

# Disciplinary and Other FINRA Actions

## Firm Expelled

**Global Arena Capital Corp (CRD® #16871, New York, New York)** was expelled from FINRA® membership, fined \$1 million and ordered to disgorge \$333,083.26, plus interest. The sanctions were based on findings that the firm charged customers unfair and unreasonable prices and excessive markups. The findings stated that the firm bought and sold corporate bonds from other broker-dealers to sell to its retail customers, charging them markups on the bonds. The firm also bought bonds from its retail customers and sold them to other broker-dealers, charging the customers markdowns. The transactions at issue were riskless principal transactions involving purchases and sales of the same bonds on the same day with firm customers on one or both sides of the transactions. Taking into consideration all relevant circumstances, these charges were not fair or reasonably related to the then-current market price of the security, and the prevailing market price was not determined with reference to the contemporaneous cost incurred or the proceeds obtained. The findings also stated that the firm failed to establish, maintain and enforce a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with applicable securities laws, and FINRA and NASD® rules, regarding fair pricing of corporate bond transactions and markups and markdowns. ([FINRA Case #2011026544301](#))

## Firm Expelled, Individuals Sanctioned

**The Keystone Equities Group, L.P. (CRD #127529, Ambler, Pennsylvania), John Plesnar Freeman (CRD #1651569, Newtown, Pennsylvania) and William Bruce Fretz Jr. (CRD #1545760, Souderton, Pennsylvania)**. The firm was expelled from FINRA membership. Freeman and Fretz were barred from association with any FINRA member firm in any capacity. The sanctions were imposed by the National Adjudicatory Council (NAC) following an appeal of an Office of Hearing Officers (OHO) decision. The NAC modified the findings and sanctions. The findings stated that Freeman and Fretz controlled a private investment limited partnership, which they founded and for which they acted as managers. The findings stated that Fretz and Freeman, as fiduciaries of the private investment limited partnership, engaged in business-related misconduct that was inconsistent with just and equitable principles of trade in violation of NASD Rule 2110 and FINRA Rule 2010. Specifically, Freeman and Fretz violated their fiduciary duties to the investors in the private investment limited partnership by, among other things, using the fund's assets to make self-interested loans, overvaluing their contributions to the fund, and loaning money to their struggling broker-dealer. The findings also stated

## Reported for March 2016

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 the firm, Freeman and Fretz made misleading statements and provided false and misleading information, including attaching falsely dated documents, in response to FINRA information requests during its investigation. The findings also included that Fretz willfully filed a false Uniform Application for Securities Industry Registration or Transfer (Form U4) and willfully failed to amend his Form U4 to disclose unsatisfied judgments filed against him. ([FINRA Case #2010024889501](#))

## Firm Fined, Individual Sanctioned

**Stifel, Nicolaus & Company, Incorporated (CRD #793, St. Louis, Missouri) and Kurt August LaLomia (CRD #1926472, Baltimore, Maryland)** submitted an Acceptance, Waiver and Consent (AWC) in which the firm was censured and fined \$200,000. LaLomia was fined \$15,000 and suspended from association with any FINRA member in any principal capacity for 31 days. Without admitting or denying the findings, the firm and LaLomia consented to the sanctions and to the entry of findings that for more than seven years, they failed to adequately supervise the written communications of an institutional salesperson registered with the firm. The findings stated that the salesperson circulated communications to institutional investors about companies that the firm research analysts discussed during morning calls and about which they wrote in their research reports. These communications were not fair and balanced, did not provide a sound basis for evaluating the facts, and contained exaggerated, unwarranted and misleading statements. LaLomia was the supervisor responsible for supervising the salesperson; however, LaLomia was not registered or qualified as a research analyst principal or registered to supervise the conduct of representatives acting as research analysts. Due to concerns about potential NASD Rule 2711 issues, the firm had implemented restrictions on the content of the salesperson's idea list and research insights emails that were intended to avoid the communications being deemed "research reports" under Rule 2711.

The findings also stated that the firm did not have a supervisory system that was reasonably designed to supervise the distribution, approval and maintenance of communications created by institutional salespeople. The firm did not properly identify certain emails or other communications as "research reports" under Rule 2711, and allowed those communications to be circulated without the information and disclosures required under Rule 2711. The firm did not designate an appropriately registered principal to supervise and review of these emails and communications as "research reports" under Rule 2711. In addition, the firm did not establish, maintain and enforce written procedures that were reasonably designed to supervise the distribution, approval, and maintenance of communications created by institutional sales personnel and distributed to institutional customers. The firm failed to enforce certain of its WSPs governing institutional sales material and failed to enforce its written procedures that governed the content of outgoing communications. The firm also failed to enforce its procedures requiring pre-approval of institutional sales material. The findings also included that the firm did not enforce

procedures requiring retention of copies of the communications, and failed to maintain information concerning the sources of the charts and data in those communications. FINRA found that salespeople were not properly licensed or registered as a research analyst, and should not have been circulating the emails and other communications.

The suspension was in effect from February 1, 2016, through March 2, 2016. ([FINRA Case #2012032945601](#))

## Firm and Individual Fined

**Emergent Financial Group, Inc. (CRD #37891, Bloomington, Minnesota) and Peter Brian Voldness (CRD #872727, Bloomington, Minnesota)** submitted an AWC in which the firm was censured and fined \$25,000. Voldness was also censured and fined \$25,000. Without admitting or denying the findings, the firm and Voldness consented to the sanctions and to the entry of findings that the firm failed to reasonably supervise Voldness' sale of a corporation's shares to firm customers to ensure that he fully and specifically disclosed the source of the shares being purchased. The findings stated that prior to the corporation going public, Voldness was issued warrants to purchase shares of the corporation. Voldness later solicited certain firm customers to purchase shares in the corporation and sold to the customers shares from shares issued to him by exercising the warrants, for approximately \$75,000. While Voldness disclosed to each purchaser that he was selling the corporation's shares, he did not disclose that he was selling from his non-proprietary account. As a result, Voldness failed to disclose to all of his customers this financial conflict of interest. The findings also stated that the firm and Voldness failed to accurately record the terms and conditions of customer orders to purchase the shares on the firm's records. Specifically, the firm and Voldness failed to mark certain of the customer order tickets for the purchase of the shares as solicited. ([FINRA Case #2011026989101](#))

## Firms Fined

**Barclays Capital Inc. (CRD #19714, New York, New York)** 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 accurately disclose the percentage of covered companies for which it had provided investment banking services in the distribution of ratings sections of equity research reports. The findings stated that the firm failed to disclose in research reports that it was a market maker in the securities of the covered company at the time the research report was published. The findings also stated that the firm failed to adopt and implement adequate WSPs, in that it failed to require monitoring of the accuracy of the information captured in its disclosure database, failed to incorporate the use of exception reports to detect potential disclosure issues, and relied on manual reviews of research reports that were inadequate to detect disclosure issues. ([FINRA Case #2014041656301](#))

**Coker & Palmer, Inc.** ([CRD #29163](#), Jackson, Mississippi) 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 preserve and maintain electronic correspondence of associated persons, and failed to establish and maintain an adequate system and procedures for the preservation, maintenance and review of electronic correspondence of its associated persons. The findings stated that the firm did not have an effective system or procedure in place to ensure that outside email addresses were not used for firm-related communications. On several occasions, the outside email addresses were utilized for communications relating to firm business, and the firm did not preserve, maintain, or timely review those communications. The findings also stated that the firm failed to enforce its written procedures regarding due diligence conducted in connection with private placement offerings, and failed to establish, maintain and enforce adequate written procedures relating to its participation in contingency offerings. The firm's WSPs relating to contingency offerings did not address actions required and actions prohibited in situations involving a modification to the terms of the contingency offering. In connection with two private placement offerings in which the firm participated as selling agent, it failed to fully document the details of the due diligence that it performed in connection with the offerings. ([FINRA Case #2013035330101](#))

**Edward D. Jones & Co., L.P.** ([CRD #250](#), St. Louis, Missouri) submitted an AWC in which the firm was censured and fined \$200,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to reasonably supervise and have an adequate supervisory system, including adequate WSPs, to address short positions in tax-exempt municipal bonds that resulted primarily from trading errors. The findings stated that as a result of these supervisory failures, the firm inaccurately represented to its customers holding municipal bonds that at least \$129,624.06 in interest that the firm paid to those customers was exempt from taxation. In fact, the firm did not hold the bonds on behalf of the customers, and the interest that the customers received was paid by the firm and thus taxable as ordinary income. The firm failed to consider whether the interest paid to customers should be coded as non-taxable when the interest was paid by the firm rather than the municipal issuer.

The findings also stated that the firm held short positions in tax-exempt municipal securities that corresponded to long positions in customer accounts. The short positions resulted primarily from trading and operational errors. In these instances, the firm paid the interest to customers and the interest was taxable. The firm did not provide adequate guidance or oversight to its municipal trading department on how and when municipal short positions should be covered. This deficiency may have been prolonged due to the difficulty of covering these positions in light of the characteristics of municipal securities as well as the limited amount outstanding of a particular municipal bond. The firm reviewed aged short municipal positions in its inventory account as part of an effort to reduce these positions in anticipation of changes to Rule 15c3-3 of the Securities Exchange Act of 1934. This review was not completed until FINRA was onsite with the firm. Also while FINRA was

onsite, the firm revised its internal policies to prevent and promptly cover short municipal positions in its inventory. Through these efforts, the firm was able to substantially reduce its short municipal bond positions by the end of that year. Nevertheless, the firm did not cover some of its short positions for more than a year. The firm also revised its written procedures to reflect its modified policies for covering short positions. The firm has since provided amended Forms 1099 to customers affected by the misreported interest, and agreed to reimburse such customers for the cost of assessing the need to amend any tax returns, the expense of making any tax filing, as well as any tax liabilities incurred.

The findings also included that the firm's system classified interest payments for short municipal bond positions as tax-exempt, thus causing tax reporting to customers to incorrectly categorize taxable income as tax-exempt. Consequently, the firm failed to disclose to customers that they were not receiving tax-exempt interest when the firm was short municipal bonds. As a result, the firm sent inaccurate Forms 1099 to customers who received firm-paid interest for several calendar years, and also sent inaccurate account statements to certain customers that incorrectly classified firm-paid interest as tax-exempt when it should have been classified as taxable. FINRA found that the firm did not maintain records identifying particular customer accounts that offset its short municipal bond positions. The firm's short positions were held in aggregate and not allocated to specified customers. Because the firm's short municipal bond positions were not offset against specific customer holdings, the firm was unable to accurately report taxable income to its customers who were receiving firm-paid interest as taxable income. ([FINRA Case #2015045548001](#))

**Fulcrum Securities, LLC** ([CRD #140084, Saint Louis, Missouri](#)) submitted an AWC in which the firm was censured and fined \$20,000. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to adequately enforce its WSPs to adequately detect, investigate and, if appropriate, report potentially suspicious activities or manipulative trading by customers in securities transactions involving the stocks of microcap issuers, each of which had little to no revenue or assets. The findings stated that the firm failed to review the transactions at issue, despite the presence of numerous "red flags" identified in its anti-money laundering (AML) policies and procedures. The findings also stated that the firm failed to conduct the required due diligence on correspondent accounts of foreign financial institutions and failed to maintain the required documentation. The firm also failed to comply with the regulations promulgated under the Bank Secrecy Act. The findings also included that the firm failed to establish and maintain a supervisory system or WSPs reasonably designed to achieve compliance with Section 5 of the Securities Act of 1933 with respect to the distribution of unregistered non-exempt securities. As a result, the firm failed to conduct reasonable inquiries into large sales of microcap securities issued by related entities with firm accounts. ([FINRA Case #2014040052601](#))

**Fusion Analytics Securities LLC** ([CRD #124245](#), New York, New York) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it permitted two registered persons to author equity research reports, even though neither had successfully completed the Series 86/87 examination. The findings stated that the firm issued, through an affiliate, equity research reports that did not include any disclosures, or page references to disclosures, on the first page. Additionally, of those research reports that included a rating of at least one equity security, none disclosed the percentage of securities rated by the firm to which the firm would assign a “buy,” “hold/neutral,” or “sell” rating. ([FINRA Case #2014039341501](#))

**G1 Execution Services, LLC** ([CRD #111528](#), Chicago, Illinois) submitted an AWC in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it effected transactions during trading halts. ([FINRA Case #2012033977801](#))

**Key Investment Services LLC** ([CRD #136300](#), Brooklyn, Ohio) submitted an AWC in which the firm was censured, fined \$100,000 and ordered to pay restitution to customers in the total amount of \$100,247.02. 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 sales charge discounts to certain customers’ eligible purchases of unit investment trust (UITs), which resulted in customers paying excessive sales charges of approximately \$95,254.34. The findings stated that the firm has already paid restitution to all affected customers in addition to interest of \$4,992.68. The findings also stated that the firm failed to establish, maintain, and enforce a supervisory system and WSPs reasonably designed to ensure that customers received sales charge discounts on all eligible UIT purchases. ([FINRA Case #2014041678601](#))

**Lincoln Investment Planning, LLC** ([CRD #519](#), Wyncote, Pennsylvania) submitted an AWC in which the firm was censured, fined \$75,000 and required to submit a certification in writing to FINRA within 90 days of the issuance of this AWC, certifying that the firm has adopted and implemented procedures reasonably designed to enhance the enforcement of its supervisory system and WSPs to ensure an effective review of consolidated reports produced by registered representatives and provided to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to enforce a supervisory system and WSPs reasonably designed to ensure an effective review of consolidated reports produced by registered representatives and provided to customers. The findings stated that the firm required registered representatives who produced consolidated reports using an application other than one of three approved methods to either upload the consolidated reports to the firm’s communications review system so that they could be forwarded to a designated supervisor for review, or provide the reports directly to their supervisor. However, the firm failed to ensure that representatives were complying with this procedure or that the firm was capturing the full extent of representatives’ consolidated report activity. ([FINRA Case #2014039109201](#))

**Mutual of Omaha Investor Services, Inc. (CRD #611, Omaha, Nebraska)** submitted an AWC in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it permitted a statutorily disqualified individual to be associated with the firm and engage in the firm's securities business. The findings stated that the individual worked at a firm branch office, reported to its supervisors and, among other things, solicited new customers and provided investment advice to the firm's securities customers. The findings also stated that the firm failed to maintain a supervisory system reasonably designed to achieve compliance with applicable securities laws and regulations concerning the association of statutorily disqualified individuals. ([FINRA Case #2012034064802](#))

**Next Financial Group, Inc. (CRD #46214, Houston, Texas)** submitted an AWC in which the firm was censured, fined \$125,000 and ordered to pay restitution to customers in the total amount of \$216,150.04. The firm has paid restitution to all affected customers. 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 sales-charge discounts to certain customers' eligible purchases of UITs, which resulted in customers paying excessive sales charges of approximately \$192,089.54. The findings stated that the firm failed to establish, maintain, and enforce a supervisory system and WSPs reasonably designed to ensure that customers received sales charge discounts on all eligible UIT purchases. ([FINRA Case #2014041679001](#))

**Paulson Investment Company LLC (CRD #5670, Portland, Oregon)** submitted an AWC in which the firm was censured and fined \$60,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it expanded beyond its FINRA Membership Agreement without filing a continuing membership application (CMA) for a material change in business and seeking approval for the change from FINRA. The findings stated that the firm expanded its business by hiring 35 new registered representatives and adding two new branch offices. This expansion increased the firm's number of registered representatives and branch offices beyond the amount its membership agreement allowed. Given the nature of the expansion and the firm's existing supervisory structure and capabilities, the addition of a significant number of new registered representatives and two new branch offices over a 15-month period was material, and the firm should have filed a CMA with FINRA seeking prior approval of the expansion.

The findings also stated that the firm failed to establish, maintain and enforce adequate WSPs, in that it failed to enforce procedures requiring, among other things, reasonable background investigations into disciplinary histories, financial circumstances and qualifications of its new hires. As a result of failing to follow its own procedures relating to hiring, the firm allowed several newly hired registered representatives to file initial Forms U4 for registration with the firm that were not complete and/or were misleading, in that they failed to disclose unsatisfied judgments and/or tax liens that the firm should have discovered if it had implemented adequate hiring practices. The findings also included that

the firm failed to enforce its WSPs relating to its registered representatives' disclosure of, and the firm's evaluation and approval of, outside business activities. The firm approved outside business activities, including investment-related activities, without adequately assessing the nature of the activities or the registered representatives' involvement in such activities. The firm also failed to maintain adequate documentation to evidence its review and approval of its registered representatives' outside business activities. The firm approved certain investment-related outside business activities without any constraints, without evaluating whether such outside business activities involved private securities transactions, and without establishing any method of monitoring its representatives' involvement with such activities. ([FINRA Case #2014038847601](#))

**Penates Group, Inc. ([CRD #44266](#), Phoenix, Arizona)** submitted an AWC in which the firm was censured and fined \$17,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to implement an AML Compliance Program (AMLCP) that was reasonably designed to achieve compliance with certain of the relevant portions of the Bank Secrecy Act and the implementing regulations thereunder. The findings stated that the firm sold two Regulation D offerings with respect to which the firm failed to implement its customer identification program (CIP) for 26 of the 62 investing customers. The firm did not verify these customers' identities through either documentary or non-documentary methods. The firm's CIP required the firm to collect certain required identifying information and to obtain documentary evidence to verify the identity of individuals or entities who sought to open accounts with the firm. In the event that documentary evidence was not available, the CIP required the firm to obtain non-documentary evidence to verify the customer's identity. The findings also stated that the firm failed to maintain and preserve business-related emails of the registered representative who sold the two Regulation D offerings. With respect to those emails, the firm failed to implement its procedures relating to email review. ([FINRA Case #2014038971201](#))

**Stoever, Glass & Company Inc. ([CRD #7031](#), New York, New York)** submitted an AWC in which the firm was censured and fined \$40,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it recommended and sold municipal bonds in transactions to retail customers in dollar amounts below \$100,000, which was the applicable minimum denomination. The findings stated that the official statement for one of these bonds stated that the bond was eligible for sale only to qualified institutional buyers (QIBs), but the firm sold it to non-QIB retail customer accounts. The firm did not implement reasonable supervisory procedures to review for minimum denomination or QIB restrictions applicable to municipal bonds to be recommended to retail customers. The findings also stated that the firm employed an individual as a part-time debt research analyst, even though she was not registered with FINRA in any capacity. The individual authored and signed reports concerning corporate bonds, some of which were provided to customers. ([FINRA Case #2014039380801](#))



**Tigress Financial Partners, LLC** ([CRD #154717](#), 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 conducted a securities business while it was net capital deficient. The findings stated that the net capital deficiency was due to the failure of the firm, acting through its Financial and Operational Principal (FINOP), to accrue certain liabilities for recurring vendor invoices. The findings also stated that the firm maintained inaccurate financial books and records by failing to appropriately accrue for certain vendor invoices. As a result, the firm's general ledger and its Financial and Operational Combined Uniform Single (FOCUS) reports were inaccurate, as was the annual audit for one year. ([FINRA Case #2014040645301](#))

**vFinance Investments, Inc.** ([CRD #44962](#), Boca Raton, Florida) 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 contrary to FINRA Rule 2081, the firm conditioned settlement of a dispute with a customer on the customer's agreement to consent to, or not oppose, a request for expungement of all reference to the customer dispute information from an individual respondent's CRD record. The findings stated that the customer filed an arbitration claim with FINRA Dispute Resolution against the firm and one of its former registered representatives. Thereafter, the firm and the representative entered into a signed settlement agreement with the customer. The arbitration panel denied the representative's request for expungement and referred this matter to FINRA's Department of Enforcement for investigation. The findings also stated that the firm became aware that the Securities and Exchange Commission (SEC) had approved Rule 2081; and despite the effective date of Rule 2081, the firm failed to establish any systems or procedures to comply with the rule until 10 months after the rule's effective date. The firm eventually implemented systems and procedures to address Rule 2081's prohibition. ([FINRA Case #2015045191001](#))

## Individuals Barred or Suspended

**James Warren Anderson** ([CRD #1060765](#), Anthem, Arizona) submitted an AWC in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any principal capacity for 15 months. Without admitting or denying the findings, Anderson consented to the sanctions and to the entry of findings that he failed to appropriately supervise the sales practices of a registered representative who engaged in unsuitable trading in the brokerage and advisory accounts of his customers, primarily by inappropriately concentrating his customers' accounts in low-priced securities. The findings stated that Anderson had supervisory and compliance responsibilities with respect to the registered representative and Anderson's member firm's branch office where the representative was located. Anderson was aware of red flags indicating that the representative was engaged in unsuitable trading with respect to low-priced securities. Anderson failed to follow up appropriately on information that he learned

about the representative's sale practices during a meeting with the representative's direct supervisor. Anderson was instructed to conduct the audit of the representative's branch office. Notwithstanding Anderson's knowledge of potential sales practice violations involving low-priced securities, the audit he conducted related to non-sales practice issues, such as the review of change-of-address requests and a check of controls over the receipt of incoming mail. During this audit, Anderson did not review the advisory activity of representatives in this branch office, including the representative, and did not review trading in low-priced securities or suitability of transactions recommended or executed in the branch office. Anderson participated in another meeting with the representative's direct supervisor and the representative at the firm's headquarters. Anderson was charged with the responsibility of drafting a heightened supervision plan for the representative. Although Anderson drafted the heightened supervision plan and forwarded the plan to the firm's compliance department, he did not take any further steps to ensure that it was implemented. Anderson's supervisory failure facilitated the representative's ongoing sales practice violations, which continued over an 18-month period at the firm.

The suspension is in effect from February 1, 2016, through April 30, 2017. ([FINRA Case #2015045755001](#))

**Stanley Ball** ([CRD #1284747](#), Peachtree City, Georgia) 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, Ball consented to the sanctions and to the entry of findings that he willfully failed to amend his Form U4 to disclose federal and state tax liens, the filing and discharge of bankruptcy petitions, and judgments entered against him. The findings stated that Ball submitted annual compliance questionnaires to his member firm in which he made false representations that his Form U4 was up-to-date with all disclosures relating to financial proceedings, including bankruptcies and unsatisfied liens. At the time Ball completed the questionnaires, however, he was aware of multiple unsatisfied tax liens and the filing of bankruptcy petitions.

The suspension is in effect from January 19, 2016, through July 18, 2016. ([FINRA Case #2015044683301](#))

**John Vincent Ballard** ([CRD #2988526](#), Memphis, Tennessee) was barred from association with any FINRA member firm in any capacity. The NAC imposed the sanction following an appeal of an OHO decision, which found that Ballard engaged in undisclosed outside business activities, failed to provide documents in response to FINRA's requests for documents, and failed to appear for on-the-record testimony.

Ballard has appealed the NAC's decisions to the SEC, but the bar remains in effect pending the SEC's review. ([FINRA Case #2010025181001](#))

**Carlos Benavidez Jr. (CRD #5013554, Louisville, Kentucky)** submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Benavidez consented to the sanctions and to the entry of findings that he exercised discretion in effecting hundreds of securities transactions in customers' accounts without obtaining the customers' prior written authorization or his firm's prior written approval. The findings stated that Benavidez participated in the backdating of customers' notes that had been created in a firm program in order to falsely reflect that he or another representative had conversations with the customers on a previous date, before the trades were effected. As a result, Benavidez caused his firm to have inaccurate records.

The suspension is in effect from February 1, 2016, through March 31, 2016. ([FINRA Case #2014043025701](#))

**Erik M. Bohn (CRD #5583632, Arlington, Virginia)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Bohn consented to the sanction and to the entry of findings that he failed to appear for FINRA-requested testimony in connection with an investigation into the circumstances surrounding his departure from his member firm. The findings stated that Bohn voluntarily resigned from the firm during the course of an internal review concerning his allocation of commissions from certain trades between himself and a colleague at the firm. ([FINRA Case #2015046846201](#))

**Joel Steven Bovee (CRD #1782536, Plymouth, Minnesota)** submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any principal capacity for two months. Without admitting or denying the findings, Bovee consented to the sanctions and to the entry of findings that he failed to either prevent a registered representative's unsuitable transactions or inform his superiors about the representative's continued misconduct. The findings stated that Bovee served as a branch office manager at a branch office of his member firm. In that capacity, Bovee was also the representative's direct supervisor. Bovee observed that the representative regularly engaged in short-term trading of UITs in several of his customer's accounts. Bovee informed the representative that his trading of UITs was inappropriate, given the products' design and intended use. Nonetheless, the representative's pattern of short-term UIT trading continued. In a meeting with the firm's chief compliance officer (CCO), Bovee and the representative, Bovee was charged with monitoring the representative's trading practices. Bovee's subsequent supervision was inadequate. The representative continued to engage in short-term UIT trading, notwithstanding the CCO's contrary instruction. Despite having previously elevated his concerns about the same type of activity, Bovee did not make any attempt to prevent the representative from continuing the same type of misconduct, whether by personally rejecting the transactions or notifying the firm's compliance department that the representative's inappropriate UIT activity was ongoing.

The suspension is in effect from February 16, 2016, through April 15, 2016. ([FINRA Case #2013036524901](#))

**Michael Joseph Cortes (CRD #54629, Smithtown, New York)** submitted an AWC in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Cortes consented to the sanctions and to the entry of findings that he willfully failed to disclose on his Form U4 that he was subject to New York State tax warrants and a federal tax lien, totaling approximately \$85,393.10. The findings stated that Cortes failed to provide his member firm with prior written notice to perform services outside the scope of his relationship with the firm. Cortes completed annual individual compliance reviews and annual certification statements for three years, in which he acknowledged that he must discuss and obtain manager approval prior to engaging in any outside business activity, and he certified that he is not engaged in any undisclosed outside business activity. The findings also stated that Cortes borrowed \$19,000 from one of the firm's customers without informing the firm about the loan and in contravention of its policies. Cortes paid back the loan amount plus agreed-upon interest.

The suspension is in effect from February 1, 2016, through July 31, 2016. ([FINRA Case #2014042628801](#))

**Marco Antonio Daniel aka Tony Daniel (CRD #4974945, Chula Vista, California)** submitted an AWC in which he was suspended from association with any FINRA member in any capacity for four months. In light of Daniel's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Daniel consented to the sanction and to the entry of findings that contrary to his member firm's written policies and procedures, he borrowed a total of \$19,015 from a customer. The findings stated that Daniel certified on the firm's annual compliance questionnaire that he had read and understood the firm's policies and procedures. However, Daniel accepted loans totaling \$19,015 from the customer and did not repay the loans until after the customer complained to the firm. Daniel also failed to disclose the loans to the firm or receive the firm's approval. After accepting the loans, Daniel inaccurately certified to the firm on an annual compliance questionnaire that he had not borrowed money from any customer. The findings also stated that Daniel engaged in an outside business activity without providing any notice to his firm. Daniel purchased pre-owned automobiles at a dealer auction with the intent to resell the automobiles for profit. Daniel used some of the funds he borrowed from the customer to engage in this activity.

The suspension is in effect from February 1, 2016, through May 31, 2016. ([FINRA Case #2014042807501](#))

**Jeffrey Lee Davidson** ([CRD #1352867](#), Stuart, Florida) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Davidson consented to the sanctions and to the entry of findings that he recommended unsuitable mutual fund switch transactions in customer accounts. The findings stated that all of the transactions involved Davidson's recommendation to purchase Class A mutual fund shares and to subsequently sell those shares within less than a year of the purchase, even though there were significant upfront costs associated with the purchase of Class A shares, and Class A shares are generally intended to be held long term. Davidson then recommended that the customers use the proceeds of the sales to purchase new Class A mutual fund shares, generally in different mutual funds from different fund families, which caused the customers to pay sales charges and commissions. Davidson's customers incurred approximately \$46,000 in unnecessary sales charges as a result of the unsuitable recommendations. Davidson's member firm has paid those customers back for their losses.

The suspension is in effect from February 1, 2016, through April 30, 2016. ([FINRA Case #2013039482702](#))

**Peter Nicholas Dourdas** ([CRD #1533296](#), Jamesville, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Dourdas failed to produce FINRA-requested documents and information or appear for testimony as part of FINRA's investigation into his undisclosed outside business activities. The findings stated that Dourdas made material misrepresentations to his member firm in annual supervisory reviews regarding his outside business activities as a trustee. ([FINRA Case #2013038018901](#))

**Kathy Khatina Efrem** ([CRD #3248100](#), Lawrence, New York) submitted an AWC in which she was fined \$10,000; suspended from association with any FINRA member in any principal, supervisory and FINOP capacities and in a Series 99 Operations Professional capacity for three months; and required to requalify as a FINOP (Series 27) or an Introducing Broker-Dealer Financial and Operations Principal (Series 28) prior to reassociation with any FINRA-registered firm in either of those capacities. Without admitting or denying the findings, Efrem consented to the sanctions and to the entry of findings that she failed to prepare and maintain accurate financial statements, including general ledgers, trial balances and balance sheets, for her member firm; and failed to prepare accurate net capital computations for the firm. The findings stated that Efrem failed to properly categorize certain transfers between the firm and its affiliate, failed to exclude restricted securities from the firm's allowable assets, and failed to properly accrue and reflect liabilities and expenses of the firm. As a result, Efrem caused her firm to maintain inaccurate books and records. The findings also stated that Efrem failed to prepare and file accurate FOCUS reports for the firm.

The suspension is in effect from March 7, 2016, through June 6, 2016. ([FINRA Case #2014042394601](#))

**Derek Steven Fish** ([CRD #4674722](#), Hanover, Pennsylvania) submitted an AWC in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Fish consented to the sanctions and to the entry of findings that he circumvented and violated his member firm's gift procedures by accepting gifts of stock from a firm customer. The findings stated that Fish accepted a total of 750 shares of stock, which were collectively worth approximately \$23,000 at the time. Fish concealed his receipt of these gifts by arranging for the shares to be transferred, with the customer's consent, from the customer's account to an account at the firm in the name of Fish's father-in-law. Fish's father-in-law subsequently sold the shares for \$31,000 and gave the proceeds to Fish.

The suspension is in effect from February 1, 2016, through April 30, 2016. ([FINRA Case #2013038423601](#))

**Michael Roger Griffith** ([CRD #4957188](#), Middle River, Maryland) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Griffith consented to the sanction and to the entry of findings that he submitted fictitious life insurance applications on behalf of a customer of his member firm, forged the customer's signature on the applications, and set up an automatic bank debit for the policies using the customer's banking information, all without the customer's knowledge or authorization. The findings stated that as a result, the customer's account was debited \$1,220. After the customer contacted Griffith's firm, the policies were canceled and Griffith repaid the customer \$1,220. ([FINRA Case #2015046129301](#))

**Sarunas Kazys Griganavicius** ([CRD #3154997](#), Willowbrook, 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 five months. Without admitting or denying the findings, Griganavicius consented to the sanctions and to the entry of findings that he willfully failed to timely disclose a felony guilty plea on his Form U4 and willfully misrepresented that he had never been convicted of, or plead guilty to, a felony on his Form U4.

The suspension is in effect from February 1, 2016, through June 30, 2016. ([FINRA Case #2014041739301](#))

**Karen Elizabeth Hajek** ([CRD #3114386](#), Treasure Island, Florida) submitted an AWC in which she was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Hajek consented to the sanctions and to the entry of findings that she failed to disclose to her member firms that she was involved in an outside business activity of managing a family corporation and serving as a director, vice president and manager of that corporation. The findings stated that Hajek managed and had signing authority on behalf of several other entities. Hajek was obligated to disclose her involvement with these entities to her firms in writing in accordance with the firms' WSPs, but failed to do so. Hajek also failed to properly disclose her involvement to a firm upon associating with that firm.

The suspension is in effect from February 1, 2016, through July 31, 2016. ([FINRA Case #2013037390701](#))

**Michael William Hajek III (CRD #3114385, Treasure Island, Florida)** submitted an AWC in which he was assessed a deferred fine of \$35,000 and suspended from association with any FINRA member in any capacity for 18 months. Without admitting or denying the findings, Hajek consented to the sanctions and to the entry of findings that he exceeded the scope of his member firms' approval to conduct his Certified Public Accountant (CPA) business by assisting customers open and administer self-directed Individual Retirement Accounts (IRAs) away from the firms, and by recommending and facilitating customers' investments in those accounts, some of which included securities. The findings stated that Hajek's firms' customers transferred a total of nearly \$1.8 million in cash and assets from their firm accounts to their self-directed IRA accounts. Hajek continued to engage in this business even after his firm directed him to cease. Hajek was also involved in other outside business activities that he was obligated to disclose to his firms in writing, as required by their WSPs, but failed to do so. Hajek failed to properly disclose his involvement with outside business activities to a firm upon association with the firm. The findings also stated that Hajek participated in private securities transactions effected in customers' self-directed IRAs totaling more than \$2.3 million. These private securities transactions were done away from his firms. Hajek was required to notify his firms in writing of his participation prior to participating in them, but failed to do so.

The suspension is in effect from February 1, 2016, through July 31, 2017. ([FINRA Case #2013037390801](#))

**Elizabeth Boyer Hambrecht (CRD #2271772, San Francisco, California)** submitted an AWC in which she was fined \$7,500 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Hambrecht consented to the sanctions and to the entry of findings that she submitted a complete draft research report containing the research rating, price target and research summary to a subject company before the publication of the report, and submitted the draft report to the subject company without first providing the complete draft of the research report to her member firm's legal or compliance department.

The suspension was in effect from February 1, 2016, through February 12, 2016. ([FINRA Case #2013037842601](#))

**Sheldon Jay Harber (CRD #867340, Chesterfield, Missouri)** submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Harber consented to the sanctions and to the entry of findings that he participated in private securities transactions by investing and facilitating investments for other investors in a private company without providing his member firm with written notice of, or receiving approval to participate in the private securities transactions. The findings stated that Harber, along with the other

investors, some of whom were customers of his firm, invested a total of \$435,000 in the private company through an outside investment vehicle Harber had formed. Harber did not receive compensation in connection with his participation in the private securities transactions.

The suspension is in effect from February 1, 2016, through May 31, 2016. ([FINRA Case #2014042539101](#))

**Yohance Daudi Harrison (CRD #4418213, Long Beach, California)** submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Harrison consented to the sanctions and to the entry of findings that he willfully failed to amend his Form U4 to disclose federal tax liens.

The suspension is in effect from January 19, 2016, through April 18, 2016. ([FINRA Case #2014042104701](#))

**James P. Hilty Jr. (CRD #5400513, Ocala, Florida)** submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 45 days. In light of Hilty's financial status, a fine of \$5,000 has been imposed. Without admitting or denying the findings, Hilty consented to the sanctions and to the entry of findings that he effected discretionary transactions in the securities accounts of customers without obtaining the customers' prior written authorization or his member firm's approval of the accounts as discretionary. The findings stated that none of the customers were aware of the trades at the time they were made, but instead had previously spoken with Hilty regarding a trading strategy. Hilty failed to discuss the subject trades with the customers prior to making the trades, and failed to discuss the transactions with the customers on the day of the trade. The firm prohibits the use of discretion in customer accounts other than time and price discretion, and does not approve customer accounts for discretionary trading. As a consequence, the customers' accounts were not approved for discretionary trading. The firm later canceled the subject transactions.

The suspension is in effect from February 1, 2016, through March 16, 2016. ([FINRA Case #2014041875801](#))

**Steven Ray Hinkle (CRD #838034, Greenwood Village, Colorado)** submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any principal capacity for 20 business days. Without admitting or denying the findings, Hinkle consented to the sanctions and to the entry of findings that he failed to establish, maintain, and enforce an adequate supervisory system and WSPs to review trades for excessive and unsuitable trading. The findings stated that Hinkle failed to reasonably supervise a registered representative despite being aware of several red flags that should have resulted in enhanced scrutiny and supervision of the registered representative's activities, which exposed his customers to losses due to excessive trading or other sales



practice violations. The findings also stated that Hinkle's member firm required all registered representatives to use a firm-issued email address when conducting broker-dealer business. Hinkle used separate email addresses for business conducted by the firm and its affiliated registered investment advisor. A review of emails the firm provided showed instances in which Hinkle used the registered investment advisor firm email address to conduct firm business.

The suspension was in effect from February 1, 2016, through February 29, 2016. ([FINRA Case #2014038969301](#))

**Valentino Infante (CRD #5707731, Miami, Florida)** was barred from association with any FINRA member in any capacity and ordered to pay \$2,300, plus interest, in restitution to a customer. The sanctions were based on findings that Infante engaged in outside business activities without providing his member firm with prior written notice. The findings stated that Infante established a limited liability company through which he conducted his outside business involving the purchase and resale of tractors and other large machinery. The findings stated that on two separate occasions, Infante solicited a customer of his firm to provide funding for two transactions that were conducted in connection with his outside business activities. The customer authorized wire transfers from her brokerage account in connection with these two transactions. Infante did not obtain his firm's approval prior to establishing the limited liability company or participating in the foregoing transactions. The findings also stated that Infante provided false responses on an annual compliance questionnaire to his firm. Infante falsely answered a question that probed his involvement in his outside business activity involving the limited liability company of which he was the sole owner. The findings also included that Infante failed to appear and provide FINRA-requested testimony. ([FINRA Case #2013038021001](#))

**Jonathan David Ison (CRD #704828, Boca Raton, Florida)** submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for two-and-a-half months. Without admitting or denying the findings, Ison consented to the sanctions and to the entry of findings that he altered federal funds wire request forms and letters of authorization (LOAs) for his parents' securities account, copied their signatures from other forms, and then submitted the altered forms as authentic and genuine to two successive FINRA member firms, thereby causing his firms to maintain inaccurate records. The findings stated that in total, Ison improperly altered at least 23 forms, authorizing distributions of \$56,516, in aggregate. The customers—Ison's parents—indicated to his firms that the wire requests and LOAs were altered and their signatures were reused for their convenience, and that they authorized the disbursements from their account.

The suspension is in effect from February 16, 2016, through April 30, 2016. ([FINRA Case #2013036215902](#))

**Katherine Farber Lapidoth** ([CRD #1941579](#), Fort Lauderdale, Florida) submitted an Offer of Settlement in which she was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the allegations, Lapidoth consented to the sanctions and to the entry of findings that she provided misleading information and altered documents to four state securities regulators in response to inquiries about her termination from her previous member firm. The findings stated that Lapidoth was terminated by her previous firm for sending an unapproved email to prospective clients. Lapidoth was later terminated by her new firm. The findings also stated that Lapidoth failed to produce FINRA-requested documents and information in a timely and complete manner during its investigation into her termination by her new firm.

The suspension is in effect from January 19, 2016, through January 18, 2018. ([FINRA Case #2013039650502](#))

**John Soon Lee** ([CRD #2689460](#), McLean, Virginia) was barred from association with any FINRA member in any capacity and ordered to pay \$10,403.89, plus interest, in restitution to an individual. The sanctions are based on findings that Lee converted funds that should have been paid to the individual, who was his supervisor at his member firm. The findings stated that Lee charged a total of \$13,310.59 in business travel expenses to the supervisor's credit card, as part of an agreement in which Lee would request reimbursement from his member firm and provide those funds to the supervisor. Lee submitted reimbursement requests to his firm, and the firm reimbursed Lee, for at least \$12,903.89 in expenses that he had charged to the supervisor's credit card and for approximately \$3,700 in other expenses. However, Lee remitted to the supervisor only \$2,500 of the expenses charged to the supervisor's credit card. Lee retained at least \$10,403.89 that he had received from the firm as reimbursements for business expenses charged to the supervisor's credit card. The findings also stated that Lee failed to respond to FINRA's requests for information regarding his responsibilities at his firm and his use of the supervisor's credit card, and failed to appear for testimony. ([FINRA Case #2014041372002](#))

**Andrew Clinton LeGros** ([CRD #1540847](#), Waite Hill, Ohio) submitted an AWC in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, LeGros consented to the sanctions and to the entry of findings that over a number of years, he circulated communications to institutional investors about companies, which his member firm's research analysts discussed during morning calls and about which they wrote in their research reports. The findings stated that these communications failed to meet the related requirements under NASD Rule 2711, were not fair and balanced, did not provide a sound basis for evaluating the facts, and contained exaggerated, unwarranted and misleading statements. The communications included LeGros' so-called idea list that

he created and distributed to institutional clients that represented his top 10 to 20 stock picks, and his so-called research insights emails that he sent to dozens of institutional customers. LeGros made a variety of claims without providing a sound basis for evaluating the facts with regard to them. In frequent references, LeGros made it difficult to distinguish between his own views versus those of his firm's research department. The idea list's pages of excerpts omitted material information about the stocks covered by the research report, did not include information relating to disclosures and certifications, and deleted extensive sections of analysis and supporting information. The excerpted pages also contained handwritten commentary by LeGros, much of which was misleading or unwarranted.

The findings also stated that LeGros failed to maintain a copy of each version of the idea list provided to customers; rather, he generally maintained a copy of the most recent version. As a result, LeGros caused the firm to fail to maintain a copy of each version of the idea list, as the applicable rules required. The findings also included that LeGros sent research insights emails to dozens of institutional customers several times a week. These emails provided ratings for specific stocks but did not define the meaning of each rating; failed to disclose the percentage of all securities rated by the member to which the member would assign a "buy," "hold/neutral," or "sell" rating; and did not include the percentage of subject companies within each of these three categories for whom the member has provided investment banking services within the previous twelve months. The research insights emails provided price targets (either those of the firm's research analysts or LeGros') but failed to disclose the valuation methods used to determine the price target or the risks that may impede achievement of the price target. The emails failed to fully disclose or make the additional disclosures as required by the applicable law or regulation, including the analyst certification required by SEC Regulation AC. FINRA found that LeGros was not properly licensed or registered as a research analyst, and should not have been circulating the research insights emails.

The suspension is in effect from January 19, 2016, through April 18, 2016. ([FINRA Case #2012032945602](#))

**Abed William Lulu** ([CRD #2625609](#), Farmingdale, 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, Lulu consented to the sanctions and to the entry of findings that he failed to timely disclose on his Form U4 that he was the subject of an Internal Revenue Service (IRS) tax lien in the amount of \$31,518, and a New York State tax lien in the amount of \$3,777. The findings stated that Lulu provided false information to his member firm by stating on its annual compliance questionnaire that he did not have any judgments or liens against him.

The suspension is in effect from February 1, 2016, through April 30, 2016. ([FINRA Case #2014040347901](#))

**Joseph Gregory Mahalick** ([CRD #5563167](#), Chicago, Illinois) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Mahalick consented to the sanction and to the entry of findings that he refused to cooperate with FINRA requests to appear and provide testimony in connection with a FINRA examination into his activities at his member firm concerning, among other things, potential sales practice violations, potential registration violations, and potential violations of books and records rules. ([FINRA Case #2015045937401](#))

**Paul Thomas Mannion Jr.** ([CRD #1302924](#), Duluth, Georgia) 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, Mannion consented to the sanctions and to the entry of findings that he reviewed, approved, distributed, and allowed the distribution of two separate emails concerning subject companies to potential investors that contained material omissions in order to raise money on behalf of two issuers. The findings stated that the emails did not result in Mannion's member firm raising money for the issuers. However, due to Mannion's relationship with and knowledge of the issuers, he was responsible for the review and approval of the emails before their distribution. The findings also stated that the Mannion's firm conducted a securities business while it was net capital deficient. During this time, Mannion was the firm's FINOP and was responsible for ensuring its compliance with its net capital requirements and obligations. While the firm remained net capital deficient, members of the firm conducted securities business by exchanging emails with one or more individuals outside of the firm regarding a variety of financing projects. Mannion did not take adequate steps to prevent the firm from conducting this business while it was net capital deficient.

The suspension is in effect from February 1, 2016, through July 31, 2016. ([FINRA Case #2011028722201](#))

**Marconi Hertz Marc** ([CRD #6129500](#), Vauxhall, New Jersey) 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 15 business days. Without admitting or denying the findings, Marc consented to the sanctions and to the entry of findings that he renegotiated the terms of a loan he received from his customer without providing notice of, or receiving approval from, his member firm. The findings stated that Marc borrowed \$1,500 from a friend who at the time of the loan was an insurance customer of Marc's, and days later, became a brokerage customer of both Marc and his firm. The loan was memorialized by both a Loan Agreement and a Borrow Purchase Agreement and executed by Marc. Nevertheless, while the friend was a client of both Marc and the firm, Marc and the friend renegotiated the terms of the loan. Marc did not disclose the modification of the loan to his firm. The firm's WSP prohibited its registered representatives from borrowing money or securities from firm customers.

The suspension was in effect from January 19, 2016, through February 8, 2016. ([FINRA Case #2015044722901](#))

**Richard A. McGuire (CRD #4637028, Bay Shore, New York)** was barred from association with any FINRA member in any capacity and ordered to pay \$95,000, plus interest, in restitution to a customer's estate. The NAC affirmed the findings and sanctions imposed by OHO. The NAC found that McGuire took \$95,000 from a customer under false pretenses, used the money for his own purposes, and then, when the customer requested the money back, refused to comply with her request. The NAC also found that McGuire forged or caused to be forged the customer's signatures on loan agreements he generated and copied, supplied to FINRA, and used in an effort to support his false assertions that the customer loaned him money. Further, the NAC found that McGuire failed to provide notice of several outside business activities to his member firms, failed to inform three of his firms of the existence of brokerage accounts held away from those firms, and likewise failed to inform the broker-dealers holding his accounts of his association with his firms. Finally, the NAC found that McGuire willfully failed to disclose state tax warrants and a federal tax lien on his Form U4. ([FINRA Case #2011027350301](#))

**David Michael Mitchell (CRD #3091132, Falmouth, Maine)** submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Mitchell consented to the sanctions and to the entry of findings that in anticipation of becoming associated with a new FINRA member firm and while still registered with his member firm, he altered customer contact information maintained in the firm's books and records for at least nine of his customer accounts and caused the firm's books and records to be inaccurate. The findings stated that Mitchell's actions were driven by a desire to delay his firm's competing registered persons from contacting his customers, with the hope of persuading these customers to move their accounts to his new firm. Mitchell acted without the knowledge or authorization of the affected customers or the firm.

The suspension was in effect from February 1, 2016, through March 14, 2016. ([FINRA Case #2013037497001](#))

**Kevin Patrick Murphy (CRD #1680861, New York, 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 12 months. Without admitting or denying the findings, Murphy consented to the sanctions and to the entry of findings that he sold \$1.2 million of shares and warrants in a private placement to four individuals and one limited partnership without his member firm's knowledge or consent. The findings stated that Murphy did not secure the approval of the firm's president and CCO as required by the firm's WSPs, nor did Murphy provide prior written notice to the firm regarding these transactions.

The suspension is in effect from January 19, 2016, through January 18, 2017. ([FINRA Case #2015043159501](#))

**Michael Alexander Nahass** ([CRD #2594618](#), Irvine, California) submitted an AWC in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Nahass consented to the sanctions and to the entry of findings that he engaged in outside business activities by participating as a director and officer of a publicly traded company without providing written notification to his member firms. The findings stated that while Nahass was associated with one of his firms, he opened an individual brokerage account at another FINRA member firm without providing written notification to any of the firms involved. Nahass neither provided written notice to his firm of the outside securities account nor the securities transactions. Furthermore, Nahass completed the new account form at the other FINRA firm and falsely represented that he was not associated with a FINRA firm at the time that the brokerage account was opened. The findings also stated that Nahass submitted five annual compliance questionnaires in which he falsely certified that he disclosed all of his outside business activities to his firms and submitted one annual compliance questionnaire to one of his firms in which he falsely certified that he disclosed all of his outside securities accounts.

The suspension is in effect from January 19, 2016, through July 18, 2016. ([FINRA Case #2015044765401](#))

**Douglas Benrud Neet** ([CRD #1687756](#), Simi Valley, California) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Neet consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose Chapter 7 and Chapter 13 personal bankruptcy petitions. The findings stated that Neet voluntarily withdrew his bankruptcy filings, and they were subsequently dismissed and closed.

The suspension was in effect from January 19, 2016, through February 17, 2016. ([FINRA Case #2014040107201](#))

**Tam Minh Ngo** ([CRD #6265288](#), Manassas, Virginia) 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 four months. Without admitting or denying the findings, Ngo consented to the sanctions and to the entry of findings that during a telephone call with an insurance company, she falsely stated that she was the prospective insured in connection with another individual's written application for a life insurance policy. The findings stated that Ngo was attempting to verify information provided on the application.

The suspension is in effect from January 19, 2016, through May 18, 2016. ([FINRA Case #2015044499001](#))

**James Jeffery Nixon** ([CRD #1906798](#), Darien, Connecticut) submitted an AWC in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Nixon consented to the sanctions and to the entry of findings that he engaged in private securities transactions before providing his member firm with detailed written notice of the transactions. The findings stated that Nixon failed to provide prior written notice to his firm before selling \$600,000 of convertible promissory notes, and he provided detailed written notice to the firm only after he had already disseminated investor presentations to potential investors and completed sales to accredited investor in the transactions. Before Nixon disclosed the transactions to the firm, he invoiced the issuer for his services and thereafter, as required by the engagement letter, the issuer paid Nixon's firm. Per the firm's agreement with Nixon, it kept its portion of the fees and remitted the rest to Nixon. Thereafter, the firm terminated Nixon's securities registrations. The findings also stated that the investor presentation for the promissory notes contained exaggerated and misleading statements about the issuer of the promissory notes, and failed to include a meaningful risk disclosure. A legend in certain versions of the investor presentation instructed potential investors not to rely on its contents and to rely exclusively on the offering's private placement memorandum (PPM), when no PPM actually existed. Additionally, the investor presentation and Nixon's transmittal emails did not mention Nixon's firm or that the promissory notes were distributed through the firm, or disclose Nixon's relationship with the firm.

The suspension is in effect from February 1, 2016, through April 30, 2016. ([FINRA Case #2013038289101](#))

**Stephen Mark Oberman** ([CRD #1309066](#), Naperville, Illinois) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Oberman consented to the sanctions and to the entry of findings that he falsified signatures on LOAs requesting fund disbursements from, and changes of address to, the account of a customer of his member firm. The findings stated that Oberman was assigned to the account of the customer that was a trust that had three trustees. Oberman falsified the signatures of the three trustees on the LOAs by photocopying their signatures from other firm account documents and cutting and pasting those signatures on to the LOAs, which Oberman then submitted to the firm for processing. After two of the three trustees died, Oberman continued to falsify their signatures. Although Oberman disclosed to the firm that he had falsified the trustees' signatures on the LOAs, he did not disclose this to the firm until after he learned that two of the three trustees were deceased. As a result of falsifying the trustees' signatures on the LOAs, Oberman caused his firm to create and maintain inaccurate books and records.

The suspension is in effect from February 1, 2016, through May 31, 2016. ([FINRA Case #2014041027001](#))

**Kathleen A. Perry** ([CRD #5789802](#), Austin Texas) submitted an AWC in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Perry consented to the sanctions and to the entry of findings that she participated in outside business activities without providing proper written notice to her member firm, as required by the firm's policies. The findings stated that Perry failed to disclose one or more of the businesses as outside business activities on an employment application and compliance questionnaire that she submitted to her firm, and on a pre-registration form that she submitted to another member firm.

The suspension is in effect from February 16, 2016, through March 15, 2016. ([FINRA Case #2013038819501](#))

**Geuris Valentin Ramos** ([CRD #4821611](#), Bronx, 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 60 days. Without admitting or denying the findings, Ramos consented to the sanctions and to the entry of findings that he failed to notify his member firm about his participation in an outside business activity involving a car leasing business. The findings stated that Ramos entered into an arrangement with colleagues outside of his firm pursuant to which Ramos purchased and financed cars in his own name, and turned the cars over to a leasing company operated by one of those colleagues. Ramos did not receive any money from this business but expected to receive a share of the profits once the cars were fully paid for.

The suspension is in effect from January 19, 2016, through March 18, 2016. ([FINRA Case #2014041811501](#))

**Michael David Rasmovich** ([CRD #5388113](#), Prospect, Kentucky) 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 two months. Without admitting or denying the findings, Rasmovich consented to the sanctions and to the entry of findings that he exercised discretion in effecting hundreds of securities transactions in customers' accounts without obtaining the customers' prior written authorization or his member firm's prior written approval. The findings stated that Rasmovich participated in the backdating of customers' notes that had been created in a firm program in order to falsely reflect that he or another representative had conversations with the customers on a previous date, before the trades were effected. By doing so, Rasmovich caused the firm to have inaccurate records.

The suspension was in effect from January 4, 2016, through March 3, 2016. ([FINRA Case #2014043025702](#))

**Alfred Pierrepont Reeves III** ([CRD #372836](#), Hallandale, Florida) was barred from association with any FINRA member in any capacity and ordered to pay \$28,704.93, plus prejudgment interest, in restitution to his former member firm. The SEC sustained the findings and sanctions imposed by the NAC. The sanctions were based on findings that Reeves converted



his former firm's funds. The findings stated that Reeves, who served as the firm's FINOP, was listed as his firm's authorized billing contact with the firm's clearing firm. After Reeves' contract with the firm was terminated, a proprietary trade was made in the firm president's IRA account. The clearing firm withheld a total of \$59,704.93 on commission on these trades, which it reported on the firm's statement of clearing charges.

After his termination, Reeves was still listed as the authorized billing contact and directed the clearing firm to pay the commissions to Reeves' consulting company because it had not been notified that he was no longer at the firm and should be removed as the designated billing contact. After learning that the transfer was complete, Reeves began withdrawing money from the account, transferring money to his ex-wife's account and paying personal expenses, without contacting the clearing firm or his former firm to clarify the source or purpose of the transfer. After the firm's president accused Reeves of stealing the money, Reeves offered to repay the clearing firm on the conditions that it admit that it had misappropriated the firm's funds and paid them to Reeves in error, and that he would not make any payments until he resolved all issues with FINRA. Reeves eventually repaid \$31,000 to the clearing firm and admitted he had not repaid the balance. ([FINRA Case #2011030192201](#))

**Robert Joseph Regan (CRD #2322096, Alamo, California)** submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 60 days. Without admitting or denying the findings, Regan consented to the sanctions and to the entry of findings that he participated in soliciting customers to invest approximately \$350,000 in an outside investment without providing his member firm with prior written notice. The findings stated that although Regan verbally requested permission from the firm to refer customers to the outside investment before the transactions, and was granted permission to do so, Regan's participation went beyond the limited scope the firm permitted.

The suspension is in effect from January 19, 2016, through March 18, 2016. ([FINRA Case #2013035916901](#))

**Yaron Reuven (CRD #4191455, New York, New York)** was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. The sanctions were based on findings that Reuven willfully failed to timely amend his Form U4 to reflect an unsatisfied IRS tax lien, two judgments and a settlement of one of the judgments.

The suspension is in effect from January 18, 2016, through July 17, 2016. ([FINRA Case #2014040651301](#))

**Robert E. Richards** ([CRD #2663610](#), Boynton Beach, Florida) submitted an AWC in which he was assessed a deferred fine of \$25,000, suspended from association with any FINRA member in any capacity for two years and required to requalify as a General Securities Principal by passing the Series 24 examination prior to reassociation with any FINRA member in that capacity following the two-year suspension. Without admitting or denying the findings, Richards consented to the sanctions and to the entry of findings that he aided and abetted the price manipulation of penny stocks by brokers at other FINRA member firms. The findings stated that at the time Richards made trades in two companies' securities, he was reckless in failing to recognize that his actions were part of an overall course of conduct that was illegal or improper and in failing to inquire sufficiently into whether the trades were part of such a course of conduct. The findings also stated that Richards failed to implement his member firm's AML procedures. Despite the risks, Richards, as a supervisor for a branch, did not implement the firm's AML compliance system. As a result, Richards was either unaware of, or chose to ignore, numerous red flags related to his branch's market-making activity and the retail trading activity of its customers. Richards failed to monitor for red flags associated with suspicious activity; and when he became aware of red flags, failed to perform additional due diligence or report the suspicious activity to the firm's AML compliance officer (AMLCO). Richards executed suspicious trades in those companies' securities without making further inquiry, and failed to report the activity to the firm's AMLCO.

The findings also included that Richards failed to properly supervise the firm's branch that engaged in high-risk activity, trading and liquidation of low-priced securities. Richards did not regularly review the branch's trade blotters and other reports to identify suspicious or manipulative trading. As a result, Richards failed to identify or respond to numerous red flags indicating suspicious trading was occurring at the branch. Richards failed to review all electronic communications sent or received by staff he supervised, as required by firm procedures, and failed to perform due diligence to verify a person's identity prior to approving customer accounts. As a result, Richards approved new accounts for individuals with criminal and regulatory backgrounds who subsequently engaged in suspicious trading. Richards failed to adequately implement the firm's procedures and policies related to compliance with Section 5 of the Securities Act of 1933 regarding the sale of unregistered securities. Richards repeatedly approved new customer accounts and the deposit of low-priced securities without ensuring adequate searching inquiry was conducted, despite evidence that the accounts were to hold recently obtained physical certificates for which there was incomplete documentation as to how and when the customer acquired the shares.

The suspension is in effect from January 19, 2016, through January 18, 2018. ([FINRA Case #2013036837803](#))

**Robert John Richards Jr. (CRD #2404084, Toms River, New Jersey)** submitted an AWC in which he was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Richards consented to the sanctions and to the entry of findings that while associated with a member firm, Richards was appointed and served as co-executor of a customer's estate for which he received approximately \$10,000 in compensation, without providing prompt written notice to his firm. The findings stated that Richards falsely represented to his firm in a compliance questionnaire that he had previously disclosed to the firm all outside business activities and that he had not acted as an executor of an estate.

The suspension is in effect from January 19, 2016, through May 18, 2016. ([FINRA Case #2015043964901](#))

**Morissa F. Rivo (CRD #5149961, Boca Raton, Florida)** submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Rivo consented to the sanction and to the entry of findings that she failed to appear for FINRA on-the-record testimony during the course of its investigation. ([FINRA Case #2014041961001](#))

**Jason Daniel Sayles (CRD #4140191, St. Petersburg, Florida)** submitted an AWC in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for 10 months. Without admitting or denying the findings, Sayles consented to the sanctions and to the entry of findings that he exceeded the scope of the permission he was given by his member firms to engage in the business of a CPA firm as an outside business activity. The findings stated that though Sayles was required to notify his firms of his involvement with the CPA firm in writing, in accordance with the firms' procedures, he failed to do so for four years. When Sayles updated his outside business activity form to include the CPA firm, his firms approved his involvement. Through the CPA firm, Sayles assisted customers in opening and administering self-directed IRAs. Some customers opening self-directed IRA accounts were also customers of Sayles' firms. Some of these customers transferred a total of nearly \$1.8 million in cash and assets from their firm accounts to their self-directed IRA accounts, and many of the customers held securities in their accounts. Sayles continued to engage in this business for approximately three months after his firms directed him to cease. The findings also stated that Sayles was involved with other outside business activities that he was obligated to disclose to his firms in writing, as WSPs required, but failed to do so. Sayles also failed to properly disclose his involvement with outside business activities to a new member firm upon association. The findings also included that Sayles participated in private securities transactions effected in customers' self-directed IRAs totaling more than \$2.3 million that were done away from his firms. Sayles was required to notify his firms in writing of his participation prior to participating, but he failed to do so.

The suspension is in effect from February 1, 2016, through November 30, 2016. ([FINRA Case #2013037390601](#))

Vincent Stanley Sbarra ([CRD #2216872](#), Roswell, Georgia) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any principal capacity for 90 days. Without admitting or denying the findings, Sbarra consented to the sanctions and to the entry of findings that as his member firm's supervisory principal, he failed to reasonably enforce the firm's WSPs regarding approval and maintenance of advertising and sales materials, and establish and maintain WSPs reasonably designed for the firm to generate and monitor an effective list of securities in which its personnel should be restricted from engaging in transactions. The findings stated that Sbarra failed to conduct a review of issuer emails before their distribution to ensure that they provided a sound basis for evaluating the investments being offered and did not contain omissions of the material fact; false, exaggerated, unwarranted or misleading statements or claims; or the types of forecasts or promises delineated in the WSPs. Numerous issuer emails were sent out to potential investors without the review process mandated by the WSPs. Sbarra also failed to evidence his approval of the issuer emails before they were distributed by initialing and dating them, and failed to maintain a separate file containing them. As a result of Sbarra's failures, some of the issuer emails the firm distributed failed to provide a sound basis for evaluating the investment being offered, or made claims or statements that were unwarranted or not fully substantiated with regard to the investment being offered.

The findings also stated that Sbarra was delegated the responsibility for ensuring that the firm's WSPs were sufficiently tailored to the firm's business to detect and prevent possible insider trading. The WSPs explicitly directed Sbarra to establish and maintain a "restricted list" or "watch list" to monitor for and prevent the occurrence of trading on material, non-public information. Sbarra did not delegate these responsibilities to any firm personnel. The WSPs, however, did not contain a provision for listing issuers with whom the firm had entered into investment banking agreements, despite the fact that the firm entered into such agreements on a regular basis and the agreements specifically contemplated that the firm may receive confidential information in the course of its engagement. Sbarra was aware that once the firm entered into an investment banking agreement with an issuer, the firm may receive confidential information. Despite this, Sbarra failed to include in the firm's WSPs any reasonable guidance as to the circumstances under which the securities of an issuer with whom the firm had entered into an investment banking agreement would be placed on the restricted list upon execution of such an agreement. As a result of Sbarra's failure, a certain issuer was not timely placed on the firm's restricted list, resulting in a member of the firm trading in securities of that issuer.

The suspension is in effect from February 1, 2016, through April 30, 2016. ([FINRA Case #2011028722202](#))

**Mitesh Shere** ([CRD #2278130](#), Forest Hills, 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, Shere consented to the sanction and to the entry of findings that he refused to provide FINRA with requested information and documents during its investigation into his outside business activities. ([FINRA Case #2015044593401](#))

**Daniel James Smith** ([CRD #708743](#), Greenwich, Connecticut) submitted an AWC in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Smith consented to the sanctions and to the entry of findings that before the publication of a pre-deal research report, Smith improperly caused a complete draft research report containing the research rating, price target and research summary to be sent to the lead underwriter/co-manager on the deal. The findings stated that Smith did not indicate any restriction on use or dissemination of the report. At the time, Smith knew that the subject company had requested from his member firm a copy of the draft report before its publication. The lead underwriter/co-manager subsequently submitted the complete draft research report to the subject company prior to the publication of the research report.

The suspension was in effect from February 1, 2016, through February 12, 2016. ([FINRA Case #2013037842602](#))

**Lee Robert Sobel** ([CRD #2232865](#), Los Angeles, California) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Sobel failed to respond to FINRA requests that he appear and provide sworn testimony in connection with a FINRA investigation into his involvement in a private placement. ([FINRA Case #2014038991402](#))

**Jacob Troy Turner** ([CRD #4638411](#), Charlottesville, Virginia) submitted an AWC in which he was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in any capacity for three months and ordered to pay deferred restitution of \$10,635.78, plus interest, to customers. Without admitting or denying the findings, Turner consented to the sanctions and to the entry of findings that he recommended and effected short-term UIT transactions. The findings stated that UITs are generally intended as longer-term investments and the average holding period for the UITs Turner recommended was only 143 days. As a result of these transactions, customers incurred additional sales charges and suffered losses of approximately \$10,635.78.

The suspension is in effect from February 1, 2016, through April 30, 2016. ([FINRA Case #2013036516301](#))

**Kevin Donald Wanner** ([CRD #1402627](#), Bismarck, North Dakota) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Wanner consented to the sanction and to the entry of findings that he failed to provide FINRA with documents and information and

appear for testimony after FINRA began an investigation into the events leading up to Wanner's termination from his member firm including, among other things, whether he misappropriated customer funds. The findings stated that in Wanner's Form U5 stated that he had been discharged after the North Dakota Securities Department issued a cease and desist order alleging that he "offered for sale and sold to a North Dakota resident a 'time certificate of deposit' purporting to represent an investment in an Federal Deposit Insurance Corporation (FDIC)-insured interest bearing account" and "misrepresented to the investors that their funds would be deposited with the FDIC member financial institutions represented and instead deposited their funds into accounts owned and controlled by him for his own purpose." ([FINRA Case #2015048162701](#))

**Fred Leander White Jr.** ([CRD #1243418](#), Opelika, Alabama) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, White consented to the sanction and to the entry of findings that he wrote fictitious non-variable life insurance policies for clients that did not exist in order to meet production goals with his member firm's affiliated insurance company. The findings stated that White fabricated customer information on the policy applications and listed himself as the policy owner, payor and grandfather to the insured for the policies. White paid the first premium for the policies using personal checks and received commission payments for each policy. After cancelling all of the policies, which had not already lapsed, the insurance company refunded the premium payments to White less the commissions that he had been paid. ([FINRA Case #2015046720901](#))

**Michael Bruce Winegar** ([CRD #1232800](#), Salem, Oregon) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Winegar consented to the sanction and to the entry of findings that he converted \$100,000 from an elderly customer and used the funds to repay his family and personal debts, and to trade securities on his own behalf. The findings stated that Winegar enticed the elderly customer into paying him \$100,000 and told the elderly customer that he would use the funds to help establish an independent investment advisory firm through which Winegar would supposedly satisfy the debt by providing the elderly customer with free investment advice over the next four years. Winegar never established an independent investment advisory firm, and at the time of the loan agreement, Winegar was planning on retiring from the securities industry. Shortly after obtaining the \$100,000 from the elderly customer, Winegar sold his securities business to another registered representative at his firm and left the securities industry. As part of the sale, Winegar entered into a non-compete agreement that prevented him from providing investment advice to his former customers, including the elderly customer from whom Winegar had obtained the \$100,000. Winegar used the elderly customer's \$100,000 for his own personal use, including paying off his daughter's student loan debt and his own credit card bills. He also used some of the funds to engage in securities trading on his own behalf. Winegar has not repaid any of the funds obtained from the elderly customer. ([FINRA Case #2015045014101](#))

**Rose Penelope L. Yee (CRD #5240815, Redding, California)** submitted an AWC in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Yee consented to the sanctions and to the entry of findings that she participated in private securities transactions by purchasing, along with her spouse, securities issued by privately held companies using personal funds, without providing written notice to her member firm and obtaining its approval. The findings stated that these transactions were outside the regular course and scope of Yee's employment with her firm.

The suspension was in effect from February 23, 2016, through March 7, 2016. ([FINRA Case #2015045798702](#))

**Timothy Richard Yee (CRD #2492578, Redding, California)** submitted an AWC in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Yee consented to the sanctions and to the entry of findings that he participated in private securities transactions, along with his spouse, by purchasing securities in privately held companies using personal funds without providing written notice to his member firm and obtaining its approval. These transactions were outside the regular course and scope of Yee's employment with his firm. The findings stated that Yee inaccurately stated on a questionnaire he submitted to the firm that he had not participated in any private securities transactions for personal investment or otherwise. The findings also stated that Yee solicited firm customers to invest in a company without providing written notice to or receiving approval from his firm to solicit investors for the company. None of the customers invested in the company.

The suspension was in effect from February 1, 2016, through February 22, 2016. ([FINRA Case #2015045798701](#))

## Individuals Fined

**Roric Eugene Griffith (CRD #2783261, Erin, Wisconsin)** was fined a total of \$10,000. The NAC imposed the sanction following appeal of an OHO decision. The sanction was based on findings that Griffith exercised time and price discretion and did not receive written authority from a customer before exercising this discretion. The findings stated that Griffith's member firm did not permit its representatives to exercise discretion over customer accounts and did not accept Griffith's customer's account as discretionary. The findings also stated that Griffith purchased shares for the customer's account without the customer's authorization. ([FINRA Case #2010025350001](#))

**James H. Van Epps (CRD #844958, Roswell, Georgia)** submitted an AWC in which he was censured, fined \$10,000 and required to pay \$11,117.31, plus interest, in disgorgement. Without admitting or denying the findings, Van Epps consented to the sanctions and to the entry of findings that he purchased shares in initial public offerings (IPOs) in a

disclosed personal brokerage account held at another member firm. The findings stated that Van Epps earned a total profit of \$11,117.31 on the IPO transactions. ([FINRA Case #2014042572801](#))

## Decision Issued

The Office of Hearing Officers (OHO) issued the following decision, which has been appealed to or called for review by the NAC as of January 31, 2016. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decision. Initial decisions where the time for appeal has not yet expired will be reported in future issues of *FINRA Disciplinary and Other Actions*.

Aon Douglas Miller ([CRD #3083225](#), Chattanooga, Tennessee) was fined \$50,000 and suspended from associating with any FINRA member in any capacity for two years. The sanctions were based on findings that Miller participated in private securities transactions with various entities in which four of his member firm's customers invested a total of \$1,550,000, without providing the required prior written notice to his firm. The findings stated that Miller was either working with the issuer or serving as an intermediary between the issuer and investor. Miller was involved in constant communications with a promoter about marketing one of the investments, acted as a proxy for an investor, analyzed and recommended an investment, and introduced an investment and endorsed the promoter to the investor. Miller not only deprived his firm of any opportunity to assess the risks associated with the investments by failing to notify it before becoming involved, but he promoted at least one of the investments in direct contravention of his firm's evaluation, conclusion and instructions to him.

The decision has been appealed to the NAC and the sanctions are not in effect pending review. ([FINRA Case #2012034393801](#))

## 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.

Ridgeway & Conger, Inc. ([CRD #113055](#), New Woodstock, New York), Kenley Brisard ([CRD #2641960](#), Westbury, New York), Philip Brisard ([CRD #2646923](#), Westbury, New York) and Leigh McCobb Garber ([CRD #2768572](#), Cazenovia, New York) were named respondents in a FINRA complaint alleging that the firm, Kenley Brisard and Philip Brisard sold an



unregistered security that consisted of interest-only strips from loans issued by the United States Small Business Association (SBA) meant only for QIBs to individual retail investors at undisclosed markups using general solicitation emails that fraudulently misrepresented the product and their role in its development. The complaint alleges that Kenley Brisard and Philip Brisard willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder when they engaged in fraudulent misrepresentations and omissions of material fact in connection with customer purchases of securities with respect to the emails they sent to customers. In the alternative, Kenley Brisard and Philip Brisard negligently made material misstatements in violation of FINRA Rule 2010 by violating Sections 17(a)(2) and (3) of the Securities Act of 1933. The misrepresentations and omissions in the Brisards' statements to customers were material because a reasonable investor would consider them important in making investment decisions, because they significantly altered the total mix of information made available to the solicited customers, and because they denied the investors the opportunity to make an informed decision about whether to invest in the SBA interest-only security. The complaint also alleges that Kenley Brisard and Philip Brisard, in connection with offers of the SBA interest-only security, sent false and fraudulent emails containing similar misrepresentations and omissions to additional customers and prospects, and failed to comply with Section 17(a)(1) of the Securities Act of 1933; or in the alternative, negligently made material misstatements in the general solicitation emails in violation of FINRA Rule 2010, by failing to comply with Sections 17(a)(2) and (3) of the Securities Act of 1933. Kenley Brisard and Philip Brisard knowingly, willfully and/or recklessly ignored and/or contradicted the PPM for the SBA interest-only security to which they had ready access, and they made statements that had no underlying factual basis. Kenley Brisard and Philip Brisard failed to reasonably and/or independently investigate and understand the SBA interest-only security before they recommended the investment to customers and failed to reasonably consider the information contained in the PPM.

The complaint further alleges that the firm charged excessive markups on customers' unregistered securities transactions. In each of the transactions, the firm purchased the SBA interest-only security for its own account from a placement agent, and shortly thereafter sold it to individual retail customers. In each of these transactions, the firm already had the order from the customer in hand before it purchased the security from the placement agent. In each instance Garber, on the firm's behalf, signed the trade tickets approving the markup. In total, the firm charged approximately \$112,408 in markups for a security which the firm purchased for a total of about \$548,722 and sold to customers for a total of about \$661,131. Nothing in the nature of the firm's or Kenly Brisard or Philip Brisard's business or the identified purchases of the SBA interest-only security justified the size of the markups on the purchases by the firm's customers. In addition, the complaint alleges that the firm fraudulently failed to disclose the excessive markups on trade confirmations or otherwise to purchasers of the SBA interest-only security, thereby willfully violated Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5 thereunder, and violated FINRA Rule 2020.

The firm's misrepresentations and omissions were material because a reasonable investor would consider them important in making investment decisions. In the alternative, the firm negligently failed to disclose the excessive markups to customers who purchased the SBA interest-only security and thereby failed to comply with Sections 17(a)(2) and (3) of the Securities Act of 1933.

Moreover, the complaint alleges that Kenley Brisard, Philip Brisard and the firm marketed and sold the unregistered securities through general solicitation without an exemption, failing to comply with Section 5 of the Securities Act of 1933. At no time did the firm, Kenley Brisard or Philip Brisard attempt to determine whether any of the investors to whom they sold the SBA interest-only security were QIBs. Furthermore, the complaint alleges that the firm and Garber failed to establish and maintain proper supervisory systems and procedures for the firm's sales of Securities Act of 1933 Rule 144A securities, markup and Section 5 activities related to the sales of the interest-only unregistered security. Garber gave her written approval for the sale of the unregistered securities to individual customers despite the fact that three months earlier she had provided a written representation to the placement agent that the firm would only sell the product, a Rule 144A security, to QIBs. Garber was the designated supervisor for markups and private placements, and she approved the excessive markups and signed the internal trade tickets, and approved the sales of unregistered securities despite the fact that they violated Section 5. Despite the fact that the firm was engaged in the business of selling and buying securities issued pursuant to Rule 144A, the firm did not have a reasonable supervisory system, including WSPs, for this activity. ([FINRA Case #2010022046101](#))

**Eric William Kuchel** ([CRD #4118500](#), Yorba Linda, California) was named a respondent in a FINRA complaint alleging that, on two occasions, he failed to appear at FINRA-requested on-the-record testimony in connection with an investigation into, among other things, certain mutual fund transactions effected by several registered representatives, including Kuchel, at his member firm. The complaint alleges that Kuchel's repeated delays and failures to provide the requested on-the-record testimony, spanning nearly nine months from the original request, materially impeded the investigation with Kuchel in connection with certain mutual fund transactions in his customers' accounts and whether he participated in a private securities transaction. ([FINRA Case #2015047966701](#))

**Michel Rene Lavelanet** ([CRD #2832739](#), Naugatuck, Connecticut) was named a respondent in a FINRA complaint alleging that he willfully failed to timely amend his Form U4 to disclose federal tax liens and state tax warrants totaling approximately \$382,490. The complaint alleges that Lavelanet made a false attestation on his member firm's annual compliance questionnaire as to whether any events have occurred that would require him to update his Form U4. ([FINRA Case #2014042547601](#))

**Harvey Britton Vaughn Jr.** ([CRD #500700](#), Austin, Texas) was named a respondent in a FINRA complaint alleging that he willfully failed to timely amend his Form U4 to disclose that he had filed a bankruptcy petition and an unsatisfied federal tax lien. The complaint alleges that Vaughn misled his member firm by falsely completing an employee attestation stating no changes were necessary for his Form U4. ([FINRA Case #2015045409001](#))

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

**John Thomas Financial (CRD #40982)**  
New York, New York  
(January 6, 2016)  
FINRA Case #2012033467301

**Mercator Associates, LLC (CRD #112903)**  
Toronto, Canada  
(January 28, 2016)  
FINRA Case #2011025438601

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**Firms Cancelled for Failure to Pay Outstanding Annual Assessment Fee Pursuant to FINRA Rule 9553**

**Craig Scott Capital, LLC (CRD #155924)**  
Uniondale, New York  
(January 28, 2016)

**Ditto Trade, Inc. (CRD #151915)**  
Chicago, Illinois  
(January 20, 2016)

**Livingston Monroe Capital Group Inc. (CRD #31228)**  
Boca Raton, Florida  
(January 27, 2016)

**O'Brien & Shepard, Inc. (CRD #7152)**  
Freehold, New Jersey  
(January 20, 2016)

**Rockwell Global Capital LLC (CRD #142485)**  
Melville, New York  
(January 8, 2016)

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**Firm 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.)

**Craig Scott Capital, LLC (CRD #155924)**  
Uniondale, New York  
(January 4, 2016)

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

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

**Raymond Francis Aleksey (CRD #1755471)**  
Brooklyn, New York  
(January 25, 2016)  
FINRA Case #2015045763901

**Tiffany Dawn Bee (CRD #6331074)**  
Independence, West Virginia  
(January 29, 2016)  
FINRA Case #2015046235701

**Toby Blackwood (CRD #6190590)**  
Oklahoma City, Oklahoma  
(January 25, 2016)  
FINRA Case #2015045365601

**Angela K. Blaylock (CRD #6249875)**  
Jacksonville, Florida  
(January 25, 2016)  
FINRA Case #2014043850301

**Benjamin Jon Brown (CRD #4274268)**  
Goshen, Indiana  
(January 25, 2016)  
FINRA Case #2015044544601

**Thomas Anthony Cammarano (CRD #1922079)**  
Laguna Hills, California  
(January 11, 2016)  
FINRA Case #2015044900101

**Brian Andrew Dunn (CRD #4372263)**  
Philadelphia, Pennsylvania  
(January 22, 2016)  
FINRA Case #2015044865201

**Susan Ann Ericson (CRD #2823353)**  
Wayzata, Minnesota  
(January 25, 2016)  
FINRA Case #2015045328001

**Jose L. Espinoza (CRD #5604760)**  
Union City, New Jersey  
(January 26, 2016)  
FINRA Case #2015045752001

**Craig Steven Ferraro (CRD #4558308)**  
Commack, New York  
(January 11, 2016)  
FINRA Case #2015044616801

**Michael W. Finn (CRD #6170820)**  
Anniston, Alabama  
(January 11, 2016)  
FINRA Case #2015044708301

**Robert Joseph Gray (CRD #6377741)**  
Virginia Beach, Virginia  
(January 29, 2016)  
FINRA Case #2015045674201

**Kyle Brockman Greene (CRD #6256773)**  
Altadena, California  
(January 25, 2016)  
FINRA Case #2015045420801

**Larry Phillip Harvey Jr. (CRD #6042767)**  
Chicago, Illinois  
(January 25, 2016)  
FINRA Case #2015045556101

**Christopher Hermiz (CRD #6125075)**  
West Bloomfield, Michigan  
(January 25, 2016)  
FINRA Case #2015044830701

**Andy Edgar Hernandez (CRD #5279232)**  
Riverside, California  
(January 8, 2016)  
FINRA Case #2015044367301

**Steve Everett Hinrichs (CRD #3015757)**  
Riverside, California  
(January 26, 2016)  
FINRA Case #2015046149001

**Richard Allen Isgrig (CRD #255524)**  
Cincinnati, Ohio  
(January 29, 2016)  
FINRA Case #2015045879901

**Brian Grayson Kidder (CRD #2255243)**  
Altamonte Springs, Florida  
(January 19, 2016)  
FINRA Case #2015046624801

**Matthew Lawrence Lalonde (CRD #2347350)**  
Kinnelon, New Jersey  
(January 19, 2016)  
FINRA Case #2015045396501

**Kathleen Mary Loney (CRD #2928102)**  
Havertown, Pennsylvania  
(January 22, 2016)  
FINRA Case #2015045032901

**James Joseph McCarron III (CRD #2152625)**  
Silver Spring, Maryland  
(January 25, 2016)  
FINRA Case #2014043569201

**Brett James McCullough (CRD #5421058)**  
Baton Rouge, Louisiana  
(January 8, 2016)  
FINRA Case #2015046557101

**Marco A. Mendoza (CRD #5461605)**

San Antonio, Texas  
 (January 11, 2016)  
 FINRA Case #2015044931401

**Vincent Joseph Menello Jr. (CRD #6476153)**

Marlton, New Jersey  
 (January 25, 2016)  
 FINRA Case #2015045831801

**Jason Scott Miller (CRD #5652863)**

Littleton, Colorado  
 (January 22, 2016)  
 FINRA Case #2015044562901

**Darlene Byrd Page (CRD #2644707)**

Wesley Chapel, Florida  
 (January 11, 2016)  
 FINRA Case #2015044572601

**Christopher A. Parris (CRD #4552325)**

West Henrietta, New York  
 (January 19, 2016)  
 FINRA Case #2015046056401

**Benjamin John Pritchett (CRD #3059581)**

Philadelphia, Pennsylvania  
 (January 25, 2016)  
 FINRA Case #2015046858701

**Francis Anthony Jason Punsalan (CRD #6375900)**

San Pablo, California  
 (January 11, 2016)  
 FINRA Case #2015044657201

**Ebony C. Ranson (CRD #6373634)**

Phoenix, Arizona  
 (January 25, 2016)  
 FINRA Case #2015045360001

**Toni Leynett Robertson (CRD #4021430)**

Lubbock, Texas  
 (January 25, 2016)  
 FINRA Case #2015046415002

**Marguerite A. Sanders (CRD #5058526)**

Elizabethtown, Kentucky  
 (January 11, 2016)  
 FINRA Case #2015044923501

**John Larry Simpson (CRD #2814811)**

Mobile, Alabama  
 (January 22, 2016)  
 FINRA Case #2015045075601

**Robert Jay Snider (CRD #6215516)**

Algona, Iowa  
 (January 26, 2016)  
 FINRA Case #2015045822301

**Leonard Toth (CRD #4429802)**

Palmetto, Florida  
 (January 11, 2016)  
 FINRA Case #2015044146701

**Edward Francis Vincent (CRD #4292385)**

Southport, Connecticut  
 (January 11, 2016)  
 FINRA Case #2015044734501

**Jean Ann Walsh-Josephson (CRD #2736044)**

Oshkosh, Wisconsin  
 (January 26, 2016)  
 FINRA Case #2015046529801

**Robin Michelle Wolfram (CRD #2223962)**

San Jose, California  
 (January 25, 2016)  
 FINRA Case #2015044830401

**Jamie Reid Zimmerman (CRD #6469373)**

Jacksonville, Florida  
 (January 26, 2016)  
 FINRA Case #2015045508901

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

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

**Randy Lamar Alford (CRD #2135500)**  
Conway, South Carolina  
(January 7, 2016)  
FINRA Case #2015047322101

**Kamran Azim (CRD #5880708)**  
Mason, Ohio  
(November 23, 2015 – January 28, 2016)  
FINRA Case #2015046321701

**Kenneth Martin Dlouhy (CRD #2205015)**  
Hackettstown, New Jersey  
(January 4, 2016)  
FINRA Cases  
#2015046904301/20140435477

**Wensi Guzman (CRD #3183264)**  
Bronx, New York  
(January 11, 2016)  
FINRA Case #2015047005301

**Michael Winston Hefner (CRD #4624063)**  
Bixby, Oklahoma  
(January 11, 2016)  
FINRA Case #2015047585301

**Kristal Lee Johnson (CRD #5458328)**  
Union City, Michigan  
(January 7, 2016)  
FINRA Case #2015047328501

**Elizabeth Ann Monge (CRD #1925364)**  
Edmond, Oklahoma  
(November 23, 2015 – January 29, 2016)  
FINRA Case #2015044895701

**Kayla Arlene Paul-Lindsey (CRD #4661542)**  
Brandon, Mississippi  
(January 15, 2016)  
FINRA Case #2015045836501

**Carmie Lynn Shifflett (CRD #2934855)**  
Downey, California  
(November 12, 2015 – January 21, 2016)  
FINRA Case #2015044117001

**Renate Barbel Sterrett (CRD #2388217)**  
Golden, Colorado  
(November 13, 2015 – January 28, 2016)  
FINRA Case #2015045154501

**Vladimir Tingue (CRD #6332903)**  
Brooklyn, New York  
(November 19, 2015 – January 20, 2016)  
FINRA Case #2015045951301

**Valinda Kay Turner (CRD #4923853)**  
Boyer Falls, Michigan  
(January 19, 2016)  
FINRA Case #2015046799101

**Kenya Julissa Zavala (CRD #5643968)**  
Shirley, New York  
(January 11, 2016)  
FINRA Case #2015046901401

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**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.)

**Woodley Hannon Bagwell Jr. (CRD #1970598)**  
Montgomery, Alabama  
(January 29, 2016)  
FINRA Arbitration Case #14-03821

**Steven Lloyd Colvin (CRD #1035148)**  
 Shoreline, Washington  
 (January 29, 2016)  
 FINRA Arbitration Case #15-00457

**William Braden Crumrine III  
 (CRD #2311340)**  
 Spring Grove, Pennsylvania  
 (January 7, 2016)  
 FINRA Arbitration Case #14-01358

**Robert Gail Dull (CRD #1821389)**  
 Simpsonville, South Carolina  
 (January 6, 2016)  
 FINRA Arbitration Case #14-02886

**William Lawrence Eisner (CRD #2741747)**  
 Merrick, New York  
 (January 29, 2016)  
 FINRA Arbitration Case #15-00998

**Sofia Frankel (CRD #2527188)**  
 Miami Beach, Florida  
 (July 29, 2009 – January 15, 2016)  
 FINRA Arbitration Case #04-03481

**John Scot Galinsky (CRD #1513926)**  
 Lemont, Illinois  
 (September 28, 2015 – January 8, 2016)  
 FINRA Arbitration Case #13-01265/FINRA  
 Case #ARB150044

**Christos Angelo Kalatoudis (CRD #4888800)**  
 Oceanside, New York  
 (January 5, 2016)  
 FINRA Arbitration Case #14-02428

**John Gerald Muir IV (CRD #2846808)**  
 Freeport, New York  
 (January 20, 2016)  
 FINRA Arbitration Case #97-05035

**Patrick Steven Nelson (CRD #3059819)**  
 Aliso Viejo, California  
 (January 29, 2016)  
 FINRA Arbitration Case #11-03381

**Michael Luciano Spinali (CRD #5408358)**  
 Newport Beach, California  
 (January 29, 2016)  
 FINRA Arbitration Case #15-00146

**Henry Edward Wasserman III  
 (CRD #711421)**  
 Pompano Beach, Florida  
 (January 29, 2016)  
 FINRA Arbitration Case #15-01047

**Jeffrey Lee Whitaker (CRD #3098004)**  
 Newport News, Virginia  
 (February 11, 2015 – January 12, 2016)  
 FINRA Arbitration Case #14-01781