

Disciplinary and Other FINRA Actions

Firms Fined, Individuals Sanctioned

Buckman, Buckman & Reid ([CRD® #23407](#), Shrewsbury, New Jersey) and H. John Buckman ([CRD #1090909](#), Buck Hill Falls, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent (AWC) in which the firm was censured and fined \$200,000. A lower fine was imposed on the firm after considering, among other things, its revenues and financial resources. Mr. Buckman was fined \$25,000 and suspended from association with any FINRA® member in any principal capacity for one month. Without admitting or denying the findings, the firm and Mr. Buckman consented to the sanctions and to the entry of findings that the firm participated in the unlawful distributions of the shares of two issuers whose securities were not registered and were not subject to an applicable registration exemption. The findings stated that the firm failed to conduct an adequate independent inquiry to determine whether the issuers' shares were freely tradable and failed to undertake sufficient efforts to ascertain whether the stocks could be properly sold under any exemption.

The findings also stated that the firm and Mr. Buckman failed to establish and implement a reasonable supervisory system and written supervisory procedures (WSPs) designed to achieve compliance with Section 5 of the Securities Act of 1933. The firm and Mr. Buckman failed to reasonably supervise the sales of unregistered securities, which allowed customers to sell large volumes of the two securities. In addition, the firm and Mr. Buckman failed to identify and adequately address the multiple "red flags" signaling that the customers' conduct was a plan to evade compliance with applicable rules. The firm also failed to establish and implement anti-money laundering (AML) policies and procedures reasonably designed to detect and cause the reporting of suspicious transactions related to penny stock liquidations and the sale of unregistered securities. The findings also included that the firm failed to establish, maintain and enforce adequate supervisory systems, including written procedures, relating to supervision of its customers' trading activity through the clearing firm and its successor. The firm also failed to establish and implement an adequate AML system and procedures to detect, monitor and report suspicious activity in its accounts that cleared through the clearing firm and its successor.

Reported for March 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).

FINRA found that the firm implemented material changes in its business operations by increasing the number of its sales personnel beyond the “safe harbor” parameters without first obtaining FINRA’s approval. FINRA also found that the firm paid transaction-based compensation to an unregistered entity that was owned and controlled by two registered representatives registered with it. In addition, FINRA determined that the firm failed to ensure compliance with the requirements of the national do-not-call registry and to institute a firm-specific do-not-call list. Moreover, FINRA found that the firm failed to review and retain business-related emails sent and received from two of its registered representatives’ personal email accounts, and failed to supervise their business-related email usage.

The suspension is in effect from February 17, 2015, through March 16, 2015. ([FINRA Case #2011029206503](#))

Wedbush Securities Inc. (CRD #877, Los Angeles, California) and Edward William Wedbush (CRD #461221, Los Angeles, California). The NAC affirmed OHO’s August 2, 2012 finding that for five-and-a-half years, the firm failed to properly report to the public, to other industry employers and to regulators 80 disclosable events, including customer settlements and complaints; and the firm and Mr. Wedbush failed to reasonably supervise regulatory reporting, failed to effectively and reasonably implement the firm’s supervisory system related to regulatory reporting, failed to act decisively to detect and prevent future regulatory reporting rule violations, and failed to implement corrective measures that were timely and sufficient to address the regulatory reporting failures. The NAC affirmed the \$300,000 fine for the firm, but increased the sanctions against Mr. Wedbush. Specifically, the NAC increased his fine from \$25,000 to \$50,000 and imposed a full supervisory suspension for 31 days, eliminating OHO’s permission that he supervise trading and order entry during a 31-day supervisory suspension.

This matter has been appealed to the SEC and the sanctions are not in effect pending review. ([FINRA Case #2007009404401](#))

Firms Fined

AMG Distributors, Inc. (CRD #27314, Norwalk, Connecticut) submitted an AWC in which the firm was censured and fined \$45,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to preserve all of its business-related electronic communications in an easily accessible place. The findings stated that business-related electronic communications sent or received by non-firm employed representatives were retained by the firm’s affiliated investment advisors. The firm did not have custody or control over those records since it could not easily access them without first requesting them from each affiliated investment adviser. The firm did not have an adequate system or written agreement in place to ensure that these business-related electronic communications were easily accessible to the firm. The

findings also stated that the firm failed to establish and maintain a supervisory system, and failed to establish, maintain and enforce WSPs, reasonably designed to ensure the review of non-firm employed representatives' emails and the documentation of such reviews. While the firm delegated the review of non-firm employed representatives' emails to the firm's affiliated investment advisers, the firm did not consistently receive written reports regarding what emails had been reviewed. ([FINRA Case #2013035037001](#))

Barclays Capital Inc. ([CRD #19714](#), New York, New York) submitted an AWC in which the firm was censured, fined \$155,000 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 submitted inaccurate short interest position reports to FINRA, and failed to report to FINRA its short interest positions. The findings stated that the firm's supervisory system did not provide for compliance with respect to the applicable securities laws and regulations, and FINRA rules, to ensure an adequate review of the firm's short interest positions. ([FINRA Case #2011030505401](#))

BGC Financial, L.P. ([CRD #19801](#), New York, New York) submitted an AWC in which the firm was censured and fined \$45,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed, within 30 seconds of execution, to transmit to the Over-the-Counter Reporting Facility (OTCRF) last sale reports of transactions in designated securities, and failed to designate through the OTCRF some of those last sale reports as late. The findings stated that the firm failed to report to the Trade Reporting and Compliance Engine® (TRACE®) under a Market Participant Identifier (MPID) the correct trade execution time for S1 transactions in TRACE-eligible corporate debt securities; and failed to report to TRACE, under various MPIDs, S1 transactions in TRACE-eligible securities within 15 minutes of execution. In addition, the firm failed to show the correct execution time on the memoranda of brokerage orders, and also transmitted Execution or Combined Order/Execution reports to the Order Audit Trail System (OATS™) that contained inaccurate, incomplete or improperly formatted data. ([FINRA Case #2013037851901](#))

Bulltick, LLC ([CRD #104005](#), Miami, Florida) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to adequately implement and enforce its WSPs on reporting TRACE-eligible securities, pursuant to a Uniform Service Bureau/Executing Broker Agreement executed by the firm and its affiliate, that required the firm to report the affiliate's transactions in TRACE-eligible securities to TRACE. As a result, the firm failed to report the correct contra-party identifier for transactions in TRACE-eligible securities of the affiliate to TRACE, and the firm reported transactions in TRACE-eligible securities to TRACE that it was not required to report. ([FINRA Case #2013035301801](#))

Canaccord Genuity Inc. (CRD #1020, New York, New York) submitted an AWC in which the firm was censured, fined \$50,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that failed to immediately publish a bid or offer that reflected the price and the full size of customer limit orders for over-the-counter (OTC) equity securities held by Collins Stewart LLC that were at a price that would have improved Collins Stewart's bid or offer in such securities. The firm and Collins Stewart came under common ownership and Collins Stewart's operations subsequently were merged with the firm. The findings stated that the firm failed to establish, maintain, and enforce written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in National Market System (NMS) stocks that do not fall within any applicable exception, and if relying on an exception, were reasonably designed to assure compliance with the terms of the exception. The firm inaccurately appended modifiers to transaction reports submitted to the FINRA/NASDAQ Trade Reporting Facility (FNTRF), identifying such transactions as qualifying for an exception or exemption from Rule 611 of Regulation NMS. The firm failed to immediately publish a bid or offer that reflected the price and the full size of customer limit orders for OTC equity securities held by the firm that were at a price that would have improved the firm's bid or offer in such securities. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with FINRA Rule 6460, and its WSPs failed to include the minimum requirements for adequate WSPs concerning FINRA Rule 6460. ([FINRA Case #2012033477401](#))

Clayton Lowell, & Conger Inc (CRD #44343, New Woodstock, New York) submitted an AWC in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time. ([FINRA Case #2013037914701](#))

Credit Suisse Securities (USA) LLC (CRD #816, New York, New York) submitted an AWC in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that for the months of October and November 2011, the firm made available reports that included incomplete information on the covered orders in NMS securities by failing to include orders with account type codes of "individual." ([FINRA Case #2011026107001](#))

Credit Suisse Securities (USA) LLC (CRD #816, New York, New York) submitted an AWC in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report to the FNTRF the correct Related Market Center code for transactions and the correct symbol indicating the capacity in which the firm executed transactions in reportable securities. ([FINRA Case #2012031644901](#))

Edward D. Jones & Co., L.P. ([CRD #250](#), St. Louis, Missouri) submitted an AWC in which the firm was censured and fined \$60,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce an adequate supervisory system and written policies and procedures reasonably designed to ensure the proper completion of the signature certification clause on documents that had to be signature guaranteed. The findings stated that the firm did not have written policies concerning signature certification and did not provide training addressing the completion of signature certification clauses, which resulted in firm associates falsely completing them. The findings also stated that the firm failed to prevent and detect falsification of signature certification clauses. ([FINRA Case #2012032011102](#))

Edward D. Jones & Co., L.P. ([CRD #250](#), St. Louis, Missouri) submitted an AWC in which the firm was censured and fined \$75,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain and enforce a supervisory system, including a written supervisory control system, reasonably designed to verify customer signatures on Letters of Authorization (LOAs) and prevent unauthorized transfers of customer funds to third-party accounts. The findings stated that the firm failed to timely detect the forgeries and conversions of a branch office administrator who forged over 50 LOAs and converted more than \$60,000 from firm customers. The findings also stated that the firm did not require the review of signatures on LOAs for authenticity, but merely ensured that the signatures were consistent with the account holder's name. The firm reimbursed the customers for the misappropriated funds and terminated the branch office administrator. ([FINRA Case #2013037060701](#))

Fidelity Brokerage Services LLC ([CRD #7784](#), Smithfield, Rhode Island) submitted an AWC in which the firm was censured and fined \$350,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it overcharged 20,663 customer accounts approximately \$2.4 million. The findings stated that the firm did not have reasonable supervisory systems or procedures to ensure that customers were charged accurate fees for accounts managed by third-party investment advisers. This resulted in erroneous and duplicate fees charged in certain customer accounts utilizing asset-based pricing, duplicate fees in certain customer accounts managed by third-party wrap providers, and erroneous markups on certain fixed income investments. The firm voluntarily reimbursed the disadvantaged customer accounts, with interest. The findings also stated that the firm failed to establish an adequate supervisory system and written procedures reasonably designed to ensure that customers received accurate disclosures relating to its Asset-Based Pricing Program for accounts managed by third-party investment advisers and to monitor billing in these fee-based brokerage accounts to ensure that customers were charged in accordance with the firm's disclosures. ([FINRA Case #2012034916901](#))

FM Partners Holdings LLC fka Lazard Capital Markets LLC ([CRD #134736](#), New York, New York) submitted an AWC in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it misapplied the domestic arbitrage exemption under Rule 201(d)(3) of Regulation SHO when it negotiated a pre-determined 0.25 percent fee, which resulted in the sole difference between the price at which the firm sold common stock and the price at which it purchased convertible bonds. The findings stated that the firm executed one non-exempt short sale order and failed to properly mark the order as a non-exempt short sale. The firm also executed non-exempt short sale transactions in NMS securities and reported each of these transactions to FINRA with a short sale exempt modifier in reliance upon the provisions set forth in Rule 201(d) of Regulation SHO, when such provisions were not applicable. On one occasion, the firm accepted a short sale order in an equity security from another person, or effected a short sale in an equity security for its own account, without borrowing the security, or entering into a bona-fide arrangement to borrow the security; or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery was due; and documenting compliance with Rule 203(b)(1) of Regulation SHO. ([FINRA Case #2011028486501](#))

Lek Securities Corporation ([CRD #33135](#), New York, New York) submitted an AWC in which the firm was censured, fined \$30,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to make publicly available reports on its routing of non-directed orders in covered securities for the second, third and fourth calendar quarters of 2011; the four calendar quarters of 2012; and the first and second calendar quarters of 2013; and failed to timely make reports publicly available for the third and fourth quarters of 2013. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning Rule 606 of Regulation NMS. ([FINRA Case #2012032413301](#))

M&T Securities, Inc. ([CRD #17358](#), Buffalo, New York) submitted an AWC in which the firm was censured and fined \$300,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system, including written procedures, reasonably designed to ensure the delivery of prospectuses in connection with customer funds that were automatically swept to purchase shares of money market mutual funds. The findings stated that when a firm customer had a money market sweep account, un-invested cash was swept on a nightly basis into an investment in shares of a money market mutual fund option chosen by the customer. The findings also stated that the firm lacked a system to ensure delivery of those prospectuses in money market sweep accounts. ([FINRA Case #2012030875701](#))

Maxim Group LLC ([CRD #120708](#), New York, New York) submitted an AWC in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to immediately publish a bid or offer that reflected the price and the full size of customer limit orders for OTC equity securities held by the firm that were at a price that would have improved the firm's bid or offer in such securities. ([FINRA Case #2012034096301](#))

Merrill Lynch, Pierce, Fenner & Smith Incorporated ([CRD #7691](#), New York, New York) submitted an AWC in which the firm was censured and fined \$175,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to timely report written customer complaints that alleged misappropriation against a representative. The representative had misappropriated over \$1.7 million from customers of the firm and over \$500,000 after joining a new firm. The findings stated that the firm failed to disclose the complaints on the representative's Form U5 or otherwise report the customer complaints within 30 days of becoming aware of them. ([FINRA Case #2013037137602](#))

Morgan Joseph Triartisan LLC ([CRD #10948](#), New York, New York) submitted an AWC in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that the firm failed to adopt and implement WSPs reasonably designed to ensure compliance with NASD Rule 2711, related to research analysts and research reports, in connection with brokerage accounts maintained by research analysts and their households. The findings stated that after the firm became aware of the existence of discretionary accounts of a research analyst and his household, the firm failed to adequately monitor the securities holdings of, and trading by, the research analyst and his household in such discretionary accounts. Consequently, during the period from May 27, 2010, to October 30, 2010, the firm failed to prevent the research analyst's accounts from trading during prohibited periods and trading inconsistently with his most recent research reports. In addition, on 14 occasions, the research reports the analyst authored failed to disclose his financial interests in securities of subject companies. The findings also stated that in calendar year 2010, the firm issued approximately 1,737 research reports with a "required disclosure" section in which the reports were to disclose, among other things, if the research analyst or a member of the research analyst's household has a financial interest in the securities of the subject company, and the nature of the financial interest. However, those reports also contained a section titled "other disclosures" that contained language that was indefinite, conditional and inconsistent with disclosures required by Rule 2711. ([FINRA Case #2010024486902](#))

National Bank of Canada Financial Inc. ([CRD #22698](#), New York, New York) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to implement a supervisory system that was reasonably designed to achieve compliance with the review of its registered representatives' incoming and outgoing email correspondence.

The findings stated that the firm failed to include emails from three domains and all Blackberry Pin-to-Pin communications in the firm's queue for electronic communications to be reviewed. As a result, the firm failed to perform a supervisory review of approximately 500,000 electronic communications for the firm's approximately 40 registered representatives. The findings also stated that the firm's WSPs were inadequate in that they failed to address how the firm would implement its electronic correspondence review and how the firm would review electronic communications in foreign languages. The firm did not use any French language lexicon terms in order to identify emails for supervisory review, even though certain of the firm's business communications were conducted with French-speaking employees and customers. ([FINRA Case #2013035269201](#))

Nomura Securities International, Inc. (CRD #4297, New York, New York) submitted an AWC in which the firm was censured and fined \$150,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce adequate supervisory systems and procedures that were reasonably designed to achieve compliance with applicable securities laws and regulations, including FINRA and Securities Exchange Act of 1934 rules addressing the timely close out of fail-to-deliver positions in equity securities. The findings stated that the Firm's Regulation SHO-related supervisory deficiencies in turn resulted in the firm's various failures to timely close out fail-to-deliver positions resulting from short and long sales by borrowing or purchasing securities of like kind and quantity. The findings further stated that the firm failed to establish, maintain and enforce WSPs that were reasonably designed to ensure compliance with requirements of Rule 15c3-3 of the Exchange Act and Regulation T to timely and accurately process credit extension requests. Specifically, the firm's WSPs in this area provided minimal guidance concerning the circumstances requiring the filing of extension requests, the need to do so timely and accurately and the actions to take if and/or when an extension request was denied. The findings also included that the firm failed to either buy in customer securities or request and receive the grant of additional time to do so in numerous instances in which customers sold but did not timely deliver securities to the firm. FINRA found that the firm failed to either liquidate customer positions or request and receive an extension in at least one instance in which customers purchased securities but did not timely provide the funds to cover the cost of the purchase. ([FINRA Case #2011030759101](#))

Oppenheimer & Co., Inc. (CRD #249, New York, New York) submitted an AWC in which the firm was censured and fined \$250,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain an adequate system to monitor, supervise and control its extension of margin loans for foreign sovereign debt. The findings stated that the firm's WSPs did not address how to assess the risks of extending margin credit for foreign sovereign bonds. The findings also stated that the firm failed to dedicate sufficient supervisory resources to monitoring the risk of holding below-investment-grade foreign sovereign bonds. The firm's exposure to below-investment-grade foreign sovereign bonds, almost all of which was issued by a

single government, exceeded \$30 million. The firm's failure to supervise placed its capital at risk as a default of one bond would therefore likely mean the default of all bonds. The findings also included that the firm failed to take sufficient steps to assess whether a ready market existed for below-investment-grade foreign sovereign bonds and that the debt was adequately secured, as the bonds at issue did not trade on a daily basis. As a result, the firm's net capital calculation should have been reduced by approximately \$31 million since a deduction from net capital of 100 percent of carrying value is required for securities without a ready market. FINRA found that the firm failed to reasonably supervise the transfer of assets securing a margin loan from one party to another. The firm allowed the transfer to occur without taking adequate steps to determine whether the information provided on the LOA was sufficient. ([FINRA Case #2011025957001](#))

OptionsHouse LLC nka OptionsHouse1 LLC ([CRD #135625](#), Chicago, Illinois) submitted an AWC in which the firm was censured and fined \$60,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and implement a Customer Identification Program that had adequate risk-based procedures for verifying their customers' identities. The findings stated that the firm failed to properly verify the identity of certain customers who then established 15 retail accounts, utilizing stolen identities, for the purpose of engaging in fraudulent activity through the firm's trading platform. ([FINRA Case #2012032988501](#))

Pershing LLC ([CRD #7560](#), Jersey City, New Jersey) submitted an AWC in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in NMS stocks that do not fall within any applicable exception and, if an exception applied, were reasonably designed to assure compliance with the terms of the exception. ([FINRA Case #2012034324801](#))

RBS Securities Inc. ([CRD #11707](#), Stamford, Connecticut) submitted an AWC in which the firm was censured and fined \$65,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to adequately enforce its WSPs relating to the timeliness of the firm's review of electronic communications. The findings stated that despite provisions in its WSPs, as of December 2011, the firm had a backlog of approximately 1,498 emails that had not been reviewed for more than 30 days, and the firm did not take adequate corrective action with regard to assigned email reviewers' repeated noncompliance. The findings also stated that the firm failed to establish and maintain a supervisory system that was reasonably designed to supervise its registered representatives' communications because it utilized an email-monitoring technology that could not review the content of files sent via secure file transfer (SFT) or encrypted attachments. Since the firm did not have any procedures in place to address the review of files sent via SFT, the firm's reviewers did not have any guidance or direction on the manner in which they could gain access to the SFT attachments or even whether such

a step was required. In addition, the third-party surveillance application the firm used was unable to review the content of encrypted attachments as part of its lexicon search. ([FINRA Case #2012030528601](#))

Scottrade, Inc. ([CRD #8206](#), St. Louis, Missouri) submitted an AWC in which the firm was censured, fined \$200,000, and required to conduct a comprehensive review of the adequacy of its policies, systems, procedures (written or otherwise), and training with respect to responding to requests for nonpublic personal information relating to class actions. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to implement written supervisory policies and procedures reasonably designed to insure the security and confidentiality of customer records and information. The findings stated that the firm disclosed to a class action claims administrator or a private law firm, nonpublic, personal information concerning customers, including name and address, and the fact that the customer purchased a security involved in the class action. ([FINRA Case #2012031796401](#))

SH Investment & Securities ([CRD #123074](#), Los Angeles, California) submitted an AWC in which the firm was censured and fined \$10,000. 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 conducted a securities business while under its minimum net capital requirement. The findings stated that the net capital deficiencies stemmed from the firm's participation in a commission rebate program, which caused it to hold broker-dealer funds, thus increasing its net capital requirement. In connection with the foregoing deficiencies, the firm prepared and maintained inaccurate net capital computations and filed inaccurate Financial and Operational Combined Uniform Single (FOCUS) reports for June 2008 through March 2009. The firm also failed to file an application for approval of a material change in its business operations, which was required due to the increase in its net capital requirement, a material change in its business operations.

The findings also stated that the firm failed to preserve all of its business-related electronic correspondence, which it stored electronically on personal computers and the firm's server. Although the firm used electronic storage media (ESM) to preserve its email, it failed to notify FINRA prior to its use of ESM, to preserve the email in Write-Once, Read-Many (WORM) format, to have in place an audit system providing for accountability regarding inputting of records required to be maintained and preserved to ESM, and to retain a third-party who had access to, and the ability to, download information from its ESM to provide FINRA with access to the information.

The findings also included that the firm failed to establish, maintain and enforce adequate written supervisory control procedures reasonably designed to review and monitor the transmittal of customer funds or securities, customer changes of address and investment objectives, and review and supervise customer account activity of its producing managers.

Although the firm relied on the “Limited Size and Resource exception”, it failed to ensure proper reliance and compliance on the exception for conducting its producing manager supervisory review. Specifically, the firm failed to document the factors used in determining that its reliance on the Limited Size and Resource exception was necessary for its producing manager supervision, failed to timely notify FINRA of its reliance on the exception and failed to adequately supervise its producing manager subject to heightened supervision. The firm also failed to prepare an annual report for the years 2007 and 2008. Also, for the years 2007 and 2008, the firm prepared the Annual Certifications, but it failed to adequately evidence supervisory controls and review processes in a written report for review by the chief executive officer (CEO). ([FINRA Case #2009018662301](#))

Transamerica Financial Advisors, Inc. ([CRD #16164](#), St. Petersburg, Florida) 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 filed with FINRA an inaccurate Form U5 on behalf of a former registered representative that failed to disclose that the representative had been charged with a felony prior to her termination. The findings stated that the firm was aware that the representative had been charged with a felony during the period of her employment and registration with the firm. The findings also stated that the firm filed with FINRA an inaccurate and misleading Amended Form U5 for the same representative that stated that she had not been charged with a felony prior to her termination and that she had not disclosed her arrest at the time of her resignation. ([FINRA Case #2012034686802](#))

Worth Financial Group, Inc. ([CRD #13478](#), Dallas, Texas) submitted an AWC in which the firm was censured and fined \$10,000. 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 establish adequate supervisory systems and WSPs to supervise sales of life settlement investments by the firm’s registered representatives and non-associated individuals for whom the firm received override commissions. The findings stated that the firm failed to have any supervisory systems or WSPs in place to determine whether the states in which its licensees sold life settlements deemed them to be securities or required individuals who sold life settlements to have a specific registration or license. The findings also stated that the firm failed to have supervisory systems and WSPs in place to ensure that registered representatives were performing reasonable-basis and customer-specific suitability analyses and disclosing both the risks and rewards associated with investing in life settlements. The findings also included that the firm failed to have a training program in place to ensure that registered representatives understood the key features, risks and suitability of life settlements. ([FINRA Case #2011025625101](#))

Individuals Barred or Suspended

Nuno Filipe Antunes ([CRD #4675412](#), New York, New York) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Antunes consented to the sanctions and to the entry of findings that he intentionally entered a fictitious \$25 million trade into his member firm's order management system, reporting to the firm that he had sold shares of a specific exchange-traded fund (ETF) at a specific price to another FINRA member. Antunes traded derivatives and ETFs with certain firm-imposed limits on the level of risk his book could incur and bear. The fictitious trade made it appear as if Antunes' risk exposure was within the firm's limits and reduced his daily trading losses. The findings stated that when the firm questioned Antunes because it could not reconcile the trade that he had entered into its system with the information it received concerning executed trades, he made several false statements to the firm concerning the discrepancy, and he asked a person associated with the other FINRA member to support his misrepresentation concerning the cause of the discrepancy. The findings also stated that by entering this false information into the firm's order management system, Antunes caused the firm to maintain false books and records.

The suspension is in effect from March 2, 2015, through July 1, 2015. ([FINRA Case #2011029430102](#))

Miles Arthur Bahl ([CRD #10092](#), Salt Point, New York) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Bahl consented to the sanction and to the entry of findings that he and another individual made fraudulent misrepresentations in connection with the solicitation and sale of over \$3 million worth of promissory notes in a private offering. The findings stated that Bahl committed fraud by recklessly misrepresenting to investors that the notes were fully secured by proceeds from the sale of historical rehabilitation tax credits (HRTCs), and that if the issuer defaulted on the notes, investors could expect to be paid back from the HRTC sale proceeds. These material representations were false and misleading at the time they were made. Bahl provided investors with documents, which the issuer falsely represented that the HRTCs had been awarded and that the notes would be secured by the issuer's interest in proceeds from the HRTCs. Bahl used these materials to market the notes, recklessly disregarding information indicating that the issuer's statements were false. As a result, Bahl willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 and acted in contravention of Section 17(a)(2) of the Securities Act of 1933. The findings also stated that Bahl failed to obtain basic information about the issuer, failed to consider information that he did have about the issuer, such that Bahl did not understand the nature of the notes that he was offering to his customers and failed to understand or investigate the multiple red flags surrounding the offering. Without such information, Bahl lacked a reasonable basis to recommend the notes to investors. ([FINRA Case #2011027338901](#))

Gregg Alan Beemer ([CRD #2248923](#), Dayton, Ohio) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Beemer 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 allegations that he sold private securities offerings away from his member firm without the firm's knowledge or approval. ([FINRA Case #2014043570801](#))

Naveen K. Bhagwani ([CRD #5423037](#), West Palm Beach, Florida) 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, Bhagwani consented to the sanction and to the entry of findings that he affected unauthorized trades in customers' non-discretionary accounts without the knowledge, authorization, or consent of the customers or any persons with trading authority over the accounts. The findings stated that Bhagwani excessively traded, made quantitatively unsuitable investments and churned customer accounts with the intention and purpose of generating commissions for himself and his member firm. The findings also stated that Bhagwani misrepresented material facts to customers, and in part to cover up his fraudulent practices, created and forged his customers' signatures on a letter that authorized the transfer of their funds, without their knowledge or consent. Based on the forgoing, Bhagwani's conduct included willful violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. ([FINRA Case #2011027667402](#))

David J. Blasik ([CRD #4456605](#), Kettering, Ohio) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Blasik 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 engaged in an unapproved and undisclosed outside business activity. ([FINRA Case #2014043790601](#))

Michael Vincent Borja ([CRD #5451360](#), Miami, Florida) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Borja consented to the sanctions and to the entry of findings that he proceeded with wire transfer requests, from an imposter posing as a customer, without first obtaining verbal confirmation from the customer, which was contrary to his member firm's policies and procedures. The findings stated that Borja falsely represented in his firm's records that he verbally confirmed wire requests with the customer and also provided fictitious reasons for the customer's transfer instructions. The findings also stated that Borja caused his firm to maintain false books and records concerning these wire transfer requests.

The suspension is in effect from February 2, 2015, through March 18, 2015. ([FINRA Case #2013037029901](#))

Irvin Wayne Brewer ([CRD #2184168](#), Greenwood, Indiana) 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, Brewer consented to the sanctions and to the entry of findings that he participated in an outside business activity without providing prior written notice to and receiving approval from his member firm. The findings stated that Brewer formed a corporation and accepted compensation from firm customers for planning advice offered through the corporation.

The suspension was in effect from February 2, 2015, through March 3, 2015. ([FINRA Case #2013035781201](#))

Kwok Eddie Chiu ([CRD #2592506](#), Flushing, New York) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Chiu consented to the sanctions and to the entry of findings that he effected discretionary transactions in the accounts of two customer who had given him oral authorization to use discretion, without obtaining the customers' prior written authorization to engage in such discretion and without obtaining his member firm's written permission to engage in such discretionary trading.

The suspension is in effect from February 17, 2015, through March 16, 2015. ([FINRA Case #2013037434001](#))

Allan Jeffrey Corby ([CRD #729285](#), Hoboken, New Jersey) 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 five months. Without admitting or denying the findings, Corby consented to the sanctions and to the entry of findings that he failed to provide timely written notice to his member firm that he was a partner in an outside business. The findings stated that at a later point, Corby provided notice to the firm that he was engaging in an outside business with a company, which he described as a non-securities-related tax and consulting service. However, Corby failed to fully disclose to the firm that the company engaged in financial planning capital/debt raising or other investment-related activities.

The suspension is in effect from January 20, 2015, through June 19, 2015. ([FINRA Case #2013039110401](#))

William David Crain ([CRD #4742606](#), Little Rock, Arkansas) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Crain consented to the sanctions and to the entry of findings that he exercised discretion in a customer's account without prior written authorization. The findings stated that the customer had granted Crain discretionary trading authority in an investment-advisory agreement. However, Crain continued to exercise trading authority in the account after learning of the customer's death and the resulting expiration of his discretionary trading authority. Although Crain executed the trades with the knowledge and implicit consent

of the customer's surviving spouse, who was the account's sole beneficiary, she had not provided Crain with written discretionary trading authority.

The suspension was in effect from February 2, 2015, through March 1, 2015. ([FINRA Case #2014040452301](#))

Jacob Robert Craton ([CRD #4850961](#), Palm Beach Gardens, Florida) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Craton consented to the sanctions and to the entry of findings that he knowingly circumvented his member firm's supervisory system and procedures, regarding penny stock transactions, by changing the terms of an order to bypass principal review and approval. The findings stated that Craton deprived the firm of the opportunity to review and approve and otherwise supervise the transaction in accordance with its system and procedures.

The suspension is in effect from February 2, 2015, through March 18, 2015. ([FINRA Case #2012033866901](#))

Stephen Young Dealy ([CRD #1124055](#), Port Orange, Florida) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Dealy consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose a federal tax lien. The findings stated that Dealy also failed to report written complaints he received from his customers to the firm, thereby causing his firm to violate its obligation to report the complaints to FINRA.

The suspension is in effect from February 2, 2015, through June 1, 2015. ([FINRA Case #2014040331701](#))

Paul Michael DeFilippis ([CRD #5507733](#), Elmwood Park, Illinois) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, DeFilippis consented to the sanctions and to the entry of findings that he caused the withdrawal of funds from the bank account of a customer of his member firm and of the bank at which he worked, and deposited those funds into an account in his own name at another bank. The findings stated that DeFilippis failed to establish a trust account or other mechanism to protect the customer's interest in the account.

The suspension is in effect from February 2, 2015, through February 1, 2017. ([FINRA Case #2013039089201](#))

Gary R. Dennis ([CRD #5367020](#), Staten Island, New York) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for five months. Without admitting or denying the findings, Dennis consented to the sanctions and to the entry of findings that he failed to provide prompt written notice to his

member firm of his outside business activities. The findings stated that the firm reminded Dennis through Outside Business Activities Disclosure questionnaires of his obligation to provide prior written notice disclosing all outside business activities. The findings also stated that when his firm's bank affiliate questioned him about his outside business activity, Dennis made verbal and written misstatements to the bank and denied his actions.

The suspension is in effect from February 17, 2015, through July 16, 2015. ([FINRA Case #2013037221001](#))

Fitzhugh Lee Duggan III ([CRD #2390155](#), Colorado Springs, Colorado) 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, Duggan consented to the sanctions and to the entry of findings that he falsely listed himself as the broker of record on applications and other documents for variable annuity transactions. Duggan did so despite knowing that another broker at the member firm was the one who had recommended and sold the annuities. The findings stated that Duggan's actions caused the firm's books and records to be inaccurate.

The suspension is in effect from February 17, 2015, through May 16, 2015. ([FINRA Case #2012034112401](#))

Nnamdi B. Ejiogu ([CRD #5569286](#), Los Angeles, 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 one month. Without admitting or denying the findings, Ejiogu consented to the sanctions and to the entry of findings that he engaged in an outside business activity as the chief operating officer (COO) and part owner of a limited liability corporation (LLC) without providing prior written notice to or receiving approval from his member firm. The findings stated that Ejiogu helped to raise funds for the LLC from non-firm customers.

The suspension was in effect from February 2, 2015, through March 1, 2015. ([FINRA Case #2013038734801](#))

Anthony Mark Farnsworth ([CRD #4616189](#), Waukesha, Wisconsin) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Farnsworth consented to the sanctions and to the entry of findings that he failed to accurately complete his member firm's required application forms, including managed account program applications, a supplemental suitability disclosure form and other internal forms. The findings stated that Farnsworth further entered inaccurate information on mutual fund account documentation pertaining to the source of funds. In connection with the managed account program applications, Farnsworth failed to indicate on the documents that surrender charges were being incurred, and failed to disclose the true source of funds. As a result of Farnsworth's failure, written cost disclosures were not made to customers, as

the firm's policies and procedures required. Similarly, when completing the mutual fund applications, Farnsworth also failed to accurately disclose the source of funds, when the true source of funds was the surrender of a pre-existing annuity. By submitting inaccurate account documents to the firm, Farnsworth caused the firm to maintain inaccurate books and records.

The suspension is in effect from February 17, 2015, through April 16, 2015. ([FINRA Case #2013036017701](#))

Wallace Martin Giakas ([CRD #1068278](#), Farmingdale, New Jersey) submitted an AWC in which he was censured, fined \$5,000, and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Giakas consented to the sanctions and to the entry of findings that he utilized a personal email account to conduct member firm-related business even though he was aware of the firm's policy prohibiting the use of personal email accounts for business purposes. The findings stated that Giakas continued to use the personal email account for company business even after the firm had advised him that such use was improper. The findings also stated that by using a personal email account to conduct firm-related business, Giakas caused the firm to fail to comply with its recordkeeping and supervisory obligations.

The suspension was in effect from February 17, 2015, through March 9, 2015. ([FINRA Case #2011029206504](#))

Gary Mark Giblen ([CRD #1819311](#), Darien, Connecticut) was suspended from association with any FINRA member in any capacity for four months. The National Adjudicatory Council (NAC) affirmed the findings and sanctions imposed by the Office of Hearing Officers. The sanctions were based on findings that Giblen engaged in outside business activities without providing his member firm with prompt written notice of the activities. The findings stated that Giblen completed a consulting project for a company and received compensation from the company.

The suspension is in effect from February 9, 2015, through June 8, 2015. ([FINRA Case #2011025957702](#))

Elliot Herbert Goldberg ([CRD #1280750](#), Woodbury, New York) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Goldberg consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose that the American Institute of Certified Public Accountants and the New York State Society of CPAs had disciplined him, which included a one-year suspension.

The suspension is in effect from January 20, 2015, through July 19, 2015. ([FINRA Case #2013035038501](#))

Michael A. Greer ([CRD #5083519](#), Mechanicsville, Virginia) submitted an AWC in which he was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Greer consented to the sanctions and to the entry of findings that he falsified records and caused his member firm's books and records to be inaccurate. The findings stated that after submitting change of broker forms to the custodian of customers' mutual fund accounts, Greer was alerted that his customers had signed the wrong form. Instead of having his customers sign new forms, Greer electronically affixed, without the customers' knowledge or authorization, copies of their signatures on the correct form, which he then submitted to the custodian and his member firm.

The suspension is in effect from February 2, 2015, through August 1, 2015. ([FINRA Case #2014040273301](#))

Rui Guo ([CRD #6122183](#), New York, New York) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, Guo consented to the sanctions and to the entry of findings that he falsified an employment-verification document and forged the signature of a representative of his member firm on the document. The firm discovered the falsified document, and Guo admitted that he forged the document because he was planning to travel and was concerned a gap in employment might pose immigration problems upon his return to the United States. At the firm's instruction, Guo destroyed the falsified document, which was never used.

The suspension is in effect from February 2, 2015, through February 1, 2017. ([FINRA Case #2014040556102](#))

Shannon S. Hampton ([CRD #5777627](#), Bossier City, Louisiana) submitted an Offer of Settlement in which she was suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the allegations, Hampton consented to the sanction and to the entry of findings that she engaged in check kiting by writing checks totaling \$2,675 against her personal bank account that she knew contained insufficient funds, and depositing each check into a retail bank checking account. The findings stated that Hampton deposited the checks to benefit temporarily from the "float" on them, and derive the use and benefit of the funds from the time they were credited to her account until other funds were deposited into the accounts.

The suspension is in effect from February 2, 2015, through June 1, 2015. ([FINRA Case #2013035483902](#))

Talman Anthony Harris ([CRD #3209947](#), Garden City, New York) and **William John Scholander** ([CRD #2938044](#), Brooklyn, New York) were barred from association with any FINRA member in any capacity. The NAC affirmed the findings and sanctions imposed by the Office of Hearing Officers. The sanctions were based on findings that Harris and

Scholander fraudulently omitted material facts when soliciting purchases of securities and engaged in outside business activities without providing their member firm with prompt written notice. The findings stated that Harris and Scholander, in connection with the sale of \$961,825 worth of a corporation's securities, failed to disclose material facts to customers in that they recently received a \$350,000 fee for advisory services from the corporation and that they had a business relationship with the corporation. Harris and Scholander must have known that both the payment and their ongoing business relationship with the corporation gave them obvious conflicts of interest that had the potential to influence their decision of what securities to recommend to their customers. As a result of their conduct, Harris and Scholander willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and FINRA Rules 2020 and 2010. The findings also stated that neither Harris nor Scholander disclosed to their firm the activities in which they engaged that led to the \$350,000 fee or that they received the fee, and that they violated NASD Rule 3030 and FINRA Rule 2010.

The decision has been appealed to the SEC and the sanctions are in effect pending review. ([FINRA Case #2009019108901](#))

Thomas Lucian Hines III (CRD #4805756, Pine Knoll Shores, North Carolina) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Hines consented to the sanctions and to the entry of findings that he falsified an insurance document by signing an insurance customer's signature on the document without the customer's knowledge, authorization or consent. The findings stated that Hines signed the customer's name on a form that falsely acknowledged the customer's receipt of an insurance policy when in fact the customer had not yet received delivery of the policy.

The suspension was in effect from February 2, 2015, through March 1, 2015. ([FINRA Case #2012034694401](#))

Russell Darin Hurley (CRD #2743470, Signal Mountain, Tennessee) 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, Hurley consented to the sanctions and to the entry of findings that he loaned \$30,000 to a customer of his member firm, but failed to notify the firm or obtain its advance written approval of the loan. The findings stated that Hurley made an inaccurate statement on his firm's annual compliance questionnaire related to his outside activity of lending to the customer.

The suspension was in effect from February 2, 2015, through March 3, 2015. ([FINRA Case #2013035856201](#))

Adam Barrett Jensen ([CRD #5719055](#), Fort Wayne, Indiana) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Jensen consented to the sanction and to the entry of findings that he submitted automobile insurance applications that had been falsified in various respects, in an effort to improve his insurance sales production. The findings stated that Jensen denied having engaged in this misconduct when his supervisor questioned him about the insurance applications. Jensen verbally informed his supervisor that he was engaged in an automobile restoration business and stated that he insured the cars he purchased until they were sold. However, Jensen had not engaged in any such automobile restoration business and the applications for the insurance policies were all false. Jensen later admitted that he had submitted the false applications solely to increase his insurance sales production. ([FINRA Case #2014040689101](#))

Thomas Michael Juliano ([CRD #2342440](#), Glen Mills, Pennsylvania) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Juliano consented to the sanctions and to the entry of findings that he engaged in outside business activities without providing any notice to his member firm. The findings stated that Juliano was compensated through an entity that was unaffiliated with his firm, with \$81,900 in commissions for selling fixed annuities to investors, two of whom were clients of the firm.

The suspension was in effect from January 5, 2015, through March 4, 2015. ([FINRA Case #2013036092501](#))

James G. Kardell ([CRD #5217717](#), Hellertown, Pennsylvania) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Kardell consented to the sanctions and to the entry of findings that he obtained unauthorized loans from his bank by engaging in check kiting. The findings stated that Kardell deposited into his personal checking account checks drawn on his joint checking account he owned with his wife. Kardell then immediately withdrew funds from his personal checking account, knowing that there were insufficient funds in the joint account to cover these checks. The bank returned all three checks for insufficient funds.

The suspension is in effect from February 2, 2015, through May 1, 2015. ([FINRA Case #2013037417101](#))

Peter H. Kim ([CRD #3106647](#), Irvine, California) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Kim consented to the sanction and to the entry of findings that he converted approximately \$200,000 for his own use and benefit from a customer of his member firm.

The findings stated that without the customer's knowledge or permission, Kim withdrew funds from the customer's account via unauthorized wire disbursements to third-party bank accounts in the names of one of his family members and a friend. ([FINRA Case #2014041330101](#))

David Alan Lavine ([CRD #4895654](#), Sugar Land, Texas) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Lavine consented to the sanction and to the entry of findings that he failed to provide FINRA-requested documents and information during the course of an investigation into allegations that he exceeded the scope of an approved outside business activity and/or engaged in an unapproved private securities transaction, and failed to timely disclose several reportable financial events. The findings stated that Lavine, through counsel, informed FINRA that he would not provide the requested documents and information at any time. ([FINRA Case #2014043027001](#))

Jia Cai Lewin ([CRD #4357677](#), Lattintown, New York) submitted an AWC in which she was assessed a deferred fine of \$30,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, Lewin consented to the sanctions and to the entry of findings that she participated in private securities transactions by soliciting at least one customer of her member firm to invest approximately \$6 million in three Chinese pharmaceutical-related companies without the firm's knowledge or approval. The findings stated that the firm's policies and procedures prohibited representatives from soliciting firm customers to participate in any private securities transaction not associated with the firm, whether or not the representative received compensation for doing so.

The suspension is in effect from January 20, 2015, through January 19, 2017. ([FINRA Case #2012033813601](#))

Patrick D. Llewellyn ([CRD #5977786](#), San Jose, California) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Llewellyn consented to the sanction and to the entry of findings that he forged client signatures on various insurance-related documents without the individuals' knowledge or authorization. The findings stated that Llewellyn provided false information and testimony to FINRA in connection with an investigation into the forgeries. ([FINRA Case #2013035903001](#))

John Gene Loesel ([CRD #4131040](#), Merrill, Wisconsin) submitted an AWC in which he was assessed a deferred fine of \$10,000, suspended from association with any FINRA member in any capacity for 15 business days, and suspended in any principal capacity for 75 days. Without admitting or denying the findings, Loesel consented to the sanctions and to the entry of findings that he failed to adequately supervise the conduct of registered representatives in connection with certain Life Underwriter Training Council (LUTC) examinations. The findings stated that, as a result of Loesel's failure to adequately

supervise, the representatives falsely stated on numerous Proctored Examination Affidavits (Proctor Affidavits) that they had served as proctors for LUTC examinations, despite not having done so. Loesel knew or should have known that the representatives were falsely stating that they had proctored the examinations, but did nothing to stop them. The findings also stated that Loesel made false attestations on Proctor Affidavits that he had proctored LUTC examinations despite not having done so.

The suspension in any capacity was in effect from February 2, 2015, through February 23, 2015. The suspension in any principal capacity is in effect from February 2, 2015, through April 17, 2015. ([FINRA Case #2013035899401](#))

Kevin Luby (CRD #4568246, Port Orange, Florida) submitted an AWC in which he was assessed a deferred fine of \$25,000 and suspended from association with any FINRA member in any capacity for 10 months. Without admitting or denying the findings, Luby consented to the sanctions and to the entry of findings that he failed to disclose to his member firms that he was engaged in certain outside business activities on an elderly firm customer's behalf. The findings stated that the customer named Luby as a co-successor trustee of her trust and co-personal representative of her estate. Luby also assisted the customer with the purchase, renovation and eventual ongoing management of certain investment properties. Luby failed to disclose the fiduciary appointments and involvement with the rental properties to one of his firms, and failed to disclose his involvement with the rental properties to the other firm. The findings also stated that Luby provided false answers on one of the firm's compliance questionnaires and annual certifications regarding being named the beneficiary of any customer's estate or holding any fiduciary positions for customers.

The suspension is in effect from January 20, 2015, through November 19, 2015. ([FINRA Case #2013038108802](#))

Allen Roderick Maddox (CRD #5765810, Hawthorne, New Jersey) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Maddox consented to the sanctions and to the entry of findings that subsequent to a customer's request to add the customer's girlfriend to the customer's bank account, he assisted the girlfriend with falsifying a bank's signature card. The findings stated that Maddox submitted the falsified signature card to the bank, an affiliate of his member firm, when both the firm and the bank had policies and procedures prohibiting the falsification of records.

The suspension was in effect from February 2, 2015, through March 1, 2015. ([FINRA Case #2014040342101](#))

William Marlin Marsh IV ([CRD #1516992](#), Blue Ridge, Texas) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Marsh consented to the sanctions and to the entry of findings that contrary to his member firm's WSPs, he exercised discretion over a customer's account without the customer's written authorization and his firm's approval. The findings stated that Marsh relied on the customer's verbal authorization to make at least 100 discretionary trades.

The suspension is in effect from January 20, 2015, through April 19, 2015. ([FINRA Case #2013037426901](#))

Jason Robert Melando ([CRD #2964000](#), Monmouth Beach, New Jersey) 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, Melando consented to the sanctions and to the entry of findings that he failed to provide written notice to his member firm that he was a partner in an outside business with a company. The findings stated that Melando later provided notice to the firm that he was engaging in an outside business activity with the company, which he described as a non-securities related tax and consulting service. Based upon Melando's representation, the firm approved his request. However, Melando failed to fully disclose the nature of the company's business, which included financial planning capital, debt raising or other investment-related activities. The findings also stated that Melando willfully failed to update and disclose on a Form U4 that he was the subject of a New York State tax lien.

The suspension is in effect from January 20, 2015, through July 19, 2015. ([FINRA Case #2013039112701](#))

Michael Robert Molinaro ([CRD #2358346](#), Staten Island, New York) submitted an AWC in which he was suspended from association with any FINRA member in any principal capacity for 45 days. In light of Molinaro's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Molinaro consented to the sanction and to the entry of findings that as his member firm's president and CCO, he failed to enforce a reasonable supervisory system with respect to private placements at his firm. The findings stated that Molinaro and a broker at the firm delegated the supervision of the firm's investment banking business to an individual who was designated and functioned as the head of investment banking without being properly qualified as a registered principal. Molinaro failed to reasonably monitor whether his delegation to the individual was effective. The findings also stated that Molinaro improperly permitted the firm to open a branch office in violation of interim membership restrictions imposed by FINRA.

The suspension is in effect from February 2, 2015, through March 18, 2015. ([FINRA Case #2010021076001](#))

Alexandra Estelle Newman (CRD #5843498, New York, New York) 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 30 days. Without admitting or denying the findings, Newman consented to the sanctions and to the entry of findings that she improperly caused wire disbursements to be transferred from the account of a member firm customer to third-party bank accounts. The findings stated that Newman processed the wire disbursements based on email instructions received from an imposter who had hacked into the customer's email account. While processing the wire disbursements, Newman attested on firm records that she had verbally confirmed the wire disbursements with the customer even though she had not done so. The findings also stated that by making false attestations on the firm's records, Newman caused the firm to maintain inaccurate books and records in connection with the wire disbursements.

The suspension was in effect from February 2, 2015, through March 3, 2015. ([FINRA Case #2014040718201](#))

Denis Michael O'Brien (CRD #716498, Mystic, Connecticut) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, O'Brien consented to the sanctions and to the entry of findings that prior to resigning from his member firm, he altered telephone numbers for client accounts in two of the firm's computer systems without the affected clients' or the firm's knowledge or authorization. The findings stated that by altering these records, O'Brien caused the firm's books and records to be inaccurate.

The suspension is in effect from February 2, 2015, through March 18, 2015. ([FINRA Case #2013038960801](#))

Cary Lancaster Olson (CRD #2435229, Sparks, Nevada) submitted an AWC in which he was fined \$15,000, suspended from association with any FINRA member in any capacity for 45 days and suspended from association with any FINRA member in any principal capacity for 30 days. Without admitting or denying the findings, Olson consented to the sanctions and to the entry of findings that he made recommendations of non-traditional ETFs to various customers without having reasonable grounds to believe his recommendations were suitable in relation to the holding periods for the ETFs. The findings stated that the ETFs were designed to achieve their objectives over the course of a single day only. As evidenced by his customers' extended holding periods, Olson failed to appreciate the nature of the ETFs at the time of his recommendations, to wit, that they were not designed to achieve their objectives for extended holding periods. The findings also stated that Olson permitted the execution of options transactions in the account of a customer who was not approved for options activity.

The suspension in any capacity is in effect from February 17, 2015, through April 2, 2015. The suspension in any principal capacity will be in effect from April 6, 2015, through May 5, 2015. ([FINRA Case #2012030670602](#))

Edward Harold Oudenne ([CRD #2268145](#), Newtown, 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, Oudenne consented to the sanctions and to the entry of findings that he failed to timely amend and/or disclose tax liens and compromises on his Form U4.

The suspension is in effect from February 2, 2015, through May 1, 2015. ([FINRA Case #2013036893101](#))

Doris Ann Plansky ([CRD #4222169](#), Thorp, Wisconsin) 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 15 business days. Without admitting or denying the findings, Plansky consented to the sanctions and to the entry of findings that she falsely stated on at least 10 Proctored Examination Affidavits completed in connection with certain LUTC examinations that she had proctored the examinations despite not having done so.

The suspension was in effect from February 2, 2015, through February 23, 2015. ([FINRA Case #2013035899001](#))

Kristen Lee Proctor ([CRD #4831758](#), Kannapolis, North Carolina) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Proctor consented to the sanction and to the entry of findings that she failed to provide FINRA-requested documents and information involving an investigation into allegations that she converted funds from a non-customer account designated for branch-office operating expenses. ([FINRA Case #2014043610601](#))

Sergey Pustelnik ([CRD #4439199](#), Jersey City, New Jersey) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Pustelnik consented to the sanction and to the entry of findings that he refused to produce FINRA-requested emails in his possession, custody and control as part of an investigation into, among other things, certain suspicious trading activities occurring through a member firm. The findings stated that Pustelnik refused to produce a copy of a .pst file containing emails in a Gmail account he used for business and personal purposes. ([FINRA Case #2011029713003](#))

Marcus Carlos Rodriguez ([CRD #2561801](#), Lubbock, Texas) was assessed a deferred fine of \$50,000 and suspended from association with any FINRA member in any principal capacity for two years. The sanctions are based on findings that Rodriguez, as president, CCO and AML officer of his now-defunct member firm, failed to establish and maintain a supervisory system and establish, maintain and enforce WSPs that were tailored to the firm's business and reasonably designed to achieve compliance with applicable securities laws and regulations. The findings stated that given the nature of the firm's business and the inquiries received from FINRA regarding suspicious trading activity, the firm's supervisory system to review for manipulative trading was deficient. Rodriguez was solely

responsible for establishing, maintaining and enforcing the firm's supervisory systems, and was responsible for ensuring that all accounts at the firm were monitored for suspicious activity. Rodriguez failed to establish and implement AML policies and procedures that could reasonably be expected to detect, and cause the reporting of, transactions required to be reported under the Bank Secrecy Act. Despite the firm's reliance on its clearing firms to identify and notify it of potentially manipulative trading, Rodriguez failed to review exception reports generated from the clearing firms' reviews, implement a system to review the reports and the parameters that each clearing firm used to create the reports, and contribute to the parameters that each clearing firm used to create the exception reports. Both FINRA (through its inquiries) and the clearing firms (through their alerts) repeatedly sent Rodriguez information placing him on notice of suspicious trading activity occurring in an account, but Rodriguez failed to ensure that the firm had controls, such as electronic surveillance or exception reports, to monitor for the type of suspicious activity detected.

The suspension is in effect from February 2, 2015, through February 1, 2017. ([FINRA Case #2012033239202](#))

Jamal Romero (CRD #5382285, Nutley, New Jersey) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Romero consented to the sanction and to the entry of findings that he forged a bank customer's signature on account withdrawal slips; and as a result, the customer's sister was able to misappropriate funds from the customer's account. ([FINRA Case #2013038469901](#))

Brian Michael Seifert (CRD #4547658, Rochester, Minnesota) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Seifert failed to provide FINRA-requested on-the-record testimony involving an investigation into allegations that he, among other things, forged documents and falsified insurance customer information. ([FINRA Case #2012033920601](#))

Timothy James Serignese (CRD #4307131, Port Washington, New York) submitted an AWC in which he was assessed a deferred fine of \$2,500 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Serignese consented to the sanctions and to the entry of findings that he failed to amend his Form U4 to disclose a bankruptcy filing.

The suspension was in effect from January 20, 2015, through March 3, 2015. ([FINRA Case #2014039894301](#))

Michael Shevlin (CRD #2690879, Broomall, Pennsylvania) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Shevlin consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose a civil judgment.

The suspension is in effect from February 2, 2015, through March 18, 2015. ([FINRA Case #2012034259201](#))

Scott Nolan Smith (CRD #1422249, Commerce Township, Michigan) 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 90 days. Without admitting or denying the findings, Smith consented to the sanctions and to the entry of findings that he mismarked, as unsolicited, order tickets for thousands of solicited trades. Smith continued to mismark order tickets even after his member firm issued a letter of reprimand for, among other things, mismarking order tickets for solicited trades as unsolicited. The findings stated that by mismarking the order tickets for these trades, Smith caused his firm's books and records to be inaccurate.

The suspension is in effect from January 20, 2015, through April 19, 2015. ([FINRA Case #2013035957401](#))

Sean Anthony Spearman (CRD #2945116, Redondo Beach, California) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity and ordered to disgorge unlawful profits of \$66,771. Without admitting or denying the allegations, Spearman consented to the sanctions and to the entry of findings that he liquidated a position held by a customer of his member firm to meet margin requirements; but instead of selling the shares to the market and maximizing the return to his customer, Spearman bought the shares into his proprietary account and sold to the street on the same day. The findings stated that Spearman gave the customer a price near the market low and failed to inform the customer how the trades were done and the basis for the pricing. By these actions and unbeknownst to the customer, Spearman made a profit of approximately \$21,000 at the customer's expense. The customer's principals later deposited stock with the firm, some of which was sold to cover the customer's margin debit. Spearman had complete discretion over when and how much of the stock to sell. Spearman again traded in a way to benefit himself at the customer's expense. Rather than sell the shares into the market, he bought a block of the shares into one of his proprietary accounts at a price that was significantly below the market price for the day and then sold the shares for a profit of \$45,771. Spearman again failed to inform the customer how the trades were done and the basis for the pricing, and did not disclose the profit to the customer.

The findings also stated that Spearman periodically executed customer sale orders by buying the position in his proprietary account at the market price, holding it and selling it to the market later the same day or the next day. For customer purchases, Spearman periodically purchased from the street at market price and then sold to customers from his proprietary accounts. Customers were charged the alleged market price at the time when the order was placed and also were charged a commission. Spearman did not disclose to customers any profits made in those situations that involved exchange-traded

securities, and did not disclose any of the markups or markdowns to his customers or his firm. Spearman was not a market maker in the securities being traded, and the trades were contemporaneous and designed to be offsetting. As a result of his conduct, Spearman willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rules 10b-5 and 10b-10. ([FINRA Case #2010023220501](#))

Eduardo Tobias Travieso ([CRD #5178128](#), New York, New York) submitted an AWC in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Travieso consented to the sanctions and to the entry of findings that he used his residential address as the mailing address on two customer accounts, at the customer's request, without disclosing to his member firm that he had allowed the customers to use his residential address as the mailing address on the accounts. The findings stated that the firm's compliance manual did not permit account documents to be addressed to a customer at a registered representative's residential address. The findings also stated that although Travieso was aware of the requirement to inform his firm of brokerage accounts outside of the firm over which he had authority, he failed to notify his firm that he had helped a customer open an outside account, used his mailing and email address on the account, and that he had a power of attorney on the account. Travieso also concealed his association with the firm from the other FINRA-regulated broker-dealer when he opened the account.

The suspension is in effect from February 2, 2015, through August 1, 2015. ([FINRA Case #2012034217101](#))

Jennifer Joice Trowbridge ([CRD #4310649](#), Boca Raton, Florida) submitted an AWC in which she was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Trowbridge consented to the sanctions and to the entry of findings that she recommended a series of mutual fund switches in customer accounts without having reasonable grounds for believing that such transactions were suitable for those customers in view of the nature of the recommended transactions, the frequency of the transactions and the transaction costs incurred. The findings stated that Trowbridge recommended that the customers purchase Class A mutual funds, for which they paid commissions and front-end sales charges. Trowbridge then recommended that the customers sell those Class A mutual funds within only one month to 13 months after purchasing them. On average, these customers held the Class A mutual funds at issue for less than six months. Trowbridge used the proceeds of the sales to purchase mutual funds offered by other fund families, causing the customers to pay additional commissions and fees. In total, the customers paid approximately \$60,000 in unnecessary commissions on these switch transactions. The findings also stated that at various times, Trowbridge effected discretionary trades in a customer's account, with the customer's verbal consent, but without obtaining written authorization and without seeking or gaining her member firm's acceptance of the account as discretionary.

The suspension is in effect from February 17, 2015, through April 16, 2015. ([FINRA Case #2011025433902](#))

Robert Durant Tucker (CRD #1725356, New York, New York) was suspended from association with any FINRA member in any capacity for two years and required to requalify as a Corporate Securities Limited Representative at the conclusion of the suspension. The U.S. Court of Appeals for the Second Circuit denied Tucker's petition for review of the SEC's order sustaining the sanctions following the appeal of a NAC decision. The sanctions were based on findings that Tucker willfully failed to disclose judgments, bankruptcies and a federal tax lien on his Forms U4. The findings stated that Tucker also failed to disclose a state tax lien on his Forms U4.

The suspension was in effect from January 22, 2013, through January 21, 2015. ([FINRA Case #2007009981201](#))

Robert Durant Tucker (CRD #1725356, New York, New York) was barred from association with any FINRA member in any capacity. The SEC dismissed Tucker's appeal of the NAC decision. The sanction was based on findings that Tucker improperly approved the transfer of customer funds to his personal checking account by falsifying a wire transfer form to give the appearance that he was a manager at his firm, and then converted those funds for his personal use. The findings stated that Tucker prepared a wire request form instructing his member firm's clearing firm to wire \$4,500 from an elderly customer's account to his personal checking account at a bank. As a safeguard against unauthorized transfers of customer funds, the firm's sole fax machine automatically sends copies of all outgoing faxes to an email box that the firm's compliance department reviews. Tucker circumvented the firm's safeguard by using a fax machine at a store a few blocks from the firm to fax the wire request transfer. After the customer's verbal complaint to the firm regarding the unauthorized transfer, the firm confronted Tucker and he arranged for a close personal friend to repay the customer. The findings also stated that the evidence to support that Tucker commingled a customer's funds is exactly the same evidence that proves that he converted the customer's funds. Given the finding of conversion, however, the NAC found it unnecessary to consider whether Tucker also commingled the customer's funds with his own funds and dismissed this allegation. ([FINRA Case #2009016764901](#))

Robert Durant Tucker (CRD #1725356, New York, New York) was barred from association with any FINRA member in any capacity and ordered to pay \$34,400, plus interest, in restitution to a customer. The sanctions were based on findings that Tucker made misrepresentations and omissions of material facts when he induced a customer to invest \$33,400 in what he represented was a security related to a business venture of a well-known celebrity chef and entrepreneur opening a restaurant. The customer, relying on Tucker's representations, agreed to invest in the security and authorized his bank to wire the funds to Tucker's business account. The findings stated that Tucker did not invest the customer's funds and instead, without the customer's authorization, used the customer's

funds to pay bills for a failing business, in which he had an interest, and for personal expenses. Even though the customer subsequently made a demand for the return of his money, Tucker has not returned any of it. By selling a nonexistent security to the customer, Tucker committed securities fraud. As a result, Tucker willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, and FINRA Rule 2020.

The findings also stated that Tucker did not provide written notice to his member firm about inducing the customer to invest in a nonexistent security. Because Tucker committed securities fraud and converted customer funds, there was no need to determine whether Tucker's fraud and conversion also constituted participating in a private securities transaction.

As a result of two other final FINRA disciplinary proceedings, this proceeding is moot. Accordingly, it has been dismissed with prejudice. ([FINRA Case #2012034923001](#))

Nilda Lee Vasey ([CRD #4842504](#), **Dorchester, Massachusetts**) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Vasey consented to the sanction and to the entry of findings that she converted customer funds for her own personal use and benefit. The findings stated that Vasey gained access to the customer funds by requesting, contrary to her member firm's policy, that her customers make their annual firm financial planning fee checks, or wire transfers, payable to herself rather than the firm. ([FINRA Case #2014041051801](#))

James Michael Vaughn ([CRD #1349426](#), **Lahaina, Hawaii**) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Vaughn consented to the sanctions and to the entry of findings that he effected 20 discretionary transactions in three different customer accounts without obtaining the customers' prior written authorization and without having his member firm's acceptance of the accounts as discretionary.

The suspension was in effect from February 17, 2015, through March 2, 2015. ([FINRA Case #2014040758001](#))

Individuals Fined

Gary Daniel DeVicci ([CRD #836377](#), **Voorhees, New Jersey**) submitted an AWC in which he was censured and fined \$5,000. Without admitting or denying the findings, DeVicci consented to the sanctions and to the entry of findings that he completed inaccurate annual certifications regarding his member firm's supervisory controls. The findings stated that DeVicci, as the firm's CEO, certified that he had reviewed a written report by the chief compliance officer (CCO) evidencing the firm had processes in place to establish, maintain,

review, test, and modify written compliance policies and supervisory procedures. DeVicci did not review such a report because the CCO did not prepare the report evidencing his review of the firm's supervisory controls. ([FINRA Case #2011025565501](#))

Calvin Burchard Grigsby ([CRD #1123572](#), Danville, California) was censured and fined \$10,000. The sanctions are based on findings that Grigsby continued to act as a Financial and Operations Principal (FINOP) when he was prohibited from doing so pursuant to an agreement to settle a prior disciplinary proceeding with FINRA. In the original complaint, Grigsby was charged with allowing one of his employees who did not have a FINOP license to file the FOCUS reports and give final approval. In the course of the proceeding, Grigsby explained that he, not the employee, had acted as the FINOP. The complaint was then amended to charge Grigsby with acting as a FINOP during a period when he was prohibited from doing so. ([FINRA Case #2012030570301](#))

Kerrie Milligan Grimstad ([CRD #4276095](#), Lighthouse Point, Florida) submitted an AWC in which she was censured and fined \$5,000. Without admitting or denying the findings, Grimstad consented to the sanctions and to the entry of findings that she effected trades in a customer's account, on the instructions of the customer's husband, without the customer's prior written authorization and without receiving her member firm's prior approval to exercise discretion in the account. ([FINRA Case #2012034061401](#))

Shawn Michael Richardson ([CRD #2253794](#), Seattle, Washington) submitted an AWC in which he was censured and fined \$5,000. Without admitting or denying the findings, Richardson consented to the sanctions and to the entry of findings that he exercised discretion with respect to sale transactions in a customer's account without obtaining the customer's prior written authorization or the member firm's written approval. The findings stated that although Richardson and the customer verbally discussed selling the positions, they never agreed on the time or price at which the sales should occur. Richardson executed the sales without speaking to the customer on the day of the transactions and therefore exercised discretion. ([FINRA case #2013035701001](#))

Decisions Issued

The Office of Hearing Officers (OHO) issued the following decisions, which have been appealed to or called for review by the NAC as of January 31, 2015. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in these decisions. Initial decisions where the time for appeal has not yet expired will be reported in future issues of *FINRA Disciplinary and Other Actions*.

Lek Securities Corporation ([CRD #33135](#), New York, New York) was censured and fined \$100,000. The sanctions were based on findings that the firm failed to establish and implement AML policies and procedures, and internal controls that could be reasonably expected to detect and cause the reporting of suspicious transactions and

that were reasonably designed to achieve compliance with the Bank Secrecy Act and the implementing regulations promulgated by the Department of the Treasury. The findings stated that the firm depended upon an ad hoc, undocumented, manual system of surveillance for potential wash trades and other types of manipulative activities that was inadequate in the high-volume electronic trading environment in which the firm operated. Although the firm later instituted new surveillance procedures and mechanisms, its approach to its AML responsibilities remained inadequate in design and implementation since it did not document the actual review, investigation and determination with respect to any particular potential suspicious trading, and did not specify the procedures for investigating suspicious trading and determining whether a suspicious activity report (SAR) should be filed. The findings also stated that the Department of Enforcement failed to prove that the firm's supervisory systems and WSPs relating to portfolio margining for a particular customer violated NASD®/FINRA rules. As a result, that allegation was dismissed.

This matter has been appealed to the NAC and the sanctions are not in effect pending review. ([FINRA Case #2009020941801](#))

Bernard G. McGee (CRD #1203327, Cazenovia, New York) was barred from association with any FINRA member in any capacity; ordered to pay \$236,202.50, plus interest, in restitution to a customer; and ordered to pay \$59,264, plus interest, in disgorgement. The sanctions were based on findings that McGee willfully failed to disclose to his customer that he would make nearly \$60,000 on her purchase of a charitable gift annuity from an entity. The findings stated that by not disclosing the expected compensation, McGee made a material omission that violated section 10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-5. The findings also stated that McGee made an unsuitable recommendation to the customer by recommending the customer liquidate her variable annuities and invest in the charitable gift annuity. McGee did not perform sufficient due diligence on either the entity or the charitable gift annuities to know whether the product was suitable for a customer. The findings also included that McGee failed to disclose to his member firm the outside business activities with the entity that included accepting rent-free office space, taking steps to form a joint venture and receiving a commission payment for referring a client.

FINRA found that McGee willfully failed to timely update his form U4 to reflect the change of address for his securities business. FINRA also found that McGee made false statements on his firm's annual compliance questionnaires. McGee falsely responded that he had not engaged, without the firm's permission, in any securities transactions or other investment activity that was not processed through the firm. Additionally, he falsely represented that he had disclosed all his business-related email addresses. In addition, FINRA determined that it failed to establish that McGee made a material misrepresentation to the customer regarding a purported impending tax liability, in violation of Section 10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-5. Accordingly, that charge was dismissed.

This matter has been appealed to the NAC and the sanctions are not in effect pending review. ([FINRA Case #2012034389202](#))

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.

Christopher Lawrence Anderson (CRD #4799519, Wantagh, New York) was named a respondent in a FINRA complaint alleging that he failed to timely and fully comply with FINRA's requests for information and testimony involving an investigation into allegations that he converted funds from a family member's bank account. ([FINRA Case #2014040182902](#))

Allen Michael Green (CRD #824126, South Lyon, Michigan) was named a respondent in FINRA complaint alleging that he made unsuitable recommendations to a disabled customer, and did not have a reasonable basis to recommend non-traditional ETFs to his customers. The complaint alleges that Green claimed to believe that the world economy was on the precipice of catastrophe and that certain asset classes would respond very positively to the resulting world chaos. As a result of his view, Green recommended to virtually all of his customers that they invest almost exclusively in securities with exposure to precious metals, natural resources, commodities and energy. Green failed to account for any other risks, including the risk that his predictions may not come to pass. Despite Green's view that a portfolio based upon his investment strategy was the only safe and conservative investment strategy, he realized that such a portfolio could not be implemented for a customer who identified a conservative, or even a moderate, investment objective and risk tolerance. Green told his customers and potential customers that an aggressive investment objective identification was necessary if they wanted to become his customer and use his investment strategy.

The complaint also alleges that Green's recommendation that the disabled customer liquidate her existing variable annuity and employ his investment strategy resulted in massive losses in the customer's account, over a three-and-a-half-year period of time, and violated his obligation to make suitable recommendations to the customer. The complaint further alleges that as part of his investment strategy, Green frequently recommended non-traditional ETFs to his customers even though he lacked sufficient knowledge regarding these non-traditional ETFs. Among other things, Green routinely recommended that non-traditional ETFs be held for long periods of time despite the potential risks associated with holding non-traditional ETFs for more than one trading session. Prior to recommending the products to his customers, Green also failed to adequately disclose to them the risks associated with non-traditional ETFs. ([FINRA Case #2011028071901](#))

David Dixon Lewis ([CRD #1004661](#), Seattle, Washington) was named a respondent in a FINRA complaint alleging that he failed to establish, maintain, and enforce the supervisory system and WSPs of a former FINRA member firm to achieve compliance with the federal securities laws and regulations, and with FINRA rules, in connection with the firm's public customer options business, its average price account, and its heightened supervision of registered representatives. Lewis had primary and overall responsibility for compliance and supervision in these areas as the chairman, CEO, CCO, senior registered options principal (SR) and compliance registered options principal (CROP) of the firm. The complaint alleges that Lewis willfully failed to amend his Form U4 to disclose material information regarding unsatisfied federal tax liens. ([FINRA Case #2011025633201](#))

Heather Marie McCall ([CRD #5311041](#), Valley Stream, New York) was named a respondent in a FINRA complaint alleging that she engaged in an outside business activity with and received compensation from another financial institution without providing her member firm with prompt written notice. The complaint alleges that when the firm questioned McCall about her activity at the other financial institution, McCall made a false written statement to the firm denying the undisclosed outside business activity. ([FINRA Case #2013039144101](#))

Daniel Irvin McCourt ([CRD #1336258](#), Aptos, California) was named a respondent in a FINRA complaint alleging that he participated in private securities transactions outside the scope of his association with his member firm. The complaint alleges that McCourt's firm had previously approved McCourt's outside business activity request for a coffee business. McCourt's outside business activity began accepting investments from investors, including firm customers, in the form of long-term promissory notes. Although the firm had approved his outside business activity, McCourt did not provide written notice to his firm of the proposed investments in his outside business activity through the issuance of the promissory notes, nor did he provide written notice to the firm of his proposed role in, or the selling compensation that he may receive from, the private securities transactions. The outside business activity raised at least \$1,294,610.10 through the issuance of the long-term promissory notes, of which approximately \$266,134.49 in principal has since been repaid. The complaint also alleges that McCourt provided false information and falsified documents to a mortgage company on behalf of one of his clients at his firm. McCourt had provided the false information and falsified documents to the mortgage company to help the client qualify for a home loan. ([FINRA Case #2012030670402](#))

John William Murdy ([CRD #1830660](#), Long Beach, New York) was named a respondent in a FINRA complaint alleging that he logged onto FINRA's Web CRD® system with his own logon credentials and submitted a false and inaccurate Form U5 for his member firm's CEO under the electronic signature of another firm principal. The complaint alleges that Murdy willfully filed the false and inaccurate Form U5 for the CEO because he did not provide Murdy with funds that he had requested. ([FINRA Case #2012034141901](#))

Radnor Research & Trading Company LLC ([CRD #130120](#), New York, New York), Talman Anthony Harris ([CRD #3209947](#), Garden City, New York) and William John Scholander ([CRD #2938044](#), Brooklyn, New York) were named as respondents in a FINRA complaint alleging that the firm failed to timely report written customer complaints to FINRA. The complaint alleges that even after FINRA brought a customer complaint to the attention of firm management, the firm failed and refused to report it, and to this day has not reported it or another customer complaint. The complaint also alleges that the firm and Scholander willfully failed to disclose a customer complaint on Scholander's Form U4. The written customer complaint alleged a sales practice violation and contained a claim for compensatory damages. Despite knowledge of the customer complaint and even after repeated notice from FINRA, the firm and Scholander never disclosed it on Scholander's U4, which remains inaccurate to this day.

The complaint further alleges that the firm did not disclose markups or markdowns, in writing, to customers for executed riskless principal transactions involving equity securities. In addition, the complaint alleges that the firm failed to establish and maintain a supervisory system, including written procedures, with regard to customer complaint reporting, Form U4 disclosure reporting, disclosures of markups and markdowns to customers, and canceled trades. The firm also lacked adequate written procedures regarding due diligence to be done in private placements it sold. The firm failed to adequately supervise customer complaints, which led to the failure to report them properly. The firm also failed to properly supervise canceled trades, disclosure of markups and markdowns to customers, Regulation S offerings, and disclosures to customers buying stock at the same time registered representatives were selling the same stock. Harris prevented a review by the firm's home office compliance staff of a written customer complaint by marking the email as privileged. Harris had an obligation to bring the customer's complaint letter to the attention of the firm's compliance staff so they could take appropriate action. ([FINRA Case #2013036681701](#))

Bryan Patrick Stevenson ([CRD #6028574](#), Shorewood, Illinois) was named a respondent in a FINRA complaint alleging that he was in possession of prohibited study materials during a Series 7 examination. The complaint alleges that before beginning the examination, Stevenson was presented with the FINRA Test Center Rules of Conduct, to which he electronically agreed to abide. In a letter to FINRA, Stevenson admitted that a piece of paper the test center administrator found containing notes and formulas was his. ([FINRA Case #2013038822001](#))

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

Birkelbach Investment Securities, Inc.
(CRD #11490)
Chicago, Illinois
(January 6, 2015)
FINRA Case #2005003610701

World Trade Financial Corporation
(CRD #42638)
San Diego, California
(January 7, 2015)
FINRA Case #2005000075703

World Trade Financial Corporation
(CRD #42638)
San Diego, California
(January 9, 2015)
FINRA Case #2012031507101

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

Resource Horizons Group LLC
(CRD #104368)
Marietta, Georgia
(January 13, 2015)

World Trade Financial Corporation
(CRD #42638)
San Diego, California
(January 13, 2015)

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

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

Resource Horizons Group LLC
(CRD #104368)
Marietta, Georgia
(January 12, 2015)
FINRA Arbitration Case #13-01951

**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.)

Enver Rahman Alijaj (CRD #4943780)
New York, New York
(January 20, 2015)
FINRA Case #2013037456101

Benjamin Robert Byruch (CRD #5872061)
New York, New York
(January 27, 2015)
FINRA Case #2014039797801

Todd Alan Cummings (CRD #4027892)
Burleson, Texas
(January 2, 2015)
FINRA Case #2014041919701

Jesse Joseph Holovacko (CRD #5112298)
South Amboy, New Jersey
(January 20, 2015)
FINRA Case #2014042692001

Edwin Rafael Mejia (CRD #5266920)
Yonkers, New York
(January 5, 2015)
FINRA Case #2014041136401

Augustine Oghenechuko Olobia (CRD #2999141)
 Renton, Washington
 (January 26, 2015)
 FINRA Case #2014042227401

Engjell Pasha (CRD #4991156)
 Largo, Florida
 (January 30, 2015)
 FINRA Case #2013036025101

Kenneth Lee Severinsen (CRD #3062946)
 Seaford, New York
 (January 20, 2015)
 FINRA Case #2014039886301

Gary Clark Steciuk (CRD #2880729)
 Buffalo Grove, Illinois
 (January 30, 2015)
 FINRA Case #2014042259301

Timothy Eugene White (CRD #3191794)
 San Angelo, Texas
 (January 12, 2015)
 FINRA Case #2013039435101

Individuals Revoked for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320
 (If the revocation has been rescinded, the date follows the revocation date.)

Marcus Randolph Albers (CRD #3259953)
 Scottsdale, Arizona
 (January 21, 2015)
 FINRA Case #2011026915703

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.)

Charles Eric Brown (CRD #6306542)
 Waianae, Hawaii
 (January 5, 2015)
 FINRA Case #2014041318401

Omar Campos (CRD #5003203)
 El Paso, Texas
 (January 16, 2015)
 FINRA Case #2014041715101

Joseph Edmund Flores De Meneses Jr. (CRD #2902533)
 Fairfield, Connecticut
 (January 16, 2015)
 FINRA Case #2014040887201

Dillon M. Edwards (CRD #6122284)
 Grand Island, Nebraska
 (January 30, 2015)
 FINRA Case #2013037740401

Bethanne Haight (CRD #5929427)
 Hilton, New York
 (January 12, 2015)
 FINRA Case #2014042296701

Elon Israel Henek (CRD #6052765)
 Westbury, New York
 (January 2, 2015)
 FINRA Case #2014039665001

Jonele Inise Hinton (CRD #6080134)
 Columbus, Ohio
 (January 8, 2015)
 FINRA Case #2014041949401

Jeremy Shawn Hixson (CRD #2685988)
Uniontown, Ohio
(January 20, 2015)
FINRA Case #2014042362001

Katherine Farber Lapidoth (CRD #1941579)
Fort Lauderdale, Florida
(January 5, 2015 – February 19, 2015)
FINRA Case #2013039650501

Scott Frederick Matthews (CRD #2049371)
Adrian, Michigan
(January 2, 2015)
FINRA Case #2013039634702

Chadrick Alan Moss (CRD #5518771)
Evans Georgia
(January 5, 2015)
FINRA Case #2014041131601

Jason Charles Parker (CRD #5325129)
Milledgeville, Georgia
(January 12, 2015)
FINRA Case #2014042480701

Melissa Diana Powell (CRD #6251284)
Duncanville, Alabama
(January 22, 2015)
FINRA Case #2014043603801

Daniel L. Valdes (CRD #6247662)
Columbia, Maryland
(January 16, 2015)
FINRA Case #2014042326401

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.)

Jay Howard Lustig (CRD #849320)
Belle Vernon, Pennsylvania
(January 22, 2015)
FINRA Arbitration Case #14-00680

Amarjeet Singh (CRD #3227519)
Naperville, Illinois
(January 9, 2012 – January 22, 2015)
FINRA Arbitration Case #10-04822

FINRA Hearing Panel Expels John Thomas Financial and Bars CEO Tommy Belesis for Trading Ahead of Customer Orders, Providing False Testimony and Other Violations; Ordered To Pay \$1,047,288 to Customers

The Financial Industry Regulatory Authority (FINRA) announced that a hearing panel has expelled John Thomas Financial (JTF), of New York, NY, and barred its Chief Executive Officer, Anastasios “Tommy” Belesis, from the securities industry for violations in connection with the sale of America West Resources, Inc. (AWSR) common stock, including trading ahead of customers’ orders, recordkeeping violations, violating just and equitable principles of trade, and for providing false testimony. The panel also jointly and severally ordered JTF and Belesis to pay \$1,047,288, plus interest, to customers. Additionally, JTF and Belesis were suspended for two years and jointly and severally fined \$100,000, and JTF’s Chief Compliance Officer Joseph Castellano was suspended for one year and fined \$50,000, for harassing and intimidating registered representatives. The panel dismissed charges alleging fraud, best execution violations, failure to follow customer orders, making misrepresentations to customers and failure to supervise. Charges were also dismissed against Ronald Cantalupo, Regional Managing Director; Michele Misiti, Branch Office Manager; and John Ward, trader. The ruling resolves charges brought by FINRA’s Department of Enforcement in April 2013.

On Feb. 23, 2012, the price of AWSR common stock spiked approximately 600 percent, opening at 28 cents per share, peaking at \$1.80 per share and eventually closing the day at \$1.29 per share. That same day, JTF sold 855,000 shares, the majority of its proprietary position in AWSR, reaping proceeds of more than \$1 million. The panel found that JTF and Belesis traded ahead of 14 JTF customers who tried to sell their positions in AWSR, and had profited while customers who had tried to sell AWSR stock had been unable to do so. The decision noted, however, that JTF did not intentionally hold customer orders but instead, JTF brokers tried to enter the orders but were unsuccessful in their attempts. FINRA’s rule requires the firm to execute those orders at the same or better price than the firm obtained for itself. In failing to cancel and rebill the proprietary trades, the panel decided JTF and Belesis violated the just and equitable principles of trade rule.

The panel also found that JTF and Belesis failed to keep and maintain records of at least 14 customer orders to sell AWSR received on Feb. 23, 2012. According to the decision, “Belesis testified that he was ‘not familiar’ with the recordkeeping requirements, and claimed that he was unfamiliar even with the fundamental requirement that the firm preserve order tickets for three years.” The panel noted that it did not find Belesis’ claims of ignorance credible given the length and breadth of his experience in the securities industry, and inferred that “JTF and Belesis either concealed or destroyed those order tickets.

The panel also concluded that JTF, Belesis and Castellano intimidated and harassed representatives who resigned by filing false Forms U5 indicating that the firm had a reasonable basis for investigating these individuals for serious misconduct, when this

was not the case. A Form U5 is filed by a securities firm with FINRA when an individual is terminated. Information from the Form U5 is publicly disclosed through BrokerCheck®, so providing false information undermines the integrity of the system. Moreover, the panel found that Belesis' threat to withhold a former representative's commission check unless he signed an amended employment contract and affidavit was coercive. In addition, the decision noted that Belesis provided false testimony to FINRA.

Unless the [hearing panel's decision](#) is appealed to FINRA's National Adjudicatory Council (NAC), or is called for review by the NAC, the hearing panel's decision becomes final after 45 days.

FINRA Hearing Panel Expels John Carris Investments and Bars CEO George Carris for Fraud

The Financial Industry Regulatory Authority (FINRA) announced that a FINRA hearing panel has expelled John Carris Investments, LLC (JCI) and barred CEO George Carris from the securities industry for fraud and suitability violations. The panel found that JCI and George Carris recklessly sold shares of stock and promissory notes issued by JCI's parent company using misleading statements and by omitting material facts. Andrey Tkatchenko, a registered representative, was suspended for two years and fined \$10,000 for recommending the stock and promissory notes without a reasonable basis. JCI and Carris were also expelled and barred for manipulating the price of Fibrocell stock. The panel found that JCI and Carris manipulated the price of Fibrocell stock through unfunded purchases of large blocks of the stock and pre-arranged trading accomplished through reported matched limit orders. Head Trader Jason Barter was suspended for 18 months, fined \$5,000 and must re-qualify to enter the securities industry for his role in the manipulation of the Fibrocell stock. The ruling resolves charges brought by FINRA's Department of Enforcement in September 2013.

The panel found that JCI and Carris fraudulently sold stock and notes in its parent company by not disclosing its poor financial condition. According to the decision, the firm and Carris omitted material facts in the Offering documents, including omissions in the Bridge Offering documents that JCI was out of net capital compliance. JCI should have ceased operating when it was out of net capital compliance, but instead it continued to sell Bridge Offering notes to investors and used the proceeds from sales of the Offerings to cure its net cap deficiency. Carris failed to inform investors that proceeds would be used to cure JCI's net cap deficiencies. He also omitted other material information from the Offering documents regarding how proceeds would be used. For instance, Carris used proceeds from the sales of the Offerings to pay for personal expenses such as purchases at liquor stores, clothing stores and dry cleaning. Carris also failed to remit hundreds of thousands of dollars in employee payroll taxes to the United States Treasury; although during the same time period, he paid dividends to investors in the Offerings.

The panel noted in its decision that it did not find Carris credible. For example, when confronted about emails pertaining to employee payroll taxes, Carris asserted he never received or read his emails, claiming that a friend set up a personal email account for him so that Carris could “get on the PlayStation and also some other games that I was playing at the time,” when in fact Carris used an iPhone to send emails.

In addition to the violations stated above, the panel found that JCI and George Carris kept inaccurate books and records, failed to remit payroll taxes for employees, maintained insufficient net capital, failed to implement its anti-money laundering policies and procedures, and failed to establish and enforce a reasonable supervisory system. The panel dismissed charges against Randy Hechler, the firm’s Chief Compliance Officer, related to supervisory violations that occurred during a time period unrelated to the above violations.

Unless the [hearing panel’s decision](#) is appealed to FINRA’s National Adjudicatory Council (NAC), or is called for review by the NAC, the hearing panel’s decision becomes final after 45 days.