



2019 Advertising Regulation Conference

October 24—25 | Washington, DC

Sales Practices a Case Study Approach

Friday, October 25, 2019

9:45 a.m. – 10:45 a.m.

Designed for compliance professionals who supervise sales staff, this session examines the issues that registered principals confront in today's regulatory environment. Panelists representing FINRA Advertising Regulation, Enforcement and District Office staff address a wide range of topics drawn from recent enforcement cases, including supervisory procedures related to outside business activities, recent exam findings and the disciplinary process. They also highlight potential "red flags" and provide suggestions to help avoid compliance issues.

Moderator: Steven O'Mara
Associate Director, Advertising Regulation
FINRA Advertising Regulation

Speakers: Kimberly Flanders
Principal Analyst, Advertising Regulation
FINRA Advertising Regulation

Stephen Marchese
Examination Manager, Sales Practice
FINRA Philadelphia District Office

Gina Petrocelli
Chief Counsel, Enforcement
FINRA Enforcement

Sales Practices a Case Study Approach Panelist Bios:

Moderator:

Steven O'Mara is Associate Director in FINRA's Advertising Regulation Department. Before joining Advertising Regulation, he spent three years in the Market Regulation Department. He also worked for four years as a compliance officer for a regional brokerage firm. Mr. O'Mara holds a master's degree in business from Johns Hopkins University and a bachelor's degree from Saint Anselm College.

Speakers:

Kimberly Flanders is Principal Analyst in FINRA's Advertising Regulation Department. She has served in this role since 2002 and joined the Department in 1996. Prior to joining FINRA, Ms. Flanders was an investigator for the Resolution Trust Company in Washington, DC. Previous to this role, she was a staff member of the Permanent Subcommittee on Investigations, chaired by the former U.S. Senator from Georgia, Sam Nunn. Ms. Flanders received her bachelor's degree from the University of Georgia.

Stephen Marchese has been with FINRA for nineteen years. Prior to joining FINRA (formerly NASD), Mr. Marchese spent four-and-a-half years working for a New York State Senator where some of his responsibilities included acting as both a business and military liaison. Since joining FINRA, Mr. Marchese has worked in four different District Offices. He began his career in the NYC District where he gained valuable experience working with market making firms. Soon after, he transferred to the Long Island Satellite Office and the Boca Raton, FL office (between 2001 to 2006) where he was active in a number of examinations and investigations involving "boiler room" type firm's that focused on high-pressure sales tactics and "churning" trading strategies. In 2007, Mr. Marchese transferred to the Philadelphia District. During his time at FINRA, Mr. Marchese has been assigned to various different internal areas including acting as a cycle examiner, a cause examiner and in 2014 was named to the Northeast Regional Exam Team, which was a group of Examiners who were responsible for examining the riskiest firms in the Northeast region. Currently, Mr. Marchese is an Examination Manager, a position he has held since 2016. Some of the more notable examinations or investigations Mr. Marchese has worked on include the following: A Firm phone taping rule case in which the Firm did not tape all required conversations; A mutual fund market timing case in which the Firm being examined was a willing participant; Fraudulent activities related to a private placement, which included material omissions; Unauthorized trading activities of a registered representative who was under significant financial strain; Identified the intentional alterations to the books and records of a firm to indicate supervision had occurred on VA transactions; and, An email case in which a registered representative purposely deleted firm related email from his personal email address which he had been using for business without approval. Mr. Marchese has also participated in a number of Special Projects, including the Regulation 60 Sweep, AML Quality Reviews and High Risk Registered Representative Quantitative Assessments to name a few. He is currently a designated regulatory specialist in the area of private placements – crowdfunding and a regional expert in Branch Examinations. Mr. Marchese graduated from Molloy College (Rockville Centre, NY) with a BA in Political Science and Business Administration, and he received his MBA from Dowling College (Oakdale, NY).

Gina Petrocelli is Chief Counsel in FINRA's Department of Enforcement and a member of FINRA's Fixed Income Committee. She manages a team of attorneys handling actions relating to sales practice, anti-money laundering and other investor protection and regulatory issues. Ms. Petrocelli previously served as a Deputy Regional Chief Counsel for the New York Region, and as an Enforcement Director and Senior Counsel in New York. Prior to joining FINRA during 2010, Ms. Petrocelli was a litigator at Latham & Watkins LLP and at Cravath, Swaine & Moore LLP. Ms. Petrocelli graduated from Harvard Law School in 2002 and is a member of the bar in New York. She obtained her B.A. in Government from Harvard College in 1999.



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Gina Petrocelli
Chief Counsel, Enforcement
FINRA Enforcement

I. Introduction

II. Overview of Disciplinary Process

III. Supervision

- a) Growth Capital Services, Inc.
[Letter of Acceptance, Waiver and Consent No. 2013034981501](#)
- b) Jack B. McBride
[Letter of Acceptance, Waiver and Consent No. 2014042223301](#)

IV. Private Securities/Private Placements

- a) LBMZ Securities Inc.
[Letter of Acceptance, Waiver and Consent No. 2016048230001](#)
- b) Christopher M. Hawn
[Letter of Acceptance, Waiver and Consent No. 2015046760801](#)

V. Research Report Case

- a) Citigroup Global Markets, Inc.
[Letter of Acceptance, Waiver and Consent No. 2016048931101](#)

VI. Social Media Case

- a) David Apted
[Letter of Acceptance, Waiver and Consent No. 2016049587401](#)

VII. Seminars

- a) Sandeep Varma
[Letter of Acceptance, Waiver and Consent No. 2014040164801](#)



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■ Moderator

- **Steven O'Mara, Associate Director, Advertising Regulation, FINRA Advertising Regulation**

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- **Stephen Marchese, Examination Manager, Sales Practice, FINRA Philadelphia District Office**
- **Gina Petrocelli, Chief Counsel, Enforcement, FINRA Enforcement**

Supervisory Issues

- **Written Supervisory Procedures**
- **Private Securities Transactions**
- **Attestations**
- **Social Media**

Interacting with Customers

- **Outside Business Activities**
- **Consolidated Reports**
- **Research Reports**
- **Seminars**

Questions and Answers

