

Disciplinary and Other FINRA Actions

Firms Expelled, Individuals Sanctioned

North Woodward Financial Corp. (CRD® #104097, Birmingham, Michigan) and Douglas Allen Troszak (CRD #2219763, Birmingham, Michigan). The firm was expelled from FINRA® membership and Troszak was barred from association with any FINRA member in any capacity. The Securities and Exchange Commission (SEC) sustained the sanctions following appeal of a National Adjudicatory Council (NAC) decision. The sanctions were based on findings that the firm and Troszak failed to respond completely to FINRA requests for information and documents. The findings stated that the firm and Troszak also failed to timely amend Troszak's Uniform Application for Securities Industry Registration or Transfer (Form U4) with material information about a federal tax lien that was filed against him.

This matter has been appealed to the U.S. Court for Appeals for the Sixth Circuit. The expulsion and bar are in effect pending review. ([FINRA Case #2010021303301](#))

Firms Suspended, Individuals Sanctioned

ACAP Financial Inc. (CRD #7731, Salt Lake City, Utah) and Gary Hume (CRD #1216949, Syracuse, Utah). The firm was fined \$100,000, and was required to revise its procedures and retain an independent consultant to review and approve them. The firm was also suspended from receiving and liquidating penny stocks for which no registration statement was in effect until it implemented appropriate procedures that the consultant approved. Hume was fined \$25,000, suspended from association with any FINRA member in any capacity for six months, and required to requalify before acting in any capacity requiring qualification. The decision was appealed to the U.S. Court of Appeals for the Tenth Circuit for review of the SEC order and the Court denied the petition for review. The SEC affirmed the sanctions the NAC imposed following the firm's and Hume's petition for review of the sanctions imposed. The firm and Hume stipulated to the findings of misconduct. The sanctions were based on findings that the firm, through a registered representative, sold 27 million unregistered shares of an entity to the public, resulting in proceeds of approximately \$46,000. The findings stated that the firm and Hume, as its compliance officer, failed to take adequate measures to prevent the registered representative from selling the unregistered shares to the public. The firm and Hume relied on the lack of a restrictive legend on the stock certificates and the clearance of the stock through the transfer agent in making the determination

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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).

that shares were freely tradable. The findings also stated that despite “red flags” that the stock sales may have been part of an illegal distribution, the firm and Hume failed to take steps to ensure that the registered representative ascertained the information necessary to determine whether the unregistered shares could be sold in compliance with Section 5 of the Securities Act of 1933. Hume failed to undertake any other due diligence to obtain information about the issuer of the securities. The findings also included that although Hume was responsible for creating and maintaining the firm’s written supervisory procedures (WSPs), the firm did not have written or formal procedures regarding restricted stock transactions or the receipt of stock certificates, given its business model. The firm’s procedures did not provide any guidance for determining whether the stock was freely tradable.

The suspension is in effect from August 3, 2015, through February 2, 2016. ([FINRA Case #2007008239001](#))

Firms Fined, Individuals Sanctioned

Rainmaker Securities, LLC ([CRD #132995](#), Chicago, Illinois) and **Glen Wayne Anderson** (CRD #5030000, Chicago, Illinois) submitted an Acceptance, Waiver and Consent (AWC) in which the firm was censured and fined \$125,000. Anderson was fined \$10,000 and suspended from association with any FINRA member in any principal capacity for two months. Without admitting or denying the findings, the firm and Anderson consented to the sanctions and to the entry of findings that they failed to enforce the firm’s WSPs relating to adequate due diligence for unregistered private offerings. The findings stated that the firm marketed and sold unregistered private placement securities offerings. With respect to the offerings, the firm, acting by and through Anderson, who was the responsible principal, failed to evidence that adequate due diligence was conducted. In addition, with respect to three of the offerings, the firm and Anderson failed to complete and maintain a private placement compliance checklist required by the firm’s WSPs as evidence of its due diligence. The findings also stated that the firm solicited the offerings to prospective investors with whom the firm did not have a pre-existing, substantive relationship. As a result, the firm engaged in general solicitations of each of the offerings in contravention of Section 5 of the Securities Act of 1933. In addition, the firm and Anderson failed to enforce the firm’s WSPs prohibiting general solicitations. The findings also included that the firm distributed communications with the public that were not fair and balanced, did not provide a sound basis for evaluating any facts relating to a particular security, and contain exaggerated, unwarranted and misleading statements. The firm’s marketing document failed to disclose, prominently or otherwise, the firm as the broker-dealer through which private placements would be offered and sold. The firm also failed to enforce related WSPs.

FINRA found that the firm allowed unregistered persons to engage in activity requiring registration and failed to enforce its WSPs requiring appropriate registration. The firm allowed a person who was not a registered principal to act in a principal capacity and failed to enforce related WSPs. The firm failed to register an office location as a branch office, failed to identify the office location as a branch office in its WSPs, and failed to describe when and how that branch office would be inspected. FINRA also found that the firm and Anderson failed to enforce compliance with its WSPs relating to customer suitability information. In addition, FINRA determined that the firm and Anderson failed to establish, maintain, and enforce written procedures that were reasonably designed to review and approve outside business activities as required by FINRA Rule 3270, and failed to enforce the firm's procedures—which were also outdated—by failing to require registered representatives to complete outside business activity forms related to outside business activities of which the firm was notified. The firm and Anderson failed to document or otherwise evidence that the analysis required by Rule 3270 had been conducted for outside business activities. The firm failed to timely disclose outside business activities on Forms U4 and failed to enforce its WSPs to ensure accurate reporting of outside business activities on its representatives' Forms U4.

Moreover, FINRA found that the firm failed to conduct an independent anti-money laundering (AML) test for 2012 and failed to enforce related WSPs. Furthermore, FINRA found that the firm failed to have WSPs that adequately addressed the review and approval, and the ongoing monitoring, of outside websites maintained by registered representatives hyperlinked from the firm's website, and failed to sufficiently document the review and approval of outside websites hyperlinked from the firm's website. The findings also stated that the firm failed to review Uniform Termination Notices for Securities Industry Registration (Forms U5) of newly hired registered representatives who had previously been registered with other FINRA member firms, and failed to enforce related WSPs. The findings also included that the firm and Anderson failed to implement and enforce reasonable WSPs relating to email review. The firm did not perform annual tests and reviews to verify compliance with, and assess the effectiveness of, the firm's correspondence policies and procedures, as required by its WSPs.

The suspension is in effect from August 3, 2015, through October 2, 2015. ([FINRA Case #2013035059001](#))

Firms Fined

Avenir Financial Group, Inc. (CRD #148490, New York, New York) submitted an AWC in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it allowed an individual to associate with the firm and engage in securities business despite being statutorily disqualified. ([FINRA Case #2013035129702](#))

Barclays Capital Inc. ([CRD #19714](#), New York, New York) submitted an AWC in which the firm was censured, fined \$52,500, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report S1 transactions in Trade Reporting and Compliance Engine® (TRACE®)-eligible corporate debt securities to TRACE within the time required by FINRA Rule 6730. The findings stated that the firm failed to capture the correct trade execution time for S1 transactions in TRACE-eligible corporate debt securities. As a result, the firm failed to report the correct trade execution time to TRACE, failed to report transactions within the time required by FINRA Rule 6730(a) to TRACE, and failed to show the correct execution time on the memoranda of brokerage orders. The findings also stated that the firm failed to report P1 transactions in TRACE-eligible corporate debt securities that it was required to report to TRACE, and failed to report the correct contra-party's identifier for P1 transactions in TRACE-eligible corporate debt securities to TRACE. The findings also included that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning timely and accurate reporting of TRACE-eligible securities. ([FINRA Case #2012033830301](#))

Barclays Capital Inc. ([CRD #19714](#), New York, New York) submitted an AWC in which the firm was censured, fined \$800,000, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that as the result of its failure to change the reporting logic in its order management system to comply with FINRA Regulatory Notice 09-08, the firm failed to identify the correct executing party on non-media clearing reports with other broker-dealers that were reported to the FINRA/Nasdaq Trade Reporting Facility® (FNTRF). The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning accurately reporting the executing party. ([FINRA Case #2012033725601](#))

BestVest Investments, Ltd. ([CRD #40302](#), Media, Pennsylvania) submitted an AWC in which the firm was censured, fined \$15,000 and ordered to pay \$2,132.31, plus interest, in restitution to a customer. 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 monitor transactions in leveraged, inverse and inverse-leveraged exchange-traded funds (non-traditional ETFs). The findings stated that the firm allowed its representatives to recommend and sell non-traditional ETFs to customers, but its WSPs did not address the sale or supervision of them. Despite the unique features and notable risk factors of non-traditional ETFs, the firm did not provide its representatives or supervisors with any training or other guidance specific to whether and when non-traditional ETFs might be appropriate for their customers. In addition, the firm did not use or make available to its supervisory personnel any reports or other tools to monitor transactions with respect to non-traditional ETFs, including the length of time that customers held open positions in non-traditional ETFs. ([FINRA Case #2014038906201](#))

BGC Financial, L.P. (CRD #19801, New York, New York) submitted an AWC in which the firm was censured, fined \$57,500, and required to provide a report to FINRA that describes the corrective action that the firm has completed and the ongoing corrective action the firm is in the process of completing. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securitized products and S1 transactions in TRACE-eligible corporate debt securities to TRACE within 15 minutes of the execution time. ([FINRA Case #2014040027501](#))

Canaccord Genuity Inc. (CRD #1020, New York, New York) submitted an AWC in which the firm was censured and fined \$8,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it entered separate quotations into an inter-dealer quotation system, which represented customer trading interest that was unsolicited by the firm, without meeting the minimum size requirements in FINRA Rule 6433. ([FINRA Case #2013035767901](#))

Cantor Fitzgerald & Co (CRD #134, New York, New York) submitted an AWC in which the firm was censured and fined \$55,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the correct time of execution for S1 corporate bond transactions to TRACE, and failed to report these same transactions to TRACE within 15 minutes of the execution time. The findings stated that the firm failed to show the correct execution time on the memoranda of these same brokerage orders. The findings also stated that the firm failed to report the correct execution time for transactions involving securitized products to TRACE, and failed to report a portion of the securitized products transactions to TRACE within 15 minutes of the execution time. The firm also failed to show the correct execution time on the memoranda for a portion of these same brokerage orders. ([FINRA Case #2014040985001](#))

Cantor Fitzgerald & Co. (CRD #134, New York, New York) submitted an AWC in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to implement policies and procedures that reasonably avoid displaying, or engaging in a pattern or practice of displaying, locking or crossing quotations in any over-the-counter (OTC) equity security. 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 FINRA Rule 6437. ([FINRA Case #2013038402001](#))

Capital One Sharebuilder, Inc. nka Capital One Investing, LLC (CRD #45744, Seattle, Washington) submitted an AWC in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to correctly report options positions to the Large Options Positions Report (LOPR) with the correct Clearing Member number. The findings stated

that the firm submitted options positions to the LOPR using a file name that differed from the firm's prior Options Clearing Corporation (OCC) LOPR submissions, which prevented the OCC from processing the LOPR position files, and caused the firm to fail to report any of its reportable options positions. All of the firm's positions, however, had been reported to the LOPR via its clearing firm's omnibus account. The findings also stated that the firm failed to aggregate certain accounts that were acting in concert (AIC) and consequently failed to report options positions. The firm's aggregation failures impacted AIC groups and accounts. The findings also included that the firm failed to maintain an adequate system of supervision, including systems of follow-up and review, which were reasonably designed to achieve compliance with the rules governing the reporting of options positions to LOPR. The firm also lacked sufficient WSPs relating to its reviews of rejected LOPR submissions, the accuracy of its LOPR submissions, and the identification and reporting of options positions appropriately as AIC. ([FINRA Case #2013036305501](#))

Credit Suisse Securities (USA) LLC ([CRD #816](#), New York, New York) submitted an AWC in which the firm was censured and fined \$22,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to provide written notification disclosing to its customer its correct capacity in transactions. The findings stated that the firm transmitted reports that contained inaccurate, incomplete or improperly formatted data to the Order Audit Trail System (OATS™). ([FINRA Case #2013035823001](#))

Crews & Associates, Inc. ([CRD #8052](#), Little Rock, Arkansas) 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 erroneously believed that the List Offering Price/Takedown special condition indicator (SCI) was only necessary for trades reported outside of the general 15-minute requirement. Consequently, between January 1, 2013, and December 31, 2013, the firm reported 197 List Offering Price/Takedown transactions to the Municipal Securities Rulemaking Board's (MSRB) Real-Time Transaction Reporting System (RTRS) within 15 minutes of execution, but without the required SCI. The findings stated that between October 1, 2013, and December 31, 2013, the firm incorrectly stated its capacity on 50 customer confirmations. In all instances, the firm incorrectly stated the capacity as "broker only" when the capacity should have been stated as "principal." The findings also stated that in 2012, the firm received a Letter of Caution with regards to inaccurate capacity reporting to the MSRB's RTRS. Although the firm corrected the trade reporting of its capacity, the firm never conducted any testing of the accuracy of its customer confirmations. The firm should have had controls in place to test its own confirmation process to ensure the accuracy of information on the confirmations and its compliance with MSRB Rule G-15. ([FINRA Case #2014039416301](#))

Ditto Trade, Inc. ([CRD #151915](#), Chicago, Illinois) submitted an AWC in which the firm was censured and fined \$30,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to conduct adequate

due diligence on so-called lead traders and signal services (i.e., market participants whose trading activity firm customers could copy) to ensure that they were registered as investment advisers or exempt from the registration requirements of the Investment Advisers Act of 1940. The findings stated that on 11 occasions, the firm failed to file required reports with FINRA in a timely manner. ([FINRA Case #2014039218101](#))

Estrada Hinojosa & Company, Inc. ([CRD #19299](#), Dallas, Texas) submitted an AWC in which the firm was censured, fined \$17,500 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the correct trade time to the RTRS in municipal securities transaction reports. The findings stated that the firm failed to report information regarding purchase and sale transactions effected in municipal securities to the RTRS in the manner prescribed by MSRB Rule G-14 RTRS Procedures and the RTRS Users Manual. Specifically, the firm failed to report information about such transactions within 15 minutes of trade time to an RTRS Portal. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and MSRB rules, concerning the accuracy of the firm's municipal trade reporting. ([FINRA Case #2012034609901](#))

First Southwest Company, LLC ([CRD #316](#), Dallas, Texas) submitted an AWC in which the firm was censured and fined \$450,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to deliver ETF prospectuses to its own customers at the time of delivery of the security in contravention of Section 5 of the Securities Act of 1933. The findings stated that the firm failed to establish, maintain and enforce an adequate supervisory system and WSPs to ensure that customers who purchased certain investment products were receiving a required prospectus. The findings also stated that the firm delayed notification of its prospectus delivery failures to the correspondent firms affected by the failures. The firm did not provide notice of the prospectus delivery failures to the correspondent firms until more than a year later. ([FINRA Case #2013038322901](#))

Freedom Investors Corp. ([CRD #23714](#), Brookfield, Wisconsin) submitted an Offer of Settlement in which the firm was censured and fined \$30,000. Without admitting or denying the allegations, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain and enforce a supervisory system designed to achieve compliance with Section 5 of the Securities Act of 1933, and adequate written procedures relating to due diligence required in connection with the deposit of securities (whether in certificate form or by Automated Customer Account Transfer Service (ACAT)) by its customers. The findings stated that the firm's WSPs did not adequately address customer deposits of securities and whether securities could be sold in compliance with Section 5 of the Securities Act of 1933. Nor did the WSPs in effect provide any guidance as to the nature or extent of the inquiry the firm was required to conduct to determine whether deposited securities could be sold in compliance with Section 5. The firm's WSPs did not

adequately specify either the information required to be reviewed, or the significance of such information in the context of determining whether securities could be sold in compliance with Section 5. While the firm obtained information relevant to determining whether securities could be sold in compliance with Section 5, it failed to perform any meaningful review or evaluation of such information. The findings also stated that the firm failed to implement an AML compliance program that was tailored to the firm's business and reasonably designed to detect and cause the reporting of suspicious transactions in compliance with the Bank Secrecy Act. More specifically, the firm failed to implement a system reasonably designed to detect and investigate AML red flags associated with the deposit and liquidation of low-priced securities. ([FINRA Case #2011025706401](#))

GETCO Execution Services LLC ([CRD #145021](#), Chicago, Illinois) nka **KCG Americas LLC** ([CRD #149823](#), Jersey City, New Jersey) submitted an AWC in which the firm was censured and fined \$380,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted reports to the Order Audit Trail System (OATS) that contained inaccurate, incomplete or improperly formatted data. The findings stated that the reports contained inaccurate Receiving Department IDs, which erroneously reported transactions as being "agency" transactions rather than "alternative trading system" transactions; and Special Handling Codes, which erroneously reported transactions omitting the "not held" designation. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and FINRA rules. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs regarding OATS reporting. ([FINRA Case #2013037552001](#))

John Hancock Funds, LLC ([CRD #28262](#), Boston, Massachusetts) 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 enforce its WSPs regarding the review of electronic communications. The firm does not have any retail customers and conducts nearly all of its electronic communications either internally or with selling firms that market its affiliated mutual funds. The findings stated that the firm's WSPs mandated, *inter alia*, the timely review of email, and required a review of all emails that were flagged for review based on a lexicon search and a random sample of emails. Due to an error in the application of a new vendor's lexicon searches, many more emails were flagged for supervisory review than in the previous system, which led to a backlog of flagged emails that the firm failed to review for more than a year. The findings also stated that the firm's WSPs required that the compliance department would review emails that were escalated for second-level review each month. The WSPs mandated documentation of that second-level review; however, there was no documentation of the second-level review of these emails. ([FINRA Case #2013035036101](#))

J.P. Morgan Clearing Corp. (CRD #28432, Brooklyn, New York) submitted an AWC in which the firm was censured, fined \$500,000 and required to provide FINRA with a written certification that the firm's systems, policies and procedures regarding the preparation and filing of customer margin balance forms are reasonably designed to ensure compliance with FINRA Rule 4521. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that the firm inaccurately reported the total of its customer debit balances in securities margin accounts, and the total of its customer free credit balances in cash accounts and securities margin accounts. Previously, the firm inaccurately reported such information to the New York Stock Exchange (NYSE). The findings stated that the firm's systems for preparing the required FINRA Rule 4521(d) reports on the information and its written procedures were inadequate. The systems had not kept pace with changes in the firm's business over the years. The firm used a management information systems report (MIS report) that "mapped" accounts as customer or non-customer accounts using account prefixes. Over time, the firm did not adjust the account mapping for the MIS report to reflect alterations in the firm's business. Apart from the mapping issue, certain computer files used to calculate margin balances contained flaws in logic that caused the firm to misidentify certain account balances. As a result of the problems with the MIS report and the firm's computer files, there were several areas in which the firm had erroneously excluded balances from its calculations and also erroneously included balances that should have been excluded. The findings also stated that the firm became concerned that the totals it had reported under Rule 4521(d) (\$65.6 billion) were disproportionately high compared to the industry as a whole. The firm self-reported the matter to FINRA and subsequently provided certain corrected figures at FINRA's request as to each of the balances in question. The firm then implemented new systems and procedures for preparation of its Rule 4521 reports. The firm self-reported that it had incorrectly excluded two additional categories of balances from its Rule 4521 report for several monthly reports, reported that it failed to include margin debit balances from a set of approximately 40 customer accounts serviced from a particular branch, and reported that it incorrectly excluded certain balances that were considered customer balances although they belonged to affiliates. However, while comparing and validating information obtained from its new system that the firm had installed for preparing the Rule 4521 report, firm personnel failed to make certain manual adjustments to the reported balances for the two additional categories as required under the new system. The firm's written procedures failed to provide adequate guidance as to the specific manual steps that were required, and this caused firm personnel to fail to make the required manual adjustments. As a result, the firm failed to establish, maintain and enforce adequate WSPs. The firm failed to establish and maintain an adequate system to supervise firm personnel with respect to determining correctly which balances should be reported under Rule 4521(d) and which should be excluded. The firm has since put in place a new system that replaced the MIS report.

The findings also included that the firm's written procedures were inadequate. The firm WSPs did not provide any guidance as to what groups within the firm should be responsible for preparing the Rule 4521(d) report, what role such groups should play, and how the necessary information should be obtained. The procedures also did not provide substantive guidance for determining which balances should be included or excluded, nor did they address the responsibility of firm personnel with regard to understanding and reconciling month-to-month fluctuations in the reported balances. The firm put in place various new written procedures to address these deficiencies. ([FINRA Case #2013036767101](#))

J.P. Morgan Securities LLC ([CRD #79](#), New York, New York) submitted an AWC in which the firm was censured, fined \$47,500 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted reports that contained inaccurate, incomplete or improperly formatted data to OATS. The firm also failed to transmit Reportable Order Events (ROEs) to OATS. The findings stated that on six occasions, the firm failed to provide written notification disclosing to its customer its correct capacity in the transaction. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs concerning OATS reporting. ([FINRA Case #2013035824701](#))

J.P. Turner & Company, L.L.C. ([CRD #43177](#), Atlanta, Georgia) submitted an AWC in which the firm was censured and fined \$22,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report information regarding purchase and sale transactions in municipal securities to the RTRS in the manner prescribed by MSRB Rule G-14 RTRS Procedures and the RTRS User Manual. Specifically, the firm failed to report information about such transactions within 15 minutes of the trade time to an RTRS Portal. The findings stated that the firm failed to accurately report the correct trade time to the RTRS in transactions of customer transactions in municipal securities. The findings also stated that the firm failed to report information regarding customer transactions in municipal securities to the RTRS in the manner prescribed by MSRB Rule G-14 RTRS Procedures and the RTRS User Manual. Specifically, the firm failed to report information about such transactions within 15 minutes of the trade time to an RTRS Portal. ([FINRA Case #2014040171801](#))

K.C. Ward Financial ([CRD #145135](#), Ronkonkoma, New York) submitted an AWC in which the firm was censured and fined \$16,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted Combined/Order Execution Reports to OATS that contained inaccurate, incomplete or improperly formatted data. The findings stated that the firm failed to execute orders fully and promptly. In one transaction for or with a customer out of the above referenced instances, the firm failed to use reasonable diligence to ascertain the best inter-dealer market, and buy or sell in such market so that the resultant price was as favorable as possible under the

prevailing market conditions. The firm paid full restitution in the amount of \$886.80 for this instance. The firm also failed to show the correct order receipt time on the memoranda of brokerage orders. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning OATS reporting and handling and executing customer market orders fully and promptly. ([FINRA Case #2012034619501](#))

Legend Securities, Inc. (CRD #44952, New York, New York) submitted an AWC in which the firm was fined \$5,000. Without admitting or denying the findings, the firm consented to the sanction and to the entry of findings that it transmitted Combined/Order Execution Reports that contained inaccurate, incomplete or improperly formatted data to OATS. The findings stated that the firm reported Combined Order/Route Reports that it was not required to submit. ([FINRA Case #2013036005701](#))

Maxim Group LLC (CRD #120708, New York, New York) submitted an AWC in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report S1 transactions in TRACE-eligible corporate debt securities to TRACE within 15 minutes of the execution time. ([FINRA Case #2014041197501](#))

NFP Advisor Services, LLC (CRD #42046, Austin, Texas) submitted an AWC in which the firm was censured and fined \$500,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to supervise private securities transactions of registered representatives who were dually registered with the firm and a registered investment adviser (RIA). The findings stated that the firm learned during a FINRA examination that one of its registered representatives was recommending "managed accounts" and "alternative investments" through his outside RIA, which was an undisclosed business. Thereafter, the registered representative disclosed to the firm that he was managing an investment fund as an outside business activity. The firm did not adequately investigate red flags or follow-up on the disclosure to ensure that he was not engaging in private securities transactions in violation of NASD Rule 3040. As a result of the firm's failure to investigate the registered representative's outside activities, the firm failed to identify his participation in private securities transactions and failed to supervise his participation in those transactions. The firm also failed to supervise the advisory activity of 79 registered representatives who were dually registered with the firm and 14 RIAs. These 14 RIAs had more than \$3 billion in assets under management, a portion of which was under the management of the 79 registered representatives. The firm failed to comply with its responsibilities to supervise these representatives' participation in the transactions as if the transactions were executed on the member's behalf. The firm failed to record these transactions on its books and records. As a result, the firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with Rule 3040.

The findings also stated that the firm failed to preserve securities-related emails registered representatives sent and received through unmonitored email addresses. The firm had corresponded with these registered representatives through these unmonitored email addresses, but failed to investigate whether the firm approved and monitored the email addresses. The firm failed to have a supervisory system that was designed to ensure that all of its representatives' securities-related emails were being properly preserved. The findings also included that the firm either knew, or should have known, about three separate securities-related websites that one of its registered representatives maintained and operated, and failed to provide principal approval of the advertising statements contained on these websites. The firm further failed to maintain a record of the communications on these websites.

FINRA found that the firm failed to timely amend Forms U4 of its registered representatives, and failed to correct Forms U4 that it knew were incomplete or inaccurate despite notice thereof. In each of these instances, the firm's registered representatives had properly disclosed their participation in an outside business activity. FINRA advised the firm of its deficiencies in timely filing Form U4 amendments for outside business activities. Despite having actual knowledge of these deficiencies, the firm had failed to file U4 amendments for more than four months after FINRA advised the firm of this issue. Although the firm increased its efforts to encourage registered representatives to report their outside business activities with the implementation of FINRA Rule 3270, it failed to properly scrutinize these disclosures to ensure that all actual outside business activities were being properly disclosed on a Form U4 amendment. The firm maintained a manual system for reviewing disclosures and filing Form U4 amendments that was susceptible to human error, and did not have a supervisory system in place that was reasonably designed to ensure compliance with its Form U4 reporting obligations. ([FINRA Case #2011025618702](#))

optionsXpress, Inc. (CRD #103849, Chicago, Illinois) submitted an AWC in which the firm was censured and fined \$165,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to adjust the price or number of shares on numerous open orders received from the firm's customers involving a security that was subject to a dividend, payment, or distribution prior to executing or permitting the order to be executed. The findings stated that the firm failed to disclose to its customers that it had a practice of not adjusting open orders and affirmatively disclosed that it would adjust open orders pursuant to Rule 5330, despite its ongoing practice not to adjust open orders. The findings also stated that the firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with the applicable securities laws and regulations, and NASD® and FINRA rules, concerning the adjustment of open orders subject to a dividend, payment or distribution, and its practice of not adjusting open orders pursuant to the requirements of NASD Rule 3220 and Rule 5330. In addition, the firm's supervisory system did not include sufficient WSPs providing for compliance with Rule 3220 and Rule 5330. ([FINRA Case #2013038427401](#))

RBC Capital Markets Arbitrage, S.A. ([CRD #121263](#), New York, New York) submitted an AWC in which the firm was censured, fined \$25,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to transmit ROEs to OATS. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and FINRA rules. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs regarding OATS reporting. ([FINRA Case #2013037784901](#))

RBC Capital Markets, LLC ([CRD #31194](#), New York, New York) submitted an AWC in which the firm was censured, fined \$450,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to transmit ROEs to OATS. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and FINRA rules. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs regarding OATS reporting. ([FINRA Case #2013037784601](#))

RBS Securities Inc. ([CRD #11707](#), Stamford, Connecticut) submitted an AWC in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securitized products to TRACE within the time required by FINRA Rule 6730. ([FINRA Case #2014040026001](#))

Ridgeway & Conger, Inc. ([CRD #113055](#), New Woodstock, New York) submitted an AWC in which the firm was censured, fined \$45,000 and required to address its supervisory violations. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report information regarding purchase and sale transactions effected in municipal securities to the RTRS in the manner prescribed by MSRB Rule G-14 RTRS Procedures and the RTRS Users Manual. The findings stated that the firm failed to report information about such transactions within 15 minutes of the trade time to an RTRS Portal. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and MSRB rules, concerning municipal securities reporting. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs regarding municipal securities reporting. The findings also included that the firm failed to report transactions in TRACE-eligible securitized products to TRACE in a timely and accurate manner. The firm failed to report the correct execution time for these transactions. The firm also failed to show the correct execution time on the memoranda of brokerage orders. FINRA found that the firm failed to enforce its WSPs, which required the firm to review TRACE Quality of Markets Report Cards on a monthly basis to confirm that the firm is properly reporting transactions in TRACE-eligible securitized products. ([FINRA Case #2013036941601](#))

Stock USA Execution Services, Inc. ([CRD #107403](#), Carmel, New York) submitted an AWC in which the firm was censured and fined \$35,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that the firm failed to demonstrate appropriate principal approval of certain advertising materials, including communications on the firm's websites and social media accounts, and in webinars. The findings stated that the firm's websites and social media accounts contained exaggerated, misleading and/or unwarranted statements. The findings also stated that the firm failed to enforce its WSPs concerning registered representatives' outside securities accounts and registered representatives' use of personal email accounts to communicate with customers. The firm's chief compliance officer (CCO) failed to conduct an adequate review of transactions in outside securities accounts registered representatives held at the firm's branch office, and failed to send instructions to the outside brokerage firms advising that duplicate statements should be sent to the firm's compliance department. The CCO permitted the branch manager to review and approve his own outside brokerage account statements. The findings also included that the firm should have taken steps to investigate representatives using outside email accounts to communicate with customers. The firm failed to investigate the representatives' use of outside email accounts and failed to prevent the representatives from using these outside email accounts or to have the accounts registered with the firm. ([FINRA Case #2013035136402](#))

Transamerica Financial Advisors, Inc. ([CRD #16164](#), St. Petersburg, Florida) submitted an AWC in which the firm was censured; fined \$85,000; ordered to pay \$51,066.08, plus interest, in restitution to customers; certify it has corrected its systems and procedures with respect to the sale of non-traded real estate investment trusts (REITs) and business development companies (BDCs); and review all non-traded REIT and BDC sales it made during the relevant period and certify that it has identified all transactions for which a customer did not receive the volume discount for which it was eligible. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to identify and apply volume discounts to certain customers' eligible purchases of non-traded REITs and BDCs, resulting in customers paying excessive sales charges of approximately \$51,000. The findings stated that the firm failed to establish, maintain and enforce a supervisory system and WSPs with respect to the sale of non-traded REITs and BDCs. The firm did not have procedures in place reasonably designed to identify accounts that would be eligible for volume discounts. The firm relied on its associated persons to ensure its customers received the volume discounts to which they were entitled, but failed to provide adequate guidelines, instructions, or policies for its associated persons and supervisors to follow to determine whether a customer's purchase qualified for a volume discount and to ensure that the customer was made aware of the available discount. ([FINRA Case #2014042291801](#))

TradeStation Securities, Inc. ([CRD #39473](#), Plantation, Florida) submitted an AWC in which the firm was censured and fined \$55,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that on

settlement dates between June 30, 2008, and January 15, 2013, the firm failed to report short interest positions and inaccurately reported positions. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with NASD Rule 3360 and FINRA Rule 4560. ([FINRA Case #2010024215801](#))

Two Sigma Securities, LLC ([CRD #148960](#), New York, New York) submitted an AWC in which the firm was censured, fined \$20,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce written policies and procedures reasonably designed to prevent the execution or display of a non-exempt short sale in a security subject to a short sale circuit breaker at a price at or below the national best bid. The findings stated that the firm executed short exempt transactions and failed to report these transactions to the trade reporting facility with a short exempt modifier. ([FINRA Case #2013036584701](#))

UBS Securities LLC ([CRD #7654](#), New York, New York) submitted an AWC in which the firm was censured, fined \$67,500 and required to provide reports to FINRA concerning the implementation and effectiveness of the firm's systems, policies, and procedures, and training to address supervision deficiencies to ensure that the firm is in compliance with Rule 605 of Regulation NMS. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted OATS reports concerning orders that contained inaccurate, incomplete or improperly formatted data. The findings stated that for one month, the firm made available a report on the covered orders in national market system securities that it received for execution from any person. This report included incorrect information for multiple data categories concerning certain securities in at least five classification areas pertaining to market orders. The firm misclassified two orders on one day for purposes of reporting covered orders in national market system securities that it received for execution. The findings also included that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations and FINRA rules. The firm's WSPs failed to provide for the minimum requirements for adequate WSPs regarding Rule 605 of Regulation NMS. ([FINRA Case #2013035821901](#))

Voya Financial Advisors, Inc. ([CRD #2882](#), Des Moines, Iowa) submitted an AWC in which the firm was censured; fined \$325,000; ordered to pay \$41,853.20, plus interest, in restitution to customers; required to submit a report that it has corrected its systems and procedures with respect to the sale of unit investment trusts (UITs) and non-traded REITs and BDCs, and required to review all non-traded REIT and BDC sales it made during the relevant period and certify that it has identified all transactions for which a customer did not receive the volume discount for which it was eligible. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to identify and apply volume discounts to certain customers' eligible purchases of non-traded REITs and BDCs, resulting in customers paying excessive sales charges of approximately

\$42,000. The findings stated that the firm failed to establish, maintain, and enforce a supervisory system and WSPs with respect to the sale of non-traded REITs and BDCs. The firm did not have procedures in place reasonably designed to identify accounts that would be eligible for volume discounts. The firm relied on its associated persons to ensure its customers received the volume discounts to which they were entitled, but failed to provide adequate guidelines, instructions, or policies for its associated persons and supervisors to follow to determine whether a customer's purchase qualified for a volume discount and to ensure that the customer was made aware of the available discount.

The findings also stated that the firm failed to identify and apply sales charge discounts to certain customers' eligible purchases of UITs. Specifically, the firm failed to apply sales charge discounts to 1,868 eligible UIT purchases, resulting in customers paying excessive sales charges of approximately \$322,000. The firm has paid restitution to all affected customers. The findings also included that the firm failed to establish, maintain and enforce a supervisory system and WSPs reasonably designed to ensure customers received sales charge discounts on all eligible UIT purchases. The firm did not have any written procedures for determining whether a UIT purchase was eligible for a sales charge discount, and failed to identify anyone responsible for reviewing UIT transactions for the appropriate application of sales charge discounts. ([FINRA Case #2014042939401](#))

W.R. Hambrecht + Co., LLC (CRD #45040, San Francisco, California) submitted an AWC in which the firm was censured and fined \$25,000. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. 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 reasonable supervisory system, including written procedures, to supervise the activities or the securities business of firm registered representatives employed by another company but registered with the firm. The findings stated that the firm failed to tailor its WSPs to the specific nature of the company's online private placement business that was reasonably designed to achieve compliance with applicable securities laws and rules, and NASD and FINRA rules. The firm did not revise its written procedures or implement any written procedures that addressed any aspect of its relationship with the company, including with respect to supervision and serving as the company's registered broker-dealer. The firm also failed to establish written due diligence procedures or processes to cover the specialized work of the company in connection with the private placement offerings listed on the company's online platform and effected by the firm. The company offered private placements through the firm under Rule 506 of Regulation D of the Securities Act of 1933, and raised more than \$5.5 million for 16 companies. The findings also stated that the firm allowed the registrants to use non-firm email accounts for business-related emails, which were not being copied or forwarded to the firm. As a result, the firm failed to both retain emails and conduct review of emails that the registrants sent and received. ([FINRA Case #2012032409501](#))

Individuals Barred or Suspended

Christopher Lawrence Anderson ([CRD #4799519](#), Wantagh, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Anderson failed to respond in a fully and timely manner to FINRA requests for information, and failed to appear for FINRA-requested testimony. ([FINRA Case #2014040182902](#))

Jeffrey Howard Auerbach ([CRD #2366401](#), New York, New York) submitted an AWC in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for 90 days. Without admitting or denying the findings, Auerbach consented to the sanctions and to the entry of findings that he participated in private securities transactions totaling \$218,000 without first seeking and receiving his member firm's written approval. The findings stated that Auerbach attested on compliance questionnaires that he did not participate in any private securities transactions outside of the firm.

The suspension is in effect from July 20, 2015, through October 17, 2015. ([FINRA Case #2014039856801](#))

Malcolm Jamal Babin ([CRD #5387332](#), Gonzales, Louisiana) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Babin consented to the sanction and to the entry of findings that he failed to provide FINRA with requested documents and information during the course of an investigation into allegations that he converted non-firm customer funds and engaged in undisclosed outside business activities. ([FINRA Case #2015045487601](#))

Ingrid Mourice Bachelor ([CRD #4512454](#), Lantana, Florida) submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Bachelor consented to the sanctions and to the entry of findings that she engaged in discretionary trading when she effected several securities transactions in a customer's account without having obtained the customer's prior written authorization to exercise discretion, and her member firm's prior written acceptance of the account as discretionary. The findings stated that although the customer had authorized Bachelor to make those purchases, Bachelor failed to speak with her customer about them on the same days the transactions took place. Bachelor's firm prohibited discretionary trading in its customer accounts.

The suspension was in effect from July 20, 2015, through July 31, 2015. ([FINRA Case #2014043838001](#))

Jacklyn M. Belbeck ([CRD #5579421](#), Jacksonville, Florida) submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Belbeck consented to the sanctions and to the entry of findings that she engaged in a check-kiting scheme whereby she wrote nine checks totaling \$3,200 from two personal banks accounts knowing that she had insufficient funds to cover those checks. The findings stated that all nine checks were returned to her due to insufficient funds. Less than a week after she wrote the bad checks, Belbeck deposited sufficient funds into her bank accounts to clear the deficits the check-kiting scheme had created. After discovering Belbeck's conduct, her member firm terminated her registration.

The suspension is in effect from July 6, 2015, through October 5, 2015. ([FINRA Case #2014043405201](#))

Max Casper Belcher ([CRD #817289](#), Centennial, Colorado) 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, Belcher consented to the sanctions and to the entry of findings that he cut a customer's signature from one variable annuity replacement form and pasted it onto another. The findings stated that Belcher maintained four forms in his office files that contained the four different customers' signatures but were otherwise blank. The WSPs of Belcher's member firm stated that representatives may not have customers sign blank forms under any circumstance. The findings also stated that on Belcher's 2013 annual compliance questionnaire, he incorrectly attested that he had not asked customers to sign blank forms, and had reviewed all documents requiring a customer's signature prior to the customer signing such documents.

The suspension is in effect from August 3, 2015, through February 2, 2016. ([FINRA Case #2014041985201](#))

Brian Michael Berger ([CRD #3208127](#), Coral Springs, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Berger consented to the sanction and to the entry of findings that he failed to provide FINRA with requested documents and information, and refused to appear and provide on-the-record testimony, during an investigation into allegations that he had misappropriated elderly customers' funds while he was registered with his member firms. ([FINRA case #2015045725201](#))

Kelly R. Brantley ([CRD #4361364](#), Nokomis, Florida) submitted an AWC in which she was suspended from association with any FINRA member in any capacity for one month. In light of Brantley's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Brantley consented to the sanction and to the entry of findings that she obtained three signed and dated, but otherwise blank forms from three customers.

The findings stated that the forms were maintained in client files kept at Brantley's office location and included an automated clearing house (ACH) form, an income rider form and an ACAT form. Brantley's member firm had WSPs that she acknowledged, expressly requiring that all firm forms be fully completed prior to a client affixing his or her signature. Prior to this, Brantley received a Cautionary Action letter from FINRA cautioning her that she had improperly completed firm documents while working at a member firm, which she had received from a customer signed, but otherwise blank.

The suspension was in effect from August 3, 2015, through September 2, 2015. ([FINRA Case #2014041932201](#))

John Allen Brown (CRD #1240558, Sherburne, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Brown consented to the sanction and to the entry of findings that he failed to cooperate with a FINRA investigation by announcing his intention not to appear for testimony in connection with the investigation involving allegations that he borrowed \$220,000 from a customer without disclosing the loan arrangement to his member firm. ([FINRA Case #2015045466201](#))

Thomas Joseph Buck (CRD #1024868, Carmel, Indiana) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Buck consented to the sanction and to the entry of findings that he willfully committed fraud in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The findings stated that Buck not only failed to fully assess the suitability of the fee structure for certain clients, but decided to use commission-based accounts when he knew that it would have been less expensive for those clients to maintain fee-based accounts. In some instances, clients paid substantially more in commissions than they would have paid in fee-based accounts. Buck also misled clients about the potential advantages of using fee-based accounts in order to keep the clients in higher-cost commission-based accounts. The findings also stated that Buck made unauthorized trades and exercised discretion in certain customer accounts without the customers' or his member firm's prior written authorization. ([FINRA Case #2015044745701](#))

Richard Allen Buhr (CRD #502262, Plandome, 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 three months. Without admitting or denying the findings, Buhr consented to the sanctions and to the entry of findings that he willfully failed to disclose multiple federal tax liens on his Form U4.

The suspension is in effect from August 3, 2015, through November 2, 2015. ([FINRA Case #2014040861301](#))

Franklin Delano Butler Jr. (CRD #4528224, Mechanicsville, Virginia) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Butler consented to the sanctions and to the entry of findings that he caused his member firm's books and records to be inaccurate by instructing registered representatives to sign their names as the brokers of record on customers' variable annuity applications, even though the representatives did not substantially participate in the sales of the annuities to the customers. The findings stated that Butler did this in order to help the registered representatives meet their sales quotas. One of the representatives wrote a personal check to Butler for approximately \$7,642, the entire amount of the commission that he received related to the variable annuity sale.

The suspension was in effect from August 3, 2015, through August 21, 2015. ([FINRA Case #2011026121803](#))

Craig Shelby Canton (CRD #4313508, 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 14 months. Without admitting or denying the findings, Canton consented to the sanctions and to the entry of findings that he willfully failed to amend his Form U4 to reflect that the New York State Department of Labor had issued a notice of determination finding that he had made willful misrepresentations regarding his receipt of unemployment benefits to which he was not entitled.

The suspension is in effect from August 3, 2015, through October 2, 2016. ([FINRA Case #2013038835201](#))

William Francis Cappel (CRD #860608, Klamath Falls, Oregon) 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, Cappel consented to the sanctions and to the entry of findings that he improperly signed the name of his mother, who also was his customer, on documents in order to effectuate transactions in her account. The findings stated that Cappel signed documents with his mother's signature as an accommodation to her. However, the policies of Cappel's member firm specifically prohibited signing a customer's name or initials.

The suspension is in effect from July 6, 2015, through October 5, 2015. ([FINRA Case #2014042891801](#))

Christine Kwan-Fun Chiou (CRD #5875670, New York, New York) submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 60 business days. Without admitting or denying the findings, Chiou consented to the sanctions and to the entry of findings that she failed to disclose her financial interest in the securities of the subject company in approximately 166 research reports she worked on as a research analyst. The findings stated that these

research reports constituted communications with the public that omitted a material fact, which caused them to be misleading, and failed to provide a sound basis for evaluating the facts regarding the securities.

The suspension is in effect from July 20, 2015, through October 12, 2015. ([FINRA Case #2013037822301](#))

Charles Homer Clark Jr. (CRD #5367693, Indianapolis, Indiana) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Clark consented to the sanctions and to the entry of findings that Clark and another representative of his member firm borrowed \$100,000 from a customer to fund the operations of an outside entity. The findings stated that Clark failed to notify his firm or obtain written permission prior to borrowing money from his customer, and inaccurately denied having borrowed any money on his firm's compliance questionnaire. The customer filed a complaint with the firm due to Clark's and the representative's failure to make full repayment of the loan on a timely basis.

The suspension is in effect from July 20, 2015, through October 19, 2015. ([FINRA Case #2015044377401](#))

Denise Francine-Louise Daniel (CRD #6387224, Merritt Island, Florida) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Daniel consented to the sanction and to the entry of findings that she refused to provide FINRA-requested documents and information during the course of its investigation into allegations that she misappropriated \$16,300 from a customer's bank account. ([FINRA Case #2015045613801](#))

Dominick Anthony Del Duca (CRD #2876397, Sloatsburg, New York) submitted an AWC in which he was suspended from association with any FINRA member in any principal capacity for 75 days. In light of Del Duca's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Del Duca consented to the sanction and to the entry of findings that while serving as his member firm's AML compliance officer (AMLCO) and CCO, he failed to establish and implement a supervisory system, including written procedures, tailored to the firm's primary business line of extending direct market access (DMA) to domestic and foreign active-traders, including foreign financial institutions. The findings stated that the firm's measures were not reasonably designed to identify suspicious or potentially manipulative trading activity. In particular, the reliance on a manual real-time review by a principal to detect suspicious activity was entirely unreasonable given the number and frequency of DMA customer orders processed daily. The findings also stated that Del Duca, as AMLCO, was responsible for implementing and enforcing his firm's AML compliance program procedure but failed to ensure that the required periodic reviews were conducted.

The suspension is in effect from July 20, 2015, through October 2, 2015. ([FINRA Case #2008013749202](#))

Robert Michael Diehl ([CRD #5033270](#), Murphysboro, 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 45 days. Without admitting or denying the findings, Diehl consented to the sanctions and to the entry of findings that although the specific equity indexed annuity (EIA) product he sold to customers of his member firm was an approved product of the firm, Diehl did not submit the applications through the firm as its policies and procedures required. The findings stated that rather than having the customers complete the firm's non-broker account application and submit the completed forms to his supervisor, Diehl submitted the customers' EIA applications directly to EIA issuer, thereby bypassing the firm's supervisory review and approval of the sales. Diehl did not disclose to the firm that he had made these sales, and did not receive the firm's permission for these sales. The issuer of the EIA paid Diehl approximately \$55,500 in commissions on these sales.

The suspension was in effect from July 20, 2015, through September 2, 2015. ([FINRA Case #2015044028001](#))

George Lemuel Divel III ([CRD #3102446](#), Baltimore, Maryland) 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, Divel consented to the sanctions and to the entry of findings that he willfully failed to amend his Form U4 to disclose a civil judgment in the amount of \$523,093.47.

The suspension is in effect from August 3, 2015, through November 2, 2015. ([FINRA Case #2014041510701](#))

Jonah Engler ([CRD #4216259](#), New York, New York) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Engler consented to the sanction and to the entry of findings that he recklessly misrepresented material facts to his customers regarding senior secured zero-coupon notes issued by a company in a private placement offering, in willful violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Engler, along with other individuals, fraudulently sold a total of nearly \$3 million worth of the notes to 59 customers. The findings stated that Engler recklessly misrepresented that the notes were collateralized and that the collateral was of sufficient value to secure an investment in the notes, when in fact, there was not any collateral for them. Engler, having failed to confirm that the collateral existed and that the supposed collateral had any value, recklessly misrepresented to prospective purchasers that their investments would be adequately secured by collateral. The findings also stated that Engler recklessly failed to conduct a reasonable investigation of the viability and legitimacy of the company in the face of numerous red flags that the company was a fraud. Engler failed to obtain basic information about the company that was necessary to the due diligence process in order to understand an investment in it. Without such information, Engler lacked a reasonable basis to recommend the notes to investors. The investors lost all of the money that they invested

in the notes, with the exception of three investors who were repaid with funds from new investors. ([FINRA Case #2010024522103](#))

Randy E. Eskenazi (CRD #2993922, Brewster, New York) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the findings, Eskenazi consented to the sanctions and to the entry of findings that he failed to inform customers that there would be a surrender charge for the liquidation of variable annuities. The findings stated that Eskenazi assisted the customers in liquidating variable annuities that they held with another firm and transferring the funds to his member firm. This resulted in the customers paying surrender charges totaling \$15,492.34. During the firm's investigation into the surrender charges the customers paid, Eskenazi made false and misleading statements to the firm regarding the liquidations and what he had stated to the customers about the surrender charges.

The suspension is in effect from August 3, 2015, through August 2, 2016. ([FINRA Case #2014041641801](#))

Daniel Oluf Fiala (CRD #5560978, Cohasset, Minnesota) submitted an AWC in which he was fined \$2,500 and suspended from association with any FINRA member in any capacity for 10 business days. In assessing the fine amount, FINRA gave consideration to a previous monetary sanction Fiala's firm had imposed. Without admitting or denying the findings, Fiala consented to the sanctions and to the entry of findings that he executed an unauthorized transaction in a customer's account. The findings stated that Fiala submitted a withdrawal request from the customer's cash account and transferred the money to the customer's variable annuity, wherein those funds were invested in new sub-account allocations Fiala made, without the customer's authorization.

The suspension was in effect from August 3, 2015, through August 14, 2015. ([FINRA Case #2014041120601](#))

Vikas Goel (CRD #3165104, Chino Hills, California) submitted an Offer of Settlement in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the allegations, Goel consented to the sanctions and to the entry of findings that he falsified customer documents by obtaining and maintaining pre-signed customer forms. The findings stated that Goel obtained customer signatures on one set of documents and then copied the signature pages and used them for multiple sets of documents for the same customer while transferring customer accounts to his member firm from his former member firm. Goel maintained pre-signed account transfer documents, as well as other documents requiring a customer's signature, in his files throughout his employment with the firm. At times, Goel submitted forms to the firm for processing utilizing the pre-signed document combined with later-completed portions of the document. His firm conducted an unannounced audit of Goel's branch office files and discovered the documents that were either blank forms pre-signed by a customer or forms completed using an earlier obtained signature.

The suspension is in effect from August 17, 2015, through February 16, 2016. ([FINRA Case #2011029287801](#))

Dylan Patrick Grayson (CRD #5404044, Plano, Texas) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Grayson consented to the sanction and to the entry of findings that he failed to provide FINRA-requested testimony during the course of an investigation into allegations that he used a customer's credit card to make purchases for his own personal benefit. ([FINRA Case #2015045031002](#))

Jeffery Karl Hobgood (CRD #726181, Lubbock, Texas) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Hobgood consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose a tax lien.

The suspension is in effect from July 20, 2015, through January 19, 2016. ([FINRA Case #2014039092901](#))

Kenneth Hornyak (CRD #2990144, Traverse City, Michigan) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hornyak consented to the sanction and to the entry of findings that he refused to appear for an on-the-record interview in connection with FINRA's investigation into Hornyak's potential discretionary trading, unauthorized trading and unsuitable short-term trading in UITs. ([FINRA Case #2013038511901](#))

Chaim Ilowitz (CRD #6035241, Brooklyn, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Ilowitz consented to the sanction and to the entry of findings that he willfully failed to timely disclose his Chapter 7 bankruptcy filing on his Form U4. The findings stated that Ilowitz also failed to cooperate with FINRA's requests for documents, information and on-the-record testimony during the course of its investigation into his resignation from his member firm. ([FINRA Case #2014040575801](#))

Raymond James Jackson Jr. (CRD #3257907, Westerville, Ohio) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Jackson consented to the sanctions and to the entry of findings that he engaged in business activities for compensation outside the scope of his business relationship with his member firm without providing the firm with written notice of these activities as FINRA rules and his firm's written procedures required. The findings stated that Jackson sold EIAs valued at more than \$2 million to members of the public, some of whom were firm customers, and received compensation for these sales of at least \$150,000 in the form of commissions. Jackson inadvertently failed to disclose in writing that he was engaged in selling EIAs on the firm's annual compliance certifications.

The suspension is in effect from July 20, 2015, through November 19, 2015. ([FINRA Case #2013038565401](#))

Ming Jiang (CRD #5957289, Flushing, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Jiang consented to the sanction and to the entry of findings that he made cash withdrawals totaling \$47,000 in amounts of \$10,000 or less in order to avoid filing a currency transaction report (CTR). The findings stated that Jiang made the withdrawals from a personal account that he maintained at his employer, an affiliate bank of his member firm. Jiang's structured withdrawals violated the bank's policies that required employees to handle personal finances responsibly, with integrity, and in compliance with the law. ([FINRA Case #2015044366801](#))

John Pope Jones (CRD #1463744, Atlanta, Georgia) submitted an AWC in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Jones consented to the sanctions and to the entry of findings that he engaged in unsuitable trading in a customer's account by recommending purchases of speculative private placements of securities, which were not consistent with the customer's investment objectives, financial situation and needs, resulting in an overconcentration in the customer's account. The findings stated that the Jones made the recommendations without reasonable grounds for believing that they were suitable for the customer. The findings also stated that Jones willfully failed to timely amend his Form U4 to disclose unsatisfied tax liens.

The suspension is in effect from August 3, 2015, through February 2, 2016. ([FINRA Case #2013036960801](#))

Richard Francis Kenny Jr. (CRD #2794050, Chicago, Illinois) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Kenny failed to respond completely to FINRA-requests for information in connection with an investigation into Kenny's customers' suspected spoofing activity. The findings stated that FINRA sent Kenny requests for information to further investigate the trading activity at his member firm, as well as Kenny's outside business activities and financial dealings with his customers. FINRA also questioned Kenny at an on-the-record interview, during which he refused to answer some questions regarding the investigation. ([FINRA Case #2014040779001](#))

Darrel Lee Kurtz (CRD #4398814, Madison, Wisconsin) 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, Kurtz consented to the sanctions and to the entry of findings that he forged customers' signatures on documents. The findings stated that some of the signatures were signed with the customers' knowledge and consent, and some were signed without the customers' knowledge and consent. Kurtz's member firm's WSPs prohibited representatives from signing documents on behalf of customers, even with the customer's consent.

The suspension is in effect from July 20, 2015, through October 19, 2015. ([FINRA Case #2014041873801](#))

Adrian Scot Lauer (CRD #4204673, Fort Wayne, Indiana) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 60 days. Without admitting or denying the findings, Lauer consented to the sanctions and to the entry of findings that he failed to properly disclose his involvement in outside business activities on his Form U4 or to his member firm. The findings stated that specifically, Lauer participated in a 401(k) advisory business before providing written notice and before receiving approval through his firm. Lauer later sought the firm's approval for his role in this outside business activity, which the firm expressly denied. After the notice of disapproval from the firm, Lauer continued to perform some activities for the 401(k) advisory business. Lauer was also on the board of directors and worked as a webmaster for a college alumni club. After Lauer had been active with that outside business activity, he sought his firm's approval and was informed of certain steps that he needed to take for the firm to grant him approval to continue with that outside business activity. Lauer never performed the required steps necessary to receive the firm's approval but continued his activities for the alumni club.

The suspension is in effect from July 20, 2015, through September 17, 2015. ([FINRA Case #2014040478101](#))

Matthew Joel Levitt (CRD #6165935, Santa Monica, California) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Levitt consented to the sanction and to the entry of findings that he failed to appear and provide testimony before FINRA in connection with an investigation into whether there were violations of NASD and/or FINRA rules, and/or the federal securities laws, in connection with the offer and sale of certain securities between approximately April 2013 and August 2013. ([FINRA Case #2014038991401](#))

Alexander R. Love (CRD #4289041, Centerport, New York) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Love consented to the sanctions and to the entry of findings that while acting as an insurance agent through his member firm's parent company, he completed renter's insurance applications for policy holders and paid premiums for policies using his own funds, without the customers' knowledge or consent. The findings stated that none of the subject policy holders were the broker-dealer's customers. The findings also stated that Love failed to amend his Form U4 to disclose liens the New York State Department of Taxation filed against him.

The suspension is in effect from August 3, 2015, through February 2, 2016. ([FINRA Case #2014041591201](#))

Troy William Mackey ([CRD #4466980](#), Albany, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Mackey consented to the sanction and to the entry of findings that he refused to provide FINRA with testimony as part of an investigation into allegations that he converted funds from the bank accounts of two minor relatives. ([FINRA Case #2014040914601](#))

Kevin Robert Montoya ([CRD #2267291](#), Lafayette, California) submitted an Offer of Settlement in which he was assessed a deferred fine of \$6,500 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the allegations, Montoya consented to the sanctions and to the entry of findings that he willfully failed to timely disclose felony charges and felony convictions on his Form U4. The findings stated Montoya failed to timely disclose another felony conviction on his Form U4, and completely failed to disclose an additional felony conviction on his Form U4.

The suspension is in effect from July 20, 2015, through July 19, 2016. ([FINRA Case #2013036841101](#))

Carlton Wilkinson Norwood ([CRD #2463750](#), Augusta, Georgia) 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 three months. Without admitting or denying the findings, Norwood consented to the sanctions and to the entry of findings that he failed to timely respond to FINRA requests for information related to allegations that he failed to disclose unsatisfied tax liens on his Form U4.

The suspension is in effect from August 3, 2015, through November 2, 2015. ([FINRA Case #2014040319902](#))

Michael Jeffrey Oppenheim ([CRD #3021013](#), Livingston, 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, Oppenheim consented to the sanction and to the entry of findings that he failed to provide documents and information, appear for on-the-record testimony, and cooperate with FINRA's investigation into Oppenheim's termination from his member firm, as well as allegations that he may have converted approximately \$20 million of customer funds, altered customer documents, created false account statements and failed to disclose outside brokerage accounts to the firm. ([FINRA Case #2015044987101](#))

Jose Luis Palacio ([CRD #1751671](#), Bradenton, 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 four months. Without admitting or denying the findings, Palacio consented to the sanctions and to the entry of findings that he willfully failed to timely disclose on his Form U4 that he filed a Chapter 7 bankruptcy petition.

The suspension is in effect from July 20, 2015, through November 19, 2015. ([FINRA Case #2014042059901](#))

Emily Ann Pena ([CRD #5571857](#), San Antonio, Texas) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Pena consented to the sanction and to the entry of findings that she converted funds from an affiliate of her member firm. The findings stated that although firm policy prohibited payment of life-insurance premiums by its registered representatives for non-family members, Pena used approximately \$7,868 in personal funds to pay premiums for customers unrelated to her. The policies had originally been sold to the customers by agents whom Pena had recruited. By paying the premiums for the customers, Pena kept the policies in place and artificially increased the recruiting overrides paid to her on policies she sold. Because none of the customers had authorized Pena to make premium payments, she created electronic fund transfer forms that falsely reflected customer authorization. As a result of these actions, Pena received approximately \$4,734 in additional compensation to which she was not otherwise entitled. The findings also stated that Pena provided a firm customer with a credit reimbursement letter that she fabricated, wherein she guaranteed the customer against losses incurred due to surrender fees. In the letter, Pena falsely indicated that the customer would receive a \$2,173 credit to his variable annuity account as a replacement of surrender fees. Pena did not have any authorization from the firm to credit the customer's account or send the letter. ([FINRA Case #2014041353501](#))

Hector Perez aka Bruce A. Johnson ([CRD #5431109](#), Kearny, New Jersey) 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, Perez consented to the sanction and to the entry of findings that he recklessly misrepresented material facts to his customers regarding senior secured zero coupon notes issued by a company in a private placement offering, in willful violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Perez, along with other individuals, fraudulently sold a total of nearly \$3 million worth of the notes to 59 customers. The findings stated that Perez recklessly misrepresented that the notes were collateralized and that the collateral was of sufficient value to secure an investment in the notes, when in fact, there was not any collateral for them. Perez, having failed to confirm that the collateral existed and that the supposed collateral had any value, recklessly misrepresented to prospective purchasers that their investments would be adequately secured by collateral.

The findings also stated that Perez recklessly failed to conduct a reasonable investigation of the viability and legitimacy of the company in the face of numerous red flags that the company was a fraud. Perez failed to obtain basic information about the company that was necessary to the due diligence process in order to understand an investment in it. Without such information, Perez lacked a reasonable basis to recommend the notes to investors. The investors lost all of the money that they invested in the notes, with the exception of three investors who were repaid with funds from new investors. ([FINRA Case #2010024522103](#))

Jeffrey B. Pierce ([CRD #3190666](#), Waltham, Massachusetts) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Pierce consented to the sanction and to the entry of findings that he failed to provide FINRA with documents and information during the course of an investigation into allegations that he converted funds from a former customer's non-securities account. ([FINRA Case #2015045166001](#))

Michael Anthony Pino ([CRD #1400156](#), Plainwell, Michigan) was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. The SEC sustained the NAC's findings that Pino engaged in discretionary trading in a customer's accounts without the customer's written authorization or his firms' written approvals. The SEC also agreed with the NAC's finding that Pino's trading did not come within the time and price discretion exception because he was not granted discretion with respect to a definite amount of a particular security which was exercised within the same business day. The SEC sustained the sanctions the NAC had imposed.

The suspension was in effect from July 6, 2015, through August 14, 2015. ([FINRA Case #2010021621201](#))

Dennis Ray Roberts ([CRD #4447296](#), Port Orange, Florida) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for two months. In light of Roberts' financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Roberts consented to the sanction and to the entry of findings that he borrowed \$600 from an elderly customer without his member firm's approval. The findings stated that at the time of the loan, the firm's procedures prohibited registered representatives from borrowing from any customers, except for close family members. Roberts had previously signed certificates of compliance stating that he was aware of this prohibition on customer loans and would abide by it. Roberts repaid the loan after FINRA began an investigation.

The suspension is in effect from August 3, 2015, through October 2, 2015. ([FINRA Case #2014041148701](#))

James Edward Rooney Jr. ([CRD #1857754](#), Carrollton, Texas) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Rooney consented to the sanction and to the entry of findings that he failed to provide FINRA with requested documents and information in connection with a cause examination that arose out of a customer complaint regarding the suitability of a life settlement investment. ([FINRA Case #2013038799901](#))

Robert A. Sagar ([CRD #2364203](#), Rockville Centre, New York) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Sagar consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose federal tax liens.

The suspension is in effect from July 20, 2015, through January 19, 2016. ([FINRA Case #2014040390601](#))

Asa Saint Clair ([CRD #2233649](#), Bellevue, Washington) submitted an Offer of Settlement in which he was assessed a deferred fine of \$35,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the allegations, Saint Clair consented to the sanctions and to the entry of findings that during a time FINRA had suspended him in all capacities, he continued to help his member firm conduct a securities business. The findings stated that Saint Clair helped prepare offering documentation for a real estate fund, and helped plan for marketing and distribution of that fund. FINRA later revoked Saint Clair's registration with FINRA.

The suspension is in effect from August 3, 2015, through August 2, 2017. ([FINRA Case #2012034345101](#))

Francesco Anthony Scarso ([CRD #2679981](#), Staten Island, New York) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member firm in any capacity for 30 days. Without admitting or denying the findings, Scarso consented to the sanctions and to the entry of findings that he failed to disclose tax liens and a compromise with a creditor on his Form U4.

The suspension was in effect from August 3, 2015, through September 1, 2015. ([FINRA Case #2014041516701](#))

Joseph Charles Schroeder ([CRD #1293346](#), Dallas, Texas) submitted an AWC in which he was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in any capacity for 12 months. Without admitting or denying the findings, Schroeder consented to the sanctions and to the entry of findings that he participated in undisclosed private securities transactions without giving prior written notice to, or obtaining prior written approval from, his member firm. The findings stated that Schroeder recommended and sold \$300,000 worth of convertible promissory notes in an entity to several investors, including 12 firm customers. Schroeder recommended these sales to the investors, wired the funds from their accounts at his firm to the entity, and received compensation from the entity for these sales. The findings also stated that Schroeder borrowed money from his firm's customer in contravention of his firm's policies and without prior written notice and the firm's approval. The findings also included that Schroeder exercised discretion to purchase securities in the same customer's account but did not receive the customer's prior written discretionary authority to manage her account in this manner.

The suspension is in effect from July 20, 2015, through July 19, 2016. ([FINRA Case #2013037981101](#))

Jonathan Michael Sheklow ([CRD #4906207](#), Shelton, Connecticut) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Sheklow consented to the sanction and to the entry of findings that he recklessly misrepresented material facts to his customers regarding senior secured zero coupon notes issued by a company in a private placement offering, in willful violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Sheklow, along with other individuals, fraudulently sold a total of nearly \$3 million worth of the notes to 59 customers. The findings stated that Sheklow recklessly misrepresented that the notes were collateralized and that the collateral was of sufficient value to secure an investment in the notes, when in fact, there was not any collateral for them. Sheklow, having failed to confirm that the collateral existed and that the supposed collateral had any value, recklessly misrepresented to prospective purchasers that their investments would be adequately secured by collateral. The findings also stated that Sheklow recklessly failed to conduct a reasonable investigation of the viability and legitimacy of the company in the face of numerous red flags that the company was a fraud. Sheklow failed to obtain basic information about the company that was necessary to the due diligence process in order to understand an investment in it. Without such information, Sheklow lacked a reasonable basis to recommend the notes to investors. The investors lost all of the money that they invested in the notes, with the exception of three investors who were repaid with funds from new investors. ([FINRA Case #2010024522103](#))

Mayumy M. Stevenson (CRD #6119927, Sunny Isles Beach, Florida) submitted an Offer of Settlement in which she was suspended from association with any FINRA member in any capacity for six months. In light of Stevenson's financial status, no monetary sanction has been imposed. Without admitting or denying the allegations, Stevenson consented to the sanction and to the entry of findings that she falsified an internal email communication, thereby causing her member firm to maintain inaccurate books and records.

The suspension is in effect from August 3, 2015, through February 2, 2016. ([FINRA Case #2014043035701](#))

Jeffrey Alan Stewart ([CRD #4178470](#), Iowa City, Iowa) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Stewart converted a total of \$54,000 by impersonating a customer in telephone conversations with his former member firm. The findings stated that Stewart converted the funds by requesting checks issued from the customer's joint account held at his former firm. The findings also stated that Stewart failed to respond fully to FINRA's requests for information and documents, and failed to appear for testimony in connection with its investigation into his conversion and impersonation. ([FINRA Case #2012035316101](#))

Michael Jeffrey Talin ([CRD #3121059](#), Seal Beach, California) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Talin consented to the sanction and to the entry of findings that he failed to provide FINRA with documents and information, and appear for testimony during the course of its investigation into allegations that he converted funds from the non-securities account of his member firm's customer. ([FINRA Case #2015045377301](#))

Andrew Joseph Thomas ([CRD #6339047](#), San Antonio, Texas) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Thomas consented to the sanctions and to the entry of findings that he willfully failed to amend his Form U4 to disclose the receipt of a target letter from the district attorney in Bexar County, Texas, notifying him that he was the target of a grand jury investigation involving potential insurance fraud.

The suspension is in effect from July 20, 2015, through January 19, 2016. ([FINRA Case #2015044822901](#))

Andrew Steven Thomas ([CRD #6118041](#), Vienna, West Virginia) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Thomas consented to the sanction and to the entry of findings that during a break while taking the Series 7 examination, he opened his locker and briefly reviewed a notepad containing study notes. The findings stated that Thomas knew that the testing rules prohibited him from reviewing his notes while taking the examination. The findings also stated that Thomas entered a customer trade order and used a registered representative's code to create the false impression that the registered representative had accepted the order when, in fact, he had not discussed the proposed trade with the registered representative. As a result, Thomas caused his member firm's books and records to be inaccurate. ([FINRA Case #2013037873301](#))

Crosby Morrow Thomley ([CRD #5347762](#), Tuscaloosa, Alabama) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Thomley consented to the sanction and to the entry of findings that he converted approximately \$200,000 from another registered representative of his member firm by redirecting to himself transaction commissions that should have been split with the other representative. ([FINRA Case #2014042799101](#))

James Michael Tuohey Sr. ([CRD #1828227](#), Richmond, Virginia) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member as a Financial and Operations Principal (FINOP) and Introducing Broker-Dealer/Financial and Operations Principal for one month. Tuohey is also required to re-qualify as a FINOP and/or Introducing Broker-Dealer/Financial and Operations Principal by passing the required examination prior to acting in either capacity with any FINRA member or registering with any FINRA member as a FINOP, following the suspension. Without

admitting or denying the findings, Tuohey consented to the sanctions and to the entry of findings that he permitted his member firm to conduct a securities business while it was net capital deficient. The findings stated that Tuohey failed to ensure that the firm's general ledger, trial balance and balance sheet accurately reflected the firm's liabilities, and failed to accurately compute the firm's net capital. Tuohey also filed inaccurate Financial and Operational Combined Uniform Single (FOCUS) reports.

The suspension was in effect from July 6, 2015, through August 5, 2015. ([FINRA Case #2013037616701](#))

Joshua William Turney (CRD #4510219, White Plains, 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, Turney consented to the sanction and to the entry of findings that he recklessly misrepresented material facts to his customers regarding senior secured zero coupon notes issued by a company in a private placement offering, in willful violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Turney, along with other individuals, fraudulently sold a total of nearly \$3 million worth of the notes to 59 customers. The findings stated that Turney recklessly misrepresented that the notes were collateralized and that the collateral was of sufficient value to secure an investment in the notes, when in fact, there was not any collateral for them. Turney, having failed to confirm that the collateral existed and that the supposed collateral had any value, recklessly misrepresented to prospective purchasers that their investments would be adequately secured by collateral. The findings also stated that Turney recklessly failed to conduct a reasonable investigation of the viability and legitimacy of the company in the face of numerous red flags that the company was a fraud. Turney failed to obtain basic information about the company that was necessary to the due diligence process in order to understand an investment in it. Without such information, Turney lacked a reasonable basis to recommend the notes to investors. The investors lost all of the money that they invested in the notes, with the exception of three investors who were repaid with funds from new investors. ([FINRA Case #2010024522103](#))

Nicholas Paul Vargas (CRD #4317358, San Francisco, California) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Vargas intentionally engaged in a check-kiting scheme whereby he converted approximately \$49,390 from his member firm's bank affiliate. The findings stated that during the course of FINRA's investigation into the check-kiting scheme, Vargas failed to respond completely to FINRA's requests for documents and information. ([FINRA Case #2012034946901](#))

John Joseph Vaughan (CRD #1495636, Glen Rock, New Jersey) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Vaughan failed to appear and provide on-the-record testimony in connection with FINRA's investigation of whether Vaughan's member firm had charged unfair prices to its

customers and had failed to adequately supervise its registered brokers. The findings stated that during the investigation, FINRA learned that Vaughan was the person responsible for reviewing the reasonableness of the mark-ups and markdowns the firm charged on each of the questioned corporate bond transactions during the review period. ([FINRA Case #2012031877501](#))

Karen Ann Vodden ([CRD #4577622](#), Caledonia, Illinois) submitted an AWC in which she was assessed a deferred fine of \$40,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, Vodden consented to the sanctions and to the entry of findings that she accepted powers of attorney without first obtaining her member firm's prior approval to do so, in violation of the firm's policies. The findings stated that Vodden was appointed as an agent under powers of attorney granted to her by two of her elderly relatives who were husband and wife. Acting beyond the authority the powers of attorney and the firm's policies granted, Vodden issued a check of \$26,000 for a gift to herself and issued a \$12,000 check for a loan to her herself from an account at the firm that she opened for these individuals. Vodden deposited the proceeds into her own bank account and used them to pay her personal expenses. Vodden did not obtain her firm's approval to accept the gift, and neither notified nor obtained her firm's approval for the loan. The findings also stated that Vodden made misstatements to the firm and to a bank concerning the gift and the loan. The findings also included that Vodden improperly exercised discretion with respect to 10 securities purchases in the individuals' firm account despite the account not being accepted by the firm for discretionary trading or the individuals being contacted prior to the trades.

The suspension is in effect from July 20, 2015, through July 19, 2017. ([FINRA Case #2013039375201](#))

John Anthony Waszolek ([CRD #800403](#), Scottsdale, Arizona) 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, Waszolek consented to the sanction and to the entry of findings that he took unfair advantage of an elderly customer by having the customer give him successor trustee and residual beneficiary roles and responsibilities when he knew of her declining mental condition and lack of testamentary capacity. The findings stated that Waszolek knew that the customer had twice been diagnosed with Alzheimer's disease and suffered from dementia and memory loss. Despite this knowledge, Waszolek procured the appointment as successor trustee and residual beneficiary of the customer's trust, and following her death, attempted to inherit more than \$1.8 million from her estate. The findings also stated that Waszolek concealed his roles as a fiduciary to the customer and a beneficiary of her trust from his member firms. Waszolek also failed to adhere to the firms' written procedures when he failed to disclose or receive preapproval for his role as beneficiary or successor trustee of the customer's trust, or that he had received a healthcare power of attorney over the customer. Waszolek neither sought nor obtained either firms' approval to act in a fiduciary capacity as to the

customer. In fact, when Waszolek responded to one firm's sales practice questionnaire asking whether he had been named as beneficiary on any non-family member's account or whether he functioned as a fiduciary for any firm customer, he responded to both questions in the negative. ([FINRA Case #2012031181001](#))

Jonathan Spencer Williams ([CRD #4069029](#), Forest Hill, Maryland) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Williams consented to the sanction and to the entry of findings that he failed to provide FINRA with on-the-record testimony during the course of its investigation into information disclosed in his Form U5. ([FINRA Case #2015045268901](#))

Lowell Sterling Wilson ([CRD #2322723](#), Germantown, Tennessee) submitted an Offer of Settlement in which he was assessed a deferred fine of \$30,000, suspended from association with any FINRA member in a FINOP capacity for three months, and required to requalify as a FINOP by examination prior to reassociation with any member firm in that capacity. Without admitting or denying the allegations, Wilson consented to the sanctions and to the entry of findings that he allowed his member firm to conduct a securities business while below its minimum net capital requirement. The findings stated that Wilson knew of the firm's history of repeated net capital violations and of its recent problems with maintaining minimum net capital compliance; and he knew, should have known, or was reckless in not knowing that his actions would result in the firm conducting a securities business while failing to maintain its minimum net capital requirement. The findings also stated that Wilson did not put in place a system to ensure that the firm did not conduct a securities business while net capital deficient. In addition, Wilson failed to establish and maintain a supervisory system, and establish, maintain and enforce WSPs reasonably designed to achieve compliance with the requirements of FINRA rules and the federal securities laws concerning net capital compliance. The findings also included that Wilson, as the firm's FINOP, was responsible for ensuring compliance with all notification provisions under Securities Exchange Act of 1934 Rule 17a-11, including notices relating to net capital and books and records deficiencies; however, he failed to file and timely file Rule 17a-11 filings.

The suspension is in effect from August 3, 2015, through November 2, 2015. ([FINRA Case #2013035347704](#))

Charles Myrick Winstead ([CRD #4176077](#), Jackson, Mississippi) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Winstead consented to the sanction and to the entry of findings that he refused to respond to FINRA's request for documents and information during the course of its investigation into allegations that he failed to properly deposit and process a customer's premium payment for a universal life insurance policy, and whether he failed to timely disclose multiple tax liens and civil judgments on his Form U4. ([FINRA Case #2014042205601](#))

Christopher Yoon ([CRD #5639206](#), River Edge, 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, Yoon consented to the sanction and to the entry of findings that he falsely told an individual, the beneficiary of her recently deceased husband's \$650,000 life insurance policy, that she had to pay a penalty associated with the policy's death claim payment. The findings stated that Yoon requested, and the beneficiary provided him, a blank but signed check in the amount of \$55,445.84 to pay the purported penalty. After consulting with others, the beneficiary stopped payment on the check before Yoon could process it. Yoon ultimately returned the check but only after lying to the individual about why he requested it. The findings also stated that Yoon forged or caused to be forged at least 12 signatures in connection with two term life insurance policies, each purchasing \$300,000 in coverage for his client. Yoon forged or caused to be forged these documents without the client's knowledge or consent. The findings also included that Yoon made false and misleading statements to FINRA following its request for a signed statement regarding the forgeries. ([FINRA Case #2014041304001](#))

Decision 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 July 31, 2015. The NAC may increase, decrease, modify, or reverse the findings and sanctions imposed in the decisions. Initial decisions where the time for appeal has not yet expired will be reported in future issues of *FINRA Disciplinary and Other Actions*.

KCD Financial, Inc. ([CRD #127473](#), De Pere, Wisconsin) was censured and fined a total of \$115,000. The sanctions were based on findings that the firm permitted registered representatives in two branch offices to use false and misleading advertisements as a marketing tool for their securities business. The findings stated that registered representatives separately ran what was sometimes referred to as a certificate of deposit (CD)-finder or CD-locator service. The representatives regularly advertised Federal Deposit Insurance Corporation (FDIC)-insured CDs at a rate of return that was far above the market rate. No FDIC-insured CDs existed at the advertised rate of return, but the advertisements made it seem that such CDs existed. The representatives used the advertisements to entice potential customers into their offices in order to sell securities and other financial products to them. However, the advertisements did not mention securities. The CD advertisements were not separate and apart from the representatives' securities business, but rather, were a marketing tool for their securities business. Further, from the customers' perspective, the CDs and securities were offered and sold by the same person from the same office as part of the same business. The firm was aware of, or at least turned a blind eye to, the nature and function of the advertising. The findings also stated that the firm failed to appropriately supervise the activities of its registered representatives at a branch office, and permitted the representatives to offer and sell unregistered securities that were

not exempt from registration. The findings also included that a settlement was reached regarding the charges relating to the supervision, review and retention of email, and is no longer at issue.

This matter has been appealed to the NAC and the sanctions are not in effect pending review. ([FINRA Case #2011025851501](#))

Louis Ottimo ([CRD #2606438](#), Syosset, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Ottimo fraudulently omitted to disclose material information in a personal biography that was included in a private placement memorandum (PPM) for the sale of securities, in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The findings stated that Ottimo's biography failed to include significant negative information concerning his prior business experience with various companies and that his misconduct resulted in personal monetary gain. The findings also stated that Ottimo willfully failed to timely disclose material information on his Form U4, including tax liens, judgments and a bankruptcy filing.

This matter has been appealed to the NAC and the sanction is not in effect pending review. ([FINRA Case #2009017440201](#))

Brian Michael White ([CRD #5126711](#), Houston, Texas) was barred from association with any FINRA member in any capacity. The sanction was based on findings that during a FINRA investigation, White falsely testified at an on-the-record interview regarding his knowledge about, and involvement with, a limited partnership entity. The findings stated that White engaged in undisclosed outside business activities through the entity and failed to provide written notification to his member firm until after he had participated in the activity, and only after the firm discovered the activity and directed him to disclose it in writing. The findings also stated that White participated in an undisclosed private securities transaction involving the sale of a promissory note to his mother. The transaction was outside the regular course or scope of White's employment with his firm, and he failed to notify or provide the firm with prior written notice of the transaction.

This matter has been appealed to the NAC and the sanction is not in effect pending review. ([FINRA Case #2012033128703](#))

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.

Joseph N. Barnes Sr. ([CRD #5603198](#), Miami, Florida) was named a respondent in a FINRA complaint alleging that he willfully failed to amend his Form U4 to disclose that he had filed bankruptcy petitions in U.S. bankruptcy courts. ([FINRA Case #2013038418201](#))

Chestnut Exploration Partners, Inc. ([CRD #127228](#), Richardson, Texas) and **Mark Allan Plummer** ([CRD #4608699](#), Richardson, Texas) were named respondents in a FINRA complaint alleging that they willfully made material misrepresentations and omissions to firm customers who purchased investment contract securities in a private placement oil and gas offering. The complaint alleges that the firm acted as the placement agent and broker for the sales of the securities, and Plummer owned and controlled both the firm and the managing venturer of the joint venture. The firm customers who invested in the securities have collectively lost more than \$5 million, representing more than a 90 percent loss on their investment. By making material misrepresentations and omissions in connection with the sale of the securities, the firm and Plummer willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The complaint also alleges that the firm and Plummer violated Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 by making material misrepresentations and omissions in connection with the sale of the Securities, pled in the alternative. The complaint further alleges that the firm and Plummer made material misrepresentations and omissions in connection with the sale of units of the joint venture interests, also pled in the alternative. In addition, the complaint alleges that the firm and Plummer improperly collected funds from the investors by charging them well completion assessments for an oil and gas well that, as the firm and Plummer knew, was nowhere close to being drilled or completed and, in fact, was never drilled or completed. The firm and Plummer wrongfully misused at least \$567,110 of these well completion funds by wrongfully transferring the funds to the managing venturer. This transfer of completion funds was in direct contravention of the representations that the firm and Plummer had made to investors in the securities' offering document, and the firm failed to return these customer funds to the investors. Plummer similarly failed to require the managing venturer to return to the firm's customers the misused and wrongfully transferred customer funds, even after no efforts were ever made to drill or to attempt to complete the well.

Moreover, the complaint alleges that the firm failed to address in its WSPs a system for addressing and resolving the conflicts of interests in connection with the offering. Furthermore, the complaint alleges that Plummer falsified and altered a highly important project document that FINRA had requested the firm to produce. The firm, acting with Plummer's knowledge and at his direction, produced this falsified document to FINRA in an attempt to mislead it in the investigation in this matter. Plummer continued his scheme to mislead FINRA when he repeatedly provided false and misleading testimony about the falsified document in an on-the-record interview. ([FINRA Case #2014040501801](#))

Peter Nicholas Dourdas ([CRD #1533296](#), Jamesville, New York) was named a respondent in a FINRA complaint alleging that he provided false information to his member firm during annual supervisory interviews. The complaint alleges that during FINRA's investigation into allegations of possible conversion of funds belonging to one of his securities customers, Dourdas failed to provide documents and information, and failed to appear and provide testimony. ([FINRA Case #2013038018901](#))

Equinox Securities, Inc. ([CRD #145790](#), Redlands, California), **Stephen Michael Oliveira** ([CRD #1880054](#), Phelan, California) and **Chris Blaine Palkowitsh** ([CRD #3090435](#), Cumming, Georgia) were named respondents in a FINRA complaint alleging that the firm and Palkowitsh engaged in a manipulative, deceptive and fraudulent scheme by churning customer accounts. The complaint alleges that the firm and Palkowitsh acted with intent to defraud and/or reckless disregard of their customers' interests by seeking to maximize their own remuneration. The trading in the customers' accounts was, as evidenced by the high annualized cost-to-equity ratios and number of transactions, excessive in light of and inconsistent with the customers' investment objectives and financial situations. None of the customers acquiesced or consented to the heavy level of trading in the accounts. The effect was particularly pernicious because six of the eight accounts were individual retirement accounts that constituted the bulk of the customers' retirement savings. After the customers sustained substantial losses, Palkowitsh placed their remaining equity at risk by concentrating each account in a low-priced security. As a result of the excessive trading and churning in the accounts, each of the customers suffered extensive losses and paid exorbitant fees and commissions to the firm and Palkowitsh. As a result of their conduct, the firm and Palkowitsh willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, NASD Rules 2110 and 2120, and FINRA Rules 2010 and 2020. Palkowitsh also failed to timely amend his U4 to disclose at least three federal tax liens.

The complaint also alleges that Palkowitsh made unsuitable recommendations to customers, which the firm is liable for, and lacked reasonable grounds for believing that the customers' understood and were willing and able to assume the risk particular to having their accounts heavily concentrated in a single, low-priced security where a significant loss would effectively wipe out the customer's entire principal in these accounts, many of which were the customers' sole retirement accounts. The complaint further alleges that the firm and Oliveira failed to adequately investigate and act upon the misconduct Palkowitsh committed over a lengthy period of time, and also failed to ensure that Palkowitsh acted in a manner that was compliant with applicable laws, regulations and rules. In addition, the complaint alleges that there were multiple red flags suggesting that Palkowitsh was excessively trading, churning, and generally making quantitatively and qualitatively unsuitable recommendations. These red flags were known to but not addressed by Oliveira, who was the firm's chief executive officer (CEO), CCO and Palkowitsh's supervisor, or, through Oliveira, by the firm. The firm and Oliveira failed to establish, maintain, and enforce a supervisory system and WSPs that were reasonably designed to achieve compliance with applicable securities laws and regulations.

Moreover, the complaint alleges that Oliveira was responsible for establishing and maintaining the firm's supervisory systems and procedures and for establishing an adequate system and procedures to ensure that Form U4s of the firm's representatives included all required disclosures and were updated in a timely manner. Oliveira failed to discharge those responsibilities adequately because the firm's supervisory system and procedures were not reasonably designed to achieve compliance with applicable securities laws, regulations and rules. Oliveira failed to conduct any meaningful review and take any meaningful action to detect and prevent unsuitable recommendations. After Palkowitsh's initial Form U4 was filed, Oliveira never inquired about his bankruptcies, judgments or liens; and, in particular, never inquired about whether his Form U4s was current and accurate. ([FINRA Case #2012031496501](#))

Halcyon Cabot Partners, Ltd. ([CRD #32664](#), New York, New York), **Ronald Mark Heineman** ([CRD #241924](#), Roseland, New Jersey) and **Michael Trent Morris** ([CRD #843281](#), Merrick, New York) were named respondents in a FINRA complaint alleging that the firm, through Heineman and Morris, entered into a fraudulent scheme with a venture capital firm and a cancer drug development company to secretly kick back nearly 5 percent of the venture capital firm's \$35 million investment in the cancer drug development company to the venture capital firm, and thereby misrepresent the price paid for the shares. The complaint alleges that the firm, Heineman and Morris violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The firm executed an engagement letter and agreed to serve as a fake placement agent for an issuance of up to \$40 million of the development company's securities to the venture capital firm and receive a fee of 5 percent of the venture capital firm's investment. The firm, Heineman and Morris were aware that the engagement letter was false and contained misrepresentations and omissions. They were aware that the consulting agreements with an affiliate of the venture capital firm were false and contained material misrepresentations and omissions. The sole, undisclosed purpose of the consulting agreements was to enable the kick back.

The complaint also alleges that the firm and Morris facilitated a now-expelled FINRA firm's concealment of its receipt of additional transaction fees from lateral transfer sellers, and did not disclose its commission-sharing agreement with the now-expelled FINRA firm to the lateral transfer sellers. The complaint further alleges that the firm and Morris covered up a now-barred registered representative's violation of various state Blue Sky Laws by intentionally causing the falsification of the firm's books and records, including customer account statements, new account documents, trade confirmations and commission runs, to inaccurately reflect that another registered representative at the firm, in some instances Morris, was the representative of record for customer transactions the now-barred registered representative initiated. Morris was not only aware of this representative's falsification of the firm's books and records, he also assisted with the falsifications. By doing so, the firm and Morris caused the firm to create and maintain false books and records.

In addition, the complaint alleges that the firm, through the now-barred registered representative, engaged in churning and excessive trading in customer accounts. These customers did not authorize many of the individual trades the representative placed in their accounts, and the representative effectively controlled the trading in these accounts. The customer did not derive any benefit from the excessive trading in their accounts, and the representative and the firm reaped unwarranted commissions to the detriment of the customers. Moreover, the complaint alleges that the firm and Morris failed to establish and implement an adequate AML compliance program reasonably designed to cause the detection and reporting of suspicious activities required under the Bank Secrecy Act and its implementing regulations thereunder. The firm also failed to monitor customer account activity and follow up on AML red flags regarding its penny stock liquidation business and abdicated some of its responsibility to the clearing firm.

Furthermore, the complaint alleges that while designated as the firm's AMLCO, Morris did not have the requisite knowledge, training and experience to adequately discharge his duties as AMLCO. As a result, the firm failed to designate a qualified AMLCO. The complaint also alleges that the firm, Heineman and Morris failed to establish and implement an adequate supervisory system and WSPs. The firm failed to reasonably supervise churning and excessive trading, unauthorized trading, firm email review and registered persons subject to heightened supervision. Instead, the firm, Heineman and Morris fostered a culture of non-compliance that resulted in widespread supervisory failures and violations of federal securities laws and FINRA rules. ([FINRA Case #2012033877802](#))

Valentino Infante ([CRD #5707731](#), Miami, Florida) was named a respondent in a FINRA complaint alleging that he engaged in unapproved outside business activities by twice soliciting a customer of his member firm to provide funding for the purchase of tractors that were to be subsequently resold at an expected profit on the spread. The complaint alleges that Infante received compensation with respect to one of these two transactions and expected to receive compensation in connection with the other. The customer incurred a loss of \$11,800 in connection with one of the transactions. Infante's firm subsequently reimbursed the customer in the amount of \$9,500. The complaint also alleges that Infante falsely represented to his firm in a registered associate compliance questionnaire that he was not currently engaged in any outside activities including as a proprietor, partner, director or otherwise. Infante's misrepresentation was material, as it prevented the firm from learning of his outside activities and his solicitation of firm customers in connection with those activities. The complaint further alleges that Infante failed to appear and provide FINRA-required testimony. ([FINRA Case #2013038021001](#))

John Charles Kautter II ([CRD #4572852](#), Rockville, Maryland) was named a respondent in a FINRA complaint alleging that he improperly facilitated a \$36,000 loan to a registered representative by the representative's elderly customer. The complaint alleges that Kautter knew or should have known that it was improper for a registered representative to accept money from a customer. Kautter permitted the pass-through of funds from a securities

customer to the representative away from the representative's member firm, and did not take reasonable steps to ascertain the reason or pertinent facts relating to the transaction. Kautter accepted the elderly customer's funds in his personal bank account and transferred the funds to the representative's personal bank account. Kautter facilitated the unapproved loan transaction and ignored warning signs that the transaction may be improper. ([FINRA Case #2012032922102](#))

Red River Securities, LLC (CRD #149860, Plano, Texas) and Brian Keith Hardwick (CRD #4522460, Plano, Texas) were named respondents in a FINRA complaint alleging that they willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 by making material misrepresentations and omissions related to joint venture offerings that were organized as general partnerships for the purpose of engaging in oil and gas drilling. The complaint alleges that the firm and Hardwick misrepresented to investors that prior wells drilled were producing and profitable, when they were not; and omitted from offerings the authorizations for expenditures (AFEs)—the expected costs to complete the proposed projects—although Hardwick had prepared and relied upon the AFEs in pricing the offerings. In addition, the firm and Hardwick misrepresented to investors the amount of income investors in prior wells had received by wildly inflating those prior income distributions and failed to disclose conflicts of interest to investors in offerings. The firm and Hardwick also failed to disclose to investors that they were investing in a “wildcat” well that was subject to additional specific development risks than those disclosed in the offerings for well drilling in general, and failed to disclose to the investors that Hardwick himself had written the purportedly independent geologist report in the offering documents.

The complaint also alleges that the firm and Hardwick, in the alternative, obtained money from the public by making material misrepresentations and omissions in contravention of Sections 17(a)(2) and (a)(3) of the Securities Act of 1933, and in violation of FINRA Rule 2010. The complaint further alleges that the firm and Hardwick sold unregistered securities without complying with the requirements of the offering registration exemptions, and recommended the offerings without having first obtained sufficient customer information from which to determine that the securities were suitable investments for those customers. In addition, the complaint alleges that the firm and Hardwick failed to implement and enforce adequate supervisory systems and WSPs to supervise the offer and sale of the offerings, and to address the conflicts of interest the firm and Hardwick's participation in the offerings had created. ([FINRA Case #2013035344201](#))

Lee Robert Sobel (CRD #2232865, Los Angeles, California) was named a respondent in a FINRA complaint alleging that he failed to provide FINRA-requested on-the-record testimony during the course of its investigation into whether he violated NASD and/or FINRA rules, and/or the federal securities laws, in connection with the offer and sale of interests in a private placement. ([FINRA Case #2014038991402](#))

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

W.A. Capital Markets (CRD #6292)
New York, New York
(July 15, 2015)
FINRA Case #2011028035101

W.A. Capital Markets (CRD #6292)
New York, New York
(July 22, 2015)
FINRA Case #2009020565001

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

Achilles Securities, LLC (CRD #133542)
New York, New York
(July 22, 2015)

Global Arena Capital Corp (CRD #16871)
New York, New York
(July 20, 2015)

Grace Financial Group LLC (CRD #104133)
Southampton, New York
(July 1, 2015)

**Raymond C. Forbes & Co., Inc. (CRD
#33090)**
New York, New York
(July 15, 2015)

**Firms Suspended for Failure to Supply
Financial Information Pursuant to
FINRA Rule 9552**

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

Kipling Jones & Co., Ltd. (CRD #144730)
Houston, Texas
(May 11, 2015 – July 28, 2015)

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

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

Donald Sherman Becker (CRD #1491140)
Plano, Texas
(July 20, 2015)
FINRA Case #2014043572601

Andrew M. Carter (CRD #6102107)
Webster, New York
(July 6, 2015)
FINRA Case #2015044533201

Fernando Diaz (CRD #4976918)
Chicago, Illinois
(July 6, 2015)
FINRA Case #2014042941901

Christian Evans (CRD #6279288)
Columbus, Ohio
(July 24, 2015)
FINRA Case #2014043395601

Francisco Gamez (CRD #6113683)
Sahuarita, Arizona
(July 20, 2015)
FINRA Case #2015044709101

Andrew Stephen Gordon (CRD #1962991)
Chelinsford, Massachusetts
(July 23, 2015)
FINRA Case #2014042861301

Steven J. Hiles (CRD #2685597)
Hurst, Texas
(July 6, 2015)
FINRA Case #2015044562401

Darius Marquette Jones (CRD #5494051)
Atoka, Tennessee
(July 16, 2015)
FINRA Case #2014043087801

Dolores Marie Jones (CRD #5910079)

Casper, Wyoming
(July 6, 2015)
FINRA Case #2014042442401

Martin Edward Knapp (CRD #5820996)

Great Neck, New York
(July 17, 2015)
FINRA Case #2014038997001

Jacob Steven Kracht-Russo (CRD #3193997)

Bayville, New York
(July 13, 2015)
FINRA Case #2014041096401

John Michael Krawczyk (CRD #1781437)

Arlington, Virginia
(July 16, 2015)
FINRA Case #2014042530701

Leonardo Margilaj (CRD #5571190)

West Bloomfield, Michigan
(July 16, 2015)
FINRA Case #2014043335201

Jennifer A. Meese (CRD #2957278)

San Diego, California
(July 16, 2015)
FINRA Case #2014042613301

Ira Scott Neiman (CRD #5902156)

Lincolnwood, Illinois
(July 13, 2015)
FINRA Case #2014042656901

David James Olander (CRD #5480191)

Omaha, Nebraska
(July 24, 2015)
FINRA Case #2014043460401

Daniel Lee Pancake (CRD #355836)

Reno, Nevada
(July 21, 2015)
FINRA Case #2014043679001

Paul Gregory Shea (CRD #2868966)

Baltimore, Maryland
(July 16, 2015)
FINRA Case #2014043217501

Sarah Renee Steele (CRD #4392667)

Lafayette, Indiana
(July 24, 2015)
FINRA Case #2014043573201

Steven Michael Watson (CRD #6110811)

San Tan Valley, Arizona
(July 27, 2015)
FINRA Case #2015044680301

Kenneth Raymond York (CRD #5668095)

Goose Creek, South Carolina
(July 24, 2015)
FINRA Case #2014043714601

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.)

Sylvester King Jr. (CRD #4011622)

Miramar, Florida
(July 29, 2015)
FINRA Case #2013036262101

Cary Lancaster Olson (CRD #2435229)

Sparks, Nevada
(July 18, 2015)
FINRA Case #2012030670602

James Valente (CRD #2675391)

West Allenhurst, New Jersey
(February 25, 2015 – July 10, 2015)
FINRA Case #2013036003101

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.)

Donna Kay Beers (CRD #1172038)

Fountain Hills, Arizona
(July 6, 2015)
FINRA Case #2014040397201

Curlean Bradley-Lofters (CRD #2174124)

Bronx, New York
(July 6, 2015)
FINRA Case #2015043955301

Ben Hilton Bruner (CRD #5996474)

Dothan, Alabama
(July 9, 2015)
FINRA Case #2015043987401

David Michael Burke (CRD #2431098)

Sullivans Island, South Carolina
(July 27, 2015)
FINRA Case #2015045305101

Alisha Chahal (CRD #5919412)

North Babylon, New York
(July 16, 2015)
FINRA Case #2015044471001

Randy Carole Denenberg (CRD #1041070)

Dallas, Texas
(July 16, 2015)
FINRA Case #2015044514901

Barbara Lucille Desiderio (CRD #2080713)

East Windsor, New Jersey
(July 6, 2015)
FINRA Case #2014043542402

Kristina Ann Gannon (CRD #6014740)

West Linn, Oregon
(July 6, 2015)
FINRA Case #2014043676501

Daniel Heredia-Macias (CRD #6001063)

Denver, Colorado
(July 10, 2015)
FINRA Case #2015045337101

Thomas John Hindes Jr. (CRD #3274228)

Machesney Park, Illinois
(July 6, 2015)
FINRA Case #2013039377701

Belinda F. Hutto (CRD #4815931)

Orangeburg, South Carolina
(July 13, 2015)
FINRA Case #2015044570201

Geneero Tyrone Jackson (CRD #4842137)

Chicago, Illinois
(July 6, 2015)
FINRA Case #2014043511201

Beverly Laureteen Jones (CRD #3007968)

Whitestone, New York
(July 6, 2015 – July 7, 2015)
FINRA Case #2015043972001

Benjamin Halden Kline (CRD #5598831)

Cookeville, Tennessee
(July 6, 2015)
FINRA Case #2014043778701

David Michael Levy (CRD #2255938)

Wellington, Florida
(July 20, 2015)
FINRA Case #2015044603301

Vladimir Lenin Lopez (CRD #5641968)

Sylmar, California
(July 13, 2015)
FINRA Case #2015044015201

Jose Eduardo Mancía (CRD #6101761)
Palmdale, California
(July 6, 2015)
FINRA Case #2014043819101

Russell Philip Macke (CRD #1882345)
St. Louis, Missouri
(July 20, 2015)
FINRA Case #2015044602001

Margaret Mary Martin (CRD #4085531)
Ladue, Missouri
(July 9, 2015)
FINRA Case #2015044252801

**Justin Eugene May-Lawhon
(CRD #5920187)**
Clermont, Florida
(July 20, 2015)
FINRA Case #2014043319301

Jerry Owen Mofield (CRD #2057807)
Roanoke, Virginia
(July 20, 2015)
FINRA Case #2015045469701

Paul Anthony Posillico (CRD #4194630)
Lake Grove, New York
(July 24, 2015)
FINRA Case #2014042126601

Alfred Talens Jr. (CRD #4178504)
Carmel, Indiana
(July 31, 2015)
FINRA Case #2015044377301

Victor Tarkang (CRD #6004858)
Bowie, Maryland
(July 23, 2015)
FINRA Case #2015044191301

Theresa Leone Tremblay (CRD #5482816)
Verona, Wisconsin
(July 20, 2015)
FINRA Case #2014043884601

Adela Noelle Turner (CRD #6054155)
Dublin, Ohio
(July 16, 2015)
FINRA Case #2015044436901

Louis Joseph Wepy (CRD #2344269)
Staten Island, New York
(July 20, 2015)
FINRA Case #2015044135501

Leor Yohanan (CRD #3236428)
Brooklyn, New York
(July 13, 2015)
FINRA Case #2014040349301

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

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

Stephen Joseph Degroat (CRD #1429070)
Pelham, New York
(July 23, 2015)
FINRA Arbitration Case #12-00549

Jeremy Lee Dillon (CRD #4469923)
Temperance, Michigan
(July 16, 2015)
FINRA Arbitration Case #15-00128

Aviv Michael Hen (CRD #2927545)
Roslyn Heights, New York
(July 13, 2015)
FINRA Arbitration Case #13-00487

David Robert Lenahan (CRD #1293731)
Glastonbury, Connecticut
(July 13, 2015)
FINRA Arbitration Case #11-01431

Tiffany Danielle Peacock-Asakawa (CRD #2012644)

Huntington Beach, California

(July 16, 2015)

FINRA Arbitration Case #13-03650

Arra Pogossian (CRD #2800245)

Goodyear, Arizona

(July 17, 2015)

FINRA Arbitration Case #10-04841

Edward Robert Sitton (CRD #1236373)

Chandler, Arizona

(July 23, 2015)

FINRA Arbitration Case #14-00518

FINRA Orders Wells Fargo, Raymond James, and LPL Financial to Pay More Than \$30 Million in Restitution to Retirement Accounts and Charities Overcharged for Mutual Funds

The Financial Industry Regulatory Authority (FINRA) ordered Wells Fargo Advisors, LLC, Wells Fargo Advisors Financial Network, LLC, Raymond James & Associates, Inc., Raymond James Financial Services, Inc. and LPL Financial LLC to pay more than \$30 million in restitution, including interest, to affected customers for failing to waive mutual fund sales charges for certain charitable and retirement accounts. Wells Fargo, Raymond James and LPL will pay affected customers an estimated \$15 million, \$8.7 million and \$6.3 million, respectively. In addition to this amount, LPL will be paying restitution to eligible customers who purchase or purchased mutual funds without an appropriate sales charge waiver from January 1, 2015, through the date that the firm fully implements training, systems and procedures related to the supervision of mutual fund sales waivers.

Brad Bennett, FINRA's Executive Vice President and Chief of Enforcement, said, "In this case, FINRA is ordering meaningful restitution to adversely affected investors consistent with our commitment to ensure that mutual fund investors get the full benefit of available fee and expense reductions. While Wells Fargo, Raymond James and LPL failed to ensure that customers received these discounts, FINRA's sanctions acknowledge that the firms detected and self-reported these errors, and will provide full restitution to customers."

Mutual funds offer several classes of shares, each with different sales charges and fees. Typically, Class A shares have lower fees than Class B and C shares, but charge customers an initial sales charge. Many mutual funds waive their upfront sales charges on Class A shares for certain types of retirement accounts, and some waive these charges for charities.

Mutual funds available on the retail platforms of Wells Fargo, Raymond James, and LPL offered these waivers to charitable and retirement plan accounts under limited circumstances and disclosed them in their prospectuses. However, at various times since at least July 2009, Wells Fargo, Raymond James and LPL did not waive the sales charges for affected customers when they offered Class A shares. As a result, more than 50,000 eligible retirement accounts and charitable organizations at these firms either paid sales charges when purchasing Class A shares, or purchased other share classes that unnecessarily subjected them to higher ongoing fees and expenses.

Wells Fargo, Raymond James and LPL failed to adequately supervise the sale of mutual funds that offered sales charge waivers. The firms unreasonably relied on financial advisors to waive charges for retirement and eligible charitable organization accounts, without providing them with critical information and training.

In concluding these settlements, Wells Fargo, Raymond James, and LPL neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

FINRA Fines Goldman Sachs Execution & Clearing, L.P. \$1.8 Million for OATS and Trade Reporting Failures

The Financial Industry Regulatory Authority (FINRA) has fined Goldman Sachs Execution & Clearing, L.P. \$1.8 million for systemic Order Audit Trail System (OATS) reporting violations spanning a period of more than eight years, failure to accurately submit required trade reports to the appropriate FINRA Trade Reporting Facility (TRF®), and related supervisory failures.

Thomas Gira, Executive Vice President of FINRA Market Regulation, said, “OATS data is integral to FINRA’s automated market surveillance program to detect manipulative activity and other potential violations of FINRA rules and federal securities laws. It is critical that firms have the necessary systems and supervision in place to ensure compliance with their OATS and trade reporting obligations.”

FINRA rules require firms to transmit all applicable order information to OATS in a complete and accurate manner. FINRA found that Goldman Sachs Execution & Clearing failed to transmit a substantial number of order-related events to OATS for its Alternative Trading System (ATS) for approximately seven years, and the firm transmitted inaccurate data for a large number of order-related events for more than eight years. In addition, even though Goldman Sachs Execution & Clearing’s ATS captured order event times in milliseconds, it failed to report order event timestamps in milliseconds for a 10-month period. The firm also submitted a large number of inaccurate, incomplete or improperly formatted trade reports that did not report execution timestamps in milliseconds for a three-month period. During the period of review, Goldman Sachs Execution & Clearing did not have adequate systems and controls in place to detect and prevent the violations.

In concluding this settlement, Goldman Sachs Execution & Clearing, L.P. neither admitted nor denied the charges, but consented to the entry of FINRA’s findings.