

# Disciplinary and Other FINRA Actions

## Firms Fined, Individuals Sanctioned

**Lek Securities Corporation (CRD® #33135, New York, New York) and Samuel Frederik Lek (CRD #1642936, New York, New York)**

December 20, 2019 – An Offer of Settlement was issued in which the firm was suspended from selling or accepting for deposit any low-priced security until it certifies to FINRA® that it has implemented the recommendations of an independent consultant, fined \$200,000 and required to retain one or more qualified independent consultants to conduct a comprehensive review of its supervisory system and its compliance with anti-money laundering (AML) and Section 5 of the Securities Act of 1933 obligations in connection with stock trading in low-priced securities. Samuel Lek was not separately sanctioned herein because he was barred in [FINRA Case #2011029713004](#). Without admitting or denying the allegations, the firm and Samuel Lek consented to the sanctions and to the entry of findings that they failed to implement AML policies, procedures and internal controls reasonably expected to detect and cause the reporting of suspicious transactions and reasonably designed to achieve compliance with the Bank Secrecy Act, and the implementing regulations promulgated thereunder, by the Department of the Treasury. The findings stated that the activity resulted in microcap trades being conducted without reasonable detection, investigation and determination as to whether such transactions should be reported on a suspicious activity report (SAR). The findings also stated that as the firm's AML compliance officer, chief executive officer (CEO) and chief compliance officer (CCO), Samuel Lek was responsible for its supervisory system, including its certificate review process. The firm and Samuel Lek failed to supervise for compliance with Section 5 of the Securities Act by failing to establish reasonable written supervisory procedures (WSPs) to fulfill its obligations to conduct a searching inquiry, prior to liquidating microcap securities, to determine whether the customer's resale of those shares was registered or subject to an exemption from registration. The firm, acting under Samuel Lek's direction, also failed to conduct reasonable due diligence on the deposits, customers and issuers despite red flags that existed at the time of deposit or trading of microcap securities. The findings also included that the firm acted in contravention of Section 5 of the Securities Act by engaging in the sales of unregistered securities in transactions not subject to an exemption from registration requirements. In total, firm accounts liquidated microcap stocks and generated approximately \$100 million of proceeds, for which the firm received approximately \$1.6 million in commissions. FINRA found that the firm failed to conduct timely reviews of Financial Crimes Enforcement Network (FinCen) 314(a) information requests. The firm failed to access the FinCen online portal to conduct mandated searches. FINRA also found that the firm failed to conduct reasonable testing of its AML program. The firm engaged various third parties to conduct its

## Reported for March 2020

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).

annual independent test. However, the firm failed to conduct any substantive assessment of its microcap business because each of the tests were substantively inadequate, narrow in scope and evidenced a very limited review of the firm's AML process and procedures. In addition, FINRA determined that the firm failed to provide reasonable AML training to employees that were primarily responsible for compliance functions, including the review of customer accounts, microcap deposits, trading surveillance and investigations. ([FINRA Case #2015045312501](#))

**Wilson-Davis & Co., Inc. ([CRD #3777](#), Salt Lake City, Utah), Byron Bert Barkley ([CRD #12469](#), Salt Lake City, Utah) and James C. Snow Jr. ([CRD #2761102](#), Salt Lake City, Utah)**

December 31, 2019 – The firm, Barkley and Snow appealed a National Adjudicatory Counsel (NAC) decision to the Securities and Exchange Commission (SEC). The NAC had affirmed the findings and modified the sanctions imposed by the Office of Hearing Officers (OHO). The firm was fined \$1,100,000, ordered to pay disgorgement in the amount of \$51,624, plus prejudgment interest and required to retain an independent consultant to recommend changes to its WSPs. Barkley was fined \$52,000, suspended from association with any FINRA member in all capacities for three months, suspended from association with any FINRA member in any principal and supervisory capacity for one year (to be served concurrently) and ordered to requalify as a principal by examination before serving in that capacity again. Snow was fined \$77,000, suspended from association with any FINRA member in all capacities for three months, suspended from association with any FINRA member in any principal and supervisory capacity for one year (to be served concurrently) and ordered to requalify as a principal by examination before serving in that capacity again. The sanctions were based on findings that the firm engaged in short selling in violation of Rule 203(b)(1) of Regulation SHO of the Securities Exchange Act of 1934 (Reg SHO) because it failed to find locates for short transactions effected in low-priced stocks. The findings stated that the short sales were effected to carry out a speculative trading strategy implemented by a former registered representative and did not involve bona fide market making. In addition, the short sales were not subject to the market maker exemption. The findings also stated that the firm, through Snow, its president, CCO and AML compliance officer, failed to establish and maintain reasonable supervisory systems and WSPs in connection with the firm's use of the market maker exemption, locate requirements and general compliance with Reg SHO. Snow was responsible for establishing and maintaining adequate supervisory systems and procedures, including systems and procedures relating to the firm's Reg SHO compliance and the bona-fide market maker exemption. Snow did not do so. The firm's WSPs did not provide procedures, processes, tests, or guidance that would permit an evaluation by supervisors at the firm of whether the particular facts of a short sale transaction established that a sale was made in connection with bona-fide market making activity. The firm did not even have procedures for locating or borrowing securities for its short sales because the firm considered all trading to be bona-fide market making. Moreover, the firm and Barkley, its vice president and head of trading, failed to reasonably supervise the representative's trading. Barkley failed to adequately fulfill his

responsibilities to supervise trading and ensure compliance with Reg SHO. Barkley did not ensure that the representative was acting as a bona-fide market maker and was otherwise complying with Reg SHO. Although Barkley monitored the representative's trading in the stocks in real time and communicated frequently with him, Barkley did not regularly monitor the market maker quotes the representative was displaying to the market at the time of his trading. Consequently, Barkley failed to detect quotations in the stocks that were far away from competitive levels on either the buy or sell side. Barkley assumed that all of the representative's short selling in the security was a part of bona-fide market making and simply signed off on his market maker applications. Barkley was not concerned whether the representative's quotations were consistent with genuine market making, but rather the concern lay in the exposure and potential loss that his trading in the low-priced stocks created for the firm. Further, the firm, acting through Snow, failed to assign each registered person at the firm to an appropriately registered principal or representative that would be responsible for supervising that person's activities. As a result, the firm and Snow failed to implement a reasonable supervisory system to supervise the representatives and principals at the firm. In addition, Snow and the firm created a heightened supervision plan for a representative that was untimely and insufficient. Snow was obligated to appropriately document decisions made with respect to heightened supervision; however, he and the firm did nothing. The firm and Snow also failed to reasonably supervise instant message communications of the firm's representatives. Snow delegated the review of instant messages by the representatives to an unregistered person at the firm and failed to take reasonable steps to ensure that the delegated function was executed properly. The findings also included that the firm and Snow failed to establish and implement reasonable AML policies and procedures to detect, investigate and report, where appropriate, suspicious trading activity by filing an SAR. Snow was responsible for ensuring that the firm's AML program was adequately tailored to the risks posed by the firm's business activities and establishing an AML program to mitigate those risks. In addition, the firm and Snow failed to provide adequate AML training to firm staff.

The sanctions are not in effect pending review. ([FINRA Case #2012032731802](#))

## Firms Fined

### **Apex Clearing Corporation ([CRD #13071](#), Dallas, Texas)**

December 31, 2019 – An AWC was issued in which the firm was censured, fined \$250,000 and required to provide a written certification within 90 days that it has completed a review of its systems and procedures regarding SEC Rule 10b-16(a)(1), and as of the date of the certification, the firm's policies, systems and procedures are reasonably designed to achieve compliance with the rule. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish procedures reasonably designed to ensure that introduced customers received initial margin interest rate disclosures and failed to establish, maintain, and enforce a supervisory system,

including WSPs, reasonably designed to achieve compliance with SEC Rule 10b-16(a)(1). The findings stated that the firm provided its introducing firms with a Margin Disclosure Statement document, which it understood its introducing firms provided to customers prior to the firm opening a margin account for the customer. While the firm had a process in place to ensure that the Margin Disclosure Statement was provided by the introducing firm, the statement did not disclose the introducing firm-specific margin interest rate. Some of the firm's introducing firms did not make margin interest rate disclosures at the time of account opening. As the broker extending credit, the firm was responsible for establishing procedures to ensure that the margin rates were disclosed to customers at the time they opened margin accounts. The firm did not have procedures to ensure that introduced customers received margin interest disclosures at the time of account opening. Certain customers of the firm's introducing firms did not receive the initial disclosure stating the annual rate or rates of margin interest that could be imposed. ([FINRA Case #2019061642801](#))

**Dash Financial Technologies LLC ([CRD #104031](#), Chicago, Illinois)**

January 2, 2020 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured and fined \$90,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted inaccurate Reportable Order Events (ROEs) to the Order Audit Trail System (OATS™), primarily due to the failure to append the correct special handling code to directed orders. The findings stated that these inaccuracies resulted from various causes, including the firm's misunderstandings of the application of certain codes, logic flaws within its own systems, logic flaws within a third-party execution and order management system and the misclassification of a client account. The findings also stated that the firm's supervisory system was not reasonably designed to achieve compliance with respect to applicable securities laws and regulations, and FINRA rules, concerning OATS. The firm's supervisory system focused on correcting OATS issues that either impacted the ability to submit ROEs or were identified by FINRA, but was not reasonably designed to identify situations in which ROEs contained inaccurate information that would not result in rejects, mismatches, out-of-sequence events, etc. In this regard, while the firm reviewed a small number of orders on a monthly and semi-annual basis to ensure the ROEs submitted for those orders were accurate, the number of orders reviewed was unreasonably small and not tailored to its business activity. As a result of its supervisory failures, the firm was unaware of its inaccurate OATS submissions until notified by FINRA. ([FINRA Case #2016051474801](#))

**Merrill Lynch, Pierce, Fenner & Smith Incorporated ([CRD #7691](#), New York, New York)**

January 3, 2020 – An AWC was issued in which the firm was censured and fined \$150,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it executed municipal securities transactions with customers in an amount below an issue's minimum denomination without an exception. The findings stated that the firm provided evidence to FINRA that it offered to rescind the transactions

to all of the customers that continued to hold the position. The findings also stated that the firm failed to disclose to its customers all material facts concerning municipal securities transactions at or prior to the time of trade. Specifically, the firm failed to inform its customers, orally or in writing, that the municipal securities transactions were in an amount below the issue's minimum denomination and that this may adversely affect the position's liquidity. ([FINRA Case #2016049250601](#))

**Wintrust Investments LLC fka Wayne Hummer Investments L.L.C. ([CRD #875](#), Chicago, Illinois)**

January 3, 2020 – An AWC was issued in which the firm was censured, fined \$35,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that in transactions involving municipal securities, it failed to exercise reasonable diligence in ascertaining the best market, and sell in such a market, so that the resultant price to the customer was as favorable as possible under prevailing market conditions. The findings stated that while acting in a principal capacity, the firm relied exclusively on a vendor's proprietary yield curve to determine the transaction price. In so doing, the firm failed to consider all of the Municipal Securities Rulemaking Board (MSRB) Rule G-18(a) factors and ignored contemporaneous inter-dealer transactions in that particular security. The findings also stated that the firm charged unfair and unreasonable mark-ups for these transactions. The firm provided evidence that it has made full restitution of \$18,925 to its customers. The findings also included that the firm did not have a reasonable supervisory system, including WSPs, to achieve compliance with its best execution obligations. ([FINRA Case #2017053470801](#))

**Virtu Americas LLC fka KCG Americas LLC ([CRD #149823](#), New York, New York)**

January 6, 2020 – An AWC was issued in which the firm was censured, fined \$125,000, and required to revise its written methodology with respect to the areas described in the AWC. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it did not maintain a reasonable written methodology governing the execution and priority of all pending orders that it received for handling and execution. The findings stated that the firm did not have a written execution methodology for over-the-counter (OTC) equity securities that were handled manually and executed outside of the firm's automated system or for certain categories of National Market System (NMS) securities that were executed manually. Given the firm's size in the OTC market in terms of trade and share volume, its failure to have a reasonable written methodology document governing order priority for manually executed orders created substantial risk that the firm would not handle manual orders consistently. ([FINRA Case #2013037127501](#))

**Spencer Edwards, Inc. ([CRD #22067](#), Centennial, Colorado)**

January 13, 2020 – A NAC decision became final in which the firm was fined \$3,400,000 and ordered to pay disgorgement in the amount of \$90,940, plus prejudgment interest. The NAC affirmed the findings in relevant part and modified the sanctions imposed by

the OHO. Given that the firm is no longer operating as a broker-dealer, the NAC assessed, but did not impose, a suspension on the firm requiring it to engage an independent consultant who will monitor its supervisory and anti-money laundering procedures related to its microcap securities liquidation business. The sanctions were based on findings that the firm facilitated unregistered and non-exempt customer sales of billions of shares of securities. The findings stated that the firm liquidated approximately 4 billion shares of penny stocks in customer accounts at the firm that were not registered with the SEC, nor were the transactions exempt from registration. The shares sold for the firm's customers yielded total sales proceeds of approximately \$2 million and generated over \$107,000 in commissions. The firm's failure to carefully scrutinize the transactions is compounded by numerous red flags that suggested the existence of control or an otherwise collusive relationship between its clients and the issuers, or called into question whether the securities acquisition transactions were arms-length. The findings also stated that the firm failed to adequately supervise its brokers and ensure that it employed procedures adequate to comply with recordkeeping requirements and its obligation not to participate in unregistered, non-exempt securities offerings. The firm's CCO failed to ensure that it had an effective system in place to retain electronic communications, as the firm's brokers routinely used personal email accounts bypassing any system of surveillance or monitoring the firm utilized. The firm knowingly failed to implement procedures tailored to its business. Instead, the firm uncritically executed customer orders without asking appropriate questions regarding the origin of the stock deposited for liquidation. None of those responsible for supervision at the firm conducted sufficient inquiry into any of the transactions at issue or recognized red flags in the accounts of the customers selling shares. ([FINRA Case #2013035865303](#))

**Citigroup Global Markets Inc. ([CRD #7059](#), New York, New York)**

January 14, 2020 – An AWC was issued in which the firm was censured, fined \$225,000 and required to revise its supervisory system and WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it effected a short sale for its own account without borrowing the security or entering into a bona fide arrangement to borrow the security, and without documenting its compliance with the locate requirement for short sale transactions. The findings stated that the firm's failure to obtain locates for these short sales resulted from system issues that failed to recognize short sales when the firm was selling short to facilitate customer orders as principal. The system issues were later resolved. The findings also stated that the firm failed to establish, maintain and enforce written policies and procedures reasonably designed to prevent the execution or display of a short sale order in a covered security subject to a short sale circuit breaker at a price at or below the national best bid. The firm largely relied on compliance filters in its trading platforms to prevent the execution of a short sale order at a price less than or equal to the national best bid during a short sale circuit breaker. However, as the result of separate system issues, the firm executed non-exempt short sale orders subject to circuit breakers at prices at or below the national best bid when it was facilitating

customer orders or trading with a firm affiliate. Each of the technology issues related to trades subject to internal executions. The findings also included that the firm failed to report short sale exempt transactions in the NMS stocks to a FINRA trade reporting facility with the appropriate short sale exempt modifier. Each of these instances involved the firm's failure to include the short sale exempt modifier when it reported the non-media legs of riskless principal transactions to the trade reporting facility. The violations were attributable to the firm's misunderstanding of the trade reporting requirements. Moreover, a programming error in one of the firm's trading platforms resulted in the platform's failure to recognize that the firm was selling short when it was acting as the contra party to a customer trade. As a result, the firm erroneously reported short sales to a FINRA trade reporting facility as long sales. FINRA found that the firm's WSPs failed to provide guidance as to how the primary supervisor would conduct his or her review for locate compliance for securities that were not on an easy to borrow list. Moreover, the firm's review process did not call for evidence that reviews were actually conducted. Rather, the WSPs only required documentation for reviews in which the supervisor identified an exception. FINRA also found that the firm's supervisory system, including its WSPs, did not include supervisory reviews for the accurate reporting of short sales to FINRA trade reporting facilities, including whether transactions were short sales or short sale exempt. ([FINRA Case #2015045325201](#))

**Prudential Investment Management Services LLC ([CRD #18353](#), Newark, New Jersey)**

January 14, 2020 – An AWC was issued in which the firm was censured, fined \$1,000,000 and required to retain one or more qualified independent consultants not unacceptable to FINRA to conduct a comprehensive review of the adequacy of its compliance with FINRA rules in connection with the violations described in the AWC. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it disseminated inaccurate information about group variable annuities expense ratios and inaccurate historical performance information about investment options offered in those annuities. The findings stated that the firm disseminated or made available inaccurate information about the third-party ratings for mutual funds underlying those investment options. The inaccurate information included material inaccuracies and was contained in communications for retirement plan participants and of plan sponsors. Moreover, the firm disclosed performance data of money market fund investment options in certain types of client-facing communications, but omitted information regarding those funds' seven-day yield as required by SEC Rule 482(e) under the Securities Act of 1933. The inaccuracies and omissions occurred in nine different types of publications. As a result, sponsors and participants using the inaccurate and/or incomplete communications that the firm provided were not provided with information to enable them to correctly assess or compare the costs associated with different investment options, the historical performance, or the potential return of those investments. Although account statements contained accurate performance returns and accurate participant account values, prospectuses disclosed minimum and maximum expenses, and the firm charged accurate fees, this did not cure



the fact that it created the risk that sponsors and participants would make investment decisions based upon the inaccurate and/or incomplete information distributed or made available by the firm. The findings also stated that the firm failed to have a supervisory system, including WSPs, reasonably designed to achieve compliance with the content standards of FINRA's advertising rule. The firm did not implement supervisory controls and procedures reasonably designed to verify the accuracy of the expense ratio, historical performance and rating information it distributed and made available to plan participants and sponsors, or to ensure that it included seven-day yield information in publications regarding money market funds when required. ([FINRA Case #2015047966801](#))

**Royal Alliance Associates, Inc. ([CRD #23131](#), Jersey City, New Jersey)**

January 16, 2020 – An AWC was issued in which the firm was censured, fined \$400,000 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 its procedures or, in certain instances, respond reasonably to red flags of potential misconduct in processing wire transfer and check requests through which thefts were perpetrated. The findings stated that two of the firm's registered representatives, acting independently of each other, stole more than \$3,800,000 from customers. The firm has compensated all of the customers addressed in the AWC. ([FINRA Case #2017056769402](#))

**Wedbush Securities Inc. ([CRD #877](#), Los Angeles, California)**

January 16, 2020 – An AWC was issued in which the firm was censured and fined \$90,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it misreported its short positions in equity securities that must be reported pursuant to FINRA Rule 4560 by overstating its short positions and the number of accounts with short positions. ([FINRA Case #2017053173601](#))

**Wells Fargo Advisors, LLC nka Wells Fargo Clearing Services, LLC ([CRD #19616](#), St. Louis, Missouri)**

January 29, 2020 – An AWC was issued in which the firm was censured and fined \$175,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to reasonably supervise a former registered representative who excessively traded equity positions in accounts belonging to an elderly customer. The findings stated that the customer was 88 years old when the trading commenced and that as a result of the excessive trading, she paid at least \$300,000 in commissions and other fees. The firm's computer program flagged the customer's accounts for high velocity; however, the firm did not reasonably address these flags. Following its investigation, the firm discharged the representative responsible for the customer's accounts. Ultimately, the firm paid \$1 million in restitution to the customer in settlement of a complaint that she filed regarding the activity in her accounts. ([FINRA Case #2017053034301](#))



**Paulson Investment Company LLC ([CRD #5670](#), Lake Oswego, Oregon)**

January 31, 2020 – An AWC was issued in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it sold private placement offerings claiming exemption from registration under Rule 506 of Regulation D of the Securities Act of 1933, but without having established pre-existing, substantive relationships with the offerees prior to participating in those offerings. The findings stated that as a result, each of those sales constituted an unregistered distribution of securities in contravention of Section 5 of the Securities Act. The firm solicited individuals to invest approximately \$4.5 million in those offerings. While the firm eventually established a substantive relationship with each of the individuals who invested in the offerings prior to their purchases, that relationship did not exist prior to its participation in those offerings. ([FINRA Case #2018056269003](#))

## Individuals Barred

**John Joseph Cahill ([CRD #1240551](#), Mahwah, New Jersey)**

January 2, 2020 – An AWC was issued in which Cahill was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Cahill consented to the sanction and to the entry of findings that he refused to provide documents and information and to appear and provide on-the-record testimony requested by FINRA in connection with an investigation into allegations that he commingled and/or converted funds belonging to, and served as power-of-attorney for, an elderly individual who was his customer while he was associated with his former member firm. ([FINRA Case #2019061661601](#))

**Stephen Carver ([CRD #2230161](#), Chillicothe, Illinois)**

January 2, 2020 – An AWC was issued in which Carver was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Carver consented to the sanction and to the entry of findings that he refused to produce information and documents requested by FINRA in connection with an investigation into an investment-related customer complaint. ([FINRA Case #2019062034601](#))

**John A. Chrysadakis ([CRD #5680661](#), Fairfield, Connecticut)**

January 6, 2020 – An AWC was issued in which Chrysadakis was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Chrysadakis consented to the sanction and to the entry of findings that he refused to produce information and documents requested by FINRA after his member firm submitted a Uniform Termination Notice for Securities Industry Registration (Form U5) wherein it disclosed that he was permitted to resign while under internal review. The findings stated that the firm was reviewing Chrysadakis for alleged fraudulent activity, including alleged forgery of non-variable insurance forms, alleged submission of unauthorized non-variable

policy applications and for undisclosed financial liens and judgments. After Chrysadakis' resignation from the firm, the Fidelity Masonic Temple Association, Inc. filed a complaint against him in Connecticut state court, alleging that Chrysadakis converted approximately \$100,000 from it while serving as its treasurer. ([FINRA Case #2018060563201](#))

**Shlomo Strugano ([CRD #3108780](#), Karmiel, Israel)**

January 6, 2020 – An AWC was issued in which Strugano was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Strugano consented to the sanction and to the entry of findings that he failed to appear and provide testimony requested by FINRA in connection with an investigation into whether he had forged or falsified customer signatures and initials on account and transaction documents. ([FINRA Case #2018060982602](#))

**Gabriel William Hynes ([CRD #3152541](#), Saint Augustine, Florida)**

January 7, 2020 – An AWC was issued in which Hynes was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Hynes consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with its investigation of his sale of a company's structured cash flow investments comprised of pension streams. ([FINRA Case #2018059098601](#))

**Robert Russel Tweed ([CRD #2339324](#), Glendale, California)**

January 10, 2020 – Tweed appealed a NAC decision to the SEC. Tweed was barred from association with any FINRA member in all capacities. The NAC affirmed the findings and modified the sanctions imposed by the OHO. The sanction was based on findings that Tweed violated Sections 17(a)(2) and (3) of the Securities Act of 1933 by misrepresenting and failing to disclose material facts in connection with the sale of interests in a private investment fund that he controlled and engaged in a course of conduct that operated as a fraud or deceit on the fund's investors. The findings stated that Tweed negligently misrepresented or failed to disclose all of the fees and expenses associated with an investment in the private fund. In addition, Tweed negligently misrepresented or failed to disclose to investors anything about a change from his private fund's master fund to a new master fund, including his personal involvement in the new fund. Tweed also failed to disclose a consulting agreement between his investment advisor and another investment advisor, under which his investment advisor was entitled to 45 percent of the compensation the other investment advisor received as a result of his private investment fund's investment in the new master fund. Tweed's failure to disclose was material because it likely would have been viewed, if disclosed, as something that could influence his decision to invest his investment fund's money in the new master fund.

The bar is in effect pending review. ([FINRA Case #2015046631101](#))

**Jesse Gil III ([CRD #5188650](#), Corpus Christi, Texas)**

January 16, 2020 – An Offer of Settlement was issued in which Gil was barred from association with any FINRA member in all capacities. Without admitting or denying the allegations, Gil consented to the sanction and to the entry of findings that he converted approximately \$2,500 from an 82-year-old widow and former bank customer to whom he was providing financial advice away from his member firm. The findings stated that Gil used the customer's credit cards without her authorization to charge personal expenses. These included spa massages, sporting goods, airline baggage fees and foreign currency cash advances, as well as expenses incurred during an overseas trip to Madrid, Spain, including at a hotel, perfume store, museum and flamenco show. The findings also stated that Gil failed to disclose that he held power of attorney over the customer or obtained advance approval from his firm, which was required, before taking on this role. The findings also included that Gil began providing financial advice to the customer away from multiple employer firms. The customer agreed to pay Gil for his efforts, and he received \$850 in compensation. At no time after Gil had a reasonable expectation of compensation did he provide his firms with notice that he was engaged in an outside business activity. FINRA found that Gil provided false answers on compliance certifications to his firms concerning acting as power of attorney and providing outside financial advice to the customer for compensation. FINRA also found that Gil failed to provide information and documents to it during an investigation into the circumstances of his termination from one of his firms. Gil initially cooperated with FINRA's investigation, but failed to provide full and complete responses. ([FINRA Case #2016051814301](#))

**Paul William Petrillo ([CRD #2212735](#), Volo, Illinois)**

January 17, 2020 – An AWC was issued in which Petrillo was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Petrillo consented to the sanction and to the entry of findings that he placed discretionary orders to purchase or sell securities in customers' outside securities accounts without notifying his member firm of his authority to do so or the executing firm of his association with his firm. The findings stated that Petrillo also opened a family trust securities account over which he had trading authority away from his firm but did not notify it of the account's existence. The findings also stated that Petrillo participated in private securities transactions, by placing orders to purchase or sell securities in customer accounts, without notifying his firm. The findings also included that Petrillo provided a false response to a request for information made by FINRA during the course of an investigation. Petrillo deliberately failed to inform FINRA about customer accounts in which he effected trades away from his firm. ([FINRA Case #2018058262001](#))

**David Oscar Braeger ([CRD #2137240](#), Bayside, Wisconsin)**

January 21, 2020 – A NAC decision became final in which Braeger was barred from association with any FINRA member in all capacities. The NAC affirmed the findings and sanctions imposed by the OHO. The sanction was based on findings that Braeger misused and converted a \$30,000 check that his customers, a married couple, intended to invest in a private offering for an entity that Braeger created and of which he was the only managing member. The findings stated that the customers were not listed as investors of the offering and they did not know that their funds were not invested in it until years later. Subsequently, Braeger failed to tell the customers that his entity had been closed, liquidated and dissolved. The customers were not among the offerings investors who were notified of the fund's closure or to whom funds were returned. The findings also stated that Braeger made numerous misrepresentations and omissions of material fact to his customers about the value and status of their investment and the reasons they could not recover their funds. ([FINRA Case #2015045456401](#))

**Zachary Scott Wagner ([CRD #6694074](#), Gilbert, Arizona)**

January 21, 2020 – An AWC was issued in which Wagner was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Wagner consented to the sanction and to the entry of findings that he failed to provide on-the-record testimony requested by FINRA in connection with its investigation into his potential misuse of customer funds and involvement in an undisclosed outside business activity. The findings stated that Wagner's member firm filed a Form U5 reporting that he had been terminated for failing to provide accurate information during the pre-hire process. Subsequently, Warner associated with another firm that filed a Form U5 terminating him and reporting that he had potentially used a client's funds for personal use, and made misrepresentations about the client's accounts, while employed by that firm. ([FINRA Case #2018060065701](#))

**Charles Jonathan Evan ([CRD #836083](#), Newton Centre, Massachusetts)**

January 22, 2020 – An AWC was issued in which Evan was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Evan consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA during its investigation that began after his member firm filed a Form U5 reporting his termination in connection with allegations concerning inappropriate traditional insurance sales practices. ([FINRA Case #2019064596401](#))

**Michael Leahy ([CRD #1899498](#), Red Bank, New Jersey)**

January 22, 2020 – An AWC was issued in which Leahy was barred from association with any FINRA member in any principal capacity and fined \$5,000. Without admitting or denying the findings, Leahy consented to the sanctions and to the entry of findings that he failed to reasonably supervise a former registered representative who, while registered through Leahy's member firm, engaged in a pattern of unauthorized trading, using margin

without authorization, recommending excessive and otherwise unsuitable transactions, and charging excessive commissions in dozens of customer accounts. The findings stated that Leahy, the sole principal at the firm and the only individual responsible for supervising the representative, was aware of multiple red flags of the representative's misconduct. The red flags included daily trade blotters that showed frequent in-and-out trading and commissions often exceeding five percent, numerous customer complaints alleging unauthorized trading, unauthorized use of margin, excessive commissions and notification from the firm's clearing firm of potential unauthorized trading by the representative. Leahy did not investigate those red flags or otherwise take reasonable action to curtail the representative's pattern of misconduct. As a result of Leahy's failure to reasonably respond to those red flags, the representative's misconduct continued unabated until the New Jersey Bureau of Securities summarily revoked the representative's registration in the State of New Jersey. ([FINRA Case #2019063631802](#))

**Christopher Richard Barone ([CRD #2032268](#), Newbury, Ohio)**

January 23, 2020 – An AWC was issued in which Barone was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Barone consented to the sanction and to the entry of findings that he made misrepresentations to FINRA about the frequency of his supervision of his member firm's trade reporting responsibilities and altered documents that he produced to FINRA. The findings stated that FINRA conducted inquiries pertaining to the firm's compliance with its trade reporting responsibilities. One of these inquiries pertained to the firm's reporting of municipal securities transactions to the MSRB and Barone was solely responsible for preparing the firm's response. Barone falsely represented that he reviewed trades monthly to make sure the firm was not reporting late to MSRB. In fact, Barone was reviewing the firm's municipal trade reporting only on a quarterly basis, at most. Barone also produced MSRB spreadsheets that purportedly evidenced his supervisory reviews, but before doing so, he altered the documents. Barone removed the search date on the document, which was evidence of when he had actually conducted the review, and added a different date and his initials. In a separate inquiry, FINRA requested that the firm produce evidence of supervisory reviews in connection with its reporting responsibilities through the Trade Reporting and Compliance Engine (TRACE). Barone produced a document that he had created purportedly showing that he had conducted monthly reviews for TRACE reporting compliance. Barone's representation was false because he had only conducted a TRACE reporting review three times. ([FINRA Case #2016050912001](#))

**Kari Marlin Bracy ([CRD #5656186](#), Dayton, Maine)**

January 23, 2020 – An AWC was issued in which Bracy was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Bracy consented to the sanction and to the entry of findings that she refused to appear for on-the-record testimony requested by FINRA in connection with its investigation of her sale of a company's structured cash flow investment, comprised of pension streams. ([FINRA Case #2018059595101](#))

**Antonio Gutierrez Puente ([CRD #2695224](#), Delray Beach, Florida)**

January 29, 2020 – An AWC was issued in which Puente was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Puente consented to the sanction and to the entry of findings that he refused to provide on-the-record testimony requested by FINRA in connection with its investigation into whether he potentially violated FINRA rules by engaging in undisclosed outside business activities and/or private securities transactions while associated with a member firm. ([FINRA Case #2018059909701](#))

**Randy T. Carpen ([CRD #2469877](#), Fort Lauderdale, Florida)**

January 31, 2020 – An AWC was issued in which Carpen was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Carpen consented to the sanction and to the entry of findings that he failed to produce documents and information requested by FINRA during an investigation into allegations that he excessively traded a customer account. ([FINRA Case #2017052698601](#))

## Individuals Suspended

**Robert James D’Andria ([CRD #1916172](#), Manasquan, New Jersey)**

January 3, 2020 – An AWC was issued in which D’Andria was fined \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, D’Andria consented to the sanctions and to the entry of findings that he recommended the purchase of non-traditional exchange traded products (NT-ETPs) to customers without having a sufficient understanding of the risks and features associated with these products and thereby failed to have a reasonable basis to make these recommendations. The findings stated that D’Andria failed to perform a reasonable basis suitability analysis of NT-ETPs to understand the unique features and specific risks associated with these products before offering them to his customers. Moreover, D’Andria did not understand that losses in NT-ETPs are compounded because of how the valuations reset each day. The findings also stated that D’Andria’s customers held these positions for extended holding periods and as a result, incurred approximately \$93,000 in losses. D’Andria’s member firm consented to supervision charges in relation to his unsuitable recommendations of NT-ETPs and agreed to a fine and order of restitution to be paid to the affected customers.

The suspension is in effect from February 3, 2020, through April 2, 2020. ([FINRA Case #2017056579502](#))

**James R. Willing ([CRD #468560](#), Winchester, Massachusetts)**

January 7, 2020 – An AWC was issued in which Willing was fined \$7,500 and suspended from association with any FINRA member in all capacities for 35 days. Without admitting or denying the findings, Willing consented to the sanctions and to the entry of findings that he invested \$62,500 of his own money in a series of private securities transactions without providing prior written notice of, or receiving written approval from, his member firm for these transactions. The findings stated that Willing's transactions involved pooled investment fund interests offered by a limited partnership. These investments were solely of Willing's personal assets and did not involve customer assets. Later, Willing provided written notification to the firm regarding the private securities transactions by filing a private investment disclosure.

The suspension was in effect from February 3, 2020, through March 8, 2020. ([FINRA Case #2018057629501](#))

**Jason C. LaBelle ([CRD #5654529](#), Pittsfield, Massachusetts)**

January 14, 2020 – An AWC was issued in which LaBelle was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, LaBelle consented to the sanctions and to the entry of findings that he participated in an outside business activity involving a real estate development project that was financed with money lent by one of his customers without providing prior written notice to his member firm. The findings stated that LaBelle falsely confirmed that he had fully disclosed his outside business activities on annual compliance questionnaires submitted to the firm.

The suspension is in effect from January 20, 2020, through April 19, 2020. ([FINRA Case #2017055192701](#))

**Julian E. Munoz ([CRD #4773991](#), San Juan, Puerto Rico)**

January 14, 2020 – An AWC was issued in which Munoz was fined \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Munoz consented to the sanctions and to the entry of findings that he borrowed \$30,000 from a customer of his member firm without providing prior notice to, or obtaining prior written approval from, the firm. The findings stated that in connection with the loan, Munoz and his wife executed a promissory note with the customer that did not include interest charges. To date, Munoz has repaid approximately \$10,500 to the customer in connection with the loan. The findings also stated that Munoz falsely stated on the firm's annual compliance questionnaires that he had not borrowed money from any customer.

The suspension is in effect from February 3, 2020, through May 2, 2020. ([FINRA Case #2018057416501](#))



**Rene Moses Torres Jr. ([CRD #2035498](#), Manalapan, New Jersey)**

January 14, 2020 – An AWC was issued in which Torres was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for eight months. Without admitting or denying the findings, Torres consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Uniform Application for Securities Industry Registration or Transfer forms (Form U4) to disclose that he had been charged with a felony. The findings stated that Torres was arrested, charged and taken into police custody but did not disclose the charges to his member firm until more than three months after he was required to do so.

The suspension is in effect from January 21, 2020, through September 20, 2020. ([FINRA Case #2019061034601](#))

**Albert Foronda ([CRD #5737620](#), Staten Island, New York)**

January 17, 2020 – An AWC was issued in which Foronda was fined \$7,500, suspended from association with any FINRA member in all capacities for 45 days and ordered to pay \$2,765, plus interest, in restitution to a customer. Without admitting or denying the findings, Foronda consented to the sanctions and to the entry of findings that he effected unauthorized transactions in customer accounts without the customers' verbal or written authorization for the trades. Foronda executed eight unauthorized trades in the accounts of two customers. Foronda's member firm compensated one of the customers for losses on his transactions. The second customer suffered losses of \$2,765 resulting from the unauthorized transactions. The findings also stated that Foronda used discretion to effect transactions in two accounts of a married customer and then, while registered with a subsequent member firm, Foronda exercised discretion in a customer account without written authorization. Foronda did not have written authorization from the customers to exercise discretion and neither member firm accepted the accounts as discretionary.

The suspension is in effect from February 18, 2020, through April 2, 2020. ([FINRA Case #2017055395801](#))

**Andrew Justin Grant ([CRD #2709882](#), West Hills, New York)**

January 17, 2020 – An AWC was issued in which Grant was fined \$5,000 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Grant consented to the sanctions and to the entry of findings that he effected trades in customer accounts using discretion without the customers' prior written authorization and without his member firm accepting these accounts as discretionary in writing.

The suspension was in effect from February 18, 2020, through March 9, 2020. ([FINRA Case #2018059749401](#))

**Aaron F. Sheehy (CRD #1847401, Hillsborough, New Jersey)**

January 17, 2020 – An AWC was issued in which Sheehy was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 20 business days. Without admitting or denying the findings, Sheehy consented to the sanctions and to the entry of findings that he exercised discretion in a customer's account by accepting trade instructions from the customer's son, an unauthorized third party, without the customer's written authorization and without his member firm having approved the account for discretionary trading. The findings stated that Sheehy mistakenly believed that the son, who was also his customer, was an authorized party on the account. In addition, Sheehy was not forthcoming about his misconduct when initially questioned by his firm.

The suspension was in effect from January 21, 2020, through February 18, 2020. ([FINRA Case #2018057649201](#))

**Shawna Lynn Choate (CRD #2432397, Denver, Colorado)**

January 21, 2020 – An Offer of Settlement was issued in which Choate 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 allegations, Choate consented to the sanctions and to the entry of findings that she falsified dozens of forms by using a stamp to affix a registered principal's signature to the forms. The findings stated that the signature represented that the principal had reviewed and approved deposits of penny stocks even though the principal had not done so. The falsified forms were subsequently provided to a clearing firm and FINRA.

The suspension is in effect from February 3, 2020, through April 2, 2020. ([FINRA Case #2016051209103](#))

**Sean Paul Waggoner (CRD #2748574, Houston, Texas)**

January 21, 2020 – An AWC was issued in which Waggoner was fined \$10,000, suspended from association with any FINRA member in all capacities for two months and required to attend and satisfactorily complete 20 hours of continuing education concerning registered representatives' regulatory responsibilities. Without admitting or denying the findings, Waggoner consented to the sanctions and to the entry of findings that he participated in private securities transactions without providing prior written notice to his member firm. The findings stated that the purchases, which Waggoner made on his own behalf, were outside the scope of his employment with his firm. The findings also stated that on account opening documents submitted to another firm, Waggoner indicated that he was not affiliated with or employed by a FINRA member firm. In addition, Waggoner did not disclose the accounts to his firm. To the contrary, Waggoner signed and submitted annual compliance questionnaires to his firm in which he inaccurately represented that he did not have any undisclosed outside securities accounts.

The suspension is in effect from February 18, 2020, through April 17, 2020. ([FINRA Case #2017054826001](#))

**Thomas J. Crossett ([CRD #3223221](#), Newtown, Pennsylvania)**

January 23, 2020 – An AWC was issued in which Crossett was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Crossett consented to the sanctions and to the entry of findings that without his estranged wife’s knowledge or consent, he forged her signature on application paperwork for a line of credit in order to help form and fund a limited liability company for the purpose of purchasing, rehabilitating and selling a residential property. The findings stated that Crossett presented the paperwork to a notary public and falsely represented that his estranged wife had signed it. The line of credit was approved, and Crossett then withdrew \$50,000 from it and used the proceeds to fund his business. Crossett’s estranged wife learned of the line of credit when she received paperwork concerning it and complained to Crossett’s member firm that she had not consented to, and had no prior knowledge of, the line of credit. Crossett’s estranged wife did not experience any losses resulting from the line of credit and she subsequently ratified Crossett’s decision to open the line of credit.

The suspension is in effect from February 3, 2020, through May 2, 2020. ([FINRA Case #2019061135101](#))

**Howard Davis ([CRD #1782118](#), Calabasas, California)**

January 23, 2020 – An AWC was issued in which Davis was fined \$10,000 and suspended from association with any FINRA member in any principal capacity for two months. Without admitting or denying the findings, Davis consented to the sanctions and to the entry of findings that he failed to establish and maintain a supervisory system reasonably designed to achieve compliance with applicable FINRA rules. The findings stated that Davis failed to reasonably enforce his member firm’s WSPs that required the review of organization and offering expenses and underwriters’ compensation of an initial public offering (IPO) of a Real Estate Investment Trust (REIT) that the firm participated in. The underwriting compensation was \$7,652,046, which exceeded the ten percent limit. The firm never reimbursed the REIT for the excess amounts.

The suspension is in effect from February 18, 2020, through April 17, 2020. ([FINRA Case #2014041541403](#))

**Craig Michael Gould ([CRD #2367293](#), Jersey City, New Jersey)**

January 23, 2020 – An AWC was issued in which Gould was fined \$20,000 and suspended from association with any FINRA member in any principal capacity for 90 days. Without admitting or denying the findings, Gould consented to the sanctions and to the entry of findings that he failed to establish and maintain a supervisory system reasonably designed to achieve compliance with applicable FINRA rules. The findings stated that Gould failed to reasonably enforce his member firm’s WSPs that required the review of organization and

offering expenses and underwriters' compensation of the IPO of a REIT in which the firm participated. The underwriting compensation was \$7,652,046, which exceeded the ten percent limit. The firm never reimbursed the REIT for the excess amounts.

The suspension is in effect from February 18, 2020, through May 17, 2020. ([FINRA Case #2014041541402](#))

**Wesley Ko Omoto ([CRD #1507340](#), Sacramento, California)**

January 23, 2020 – An AWC was issued in which Omoto 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, Omoto consented to the sanctions and to the entry of findings that he falsified records by cutting and pasting signatures of two customers on forms as part of variable annuity transactions. The findings stated that the customers had authorized the transactions, but neither customer had authorized Omoto to cut and paste their signatures. The findings also stated that Omoto's conduct caused his member firm to make and preserve inaccurate books and records.

The suspension is in effect from February 3, 2020, through April 2, 2020. ([FINRA Case #2018057609601](#))

**Robert Frank Spiegel ([CRD #5861656](#), Staten Island, New York)**

January 24, 2020 – An AWC was issued in which Spiegel was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in all capacities for four months and ordered to pay \$18,047, plus interest, in deferred restitution to a customer. Without admitting or denying the findings, Spiegel consented to the sanctions and to the entry of findings that he engaged in quantitatively unsuitable trading in the account of the customer, a 70-year old farmer. The findings stated that Spiegel recommended all of the trading in the customer's account, including executing a significant number of trades using margin, and the customer followed his recommendations. As a result, Spiegel exercised de facto control over the customer's account. Spiegel's trading of the customer's account resulted in a high turnover rate and cost-to-equity ratio, as well as significant losses. The customer's account incurred losses of \$77,334 and paid \$18,047 in commissions and fees. Spiegel's trading in the customer's account was excessive and unsuitable given the customer's investment profile.

The suspension is in effect from February 3, 2020, through June 2, 2020. ([FINRA Case #2017052466302](#))

**Mason Wayne Gann ([CRD #4030936](#), Dallas, Texas)**

January 27, 2020 – An AWC was issued in which Gann was suspended from association with any FINRA member in all capacities for three months. In light of Gann's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Gann consented to the sanction and to the entry of findings that he

recommended and effected a risky options-trading strategy in the account of a retiree and senior investor who had limited income, modest retirement savings and minimal investment knowledge. The findings stated that the customer's account value was approximately \$205,000 when he opened his Individual Retirement Account (IRA) with Gann's member firm. Since retiring, the customer had taken monthly withdrawals from his IRA to pay for current expenses, had occasionally withdrawn larger amounts to pay other expenses and informed Gann that he intended to continue withdrawing on a monthly basis indefinitely. The customer's account holdings did not produce enough income or gains to offset his withdrawals and the value of the account had declined. Continuing withdrawals at the same level was likely unsuitable for the long term, and Gann exacerbated the problem by recommending that the customer begin trading options, which Gann conceived of as a way to generate more income in the account. Gann lacked a reasonable basis for believing that his options recommendations were suitable for the customer, given what he knew about the customer's investment profile. Although several of the options contracts Gann recommended were profitable, the customer lost more than \$12,500 as a direct result of the unsuitable options strategy that Gann recommended to him and effected on his behalf. The combined effect of investment losses and steady withdrawals had reduced the customer's account balance to below \$20,000.

The suspension is in effect from February 3, 2020, through May 2, 2020. ([FINRA Case #2018057425201](#))

**Kerry Dean Wills (CRD #1353739, Monrovia, California)**

January 27, 2020 – An AWC was issued in which Wills was fined \$10,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Wills consented to the sanctions and to the entry of findings that he borrowed \$150,000 from a 90-year-old customer without disclosing the loan to his member firm or otherwise seeking an exemption from the firm's procedures that prohibited the acceptance of loans from customers. The findings stated that at the time of the loan, the customer maintained accounts at the firm and Wills was the broker of record assigned to the customer's accounts. The loan was memorialized with a promissory note that provided for a 10-year term and a two percent interest rate. Wills made one annual payment on the loan but the customer never cashed the check. The customer passed away six months later, leaving a trust document that provided for loan forgiveness. The findings also stated that Wills accepted gifts of approximately \$19,500 in luxury travel from the customer without disclosing the gifts on the firm's gifts and gratuities logs, in violation of its procedures.

The suspension is in effect from February 18, 2020, through August 17, 2020. ([FINRA Case #2017056557101](#))

**Kevin Kimball Meadows ([CRD #2878889](#), Columbus, Georgia)**

January 28, 2020 – An AWC was issued in which Meadows was suspended from association with any FINRA member in all capacities for three months. In light of Meadows' financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Meadows consented to the sanction and to the entry of findings that he excessively and unsuitably traded the accounts of a senior customer, which resulted in a loss of approximately \$39,671. The findings stated that Meadows controlled the trading in the accounts by recommending almost all of the trades. Meadows' trading in the customer's accounts was excessive and unsuitable given the customer's financial circumstances and investment objectives.

The suspension is in effect from February 18, 2020, through May 17, 2020. ([FINRA Case #2018057846301](#))

**Lila Marie Stokkeland ([CRD #2872259](#), Jamestown, North Dakota)**

January 29, 2020 – An AWC was issued in which Stokkeland was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Stokkeland consented to the sanctions and to the entry of findings that she electronically affixed customer signatures to account opening documents she submitted to her member firm. The findings stated that Stokkeland provided her own email address and phone number on the account opening applications, thereby allowing her to authenticate the account opening documents to complete the account opening process. The findings also stated that Stokkeland caused her firm to maintain inaccurate books and records.

The suspension is in effect from February 3, 2020, through May 2, 2020. ([FINRA Case #2018059219401](#))

**Thomas S. Martin ([CRD #4500330](#), Glorieta, New Mexico)**

January 30, 2020 – An AWC was issued in which Martin was fined \$5,000 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Martin consented to the sanctions and to the entry of findings that he exercised discretion in accounts maintained by customers without written authorization from the customers and without requesting or obtaining approval from his member firm. The findings stated that the trades did not result in any losses and the customers knew that Martin was exercising discretion in their accounts. In addition, Martin had previously received written reprimands from the firm for exercising discretion without written authority.

The suspension was in effect from February 18, 2020, through March 9, 2020. ([FINRA Case #2017055249101](#))

**Keith Trevor Rich ([CRD #6272427](#), Atlanta, Georgia)**

January 30, 2020 – An AWC was issued in which Rich was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Rich consented to the sanctions and to the entry of findings that he engaged in an outside business activity without providing prior written notice to, or seeking approval from, his member firms. The findings stated that Rich acted as a loan referral agent for a third-party company that provided alternative business loans. Although Rich did not receive any compensation from the company, he actively solicited loan referrals.

The suspension is in effect from February 3, 2020, through March 18, 2020. ([FINRA Case #2019063012001](#))

**John Robert Barrows ([CRD #721515](#), Flushing, Michigan)**

January 31, 2020 – An AWC was issued in which Barrows was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for eight months. Without admitting or denying the findings, Barrows consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose that he had been charged with three felony counts. The findings stated that Barrow's member firm learned that he had been arrested when it obtained a news media report about the arrest. Barrows did not inform the firm of the charges until approximately one month after he was required to disclose the charges on his Form U4, when the firm inquired about the contents of the news media report. The firm discharged Barrows and disclosed the felony charges on a Form U5 filing. The felony charges remain pending against Barrows.

The suspension is in effect from February 3, 2020, through October 2, 2020. ([FINRA Case #2019063011601](#))

**Daniel R. Castoriano ([CRD #4229838](#), New Orleans, Louisiana)**

January 31, 2020 – An AWC was issued in which Castoriano was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 20 business days. Without admitting or denying the findings, Castoriano consented to the sanctions and to the entry of findings that he exercised discretion in a customer's account without written authorization from the customer or permission from his member firm. The findings stated that FINRA began investigating Castoriano after his firm filed a Form U5 reporting that he was permitted to resign in connection with exercising discretion in a client's account without written trading authorizing. Castoriano made the trades pursuant to an investment strategy agreed to with the customer. The customer complained to the firm about the trades and associated losses in his account and without admitting liability, the firm settled the matter by paying the customer \$1,844.

The suspension was in effect from February 3, 2020, through March 2, 2020. ([FINRA Case #2019062882001](#))



## Individual Fined

### **Thaddeus James North** ([CRD #2100909](#), New Milford, Connecticut)

December 27, 2019 – North appealed an SEC decision to the U.S. Court of Appeals for the District of Columbia Circuit. The SEC decision affirmed the NAC’s findings and imposition of a sanction. North was fined \$5,000. The sanction was based on findings that North failed to enforce his member firm’s WSPs regarding the review of electronic communications. The findings stated that North assumed the responsibility for reviewing the firm’s electronic communications after he recognized red flags indicating that another principal was not conducting the required reviews. In an effort to comply with the WSPs, North conducted occasional, random reviews of electronic communications, but not enough to comply with the requirements of the firm’s WSPs.

The sanction is not in effect pending review. ([FINRA Case #2012030527503](#))

## Decision Issued

**The Office of Hearing Officers issued the following decision, which has been appealed to or called for review by the NAC as of January 31, 2020. 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 FINRA Disciplinary & Other Actions.**

### **Jorge A. Reyes** ([CRD #4256834](#), Miami, Florida)

January 10, 2020 – Reyes appealed an OHO decision to the NAC. Reyes was barred from association with any FINRA member in all capacities and ordered to pay \$4,009,000, plus interest, in restitution to customers. The sanction was based on the findings that Reyes willfully violated Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder, and violated FINRA Rule 2020 by defrauding investors in connection with nearly \$4 million in investments in private placement offerings. The findings stated that Reyes made multiple false and misleading statements and material omissions to investors related to the use of their funds and the risks associated with their investments. Reyes’ misconduct was intentional, or at least reckless. By obtaining a salary, bonuses and commissions through funds raised in each of the offerings, Reyes obtained money or property through his fraud, and his conduct also amounted to a practice or course of business that operated as a fraud or deceit upon the purchaser; thus in the alternative to the Section 10(b) cause of action, his conduct violated Sections 17(a)(2) and (a)(3) of the Securities Act of 1933. The findings also stated that Reyes misappropriated \$170,000 he received from a customer for investment purposes. Reyes converted the money by depositing the money into his own accounts and spending it on personal expenses. Reyes obtained the funds through misrepresentations by deceiving his customer as to the investment purposes of the money, enticing the customer with the prospect of lucrative profits while secretly intending to use

the money for his own purposes. The findings also included that Reyes made unsuitable private placement recommendations to his customers because he lacked an adequate basis for his recommendations. Reyes also failed to take into account the particular circumstances of one of his customers in recommending that she invest in speculative private placements. Reyes certainly did not consider the fact that the customer was a recently divorced mother and homemaker who needed her savings to fund her family's ongoing expenses and care. The customer's circumstances were such that she could not bear the risk of loss of her \$2.5 million life savings. Reyes nonetheless recommended that the customer invest more than \$1.45 million in high-risk offerings. Moreover, the customer could not understand the investment documents, so she relied on Reyes to explain the particulars of her investments and their risk levels. FINRA also found that Reyes distributed misleading marketing materials by using PowerPoint presentations that were misleading because they failed to disclose the speculative and illiquid nature of investments, falsely represented to investors that the investments were secured and deceptively suggested that the investments were endorsed by the SEC, Securities Investor Protection Corporation (SIPC), and FINRA.

The sanctions are not in effect pending review. ([FINRA Case #2016051493704](#))

**Kapil Maheshwari (CRD #6358540, Clark, New Jersey)**

January 13, 2020 – Maheshwari appealed an OHO decision to the NAC. Maheshwari was barred from association with any FINRA member in all capacities and ordered to pay disgorgement in the amount of \$2,760, plus interest. The sanctions were based on the findings that Maheshwari misused confidential information obtained from his former member firm about a future corporate acquisition for trading purposes. The findings stated that Maheshwari's team provided investment banking services for a publicly held technology company. In the course of his work, Maheshwari learned that the technology company wanted to buy another publicly held technology company. Shortly after his departure from his former firm, Maheshwari traded in the other technology company's stock by purchasing shares in his personal account and in his wife's account on the same day and at the same price. One week later, the original technology company announced the acquisition of the other technology company. Subsequently, Maheshwari attempted to sell all of the other technology company stock in both accounts. Maheshwari's broker declined to process the trades and alerted his former firm which then initiated an investigation that led to a FINRA referral that resulted in the present action. When later questioned by his former firm about his trading, Maheshwari falsely told it that he never had any information related to whether the other technology company was engaging in acquisition talks. Ultimately, the other technology company acquisition was finalized and Maheshwari received cash for his shares at the higher acquisition price, netting him and his wife a total profit of \$2,760.

The sanctions are not in effect pending the review. ([FINRA Case #2017055608101](#))

## Complaint Filed

FINRA issued the following complaint. 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 this complaint is unadjudicated, you may wish to contact the respondent before drawing any conclusions regarding the allegations in the complaint.

### **Cabot Lodge Securities LLC ([CRD #159712](#), New York, New York)**

January 2, 2020 – The firm was named a respondent in a FINRA complaint alleging that it participated in an IPO of a non-traded REIT in which the amount of organization and offering expenses exceeded fair and reasonable limits. The complaint alleges that the gross proceeds for the IPO were \$49,728,392, composed of the amount raised through the primary offering to the public and the distribution reinvestment program. The expenses and the underwriting compensation for the IPO were \$14,019,027 and \$7,652,046, respectively. The expenses and the underwriting compensation well exceed the 15 percent and 10 percent caps and were unfair and unreasonable. The firm has not corrected these overages, whether by reimbursement of excessive expenses or otherwise. The complaint also alleges that the firm failed to disclose underwriting compensation to its representatives. The firm participated in the distribution of the IPO even though none of the retention shares or incentive shares awarded to persons associated with the firm were in the prospectuses and the supplements thereto, that were filed in connection with the IPO, and pre-IPO awards to its representatives were never adequately disclosed. The complaint further alleges that the firm failed to establish, maintain and enforce a supervisory system, including written procedures, that was reasonably designed to ensure compliance with FINRA's rules prohibiting the firm's participation in a REIT offering in which excessive organization and offering expenses were incurred. In addition, the firm's investment banking manager failed to review the prospectus to ensure that any restricted share compensation, including his own, had been disclosed. Nor did the manager, or anyone else at the firm, take steps to determine whether other persons associated with the firm received stock awards and, if so, whether they were disclosed in the IPO prospectuses. In addition, the complaint alleges that the firm made an unsuitable recommendation to an elderly customer in light of his investment experience, existing holdings, risk tolerance and investment objectives. The firm recommended that the customer sell his municipal bond fund holdings and invest \$75,100 of the proceeds in a highly illiquid non-traded REIT with no operating history and significant distribution risk. The customer's investment in the REIT raised his concentration in REITs to 57 percent of his liquid net worth, which was unreasonably high for him. ([FINRA Case #2014041541401](#))

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**Firm Cancelled for Failure to Pay FINRA Dues, Fees and Other Charges Pursuant to FINRA Rule 9553**

First Standard Financial Company LLC  
(CRD #168340)  
Red Bank, New Jersey  
(January 3, 2020)

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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.)

Financial West Investment Group, Inc.  
(CRD #16668)  
Reno, Nevada  
(January 6, 2020)

Financial West Investment Group, Inc.  
(CRD #16668)  
Reno, Nevada  
(January 10, 2020)

Financial West Investment Group, Inc.  
(CRD #16668)  
Reno, Nevada  
(January 13, 2020)

Objective Equity, LLC (CRD #132026)  
Greenbrae, California  
(January 10, 2020)

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**Firm Suspended for Failure to Comply with an Arbitration Award or Related Settlement or an Order of Restitution or Settlement Providing for Restitution 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.)

Forest Securities, Inc. (CRD #16255)  
Hillside, Illinois  
(January 23, 2020)  
FINRA Arbitration Case #18-02242

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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.)**

Michael Allan Bressman (CRD #873973)  
Montville, New Jersey  
(January 13, 2020)  
FINRA Case #2019061168201

Mary Ann Dineen (CRD #2795942)  
Fort Myers, Florida  
(January 14, 2020)  
FINRA Case #2019062212701

David Howard Fagenson (CRD #1652012)  
Palm Beach Gardens, Florida  
(January 27, 2020)  
FINRA Case #2018057351801

Mark Anthony Figueroa (CRD #5750447)  
Islip, New York  
(January 31, 2020)  
FINRA Case #2018060919901

**Karen Yvonne Kopatz (CRD #1248496)**  
Louisville, Kentucky  
(January 13, 2020)  
FINRA Case #2018059692201

**Jordan Andres Rodriguez (CRD #6403488)**  
Kenner, Louisiana  
(January 31, 2020)  
FINRA Case #2019061255801

**Frederick Markley Stow (CRD #864436)**  
Franklin, Tennessee  
(January 21, 2020)  
FINRA Case #2019062859101

**Mark Bradford Wetherell (CRD #1373405)**  
Summerville, South Carolina  
(January 27, 2020)  
FINRA Case #2019063661801

**Marcus Allan Wright (CRD #6220771)**  
Auburn, Washington  
(January 13, 2020)  
FINRA Case #2019062680101

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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.)

**Barry Flynn Carson (CRD #6376758)**  
Church Hill, Tennessee  
(January 6, 2020)  
FINRA Case #2019063784901

**Lynn Dale Cawthorne (CRD #3211221)**  
Shreveport, Louisiana  
(January 27, 2020)  
FINRA Case #2018059919701

**Prithviraj Dhandapani (CRD #6761150)**  
Oak Ridge, Tennessee  
(January 3, 2020)  
FINRA Case #2019061676601

**Davrion Jarrell Hemphill (CRD #7027587)**  
Roseville, Michigan  
(January 6, 2020)  
FINRA Case #2019064037901

**Fernando Atienza Landicho (CRD #4448966)**  
S. San Francisco, California  
(January 30, 2020)  
FINRA Case #2018060894701

**Megan E. McAlinden (CRD #6592358)**  
Chicago, Illinois  
(January 16, 2020 – February 20, 2020)  
FINRA Case #2019063881501

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**Individuals Suspended for Failure to Comply with an Arbitration Award or Related Settlement or an Order of Restitution or Settlement Providing for Restitution 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.)

**Eric Jason Abrahams (CRD #4184330)**  
Miami, Florida  
(January 3, 2020)  
FINRA Case #20190649461/ARB190045/  
Arbitration Case #16-03637

**Ronny Acluche (CRD #2581430)**  
West Bloomfield, Michigan  
(January 30, 2020)  
FINRA Arbitration Case #19-01664

**Mark Allen Adams Sr. (CRD #1424702)**  
Boxford, Massachusetts  
(January 31, 2020)  
FINRA Arbitration Case #16-00653

**Omer Mohamed Ali-Taha (CRD #2996642)**  
Springfield, Virginia  
(January 30, 2020)  
FINRA Arbitration Case #16-02523

**John Antonio Baron (CRD #5160586)**  
North Salt Lake, Utah  
(January 17, 2020)  
FINRA Arbitration Case #19-01872

**Antonio Costanzo (CRD #2580765)**  
Chesapeake, Virginia  
(January 31, 2020)  
FINRA Arbitration Case #17-00106

**Peter J. Ingraham (CRD #4379629)**  
Fort Myers, Florida  
(January 17, 2020)  
FINRA Arbitration Case #19-01579

**Bruce Benjamin Katz (CRD #1234370)**  
Melville, New York  
(August 1, 2012 – January 9, 2020)  
FINRA Arbitration Case #11-03870

**Andrew Garrett Mandala (CRD #2509012)**  
Miami Beach, Florida  
(January 21, 2020)  
FINRA Case #2019064946501/ARB190046/  
Arbitration Case #16-03637

**Steve Morris (CRD #2836989)**  
New York, New York  
(January 11, 2018 – January 2, 2020)  
FINRA Arbitration Case #13-02374

**Donald George Padilla (CRD #3053711)**  
Porter Ranch, California  
(January 22, 2020)  
FINRA Arbitration Case #18-02168

**Thomas Michael Polston (CRD #2207588)**  
Louisville, Kentucky  
(July 9, 2009 – January 22, 2020)  
FINRA Arbitration Case #08-00463

**Virgil Dewayne Richmond II  
(CRD #5406559)**  
League City, Texas  
(January 17, 2020)  
FINRA Arbitration Case #19-01643

**Matthew Angelo Siliato (CRD #5062153)**  
Staten Island, New York  
(January 28, 2020)  
FINRA Arbitration Case #17-01716

**Steven James Thrush (CRD #865485)**  
Tucson, Arizona  
(January 13, 2020)  
FINRA Arbitration Case #18-02600

**John Charles Wyshak (CRD #1272260)**  
Calabasas, California  
(January 17, 2020)  
FINRA Arbitration Case #18-03421