

# Disciplinary and Other FINRA Actions

## Firm Fined, Individual Sanctioned

Southeast Investments, N.C., Inc. ([CRD® #43035](#), Charlotte, North Carolina) and Frank Harmon Black ([CRD #22451](#), Rock Hill, South Carolina)

May 28, 2019 – The firm and Black appealed a National Adjudicatory Council (NAC) decision to the Securities and Exchange Commission (SEC). The firm was fined a total of \$146,500, of which \$73,500 is joint and several with Black. Black was barred from association with any FINRA® member in any capacity. The NAC affirmed in part and reversed in part the findings and affirmed in part, vacated in part and modified in part the sanctions imposed by the Office of Hearing Officers (OHO). The sanctions were based on findings that the firm and Black provided to FINRA fabricated documents and false testimony concerning Black’s purported inspections of the firm’s offices. The findings further stated that the firm and Black failed to retain business-related emails of a firm registered representative, but the NAC reversed the finding that the firm willfully violated federal securities laws and regulations in failing to retain those emails. The findings also stated that the firm and Black failed to establish and maintain a reasonable supervisory system and failed to establish, maintain and enforce reasonably designed written supervisory procedures (WSPs) to ensure the retention and review of business-related emails. The firm’s “honor system” for retaining business-related electronic correspondence, in which it permitted its representatives to use third-party email accounts instead of a central server and required representatives to copy or forward all business-related emails to the firm’s home office, was not reasonably designed to comply with the electronic correspondence retention requirements. The NAC reversed the findings that the firm and Black failed to establish and maintain a system to ensure that the firm offices were inspected and the findings that the firm and Black failed to retain other business-related electronic correspondence.

The sanctions, except for the bar, are not in effect pending review. ([FINRA Case #2014039285401](#))

## Reported for July 2019

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).

## Firms Fined

### **Midtown Partners & Co., LLC ([CRD #104223](#), New York, New York)**

May 2, 2019 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured, fined \$50,000 and required to certify to FINRA that it has established and implemented policies, procedures and internal controls reasonably designed to address and remediate the issues identified in the AWC. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to enforce the prohibitions in its WSPs against trading of securities on the firm’s watch list or restricted list. The findings stated that the firm’s chief executive officer (CEO) made sales of an issuer’s stock that he had previously acquired while the stock was subject to trading limitations. The CEO sold 20,000 shares while the stock was on the watch list and another 10,000 shares while the stock was on the restricted list. The CEO did not have material non-public information at the time of either sale. Although the firm maintained the required lists, it failed to conduct reviews of the CEO’s trading that would have led to the detection of trading in stock of an issuer on the firm’s watch list and restricted list. The findings also stated that the firm’s supervisory system failed to designate anyone to supervise the CEO. ([FINRA Case #2016051196101](#))

### **FIS Brokerage & Securities LLC ([CRD #104162](#), Geneva, Illinois)**

May 7, 2019 – An AWC was issued 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 submitted Reportable Order Events (ROEs) to the Order Audit Trail System (OATS™) that contained inaccurate, incomplete, or improperly formatted data. The findings stated that the firm used a platform for its OATS reporting that was provided by a third-party vendor. The OATS violations were caused by system errors that developed when the firm’s vendor made changes to its platform. The errors were later remediated. ([FINRA Case #2017053084901](#))

### **Oriental Financial Services Corp. ([CRD #29753](#), San Juan, Puerto Rico)**

May 13, 2019 – An AWC was issued 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 included language conditioning the settlement of two arbitration proceedings on the customers’ agreements to consent to, and not to oppose, expungement of their claims from the CRD® system. The findings stated that those agreements were prepared by the firm’s outside counsel, reviewed by in-house counsel for the firm’s parent company and by the firm’s compliance department and ultimately were signed by the firm. Yet, through inadvertence, the firm failed to detect the violative language in the agreements. ([FINRA Case #2018059633801](#))

**Woodbury Financial Services, Inc. ([CRD #421](#), Oakdale, Minnesota)**

May 13, 2019 – An AWC was issued in which the firm was censured and fined \$225,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that its system for supervising additions to existing variable annuities was not reasonably designed to achieve compliance with applicable securities laws and FINRA rules, including those governing suitability. The findings stated that the firm did not use surveillance tools, such as exception reports, to monitor additions to variable annuities and provide the firm with information about potentially unsuitable transactions. The firm's review system did not provide itself with sufficient information to permit it to focus on areas of variable annuity additions or patterns of additions at the firm that posed the greatest numbers and risks of potential suitability violations, including additions resulting in customers investing a high concentration of their net worth in variable annuities. ([FINRA Case #2017053596502](#))

## Individuals Barred

**Dominic Anthony Tropiano ([CRD #4761462](#), Lyndhurst, Ohio)**

May 9, 2019 – An AWC was issued in which Tropiano was barred from association with any FINRA member in all capacities. No restitution was ordered, because Tropiano's member firm paid a total of \$1,526,500 to its customers for losses suffered as a result of non-traditional exchange-traded funds (ETFs) transactions solicited by Tropiano while at the firm. Without admitting or denying the findings, Tropiano consented to the sanction and to the entry of findings that he recommended transactions involving non-traditional ETFs to customers without having a reasonable basis to believe those transactions were suitable for anyone, due to his lack of understanding of the unique risks, terms and features of the products. The findings stated that Tropiano's recommendations involving non-traditional ETFs were also unsuitable for those customers in light of their investment profiles, which included conservative investment objectives. The findings also stated that Tropiano caused non-traditional ETF transactions to be placed in customers' securities accounts without their knowledge or consent, and in the absence of written or oral authorization for him to place such trades. The findings also included that Tropiano engaged in the securities business of his firm by soliciting the purchase and sale of non-traditional ETFs in the accounts of firm customers while not properly registered with FINRA. ([FINRA Case #2016051098501](#))

**Dean Harrison Grant ([CRD #1945209](#), Roswell, Georgia)**

May 13, 2019 – An AWC was issued in which Grant was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Grant consented to the sanction and to the entry of findings that he refused to provide information and documents requested by FINRA after it received allegations that he converted funds from customers, forged documents and failed to disclose certain liens

on his Uniform Application for Securities Industry Registration or Transfer (Form U4). The findings stated that Grant provided only a partial response, and failed to provide certain information and documents requested by FINRA. ([FINRA Case #2019061567201](#))

**Mark Lewton Hopkins ([CRD #2653473](#), Grand Blanc, Michigan)**

May 15, 2019 – An AWC was issued in which Hopkins was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Hopkins consented to the sanction and to the entry of findings that he refused to produce documents and information requested by FINRA in connection with its investigation relating to the issues disclosed in his Uniform Termination Notice for Securities Industry Registration (Form U5). ([FINRA Case #2018060968101](#))

**Philip John Nalesnik ([CRD #4561380](#), Mt. Pocono, Pennsylvania)**

May 17, 2019 – An AWC was issued in which Nalesnik was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Nalesnik consented to the sanction and to the entry of findings that he refused to provide on-the-record testimony requested by FINRA. The findings stated that Nalesnik's member firm filed a Form U5 terminating his employment and indicating that he had violated firm policy regarding outside business activities and failed to timely and completely respond to its inquires. ([FINRA Case #2018059313701](#))

**William Justin Poynter ([CRD #5342794](#), Grapevine, Texas)**

May 17, 2019 – An AWC was issued in which Poynter was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Poynter consented to the sanction and to the entry of findings that he failed to provide documents and information and refused to appear and provide on-the-record testimony requested by FINRA. The findings stated that Poynter's former member firm amended his Form U5 reporting that he had been permitted to resign during a firm review into whether he had submitted inaccurate expenses under the firm's tuition reimbursement program. ([FINRA Case #2018058651001](#))

**Christopher Beghtel ([CRD #5837978](#), Cary, North Carolina)**

May 23, 2019 – An AWC was issued in which Beghtel was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Beghtel consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA in connection with an investigation regarding a program by which his member firm provided reimbursement to employees who purchased computer equipment. ([FINRA Case #2017056514601](#))

**Thomas Leroy Studer ([CRD #6300308](#), The Villages, Florida)**

May 23, 2019 – An AWC was issued in which Studer was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Studer

consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA during the course of an investigation. The findings stated that Studer's member firm disclosed on a Form U5 that he was terminated for failing to follow procedures regarding power of attorney documentation that resulted in the firm facilitating a transaction by an individual who was not an authorized representative on the account. ([FINRA Case #2018060478101](#))

**Michael Anthony Bastardi ([CRD #6015424](#), Warwick, New York)**

May 24, 2019 – An AWC was issued in which Bastardi was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Bastardi consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA in connection with an investigation into the allegations disclosed on a Form U5 amendment submitted by his former member firm. The findings stated that the Form U5 disclosed that Bastardi was the subject of a customer complaint alleging that he had engaged in unsuitable margin trading, unauthorized trading, fraud and forgery when he was registered through two firms, resulting in damages of approximately \$250,000. ([FINRA Case #2018059770401](#))

**Benjamin Frank Bourgeois Jr. ([CRD #2145555](#), Harvey, Louisiana)**

May 28, 2019 – An AWC was issued in which Bourgeois was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Bourgeois consented to the sanction and to the entry of findings that he failed to produce documents and information requested by FINRA during the course of an investigation into allegations reported on his Form U5 that he, among other things, borrowed money from a customer, converted customer funds and committed fraud. ([FINRA Case #2019062162101](#))

**Frederick David Holloway ([CRD #248814](#), Easton, Maryland)**

May 29, 2019 – An OHO decision became final in which Holloway was barred from association with any FINRA member in all capacities. The sanction was based on findings that Holloway cheated on continuing education courses by having his secretary complete his coursework. The findings stated that Holloway claimed credit for several continuing education courses necessary for his license to sell variable annuities in the state of Maryland. The findings also stated that Holloway withheld documents and produced falsified documents in connection with a FINRA investigation. FINRA directed Holloway to obtain information from his customers; however, before production, he caused the alteration of several documents including several annuity application documents that were altered to include investment time horizons. The findings also included that Holloway failed to meaningfully compare the benefits, fees and surrender costs associated with variable annuities being exchanged, or document any suitability analysis, in connection with variable annuity exchanges. Holloway recommended that his clients shift their investments from one annuity to another at a cost, despite the similar features of the two products. To justify the substantial surrender costs incurred as a part of the transactions,

Holloway recommended to several clients that surrender costs would be offset by the bonus feature of the new annuity, when in fact the bonus feature came at the price of increased annual fees for the client. As a result of these switches, Holloway earned \$214,989 in commissions, while his clients paid a total of \$114,470 in surrender fees. FINRA found that Holloway misused and falsified documents in connection with variable annuity exchanges. Holloway caused customers to sign blank application documents, and later, either he or his secretary filled out the blank areas of the forms and then submitted the documents for processing without further review by the customer. Holloway also obtained a signed, uncompleted application for an annuity exchange and photocopied that signature page for use in other transactions for that customer. Holloway, or his secretary acting at his direction, entered customer initials next to changes made to forms returned by insurance companies for incorrect or missing information without written authorization. FINRA also found that Holloway directed his secretary to impersonate clients on telephone calls to financial institutions to facilitate fund transfers for variable annuity purchases and, on other occasions, Holloway and his secretary claimed to be employees of an insurance company on phone conversations when seeking medical information about their customer to facilitate annuity purchases. In addition, FINRA found that Holloway filed a Uniform Application for Investment Adviser Registration (Form ADV) overstating his adviser activity. The Form ADV claimed that he provided investment advisory services for as many as 250 clients and financial planning services for up to 50 clients in the prior year, reflecting as much as \$5 million in investments. In fact, Holloway had no investment advisory clients, provided no fee-based financial planning and had made no investments along those lines for several years. ([FINRA Case #2016050025401](#))

## Individuals Suspended

### **Ronald Richard Blasczyk ([CRD #3065429](#), Little Suamico, Wisconsin)**

May 6, 2019 – An AWC was issued in which Blasczyk was fined \$10,000 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Blasczyk consented to the sanctions and to the entry of findings that he made an unsuitable recommendation to his customer that she liquidate a variable annuity she had owned for ten years based in part on a fundamental misunderstanding of the variable annuity's performance. The findings stated that Blasczyk did not have a reasonable basis to believe that his recommendation was suitable for his customer. Blasczyk understated the annual rate of return for the variable annuity and also wrongly concluded that his customer's funds were at risk because the amount she held in the annuities was nearing the amount insured from loss by the Wisconsin Insurance Security Fund, when in reality they were well below that amount. As a result of his recommendation, Blasczyk's customer liquidated the variable annuity and forfeited a substantial guaranteed income benefit base that she had accumulated. Blasczyk did not earn a commission on the variable annuity liquidation, and the customer did not sustain any realized losses because of the liquidation.

The suspension was in effect from June 3, 2019, through June 21, 2019. ([FINRA Case #2016052503102](#))

**Michael Milad Tanha (CRD #6022108, Los Angeles, California)**

May 6, 2019 – An AWC was issued in which Tanha was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in all capacities for 10 months. Without admitting or denying the findings, Tanha consented to the sanctions and to the entry of findings that he engaged in outside business activities without providing prior written notice to his member firm. The findings stated that Tanha’s activities included receiving commissions, referral fees and introduction fees. Tanha submitted two annual compliance questionnaires to the firm, neither of which accurately disclosed these activities. The findings also stated that, in connection with his outside business activities, Tanha participated in private securities transactions, the sale of which totaled \$500,000, without providing prior written notice to or receiving approval from the firm. Tanha solicited securities investments in an entity from investors, two of whom were firm customers. One investor purchased \$250,000 of the entity’s stock, and two other investors purchased a total of \$100,000 of convertible debt in the entity, which were convertible into the entities stock. On a compliance questionnaire he submitted to the firm, Tanha inaccurately stated that he did not recommend or refer any sales, purchases, or private securities transactions that were not offered through, approved by, or sponsored by the firm. In addition, Tanha raised capital for another entity by soliciting and facilitating securities investments from individuals, who invested a total of \$150,000 in the entity.

The suspension is in effect from May 6, 2019, through March 5, 2020. ([FINRA Case #2017054650301](#))

**Steven Paul Cooper (CRD #4879645, Los Angeles, California)**

May 7, 2019 – An AWC was issued in which Cooper was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Cooper consented to the sanctions and to the entry of findings that he recommended and then made a series of unsuitable mutual fund trades in customer accounts. The findings stated that Cooper recommended that the customers sell certain mutual funds and then use the proceeds to make purchases of Class A mutual funds, which had upfront sales charges. Cooper failed to exercise reasonable diligence concerning the transactions, and therefore did not understand that the customers could have purchased the mutual funds without paying any upfront sales charges. The total sales charges associated with the unsuitable purchases would have been approximately \$33,000. However, no sales charges were actually incurred because Cooper’s member firm cancelled and rebilled the trades at issue without any upfront sales charges.

The suspension is in effect from May 20, 2019, through July 19, 2019. ([FINRA Case #2017055083601](#))



**Stephen Patrick Tosha ([CRD #5970854](#), Dallas, Texas)**

May 8, 2019 – An AWC was issued in which Tosha was fined \$10,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Tosha consented to the sanctions and to the entry of findings that he caused his member firm to create and maintain inaccurate books and records. The findings stated that in order to accommodate a customer's request that she not be required to sign a disbursement request form each time she needed a disbursement from her account, Tosha caused her to sign a blank disbursement request form. Thereafter, whenever the customer requested a disbursement from her account, Tosha caused his assistant to fill in the details of the request on the blank disbursement request form and submit the form for processing. On at least two occasions, Tosha himself filled in the details on a copy of the blank form and submitted the request to the firm for review and processing.

The suspension is in effect from June 3, 2019, through August 2, 2019. ([FINRA Case #2018058794401](#))

**Stuart Jeffries Henley ([CRD #1368973](#), Tampa, Florida)**

May 16, 2019 – An AWC was issued in which Henley was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 30 business days. Without admitting or denying the findings, Henley consented to the sanctions and to the entry of findings that he exercised discretion in an elderly customer's account without receiving acceptance of the account as discretionary by his member firm. The findings stated that although Henley had been given express or implied authority to exercise discretion in the account, the customer did not provide written authorization for Henley to exercise discretion. The findings also stated that Henley provided inaccurate responses on annual compliance questionnaires submitted to the firm by falsely indicating that he not exercised discretion in any customer account.

The suspension was in effect from May 20, 2019, through July 1, 2019. ([FINRA Case #2018057441201](#))

**Lisa Jeanne Lastrapes ([CRD #2739854](#), Grapevine, Texas)**

May 23, 2019 – An AWC was issued in which Lastrapes was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Lastrapes consented to the sanctions and to the entry of findings that she did not disclose to her member firm that her adult daughter was named as the beneficiary of a 93-year-old firm customer's Individual Retirement Account (IRA) account, and that the customer named Lastrapes as medical power of attorney. The findings stated that Lastrapes engaged in an outside business activity without providing prior written notice to her firm by renting a residential property she owned and collecting rental payments from the tenant.

The suspension is in effect from June 3, 2019, through August 2, 2019. ([FINRA Case #2017055788302](#))



**Christopher Michael Dowden ([CRD #4089978](#), Denham Springs, Louisiana) and Robert Lee Harger Jr. ([CRD #863069](#), Baton Rouge, Louisiana)**

May 24, 2019 – An AWC was issued in which Dowden was fined \$10,000 and suspended from association with any FINRA member in all capacities for two months. Harger was fined \$15,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Dowden and Harger consented to the sanctions and to the entry of findings that Harger permitted customers to sign partially completed variable annuity exchange forms, and later entered missing information on the forms. The findings stated that after recommending and discussing a proposed variable annuity exchange with a customer, Harger permitted the customer to sign without a date a partially completed variable annuity exchange form. The variable annuity exchange form did not include all required information concerning variable annuity product fees and surrender charges, though he had disclosed that information to the customer while discussing the proposed exchange. Harger subsequently entered the information that was missing on the variable annuity exchange form and submitted the form to Dowden for review and approval. The findings also stated that although Dowden was not aware that the customers had signed the forms while partially complete, he observed that the customers had left their signatures undated. Upon approving the transactions, Dowden altered the variable annuity exchange forms by writing in dates for the customers' signatures, using the date that he had approved the transaction. After approving the proposed variable annuity exchanges, Dowden provided a copy of the completed variable annuity exchange forms to the customers. The findings also included that by this conduct, Dowden and Harger caused their member firm to create and maintain inaccurate books and records.

Dowden's suspension is in effect from June 17, 2019, through August 16, 2019. Harger's suspension will be in effect from August 19, 2019, through November 18, 2019. ([FINRA Case #2017055821401](#))

**Michael Lester Carter ([CRD #2882478](#), Henderson, Nevada)**

May 28, 2019 – An AWC was issued in which Carter was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in all capacities for two months and ordered to pay deferred disgorgement of commissions received in the amount of \$1,250, plus interest. Without admitting or denying the findings, Carter consented to the sanctions and to the entry of findings that he engaged in an undisclosed and unapproved private securities transaction when he sold a \$25,000 promissory note to an investor without providing prior notice to or obtaining approval from his member firm. The findings stated that Carter solicited the investor to purchase the promissory note that was related to a purported real estate investment fund. Carter sold the \$25,000 promissory note to this investor and received a \$1,250 commission. Later, the fund filed a voluntary Chapter 11 bankruptcy petition. Subsequent judgments issued by the United States District Court for the Southern District of Florida required the fund and its former owner to, among other

things, disgorge their ill-gotten gains and required the former owner to pay a civil penalty. The findings also stated that on an annual compliance questionnaire Carter submitted to the firm, he falsely indicated that he had not participated in any private securities activities without first obtaining written approval from the firm, and also that he had not sold promissory notes.

The suspension is in effect from June 3, 2019, through August 2, 2019. ([FINRA Case #2018059752401](#))

**Alexander Michael Panas III (CRD #2249803, Parsippany, New Jersey)**

May 28, 2019 – An AWC was issued in which Panas was fined \$5,000 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the findings, Panas consented to the sanctions and to the entry of findings that after accepting an offer to join another FINRA member firm, he improperly took non-public personal customer information from his member firm, without its or the customers' knowledge or consent. The findings stated that, as a result, Panas caused his firm to violate the SEC's Regulation S-P, regarding privacy of consumer financial information and safeguarding personal information.

The suspension was in effect from June 17, 2019, through June 28, 2019. ([FINRA Case #2018057545401](#))

**Frank H. Kelly (CRD #2028226, New Cumberland, Pennsylvania)**

May 30, 2019 – An AWC was issued in which Kelly was fined \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Kelly consented to the sanctions and to the entry of findings that he engaged in an unauthorized trade in a customer's account. The findings stated that the sale would have caused the customer to suffer a realized loss of \$1,010 had the customer not detected the trade and complained to Kelly's member firm, which then reversed the trade. The findings also stated that Kelly exercised discretion in the accounts of customers when responding to their requests to disburse funds from their accounts. Although the customers had given Kelly implied authority to exercise discretion in their accounts, none of the customers had provided prior written authorization, and he did not obtain written authorization from his firm to make trades in the accounts on a discretionary basis. Kelly's use of discretion is aggravated by instances where he liquidated positions in a sum materially greater than the dollar amount requested by the customer and by the inaccurate annual attestations he submitted denying that he had used discretion.

The suspension is in effect from June 17, 2019, through September 16, 2019. ([FINRA Case #2016051149101](#))

**Curtis Roy Ile ([CRD #4009787](#), Mount Carmel, Illinois)**

May 31, 2019 – An AWC was issued in which Ile was suspended from association with any FINRA member in all capacities for six months. In light of Ile's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Ile consented to the sanction and to the entry of findings that he caused his member firm's books and records to be inaccurate by mismarking order tickets as unsolicited when the transactions were, in fact, solicited. The findings stated that Ile mismarked the order tickets because he believed that his firm would not have processed the transactions if they had been correctly marked as solicited. The findings also stated that Ile recommended over-the-counter (OTC) equity securities to customers without reviewing the current financial statements of the issuers to determine whether there was a reasonable basis for making such recommendations. The findings also included that Ile exercised discretion in customer accounts without obtaining prior written authorization from the customers and without his firm having accepted the accounts for discretionary trading.

The suspension is in effect from June 3, 2019, through December 2, 2019. ([FINRA Case #2017054678101](#))

**David John Strnad ([CRD #1982721](#), Franklin, Tennessee)**

May 31, 2019 – An AWC was issued in which Strnad was assessed a deferred fine of \$10,000, suspended from association with any FINRA member in all capacities for 18 months and ordered to pay to FINRA deferred disgorgement of a portion of commissions received in the amount of \$4,268.73, plus interest. Without admitting or denying the findings, Strnad consented to the sanctions and to the entry of findings that he executed unauthorized transactions involving bank-issued certificates of deposit (CDs) in accounts of an elderly customer. The findings stated that although the customer verbally authorized him to purchase new CD issuances after maturity of prior CD issuances, Strnad exceeded the scope of his authority by selling CDs held by the customer prior to maturity, nearly always at a loss, and using the proceeds to purchase new CDs for the customer. Strnad's execution of these transactions caused the customer to incur losses of approximately \$100,572, net of interest. In addition, Strnad's trading caused the customer to pay \$4,268.73 in unnecessary commissions. The findings also stated that Strnad inaccurately marked some of these transactions as unsolicited. After the customer's daughter complained on his behalf, Strnad's member firm provided compensation to the customer.

The suspension is in effect from June 3, 2019, through December 2, 2020. ([FINRA Case #2016051569601](#))

## Decisions Issued

The OHO issued the following decision, which has been appealed to or called for review by the NAC as of May 31, 2019. 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.

### **Michael Joseph Clarke ([CRD #1078211](#), Jersey City, New Jersey)**

May 23, 2019 – Clarke appealed an OHO decision to the NAC. Clarke was barred from association with any FINRA member in all capacities and ordered to pay \$612,400, plus interest, in restitution to his colleagues and their business associate, who was also an advisory client of their member firm. The sanctions were based on findings that Clarke engaged in unethical conduct by converting \$612,400 advanced to him from the colleagues and their business associate for the purpose of purchasing and reselling sports tickets. The findings stated that although Clarke told his colleagues he would use their money to purchase tickets, he used these funds to pay for personal expenses and to repay other creditors. Clarke's undisclosed diversion was both intentional and unauthorized. To date, Clarke has not repaid the funds. The findings also stated that Clarke acted unethically by misrepresenting to his colleagues his use of loan proceeds to obtain the money. To obtain money, Clarke deceived his colleagues as to the reason for the loans, enticing them with the prospect of lucrative business profits while secretly intending to use the money for his own purposes. Clarke's deception continued even after he received the funds, putting off his lenders with false promises, bogus assurances and made-up excuses. At one point, Clarke falsely represented that over \$300,000 earmarked for seat licenses was safe in an escrow account, when in fact the money was gone. The findings also included that Clarke acted unethically by passing bad checks. Clarke wrote checks and authorized electronic transfers with ample reason to know the transactions would not clear. Clarke authored at least 60 checks and electronic transfers that did not clear because of insufficient funds. Clarke wrote bad checks when he knew that other checks had been returned and the account was necessarily unfunded. Clarke wrote bad checks in accounts that he had just opened and into which he had not deposited funds, so that the insufficiency of deposited funds was certain.

The sanctions are not in effect pending the review. ([FINRA Case #2016050938301](#))

### **Glendale Securities, Inc. ([CRD #123649](#), Sherman Oaks, California), Jose Miguel Abadin ([CRD #1273345](#), Beverly Hills, California), George Alberto Castillo ([CRD #1936486](#), Newhall, California), Paul Eric Flesche ([CRD #3277904](#), Los Angeles, California), Huanwei Huang ([CRD #3268328](#), Brooklyn, New York) and Albert Raymond Laubenstein ([CRD #303462](#), Rancho Palos Verdes, California)**

May 23, 2019 – FINRA appealed part of an OHO decision to the NAC and the NAC subsequently called for review other parts of the same decision. The firm was censured, fined \$155,000, of which \$30,000 is to be paid jointly and severally, and the OHO decision

shall serve as a Letter of Caution for the firm's failure to conduct proper due diligence on a bank based in Belize and its customer accounts. Flesche was fined \$30,000, jointly and severally, and suspended from association with any FINRA member in all capacities for 30 business days. Huang was fined \$5,000, suspended from association with any FINRA member in all capacities for 10 business days and the OHO decision shall serve as a Letter of Caution for his violation of the SEC Regulation S-P. Laubenstein was fined \$25,000, suspended from association with any FINRA member in all capacities for 18 months and for an additional 15 business days to run concurrently with the 18-month suspension, and the OHO decision shall serve as a Letter of Caution for his failure to conduct proper due diligence on the Belize bank and its customer accounts. The charges as alleged against Abadin and Castillo were dismissed. The sanctions were based on findings that the firm, acting through Laubenstein, failed to establish and implement reasonable anti-money laundering (AML) policies and procedures to detect, investigate and report, where appropriate, suspicious activity related to liquidations by firm customers of the securities of three low-priced, speculative penny stocks. The findings stated that the firm's primary line of business was liquidating speculative, low-priced securities for its customers and the deposit and trading activity involving the low-priced, speculative penny stocks was suspicious given the issuers' background, the manner in which the customers acquired their shares, the number of shares acquired and the proceeds they earned from the sales. Laubenstein, the firm's AML Compliance Officer (AMLCO), failed to ensure that the firm's AML program was adequately tailored to reduce the risks posed by its penny stock liquidation business. This enabled the suspicious activity to continue without an adequate evaluation of the customers' trading in those stocks. The findings also stated that the firm, through Laubenstein, failed to employ non-documentary means of verifying Huang's customers' identities for compliance with the firm's customer identification program (CIP). The firm and Laubenstein failed to conduct reasonable due diligence into the nature of the Belize bank's undisclosed customers' activities, as required by the implementing regulations of the Bank Secrecy Act. They also failed to respond to red flags associated with the undisclosed customers and their accounts. Furthermore, the firm, acting through Flesche and Laubenstein, failed to supervise Huang's communications with his customers in Asia. Even though Flesche knew that Huang opened accounts and engaged in transactions with customers based in Asia, he failed to inquire how Huang communicated with his customers generally or ensure that customers understood the substance of his communications. Laubenstein was responsible for reviewing Huang's emails; however, his reviews were limited to periodic English-language word searches of emails contained in the firm's email archive and he therefore failed to identify red flags of suspicious activity in Huang's emails with customers. Laubenstein's review was also unreasonable because he took no steps to adopt search terms for Huang's non-English written communications. The findings also included that Huang improperly disclosed confidential customer information by providing non-public personal information to a third party without the customers' consent in violation of SEC Regulation S-P. FINRA found that Huang used a texting service on his cell phone to communicate with a customer and his assistant instead of the firm's email system that prevented the firm from being able to capture his communications

with the customer in its email archives, and caused the firm to keep inaccurate books and records. The Hearing Panel dismissed causes one and two of the Complaint because FINRA failed to prove by a preponderance of the evidence that the firm and Castillo violated Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5 thereunder, and FINRA Rule 2020 by manipulating the price of a penny stock. A majority of the Panel also found that FINRA failed to prove by a preponderance of the evidence that the firm, Abadin and Flesche participated in the unlawful resale by customers of a company's shares, in violation of Section 5 of the Securities Act of 1933. These charges are therefore dismissed. In addition, the Hearing Panel dismissed cause three of the Complaint against Abadin, Castillo, Flesche and Huang after determining that they were not responsible for the firm's AML program because they were not designated as AMLCOs of the firm. The Hearing Panel dismissed allegations against Flesche and Huang related to failing to comply with the firm's CIP, on the grounds that Laubenstein, as the firm's AMLCO, had primary responsibility for implementing the CIP as part of the firm's overall AML program. Flesche and Huang did not engage in misconduct that impeded Laubenstein from performing his AML-related duties.

The sanctions are not in effect pending review. ([FINRA Case #2016049565901](#))

## 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 these allegations in the complaint.**

### **William Joseph Kielczewski ([CRD #4034356](#), Ottawa Hills, Ohio)**

May 21, 2019 – Kielczewski was named a respondent in a FINRA complaint alleging that he falsely and repeatedly represented to his member firm through compliance attestations and email correspondence that he did not solicit investments for a hedge fund and that he was merely a passive owner/investor, when, in fact, he was actively involved with the fund, promoting it to potential investors. The complaint alleges that Kielczewski participated in multiple private securities transactions, through which firm customers invested over \$10 million in the fund, without providing prior written notice to his firm. The complaint also alleges that Kielczewski willfully caused his firm to submit misleading Form U4 filings that falsely stated he was a silent minority partner in the investment manager of the fund, that he had a passive position with the company and that his personal monies were invested in non-investment grade mortgage backed securities. ([FINRA Case #2017054405401](#))

**Oscar Nunez ([CRD #6014411](#), North Bergen, New Jersey)**

May 21, 2019 – Nunez was named a respondent in a FINRA complaint alleging that he converted \$7,000 from an elderly customer. The complaint alleges that to convince the customer to give him the funds, Nunez told her that the funds were for upfront commissions on her accounts at his member firm. In fact, the customer owed no commissions on her accounts and regardless, any commissions would be payable to the firm at the time incurred, not in advance or to Nunez. Rather than use the customer's funds to pay commissions, Nunez deposited the funds into his personal bank account and put the funds to personal use. The complaint also alleges that Nunez requested and received a loan of \$4,000 from another one of his firm customers. Nunez failed to disclose the loan to the firm and provided a false statement to it regarding his taking or receiving of cash or gift compensation from clients. The complaint further alleges that Nunez knowingly provided false and misleading information to FINRA in response to its requests for documents and information. Nunez knowingly provided a written response in which he falsely stated he had received no funds from firm customers other than a \$2,000 check from the elderly customer when, in fact, he had also received an additional \$5,000 from the elderly customer and a \$4,000 loan from the other customer. ([FINRA Case #201705553002](#))

**Decision Dismissed**

OHO issued the following decision, which was appealed to the NAC. The findings made by the Hearing Panel were affirmed, and the NAC has subsequently ordered that the decision be dismissed.

**Austin Wayne Morton ([CRD #5538108](#))**

Spiro, Oklahoma

(May 15, 2019)

FINRA Case #2016052347901



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

**Benjamin & Jerold Brokerage I, LLC (CRD #29110)**  
New York, New York  
(May 23, 2019)

**Casimir Capital L.P. (CRD #105061)**  
Greenwich, Connecticut  
(May 21, 2019)

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

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

**Aldwych Securities LLC (CRD #167980)**  
New York, New York  
(May 5, 2019)

**Financial West Investment Group, Inc. (CRD #16668)**  
Reno, Nevada  
(May 6, 2019)

**Financial West Investment Group, Inc. (CRD #16668)**  
Reno, Nevada  
(May 13, 2019)

**LAM Securities Investments, Inc. (CRD #17037)**  
San Francisco, California  
(May 13, 2019)

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

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

**Alternative Asset Investment Management Securities, LLC (CRD #135131)**  
Englewood, New Jersey  
(May 23, 2019)  
FINRA Arbitration Case #17-00441

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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.)

**Gregory Hunter Bang (CRD #5088782)**  
Eugene, Oregon  
(May 24, 2019)  
FINRA Case #2017054559901

**Gabriel Block (CRD #2103543)**  
Rumson, New Jersey  
(May 15, 2019)  
FINRA Case #2017052466301

**Harlan Trabert Cardwell III (CRD #2247146)**  
Vernon, Texas  
(May 3, 2019)  
FINRA Case #2018060740301

**Patricia Lynn Duchan (CRD #1126038)**  
Pompano Beach, Florida  
(May 28, 2019)  
FINRA Case #2018060236201

**Rafael Golan (CRD #1074079)**  
Boca Raton, Florida  
(May 3, 2019)  
FINRA Case #2019060635701

**Jordan C. Kane (CRD #6862129)**

Quincy, Massachusetts  
(May 28, 2019)  
FINRA Case #2018058193701

**Joseph James Martinez (CRD #6191278)**

West Covina, California  
(May 29, 2019)  
FINRA Case #2018059437201

**Anthony Frank Sercia (CRD #2067424)**

Staten Island, New York  
(April 26, 2019 – May 20, 2019)  
FINRA Case #2018059045001

**Benjamin Kirk Weldon (CRD #5311364)**

Visalia, California  
(May 28, 2019)  
FINRA Case #2018059415501

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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.)

**Charles Lewis Bender III (CRD #2579528)**

Miami, Florida  
(May 31, 2019)  
FINRA Case #2019062079801

**Daniel Edward Bingham (CRD #4175758)**

Scottsdale, Arizona  
(May 30, 2019)  
FINRA Case #2018058157401

**Kurt Frederick Diehlman (CRD #2311852)**

Gainesville, Florida  
(May 24, 2019)  
FINRA Case #2019061700201

**James Daniel D'Meo (CRD #1444759)**

Tinton Falls, New Jersey  
(May 20, 2019)  
FINRA Case #2018059491101

**David Campbell Gallacher (CRD #4142474)**

Encinitas, California  
(May 24, 2019)  
FINRA Case #2019061396901

**Jose Giraldo (CRD #5429476)**

Chula Vista, California  
(May 13, 2019)  
FINRA Case #2018058059202

**Kyle Lawrence Goebel (CRD #6631260)**

Rosendale, Wisconsin  
(May 28, 2019)  
FINRA Case #2018058636901

**Fernando L. Gonzalez (CRD #5457054)**

Philadelphia, Pennsylvania  
(May 28, 2019)  
FINRA Case #2018059713101

**Kenneth William Gurrola (CRD #5657027)**

New York, New York  
(May 13, 2019)  
FINRA Case #2018056463301

**Adrianna L. Harris (CRD #6865538)**

Indianapolis, Indiana  
(May 31, 2019)  
FINRA Case #2019061477801

**Audrey Anne Hose (CRD #6283761)**

Doylestown, Ohio  
(May 28, 2019)  
FINRA Case #2018060959601

**Jeffrey Paul Knowles (CRD #2822705)**

Boynton Beach, Florida  
(February 1, 2019 – May 22, 2019)  
FINRA Case #2018059598901

**Brian Anthony Laishes (CRD #1397342)**  
 Madison, Wisconsin  
 (May 13, 2019)  
 FINRA Case #2019061694401

**Timothy Patrick May (CRD #2534803)**  
 Framingham, Massachusetts  
 (May 17, 2019)  
 FINRA Case #2018060471801

**Philip Albert Noto (CRD #4837180)**  
 Red Bank, New Jersey  
 (May 3, 2019)  
 FINRA Case #2016047624302

**Yousuf Saljooki (CRD #5045123)**  
 Melville, New York  
 (August 6, 2018 - May 13, 2019)  
 FINRA Case #2018057626101

**Bryce R. Scarfone (CRD #6720620)**  
 San Francisco, California  
 (May 24, 2019)  
 FINRA Case #2019061645501

**Craig Landon Siegel (CRD #5759415)**  
 New York, New York  
 (May 10, 2019)  
 FINRA Case #2018059755201

**Roger Gordon Takami (CRD #1441400)**  
 Renton, Washington  
 (May 17, 2019)  
 FINRA Case #2019061701001

**Purnell Scott Thurman (CRD #6359417)**  
 Gaithersburg, Maryland  
 (April 1, 2019 – May 9, 2019)  
 FINRA Case #2018060872301

**Charles Matthew Wernig III  
 (CRD #4305235)**  
 Morrison, Colorado  
 (May 28, 2019)  
 FINRA Case #2019061928001

**Xiangyu Yu Zhang (CRD #5050282)**  
 Monrovia, California  
 (May 24, 2019)  
 FINRA Case #2019061138501

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

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

**Matthew Charles Deblois (CRD #5495830)**  
 New Braunfels, Texas  
 (May 30, 2019)  
 FINRA Arbitration Case #17-01716

**Donald Gene Dewaay Jr. (CRD #1297174)**  
 West Des Moines, Iowa  
 (April 19, 2017 – May 23, 2019)  
 FINRA Arbitration Case #16-00542

**Michael Edgar Freeman (CRD #2311151)**  
 New York, New York  
 (May 28, 2019)  
 FINRA Arbitration Case #17-03193

**Cindy Maria Fuzie (CRD #5222145)**  
 Granite Bay, California  
 (May 15, 2019)  
 FINRA Arbitration Case #17-02376

**Evelyn Christina Hernandez  
 (CRD #5620665)**  
 Orlando, Florida  
 (June 6, 2018 – May 16, 2019)  
 FINRA Arbitration Case #16-01937

**Barry Jin (CRD #5274970)**  
 Fresh Meadows, New York  
 (May 30, 2019)  
 FINRA Arbitration Case #17-01716

**Michael Scott LaVolpe (CRD #5054798)**

Brooklyn, New York

(May 31, 2019)

FINRA Arbitration Case #17-01716

**William McCabe Leonard (CRD #3007449)**

Marathon, Florida

(May 31, 2019)

FINRA Arbitration Case #17-01716

**Peter James Walsworth (CRD #4708071)**

Lakewood Ranch, Florida

(February 19, 2019 – May 17, 2019)

FINRA Arbitration Case #18-02716

## Press Release

### **FINRA Sanctions AXA Advisors, LLC Approximately \$772,000 for Misrepresentations to 401(k) Plan Sponsors and Participants Restitution Ordered; Firm Ordered to Send Corrective Disclosures to Affected Plan Participants**

FINRA announced that it has fined [AXA Advisors, LLC](#) (AXA) \$600,000 and ordered the firm to pay approximately \$172,000 in restitution to affected 401(k) retirement plan participants for distributing materials that negligently misrepresented that certain bond funds offered for 401(k) plans were “investment-grade” when, in fact, a substantial portion of the funds’ portfolios consisted of high-yield or junk bonds. As part of the settlement, FINRA also required AXA to send corrective disclosures to all affected plan participants.

AXA sells and services group annuity contracts for employer-sponsored 401(k) retirement plans that an affiliated life insurance company issues and administers. AXA registered representatives worked with retirement plan sponsors (i.e., employers) to help them determine what funds should be included within the group annuity contracts for 401(k) plans they offered to plan participants (i.e., employees). To that end, AXA distributed various documents created by its affiliated life insurance company to retirement plan sponsors. These documents contained a list of available investment options, including available bond funds, organized by the type of underlying investment.

FINRA found that from September 2010 through November 2015, AXA distributed documents that negligently misrepresented that five bond funds offered with some of its group annuity contracts were “investment-grade,” when, in fact, a substantial portion of the funds’ portfolios consisted of high-yield or junk bonds. For example, the fund that affected the largest number of plans and participants, which was represented as an investment-grade fund, in fact held approximately 65 percent of its bond portfolio in high-yield or junk bonds as of March 31, 2015.

As a result of the misclassifications, AXA distributed thousands of enrollment forms, investment options attachments, and other documents to plan sponsors that were inaccurate and misleading. Specifically, AXA distributed approximately 14,500 enrollment forms and 2,500 investment options attachments that misclassified the credit quality of the five bond funds. The misrepresentations affected approximately 800 retirement plans and 6,200 plan participants during the relevant period.

Moreover, AXA failed to have supervisory systems or written supervisory procedures reasonably designed to achieve compliance with FINRA rules related to the accuracy of the descriptions of the credit quality of the bond funds. Instead, the firm relied on its affiliated life insurance company to classify the bond funds in the group annuity contracts. AXA has agreed to pay restitution to participants who were invested in one or more of the five relevant bond funds and may have been adversely impacted by the misclassification.

“401(k) plans are among the most important and prevalent retirement savings options available to investors,” said Susan Schroeder, FINRA’s Executive Vice President, Department of Enforcement. “Investors need accurate information to make informed decisions about their retirement savings, and member firms play a critical role in providing complete and accurate information to retirement plan sponsors.”

In settling [this matter](#), AXA neither admitted nor denied the charges, but consented to the entry of FINRA’s findings.