

Disciplinary and Other FINRA Actions

Firm Expelled, Individual Sanctioned

TNP Securities, LLC (CRD® #149178, Costa Mesa, California) and Anthony Warren Thompson (CRD #445556, Irvine, California). The firm was expelled from FINRA membership and Thompson was barred from association with any FINRA member in any capacity. The sanctions were based on findings that the firm and Thompson, the firm's chief executive officer (CEO), made material misrepresentations and omissions in connection with the sales of securities to investors in three private placement offerings, in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The securities were notes issued by three separate limited liability corporations that were affiliates of the firm and Thompson. The notes were guaranteed by another affiliate of the firm, a commercial real estate company for which Thompson was the founder and CEO. This real estate company was the corporate parent of the three limited liability corporations that issued the notes. In connection with the three private placement offerings of the notes—which were sold through a national network of different brokerage firms—the offering materials had made certain representations regarding the financial condition of the real estate company that was the guarantor of the notes. The findings stated that the firm and Thompson prepared and issued offering materials for the notes knowing that they contained misrepresentations and omissions of material facts concerning the financial condition of Thompson's real estate investment company (the guarantor of the notes and the corporate parent of the three limited liability corporations that had issued the notes). Thompson knew but failed to disclose the precarious financial condition of his real estate company when he participated in the preparation and distribution of the offering materials (including the three private placement memoranda for the notes' offerings and numerous supplements to these private placement memoranda). The findings also stated that Thompson made material misrepresentations and omissions in a consent solicitation to investors who earlier had invested in one of the notes offerings. Thompson circulated the consent solicitation to note holders to obtain their consent to increase the level of notes offering proceeds that the limited liability corporation that issued the notes could invest in its parent corporation (the real estate company) and in affiliates of the parent real estate corporation. The solicitation included a cover letter and a schedule of investments, which were materially misleading and greatly understated the operating loss that the issuer (the limited liability corporation) had experienced. Thompson also omitted material information in this solicitation regarding substantial financial losses that the guarantor of the notes (the parent real estate company) had experienced. The solicitation's schedule of investments also failed to accurately describe certain reported assets of the issuer of the notes.

Reported for July 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).

The findings also stated that the firm failed to supervise the offerings of the notes by not establishing, maintaining, and enforcing a supervisory system reasonably designed to ensure compliance with applicable securities law and regulations. The firm failed to detect material misrepresentations and omissions in the offering materials, including the failure to inform investors of the financial losses and negative equity at Thompson's real estate investment company that had guaranteed the notes. The Hearing Panel did not impose sanctions for the allegations alleging violations of Section 17(a)(2) and Section 17(a)(3) of the Securities Act of 1933, which claims had been alleged in the alternative to the claims for violations of SEC Rule 10b-5 and Section 10(b) of the Exchange Act. ([FINRA Case #2011025785602](#))

Firms Fined, Individuals Sanctioned

Brookstone Securities, Inc. ([CRD #13366](#), Lakeland, Florida), **Christopher Dean Kline** ([CRD #2597293](#), Baraboo, Wisconsin), **David William Locy** ([CRD #4682865](#), Overland Park, Kansas) and **Antony Lee Turbeville** ([CRD #1721014](#), Lakeland, Florida). The firm was censured, fined \$1,000,000 and required to pay, jointly and severally with Kline and Turbeville, \$1,620,100, plus prejudgment interest, in restitution to their respective customers. Kline and Turbeville were barred from association with any FINRA member in any capacity. Locy was fined \$25,000, barred from association with any FINRA member in any supervisory or principal capacity, and suspended from association with any FINRA member in any capacity for two years. The sanctions were imposed by the National Adjudicatory Council (NAC) following appeal of an Office of Hearing Officers (OHO) decision. The sanctions were based on findings that in connection with the purchase or sale of collateralized mortgage obligations (CMOs), the firm, acting through Turbeville and Kline, fraudulently made material misrepresentations of fact and omitted material facts that misled senior and retired customers concerning the risks associated with CMOs, in willful violation of Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder.

The findings stated that the firm, acting through Turbeville and Kline, recommended that customers purchase high-risk CMOs without reasonably believing that the securities, including those purchased on margin, were suitable for the customers based on their disclosed age, investment objectives, financial background and risk tolerance. The findings also stated that the firm and Turbeville made misrepresentations, omitted material facts, and utilized misleading statements in letters sent to some customers. The findings also included that the firm, acting through Locy, its CCO, failed to review customer discretionary accounts at frequent intervals. FINRA found that the firm, acting through Locy, failed to reasonably supervise the firm's activities, and that the firm, acting through both Turbeville and Locy, also failed to enforce the firm's procedures for safeguarding customer information, both in willful violation of FINRA's rules.

This matter has been appealed to the Securities and Exchange Commission (SEC) and the bars are in effect pending consideration of the appeal. ([FINRA Case #2007011413501](#))

Firms Fined

Barclays Capital Inc. ([CRD #19714](#), New York, New York) submitted a Letter of Acceptance, Waiver and Consent (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 accurately report the correct trade time to the Real-time Transaction Reporting System (RTRS) in matched inter-dealer transactions and customer transactions effected in municipal securities. The findings stated that the firm also failed to report information regarding inter-dealer and customer transactions in municipal securities to an RTRS portal within 15 minutes of the trade time. The findings also stated that the firm failed to report its correct capacity to the RTRS in reports of dealer transactions in municipal securities. The findings also included that the firm failed to document the correct execution time in the trade memoranda of transactions in municipal securities. ([FINRA Case #2013038781101](#))

The Benchmark Company, LLC ([CRD #22982](#), New York, New York) submitted an AWC in which the firm was censured, fined \$7,500 and ordered to pay \$148.80, plus interest, in restitution to an investor. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to execute customer market orders fully and promptly. The findings stated that in some of the orders, the firm failed to use reasonable diligence to ascertain the best market for the subject securities so that the resultant price to the customer was as favorable as possible under prevailing market conditions. ([FINRA Case #2013037931801](#))

Broker Dealer Financial Services Corp. ([CRD #8073](#), West Des Moines, Iowa) submitted an AWC in which the firm was censured and fined \$75,000. Before executing this AWC, the firm made restitution totaling \$24,564.18 to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that acting through some of its registered representatives, it recommended leveraged or inverse exchange-traded funds (nontraditional ETFs) to customers without a reasonable basis for believing that the transactions were suitable. The findings stated that the firm did not investigate nontraditional ETFs before allowing its registered representatives to recommend them to customers, did not train its personnel in the appropriate use of nontraditional ETFs, and did not adequately supervise and monitor nontraditional ETF activity in customer accounts. The findings also stated that the firm failed to establish and maintain a supervisory system, including written procedures, that was reasonably designed to ensure that its sales of nontraditional ETFs complied with applicable securities laws and NASD® and FINRA rules. ([FINRA Case #2012030436501](#))

Bryan Funding, Inc. ([CRD #11899](#), Canonsburg, Pennsylvania) submitted an AWC in which the firm was censured and fined \$7,500. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to enforce its written supervisory procedures (WSPs), which prohibited registered

representatives from using personal email accounts for business communications. The firm's procedures required that representatives transmit all electronic business communications over firm-sponsored systems to allow for supervisory review. The findings stated that the firm, contrary to its WSPs, allowed a registered representative who worked in an offsite location to use a personal email address for firm-related business communications, and failed to retain those email communications. The findings also stated that the firm failed to maintain and preserve its electronic communications as required by Rule 17a-4, promulgated under the Securities Exchange Act of 1934. The firm used a third-party accounting firm that failed to store its electronic communications in a non-rewritable, non-erasable format. ([FINRA Case #2013035120801](#))

Burt Martin Arnold Securities, Inc. dba BMA Securities (CRD #108219, El Segundo, California) submitted an AWC in which the firm was censured and fined \$52,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to accurately mark proprietary sales on the firm's trading ledger; document the time in force terms and conditions on customer order tickets; accurately record customer executions on the firm's proprietary trading ledger by compiling multiple executions into single ledger entries; provide requested customer order tickets; document cancel/replace times regarding size and/or price changes made during the life of an order; document trade cancellations on customer order tickets; accurately record order entry and/or execution times on customer order tickets; maintain the time in force condition on an order record; document execution times and/or execution details on a customer order ticket; accurately report LEK time and sales that match the firm's Bloomberg records or its clearing reports; document the order cancellation time on an order ticket; and include a contra party and an accurate execution time on the firm's ledger. The findings stated that the firm failed to submit accurate account type codes, buy/ sell codes, order entry times, execution times, special handling codes, order type codes, limit prices and replaced order share quantities to Order Audit Trail System (OATSTM); submit information to OATS for reportable events; submit only necessary order reports to OATS; submit data regarding order size and/or price changes to OATS; submit accurate NW and corresponding EX reports; maintain accurate books and records for OATS purposes; and provide order records corresponding to order routing information submitted to OATS. The findings also stated that the firm failed to accurately report or match trades to the Over-the-Counter Reporting Facility (ORF) and FINRA/Nasdaq Trade Reporting Facility® (FNTRF) with an accurate short sale indicator. The findings also included that the firm failed to report trades to the ORF; accurately report or accept trades on the ORF; media report transactions that were tape reportable; cancel trade reports on the ORF for cancelled trades; accurately submit non-media-reported step-out trade reports; accurately media report only reportable events; submit only necessary trade reports to the ORF; and accurately report a trade to the FNTRF.

FINRA found that the firm failed to accurately report riskless trades to the FNTRF with a principal capacity and accurately report shares executed in a riskless capacity to the ORF with a principal capacity. FINRA also found that the firm failed to send accurate customer confirmations. In addition, FINRA determined that the firm failed to provide customers with an extended-hours risk disclosure prior to executing orders in the extended hours. Moreover, FINRA found that the firm failed to accurately report routing statistics for both the New York Stock Exchange (NYSE) and American Stock Exchange (AMEX) in its Securities Exchange Act of 1934 Rule 606 Quarterly Routing Report and failed to disclose to its customers in writing the availability of written quarterly reports, as well as, individual order information. Furthermore, FINRA found that the firm failed to establish and maintain a supervisory system designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA rules laws and regulations concerning Regulation NMS and quality of market issues. Additionally, the firm failed to provide documentary evidence that the firm performed the supervisory reviews set forth in its WSPs. ([FINRA Case #2012031507501](#))

Cabot Lodge Securities LLC (CRD #159712, New York, New York) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it conducted a securities business while failing to maintain its required minimum net capital. ([FINRA Case #2013035247201](#))

Cadaret, Grant & Co., Inc. (CRD #10641, Syracuse, New York) submitted an AWC in which the firm was censured; fined \$75,000; ordered to pay \$236,242, plus interest, in restitution to a customer; and required to conduct a comprehensive review of the adequacy of its policies, systems, and procedures (written or otherwise) with respect to the supervision of non-exchange variable annuity (VA) surrenders and the creation and maintenance of books and records regarding non-exchange VA surrenders. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system reasonably designed to supervise VA surrenders recommended or processed by the firm's registered representatives where the surrenders were not part of an exchange or replacement done through the firm (referred to as non-exchange VA surrenders). Rather, the firm's registered representatives were permitted to submit such VA surrender requests directly to the insurance companies for those policies. The firm did not require that non-exchange VA surrenders be provided to or processed through the firm. The findings stated that the firm also did not create and maintain records or documentation reflecting non-exchange VA surrenders. When completing such surrenders, the firm's representatives may have completed surrender request forms for submission to the relevant insurer, but the firm did not require those forms be maintained by the representatives or provided to the firm for recordkeeping purposes.

The findings also stated that the potential consequences of the firm's failure to establish reasonable policies and procedures related to the review, approval and documentation of non-exchange VA surrenders resulted in harm to an elderly customer through the actions of a former registered representative. The customer acted upon the former registered representative's recommendation to surrender four VA contracts to invest in a charitable gift annuity (CGA) offered by an entity with which the former representative was engaged in an undisclosed outside business relationship. However, the customer incurred \$36,242 in surrender fees when she surrendered her VAs, while the undisclosed entity paid the representative a commission of \$59,000 on the investment that was not disclosed to the customer. Had a firm principal reviewed the customer's surrender transactions, such a review might have led the firm to discover the unsuitable nature of the recommendation, the former representative's failure to disclose his commission, and his undisclosed outside business relationship with the entity offering the CGA. After receiving the complaint from the customer's attorney, the firm conducted an internal investigation and terminated the representative. Through the efforts of her attorney, the customer was able to recoup the portion of her CGA investment directed to unauthorized fixed annuity purchases made in her name. Initially, she was not compensated for \$200,000 in unauthorized charitable donations made in her name or the \$36,242 in surrender fees incurred when selling her VAs. ([FINRA Case #2014039684601](#))

Cape Securities, Inc. (CRD #7072, McDonough, Georgia) submitted an AWC in which the firm was censured and fined \$125,000. A lower fine was imposed after considering, among other things, the firm's revenues and financial resources. 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 supervisory systems and procedures reasonably designed to detect and prevent fraudulent wire activity conducted by the firm's registered representatives. Specifically, the firm's supervisory system and WSPs failed to address reviewing and monitoring the transmittal of funds from multiple customer accounts to a common outside bank account or a third-party account. A registered representative with the firm converted funds for his own use and benefit from the brokerage accounts of seven customers. The representative submitted separate wire transfer requests totaling \$690,152.90 to the firm, ostensibly on behalf of the customers; however, none of the seven customers authorized the transfers. The funds were actually wired into the operating account for the representative's branch office. The firm and its insurer have repaid the customers the funds the representative had converted. The findings stated that the firm's anti-money laundering (AML) system and procedures were not reasonably designed to detect, investigate or ensure appropriate reporting of potentially suspicious fund transfers to third parties and its general supervisory system and procedures were not reasonably designed to detect and prevent wire transfers between the firm's customers and its registered representatives. The firm did not utilize any exception reports or other means to enable it to detect patterns of potentially suspicious wire transfers over time. The firm failed to detect that any of the wire transfers were third-party wires or that they

were unauthorized. In two instances, the customer had died before the date on the forged wire transfer request, and thus could not have signed it. After the representative admitted to submitting a forged signature on the wire-transfer request for the account of one of the dead customers, the firm did not make any additional inquiries into other third-party wire-transfer requests from the representative's office, did not place any restrictions on his ability to submit additional wire-transfer requests, and did not institute any additional supervision of him.

The findings also stated that the firm's WSPs failed to adequately address the supervisory review that would be performed for actively traded accounts. For example, the WSPs failed to discuss how the firm would identify active accounts, how it would review active accounts, and how it would determine quantitative suitability. The firm did not perform turnover ratio analysis or cost-to-equity analysis in spite of the fact that exception reports performing this analysis were available from its clearing firm. Despite indications of unsuitable excessive trading and churning in customer accounts by registered representatives in one of the firm's branch offices and awareness of the strategy being recommended by these registered representatives, the firm did not inquire into the suitability of the trading activity, did not require disclosure to customers of the risks of active trading, and did not contact the customers about the trading. ([FINRA Case #2013035211002](#))

Capital Guardian, LLC (CRD #137919, Charlotte, North Carolina) submitted an AWC in which the firm was censured and fined \$125,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to detect, investigate and report, if appropriate, potentially suspicious transactions related to money movements into and out of customer accounts with only minimal securities activity, and the deposit and rapid liquidation of Venezuelan bonds issued under a program that allowed for Venezuelan entities, and to a lesser extent individuals, to convert Venezuelan Bolivars (VEF) to U.S. Dollars (USD) (or other currency foreign to Venezuela) by purchasing approved USD-denominated Venezuelan bonds locally in VEF and selling the bonds abroad for USD (SITME Program). The findings stated that approximately 30 customer accounts were opened at the firm that a former registered representative serviced, which were all held in the name of entities that were beneficially owned by citizens of Venezuela. The accounts presented a higher risk of potentially suspicious activity based on their geographic location and business model, which included the liquidation of Venezuelan sovereign and state-sponsored bonds. The findings also stated that a small number of the accounts did not liquidate Venezuelan bonds, but rather, engaged in frequent money movements without corresponding securities transactions. The findings also included that during the account-opening process for some of the accounts, the registered representative prepared attestations for the firm regarding the expected activity in the accounts, which indicated that the accounts were associated with the SITME Program.

FINRA found that upon accepting customers engaged in SITME activity, the firm did not update its AML policies and procedures to account for the risks this business posed. FINRA also found that upon receipt of the USD-denominated Venezuelan bonds, the majority of the accounts would often liquidate and then transfer the proceeds of the bonds via first-party wire to operating accounts that they maintained at other U.S. broker-dealers or banking institutions. However, on numerous occasions, many of the accounts transferred the bond proceeds via third-party wires (or even in some cases via check or ATM withdrawal), which differed from expected activity under SITME and for the accounts' expected activity, and which raised "red flags" under the firm's AML Compliance Procedures (AMLCP). In addition, FINRA determined that even though the accounts were established as investment accounts at the firm, the accounts were used almost exclusively for the purpose of transfer and liquidation of SITME bonds and, as a result, there was virtually no investment activity in any of the accounts. Moreover, FINRA found that because the majority of the accounts were maintained by the same or related beneficial owners, there were often transfers to and from related accounts that did not comport with SITME regulations or the expected activity in the accounts. Furthermore, FINRA found that the firm failed to adequately monitor the accounts and establish AML policies and procedures reasonably designed to address the risks to the firm presented by accounts engaging in SITME activity. Not only were the firm's procedures inadequate for the risks posed by accounts engaging in SITME activity, but the procedures were not properly implemented. Under the firm's existing AMLCP, the firm failed to identify and respond to red flags exhibited in the accounts. The findings also stated the firm's AMLCP also required the firm to monitor for potentially suspicious activity as indicated by the above red flags, investigate the activity, and, as appropriate, report suspicious activity by filing a suspicious activity report (SAR). ([FINRA Case #2013035775302](#))

Dealerweb Inc. ([CRD #19662](#), Jersey City, New Jersey) 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 the firm failed to report to the Trade Reporting and Compliance Engine® (TRACE®) the correct trade execution time for transactions in TRACE-eligible securitized products. The findings stated that the firm also failed to show the correct trade execution time on the memoranda of brokerage orders. ([FINRA Case #2014040028201](#))

E*TRADE Securities LLC ([CRD #29106](#), New York, New York) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that that it failed to transmit Reportable Order Events (ROEs) to OATS. ([FINRA Case #2013039398101](#))

Eight Pines Securities LLC ([CRD #153794](#), New York, New York) submitted an AWC in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to review any of the approximately 157,000 incoming and outgoing emails, in contravention of its WSPs. ([FINRA Case #2014039129001](#))

Instinet, LLC (CRD #7897, New York, New York) submitted an AWC in which the firm was censured, fined \$15,000, 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 adjust the price of open limit orders after a dividend occurred. 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 rules of NASD/FINRA and the SEC. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs concerning order handling, algorithmic trading and extraordinary market volatility. ([FINRA Case #2013035825401](#))

J.P. Morgan Clearing Corp. (CRD #28432, Jersey City, New Jersey) submitted an AWC in which the firm was censured and fined \$195,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it reported an incorrect number of short interest positions and shares in dually listed foreign securities. The firm also failed to report short interest positions in dually listed foreign securities. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the FINRA rules regarding short interest reporting. ([FINRA Case #2010022590201](#))

Morgan Stanley Smith Barney LLC dba Morgan Stanley (CRD #149777, Baltimore, Maryland) submitted an AWC in which the firm was censured, fined \$225,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that the firm executed long sale transactions in National Market System (NMS) securities and reported each of these transactions to FINRA with a short exempt modifier in reliance upon provisions set forth in SEC Regulation SHO Rule 201(d), when such provisions were not applicable. The firm executed short sale transactions in over-the-counter (OTC) equity securities and incorrectly reported each of these transactions to FINRA with a short exempt modifier. The findings stated that the firm executed short sale orders and improperly marked the orders as short exempt. The findings also stated that the firm failed to establish, maintain and enforce WSPs reasonably designed to ensure that orders marked as short exempt complied with the provisions of SEC Rule 201(c) of Regulation SHO. The findings also included that the firm failed to report the correct trade execution time to the RTRS in reports of transactions in municipal securities and failed to show the correct trade execution time on the memoranda for the transactions. The firm also failed to report information about some of these same transactions to an RTRS portal within 15 minutes of the trade time.

FINRA found that the firm failed to report to TRACE the correct trade execution time for transactions in TRACE-eligible securitized products and failed to show the correct trade execution time on the memoranda for these same brokerage orders. In addition, FINRA determined that the firm failed to report to TRACE transactions in TRACE-eligible agency bonds within 15 minutes of the execution time. Moreover, FINRA found that the firm failed to report the correct market identifier for S1 and P1 transactions involving agency

bonds. Furthermore, FINRA found that the firm failed to report to TRACE large block S1 transactions in corporate and agency bonds within 15 minutes of the execution time. The findings also stated that the firm failed to report to TRACE transactions in TRACE-eligible securitized products within the time required by FINRA Rule 6730. ([FINRA Case #2011028182701](#))

Multi-Bank Securities, Inc. ([CRD #22098](#), Southfield, Michigan) submitted an AWC in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the correct trade execution time for transactions in TRACE-eligible securitized products to TRACE, failed to report transactions in TRACE-eligible securitized products to TRACE within 15 minutes of the execution time, and failed to show the correct execution time on the memoranda of brokerage orders. ([FINRA Case #2014040026601](#))

Oberweis Securities, Inc. ([CRD #42060](#), Lisle, Illinois) 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 information regarding purchase and sale transactions effected in municipal securities to an RTRS portal within 15 minutes of the trade time. ([FINRA Case #2014040167701](#))

OFS Securities, Inc., nka Oriental Financial Services Corp. ([CRD #39615](#), Hato Rey, Puerto Rico) submitted an AWC in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to produce certain documents and information prior to the start of a FINRA arbitration hearing as ordered by the arbitration panel. The firm should have been aware that, and actively considered whether, responsive documents and information could be located in its warehouse or obtained from its clearing firm. Specifically, contrary to the arbitration panel's order, it failed to produce trade blotters, account statements, and emails related to transactions at issue in the arbitration until after the arbitration hearing had already begun. The findings stated that the firm also inaccurately represented to the claimant that it did not have responsive documents in its possession, custody or control. ([FINRA Case #2013036797001](#))

Performance Trust Capital Partners, LLC ([CRD #36155](#), Chicago, Illinois) 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 transactions in TRACE-eligible securitized products to TRACE within 15 minutes of the execution time. ([FINRA Case #2014040027601](#))

SMF Trading, Inc. dba World-Xecution Strategies ([CRD #134645](#), New York, New York) 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 transmit ROEs to OATS. The findings stated that the firm also failed to repair ROEs that OATS rejected for context or syntax errors, resulting in

the firm failing to transmit the repairable ROEs to OATS. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning OATS. The firm's supervisory system did not include WSPs providing for a statement of the supervisory step(s) to be taken by the identified person(s) to ensure that all reportable ROEs were transmitted to OATS. The findings also included that the firm's WSPs failed to designate an appropriately registered principal with authority to carry out the supervisory responsibilities with respect to the OATS rules. ([FINRA Case #2013037183701](#))

Soloway & Co. (CRD #17972, Miami, Florida) submitted an AWC in which the firm was censured, fined \$5,000 and required to revise its WSPs. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. 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. 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 OATS reporting. ([FINRA Case #2014040174601](#))

Source Capital Group, Inc. (CRD #36719, Westport, Connecticut) submitted an AWC in which the firm was censured, fined \$5,000 and ordered to pay \$1,524.97, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it sold corporate bonds to customers and failed to sell such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. ([FINRA Case #2013038256401](#))

Sterne, Agee, & Leach, Inc. (CRD #791, Birmingham, Alabama) submitted an AWC in which the firm was censured, fined \$225,000, and required to conduct an internal review of the adequacy of its policies, systems, procedures (written and otherwise) and training relating to compliance with Regulation S-P of the Securities Exchange Act of 1934. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system reasonably designed to protect confidential customer and proprietary information. The firm placed customers' personal and confidential information at risk when an unencrypted laptop containing that information was lost. The findings stated that there were insufficient supervisory procedures to ensure that the firm's most sensitive customer and proprietary information stored on laptops was being adequately safeguarded by appropriate technology; and as a result, the firm violated Regulation S-P of the Securities Exchange Act of 1934. ([FINRA Case #2014041619501](#))

SunTrust Robinson Humphrey, Inc. ([CRD #6271](#), Atlanta, Georgia) 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 transactions in TRACE-eligible securitized products and TRACE-eligible S1 corporate debt securities to TRACE within the time required by FINRA Rule 6730. The findings stated that the firm failed to report the correct trade execution time for transactions in TRACE-eligible securitized products to TRACE. The findings also stated that the firm failed to show the correct execution time on the memoranda of brokerage orders. ([FINRA Case #2012034529201](#))

Wells Fargo Advisors, LLC ([CRD #19616](#), St. Louis, Missouri) 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 accepted and held customer market orders, traded for its own account at prices that would have satisfied the customer market orders, and failed to immediately thereafter execute the customer market orders. The findings stated that the firm failed to show the correct execution time and entry time on the memoranda of brokerage orders. The findings also stated that the firm failed to report to the ORF the correct execution time in last sale reports of transactions in designated securities. The findings also included 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 OTC order protection. In addition, the firm's WSPs failed to provide for the minimum requirements for adequate WSPs concerning OTC order protection. ([FINRA Case #2012035222801](#))

Individuals Barred or Suspended

John Michael Bannon ([CRD #1062813](#), Waxhaw, 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, Bannon consented to the sanction and to the entry of findings that he failed to appear for a FINRA-requested on-the-record interview involving an investigation into allegations in a civil complaint that he converted at least \$74,000 in customer funds. FINRA was also investigating, among other things, Bannon's failure to disclose unsatisfied liens and judgments on his Uniform Application for Securities Industry Registration or Transfer (Form U4), potential undisclosed and unapproved outside business activities, and an action filed by the Illinois Secretary of State Securities Department. ([FINRA Case #2013037771802](#))

Richard Dwayne Blair ([CRD #2256412](#), Austin, Texas) was fined \$17,500 and suspended from association with any FINRA member in any capacity for four months. The sanctions were based on findings that Blair willfully failed to disclose written customer complaints containing claims for compensatory damages exceeding \$5,000 that he was required

to disclose on his Form U4. The findings stated that Blair failed to accurately report the customer's complaints in notices he was required to file with FINRA. The findings also stated that FINRA did not prove by a preponderance of the evidence that Blair violated Section 10(b) of the Securities Exchange Act of 1934, Exchange Act Rule 10b-5 thereunder, by fraudulently failing to disclose material information in connection with the sale of securities. Therefore, that charge was dismissed.

The suspension is in effect from May 4, 2015, through September 3, 2015. ([FINRA Case #2011027271901](#))

Adam Robert Bollinger ([CRD #6065030](#), Chandler, Arizona) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Bollinger consented to the sanction and to the entry of findings that he converted \$17,525 from seven individuals, six of whom were his member firm's customers. The findings stated that Bollinger requested that the individuals draft checks payable to him for a variety of reasons, including charitable donations, and instead of using the funds for their intended purposes, converted the funds for himself. ([FINRA Case #2015044164801](#))

Samuel Jacob Borger ([CRD #26199](#), New York, New York) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for two months. In light of Borger's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Borger consented to the sanction and to the entry of findings that he failed to disclose outside accounts over which he had discretionary authority to his member firms. In addition, Borger failed to disclose to the executing firms that he was associated with a member firm.

The suspension is in effect from June 1, 2015, through July 31, 2015. ([FINRA Case #2014039944201](#))

Raymond Leslie Boykin ([CRD #5751487](#), Dallas, Texas) submitted an Offer of Settlement in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the allegations, Boykin consented to the sanctions and to the entry of findings that two days prior to resigning from his member firm, he emailed to his personal email address lists of customers that contained information constituting non-public personal information under the Regulation S-P privacy rules promulgated under Section 504 of the Gramm-Leach-Bliley Act. The findings stated neither the firm nor the customers had authorized Boykin to take the information, and Boykin did not inform his firm or the customers that he was taking the information. Boykin took the customer information in a manner that placed the information at risk of unauthorized access and use in contravention of his firm's obligation to ensure the security and confidentiality of the information and as a result caused the firm to violate Regulation S-P. Boykin also caused the firm to violate its privacy policy with respect to customers

whose information he took without their consent. The findings also stated that Boykin failed to timely respond to FINRA's requests for information and documents related to its investigation into his possession of customers' non-public, personal information.

The suspension is in effect from June 1, 2015, through May 31, 2017. ([FINRA Case #2013036437502](#))

William David Campbell (CRD #6105403, Florence, South Carolina) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for four months. In light of Campbell's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Campbell consented to the sanction and to the entry of findings that he exercised discretion over customer accounts and made trades without written authorization. The findings stated that none of the customers were aware of the trades at the time they were made, but, prior to the trades, all had verbally granted Campbell discretionary trading authority in their accounts. The WSPs at Campbell's member firm prohibited discretionary trading in the types of accounts at issue. The findings also stated that Campbell caused the firm to maintain inaccurate books and records by mismarking some of the trades as unsolicited, when he had exercised discretion to make the trades, and by creating a false notation in the firm's contact management system indicating that a client had originated one of the trades.

The suspension is in effect from June 1, 2015, through September 30, 2015. ([FINRA Case #2014041960101](#))

Bryan Andrew Carnahan (CRD #3103811, Gahanna, Ohio) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Carnahan consented to the sanction and to the entry of findings that he converted approximately \$169,500 from his member firm's customer by causing fund transfers to be made from the customer's brokerage account to her bank account. The findings stated that once the funds were in the customer's bank account, Carnahan instructed the customer to withdraw the funds and obtain cashier's checks for purported investment opportunities. After Carnahan took possession of the cashier's checks, he fraudulently caused them to be re-issued in the form of multiple cashier's checks that were payable to his own accounts and to the accounts of some of his other customers who had suffered investment losses. ([FINRA Case #2015044908301](#))

Michael James Ciuffo (CRD #2086653, Melville, New York) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for six months. In light of Ciuffo's financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Ciuffo consented to the sanction and to the entry of findings that he failed to provide his member firm with prior written notice of, or obtain approval for, his participation in two private securities transactions with an investor. Additionally, Ciuffo falsely certified on his firm's annual compliance attestation that he had

not engaged in any selling away activities despite his participation in the private securities transactions. The findings stated that Ciuffo willfully failed timely to amend his Form U4 to disclose a bankruptcy filing.

The suspension is in effect from May 18, 2015, through November 17, 2015. ([FINRA Case #2013037138802](#))

Rodney Clyde Cochran (CRD #4543208, Grand Prairie, 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 18 months. Without admitting or denying the findings, Cochran consented to the sanctions and to the entry of findings that he contravened high standards of commercial honor and just and equitable principles of trade by failing to ensure that commission payments were legitimate in the face of obvious red flags that he was being paid in error. As a result of a computer system error, Cochran began receiving approximately \$11,000 per month in commissions for a customer's account, instead of the less than \$100 per month he had been previously receiving. The overpayments continued for almost nine months, before the error was detected by Cochran's member firm, at which point Cochran had been overpaid approximately \$100,000. Cochran, having spent the money, was unable to return the overpayments after the firm had demanded them. The commission overpayments did not involve customer funds.

The suspension is in effect from June 1, 2015, through November 30, 2016. ([FINRA Case #2013039135501](#))

Daniel Ricardo Colon (CRD #6107260, Medford, 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, Colon consented to the sanction and to the entry of findings that he converted at least \$200 from his member firm's affiliate bank customer by taking the money from the customer's wallet for his personal use without the customer's knowledge or consent. The findings stated that the bank restored the \$200 by crediting the customer's bank account. Colon subsequently repaid the \$200 to the bank, and the bank then terminated his employment. ([FINRA Case #2014043421201](#))

Margaret Ruth Delong (CRD #6006483, New York, New York) 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, Delong consented to the sanctions and to the entry of findings that she possessed prohibited materials while taking the Series 7 licensing examination. The findings stated that FINRA test center rules prohibited the possession of notes, formulas, or any other study materials in the examination room or during a restroom break. During the test session, Delong possessed and had access to a study guide related to the subject matter of the licensing examination.

The suspension is in effect from June 1, 2015, through November 30, 2016. ([FINRA Case #2015044816401](#))

Anthony Diaz ([CRD #4131948](#), East Stroudsburg, Pennsylvania) 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, Diaz consented to the sanction and to the entry of findings that he induced several customers to enter into variable annuity (VA) exchanges, often subject to significant surrender charges, without a reasonable basis for recommending those exchanges. Diaz failed to conduct any quantitative analysis of the financial benefit or detriment of the exchanges to his customers, failed to make an individualized assessment of the advantages and disadvantages of the recommended exchanges, and failed to understand the features of the VA product. The findings stated that Diaz falsified or caused the falsification of the reported net worth of customers in order to make it appear that they satisfied the minimum net worth requirements for certain alternative investments and that they satisfied issuer- and state-imposed prohibitions against investing more than 10 percent of a customer's assets into a single illiquid product. Diaz misled or attempted to mislead his member firms and the issuers of the products into allowing these customers to purchase investments for which they were ineligible under the terms established by the issuers and by the State of Pennsylvania. In addition, Diaz attempted to induce an insurance company to transfer a customer's VA to his control by altering or causing the alteration of the signature date on a transfer authorization form. The findings also stated that Diaz violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder by intentionally or recklessly making untrue statements of material fact to induce customers to purchase securities by falsely telling five customers that one or more of the alternative investments were guaranteed to pay a specific rate of return, and by telling two customers that the investments were guaranteed. The findings also included that Diaz falsified his member firm's books and records by creating VA switch forms with false reasons for the exchanges. Diaz falsified or caused the use of falsification of net worth, income, assets and/or risk tolerance information for nine customers, and altered or caused the alteration of the date that appeared next to the signatures of customers on account transfer authorizations. Diaz or someone working at his direction created a firm's securities investor profile questionnaire for a customer without her participation, forged her signature on the document and wrongly dated it. FINRA found that Diaz made unauthorized trades in customers' accounts. FINRA also found that Diaz, who had been fired from four firms, routinely engaged in efforts to mislead his customers into believing that he had left those firms voluntarily, both through affirmative statements and through his responses to questions about the circumstances under which he left the firms. ([FINRA Case #2011030254902](#))

Lisa Suzanne Dutcher ([CRD #1398061](#), Durham, North Carolina) submitted an AWC in which she 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, Dutcher consented to the sanctions and to the entry of findings that she made misrepresentations to her member firm regarding two checks totaling \$11,250 she received

from a third party, a scam artist, which she deposited into her brokerage account at the firm. Specifically, Dutcher gave false reasons regarding her need for expedited release of the funds and false assurances that sufficient funds were available to cover the checks. Following expedited release of funds to Dutcher's account, both checks were returned for insufficient funds.

The suspension is in effect from May 18, 2015, through September 17, 2015. ([FINRA Case #2014041842701](#))

Brian Kenneth Edwards (CRD #6011762, Warren, 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 14 months. Without admitting or denying the findings, Edwards consented to the sanctions and to the entry of findings that he permitted his insurance agency to enter into a customer referral relationship with an individual who was unlicensed to sell insurance. The relationship, which violated Michigan law and the policies of Edwards' member firm and its insurance affiliate, created circumstances which allowed the unlicensed individual to misappropriate over \$6,900 from the insurance affiliate's customers that were intended to pay insurance premiums. The findings stated that despite discovering the individual's misconduct, Edwards failed to report the misconduct to the insurance affiliate, and did not terminate his agency's relationship with the individual until a month thereafter.

The suspension is in effect from June 1, 2015, through July 31, 2016. ([FINRA Case #2013037999901](#))

Teresa Jane Ferdon (CRD #2970960, Chattanooga, Tennessee) submitted an AWC in which she was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Ferdon consented to the sanctions and to the entry of findings that she improperly caused three domestic wire disbursements totaling \$103,851.10 to be effected from the account of her member firm's customer to third-party bank accounts. Ferdon processed the wires based on emailed instructions that she received from an impostor who hacked the customer's email account. The findings stated that in each instance, Ferdon forged her supervisor's initials/signature on a required signature-guaranteed medallion stamp that she placed on the related letters of instruction. Also, as part of processing the wire disbursement, Ferdon falsely represented in the firm's internal systems that she had verbally confirmed the wire disbursement instructions with the customer. The findings also stated that Ferdon caused the firm to maintain inaccurate books and records as a result of her conduct. The firm subsequently learned that these wire transfers were fraudulent and was able to reverse one transfer totaling \$49,880.30. The firm also compensated the customer with \$53,970.80 for the two prior completed unauthorized withdrawals.

The suspension is in effect from May 18, 2015, through August 17, 2015. ([FINRA Case #2014041738401](#))

Barry Morton Ferrari (CRD #848024, Warwick, New York) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any principal capacity for three months. Without admitting or denying the findings, Ferrari consented to the sanctions and to the entry of findings that while working as CCO of his member firm, he failed to demonstrate appropriate principal approval of certain advertising materials, including communications on the firm's websites and social media accounts. In addition, Ferrari failed to review and preapprove webinars conducted by a number of registered representatives that touted various online trading strategies. The findings stated that Ferrari also failed to enforce the firm's WSP with respect to the supervision of registered representatives' outside securities accounts. Ferrari failed to conduct an adequate review of transactions in outside securities accounts held by representatives and failed to send instructions to outside brokerage firms advising that duplicate statements should be sent to the firm's compliance department. Hard copies of representatives' account statements held at a branch office were not forwarded to Ferrari for review and approval. In addition, Ferrari permitted a branch manager to review and approve his own outside brokerage account statements. The findings also stated that Ferrari failed to enforce the firm's WSPs prohibiting representatives from using outside email accounts to communicate with customers.

The suspension is in effect from June 1, 2015, through August 31, 2015. ([FINRA Case #2013035136401](#))

Phil G. Fiore Jr. (CRD #2547584, Bridgewater, Connecticut) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Fiore consented to the sanctions and to the entry of findings that he engaged in an outside business activity without providing written notice to his member firm. The findings stated that Fiore provided business consulting services to an electric utility company and also arranged for a customer of the firm to loan that utility company \$800,000. Fiore received shares of stock in the utility company as a result of his efforts.

The suspension was in effect from June 1, 2015, through June 30, 2015. ([FINRA Case #2012033348001](#))

Jon Kevin Folan (CRD #210567, Tahoe City, California) 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, Folan consented to the sanctions and to the entry of findings that he borrowed \$300,000 from a customer without providing prior notification to or obtaining written approval from his member firm. The findings stated that the firm's WSPs did not allow for the borrowing of money from a customer. Folan has repaid the customer in full.

The suspension is in effect from June 1, 2015, through August 31, 2015. ([FINRA Case #2012031383201](#))

Richard Ernest Griffin ([CRD #2429099](#), Moreland Hills, Ohio) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Griffin consented to the sanction and to the entry of findings that he failed to provide prior written notice to his member firm that he engaged in three outside business activities for which he received compensation or had a reasonable expectation of compensation. The findings stated that Griffin also failed to appear and provide FINRA-requested testimony in connection with its investigation. ([FINRA Case #2014040737401](#))

Peter Edward Gschweng ([CRD #1978198](#), Syosset, New York) submitted an Offer of Settlement in which he was fined \$15,000 and suspended from association with any FINRA member in any principal capacity for 45 days. Without admitting or denying the allegations, Gschweng consented to the sanctions and to the entry of findings that as the CCO and AML compliance officer of his member firm, he failed to develop and implement an AML program reasonably designed to achieve compliance with the Bank Secrecy Act and its implementing regulations by failing to establish and implement AML policies and procedures that could be reasonably expected to detect and cause the reporting of suspicious transactions. The findings stated Gschweng failed to tailor the firm's AML program to the risks posed by its direct market access and penny stock liquidation business by failing to establish adequate policies and procedures for the review of potentially suspicious activity related to trading, money movements and securities movements. Gschweng also failed to implement an adequate AML program reasonably tailored to the firm's direct market access and penny stock liquidation businesses. Gschweng failed to reasonably detect, investigate and report, if appropriate, potentially suspicious transactions when presented with red flags indicative of suspicious activity. Specifically, Gschweng failed to reasonably detect and investigate the potentially suspicious transactions by customers involving purchases and sales of low-priced China-based issuer stocks, deposits and journals, and low-priced securities.

The suspension is in effect from June 15, 2015, through July 29, 2015. ([FINRA Case #2010021211902](#))

Natalie H. Hall ([CRD #3114938](#), Westwood, Kansas) submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Hall consented to the sanctions and to the entry of findings that he copied and pasted a customer's signature on an outgoing wire transfer request form. Although the customer authorized the outgoing wire transfer, he did not authorize Hall to paste his signature on the form. The findings stated that Hall also copied and pasted another customer's signature on an electronic funds transfer service form, and forged the same customer's initials on that form. Although the customer authorized the electronic funds transfer, she did not authorize Hall to paste her signature on the form or forge her initials.

The suspension was in effect from May 18, 2015, through June 29, 2015. ([FINRA Case #2013038702801](#))

William Oscar Hardy Jr. (CRD #1444999, Tallahassee, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hardy consented to the sanction and to the entry of findings that he misused funds for a customer's insurance premium, causing the customer's policy to lapse. The findings stated that Hardy, instead of using \$658 he received to pay the premium on the customer's fixed life insurance policy, applied some of the funds to other insurance policies held by the customer's daughter and son-in-law. Hardy also deposited some of the customer's funds into his personal business checking account. ([FINRA Case #2014039881901](#))

Nicholas Hansen Harper (CRD #2767911, Topeka, Kansas) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Harper 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 his trading in customer accounts. ([FINRA Case #2013038203401](#))

Brian Joseph Harte (CRD #4780629, Alexandria, Virginia) submitted an AWC in which he was fined \$2,500 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Harte consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to report a lien.

The suspension was in effect from June 15, 2015, through June 29, 2015. ([FINRA Case #2014041059301](#))

Audrey Helmstetter (CRD #3270916, Slidell, Louisiana) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Helmstetter consented to the sanction and to the entry of findings that she converted funds belonging to a third party. The findings stated that Helmstetter, responsible for handling checks received by her member firm's branch, deposited a check for \$31,199 into her son's business bank account when a check made out to a business that did not have an account with the branch was mistakenly delivered to the branch. ([FINRA Case #2014042389701](#))

Jeffrey A. Hirsch (CRD #5435175, Longmeadow, Massachusetts) 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, Hirsch consented to the sanctions and to the entry of findings that he willfully failed to amend his Form U4 to disclose a bankruptcy filing.

The suspension is in effect from May 18, 2015, through August 17, 2015. ([FINRA Case #2014042059401](#))

Thomas Morley Hogle ([CRD #3047483](#), Houston, Texas) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hogle 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 made unsuitable investment recommendations in a 101-year-old customer's securities account. ([FINRA Case #2015044304801](#))

Neal Franklin Hoops ([CRD #4768308](#), Parkersburg, West Virginia) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for six months. In light of Hoops' financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Hoops consented to the sanction and to the entry of findings that he falsified customer account forms by cutting and pasting the customers' signatures from other documents onto the account forms. The finding stated that at least two customers did not have any knowledge that Hoops had cut and pasted their signatures, and did not authorize him to do so. The findings also stated that by falsifying customers' signatures, Hoops caused his member firms' books and records to be inaccurate.

The suspension is in effect from May 4, 2015, through November 3, 2015. ([FINRA Case #2014040986201](#))

Robert Anthony Klotz ([CRD #4573586](#), Bristol, Pennsylvania) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Klotz consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose state and federal tax liens that had been filed against him.

The suspension is in effect from June 15, 2015, through September 14, 2015. ([FINRA Case #2014041244001](#))

Margaret Kopecki ([CRD #1260147](#), Winnetka, Illinois) submitted an Offer of Settlement in which she was barred from association with any FINRA member in any capacity and ordered to pay \$14,793.99, plus interest, in restitution to a customer. Without admitting or denying the allegations, Kopecki consented to the sanctions and to the entry of findings that she converted an elderly customer's funds. The customer provided Kopecki with \$75,000 to sponsor a community outreach program, however, she used approximately \$14,793 for her personal use and to pay her personal expenses, unrelated to the outreach program and without the customer's permission. The findings stated that Kopecki also improperly deposited and commingled the customer's funds in her bank account. The findings also stated that Kopecki willfully failed to amend her Form U4 to disclose an unsatisfied civil judgment. ([FINRA Case #2011030781201](#))

John Henry Kroeger ([CRD #2399809](#), Phoenix, Arizona) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for two months. In light of Kroeger's financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Kroeger consented to the sanction and to the entry of findings that he failed to timely amend his Form U4 to disclose a bankruptcy filing that he and his wife filed in the United States Bankruptcy Court for the District of Arizona.

The suspension is in effect from May 18, 2015, through July 17, 2015. ([FINRA Case #2013035794201](#))

Cecilia Carolyn Hang Minh Le ([CRD #6110606](#), Santa Ana, California) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Le consented to the sanction and to the entry of findings that she converted approximately \$1,006 for her own personal use and benefit from her member firm's affiliate bank by making false debit card claims in order to obtain funds to which she knew she was not entitled. The findings stated that Le made false and misleading written statements to FINRA in response to its requests for documents and information. The findings also stated that Le failed to provide FINRA-requested documents and information in connection with its investigation of her misconduct. ([FINRA Case #2014041917701](#))

Michael Allen Lovett ([CRD #2203338](#), Lawrenceville, Georgia) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any principal capacity for six months. In light of Lovett's financial status, a fine of \$5,000 has been imposed. Without admitting or denying the findings, Lovett consented to the sanctions and to the entry of findings that as his member firm's CCO, he failed to establish, maintain and enforce a supervisory system and WSPs at the firm reasonably designed to adequately review and monitor the transmittal of funds from the accounts of customers to third-party accounts. Specifically, the firm's supervisory system and WSPs failed to address the reviewing and monitoring of fund transmittals from multiple customer accounts to a common outside bank account. The findings stated that a registered representative with the firm, converted funds for his own use and benefit from customer accounts by submitting wire transfer requests, totaling \$690,152.90, ostensibly on behalf of the customers, however without their authorization. The funds were actually wired into the operating account for the representative's office. The findings also stated that Lovett failed to establish, maintain, and implement a reasonable supervisory system and WSPs designed to detect and prevent fraudulent wire activity conducted by the firm's registered representatives. Lovett's implementation of his supervisory responsibilities under the firm's supervisory system was inadequate, as he failed to reasonably respond to the particular representative's admittance of forgery by failing to review earlier wire transfers in the representative's accounts, failing to affirmatively contact a dead customer's family, and failing to conduct additional due diligence on later wire transfer requests submitted by the representative.

The suspension is in effect from June 1, 2015, through November 30, 2015. ([FINRA Case #2013035211001](#))

Tina Marie Lukan ([CRD #4375312](#), Cedar Rapids, Iowa) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Lukan consented to the sanction and to the entry of findings that without permission, she wrote two checks payable to herself from her member firm's branch office bank account and converted \$976.11 for her personal use. ([FINRA Case #2014043113801](#))

Charles Henry Melvin Jr. ([CRD #1274431](#), Charlotte, North Carolina) was assessed a deferred fine of \$5,000, and suspended from association with any FINRA member in any capacity for six months. The sanctions were based on findings that Melvin willfully failed to timely amend his Form U4 to disclose federal tax liens that were filed against him, while registered through his member firm. The findings stated that Melvin was registered with the firm when he learned of the federal tax liens and he did not inform his immediate supervisors or anyone in the firm's compliance or legal department of the federal tax liens. In addition, Melvin did not provide information regarding the federal tax liens to one of his immediate supervisors even though the supervisor asked for it, and he falsely responded to a firm questionnaire indicating that he did not have any federal tax liens. When Melvin joined another member firm, he told that firm about the federal tax liens and the new firm filed a Form U4 on Melvin's behalf.

The suspension is in effect from June 1, 2015, through November 30, 2015. ([FINRA Case #2012034045101](#))

Tracy Lynn Munce ([CRD #5444374](#), Sioux Falls, South Dakota) 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 10 business days. Without admitting or denying the findings, Munce consented to the sanctions and to the entry of findings that she improperly took confidential, nonpublic customer information from her member firm in contravention of SEC Regulation S-P. The findings stated that Munce changed firms in November 2013. The day she left her former firm, Munce sent an unauthorized email that included a text file attachment containing confidential, nonpublic customer information pertaining to more than 400 accounts from her firm's email to a personal email account she shared with her spouse. The text file, which was not encrypted or password-protected, contained customer names, dates of birth, addresses, the last four digits of account numbers, phone numbers and account balances.

The findings also stated that Munce forwarded the email and attachment to her email address at her new member firm and created a spreadsheet containing a subset of the information she had taken from her former firm. Munce used the spreadsheet to send customers notification letters informing them that she had joined a new firm. The findings also included that before leaving her firm, Munce also took a profile screen printout

containing confidential, nonpublic customer information pertaining to two customers holding a joint account, and used it to generate prepopulated new account documents, hoping that the primary account holder would move the account to her new firm. FINRA found that when Munce first began to work at her former firm, she agreed in writing that she would not remove any records, documents or advertising, including customer names and addresses from the premises or transmit any facts contained in the records.

The suspension was in effect from May 18, 2015, through June 1, 2015. ([FINRA Case #2014041443801](#))

Paul A. Padovani (CRD #2688559, Somers, New York) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for four months. In light of Padovani's financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Padovani consented to the sanction and to the entry of findings that he borrowed \$75,000 from a customer in violation of his member firm's procedures, which required representatives to submit a written request and obtain written approval prior to engaging in a lending arrangement. The findings stated that Padovani failed to submit such a request, obtain such approval, or otherwise notify his member firm of his lending arrangement. Padovani subsequently repaid the loan.

The suspension is in effect from May 18, 2015, through September 17, 2015. ([FINRA Case #2013035542401](#))

Corin Pettit (CRD #6038479, Alpharetta, Georgia) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for 30 business days. In light of Pettit's financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Pettit consented to the sanction and to the entry of findings that she telephoned an investment company and impersonated a potential customer without the customer's authorization, knowledge or consent. The findings stated that Pettit met with the potential customer, who provided Pettit with financial statements for the customer's accounts at an investment company. Thereafter, Pettit twice contacted the investment company, falsely identified herself as the customer, and provided personal data, which she had received previously from the customer, to obtain information related to the customer's accounts.

The suspension was in effect from May 4, 2015, through June 15, 2015. ([FINRA Case #2014042282601](#))

Ryan Lincoln Rayford (CRD #6103871, Missouri City, Texas) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Rayford failed to respond to FINRA requests for information and documents involving an investigation into allegations that he had been discharged by his member firm because he had engaged in a check-kiting scheme. ([FINRA Case #2013037336401](#))

Joseph Philip Riggio (CRD #1190360, Leighton, Pennsylvania) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Riggio consented to the sanctions and to the entry of findings that on approximately 40 occasions, he made fictitious entries into the participant terminal system (PTS) of the Depository Trust and Clearing Corporation (DTCC) trading platform to reflect the purported delivery of stock by his member firm to DTCC in order to process pending municipal bond trades entered by the firm that could not be completed due to the DTCC debit cap. Riggio was aware that the fake deliveries would create a temporary credit for the firm at DTCC that would have the effect of raising the DTCC debit cap to permit these trades to be completed. The findings stated that at the time Riggio inputted the fake deliveries into PTS, he did not intend to actually deliver the stock to DTCC. Instead, Riggio designated another broker-dealer as the counterparty to the fake delivery that Riggio knew would automatically reject the transaction underlying the fake delivery the same day. Because these counterparties quickly rejected the transactions, the fake deliveries were cancelled prior to settlement. Consequently, the firm was able to trade beyond its normal intra-day trading limits without providing additional collateral to DTCC.

The suspension is in effect from June 1, 2015, through November 30, 2015. ([FINRA Case #2013037557701](#))

Andres Rubert (CRD #5269169, New York, New York) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Rubert consented to the sanctions and to the entry of findings that he falsified the signatures of seven customers on dozens of his member firm's documents, including mutual fund switch letters, specialty fund disclosure documents, C-share disclosure documents and other fund acknowledgement documents. The findings stated that although the transactions at issue were authorized, the seven customers at issue did not give their consent for Rubert to sign their names. In addition, the firm's WSPs specifically prohibited registered representatives from falsifying and/or forging customers' signatures on documents.

The suspension is in effect from June 1, 2015, through August 31, 2015. ([FINRA Case #2012031963301](#))

John Michael Elias Saad (CRD #2185911, Atlanta, Georgia) was barred from association with any FINRA member in any capacity. The sanction was imposed by the NAC following remand of an SEC decision. The sanction was based on findings that Saad misappropriated \$1,144 from his member firm's parent company by intentionally falsifying receipts, submitting a fraudulent expense report and accepting reimbursement to which he was not entitled. The findings stated that Saad willfully engaged in efforts to deceive his employer

about his expenses, did not come clean about his misconduct for months, and thereafter tried to conceal the extent of his actions from state and FINRA examiners.

This matter has been appealed to the SEC and the sanction remains in effect pending review. ([FINRA Case #2006006705601](#))

Stephanie Delaine Sawyer (CRD #5092828, Byhalia, Mississippi) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Sawyer consented to the sanction and to the entry of findings that she converted a total of \$27,422.53 from her member firm by submitting falsified expense reports, including for travel and catering charges, to the firm. The findings stated that Sawyer submitted expense reports for business charges she claimed to have incurred on her personal credit card, but in fact, another employee had incurred the charges on his firm credit card. The findings also stated that in connection with submitting falsified expense reports, she also altered invoices and submitted receipts of other firm personnel for reimbursement to her directly. ([FINRA Case #2014041561201](#))

Sumner James Starbird (CRD #2857200, St. Petersburg, Florida) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Starbird reversed 24 overdraft charges in his securities account at his member firm, totaling \$600, without authority and through deceptive and dishonest means. The findings stated that on one occasion, Starbird attempted to use his work computer to reverse nine overdraft fees totaling \$225. Because the firm's system prevented customer service managers (CSMs) from reversing their own overdraft fees, Starbird's request was routed to another CSM for approval. The other CSM authorized the reversal without knowing that Starbird had initiated the reversals in his own account. On a second occasion, Starbird falsely told a colleague that he was having technical issues with his computer and asked to use her computer. Starbird then reversed 15 overdraft fees using his colleague's computer and login ID to improperly reverse the overdraft fees. Starbird then authorized the reversals from his computer. ([FINRA Case #2013038544601](#))

Philip Tavella (CRD #4838164, Massapequa, New York) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 45 calendar days. Without admitting or denying the findings, Tavella consented to the sanctions and to the entry of findings that he caused his member firm to fail to comply with its recordkeeping obligations by using a personal, Web-based, email account to conduct firm-related business. Tavella certified that he would exclusively use his firm-issued email account to conduct firm business and would comply with the firm's prohibition against using a personal email account for firm-related business. The findings stated that Tavella also participated in two private securities transactions without giving prior written notice of such transactions to his firm or obtaining its approval. Tavella signed a memorandum of understanding (MOU) to invest in certain gold transactions and wired \$100,000 from his personal bank account to a bank account controlled by the individual

soliciting the MOU. Tavella also signed a non-recourse monetization agreement to invest in a cash-backed bank instrument and wired \$100,000 from his personal bank account to a bank account controlled by the entity soliciting the non-recourse monetization agreement.

The suspension is in effect from June 1, 2015, through July 15, 2015. ([FINRA Case #2013037138803](#))

Alejandro Ariel Torres (CRD #5631211, Hollywood, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity and ordered to pay \$59,600, plus interest, in a deferred restitution to a customer. Without admitting or denying the findings, Torres consented to the sanctions and to the entry of findings that he converted at least \$59,600 from his member firm's customer, a 64-year-old widow, who he had approached for the purported purpose of partnering with in a start-up venture. The findings stated the customer provided Torres with a check in the amount of \$75,000, as a capital investment in the start-up venture, after agreeing to enter into the partnership with each individual owning 50 percent of the venture. However, Torres used at least \$59,600 of the funds to pay for personal expenses rather than for any business purposes related to the venture. Torres also arranged for the purported start-up venture's bank account statements to be sent to him, rather than the customer, in order to conceal his misconduct. The findings also stated that Torres failed to notify his firm of his outside business activities related to the start-up venture. The findings also included that Torres submitted to his firm an outside business activities questionnaire that contained materially false information. Torres falsely stated that he was the sole owner of the venture and that he had not recommended or negotiated the sale of any membership or partnership interest in the venture. FINRA found that Torres failed to respond to FINRA requests for documents and information and testimony. ([FINRA Case #2014041282601](#))

David Woods Unsworth Jr. (CRD #1609040, Belvedere, California) submitted an Offer of Settlement in which he was fined \$25,000, suspended from association with any FINRA member in any capacity for three months, and suspended from association with any FINRA member in any principal capacity for three months. The suspension in any principal capacity shall run consecutively, following the termination of Unsworth's suspension in any capacity. Without admitting or denying the allegations, Unsworth consented to the sanctions and to the entry of findings that while chairman, CEO and majority owner of a former member firm, he engaged in unethical communications with a customer, regarding that customer's complaint against a former firm broker, in an effort to conceal from FINRA information about the complaint and avoid regulatory scrutiny of the firm. The findings stated that Unsworth, while CEO, allowed his firm to continue to conduct a securities business after receiving notice of FINRA's suspension of the firm for failing to file annual audited financials for the prior calendar year. The findings also stated that Unsworth caused the firm to prepay a subordinated loan to its parent company, of which he was a majority owner, before the loan maturity date, without obtaining the required written pre-approval from FINRA, in contravention of Appendix D to SEC Rule 15c3-1. The findings

also included that Unsworth failed to timely update his Form U4 with the firm to disclose unsatisfied federal tax liens totaling \$266,910.94. While the liens remained unsatisfied, Unsworth inaccurately indicated he did not have any unsatisfied liens against him on an application for employment with his next broker-dealer employer.

The suspension in any capacity is in effect from June 15, 2015, through September 14, 2015. The suspension in any principal capacity will be in effect from September 15, 2015, through December 14, 2015. ([FINRA Case #2012032370501](#))

Anthony Scott Waters ([CRD #1189924](#), Mobile, Alabama) submitted an AWC in which he was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Waters consented to the sanction and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose multiple tax liens.

The suspension is in effect from May 18, 2015, through August 17, 2015. ([FINRA Case #2014041900601](#))

Jeffrey Wayne Weaver ([CRD #5755974](#), Palos Hills, Illinois) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Weaver engaged in check-kiting by writing three checks payable to him on an account he held at his member firm's affiliated bank that he knew contained insufficient funds. The findings stated that Weaver admitted in a detailed hand-written statement that he kited the checks and he gave the statement to his firm during its investigation of his activities. Weaver also gave FINRA a written statement, in which he admitted to check-kiting. The findings also stated that Weaver failed to respond to multiple requests for information and documents from FINRA in furtherance of the investigation. ([FINRA Case #2012035107701](#))

Individual Fined

Scott Richards Reynolds ([CRD #2705340](#), Miami Beach, Florida) submitted an AWC in which he was censured and fined \$10,000. Without admitting or denying the findings, Reynolds consented to the sanctions and to the entry of findings that he failed to disclose an outside brokerage account to his member firm. ([FINRA Case #2010022193002](#))

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.

ARI Financial Services, Inc. ([CRD #137608](#), Overland Park, Kansas) and William Brian Candler ([CRD #2802438](#), Leawood, Kansas) were named respondents in a FINRA complaint alleging that Candler, the firm's supervisory principal, failed to conduct reasonable due diligence regarding a private placement that the firm sold directly to retail investors. The complaint alleges that as a result, the firm lacked a reasonable basis to believe that the private placement was suitable for any investor. The offering was later discovered to be a Ponzi scheme and customers who purchased interests in it lost their collective investment principal of approximately \$560,000. The complaint also alleges that as a result of deficiencies in its supervisory system, the firm failed to identify and prevent the dissemination of misleading and imbalanced advertising and sales materials, and failed to ensure that the offering materials prepared and distributed contained sufficient and accurate disclosures. The firm also failed to prevent the general solicitation of unregistered securities offered under the Regulation D Rule 506 exemption. The complaint further alleges that the firm failed to document the written approval of the advertising and sales material it used and the first and last dates of use, and Candler failed to retain and review business-related correspondence. In addition, the complaint alleges that Candler provided medallion signature guarantees for numerous pre-signed securities assignment forms without having the forms signed in his presence or otherwise verifying their authenticity. Candler had not established any supervisory system for the firm's medallion signature guarantee program. Following the receipt of a complaint that Candler improperly provided signature guarantees in connection with certain securities transfers, Candler established WSPs governing the firm's activities as a guarantor. However, the firm's procedures still did not require it to verify the authenticity, authority and capacity of the signatory on a securities-transfer form before providing a medallion guarantee.

Moreover, the complaint alleges that Candler did not enforce the firm's WSPs that required it to preserve all business email. The firm failed to retain and review certain securities business-related communications to and from its registered representatives and its WSPs did not include appropriate provisions to ensure that its standards regarding communications with the public were implemented and followed. Furthermore, the complaint alleges that the firm permitted customer funds in escrow for contingency offerings to be invested in money market funds. The complaint alleges that although the firm had WSPs that generally addressed the supervision of its private placement activities,

they were often insufficiently tailored to the nature of its business and amounted to a supervisory system that was not reasonably designed to achieve compliance with the applicable laws and regulations. Candler, as the firm's supervisory principal, was delegated the responsibility for the overall supervision at the firm. ([FINRA Case #2010023883601](#))

Gregory Barton ([CRD #1680043](#), Glen Cove, New York) was named a respondent in a FINRA complaint alleging that he willfully failed to amend his Form U4 to disclose state tax warrants, federal tax liens and a voluntary bankruptcy petition. ([FINRA Case #2013037128401](#))

Michael Marchassalla ([CRD #1338199](#), Plandome Manor, New York) was named a respondent in a FINRA complaint alleging that he willfully failed to disclose on his Form U4 five unsatisfied tax liens and an unsatisfied civil judgment. The liens and the judgment all constituted material facts for purposes of Form U4 disclosures. ([FINRA Case #2013038654101](#))

Kevin Robert Montoya ([CRD #2267291](#), Lafayette, California) was named a respondent in a FINRA complaint alleging that he willfully failed to timely disclose two felony charges and convictions on his Form U4. The complaint alleges that Montoya also failed to timely disclose another felony conviction and completely failed to disclose yet another felony conviction on his Form U4. ([FINRA Case #2013036841101](#))

Andrew Lyman Quinn ([CRD #2453320](#), Reno, Nevada) was named a respondent in a FINRA complaint alleging that while associated with a member firm, he borrowed funds totaling \$64,000 from a customer that was not an immediate family member contrary to the firm's procedures that prohibited loans of this nature. The complaint alleges that while associated with another firm, Quinn borrowed \$3,000 from the same customer contrary to the firm's procedures that generally prohibited loans from customers without prior written approval of any exception. The complaint also alleges that Quinn falsely denied having borrowed money from any customer on a compliance questionnaire administered by one firm. The complaint further alleges that Quinn failed to provide FINRA-requested information and documents pertaining to the loans. ([FINRA Case #2013038136101](#))

Scottsdale Capital Advisors Corp ([CRD #118786](#), Scottsdale, Arizona), **Darrel Michael Cruz** ([CRD #2450344](#), Laveen, Arizona), **Timothy Brian DiBlasi** ([CRD #4623652](#), Surprise, Arizona) and **John Joseph Hurry** ([CRD #2146449](#), Paradise Valley, Arizona) were named respondents in a FINRA complaint alleging that the firm by engaging and participating in sales of securities that were not registered with the SEC, in transactions that were not exempt from registration, acted in contravention of Section 5 of the Securities Act of 1933. The complaint alleges that Hurry likewise acted in contravention of Section 5 of the Securities Act of 1933 by being a necessary participant and substantial factor in the sales of unregistered securities. Hurry established a Cayman Island broker-dealer as an attractive intermediary

for individuals engaged in the high-risk microcap stock liquidation business through foreign financial institutions. Hurry, through his indirect ownership and control of the firm, its clearing firm, and the Cayman Island broker-dealer, allowed suspect microcap stock liquidations to be facilitated without the scrutiny that the transactions demanded. Hurry also intentionally and unreasonably delegated supervisory responsibility for the Cayman Island broker-dealer's high-risk microcap stock liquidation business to an individual who didn't have any prior securities industry experience.

The complaint also alleges that the firm, through its chief compliance officer (CCO), DiBlasi, failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with Section 5 of the Securities Act of 1933 for sales of unregistered shares of microcap stocks. The WSPs provided insufficient guidance on identifying the true beneficial owners of microcap stocks sold for customers introduced through foreign financial institutions. In addition, the firm's procedures for conducting a reasonable inquiry of the circumstances surrounding deposits and sales of microcap stocks for such customers relied too heavily on information obtained from interested parties and also failed to require that the inquiry include appropriate independent due diligence and analysis of the claimed registration exemptions. The complaint further alleges that the firm, through Cruz, its president/approving principal, failed to conduct reasonable inquiries into the circumstances surrounding the illegal sales of stock by the firm for another broker-dealer. Cruz performed inadequate inquiries on the claimed registration exemptions for sales of the microcap stocks, despite the presence of numerous red flags suggesting that the sales were, or could be, illegal distributions of unregistered stocks. Although Cruz collected some documents and information on the deposits and sales, he failed to adequately and meaningfully analyze the collected documents and information, some of which were inconsistent and incomplete, and also failed to independently verify the provided information. ([FINRA Case #2014041724601](#))

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

**Brookville Capital Partners LLC dba
Brookville Capital Partners (CRD #102380)**
Melville, New York
(May 8, 2015)

**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.)**

Grace Financial Group LLC (CRD #104133)
Southampton, New York
(May 11, 2015)

Kipling Jones & Co., Ltd. (CRD #144730)
Houston, Texas
(May 11, 2015)

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

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

Frank Slates Adams III (CRD #4135862)
Cincinnati, Ohio
(May 6, 2015)
FINRA Case #2014042172601

Curtis Steven Culver (CRD #5229229)
Valencia, California
(May 5, 2015)
FINRA Case #2014043847701

Joseph R. Donato (CRD #4218627)
Framingham, Massachusetts
(May 11, 2015)
FINRA Case #2013038429701

Spencer Lewis Forster (CRD #5501372)
Las Vegas, Nevada
(May 4, 2015)
FINRA Case #2014042522501

Isiah Jerome Gandy (CRD #6413710)
Omaha, Nebraska
(May 4, 2015)
FINRA Case #2015043995301

Mark William Glover (CRD #5644438)
Solvang, California
(May 22, 2015)
FINRA Case #2014042056601

Peter Alex Gouzos (CRD #1959666)
Delray Beach, Florida
(May 26, 2015)
FINRA Case #2014041184701 and
20140413102

Robert William Kent (CRD #6203142)
Milledgeville, Georgia
(May 11, 2015)
FINRA Case #2014042530401

Eloy Leal (CRD #3042256)
Crowley, Texas
(May 7, 2015)
FINRA Case #2014042342801

Curtis Dean Milakovich (CRD #5471527)
Naples, Florida
(May 28, 2015)
FINRA Case #2013039263901

Thuan Quoc Ngo (CRD #5917340)

Annandale, Virginia
(May 26, 2015)
FINRA Case #2014042523401

Ralph Oelbermann (CRD #1962900)

Palm Beach Gardens, Florida
(May 20, 2015)
FINRA Case #2013038528001

Jessica K. Potts (CRD #5783055)

Williamsburg, Ohio
(May 27, 2015)
FINRA Case #2013039069501

Bruce Michael Sabourin (CRD #2556826)

Norwich, Connecticut
(May 4, 2015)
FINRA Case #2014041373601

Kim Hoan Vu (CRD #4372686)

Potomac Falls, Virginia
(May 26, 2015)
FINRA Case #2014042419101

Jeffrey Wayne Williams (CRD #1593557)

College Station, Texas
(May 26, 2015)
FINRA Case #2014042533701

Judith Louise Woodhouse (CRD #2852394)

Irvine, California
(May 11, 2015)
FINRA Case #2014042644401

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

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

Donald Sherman Becker (CRD #1491140)

Plano, Texas
(May 11, 2015)
FINRA Case #2014043572601

Alan Cashaw Jr. (CRD #4574278)

Philadelphia, Pennsylvania
(February 23, 2015 – May 5, 2015)
FINRA Case #2014041884601

Christian Evans (CRD #6279288)

Columbus, Ohio
(May 15, 2015)
FINRA Case #2014043395601

Francisco Gamez (CRD #6113683)

Sahuarita, Arizona
(May 11, 2015)
FINRA Case #2015044709101

Andrew Stephen Gordon (CRD #1962991)

Chelinsford, Massachusetts
(May 14, 2015)
FINRA Case #2014042861301

Darius Marquette Jones (CRD #5494051)

Atoka, Tennessee
(May 7, 2015)
FINRA Case #2014043087801

Martin Edward Knapp (CRD #5820996)

Great Neck, New York
(May 8, 2015)
FINRA Case #2014038997001

Jacob Steven Kracht-Russo (CRD #3193997)
Bayville, New York
(May 4, 2015)
FINRA Case #2014041096401

John Michael Krawczyk (CRD #1781437)
Arlington, Virginia
(May 7, 2015)
FINRA Case #2014042530701

Leonardo Margilaj (CRD #5571190)
West Bloomfield, Michigan
(May 7, 2015)
FINRA Case #2014043335201

Jennifer A. Meese (CRD #2957278)
San Diego, California
(May 7, 2015)
FINRA Case #2014042613301

Ira Scott Neiman (CRD #5902156)
Lincolnwood, Illinois
(May 4, 2015)
FINRA Case #2014042656901

Anthony Uzoma Ogbonna (CRD #2771427)
Blue Island, Illinois
(April 2, 2015 – May 5, 2015)
FINRA Case #2014040437702

David James Olander (CRD #5480191)
Omaha, Nebraska
(May 15, 2015)
FINRA Case #2014043460401

Marcus Antonio Ortega (CRD #6122819)
Stamford, Connecticut
(May 26, 2015)
FINRA Case #2015044933701

Paul Gregory Shea (CRD #2868966)
Baltimore, Maryland
(May 7, 2015)
FINRA Case #2014043217501

Sarah Renee Steele (CRD #4392667)
Lafayette, Indianapolis
(May 15, 2015)
FINRA Case #2014043573201

Steven Michael Watson (CRD #6110811)
San Tan Valley, Arizona
(May 18, 2015)
FINRA Case #2015044680301

Kenneth Raymond York (CRD #5668095)
Goose Creek, South Carolina
(May 15, 2015)
FINRA Case #2014043714601

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.)

Wossen Belay (CRD #2439117)
Oakland Gardens, New York
(May 26, 2015 – June 10, 2015)
FINRA Arbitration Case #03-03034

Anastasios P. Belesis (CRD #2707354)
New York, New York
(May 29, 2015)
FINRA Arbitration Case #13-02763

Charles Richard Grant (CRD #3167605)
Los Angeles, California
(May 28, 2015)
FINRA Arbitration Case #13-01532

David Joseph Gregg (CRD #1500899)
Saint Petersburg, Florida
(May 11, 2015)
FINRA Arbitration Case #11-04258

Said Alexander Javidi (CRD #1907586)

West Palm Beach, Florida

(May 4, 2015)

FINRA Arbitration Case #14-01769

Anthony Locantore (CRD #2330837)

Boonton, New Jersey

(May 29, 2015)

FINRA Arbitration Case #12-01883

Joan Anne Perry (CRD #502847)

San Jose, California

(May 29, 2015)

FINRA Arbitration Case #14-01691

Shawn Michael Saguid (CRD #5695093)

New Rochelle, New York

(May 29, 2015)

FINRA Arbitration Case #14-01897

John Thomas Thornes (CRD #2097878)

Redlands, California

(May 4, 2015)

FINRA Arbitration Case #13-01837

Alyn Lee Towne III (CRD #2552744)

South Pasadena, Florida

(May 11, 2015)

FINRA Arbitration Case #11-04258

FINRA Sanctions LPL Financial LLC \$11.7 Million for Widespread Supervisory Failures Related to Complex Products Sales, Trade Surveillance and Trade Confirmations Delivery

LPL Ordered to Pay Approximately \$1.7 Million in Restitution to Customers

The Financial Industry Regulatory Authority (FINRA) censured LPL Financial LLC and fined it \$10 million for broad supervisory failures in a number of key areas, including the sales of non-traditional exchange-traded funds (ETFs), certain variable annuity contracts, non-traded real estate investment trusts (REITs) and other complex products, as well as its failure to monitor and report trades and deliver to customers more than 14 million trade confirmations. In addition to the fine, FINRA ordered LPL to pay approximately \$1.7 million in restitution to certain customers who purchased non-traditional ETFs. The firm may pay additional compensation to ETF purchasers pending a review of its ETF systems and procedures.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, “LPL’s supervisory breakdowns resulted from a sustained failure to devote sufficient resources to compliance programs integral to numerous aspects of its business. With today’s action, FINRA reaffirms that there is little room in the industry for lax supervision and that it will not hesitate to order firms to review and correct substandard supervisory systems and controls, and pay restitution to affected customers.”

FINRA found that, at various times spanning multiple years, LPL failed to supervise sales of certain complex structured products, including ETFs, variable annuities and non-traded REITs. With regard to non-traditional ETFs, the firm did not have a system to monitor the length of time that customers held these securities in their accounts, did not enforce its limits on the concentration of those products in customer accounts, and failed to ensure that all of its registered representatives were adequately trained on the risks of the products. Also, LPL failed to supervise its sales of variable annuities, in some instances permitting sales without disclosing surrender fees, and in connection with certain mutual fund “switch” transactions, it used an automated surveillance system that excluded these trades from supervisory review. Additionally, LPL failed to supervise non-traded REITs by, among other things, failing to identify accounts eligible for volume sales charge discounts.

FINRA also found that LPL’s systems to review trading activity in customer accounts were plagued by multiple deficiencies. For example, LPL used a surveillance system that failed to generate alerts for certain high-risk activity, including low-priced equity transactions, actively traded securities and potential employee front-running. The firm used a separate, but flawed, automated system to review its trade blotter that failed to provide trading activity past due for supervisory review. LPL failed to deliver over 14 million confirmations for trades in 67,000 customer accounts. In addition, due to coding defects that remained undetected for nearly six weeks, LPL’s anti-money laundering surveillance system failed to generate alerts for excessive ATM withdrawals and ATM withdrawals in foreign jurisdictions. FINRA also found that LPL failed to report certain trades to FINRA and the MSRB, and failed to ensure it provided

complete and accurate information to FINRA and to federal and state regulators concerning certain variable annuity transactions.

FINRA further found that LPL failed to reasonably supervise its advertising and other communications, including its registered representatives' use of consolidated reports. LPL did not monitor the creation or use of consolidated reports, and failed to ensure that these reports reflected complete and accurate information.

In settling this matter, LPL neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

FINRA Fines Morgan Stanley \$2 Million for Short Interest Reporting and Short Sale Rule Violations

The Financial Industry Regulatory Authority (FINRA) fined Morgan Stanley & Co. LLC \$2 million for short interest reporting and short sale rule violations that spanned a period of more than six years, and for failing to implement a supervisory system reasonably designed to detect and prevent such violations.

Thomas Gira, Executive Vice President, FINRA Market Regulation, said, "Short interest reporting continues to provide investors with important transparency into the level of short selling in a particular issue. Accordingly, it is imperative that this information be timely and accurately reported. Similarly, a fundamental requirement for compliance with the short sale rule is that firms properly track their short positions."

Firms are required to regularly report to FINRA their record of total "short" positions in all customer and proprietary firm accounts in all equity securities (with certain exceptions). FINRA or the listing exchange consolidates and publishes this information for the benefit of the investing public. FINRA found that Morgan Stanley, over several years, failed to completely and accurately report its short interest positions in certain securities involving billions of shares. FINRA also found that the firm's supervisory system was deficient because it failed to detect and prevent these violations over an extended period of time.

Regulation SHO, the SEC's rule that regulates short sales, generally requires firms to aggregate their positions in a security to determine if they are long or short. It also generally allows firms to track their positions in a security from certain trading operations or trading desks separately from other positions maintained at the firm through the use of an "aggregation unit." Such aggregation units, however, cannot include security positions of customers or non-broker-dealer affiliates. FINRA found that over a seven-year period, Morgan Stanley included positions from the accounts of non-broker-dealer affiliates in a number of aggregation units when determining each unit's net position. FINRA also found that the firm's supervisory system was not reasonably designed to detect and prevent such violations.

In concluding this settlement, Morgan Stanley neither admitted nor denied the charges, but consented to the entry of FINRA's findings.