

Disciplinary and Other FINRA Actions

Firm Fined, Individual Sanctioned

BHA Select Network, LLC ([CRD® #168883](#), Boston, Massachusetts) and Daniel Conor McDermott ([CRD #4521850](#), Hopkinton, Massachusetts)

May 13, 2020 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured and fined \$10,000 and McDermott was fined \$5,000 and suspended from association with any FINRA® member in any principal capacity for 10 business days. Without admitting or denying the findings, the firm and McDermott consented to the sanctions and to the entry of findings that they failed to maintain books and records reflecting an accurate computation of the firm’s net capital and filed inaccurate Financial and Operational Combined Uniform Single (FOCUS) reports. The findings stated that the firm received invoices that it owed \$19,569 to the company that conducted an annual audit for it. McDermott failed to direct the firm’s bookkeeper to book the invoices until a later date when the firm received additional capital. Booking the invoices at the time they were received would have caused the firm’s books and records to show that it had fallen below its required minimum net capital amount. The findings also stated that McDermott permitted the firm to conduct a securities business while below its minimum net capital requirement. The firm’s Financial and Operations Principal (FINOP) was unaware of the expenses until it booked them. The FINOP then determined that the firm had fallen below its minimum net capital requirement and filed a notice with FINRA to notify it that the firm had engaged in a securities business while below its required minimum net capital.

The suspension was in effect from June 1, 2020, through June 12, 2020.
([FINRA Case #2017055209801](#))

Firms Fined

Morgan Stanley & Co. LLC ([CRD #8209](#), New York, New York)

May 1, 2020 – An AWC was issued in which the firm was censured and fined \$120,000. FINRA did not impose an undertaking because the firm updated its supervisory system, including Written Supervisory Procedures (WSPs), and addressed the supervisory deficiencies 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 report to FINRA new issue offerings in Trade Reporting and Compliance Engine (TRACE®) eligible asset backed securities and TRACE-eligible collateralized mortgage obligations securities within the timeframe required by FINRA. The findings stated that the violations resulted from various operational errors including human error by firm employees or as the result of its operations team receiving the information

Reported for July 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).

from the business team after the pricing time of the newly issued securities. The findings also stated that the firm's supervisory system, including its WSPs, was not reasonably designed to achieve compliance with its TRACE reporting obligations. While the firm's WSPs provided for a supervisory review to ensure that the firm's operations team submitted new issue forms within the timeframe set forth in FINRA Rule 6760(c), the supervisory system did not provide for a review to ensure that the operations team timely received information pertaining to the offerings, resulting in late new issuance form submissions. In addition, the firm's supervisory system, including its WSPs, did not provide for the escalation to a supervisor of reporting violations that were due to operational errors. ([FINRA Case #2017053076601](#))

Moloney Securities Co., Inc. ([CRD #38535](#), Manchester, Missouri)

May 4, 2020 – An AWC was issued in which the firm was censured, fined \$100,000 and ordered to pay \$15,574.13, plus interest, in restitution to a customer. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with FINRA's suitability rule with respect to qualitative suitability and concentration in high-risk products. The findings stated that the firm's WSPs contained a cursory discussion of monitoring for qualitative suitability, including procedures related to speculative, low-priced securities and no discussion of concentration in high-risk products. Further, the firm did not provide any training to its regional managers on reviewing the suitability of recommendations in such products, nor did it issue any instructional materials or alerts, such as compliance bulletins, addressing these issues. The electronic surveillance system provided to and utilized by the firm was not equipped to reasonably surveil for concentration in high-risk products or qualitative suitability. While the firm generally instructed regional managers to review transactions for potential suitability concerns, it did not provide reasonable guidance, written procedures or training programs to address how to conduct those reviews. The firm also failed to provide regional managers with reasonable automated tools that would have helped them perform those reviews. A firm registered representative recommended that senior customers purchase risky oil and gas limited partnerships and oil and gas exchange traded funds which caused them to become concentrated in these products. The firm's electronic surveillance system did not flag the transactions for concentration issues, nor was the concentration questioned or reviewed by anyone at the firm. Similarly, an elderly customer accepted the representative's recommendations to purchase oil and gas limited partnerships in accounts she held at the firm causing her to suffer unrealized losses of \$15,574.13. The firm paid restitution totaling \$195,500 to four of the senior customers. The findings also stated that the firm failed to establish and maintain a supervisory system reasonably designed to achieve compliance with applicable rules pertaining to the detection and prevention of a form of manipulative trading known as "marking the close." The firm also failed to reasonably investigate two of its representatives who frequently executed purchase or sale orders of common stock of a thinly traded security at or near the close of the market.

Subsequently, the firm revised and enhanced its supervisory system and procedures pertaining to the supervision and prevention of marking the close activity. ([FINRA Case #2015046315102](#))

Western International Securities, Inc. ([CRD #39262](#), Pasadena, California)

May 4, 2020 – An AWC was issued in which the firm was censured, fined \$325,000 and required to retain one or more qualified independent consultants to conduct a comprehensive review of the adequacy of its compliance with 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 timely amend the Uniform Application for Securities Industry Registration or Transfer forms (Form U4) for registered representatives of the firm in order to disclose liens, judgments and/or bankruptcies that totaled more than \$5.6 million. The findings stated that the firm was informed of some of these financial events through its own reviews of background check reports, wage levies, annual compliance questionnaires and from communications from FINRA, yet it was between four months to more than six years late in disclosing them. The firm failed to reasonably respond to red flags received through its own reviews and FINRA inquiries that its representatives were not timely disclosing reportable financial events. The findings also stated that the firm failed to establish, maintain and enforce a supervisory system, including WSPs, reasonably designed to ensure the timely reporting of disclosable events. ([FINRA Case #2017056511101](#))

BB&T Securities, LLC ([CRD #142785](#), Richmond, Virginia)

May 7, 2020 – An AWC was issued in which the firm was censured and fined \$47,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to submit accurate minimum denomination and maximum interest rates to the Municipal Securities Rulemaking Board's (MSRB) Short-Term Obligation Rate Transparency (SHORT) system. The findings stated that as a remarketing agent for variable rate demand obligations, the firm submitted information regarding the result of an interest rate reset to the MSRB's SHORT system but failed to report the minimum denomination and the maximum interest rate. The reporting failures occurred because the firm's reporting system, which transmits data to the MSRB's Electronic Municipal Market Access (EMMA) system for SHORT reporting, did not require the entry of the minimum denomination and maximum interest rate fields. Firm traders mistakenly left the minimum denomination and maximum interest rate fields blank. The findings also stated that the firm lacked a supervisory system, including WSPs, to review if the required information was submitted to the SHORT system and to confirm the accuracy of the submitted information, including the minimum denomination and maximum interest rate fields. Subsequently, the firm updated its WSPs and addressed the deficiencies. ([FINRA Case #2018057742501](#))

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

May 13, 2020 – An AWC was issued in which the firm was censured, fined \$150,000, and required to certify to FINRA that the individual referred to in this AWC is not actively engaged in the management of its securities business, or if the individual is, the individual has obtained the requisite registrations. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it allowed an individual who was an executive with its non-FINRA member affiliate to function as a principal in the firm's prime brokerage business without being registered with FINRA. The findings stated that the individual was actively engaged in the management of the firm's prime brokerage business in the United States and exercised overall managerial decision-making authority. The individual was also a voting member of pricing and commitment committees that made specific business decisions directly impacting the firm's securities business. Additionally, the individual solicited business from firm customers and prospective clients and approved the on-boarding of at least one customer. The individual also ran weekly sales meetings of the prime brokerage sales group and played a leading role in covering several of the prime brokerage department's more important clients. ([FINRA Case #2018058319801](#))

Lime Brokerage LLC ([CRD #104369](#), New York, New York)

May 15, 2020 – An AWC was issued in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it overstated its executed trade volume advertised through Bloomberg, L.P. (Bloomberg), a private subscription-based provider of market data. The findings stated that the data submitted by a firm registered representative overstated the firm's executed trade volume by including access only order flow that was attributable to other broker-dealers that used the firm as a technology vendor, not as a broker-dealer. The firm neither executed nor routed that order flow and should not have advertised it as the firm's executed trade volume. In addition, the firm inadvertently submitted duplicate trade volume to Bloomberg for one symbol. The firm ceased advertising executed trade volume on Bloomberg after FINRA inquired about the firm's trade volume advertisements. The findings also stated that the firm failed to establish and maintain a supervisory system and failed to establish, maintain and enforce written procedures that were reasonably designed to achieve compliance with the regulatory requirements that govern the accuracy of advertised trading volumes. The firm had no supervisory system or WSPs addressing advertising executed trade volume, or how such trade volume should be collected and submitted to Bloomberg. In addition, the representative tasked by the firm to collect and submit trade volume to Bloomberg had no prior experience advertising trade volume, received no training in how to properly advertise, and was unaware of Bloomberg's rules regarding advertising trade volume. Furthermore, no one at the firm supervised the representative in connection with the publication of its executed trade volume on Bloomberg and it failed to supervise the representative's collection and submission of the firm's executed trade volume to Bloomberg. ([FINRA Case #2015046847001](#))

VectorGlobal WPG, Inc. ([CRD #32396](#), Miami, Florida)

May 15, 2020 – An AWC was issued in which the firm was censured and fined \$17,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it reported customer transactions to TRACE as agent when those transactions should have been reported as principal. The findings stated that these violations were the result of the firm's belief that it was acting as agent between counterparties despite executing the transactions through its principal account. The findings also stated that the firm failed to provide the correct capacity on customer confirmations. The firm believed that it was acting in the capacity of agent, and therefore disclosed a capacity of agent on its customer confirmations. These trades involved sales and purchases from or into the firm's principal account, so the firm's customer confirmations therefore should have reflected a capacity of principal. ([FINRA Case #2015046182402](#))

CODA Markets, Inc. fka PDQ ATS, Inc. ([CRD #36187](#), Glenview, Illinois)

May 18, 2020 – An AWC was issued in which the firm was censured and fined \$125,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it published inaccurate data in monthly reports it was required to make public pursuant to Rule 605 of Regulation National Market System (Regulation NMS). The findings stated that two separate system flaws at the firm caused these inaccuracies, and these flaws affected all of the orders that received partial executions. Both system flaws began when the firm contracted with a third-party vendor to produce the firm's reports. The findings also stated that the firm failed to establish and maintain a supervisory system and WSPs reasonably designed to achieve compliance with Rule 605 of Regulation NMS. The firm's WSPs did not require, nor did the firm conduct, a review for the accuracy of the data contained within its Rule 605 reports, including the accuracy of the total number of cumulative shares, in covered orders that were executed or cancelled. ([FINRA Case #2016048498401](#))

SunTrust Investment Services, Inc. ([CRD #17499](#), Atlanta, Georgia)

May 18, 2020 – An AWC was issued in which the firm was censured, fined \$50,000 and ordered to pay \$584,466.13 in restitution to customers. The firm has already voluntarily paid full restitution to these customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain and enforce a supervisory system or WSPs reasonably designed to achieve compliance with FINRA's suitability rule as it relates to non-traditional exchange traded funds (NT-ETFs), particularly in connection with certain of the unique features and risks associated with these funds, including the risks associated with holding them for extended periods. The findings stated that the firm did not have reasonable procedures or guidance to representatives or supervisors regarding how to determine whether an NT-ETF was suitable for customers given the unique features and risks of those products. The firm did not have any systems in place, such as an alert or exception report, to assist in monitoring the holding periods for NT-ETFs. There is also no evidence that anyone at

the firm conducted a customer-specific suitability analysis for NT-ETF positions held for periods longer than one day, nor did the WSPs require such an analysis. Although the firm required its representatives to complete an online training course prior to recommending transactions involving NT-ETFs, the training did not describe how to monitor ongoing holding periods and the related impact on suitability. As a result, certain firm customers held positions in NT-ETFs for extended periods of time. The firm executed solicited NT-ETF transactions in retail customer accounts totaling over \$2.8 million in principal amount and the supervisory failures resulted in losses of \$584,466.13 in customer accounts. ([FINRA Case #2018057530701](#))

Ustocktrade Securities, Inc. ([CRD #16208](#), Newton, Massachusetts)

May 18, 2020 – An AWC was issued in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to maintain adequate balances in its special reserve bank account for the exclusive benefit of customers. The findings stated that the firm calculated the amount required to be maintained in its special reserve account based on payments of cash to its clearing firm that were not timely made, resulting in special reserve account deficiencies ranging between \$2,315 and \$204,494. The findings also stated that the firm failed to make timely deposits to its special reserve account that caused reserve deficiencies ranging between approximately \$56,000 and \$58,000. Later, the firm filed a hindsight deficiency notice with the U.S. Securities and Exchange Commission (SEC) concerning its special reserve account deficiencies and it subsequently revised its procedures for the account to address the timeliness of its reserve computations and related deposits. ([FINRA Case #2018059233001](#))

Santander Investment Securities Inc. ([CRD #37216](#), New York, New York)

May 21, 2020 – An AWC was issued in which the firm was censured, fined \$30,000 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 failed to reasonably supervise its credit trading desk that executed and reported to TRACE fixed income transaction pairs that were non-bona fide. The findings stated that in each instance, traders on the firm's credit trading desk caused it to buy or sell fixed income securities from or to another broker-dealer as the counterparty and then, during the same day in virtually all cases, sold or bought the same bonds to or from the same counterparty. The foreign bank parent company of the firm held the fixed income inventory traded by the credit trading desk, drafted a risk management policy that established permissible holding periods for bond positions traded by the credit trading desk, monitored the holding periods and calculated whether positions were aged. The parent company would apply a provision to fixed income positions maintained longer than the holding period. A provision was an unrealized loss that applied to the overall credit trading desk, not to individual traders. If there were provisions in place during the last month of the fiscal year, those provisions

would be factored into the credit trading desk's profit and loss calculation. The credit trading desk engaged in the transaction pairs to reset the holding period for bond positions that were approaching or were in excess of the aging period. The transaction pairs were not bona fide because they involved no transfer of risk or ultimate change in beneficial ownership, were not conducted at negotiated prices and were with the same counterparty over a short period of time. The transactions had no legitimate economic purpose. The findings also stated that the firm failed to establish a reasonably designed supervisory system, including WSPs, to achieve compliance with FINRA's prohibition on non-bona fide trading. The firm failed to detect the non-bona fide transactions. Although the firm had a supervisory system, including WSPs, requiring daily review of the credit trading desk's transactions, there was no required review for non-bona fide transactions. The firm's supervisory personnel were unaware of the parent company's risk management policy and, therefore, did not understand or appreciate the risk that firm traders may engage in non-bona fide trading. Additionally, the firm's compliance personnel were unaware of the impact of the provision deduction to the credit trading desk's profit and loss under the parent company's risk management policy. ([FINRA Case #2014041254102](#))

Axiom Capital Management, Inc. ([CRD #26580](#), New York, New York)

May 26, 2020 – An AWC was issued in which the firm was censured and fined \$37,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it allowed investor funds to be escrowed in an account controlled by an issuer's law firm. The findings stated that the firm acted as placement agent for a contingency offering conducted on behalf of a company and raised \$2,150,000 in investor funds, satisfying the minimum contingent amount to be raised. However, the company's law firm served as escrow agent for the offering, and investor funds were deposited into an escrow account established and maintained by the law firm rather than with a bank not affiliated with the company or the firm as required. The findings also stated that the firm distributed sales materials to potential investors that did not meet FINRA's content standards for member communications with the public. The firm distributed investor presentations in connection with contingency offerings conducted on behalf of issuers, each of which failed to provide a balanced presentation and sound basis for evaluating the proposed investment. Specifically, the presentations did not include detailed information regarding the securities being offered to investors. They also did not incorporate any information regarding the general risks of investing in the issuers, such as the fact that investments in private placements lack liquidity, are speculative and have a high degree of risk, including a complete loss of investment. Some of the investor presentations distributed also provided to potential investors incomplete, oversimplified, exaggerated, or unwarranted comparative references regarding the issuers, their products and customers, or the offering. ([FINRA Case #2017054462001](#))

Individuals Barred

Thomas Maroun Hakim ([CRD #1170096](#), Clinton Township, Michigan)

May 1, 2020 – An AWC was issued in which Hakim was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Hakim consented to the sanction and to the entry of findings that he failed to provide information and documents requested by FINRA in connection with its investigation into his failure to disclose, or timely disclose, unsatisfied liens and judgments on his Form U4. The findings stated that Hakim provided partial responses to FINRA but did not substantially comply with all aspects of the request. ([FINRA Case #2019062085501](#))

Bryce Patrick Jenney ([CRD #6207379](#), Nashville, Tennessee)

May 7, 2020 – An Office of Hearing Officers (OHO) decision became final in which Jenney was barred from association with any FINRA member in all capacities. The sanction was based on findings that Jenney failed to produce documents and to appear and provide on-the-record testimony requested by FINRA during its investigation into the circumstances that led to his termination from his member firm. The findings stated that the firm submitted a Uniform Termination Notice for Securities Industry Registration (Form U5) terminating Jenney's employment and disclosing that he provided investment advice on a securities product not offered by the firm. ([FINRA Case #2018060216701](#))

Arthur Stewart Hoffman ([CRD #3193754](#), Peoria, Arizona)

May 13, 2020 – An AWC was issued in which Hoffman was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Hoffman consented to the sanction and to the entry of findings that he failed to provide documents and information requested by FINRA in connection with an investigation opened in response to a disclosure filed by his member firm that stated that he had been suspended for company policy violations related to outside business activities and private securities transactions. ([FINRA Case #2020066342101](#))

Irene Padrick Engard ([CRD #2300387](#), Costa Mesa, California)

May 14, 2020 – An AWC was issued in which Engard was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Engard consented to the sanction and to the entry of findings that she refused to produce documents and information requested by FINRA in connection with its investigation of her outside business activity. ([FINRA Case #2019064765701](#))

Timothy Bernard Cooney ([CRD #2946727](#), Chatham, Massachusetts)

May 18, 2020 – An AWC was issued in which Cooney was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Cooney consented to the sanction and to the entry of findings that he failed to produce documents and information requested by FINRA. The findings stated that Cooney's member firm

filed an amendment on a Form U5 disclosing that he allegedly engaged in undisclosed outside business activity that involved charging fees to firm customers for financial-related services. ([FINRA Case #2019064131101](#))

Dennis James Murphy ([CRD #4840274](#), Staten Island, New York)

May 18, 2020 – An AWC was issued in which Murphy was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Murphy 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 an investigation concerning his member firm’s supervision of potentially unsuitable trading. ([FINRA Case #2019062980701](#))

Leonard Charles Kinsman ([CRD #2816535](#), Staten Island, New York)

May 20, 2020 – An AWC was issued in which Kinsman was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Kinsman 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 into the events resulting in his termination from his member firm and sales practice complaints. The findings stated that the firm filed a Form U5 stating that it had discharged Kinsman for unprofessional conduct. ([FINRA Case #2018060933401](#))

Martin Joseph Noonan Jr. ([CRD #2982159](#), Westwood, Massachusetts)

May 21, 2020 – An AWC was issued in which Noonan was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Noonan consented to the sanction and to the entry of findings that he refused to produce information or documents requested by FINRA during an investigation that it began after reviewing a Dispute Resolution Statement of Claim filed against him and his member firm alleging unsuitable and excessive trading in a client account. The findings stated that Noonan initially cooperated with FINRA’s investigation; however, he later ceased doing so. ([FINRA Case #2019061162901](#))

John Grifonetti ([CRD #3040205](#), Old Tappan, New Jersey)

May 29, 2020 – An AWC was issued in which Grifonetti was censured, barred from association with any FINRA member in any principal capacity, fined \$75,000, of which \$8,333.33 shall be paid to FINRA and the remainder to other various regulators, and suspended from association with any FINRA member in all capacities for 12 months. Without admitting or denying the findings, Grifonetti consented to the sanctions and to the entry of findings that he failed to establish and maintain a reasonably designed supervisory system and WSPs to manage and supervise his member firm’s direct market access business. The firm’s business was initially limited to agency trading on behalf of institutional customers. Grifonetti and a business partner significantly expanded the firm’s business to provide direct market access using pre-trade risk controls provided by a third-party vendor that guaranteed high-volume order flow routed from an unaffiliated

introducing broker and its customers, primarily an unregistered foreign day-trading entity that was under common ownership and control with the third-party vendor. Although this expanded business significantly changed the firm's business activities and trading volume, Grifonetti delegated to his business partner responsibility for establishing and maintaining the firm's supervisory system in relation to achieving compliance with rules prohibiting manipulative trading and compliance with Rule 15c3-5 of Section 15(c)(3) of the Securities Exchange Act of 1934. Grifonetti, however, failed to take reasonable steps to ensure that his business partner was properly qualified to discharge these functions and failed to implement a reasonable system of follow-up and review to ensure that his business partner was reasonably discharging these functions. The firm failed to perform reasonable supervisory oversight on order flow from the unaffiliated introducing broker despite multiple red flags regarding potentially manipulative activity, all of which Grifonetti knew or should have known about. It was only after Grifonetti and others at the firm attended a meeting with FINRA and several exchange SROs regarding the customer's problematic order flow that the firm terminated its relationship with the customer. The firm nonetheless continued providing direct market access to other customers who also routed potentially manipulative trades to U.S. trading markets until the firm ceased to operate. As a result of these failures, the firm provided direct market access to customers that engaged in various forms of potentially manipulative trading, including layering and spoofing.

The suspension is in effect from June 1, 2020, through May 31, 2021. ([FINRA Case #2015045755501](#))

Douglas Arthur Sanzone (CRD #1646194, Valetta, Malta)

May 29, 2020 – An AWC was issued in which Sanzone was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Sanzone consented to the sanction and to the entry of findings that he failed to establish and maintain a reasonably designed supervisory system and WSPs to manage and supervise his member firm's direct market access business. The firm's business was initially limited to agency trading on behalf of institutional customers. Sanzone and a business partner significantly expanded the firm's business to provide direct market access using pre-trade risk controls provided by a third-party vendor, which guaranteed high-volume order flow routed from an unaffiliated introducing broker and its customers, primarily an unregistered foreign day-trading entity that was under common ownership and control with the third-party vendor. Neither Sanzone nor his business partner took reasonable steps to mitigate the potential conflict of interest posed by allowing the customer to route order flow through the third-party vendor's proprietary pre-trade risk controls, despite red flags of the common ownership and control. The unaffiliated introducing broker, and in particular the customer, immediately became the primary source of order flow and revenue to the firm. The trading volume resulted in discounts and preferential pricing at various exchanges that made this order flow more lucrative to the firm. Further,

revenues earned by the firm routing this order flow dwarfed revenues it earned from other customers. Sanzone was delegated the responsibility to establish and maintain the firm's supervisory system in relation to achieving compliance with rules prohibiting manipulative trading and compliance with Rule 15c3-5 of Section 15(c)(3) of the Securities Exchange Act of 1934. Although this expanded business significantly changed the firm's business activities and trading volume, Sanzone failed to enhance the firm's supervisory system, including its WSP, to achieve compliance with applicable federal securities laws and regulations and FINRA rules prohibiting manipulative trading. Sanzone relied on the third-party vendor in setting the firm's market access controls and he failed to reasonably supervise customer order flow for potentially manipulative trading. Neither Sanzone nor anyone else at the firm conducted post-trade reviews for potentially manipulative trading by direct market access customers until after FINRA alerted the firm of its obligation to do so. Thereafter, the firm hired a compliance analyst to be responsible for implementing and conducting the firm's post-trade reviews. The analyst reported directly to Sanzone, but he failed to reasonably supervise the analyst. Despite the analyst's lack of experience in trade surveillance, Sanzone failed to train him properly to perform such reviews. The findings also included that Sanzone failed to perform reasonable supervisory oversight of the order flow from the unaffiliated introducing broker despite multiple red flags regarding potentially manipulative activity, all of which Sanzone knew or should have known about. Sanzone agreed to take on the customer as a direct customer of the firm despite concerns about potentially problematic order flow from the customer and knowledge of the common ownership of the customer and the third-party vendor. Moreover, after onboarding the customer as a direct customer, Sanzone did not make reasonable changes to the risk management controls supplied by the third-party vendor as they applied to the customer's trading. As a result, the customer continued to route potentially manipulative trades to U.S. trading markets through the firm. It was only after Sanzone and others at the firm attended a meeting with FINRA and several exchange SROs regarding the customer's problematic order flow that the firm terminated its relationship with the customer. The firm nonetheless continued providing direct market access to other customers who also routed potentially manipulative trades to U.S. trading markets until the firm ceased to operate. As a result of these failures, the firm provided direct market access to customers that engaged in various forms of potentially manipulative trading, including layering and spoofing. ([FINRA Case #2015045755510](#))

Individuals Suspended

Brian Joseph Harte ([CRD #4780629](#), Alexandria, Virginia)

May 4, 2020 – An AWC was issued in which Harte was suspended from association with any FINRA member in all capacities for 10 business days. In light of Harte's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Harte consented to the sanction and to the entry of findings that although customers knew that he was exercising discretion in their accounts, he effected the discretionary trades

without their written authorization. The findings stated that Harte never requested or obtained approval from his member firm to conduct discretion in the accounts and the firm prohibited representatives from exercising discretion in customer accounts.

The suspension was in effect from June 1, 2020, through June 12, 2020. ([FINRA Case #2018059689101](#))

Michael B. Mountjoy (CRD #4421573, Louisville, Kentucky)

May 4, 2020 – An AWC was issued in which Mountjoy was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Mountjoy 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 Mountjoy solicited investors, consisting of friends and business associates, to purchase interests in a Limited Liability Company (LLC) formed to invest in a minor league professional soccer team. Mountjoy solicited a total of \$378,000 in investments in the LLC from four individuals. Among other things, Mountjoy provided investors with the subscription agreement and other written materials and communicated with them verbally and by email to inform them about and encourage them to purchase interests in the LLC. Mountjoy did not receive any compensation for soliciting the investments, nor did he represent or otherwise suggest that the investments had been approved by the firm. The findings also stated that Mountjoy failed to provide written notice to the firm prior to engaging in outside business activities. Mountjoy was a member and treasurer of an LLC that owned and leased real estate, and a co-owner and board member of another LLC that owned a fund created to promote foreign investments. Mountjoy failed to disclose either outside business activity on his annual compliance questionnaires, despite a question asking him whether he had disclosed all outside business activities.

The suspension is in effect from May 4, 2020, through November 3, 2020. ([FINRA Case #2018060881501](#))

James Anthony Parrelly (CRD #728368, Dearborn, Michigan)

May 5, 2020 – An AWC was issued in which Parrelly 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, Parrelly consented to the sanctions and to the entry of findings that he executed discretionary transactions in the securities account of a customer pursuant to the customer's prior verbal authorization, but without written authorization from the customer or written approval of his discretionary trading from his member firm.

The suspension was in effect from June 1, 2020, through June 19, 2020. ([FINRA Case #2019062166301](#))

Spencer William Sullivant ([CRD #6524062](#), Liberty, Missouri)

May 5, 2020 – An AWC was issued in which Sullivant was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 18 months. Without admitting or denying the findings, Sullivant consented to the sanctions and to the entry of findings that while taking the Series 24 qualification examination, he hid study materials for the exam in his testing center's restroom, then visited the restroom during unscheduled breaks from the exam. The findings stated that the study materials were later discovered and confiscated by an exam proctor after Sullivant's unscheduled breaks aroused her suspicions. By hiding study materials where they were available during the exam, Sullivant did not comply with the rules of conduct governing the Series 24 qualification examination.

The suspension is in effect from May 18, 2020, through November 17, 2021. ([FINRA Case #2019064078501](#))

Donald Stephen Woods ([CRD #727894](#), Prospect, Kentucky)

May 6, 2020 – An AWC was issued in which Woods was assessed a deferred fine of \$10,000, suspended from association with any FINRA member in all capacities for six months and ordered to pay deferred disgorgement of commissions received in the amount of \$5,600.70, plus interest. Without admitting or denying the findings, Woods consented to the sanctions and to the entry of findings that he submitted applications to purchase real estate investment trusts (REITs) for elderly customers that overstated the customers' liquid net worth in order to circumvent his member firm's restrictions. The findings stated that Woods did not have a reasonable basis for recommending that the customers purchase the REITs, which were inconsistent with the customers' investment profiles. Woods received \$5,600.70 in commissions in connection with these recommendations.

The suspension is in effect from May 18, 2020, through November 17, 2020. ([FINRA Case #2018058133301](#))

Sune Gaulsh ([CRD #5797295](#), New York, New York)

May 8, 2020 – An AWC was issued in which Gaulsh was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for nine months. Without admitting or denying the findings, Gaulsh consented to the sanctions and to the entry of findings that in anticipation of leaving his member firm and without authorization, he sent or attempted to send to himself through a personal email address confidential and proprietary documents and information belonging to the firm. The findings stated that this included documents that were related to computer code, third-party vendor data and indices data, the unauthorized dissemination of which could have exposed the firm to legal liability and had other negative consequences. The firm detected Gaulsh's transmissions, required him to demonstrate that he had deleted the files at issue and told him to refrain from such conduct. Notwithstanding this directive, Gaulsh attempted to send himself

additional confidential and propriety firm documents in additional emails. During these attempts, Gaulsh took steps to conceal from the firm's electronic filters the nature of the documents by placing them in zip archives and changing the archive file extensions in order to conceal the number and nature of the files being attached. The firm's automated email filter system detected and blocked all of the emails before they left the firm.

The suspension is in effect from May 18, 2020, through February 17, 2021. ([FINRA Case #2018058804301](#))

Robert Gene Nordaune (CRD #2313216, Watson, Minnesota)

May 8, 2020 – An AWC was issued in which Nordaune was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 30 days. Without admitting or denying the findings, Nordaune consented to the sanctions and to the entry of findings that he falsified a document by signing a recently widowed customer's name on a membership application that his member firm required for the transfer of ownership of a variable annuity without the customer's knowledge and in violation of the firm's policies. The findings stated that the customer received a copy of the membership application and complained to Nordaune, who suggested that she had electronically signed the document but forgotten about it. The customer then complained to the firm, who terminated Nordaune's association and transferred the variable annuity in accordance with the customer's wishes.

The suspension was in effect from May 18, 2020, through June 16, 2020. ([FINRA Case #2019064773901](#))

Jason Nicholas Dukas (CRD #4188239, Palm Harbor, Florida)

May 15, 2020 – An AWC was issued in which Dukas was fined \$15,000 and suspended from association with any FINRA member in all capacities for nine months. Without admitting or denying the findings, Dukas consented to the sanctions and to the entry of findings that he participated in a private securities transaction involving a customer of his member firm without providing prior written notice to his firm. The findings stated that Dukas participated in an investment by the customer in a start-up company away from the firm. Dukas solicited the transaction by recommending the investment to the customer, arranging for the customer to attend a promotional meeting about the company, and providing advertising materials about the company to the customer. Dukas helped facilitate the transaction by forwarding a promissory note and other investment-related documents to the customer. The customer, who was wealthy and sophisticated, invested \$1.5 million in the company. The customer has not complained about the investment and Dukas received no compensation.

The suspension is in effect from June 1, 2020, through February 28, 2021. ([FINRA Case #2017055028101](#))

Benjamin R. Leitman (CRD #5698076, New York, New York)

May 15, 2020 – An AWC was issued in which Leitman 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, Leitman consented to the sanctions and to the entry of findings that he falsely signed customer names on account documents and a letter of authorization seeking the disbursement of customer funds. The findings stated that while transferring accounts from a former FINRA regulated broker-dealer to his member firm, Leitman affixed the purported signature of a firm customer onto a contract account document. In addition, Leitman added a social security number and crossed out numbers for a social security number on a firm account application that the customer had already signed in order to facilitate the processing of the document. Leitman also affixed the purported signature of a second customer to a corporate document and added social security numbers to the document. Leitman subsequently submitted the falsely signed document to the firm for processing. Furthermore, Leitman affixed the purported signature of the second customer to a letter of authorization seeking disbursement of funds from a corporate account held at the firm in the name of an entity controlled by that customer. Leitman subsequently provided a second letter of authorization actually signed by the second customer authorizing the transfer. Leitman falsely signed the documents as an accommodation to the customers.

The suspension was in effect from May 18, 2020, through July 1, 2020. ([FINRA Case #2019061903401](#))

Brandon Rolle (CRD #6097706, Cleveland, Ohio)

May 15, 2020 – An AWC was issued in which Rolle was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Rolle consented to the sanctions and to the entry of findings that he sent himself emails using a personal email account with documents attached that contained confidential and/or proprietary information obtained from his member firm's computer system. The findings stated that the documents included financial models, industry channel contact information, research reports and surveys for the companies that Rolle researched and analyzed at the firm. Rolle's actions violated provisions in the firm's employee handbook and compliance manual and violated a confidentiality agreement he executed when hired by the firm. Rolle ended his association with the firm shortly after and then associated with another firm and used the information he had taken to assist him in carrying out his duties as an analyst for his new firm. There is no indication the new firm was aware of Rolle's misappropriation of the materials.

The suspension was in effect from June 1, 2020, through June 30, 2020. ([FINRA Case #2019063140001](#))

Christopher M. Roumayeh (CRD #4510051, Lake Orion, Michigan)

May 20, 2020 – An AWC was issued in which Roumayeh was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in all capacities for 21 months. Without admitting or denying the findings, Roumayeh 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 Roumayeh and his firm customer purchased a franchise involved in the professional video gaming industry. As the owner, Roumayeh managed the franchise's day-to-day operations. Roumayeh also formed corporate entities related to the franchise's operations, served as an officer and director for them, and solicited prospective investors in the franchise. Roumayeh concealed his relationship with the entities by forming them in his wife's name and named her as the sole authorized representative on an entity's bank account. In addition, Roumayeh formed and managed a separate LLC through which he purchased commercial real estate. Roumayeh also made false statements to the firm on annual compliance questionnaires concerning his outside business activities. The findings also stated that Roumayeh participated in a private securities transaction without providing prior written notice to, or receiving approval from, his firm. Roumayeh solicited and facilitated the investment of a publicly traded company in the franchise he owned. Roumayeh's participation included identifying other potential investors, responding to questions from the company during its due diligence and negotiating the terms and structure of the company's investment. To facilitate the company's \$5.5 million investment, Roumayeh formed a new holding company through which he and the firm customer sold and issued shares of preferred stock to the company.

The suspension is in effect from June 1, 2020, through February 28, 2022. ([FINRA Case #2019063147101](#))

Michelle Lynn Gill (CRD #6447758, Marquette, Michigan)

May 26, 2020 – An AWC was issued in which Gill 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, Gill consented to the sanctions and to the entry of findings that she participated in private securities transactions without providing written notice to, or obtaining approval from, her member firm. The findings stated that in a Form U4 amendment, Gill disclosed an outside business activity to her firm for a company for which her husband served as the president of the board of directors. Gill stated that she would receive no compensation related to the company, described her activity as non-investment related and represented that her participation with the company would be limited to supporting/consulting her husband as needed. Gill subsequently, however, caused certain individuals, including other registered representatives of the firm and a firm customer, to invest a total of \$22,500 in the company's private securities offering of preferred shares that was not offered by her firm.

The suspension is in effect from June 1, 2020, through July 31, 2020. ([FINRA Case #2019063606701](#))

Robert Nicholas Korzik ([CRD #1013350](#), Little Falls, New Jersey)

May 26, 2020 – An AWC was issued in which Korzik was assessed a deferred fine of \$8,500 and suspended from association with any FINRA member in all capacities for nine months. Without admitting or denying the findings, Korzik consented to the sanctions and to the entry of findings that he participated in and solicited customers of his member firm to invest in private securities transactions without prior written firm approval. The findings stated that Korzik personally invested \$50,000 in a private securities transaction involving an energy company and solicited and facilitated the purchase of approximately \$550,000 of these securities by firm customers. Korzik's participation in the offering included, among other things, circulating information regarding the company to investors, scheduling and participating in several meetings with his customers and the company's chief executive officer (CEO), engaging in numerous email exchanges with the CEO that referenced amounts his customers would invest and following up with his customers regarding their investments in the company. When the firm discovered that Korzik was facilitating his customers' purchases of securities in the company, he denied that any firm customers had purchased company securities and attempted to buy out their shares. Korzik received no compensation in connection with his customers' purchases of these securities. The findings also stated that in connection with these private securities transactions, Korzik forwarded an email containing sales communications to potential investors, including firm customers, that failed to comply with FINRA's content standards for communications with the public. The communications failed to provide a fair and balanced discussion of the risks associated with the investment, as they did not prominently disclose that the securities were speculative, illiquid and subject to a high degree of risk. In addition, the communications failed to balance the discussion of the features and potential benefits of the offering with the corresponding risks. The company's business plan and investor deck omitted the assumptions used to derive the stated financial projections, and therefore did not provide a sound basis to evaluate the information. The business plan and investor deck also contained promissory or unwarranted claims regarding its business operations and objectives. Additionally, the email contained a forward-looking prediction estimating the per share value of the securities.

The suspension is in effect from June 1, 2020, through February 28, 2021. ([FINRA Case #2017056036301](#))

Sachin Kumar ([CRD #5295758](#), New York, New York)

May 26, 2020 – An AWC was issued in which Kumar was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Kumar consented to the sanctions and to the entry of findings that he directed a customer to sign a blank automated customer account transfer (ACAT) form that Kumar thereafter completed and submitted for the purpose of transferring the customer's brokerage account at another FINRA member firm to his member firm. The findings stated that during an in-person meeting, Kumar directed the customer to sign a blank ACAT form

during a meeting they had to discuss potentially transferring brokerage accounts of the customer to Kumar's firm. At a subsequent meeting, the customer handed Kumar the account statements to be attached to the previously executed ACAT form. Kumar, believing that the customer had authorized the transfer of the account, completed the blank ACAT form and submitted it to his firm for processing. However, the customer emailed Kumar later that day and directed him not to transfer the account. By the time Kumar responded the following business day, the transfer had already been processed.

The suspension was in effect from June 15, 2020, through July 14, 2020. ([FINRA Case #2019063042701](#))

Paul Gary Liebman (CRD #2205116, Commack, New York)

May 26, 2020 – An AWC was issued in which Liebman 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, Liebman consented to the sanctions and to the entry of findings that he borrowed approximately \$16,000 from a customer of his member firm without notifying the firm or receiving its approval. The findings stated that Liebman falsely stated on a firm compliance questionnaire that he had not engaged in any lending or borrowing arrangement with any firm customer.

The suspension is in effect from June 1, 2020, through July 31, 2020. ([FINRA Case #2019061681801](#))

Courtney James Burn (CRD #4263447, Hopatcong, New Jersey)

May 27, 2020 – An AWC was issued in which Burn was fined \$5,000 and suspended from association with any FINRA member in all capacities for 20 business days. Without admitting or denying the findings, Burn consented to the sanctions and to the entry of findings that he provided standardized monthly-consolidated account reports to customers without the approval of his member firm. The findings stated that the reports failed to provide a balanced presentation or basis for the customers to evaluate the facts regarding certain securities listed in them. In addition, the reports did not clearly distinguish between assets that the firm held on behalf of the customer and included on the firm's books and records, and other external accounts or assets. The reports also contained account values for multiple accounts holding securities. In numerous reports, the corresponding account statements could not confirm the value attributed to these accounts on the reports.

The suspension was in effect from June 15, 2020, through July 13, 2020. ([FINRA Case #2018057909501](#))

Julie Reyes (CRD #6779272, Woodland Hills, California)

May 28, 2020 – An AWC was issued in which Reyes 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, Reyes consented to the sanctions and to the entry of findings that without the prior written consent of her member firm, she opened and maintained a personal brokerage account at another firm. The findings stated that the day after opening the account, Reyes requested approval for it, which the firm denied. Rather than close the account, Reyes contacted her branch manager for assistance getting the account approved. The branch manager then asked the firm’s compliance staff to revisit the request. While that request was pending, Reyes incorrectly reported back to her branch manager that the account had been approved and altered an email to create the impression that the account had been approved, even though it had not been. Subsequently, Reyes executed trades in the account while associated with her firm. The firm ultimately detected that the account which had never been approved and after an investigation, including the discovery of the altered email, the firm terminated Reyes.

The suspension is in effect from June 1, 2020, through July 15, 2020. ([FINRA Case #2018059527301](#))

Decision Issued

The OHO issued the following decision, which has been appealed to or called for review by the National Adjudicatory Counsel (NAC) as of May 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.

Thomas John Lykos Jr. (CRD #2017220, Houston, Texas)

May 20, 2020 – Lykos appealed an OHO decision to the NAC. Lykos was barred from association with any FINRA member in all capacities. The sanction is based on findings that Lykos acted unethically by cheating during a Series 24 General Securities Principal qualification examination. The findings stated that at various points during the exam, Lykos wrote on his driver’s license, his forearm, and on the fingers of his left hand. Lykos also took an unscheduled break and left the test center premises in violation of FINRA’s Rules of Conduct with writing concealed on his hand when he left. When Lykos returned to the exam after his unscheduled break, he answered a new question and then reviewed questions that he had already answered and changed his answers to two questions. In addition, Lykos tried to conceal his misconduct from the exam proctors by licking and rubbing his driver’s license and by licking and smearing his fingers so that his writing could not be photographed clearly.

The sanction is not in effect pending the review. ([FINRA Case #2018059510201](#))

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.

Steven Robert Luftschein ([CRD #2690117](#), Plainview, New York)

May 13, 2020 – Luftschein was named a respondent in a FINRA complaint alleging that he willfully violated Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5 thereunder, and violated FINRA Rules 2020 and 2111 by churning and excessively trading in customer accounts at his member firm. The complaint alleges that Luftschein controlled the volume and frequency of trading in the customers' accounts, deciding what securities to buy and sell, the quantities, the price and when each transaction would occur. Luftschein also frequently made unauthorized trades in these accounts. Luftschein deliberately incurred unreasonably high trading costs in the customers' accounts which made it virtually impossible for the accounts to be profitable. Indeed, Luftschein's trading in the customers' accounts caused more than \$261,000 in losses, while he generated gross sales credits and commissions of approximately \$136,200, of which he received a substantial percentage. Luftschein also masked the true costs of his trading from customers by placing a high percentage of the trades as riskless principal trades. The complaint also alleges that Luftschein's trading in the customers' accounts was excessive and quantitatively unsuitable for the customers, as evidenced by high annualized turnover rates and cost-to-equity ratios, the size and frequency of the transactions, the transaction costs incurred and the customers' investment objectives and needs. Luftschein did not have a reasonable basis to believe that his trading was suitable. The complaint further alleges that Luftschein engaged in unauthorized trading by effecting trades with a total principal value of approximately \$3.1 million in the customer accounts without first discussing with, and obtaining authorization from, the customers. None of the customer accounts were listed on the firm's books and records as discretionary accounts. ([FINRA Case #2016051704303](#))

Joseph John Weinrich Sr. ([CRD #461987](#), Overland Park, Kansas)

May 14, 2020 – Weinrich was named a respondent in a FINRA complaint alleging that he willfully failed to timely amend his Form U4 to disclose a bankruptcy petition. The complaint alleges that Weinrich filed a Chapter 7 bankruptcy petition in the United States Bankruptcy Court, while registered with FINRA through his association with his member firm. Between when Weinrich's bankruptcy petition was filed and the end of his association with the firm, he amended his Form U4 four times, failing to disclose the petition on any of these amendments. More than two years after the petition was filed, Weinrich filed an application seeking to become registered with a different member firm and finally

amended his Form U4 to disclose the bankruptcy petition. FINRA had previously warned Weinrich about his obligations to timely disclose civil judgements on his Form U4. The complaint also alleges that Weinrich made false statements regarding his bankruptcy petition in a compliance questionnaire that he submitted to his firm. In the questionnaire, Weinrich certified that he had reviewed his Form U4 and that it accurately reflected his required registration information and disclosures. ([FINRA Case #2018058611601](#))

Adrienne Jaime Mak ([CRD #5656269](#), La Puente, California)

May 20, 2020 – Mak was named a respondent in a FINRA complaint alleging that she failed to respond to FINRA’s requests for information in connection with its investigation into the circumstances of her departure from her former member firm. The complaint alleges that the firm filed a Form U5 disclosing that it had discharged Mak for using her personal email and cell phone to communicate with clients, in violation of firm policy, and adding a customer’s initials next to a change on an investment switch letter. ([FINRA Case #2018058657802](#))

Tripoint Global Equities, LLC dba Tripoint Global Equities/BANQ(R) ([CRD #143174](#), New York, New York) and Mark Harris Elenowitz ([CRD #2057802](#), Syosset, New York)

May 29, 2020 – The firm and Elenowitz were named respondents in a FINRA complaint alleging that they recommended and sold participation interests in private placements offerings to their customers without having a reasonable basis to believe that their recommendations were suitable for at least some investors. The complaint alleges that the firm and Elenowitz, the firm’s chief executive officer, failed to conduct reasonable diligence on the offerings, the issuers of these investments and the principals who formed and managed the issuers. The firm and Elenowitz failed to reasonably investigate and follow-up on red flags that called into question the viability of the issuers’ business prospects and the principals’ ability to operate and manage a profitable business. Through the offerings, the firm raised approximately \$16.2 million from customers and it earned \$487,650 in placement agent fees for the firm. The firm’s customers ultimately lost millions of dollars from investing in these offerings when it was later discovered that the principals used the issuers to conduct a Ponzi scheme. Elenowitz personally solicited one of the customers to invest in the offering and that customer made investments totaling \$500,000 based on his recommendations. The complaint also alleges that the firm and Elenowitz failed to reasonably supervise the offerings to ensure compliance with FINRA Rule 2111. The firm and Elenowitz’s supervision of these offerings was not reasonable because they failed to enforce the firm’s WSPs with respect to private placement due diligence, and they failed to investigate and follow-up on red flags that could have alerted them to the potential misconduct. ([FINRA Case #2017053409201](#))

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

Crest Capital LLC (CRD #172664)
Waldo, Wisconsin
(May 11, 2020)

Potomac Capital Markets, LLC (CRD #39800)
Middletown, Maryland
(May 11, 2020 – June 8, 2020)

Primex Prime Electronic Execution, Inc. (CRD #29394)
New York, New York
(May 27, 2020)

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.)

Gravitas Capital International Inc. aka D12 Capital Markets (CRD #174843)
Toronto, Ontario, Canada
(April 27, 2020 – May 18, 2020)

Long Island Financial Group, Inc. (CRD #31148)
Roslyn, New York
(May 8, 2020 – June 11, 2020)

Individual Revoked for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320
(If the revocation has been rescinded, the date follows the revocation date.)

Keith Joseph Michelfelder (CRD #3084331)
Atlanta, Georgia
(November 21, 2017 – May 8, 2020)
FINRA Case #2013035584501

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.)

Robert Joseph Cacioppo (CRD #6205736)
Surprise, Arizona
(May 8, 2020)
FINRA Case #2019064813201

Michael Christopher Davis (CRD #4865849)
New York, New York
(May 18, 2020)
FINRA Case #2019064746401

David Del Rio (CRD #4771963)
Lehigh Acres, Florida
(May 4, 2020)
FINRA Case #2018059884901

Mary Beth Frassetto (CRD #5447585)
Kimberly, Wisconsin
(May 4, 2020)
FINRA Case #2019064223301

Megan Elizabeth Hoffman (CRD #6109030)
Delaware, Ohio
(May 27, 2020)
FINRA Case #2019064723101

Jody L. Pullium (CRD #3272304)

East Peoria, Illinois
(May 28, 2020)
FINRA Case #2019064573501

Ana Catalina Rivera (CRD #5667950)

Miami, Florida
(May 18, 2020)
FINRA Case #2019062852501

**George Anthony Schmidt Jr.
(CRD #1082936)**

East Islip, New York
(May 15, 2020)
FINRA Case #2019064725501

Kevin Fredrick Williams (CRD #2492215)

Carlsbad, California
(May 26, 2020)
FINRA Case #2019062134601

**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.)

Conrad Aaron Coggeshall (CRD #4383687)

Phoenix, Arizona
(May 28, 2020)
FINRA Case #2019064840801

Madeline Colon (CRD #6721244)

Roxbury, Massachusetts
(May 18, 2020)
FINRA Case #2019063570501

Jennifer Lee Holmes (CRD #4107090)

Culpeper, Virginia
(February 7, 2020 – May 20, 2020)
FINRA Case #2019064234201

Yee Yee Htwe (CRD #6437691)

Mountain View, California
(February 10, 2020 – May 6, 2020)
FINRA Case #2019061056802

Jennifer Marie Pendley (CRD #7147968)

Tucson, Arizona
(May 1, 2020)
FINRA Case #2019064082901

David Alan Stateman (CRD #5530638)

Sunrise, Florida
(May 1, 2020)
FINRA Case #2019063797401

Alexander Edward Walker (CRD #6164661)

Fort Thomas, Kentucky
(May 1, 2020)
FINRA Case #2018060213201

**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.)

Thomas Kevin Ambrose (CRD #871838)

Landenberg, Pennsylvania
(July 26, 2016 – May 6, 2020)
FINRA Arbitration Case #13-03471

Matthew Michael Beaver (CRD #5592864)

St. Louis, Missouri
(May 15, 2020)
FINRA Arbitration Case #18-00515

Neal David Carlson (CRD #4985231)

Houston, Texas

(February 18, 2020 – May 26, 2020)

FINRA Arbitration Case #17-00611

Karl Ronald Foust Jr. (CRD #1010291)

Scottsdale, Arizona

(May 13, 2020)

FINRA Arbitration Case #19-00258

Ryan Thomas Kaufman (CRD #2856870)

Loomis, California

(May 13, 2020)

FINRA Arbitration Case #19-02884

Henry Edward Osorio Jr. (CRD #2990150)

N. Bellmore, New York

(April 22, 2005 – May 1, 2020)

FINRA Arbitration Case #04-01191

Damion Lenell Smith (CRD #2742796)

Long Beach, California

(February 10, 2020 – May 28, 2020)

FINRA Arbitration Case #19-01315

Walter G. Taylor Jr. (CRD #2127264)

Pawleys Island, South Carolina

(May 13, 2020)

FINRA Arbitration Case #19-00050

Howard Steven Walzer (CRD #2195051)

Parkland, Florida

(May 27, 2020)

FINRA Case #20200655508/ARB200005/

Arbitration Case #16-00888

Xiangyu Yu Zhang (CRD #5050282)

Monrovia, California

(May 28, 2020)

FINRA Arbitration Case #19-02709

Press Release

FINRA Sanctions Stifel, Nicolaus & Co., Inc. More Than \$3.6 Million for Violations Involving Unit Investment Trusts

FINRA announced that it has ordered [Stifel, Nicolaus & Company, Incorporated](#) to pay approximately \$1.9 million in restitution, plus interest, to more than 1,700 customers in connection with early rollovers of Unit Investment Trusts (UITs). FINRA also fined the firm \$1.75 million for providing inaccurate information to customers related to rollover costs incurred, and for related supervisory violations.

A UIT is an investment company that offers investors shares, or “units,” in a fixed portfolio of securities in a one-time public offering that terminates on a specific maturity date, often after 15 or 24 months. UITs generally are intended as long-term investments and have sales charges based on their long-term nature, including an initial and deferred sales charge and a creation and development fee. A registered representative who recommends that a customer sell his or her UIT position before the maturity date and then “rolls over” those funds into a new UIT causes the customer to incur increased sale charges over time, raising suitability concerns.

From January 2012 through December 2016, Stifel executed approximately \$10.9 billion in UIT transactions – \$935.2 million of which were early rollovers. However, FINRA found the firm’s supervisory system and procedures were not reasonably designed to supervise the suitability of those early rollovers. As a result, Stifel did not identify that its representatives recommended potentially unsuitable early rollovers that, collectively, may have caused customers to incur approximately \$1.9 million in sales charges that they would not have incurred had they held the UITs until their maturity dates. In addition, during the same time period, Stifel sent approximately 600 letters to customers that contained inaccurate information or were missing information about the costs incurred by customers in connection with early UIT rollovers or “switches.” On average those letters understated the costs to customers by approximately 49 percent.

Jessica Hopper, Executive Vice President and Head of FINRA’s Department of Enforcement, said, “Firms must have an adequate supervisory system in place to detect potentially unsuitable UIT rollovers, and also provide customers with accurate information so they can make informed decisions about those rollover recommendations. We are pleased that customers will receive restitution for sales charges incurred as a result of the recommendations.”

This action resulted from a 2016 targeted examination with respect to UITs. Additionally, FINRA’s 2018 Regulatory and Examination Priorities Letter advised that FINRA would be reviewing firms’ supervisory controls related to UITs.

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