** submitted an AWC in which he was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Daggett consented to the sanctions and to the entry of findings that he recommended unsuitable transactions in an exchange-traded note (ETN), and leveraged and inverse-leveraged ETFs (non-traditional ETFs) in the accounts of his customer. The findings stated that Daggett recommended the ETN and non-traditional ETFs without having reasonable grounds for believing that the securities were suitable for the customer in view of the customer's financial situation, investment objectives and needs. The customer's realized and unrealized losses from investing in the ETN and non-traditional leveraged ETFs were approximately \$88,099.75.

The suspension is in effect from July 6, 2015, through November 5, 2015. ([FINRA Case #2012035383801](#))

**Michael John Dell'Olio (CRD #2403455, Cedar Park, Texas)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Dell'Olio failed to appear and provide FINRA-requested on-the-record testimony involving an investigation into findings by the Office of Securities for the State of Maine that Dell'Olio had engaged in dishonest and unethical practices, including borrowing from a client, making false statements and forging documents. ([FINRA Case #2012034939302](#))

**Michael Andrew DeMaria (CRD #6020527, Carmel Valley, California)** submitted an AWC in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for 20 months. Without admitting or denying the findings, DeMaria consented to the sanctions and to the entry of findings that without a customer's knowledge or consent, he caused the transfer of approximately \$38,000 in mutual fund assets from a customer's account at a member firm into a new account established in the customer's name at DeMaria's member firm.

The suspension is in effect from June 15, 2015, through February 14, 2017. ([FINRA Case #2013039601702](#))

**Bradley Keith Drude (CRD #1401888, New Orleans, Louisiana)** submitted an Offer of Settlement in which he was assessed a deferred fine of \$25,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the allegations, Drude consented to the sanctions and to the entry of findings that he failed to disclose, in contravention of his member firm's WSPs, that a customer had named him as executor and beneficiary in her will and granted him general power-of-attorney. The findings stated that Drude typed a new will for the customer and named himself the executor and primary beneficiary of the customer's estate, valued at approximately \$3 million. Drude did not request the assistance of the customer's attorney, but instead typed the will himself and drove the customer to a notarial office to have her signature notarized. When the customer requested that Drude prepare a change to the will, he prepared a codicil for the customer's signature. However, Drude did not drive the customer to the notary's office to have the codicil notarized, knowing that without notarization, the codicil was invalid. Following the customer's death, the customer's secondary beneficiaries and close friends contested the will naming Drude as executor and beneficiary, alleging that the will was the product of Drude's undue influence over the customer who was 91 at the time Drude prepared the new will and had just suffered the loss of her brother and her home. The findings also stated that Drude failed to disclose his fiduciary appointments on his firm's outside business activity questionnaires, and caused the firm's books and records to be false. Drude's failure to disclose his fiduciary positions prevented his firm from addressing the conflicts of interest and potential exploitation of his relationship with his customer.

The suspension is in effect from June 15, 2015, through December 14, 2015. ([FINRA Case #2012033824902](#))

**Anthony Gary Epps (CRD #1030645, White Plains, New York)** submitted an AWC in which he was suspended from association with any FINRA member in any capacity for one year. In light of Epps' financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Epps consented to the sanction and to the entry of findings that while associated with FINRA member firms, he participated in an undisclosed private securities transaction by investing his personal funds in a privately held

start-up company. Epps also referred at least four potential investors and facilitated their investments in the same privately held company. The findings stated that Epps willfully failed to timely disclose three unsatisfied tax liens on his Form U4. Epps made material misrepresentations to a member firm by falsely certifying in firm questionnaires that he had complied with his obligation to timely update his Form U4 regarding unsatisfied liens.

The suspension is in effect from July 6, 2015, through July 5, 2016. ([FINRA Case #2013036690501](#))

**Kyle Robert Foyer** ([CRD #2908808](#), Carmel, Indiana) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Foyer consented to the sanctions and to the entry of findings that he failed to amend his Form U4 in a timely manner to disclose two federal tax liens. The findings stated that Foyer did not disclose the liens to his member firm for various reasons, including that he believed the liens were filed in error. However, during that year, Foyer completed the firm's annual certification form on which he denied having incurred any unsatisfied judgments or liens in the previous year.

The suspension is in effect from July 6, 2015, through August 19, 2015. ([FINRA Case #2013038677001](#))

**Bruce Robert Geiger** ([CRD #1591606](#), Visalia, California) submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three and one-half months. Without admitting or denying the allegations, Geiger consented to the sanctions and to the entry of findings that he falsified documents by using non-authentic signatures and altered dates to effect transactions relating to customers' accounts. The findings stated Geiger altered forms by adding dates to customers' signatures after the customers had signed the forms, re-used original customers' signature pages from forms that were previously executed, and altered the dates of the customers' signatures. Geiger falsified forms relating to the accounts of customers to cause disbursements totaling approximately \$562,008.65. Geiger's member firm reminded him that re-using signatures, altering dates, and completing forms in pencil were inconsistent with the firm's policies and procedures, but Geiger continued to engage in each of these prohibited practices.

The suspension is in effect from July 20, 2015, through November 3, 2015. ([FINRA Case #2011026440401](#))

**William Richard Gould III** ([CRD #3166082](#), Santa Maria, California) submitted an AWC in which he was assessed a deferred fine of \$12,000 and suspended from association with any FINRA member in any capacity for eight months. Without admitting or denying the findings, Gould consented to the sanctions and to the entry of findings that he willfully failed to disclose that he was the subject of unsatisfied tax liens and the filing of a bankruptcy petition when he completed a Form U4 to become associated with his member

firm. The findings stated that while Gould was registered with the firm, he willfully failed to amend his Form U4 to disclose that he was the subject of additional unsatisfied tax liens and the filing of another bankruptcy petition. Gould provided false information to his firm about whether he had any unsatisfied liens or bankruptcy filings on annual questionnaires.

The suspension is in effect from June 15, 2015, through February 14, 2016. ([FINRA Case #2014041638901](#))

**Phillip Leonard Grasso Jr.** ([CRD #1164783](#), Wallkill, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Grasso misused and converted customer funds by depositing \$227,150 of customer money to his personal bank account for his own personal benefit. The findings stated that Grasso intentionally engaged in a pattern of deceiving unsophisticated, elderly customers in order to take their money. Grasso concealed his misconduct by presenting fabricated account statements, resulting in substantial harm to the customers. The findings also stated that Grasso engaged in securities fraud, in willful violation of Section 10(b) of the Exchange Act and Rule 10b-5. Grasso convinced his elderly customers to liquidate their assets and led the customers to believe that their liquidated assets would be invested in securities. Grasso intentionally directed the proceeds to his own bank and brokerage accounts, and used the money for himself. Thereafter, Grasso concealed his misconduct by presenting false account statements that showed that the funds were invested in stock. The findings also included that Grasso failed to complete on-the-record testimony for FINRA. ([FINRA Case #2014040906601](#))

**Gordon Hay Green** ([CRD #2862873](#), Potomac Falls, Virginia) submitted an AWC in which he was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for eight months. Without admitting or denying the findings, Green consented to the sanctions and to the entry of findings that he communicated with securities investors, at least one of whom was a customer of his member firm, regarding a securities-related business using a non-firm email address that was not approved, registered or monitored by the firm, in contravention of the firm's policies. The findings stated that Green's actions prevented the firm from effectively supervising his communications with the public and from complying with its obligations to preserve emails in conformance with recordkeeping rules. The findings also stated that Green failed to timely respond to FINRA requests for information.

The suspension is in effect from July 6, 2015, through March 5, 2016. ([FINRA Case #2013035534902](#))

**Joseph E. Hache** ([CRD #5777677](#), Long Island City, New York) submitted an AWC in which he was assessed a deferred fine of \$2,500 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Hache consented to the sanctions and to the entry of findings that he engaged in outside business activities without providing prior written notice to his member firm. Hache

received \$18,000 in aggregate compensation for assisting a friend with a tax preparation business and referring another friend to a lender. The findings stated that Hache falsely stated on the firm's annual compliance questionnaire that he disclosed and obtained written approval from the firm for all outside business activities he engaged in.

The suspension was in effect from July 6, 2015, through July 31, 2015. ([FINRA Case #2014042741401](#))

**James Michael Ham** ([CRD #1865836](#), Dallas, Texas) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Ham consented to the sanction and to the entry of findings that he refused to appear for FINRA-requested testimony involving an investigation into the circumstances surrounding a customer's deposit of approximately \$170,000 into Ham's undisclosed outside business. ([FINRA Case #2015045425201](#))

**Heedo Han aka Joshua Han** ([CRD #2302622](#), Valencia, California) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Han consented to the sanction and to the entry of findings that he failed to provide FINRA-requested information and testimony involving an investigation into allegations that he forged and falsified insurance application documents and failed to amend his Form U4 to report tax liens and a bankruptcy filing. ([FINRA Case #2014041726701](#))

**Lucian Deforest Hodgman** ([CRD #1546902](#), Kensington, New Hampshire) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 18 months. Without admitting or denying the findings, Hodgman consented to the sanctions and to the entry of findings that he caused approximately 40,000 copies of an advertisement postcard to be sent out by mail through a third-party marketing company without the approval of a registered principal at his member firm. The findings stated that Hodgman submitted a proposal for the advertisement postcard to the firm's compliance office but failed to make the required changes before the advertisement postcard could be approved. Hodgman instead caused the marketing company to send the advertisement postcards to prospective customers that contained information that failed to provide a sound basis for evaluating an investment in fixed annuities. The findings also stated that Hodgman falsely represented to the firm that the marketing company had mailed the advertisement postcards prematurely, without his knowledge or authorization. To bolster this story, Hodgman made a telephone call to a firm compliance officer in which he impersonated a representative of the marketing company and made additional false statements regarding the mailing of the postcards.

The suspension is in effect from July 6, 2015, through January 5, 2017. ([FINRA Case #2013038183301](#))

**Michael John Howard** ([CRD #2966446](#), Frankfort, Illinois) submitted an AWC in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for five months. Without admitting or denying the findings, Howard consented to the sanctions and to the entry of findings that he engaged in outside business activities without notifying his member firms. The findings stated that Howard provided financial advisory services to a personal friend who was not a customer of the broker-dealers and received approximately \$20,000 in compensation. The findings also stated that Howard falsely stated on a compliance questionnaire that he was not engaged in any outside business activities. The findings also included that Howard participated in a private securities transaction without seeking or obtaining firm approval by entering into a written agreement with an individual whereby the individual loaned him \$157,191 to purchase a real property tax lien certificate that they later attempted to sell for a profit.

The suspension is in effect from July 6, 2015, through December 5, 2015. ([FINRA Case #2014040039001](#))

**Jack Theodore Johnson** ([CRD #1861254](#), La Canada, California) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Johnson consented to the sanctions and to the entry of findings that after having reason to believe that one of his customers might have inside information about a pharmaceutical company, he accepted that customer's order to purchase shares in the company and failed to inform a supervisor of the customer's trading, in contravention of his member firm's procedures. The findings stated that after Johnson's conversation with the customer, he passed the inside information to a second customer, who was both a friend and an employee of the pharmaceutical company. The second customer did not use the information to trade the company's securities. The findings also stated that a third customer, who had invested in the pharmaceutical company before, contacted Johnson asking when it would be a good time to sell the shares. Johnson told the customer to wait before selling the shares until after a news announcement, thereby earning the customer an additional \$537 by delayed sale. Johnson did not personally trade on the information for his own account.

The suspension is in effect from July 6, 2015, through October 5, 2015. ([FINRA Case #2013038259601](#))

**Jacob Joel Johnson** ([CRD #6030979](#), Fort Worth, Texas) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Johnson consented to the sanctions and to the entry of findings that he signed his wife's name to an insurance loan request prior to receiving her authorization to do so. The findings stated that Johnson's wife subsequently ratified the loan request.

The suspension is in effect from July 6, 2015, through October 5, 2015. ([FINRA Case #2014043442401](#))

**Craig L. Josephberg** ([CRD #2709288](#), New York, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Josephberg consented to the sanction and to the entry of findings that he willfully violated Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c), when he, his member firm, two principals of the firm, and others engaged in a fraudulent scheme to conceal a kickback of a portion of a private placement fee by pretending to act as a placement agent, accepting fees for services the firm did not perform, and agreeing to “purchase” illusory consulting services from an institutional investor’s affiliate. The findings stated that Josephberg introduced his firm and the principals to the institutional investor to be the placement agent for the institutional investor’s investment in a company. The parties entered into a fraudulent scheme with the private investor to secretly kick back nearly 5 percent of the investor’s investment in a company and misrepresent to investors the actual price the institutional investor paid for the shares. The findings also stated that Josephberg willfully violated Section 10(b) of the Exchange Act and Rule 10b-5(b) when he made unauthorized transactions in customers’ accounts without disclosing that one of his firm’s principals had loaned money to the issuer, purchased the issuer’s stock at a deep discount and was selling the issuer’s discounted stock. The findings also included that Josephberg falsified the firm’s books and records by submitting documents that concealed his sales of securities in states where he was not registered. FINRA found that Josephberg willfully violated Rule 10b-5 of the Exchange Act when he, with the assistance of principals and agents of his firm, engaged in excessive trading in two customers’ accounts. Josephberg also made unauthorized trades of stock in five customers’ accounts. ([FINRA Case #2012033877801](#))

**Julius Franklin Kenney IV** ([CRD #5500248](#), Calhoun, Georgia) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Kenney consented to the sanction and to the entry of findings that he refused to provide FINRA-requested documents and information involving an investigation relating to a member firm’s customer’s complaint regarding the customer’s investment in Kenney’s undisclosed outside business. ([FINRA Case #2015045450601](#))

**Stephen Joseph Kipp** ([CRD #1255862](#), Ventura, California) submitted an Offer of Settlement in which he was fined \$8,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the allegations, Kipp consented to the sanctions and to the entry of findings that he caused the creation of falsified business records and caused his member firm to maintain inaccurate books and records by permitting his administrative assistant to affix his signature on documents that were intended to become business records of his firm. The findings stated the firm was not informed that Kipp’s administrative assistant had placed his signature on these records and, unknowingly, maintained the falsified documents as business records.

The suspension was in effect from July 20, 2015, through August 14, 2015. ([FINRA Case #2010022784601](#))

**Mark Isidore Lamendola** ([CRD #1133485](#), Mars, Pennsylvania) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Lamendola consented to the sanctions and to the entry of findings that he did not bring a customer complaint to his member firm's attention. The findings stated that the customer complained to Lamendola about the interest-crediting methods on equity indexed annuities that the customer had purchased through him. Lamendola settled the customer's complaint without notifying the firm by sending the customer an \$11,250 check as compensation.

The suspension is in effect from July 6, 2015, through August 19, 2015. ([FINRA Case #2014039684301](#))

**Anthony P. Le** ([CRD #2887469](#), New York, New York) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Le consented to the sanction and to the entry of findings that he misused and converted a total of approximately \$89,626 from his member firm and a fellow employee. The findings stated that Le converted the funds by improperly creating or falsifying 126 trade order tickets to either increase his own commissions or to substitute himself as the salesperson of record. The findings also stated that Le falsified firm records by improperly creating or falsifying the order tickets, and caused the firm to maintain inaccurate books and records in violation of Section 17(a) of the Exchange Act and Rule 17a-3. ([FINRA Case #2013039338501](#))

**David James LeDoux** ([CRD #2513636](#), Margate, Florida) submitted an AWC in which he fined \$5,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, LeDoux consented to the sanctions and to the entry of findings that he failed to timely update his Form U4 to disclose various liens filed against him.

The suspension is in effect from July 6, 2015, through August 19, 2015. ([FINRA Case #2014041744701](#))

**Mark Franklin Leone** ([CRD #1873046](#), Salt Lake City, Utah) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Leone consented to the sanctions and to the entry of findings that he effected discretionary transactions in customer accounts without obtaining the customers' prior written authorization and without his member firm's written acceptance of the accounts as discretionary.

The suspension was in effect from July 20, 2015, through August 7, 2015. ([FINRA Case #2014040965001](#))

**Geoffrey Robert Lester (CRD #4383115, Richmond, Virginia)** submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Lester consented to the sanctions and to the entry of findings that he caused his member firm's books and records to be inaccurate by instructing another representative to sign his name as the broker of record on variable annuity applications for customers, even though the other representative did not substantially participate in the sales of the annuities. The findings stated that Lester did this in order to help the other representative with his sales quotas.

The suspension was in effect from July 6, 2015, through July 17, 2015. ([FINRA Case #2011026121802](#))

**Rachel Elizabeth Levering (CRD #4285938, Marion, Ohio)** submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Levering consented to the sanctions and to the entry of findings that she signed her branch manager's name and the subsequent branch manager's name on 20 customer forms. The findings stated that Levering did not receive approval to sign their names on any of the forms. No customers were harmed as a result of Levering's forgeries.

The suspension is in effect from June 15, 2015, through December 14, 2015. ([FINRA Case #2013039242201](#))

**Young Lin (CRD #4825537, Clarksburg, Maryland)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Lin consented to the sanction and to the entry of findings that he failed to provide FINRA-requested testimony involving an investigation into allegations that he submitted a universal life insurance application with inaccurate information, including occupation, net worth and salary information to his member firm's affiliate insurance company. ([FINRA Case #2014042667101](#))

**John Joseph Lonergan (CRD #2673540, Andover, Massachusetts)** submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for 18 months. Without admitting or denying the findings, Lonergan consented to the sanctions and to the entry of findings that he forged and falsified account opening documents for the accounts of two customers, both investment advisory firms. The findings stated that when a customer complained to Lonergan and his member firm, Lonergan attempted to conceal the forgeries by providing both the customer and the firm with a second falsified account opening document.

The suspension is in effect from July 6, 2015, through January 5, 2017. ([FINRA Case #2013037614301](#))

**Jeffrey Lloyd Mayer (CRD #4036612, Concord, New Hampshire)** submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Mayer consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose a federal tax lien and a judgment obtained by a creditor.

The suspension is in effect from July 20, 2015, through August 19, 2015. ([FINRA Case #2013037615301](#))

**Christa Louise McMullin (CRD #2968357, Chatsworth, California)** submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, McMullin consented to the sanctions and to the entry of findings that she sat for the Uniform Combined State Law Examination (Series 66), during which she was found to possess notes and formulas relating to the subject matter of the examination. The findings stated that before beginning the examination, McMullin was provided with, and agreed to, the FINRA Test Center Rules of Conduct, which stated that she was not permitted to possess any notes, formulas or study materials during the examination.

The suspension is in effect from June 15, 2015, through June 14, 2017. ([FINRA Case #2013038588301](#))

**Nathalo Ian Menendez (CRD #4882003, East Quogue, New York)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Menendez opened accounts for customers without authorization and made initial trades in them without authorization. The findings stated that in so doing, Menendez caused false and inaccurate information to be entered into his member firm's books with respect to one of the customers. The findings also stated that Menendez engaged in excessive trading in two accounts held by separate customers. Menendez's excessive trading was by definition unsuitable, and his pattern of doing business was to deceive potential and actual customers. In addition, Menendez advanced his own interests ahead of his customers' interests and obtained monetary gains in the form of commissions at the expense of his customers. ([FINRA Case #2009016159110](#))

**Frank Morizio Jr. (CRD #3029586, Oceanside, New York)** submitted an AWC in which he was suspended from association with any FINRA member in any capacity for three months. In light of the Morizio's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Morizio consented to the sanction and to the entry of findings that he willfully failed to amend his Form U4 to report IRS tax liens.

The suspension is in effect from June 15, 2015, through September 14, 2015. ([FINRA Case #2014042732201](#))

**Daniel James Niemi** ([CRD #1763247](#), Marquette, Michigan) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Niemi consented to the sanctions and to the entry of findings that he borrowed \$30,000 from a customer who was not a member of his immediate family when his member firms' policies and procedures prohibited registered representatives from borrowing money from firm customers unless they were immediate family members. The findings stated that Niemi never sought or received his firms' permission to borrow money from the customer.

The suspension is in effect from July 6, 2015, through August 19, 2015. ([FINRA Case #2015044251501](#))

**Debra Ann Paton** ([CRD #1290432](#), Kingsport, Tennessee) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Paton consented to the sanction and to the entry of findings that she converted approximately \$3,568 from her member firm by submitting false expense reports and receipts in order to obtain reimbursements to which she was not entitled. The findings stated that Paton altered legitimate expense reports she had previously submitted on a registered representative's behalf by substituting her own name in place of the representative's. Paton then submitted the altered reports, supported by copies of the representative's legitimate receipts, for reimbursement. ([FINRA Case #2015044994601](#))

**Marisa Nicole Pickar** ([CRD #4796772](#), Lake Forest, California) submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Pickar consented to the sanctions and to the entry of findings that contrary to her member firm's written procedures prohibiting the altering of documents in any manner, she falsified customer account documents to effect subsequent transactions for the convenience of the customers by re-using original customer signatures from previously executed documents, and altering on each document, either the date, tax withholding amount and/or distribution dollar amount. The findings stated that although each of the customers authorized the transactions, they were unaware that the forms were altered and did not authorize Pickar to re-use their prior signatures.

The suspension is in effect from June 15, 2015, through September 14, 2015. ([FINRA Case #2014042321301](#))

**Perry J. Pinhas** ([CRD #4909526](#), North Miami Beach, Florida) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Pinhas consented to the sanctions and to the entry of findings that he failed to timely comply with a FINRA-request to appear and provide testimony involving an investigation into his association with his member firm and securities activity in certain customer accounts.

The suspension is in effect from July 6, 2015, through September 5, 2015. ([FINRA Case #2013035135201](#))

**Antonino Porcaro** ([CRD #5956392](#), Crown Point, Indiana) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Porcaro consented to the sanction and to the entry of findings that he failed to provide FINRA-requested testimony involving an investigation into allegations that he engaged in multiple fraudulent transactions within his personal bank account. ([FINRA Case #2015045261501](#))

**Tyler Boone Powell** ([CRD #5397439](#), Carpinteria, California) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Powell consented to the sanctions and to the entry of findings that he exercised discretion in a customer's account without obtaining the customer's prior written authorization and without his member firm's acceptance of the account as discretionary.

The suspension was in effect from July 20, 2015, through August 7, 2015. ([FINRA Case #2014040633301](#))

**Julie Ann Pritchard** ([CRD #2960716](#), Ventura, California) submitted an Offer of Settlement in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the allegations, Pritchard consented to the sanctions and to the entry of findings that she falsified the signatures of her member firm's registered representatives on documents intended to be business records and submitted them to the firm without disclosing that she, and not the registered representatives, had signed the documents. This caused her firm to unknowingly maintain inaccurate business records. The findings stated that one registered representative had authorized Pritchard to sign his name for some of the documents, but for the remaining documents she signed another registered representative's name without his consent or authorization.

The suspension is in effect from August 17, 2015, through October 16, 2015. ([FINRA Case #2010022784601](#))

**Brian Edward Sanders** ([CRD #2743309](#), Wading River, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Sanders, as his member firm's CCO, failed to reasonably supervise registered representatives at the firm. The findings stated that Sanders abdicated his supervisory responsibilities and failed to respond to red flags indicating the strong possibility that the firm's registered representatives were opening accounts without authorization and engaging in unauthorized and excessive trading. Sanders did little, if anything, in response to exception reports and never questioned a broker about the level of activity in an account. The inadequacy of Sanders' supervision allowed the firm's representatives to prey on customers free of restraint and, in practical terms, served the firm's purposes. The findings also stated that Sanders failed to subject registered representatives to heightened supervision when they should have been under the firm's WSPs. Consequently, 13 brokers

met the firm's criteria for heightened supervision but Sanders failed to subject at least a dozen to heightened supervision. The findings also included that Sanders failed to report numerous customer complaints to FINRA that he was required to report. (FINRA Cases #[2009016159110](#)/[2009016159111](#))

**Michael Gershon Seidel** ([CRD #6169605](#), Baltimore, Maryland) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Seidel consented to the sanction and to the entry of findings that he submitted falsified applications for automobile insurance to his member firm's insurance affiliate for customers who would not have otherwise qualified for coverage or would not have qualified for the reduced rates they received. The findings stated that Seidel falsified the insurance applications for customers with poor credit scores by substituting the credit information of a related customer, such as a parent or spouse. Seidel also falsified the applications by misrepresenting facts such as the customers' marital status, addresses, income, driving record and familial relationships. ([FINRA Case #2014041669901](#))

**Mikell Vaughan Simmons** ([CRD #2675775](#), Miami, Florida) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Simmons consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose a felony charge.

The suspension was in effect from June 15, 2015, through July 14, 2015. ([FINRA Case #2014040637001](#))

**Tyrel L. Sipe** ([CRD #6176289](#), New Wilmington, Pennsylvania) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Sipe consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony related to the circumstances surrounding his discharge from his member firm. ([FINRA Case #2014039926401](#))

**Jeffery Lynn Smith** ([CRD #427999](#), Tulsa, Oklahoma) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Smith consented to the sanction and to the entry of findings that he instructed an investment company to liquidate IRA accounts without a customer's and his wife's knowledge, authorization or consent. The findings stated that the customer informed Smith that the customer and his wife intended to move their IRA accounts to a different financial adviser. During the meeting, Smith became upset and threatened to liquidate the customer's and his wife's IRA accounts and have the proceeds sent to them in an effort to cause adverse tax consequences. Immediately after the meeting, the customer contacted the investment company and instructed it to prohibit Smith from making any changes to their IRA accounts. The following day, Smith contacted the investment company and instructed it to liquidate their IRA accounts. Smith's liquidation request was denied since he had been removed from the IRA accounts. ([FINRA Case #2014041313301](#))

**Vicki Jean Smith (CRD #1808276, Elgin, Illinois)** submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Smith consented to the sanction and to the entry of findings that she engaged in undisclosed business activities outside the scope of her relationship with her member firm. The findings stated that Smith disclosed to her firm, and was approved for, her involvement with an accounting services company she owned. However, Smith failed to disclose her involvement with a corporation that was owned by clients of her company, and that she billed and received periodic compensation for her tax and inventory purchasing services provided to the corporation. Smith also failed to disclose to her firm that she was a successor trustee for a firm customer and that she was the executor for the customer's will. The findings also stated that Smith recommended that the customer invest \$50,000 in the corporation, facilitated the transaction and issued the customer a promissory note. Smith failed to provide notice to, and receive written approval from, the firm for this private securities transaction. The findings also included that Smith used a portion of the \$50,000 for her personal use by converting at least \$100 from the customer without their knowledge or authorization. Smith has been unable to fully account for how the customer's \$50,000 was spent. ([FINRA Case #2013037426001](#))

**William Gerard Stapleton (CRD #5422225, Tustin, California)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Stapleton consented to the sanction and to the entry of findings that he failed to provide FINRA-requested documents and information during the course of an investigation into an allegation that while employed at his member firm, Stapleton and a third party made misrepresentations to a customer regarding the customer's annuity investments. ([FINRA Case #2013036761001](#))

**Michael Jay Strasser (CRD #1456856, Fairfax, California)** submitted an AWC in which he was assessed a deferred fine of \$2,500 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Strasser consented to the sanctions and to the entry of findings that he failed to disclose a judgment on his Form U4.

The suspension was in effect from April 20, 2015, through May 1, 2015. ([FINRA Case #2014042688401](#))

**Michael Peter Tepedino (CRD #1131332, Ventnor, New Jersey)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Tepedino consented to the sanction and to the entry of findings that he refused to cooperate or provide FINRA-requested information involving an investigation into whether he failed to disclose to his member firm an outside business activity relating to an independent insurance agency. ([FINRA Case #2014042533801](#))

**Peter Michael Terlecky III** ([CRD #2301793](#), Grand Island, New York) submitted an Offer of Settlement in which he was fined \$10,000, ordered to pay \$2,470, plus interest, in restitution to customers, ordered to disgorge \$19,000, plus interest, in commissions received and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the allegations, Terlecky consented to the sanctions and to the entry of findings that he circumvented his member firm's supervisory and compliance procedures by concealing and failing to process variable annuity purchase transactions, totaling approximately \$2.3 million, as annuity replacement trades, even though each purchase was funded by the sale of a fixed or variable annuity. The findings stated that Terlecky concealed the variable annuity replacements from the firm's supervisory review by structuring them as separate trades through a two-step process, rather than through annuity exchanges. The findings also stated that Terlecky falsified records by preparing and submitting new account forms and annuity documents to his firm that contained numerous misrepresentations and items of false information that further disguised the true nature of the variable annuity replacement transactions. Terlecky earned greater commissions, avoided supervisory scrutiny, and caused his customers harm by circumventing firm procedures and concealing the annuity replacements.

The suspension is in effect from July 6, 2015, through July 5, 2016. ([FINRA Case #2011029089201](#))

**Stephen Michael Troy** ([CRD #1042894](#), Fort Worth, Texas) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any principal capacity for two months. Without admitting or denying the findings, Troy consented to the sanctions and to the entry of findings that he failed to adequately supervise a registered representative and failed to detect and prevent the unauthorized marketing and solicitation of unregistered private securities by that individual. The findings stated that as a regional financial services leader for his member firm, Troy was responsible for reviewing outside business activities and private securities transactions, and was the representative's designated supervisor principal. The representative approached Troy and other firm employees about an outside business activity and informed them that it might be an investment opportunity for them. Despite being aware of the representative's marketing and solicitation efforts, Troy did not take any affirmative steps to review the outside business activity and determine whether he was authorized by the firm to market and raise capital for the outside business activity, or attempt to stop or report the representative's solicitation efforts. After the representative introduced Troy to the outside business activity, in compliance with the firm's policies and procedures, Troy sought and was granted permission from the firm to invest in a private placement for the outside business activity. However, Troy's request to the firm did not disclose the fact that the representative facilitated the sale of the outside business's securities to Troy or other firm employees.

The suspension was in effect from June 15, 2015, through August 14, 2015. ([FINRA Case #2013039372701](#))

**Gregory Brian Van Winkle (CRD #1056407, Indianapolis, Indiana)** submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Van Winkle consented to the sanctions and to the entry of findings that contrary to his member firm's written policy, he signed a customer's name to seven letters authorizing the disbursement of funds to the customer totaling approximately \$20,000 from her variable annuity policy with the customer's knowledge and consent. The findings stated that Van Winkle had completed his annual certification and acknowledged that he read and understood the firm's compliance manual and agreed to comply with all policies and procedures set forth in the manual.

The suspension was in effect from July 20, 2015, through August 14, 2015. ([FINRA Case #2013038209301](#))

**Robert John Versaggi (CRD #1520072, Boca Raton, Florida)** submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Versaggi consented to the sanctions and to the entry of findings that he engaged in an undisclosed outside business activity by managing the remodeling of his member firm's customer's home. The findings stated that the customer paid \$70,000 to a company, jointly owned by Versaggi and two family members, for the remodeling work. Versaggi's firm's WSPs required that associates complete an outside activity approval form and submit it to the firm for approval. While Versaggi completed and submitted this form for his company, he never provided written notice to his firm of the expanded scope of the company's business activities, specifically, the renovation of a customer's property and the fact that the company would receive compensation for the renovation.

The suspension was in effect from June 15, 2015, through July 14, 2015. ([FINRA Case #2014042078001](#))

**Linda Ann Vitaletti (CRD #1103338, New York, New York)** submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Vitaletti consented to the sanction and to the entry of findings that she refused to appear for FINRA on-the-record testimony regarding an investigation into whether she had converted a client's funds. ([FINRA Case #2014041267301](#))

**Lee W. Waller (CRD #6124796, Cheshunt, Great Britain)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Waller, a sovereign fixed income trader at his member firm's foreign affiliate, misled and arranged for two other firms to mislead, the foreign affiliate regarding two securities in his trading book. The findings stated that to mislead the foreign affiliate regarding one of the securities, Waller entered into an arrangement with another firm to sell that security to

that firm at a certain price and promptly repurchase the security from that firm at the same price. Waller told the foreign affiliate that the trades were genuine when they were, in fact, performed to conceal a trading error. The findings also stated that Waller misled the foreign affiliate regarding pricing of another security in his book by arranging for traders at two other firms to provide purportedly independent price quotes for the security. In fact, the quotes were not independent prices, but were instead Waller's own prices that the two traders provided at his behest. FINRA acknowledges and thanks the Financial Conduct Authority of the United Kingdom for its significant cooperation and assistance during FINRA's investigation of this matter. ([FINRA Case #2013038196601](#))

**Jon David Weir** ([CRD #1401967](#), Vero Beach, Florida) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Weir consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose a felony charge.

The suspension is in effect from July 20, 2015, through August 19, 2015. ([FINRA Case #2014042296101](#))

**Richard Eugene Whitley** ([CRD #1029728](#), Mount Airy, North Carolina) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Whitley consented to the sanction and to the entry of findings that he failed to provide testimony related to FINRA's investigation of allegations that he may have engaged in unsuitable trading in customer accounts while he was employed at his member firm. ([FINRA Case #2013036068201](#))

**Dean Michael Yurica** ([CRD #1033526](#), Carmichael, California) submitted an AWC in which he was fined \$25,000 and suspended from association with any FINRA member in any capacity for nine months. Without admitting or denying the findings, Yurica consented to the sanctions and to the entry of findings that he falsified documents related to customer accounts for the convenience of customers. The findings stated that Yurica used several methods to falsify the documents and either submitted the falsified forms as authentic to his member firm for processing or maintained the forms as authentic in customers' files. The customers authorized the transactions that were effected by the falsified forms and consented to Yurica's re-use of their signatures from blank forms they had previously signed, and the alteration of information on pre-signed forms for subsequent transactions. The firm's compliance manual and WSPs prohibited altering documents in any manner. The findings also stated that Yurica provided false information to his firm about whether he had obtained a client signature on a blank or incomplete document.

The suspension is in effect from July 20, 2015, through April 19, 2016. ([FINRA Case #2013037573801](#))

## Individuals Fined

**David Scott Weinbach** ([CRD #2345048](#), Madison, Wisconsin) submitted an AWC in which he was censured and assessed a deferred fine of \$12,500. Without admitting or denying the findings, Weinbach consented to the sanctions and to the entry of findings that he exercised discretion in executing transactions in customer accounts without obtaining his clients' written authorization and without his member firm having accepted the accounts as discretionary. ([FINRA Case #2013039194601](#))

## Decisions Issued

The Office of Hearing Officers (OHO) issued the following decision, which has been appealed to or called for review by the NAC as of June 30, 2015. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decision. Initial decisions where the time for appeal has not yet expired will be reported in future issues of *FINRA Disciplinary and Other Actions*.

**Robert Earl Holaday** ([CRD #1043463](#), La Mesa, California) was fined \$10,000 and suspended from association with any FINRA member in any capacity for two years. The sanctions were based on findings that Holaday forged or caused to be forged a customer's signature on a new account application form and a financial adviser change form, and two customers' signatures on financial adviser change forms to transfer the three customers' accounts from a member firm to another member firm. The findings stated that the customers never signed the forms, never authorized anyone to sign the forms on their behalf, and never returned the forms to Holaday. Instead, Holaday submitted the new account application to his member firm and the financial adviser change forms to a mutual fund company on the customers' behalf.

This matter has been appealed to the NAC and the sanctions are not in effect pending review. ([FINRA Case #2012032519101](#))

**Paolo Franca Iida** ([CRD #6020324](#), New York, New York) was suspended from association with any FINRA member in any capacity for two years. The sanction was based on findings that Iida structured cash deposits totaling \$48,000 into his personal bank account to avoid federal filing requirements. The findings stated that Iida intended to make one \$48,000 deposit but chose to break the deposit into smaller deposits of \$10,000 or less after a bank teller advised him that a \$48,000 cash deposit would necessitate the filing of a Currency Transaction Report.

This matter has been called for review by the NAC and the sanction is not in effect pending review. ([FINRA Case #2012033351801](#))

**Matthew Joseph Sheerin ([CRD #2859126](#), Manhasset, New York).** The charges against Sheerin were dismissed following a Hearing Panel Decision. The findings stated that FINRA failed to prove by preponderance of the evidence that Sheerin tipped material non-public information, and engaged in insider trading, in violation of Section 10(b) of the Exchange Act and Rule 10b-5. The findings also stated that FINRA failed to prove that Sheerin violated the supervisory and compliance procedures of his member firm regarding insider trading. The findings also included that FINRA failed to prove that Sheerin disclosed confidential information in contravention of the confidentiality agreement he signed with his firm.

This matter has been appealed to the NAC. ([FINRA Case #2011027926301](#))

## Complaints Filed

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

Alluvion Securities, LLC ([CRD #143623](#), Memphis, Tennessee), John Sherman Jumper ([CRD #2809649](#), Eads, Tennessee) and Lowell Sterling Wilson ([CRD #2322723](#), Germantown, Tennessee) were named respondents in a FINRA complaint alleging that the firm conducted a securities business while failing to maintain its required minimum net capital in willful violation of Section 15(c) of the Exchange Act and Rule 15c3-1. The complaint alleges that the firm acted through Jumper, its CEO and CCO, and Wilson, its chief financial officer and FINOP. Jumper and Wilson knew of the firm's history of repeated net capital violations and of its recent problems with maintaining minimum net capital compliance and knew, should have known, or were reckless in not knowing that their actions would result in the firm conducting a securities business while failing to maintain its minimum net capital requirement and yet, by their actions, they allowed the firm to conduct a securities business while below its minimum net capital requirement. The complaint also alleges that the firm, acting through Jumper and Wilson, failed to establish, maintain and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with the requirements to maintain net capital compliance. Despite knowing of the firm's history of net capital issues and that it was routinely below required minimum net capital, neither Jumper nor Wilson put in place a system to ensure that the firm did not conduct a securities business while net capital deficient. The complaint further alleges that the firm, acting through Wilson, failed to give notice or, where notice was given, timely notice of its insufficient net capital in willful violation of Section 17(a) of the Exchange Act and Rules 17a-11(b) and (c). ([FINRA Case #2013035347704](#))

**Global Arena Capital Corp** ([CRD #16871](#), New York, New York) was named a respondent in a FINRA complaint alleging that the firm engaged in a pattern of charging excessive and unfair markups/markdowns to its customers on corporate bond transactions, which resulted in excessive markup/markdown charges of approximately \$333,083.26. The complaint alleges that by engaging in such misconduct, the firm failed to comply with its obligations under applicable FINRA rules to buy or sell corporate bonds at a price which was fair, taking into consideration all relevant circumstances, including market conditions, with respect to such securities. The complaint also alleges that the firm failed to establish, maintain and enforce a supervisory system, including WSPs, that was reasonably designed to ensure that the firm did not charge excessive and unfair markups/markdowns to its customers, and failed to reasonably supervise the markups/markdowns that the firm charged to its customers on corporate bonds. ([FINRA Case #2011026544301](#))

**Mayumy M. Stevenson aka Mayumy Martinez aka Mayumy Martinez-Stevenson** ([CRD #6119927](#), Sunny Isles Beach, Florida) was named a respondent in a FINRA complaint alleging that while associated with her member firm, she falsified an internal email communication, thereby causing the firm to maintain inaccurate books and records. ([FINRA Case #2014043035701](#))

**John Anthony Waszolek** ([CRD #800403](#), Scottsdale, Arizona) was named a respondent in a FINRA complaint alleging that he referred a customer to an attorney for the purpose of amending the customer's trust to make himself successor trustee and residual beneficiary even though he knew that his customer had been diagnosed with Alzheimer's disease. The complaint alleges that Waszolek took unfair advantage of the customer by having her give him these roles and responsibilities when he knew of her declining mental condition and lack of testamentary capacity. The complaint also alleges that Waszolek concealed his role as trustee, beneficiary and healthcare power of attorney from his member firms. Waszolek signed annual certifications acknowledging that he had not engaged in activities, interests or relationships that might conflict, or appear to conflict, with his ability to act in the best interest of his firm and its clients. Waszolek also signed annual certifications acknowledging receipt of one firm's written procedures, including the procedure prohibiting a representative from being designated as a beneficiary of a customer's trust. In addition, Waszolek completed sales practice questionnaires in which he falsely answered questions related to being beneficiary to any non-family accounts and whether he functioned as a fiduciary for any firm customer. Waszolek had dual roles as a registered representative and a principle beneficiary of the customer's trust accounts that created a conflict of interest. Waszolek's concealment of these dual roles prevented his firms from addressing this inherent conflict of interest and preventing exploitation of his relationship with the customer. ([FINRA Case #2012031181001](#))

**Complaints Dismissed**

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

**Anthony Diaz (CRD #4131948)**  
East Stroudsberg, Pennsylvania  
(June 1, 2015)  
FINRA Case #2012034112402

**Dale Gerhart Froehlich (CRD #1356663)**  
Elkhorn, Wisconsin  
(June 3, 2015)  
FINRA Case #2013036362001

**Anthony Edward Spagnolo III  
(CRD #4726651)**  
Farmingville, New York  
(June 22, 2015)  
FINRA Case #2009016159110

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

**Brookville Capital Partners (CRD #102380)**  
Melville, New York  
(June 9, 2015)  
FINRA Case #2012030968601

**Martinez-Ayme Securities (CRD #109838)**  
Miami, Florida  
(June 11, 2015)  
FINRA Case #2013035307701

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

**ASG Securities, Inc. (CRD #44534)**  
Fort Lauderdale, Florida  
(June 24, 2015)

**Mosaic Capital Securities, LLC (CRD #106637)**  
Sherman Oaks, California  
(June 24, 2015)

**The Reid Group LLC (CRD #130448)**  
New York, New York  
(June 24, 2015)

**Firms Cancelled for Failure to Pay Outstanding Fees Pursuant to FINRA Rule 9553**

**Clark Dodge & Co., Inc. (CRD #23288)**  
White Plains, New York  
(June 10, 2015)

**Merrimac Corporate Securities, Inc.  
(CRD #35463)**  
Altamonte Springs, Florida  
(June 10, 2015)

**Moneta Securities Corporation  
(CRD #18193)**  
Haymarket, Virginia  
(June 29, 2015)

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

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

**1st Bridgehouse Securities, LLC**  
(CRD #44655)  
Miami, Florida  
(April 10, 2015 – June 24, 2015)

**Capital Technology, Inc.** (CRD #27017)  
Norwalk, Connecticut  
(June 4, 2015)

**Mosaic Capital Securities, LLC**  
(CRD #106637)  
Sherman Oaks, California  
(June 4, 2015)

**Mosaic Capital Securities, LLC**  
(CRD #106637)  
Sherman Oaks, California  
(June 4, 2015)

**Mosaic Capital Securities, LLC**  
(CRD #106637)  
Sherman Oaks, California  
(June 8, 2015)

**Nativeone Institutional Trading, LLC.**  
(CRD #122430)  
Leonardo, New Jersey  
(April 10, 2015 – June 17, 2015)

**Nativeone Institutional Trading, LLC**  
(CRD #122430)  
Leonardo, New Jersey  
(June 5, 2015 – June 17, 2015)

**Nativeone Institutional Trading, LLC**  
(CRD #122430)

Leonardo, New Jersey  
(June 5, 2015 – June 17, 2015)

**Nativeone Institutional Trading, LLC**  
(CRD #122430)

Leonardo, New Jersey  
(June 8, 2015 – June 17, 2015)

**The Transportation Group (Securities) Limited** (CRD #24329)  
New York, New York  
(April 10, 2015 – June 17, 2015)

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**Firms Suspended for Failing to Pay Arbitration Awards Pursuant to FINRA Rule 9554**

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

**Clark Dodge & Co., Inc.** (CRD #23288)  
White Plains, New York  
(June 3, 2015)  
FINRA Arbitration Case #14-00378

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

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

**Frank Carmen Aquila** (CRD #1130803)  
Lauderdale By the Sea, Florida  
(June 23, 2015)  
FINRA Case #2014042878401

**Kwentonius Devon Brown** (CRD #6373928)  
Phoenix, Arizona  
(June 30, 2015)  
FINRA Case #2014043013201

<b>Thomas Howard Caniford (CRD #1049021)</b> North Canton, Ohio (June 29, 2015) FINRA Case #2014043614501	<b>Dawn Marie Pace-Alfaro (CRD #6258147)</b> Williston, Florida (June 9, 2015) FINRA Case #2014042533301
<b>Jordan Hart (CRD #6372576)</b> Huntington, New York (June 30, 2015) FINRA Case #2014042917401	<b>William Michael Quigley (CRD #1968265)</b> Seaford, New York (June 23, 2015) FINRA Case #2014042535901
<b>Ryan David Houfe (CRD #5692447)</b> Milton, Wisconsin (June 8, 2015) FINRA Case #2014040699501	<b>Michael Joseph Quinn (CRD #2333268)</b> San Diego, California (June 15, 2015) FINRA Case #2014040558801
<b>Errol Constantine Hyde (CRD #1812079)</b> Miami, Florida (June 23, 2015) FINRA Case #2014041555601	<b>Richard S. Schumacher (CRD #4805333)</b> Ellenton, Florida (June 9, 2015) FINRA Case #2014042897501
<b>Stephen D. Jones (CRD #5714623)</b> Charlotte, North Carolina (June 1, 2015) FINRA Case #2014042588501	<b>Robert John Sprott (CRD #3193458)</b> New Baltimore, Michigan (June 23, 2015) FINRA Case #2014043136701
<b>Jason John Lenzi (CRD #5874832)</b> Boardman, Ohio (June 1, 2015) FINRA Case #2015044007201	<b>Daniel Kunihiko Tamaki (CRD #5668108)</b> Long Beach, California (June 23, 2015) FINRA Case #2014041800701
<b>Alex Lubetsky (CRD #5869838)</b> Lackawaxen, Pennsylvania (June 12, 2015) FINRA Case #2011029713002	<b>Mary V. Tropeano (CRD #2012754)</b> Staten Island, New York (June 22, 2015) FINRA Case #2015044451301
<b>Sandra Lee Meredith (CRD #6296285)</b> Clarksville, Tennessee (June 9, 2015) FINRA Case #2014042784501	<b>Michael Anthony Vu (CRD #6150800)</b> Honolulu, Hawaii (June 1, 2015) FINRA Case #2014043049501

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

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

**Michael Todd Hinchliffe (CRD #4686652)**  
Portland, Oregon  
(June 24, 2015)  
FINRA Case #2005002008601

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**Individuals Suspended for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552(d)**

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

**Arnold Baratz (CRD #2317724)**  
Aurora, Illinois  
(June 25, 2015)  
FINRA Case #2014043817901

**Bennett Scott Broad (CRD #702460)**  
Rydal, Pennsylvania  
(June 15, 2015)  
FINRA Case #2015044602401

**Michael John Brunelli (CRD #4293626)**  
Norwood, Massachusetts  
(March 30, 2015 – June 9, 2015)  
FINRA Case #2014041641101

**Antonio Costanzo (CRD #2580765)**  
Chesapeake, Virginia  
(June 22, 2015)  
FINRA Case #2015044604701

**Eric Andre Dallas Sr. (CRD #3193223)**  
New Rochelle, New York  
(March 20, 2015 – June 9, 2015)  
FINRA Case #2013038774901

**Steven Craig Duprey (CRD #6066936)**

Weymouth, Massachusetts  
(June 15, 2015)  
FINRA Case #2014043078101

**Niaz Elmazi (CRD #2992689)**

Brooklyn, New York  
(June 1, 2015)  
FINRA Case #2014043542401

**Regina Michelle Flener (CRD #5865285)**

Mount Washington, Kentucky  
(June 25, 2015)  
FINRA Case #2014043807401

**John A. Gervasi (CRD #6037465)**

Deer Park, New York  
(June 15, 2015)  
FINRA Case #2014040113401

**Paige Strother Hays (CRD #6298585)**

Spring, Texas  
(June 12, 2015)  
FINRA Case #2014043420801

**Jose Manuel Irizarry (CRD #1889005)**

Dorado, Puerto Rico  
(June 1, 2015)  
FINRA Case #2014041987001

**Ariana Grace Kaiser (CRD #6020881)**

Chicago, Illinois  
(April 2, 2015 – June 1, 2015)  
FINRA Case #2014042390701

**Matthew Deater Kelley (CRD #1816472)**

Naples, Florida  
(June 8, 2015)  
FINRA Case #2014043841101

**Keith Joseph Kobziewicz (CRD #3275459)**  
 Boca Raton, Florida  
 (June 12, 2015)  
 FINRA Case #2014041964501

**Jerome Stuart Kudisher (CRD #1067552)**  
 Short Hills, New Jersey  
 (June 29, 2015)  
 FINRA Case #2014043726401

**Robert Mas Laborete (CRD #2370611)**  
 San Diego, California  
 (June 1, 2015)  
 FINRA Case #2014043401301

**Scott Lyndon Martin (CRD #3089836)**  
 Auburn, California  
 (June 1, 2015)  
 FINRA Case #2014042986401

**Edward Thomas Murphy (CRD #3041818)**  
 South Plainfield, New Jersey  
 (June 26, 2015)  
 FINRA Case #2012033590301

**Silvia Navarro Vallesillo (CRD #6303864)**  
 Yuma, Arizona  
 (June 15, 2015)  
 FINRA Case #2014043204801

**Bernard Popilevsky (CRD #5740691)**  
 Staten Island, New York  
 (April 3, 2015 – June 1, 2015)  
 FINRA Case #2014042573401

**Christina Powers (CRD #6299654)**  
 Saint Paul, Minnesota  
 (April 3, 2015 – June 12, 2015)  
 FINRA Case #2014042680401

**Rachael N. Register (CRD #6222224)**  
 Jacksonville, Florida  
 (June 15, 2015)  
 FINRA Case #2014042901101

**Christopher Anthony Sumner (CRD #4334586)**  
 Cardiff by the Sea, California  
 (June 15, 2015)  
 FINRA Case #2014042268201

**Melonie P. Thomas (CRD #4776691)**  
 Myrtle Beach, South Carolina  
 (June 15, 2015)  
 FINRA Case #2014043913001

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

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

**Zachary T. Bader (CRD #5902742)**  
 West Babylon, New York  
 (June 3, 2015)  
 FINRA Arbitration Case #14-02161

**Michael Albert DiPietro (CRD #2811047)**  
 Pasadena, California  
 (June 8, 2015)  
 FINRA Case #20140430876/ARB140066

**Nigel Leonard Graham (CRD #2889111)**  
 Forestville, Maryland  
 (March 23, 2011 – June 19, 2015)  
 FINRA Arbitration Case #10-03360

**Howard Lawrence Isaacson (CRD #3221838)**  
 Naples, Florida  
 (February 12, 2014 – June 18, 2015)  
 FINRA Arbitration Case #13-01597

**Warren Alfred Weems III (CRD #4660614)**  
 Chandler, Arizona  
 (November 30, 2011 – June 1, 2015)  
 FINRA Arbitration Case #11-01401

## **FINRA Fines Morgan Stanley Smith Barney and Scottrade a Total of \$950,000 for Failing to Supervise the Transmittal of Customer Funds to Third-Party Accounts**

The Financial Industry Regulatory Authority (FINRA) fined Morgan Stanley Smith Barney, LLC (Morgan Stanley) \$650,000 and Scottrade, Inc. \$300,000 for failing to implement reasonable supervisory systems to monitor the transmittal of customer funds to third-party accounts. Both firms were cited for the weak supervisory systems by FINRA examination teams in 2011, but neither took necessary steps to correct the supervisory gaps.

Brad Bennett, Executive Vice President and Chief of Enforcement, said, “Firms must have robust supervisory systems to monitor and protect the movement of customer funds. Morgan Stanley and Scottrade had been alerted to significant gaps in their systems by FINRA staff, yet years went by before either firm implemented sufficient corrective measures.”

With regard to Morgan Stanley, FINRA found that from October 2008 to June 2013, three registered representatives in two different branch offices converted a total of \$494,400 from thirteen customers by creating fraudulent wire transfer orders and branch checks from the customers’ accounts to third-party accounts. For example, the representatives moved funds from multiple customer accounts to their own personal bank accounts or to banks that held the representative’s mortgage.

FINRA found that Morgan Stanley failed to implement reasonable supervisory systems and procedures to review and monitor transmittals of customer funds through wire transfers from multiple customer accounts to the same third-party accounts and outside entities. The supervisory failures allowed the conversions to go undetected.

FINRA also found that Scottrade failed to establish a reasonable supervisory system to monitor for wires to third-party accounts. From October 2011 to October 2013, Scottrade did not obtain any customer confirmations for third-party wire transfers of less than \$200,000, and Scottrade failed to ensure that the appropriate personnel obtained confirmations for third-party wire transfers of between \$200,000 and \$500,000. During that period, the firm processed over 17,000 third-party wire transfers totaling more than \$880 million.

In concluding these settlements, [Morgan Stanley](#) and [Scottrade](#) neither admitted nor denied the charges, but consented to the entry of FINRA’s findings.