

Disciplinary and Other FINRA Actions

Firm Expelled

Newport Coast Securities, Inc. (CRD® #16944, New York, New York)

June 2, 2020 – A Securities and Exchange Commission (SEC) decision became final in which the firm was expelled from FINRA® membership, fined \$403,000 and ordered to pay \$853,617.04, plus prejudgment interest, jointly and severally, in restitution to customers. The SEC sustained the findings and sanctions imposed by the National Adjudicatory Counsel (NAC). The sanctions were based on the findings that the firm, acting through its representatives, excessively traded in customer accounts. The findings stated that the representatives exercised de facto control over the customer accounts. None of the representatives' customers indicated investment objectives that would support high levels of trading. The customers at issue were retail customers that had limited investment experience who generally sought to invest with minimal risk, and none sought to invest in high-risk investments, to speculate, or to trade at the quantity and pace that their representatives did. Several customers were also older and at or near retirement. The findings also stated that the firm, acting through the representatives, churned customer accounts in violation of the Securities Exchange Act of 1934 Section 10(b), Rule 10b-5 thereunder and FINRA Rule 2020. The representatives, and therefore the firm, engaged in churning by managing their customers' accounts for the purpose of generating commissions and in disregard of their clients' interests. The findings also included that the firm, acting through its representatives, made qualitatively unsuitable recommendations regarding certain exchange-traded products. One of the representatives recommended purchases of leveraged or inverse exchange-traded funds (ETFs) to a customer without a reasonable basis for having done so. The registration statements for the ETFs that the representative recommended all described them as high-risk investments intended for sophisticated investors. Yet the representative's testimony showed that he possessed almost no understanding of the ETFs or their risks. In addition, firm representatives did not comply with their suitability requirements when they recommended purchases of a futures-index-linked exchange-traded note to customers. One representative conceded during testimony that it was his understanding that the exchange-traded note was unsuitable for retail customers and that he did not understand it when he recommended it. FINRA found that the firm failed to reasonably supervise the trading of its representatives. The firm knew about red flags surrounding its representatives' trading. The firm received exception reports from its clearing firms showing that the trading in the representative's customer accounts repeatedly exceeded specified thresholds. Indeed, the firm's chief compliance officer (CCO) testified that he knew about the representative's excessive trading and the firm's failure to respond. The CCO also explained

Reported for August 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).

that, although the firm placed its representatives on heightened supervision in response to a FINRA investigation, he did not order the firm's compliance department to review or investigate those representatives' customer accounts. ([FINRA Case #2012030564701](#))

Firms Fined

Mizuho Securities USA LLC ([CRD #19647](#), New York, New York)

June 1, 2020 – A Letter of Acceptance, Waiver and Consent (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 overstated its trading volume in numerous securities it had advertised through Bloomberg, L.P., a private subscription-based provider of market data, as a result of system-related issues connected to its third-party order management system. The findings stated that a flaw in the firm's order management system utilized by its ETF desk identified and advertised internal booking entries that reflected shares the firm had delivered and received in connection with the monthly expiration of single stock futures, as actual executed trades. In each of the instances, the firm had not effected any corresponding trades on the trade date in question. Separately, a flaw in the firm's order management system utilized by its Japan broker-dealer desk caused duplicate advertisements of the trading volumes of multiple customer orders in the same symbol that the firm had combined into a single manual order and executed at a single average price. Subsequently, the firm remediated these system flaws. The findings also stated that for two of its trading desks, the firm failed to establish and maintain a supervisory system and Written Supervisory Procedures (WSPs) that were reasonably designed to achieve compliance with the regulatory requirements that govern the accuracy of advertised trading volumes. The firm failed to monitor or supervise the Japan broker-dealer desk's trading personnel, or to review multi-order, average-priced transactions, to determine whether allocated volumes from the Japan desk were properly suppressed and not advertised through Bloomberg. The firm's testing did not detect the order management system flaws that caused the over-advertisements on the Japan broker-dealer desk and the ETF desk. After creating a daily advertisement report to capture discrepancies between its executed and advertised trading volume, the firm's ETF desk and Japan broker-dealer desk never utilized the report as required by the firm's supervisory system, and as a result the relevant desk supervisors did not review the accuracy of the firm's executed and advertised trading volume. ([FINRA Case #2016051884601](#))

Cantor Fitzgerald & Co. ([CRD #134](#), New York, New York)

June 2, 2020 – An AWC was issued in which the firm was censured and fined \$85,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to immediately execute, route or display customer limit orders in over-the-counter (OTC) equity securities when the price and the full size of each customer limit order would have improved the firm's bid or offer in such a security.

The findings stated that the firm's failures to immediately display these limit orders primarily resulted from delays caused by the manual handling of orders, or the firm's misunderstanding of its responsibilities when only a portion of a customer limit order was executed within 30 seconds of its receipt. The findings also stated that the firm failed to establish and maintain a supervisory system and WSPs reasonably designed to achieve compliance with FINRA rules relating to the display of customer limit orders. The firm's system of supervision relating to limit order display obligations required that firm personnel review samples of exceptions that appeared on the firm's surveillance reports, which were designed to detect orders that might not have been handled in accordance with the limit order display rule. However, in certain instances, the firm's review mistakenly concluded that because there was at least a partial execution within 30 seconds of initial receipt of a customer limit order and additional partial executions and/or efforts to execute it continuously thereafter, there was no violation. The firm's review of the exceptions was based upon a misunderstanding of available interpretative guidance. Therefore, the firm did not recognize limit order display rule violations in such circumstances that were brought to its attention. ([FINRA Case #2017052741001](#))

TPEG Securities, LLC ([CRD #146726](#), Southlake, Texas)

June 4, 2020 – An AWC was issued in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it engaged in private placement offerings in which it failed to timely file with FINRA the private placement memorandum, term sheet, or other offering documents. The findings stated that the firm filed these documents from between three days to more than one year after the required filing date, preventing FINRA's ability to timely review the offerings. The findings also stated that the firm's supervisory system and WSPs were not reasonably designed to achieve compliance with FINRA Rule 5123. Although the firm's primary business involved private placements, and the firm conducted numerous private placement offerings every year, it failed to have a system in place to reasonably supervise its filing obligation. The firm also did not designate any individual with supervisory responsibility for Rule 5123 filings. In addition, the WSPs failed to provide guidance regarding the date that triggered the filing requirement. The WSPs also provided no definition of the date that triggered the filing requirement and failed to correctly define the first sale date for purposes of the filings. ([FINRA Case #2017053051001](#))

Electronic Transaction Clearing, Inc. ([CRD #146122](#), Los Angeles, California)

June 5, 2020 – An AWC was issued in which the firm was censured, fined \$450,000, 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 satisfy its customer protection requirements for its customer and proprietary business, including hindsight deficiencies. The findings stated

that when calculating reserves in customer and proprietary accounts of broker-dealers, the firm failed to make required reductions to certain debit balances. This caused the firm's customer and proprietary accounts of broker-dealers' reserve accounts to be underfunded, resulting in hindsight deficiencies of \$19.3 million and \$23 million in the customer reserve account and \$46.8 million and \$12.8 million in the proprietary accounts of broker-dealers reserve account. The firm failed to timely notify the SEC and FINRA of these deficiencies. In addition, the firm improperly overstated debits in its customer reserve calculations when it included an amount that was doubtful of collection. The findings also stated that the firm made unsecured advances to its parent company totaling approximately \$1 million, an amount that exceeded 10% of the firm's excess net capital for that period, without obtaining written permission from FINRA prior to doing so. The findings also included that the firm failed to comply with recordkeeping rules requiring the creation and maintenance of certain business records. The firm did not maintain an index of electronic records, store electronic records in the proper format, maintain an audit system for electronic records, or provide required notices and undertakings regarding its electronic records. Separately, the firm did not comply with recordkeeping requirements regarding payments made to its affiliated entities. The firm maintained an expense sharing agreement with the parent, but that agreement did not specify, and the firm did not maintain records showing, how the affiliates were indirectly compensated through the parent. In addition, the agreement with the parent did not accurately reflect the monthly payment amounts sent from the firm to the parent, understating the monthly base amount by approximately \$5,000, and failing to account for another approximately \$10,000 also transferred. Finally, the expense sharing agreement did not specify the method of allocation pursuant to which the amounts paid from the firm to the parent were determined. FINRA found that the firm failed to establish and maintain a supervisory system reasonably designed to achieve compliance with securities laws and FINRA rules. The firm relied on proprietary electronic systems to help it calculate reserves, track margin calls, generate customer statements and maintain position reconciliations. Although the firm was aware of deficiencies in its electronic systems, it failed to replace or improve them. The firm, as part of its supervisory system, at times developed back-up manual processes in an attempt to satisfy its obligations. However, these manual processes did not result in accurate calculations and records, given the volume of trading and number of accounts at the firm, and the firm failed to reasonably monitor these manual processes to ensure that they complied with regulatory requirements. The firm also failed to reasonably supervise its affiliate that was operating the firm's electronic storage systems and failed to reasonably supervise intercompany transfers between the firm and its affiliates. Additionally, the firm failed to reasonably address deficiencies with respect to its margin model. ([FINRA Case #2017054054101](#))

SagePoint Financial, Inc. ([CRD #133763](#), Phoenix, Arizona)

June 10, 2020 – An AWC was issued in which the firm was censured, fined \$300,000, and ordered to pay \$1,315,373.01, plus interest, in restitution to customers. 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 and failed to establish, maintain and enforce WSPs that were reasonably designed to supervise the suitability of representatives' recommendations to customers for early rollovers of Unit Investment Trusts (UITs). The findings stated that the firm's WSPs did not discuss early rollovers or series-to-series early rollovers or otherwise provide guidance to its supervisors about how to monitor for potentially unsuitable patterns of early rollovers or series-to-series early rollovers. Further, the firm did not use automated reports, alerts, or similar tools to supervise for potentially unsuitable patterns of early UIT rollovers. Similarly, the firm's review of UIT transactions through its order entry system was not focused on suitability concerns related to early UIT rollovers. As a result, the firm did not identify that firm representatives recommended potentially unsuitable early rollovers, including series-to-series early rollovers, which caused customers to incur \$1,315,373.01 in sales charges that they would not have incurred had they held the UITs until their maturity dates. ([FINRA Case #2018056858101](#))

Two Sigma Securities, LLC ([CRD #148960](#), New York, New York)

June 12, 2020 – An AWC was issued in which the firm was censured and fined \$225,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it effected certain short sale transactions without borrowing, or entering into a bona-fide arrangement to borrow the securities, or having reasonable grounds to believe they could be borrowed, by the delivery date of such securities contrary to the requirements of Rule 203(b)(1) of Regulation SHO pursuant to the Securities Exchange Act of 1934 (the locate requirement). The findings stated that the firm self-reported to FINRA that it had discovered certain system issues impacting its calculation of available securities for purposes of complying with the locate requirement. The first system issue caused the short and long positions related to the firm's legacy market-making strategy to be omitted from net position computations of its market-making aggregation unit. As a result, in certain instances, the firm miscalculated the market-making aggregation unit's overall net position as long in its system. The second system issue resulted from inadvertent failures to distinguish between threshold and non-threshold securities in certain trade strategies for locate compliance purposes. As a result of coding errors, certain trade strategies re-applied locates from earlier short sales to subsequent intra-day short sales in threshold securities. This occurred when the trade strategy covered the earlier short sale with a purchase. In these situations, it was unlikely that the firm would have reasonable grounds to believe that the securities could be borrowed for delivery on settlement date, and at least 13 such short sales resulted in the failure to deliver of securities at the firm's clearing firm. The findings also stated that the firm's supervisory system was not reasonably designed to achieve compliance with the locate requirement.

The firm failed to reasonably test the quality and accuracy of the systems that were the primary tool that it relied on for achieving compliance with the locate requirement. In addition, the firm lacked supervisory reviews that were reasonably designed to ensure that the data its surveillance reports relied upon for supervising locate compliance was accurate. The findings also included that the firm lacked WSPs concerning its system changes, updates and checks for regulatory compliance. While the firm had a quality control process for systems updates, such review was not reflected in its WSPs. The firm's WSPs did not reflect reasonable supervisory reviews to validate whether the firm's quality control process for reviewing and approving systems changes, including documentation of the approval process, was being followed. Further, the procedures did not make clear that the designated supervisor's responsibilities encompassed reviews designed to confirm whether systems changes were reasonable for achieving compliance with applicable securities laws and rules. Finally, the firm's WSPs did not provide complete descriptions of the nature, scope and use of the firm's locate requirement surveillance reports. ([FINRA Case #2016050929001](#))

D.A. Davidson & Co. ([CRD #199](#), Great Falls, Montana)

June 15, 2020 – An AWC was issued in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report to the Trade Reporting and Compliance Engine® (TRACE®) transactions in TRACE-eligible agency debt securities within the time required, constituting a pattern or practice of late reporting without exceptional circumstances. The findings stated that the firm's violations were the result of human errors by traders or administrative staff, as well as amendments to correct, among other things, settlement dates, execution times and changes to price and volume that were not completed within 15 minutes of execution. ([FINRA Case #2018060923801](#))

Fusion Analytics Securities LLC ([CRD #124245](#), Coral Springs, Florida)

June 16, 2020 – An Offer of Settlement was issued in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to comply with critical books and records and net capital rules established by the SEC and FINRA. The findings stated that the firm conducted a securities business on days during which it failed to maintain the required minimum net capital. The firm was required to maintain \$250,000 in minimum net capital on days in which it held customers' securities or funds without promptly forwarding them but failed to do so. The findings also stated that the firm failed to file notice of its net capital deficiencies with the SEC or FINRA on days that it was net capital deficient. The findings also included that the firm prepared and filed inaccurate quarterly Financial and Operational Combined Uniform Single (FOCUS) reports when it inaccurately recorded its minimum net capital requirement, inaccurately recorded its shares of an issuer's stock as an allowable asset, and did not accrue expenses for its email retention provider, for a market data subscription and order entry system, certain legal expenses, certain

salaries and one of its offices. FINRA found that the firm made and preserved inaccurate balance sheets, trial balances, general ledgers and net capital computations. ([FINRA Case #2018058871601](#))

J.P. Morgan Securities LLC ([CRD #79](#), New York, New York)

June 22, 2020 – An AWC was issued in which the firm was censured, fined \$325,000 and ordered to pay \$333,619.34, plus interest, in restitution to customers. 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 reasonably designed to achieve compliance with its obligations under the applicable FINRA rules in connection with its sale of volatility-linked exchange traded products (volatility ETPs). The findings stated that although the firm was aware of the unique characteristics of volatility ETPs, it made these products available for solicited purchases without having a reasonable system in place to ensure that its brokers and customers understood the nature and characteristics of these products or the risks inherent in holding them for long-term periods. Certain of the firm’s customers, including those without high risk tolerances or aggressive investment objectives, purchased volatility ETPs on a solicited basis, held them for lengthy periods of time and sustained losses. The firm did not provide any training or guidance to its brokers or supervisors specifically regarding volatility ETPs, nor did it identify the risks associated with volatility ETPs in its WSPs. In addition, the firm did not conduct reasonable post-approval review of the products’ performance and risk profile or take other reasonable steps to supervise solicited sales of the products to customers. ([FINRA Case #2018057508101](#))

Exane, Inc. ([CRD #41784](#), New York, New York)

June 23, 2020 – An AWC was issued in which the firm was censured, fined \$50,000 and required to revise its risk management controls and supervisory procedures. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory and other risks of its business. The findings stated that the firm’s credit limit controls were not automated, nor were they applied on a pre-trade basis. Accordingly, the firm failed to establish controls and procedures reasonably designed to prevent the entry of orders that exceed appropriate pre-set credit or capital thresholds in the aggregate for each customer. The firm also utilized erroneous order controls provided by an exchange. While the firm is entitled to use risk management tools provided by a third party, such as an exchange, the firm was required to perform appropriate due diligence regarding the reasonableness and effectiveness of the controls but failed to do so. Additionally, the firm failed to establish any pre-trade controls or procedures to prevent the entry of orders unless there had been compliance with all regulatory requirements that must be satisfied on a pre-order entry basis. Rather, pursuant to its supervisory procedures, the firm reviewed compliance with regulatory requirements through post-trade execution reports, and it did not have any controls or

procedures regarding regulatory compliance on a pre-order entry basis. Accordingly, the firm failed to establish risk management controls and supervisory procedures reasonably designed to prevent the entry of orders unless there had been compliance with all regulatory requirements that must be satisfied on a pre-order entry basis. The findings also stated that the firm failed to document its annual reviews of the business activity of the firm in connection with market access. The firm's annual review documents did not contain a specific discussion of the SEC market access rule or reference a specific review of the business activity of the firm related to market access undertaken to assure the overall effectiveness of its risk management controls and supervisory procedures. Additionally, the firm's chief executive officer (CEO) certifications regarding market access were deficient. The certifications for multiple years did not contain an affirmative statement from the CEO that the firm's risk management controls and supervisory procedures complied with the relevant paragraphs of the SEC market access rule. ([FINRA Case #2015044347801](#))

BNY Mellon Capital Markets, LLC ([CRD #17454](#), New York, New York)

June 25, 2020 – An AWC was issued in which the firm was censured and fined \$35,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that 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 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 and populated an incorrect field with the maximum interest rate information. ([FINRA Case #2018057742601](#))

Moors & Cabot, Inc. ([CRD #594](#), Boston, Massachusetts)

June 25, 2020 – An AWC was issued in which the firm was censured and fined \$250,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to disclose in writing to customers approximately \$7.5 million in compensation it earned for trades in preferred securities effected in the customers' accounts. The findings stated that the firm acted in a principal capacity, purchasing preferred shares from one firm customer, and then selling those shares on the same day to a different firm customer, often within minutes. The firm customers who purchased preferred shares from the firm paid a higher price than the firm paid to acquire them from the selling customer. Although the firm retained the difference between the two prices as its compensation, it treated the transactions as if they were bonds and did not disclose its compensation on the trade confirmations the customers received. The firm also incorrectly disclosed the use of an average price on trade confirmations sent to its customers. Due to a programming error in the firm's order management system, it issued trade confirmations to customers reflecting an average price when, in fact, the order price

was the result of a single execution. The findings also stated that the firm committed trade reporting violations. The firm failed to fully and promptly route marketable limit orders that its trading desk received from firm customers by telephone. The delays in routing the orders were caused by manual processing of the orders by the firm's trading desk. The firm failed to transmit data required by FINRA rules to the Order Audit Trail System (OATS™) including, among other information, order receipt times, account types and share quantities. The firm also failed to record order receipt time in the format required by FINRA. In addition, the firm submitted trade reports that incorrectly reported order information to the trade reporting facility, including the execution quantity and whether the order was a sell or buy order. Two trade reports submitted by the firm to the OTC trade reporting facility incorrectly reported customer sell orders as buy orders. The findings also included that the firm failed to create and maintain required books and records. For orders and proprietary orders received from firm customers and placed directly with its clearing firm by telephone, the firm failed to make and preserve any order memoranda. FINRA found that the firm failed to establish and maintain a supervisory system, including written procedures, reasonably designed to achieve compliance with the rules governing the recording of order times, and failed to enforce its WSPs regarding the disclosure of compensation on customer confirmations. The firm's trading systems did not automatically record the time an order was entered when the trade was placed on a principal basis and as a result, the firm had its registered representatives telephone the firm's trading desk to report these trades. The firm's WSPs did not include any procedures or processes designed to ensure that the order time provided to the trading desk reflected the time the order was received from the customer. The firm's daily supervisory report did not provide it or its supervisors with the ability to review the accuracy of order receipt times for principal trades. The firm's determination that its WSPs did not require it to disclose the compensation received in connection with preferred securities trades was not reasonable given that the trades were submitted to the firm's equity trading desk for processing and treated as equities for trade reporting purposes. ([FINRA Case #2014042444001](#))

WestPark Capital, Inc. ([CRD #39914](#), Los Angeles, California)

June 26, 2020 – An AWC was issued in which the firm was censured and fined \$30,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it reported Reportable Order Events (ROEs) with inaccurate reporting exception codes, inaccurate order receipt times, inaccurate capacity codes and/or inaccurate account type codes. The findings stated that the firm also transmitted ROEs to OATS that should not have been submitted to OATS. The findings also stated that the firm provided written notification to customers that disclosed inaccurate capacity codes of principal for orders that were executed in an agency capacity for trades that were booked into the firm's inventory account. The findings also included that the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with applicable SEC and FINRA rules regarding OATS reporting

and disclosure on customer confirmations. The firm's supervisory system, including its WSPs, did not include a review of the accuracy of information it submitted to OATS. Once implemented, the firm's supervisory system relied on reviews that would not have detected the majority of the instances where the firm submitted inaccurate or improper order information to OATS. Additionally, the firm's WSPs pertaining to customer confirmations noted that it would review the clearing firm confirmations to ensure that the proper disclosures appeared on the confirmations, but it did not include a review to determine if the disclosures were accurate. ([FINRA Case #2015047727501](#))

Valmark Securities, Inc. ([CRD #31243](#), Akron, Ohio)

June 30, 2020 – An AWC was issued in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it did not retain emails for users in four branch offices. The findings stated that the firm relied on journaling rules at the affected branch offices to archive emails into its email system for retention. However, changes in vendors, systems updates, or configuration changes made by the branch offices caused the journaling rules at those branches to stop working. In each case, when a journaling rule stopped working, the firm's email system generated a single email alert three days later, stating simply that certain users had not archived emails for the past three days. Each email was sent to a general firm email distribution list for technical support and was not acted upon. At the time, the firm's systems were not configured to provide any additional alerts or otherwise report that a journaling rule was not working. As a result, the journaling rule issues were not discovered until later when the firm began a review of its overall system of email retention and review. Upon discovery, the firm identified the extent of the issue and took steps to recover emails potentially lost. Despite these efforts, approximately 180,000 emails could not be recovered. ([FINRA Case #2018060836401](#))

Individuals Barred

Marie Bernadette Kincheloe ([CRD #6527523](#), Staunton, Virginia)

June 1, 2020 – An AWC was issued in which Kincheloe was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Kincheloe consented to the sanctions and to the entry of findings that she refused to produce documents or information requested by FINRA in connection with an investigation initiated after it received a Uniform Termination Notice for Securities Industry Registration (Form U5) from her member firm indicating that she was under internal review for allegations that she involved an unregistered person in activities that require registration. ([FINRA Case #2019064729701](#))

Matthew Vincent Muratori ([CRD #6255633](#), Clearwater, Florida)

June 8, 2020 – An AWC was issued in which Muratori was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Muratori consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony or to produce documents and information requested by FINRA in connection with its investigation into his potential involvement in the conversion of funds belonging to a senior customer at his member firm. ([FINRA Case #2019063976701](#))

Dee Dee Brooks ([CRD #2559233](#), Huntington Beach, California)

June 9, 2020 – An AWC was issued in which Brooks was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Brooks consented to the sanction and to the entry of findings that she engaged in private securities transactions without providing prior notice to or obtaining approval from her member firm. The findings stated that Brooks solicited investors to purchase more than \$1.77 million in securities in a purported real estate investment fund and in a company representing itself as a structured cash flow investment company. Brooks, through an entity that she worked with as an outside business, solicited investors, over half of whom were customers of her firm, to invest \$906,497 in the real estate investment fund's promissory notes. Later, the fund filed a voluntary Chapter 11 bankruptcy petition. In a lawsuit brought by the Securities and Exchange Commission, the U.S. District Court for the Southern District of Florida issued final judgments against, among others, the fund and its former owner. Those judgments required the fund and its owner to, among other things, disgorge their ill-gotten gains and pay a civil penalty. In addition, Brooks sold \$866,895 in company purchase agreements to investors, most of whom were firm customers. Later, the investment company ceased business, owing nearly \$300 million in unpaid investor payments. In a subsequent indictment, the U.S. charged the investment company and its owner with conspiracy to engage in mail and wire fraud related to the investment company's operations. ([FINRA Case #2018058983601](#))

David Austin ([CRD #6702519](#), Grand Rapids, Michigan)

June 11, 2020 – An AWC was issued in which Austin was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Austin consented to the sanction and to the entry of findings that he converted approximately \$144,000 from three customers of his member firm's affiliated bank. The findings stated that Austin forged withdrawal slips for the bank customers, two of whom were over 90 years old, and made unauthorized cash withdrawals from their accounts, which he kept for his personal use. Austin also transferred funds from two of these customers' joint bank account to his personal bank account without authorization. ([FINRA Case #2020066576401](#))

Gustavo Alberto Trujillo Franco ([CRD #6793684](#), Guayaquil, Ecuador)

June 25, 2020 – An Office of Hearing Officers (OHO) decision became final in which Trujillo Franco was barred from association with any FINRA member in all capacities. The sanction was based on the findings that Trujillo Franco failed to appear for on-the-record testimony required by FINRA in connection with an investigation that originated from a routine examination of a member firm. The findings stated that the examination led to the discovery of certain dealings between the firm and Trujillo Franco that prompted FINRA to request his testimony. The examination addressed, among other things, the firm's allegedly fraudulent wire transfers of customer funds to a certain shell company with which Trujillo Franco was affiliated, where the funds purportedly were misappropriated, and the firm's dealings with foreign investment advisors that Trujillo Franco was affiliated with. The foreign investment advisors had allegedly falsified customer documents and engaged in suspicious trading activity. ([FINRA Case #2019064884501](#))

Michael Joseph Iannarino ([CRD #1258453](#), Columbus, Ohio)

June 30, 2020 – An AWC was issued in which Iannarino was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Iannarino consented to the sanction and to the entry of findings that he failed to provide documents and information requested by FINRA during its investigation of his potential recommendation and sale of promissory notes to individuals. The findings stated that Iannarino provided partial but incomplete responses to FINRA's initial requests. Iannarino's partial responses did not substantially comply with FINRA's requests, and the information and documents were material to FINRA's investigation. Subsequently, Iannarino refused to produce any additional information and documents. ([FINRA Case #2020065575901](#))

Individuals Suspended

Mark William Menard ([CRD #2066519](#), Houston, Texas)

June 1, 2020 – An AWC was issued in which Menard was fined \$5,000 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Menard consented to the sanctions and to the entry of findings that he falsified documents as an accommodation for customers, with their permission, by manually copying and pasting customer signatures onto estate forms. The findings stated that Menard did this after the customers, who were beneficiaries of their deceased parents' Individual Retirement Accounts (IRAs), requested distributions of their inherited shares of the IRAs. After Menard's member firm obtained authentic signatures from each customer, the forms resulted in the movement of funds from the parents' IRAs to the customer's inherited IRAs.

The suspension is in effect from July 6, 2020, through August 20, 2020. ([FINRA Case #2019063301201](#))

Quinn Daniel Campbell (CRD #4528976, Holladay, Utah)

June 2, 2020 – An AWC was issued in which Campbell was fined \$5,000 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the findings, Campbell consented to the sanctions and to the entry of findings that he caused his member firm to violate the SEC’s Regulation S-P: Privacy of Consumer Financial Information and Safeguarding Personal Information by removing non-public personal customer information from the firm without its knowledge or consent or that of its customers. The findings stated that Campbell removed the customers’ non-public personal information that he received from the firm as part of his employment with it as a registered representative. Campbell retained this information after the termination of his association with the firm, during which time he was not entitled to possess the information.

The suspension was in effect from July 6, 2020, through July 17, 2020. ([FINRA Case #2018058852901](#))

Donald George Padilla (CRD #3053711, Porter Ranch, California)

June 2, 2020 – An AWC was issued in which Padilla was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for five months. Without admitting or denying the findings, Padilla consented to the sanctions and to the entry of findings that he set up and used unapproved email accounts to correspond with his member firm’s customers about securities business and circumvented the firm’s supervision of his business. The findings stated that Padilla sent communications including, among other things, account funding confirmations, portfolio recommendations, fee summaries and trade confirmations. Padilla hid the email accounts from the firm during branch audits. The findings also stated that Padilla prevented the firm from preserving records of his communications by using the unapproved email accounts to conduct firm business causing the firm to fail to comply with its recordkeeping obligations. In addition, Padilla made misrepresentations on firm annual compliance questionnaires indicating that he only used his firm email address for securities business and client-related correspondence.

The suspension is in effect from June 15, 2020, through November 14, 2020. ([FINRA Case #2015048141902](#))

Hector Ramos (CRD #4172477, Brooklyn, New York)

June 2, 2020 – An AWC was issued in which Ramos was suspended from association with any FINRA member in all capacities for three months, ordered to pay deferred partial restitution of \$50,000, plus interest, to a customer and required to attend and satisfactorily complete 10 hours of continuing education concerning suitability within 60 days of his reassociation with any FINRA member. In light of Ramos’ financial status, no fine and partial restitution have been imposed. Without admitting or denying the findings, Ramos consented to the sanctions and to the entry of findings that he made unsuitable

recommendations to a customer that was unemployed, disabled, living on a fixed income and had limited investment experience. The findings stated that Ramos recommended that the customer invest primarily in speculative energy sector securities, despite the volatility of the energy market, the volatility of the specific securities, and the customer's investment profile. Ramos repeatedly recommended that the customer increase her positions in energy sector securities, including additional energy sector securities. The customer realized losses totaling \$86,891.

The suspension is in effect from June 15, 2020, through September 14, 2020. ([FINRA Case #2018059983001](#))

Robert Silverman (CRD #4582993, Red Bank, New Jersey)

June 3, 2020 – An AWC was issued in which Silverman was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Silverman consented to the sanctions and to the entry of findings that he effected transactions in a customer's accounts based on instructions given to him by the customer's son-in-law, who was not authorized to direct transactions in the accounts. The findings stated that Silverman effectuated withdrawals from the customer's accounts at the son-in-law's instruction without receiving customer authorization. Silverman also facilitated the son-in-law's own direct withdrawals from the customer's accounts by providing to him the withdrawal request form. Each withdrawal request caused sales of securities in the customer's accounts in order to fund the withdrawal. Silverman effectuated or facilitated unauthorized withdrawal requests totaling \$228,679. The findings also stated that Silverman used an email account that was not disclosed to or approved by his member firm to communicate with the son-in-law regarding the customer. The communications included the son-in-law's instructions to Silverman to withdraw funds from the customer's accounts. The firm was unaware of the electronic communications Silverman sent or received regarding the customer's account, and thus did not retain these communications.

The suspension is in effect from June 15, 2020, through October 14, 2020. ([FINRA Case #2019063123501](#))

Joe McCollum Allbright (CRD #3001630, Odessa, Texas)

June 8, 2020 – An AWC was issued in which Allbright 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, Allbright consented to the sanctions and to the entry of findings that he engaged in private securities transactions without providing prior notice to or receiving approval from his member firm. The findings stated that Allbright solicited investors to purchase securities in a company representing itself as a structured cash flow investment. Allbright sold \$502,000 in the company's purchase agreements to investors, including one firm customer. Allbright received a total of \$11,200 in commissions in connection with these transactions. The findings also stated that

Allbright engaged in outside business activities for compensation without providing prior written notice to his firm. Allbright conducted an insurance business, selling insurance products from both firm-affiliated and non-affiliated companies and also conducted financial planning services business offering fixed products and other financial planning services. Each of these activities were outside the scope of Allbright's relationship with the firm. Further, Allbright completed compliance questionnaires incorrectly attesting that he had disclosed all outside activities to the firm.

The suspension is in effect from June 15, 2020, through March 14, 2021. ([FINRA Case #2018059630801](#))

Hector Luis Luna (CRD #1078900, Miami, Florida)

June 8, 2020 – An AWC was issued in which Luna 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, Luna consented to the sanctions and to the entry of findings that he assisted an elderly customer of his member firm in preparing beneficiary change forms naming Luna's wife and adult children as beneficiaries on the customer's life insurance policies. The findings stated that the combined death value of these policies was \$350,000. Luna concealed his conduct from the firm, thereby circumventing its policies that prohibited representatives or their family members from serving as beneficiaries on any customer insurance policy.

The suspension is in effect from June 15, 2020, through September 14, 2020. ([FINRA Case #2019063560201](#))

Bradley Scott Kyburz (CRD #2969350, Sioux Falls, South Dakota)

June 10, 2020 – An AWC was issued in which Kyburz was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for 10 months. Without admitting or denying the findings, Kyburz consented to the sanctions and to the entry of findings that he willfully failed to disclose through the timely filing of an amended Uniform Application for Securities Industry Registration or Transfer form (Form U4) that he had been charged with, pleaded guilty to and was convicted of a felony offense. The findings stated that while completing his member firm's annual compliance questionnaires, Kyburz falsely stated that he had not been charged with, convicted of, or pled guilty to any felony. The findings also stated that Kyburz failed to amend his Form U4 to disclose tax liens and civil judgments entered against him totaling \$133,379. In addition, Kyburz falsely stated on annual compliance questionnaires that he did not have any unsatisfied liens or judgments other than those previously disclosed on his Form U4.

The suspension is in effect from June 15, 2020, through April 14, 2021. ([FINRA Case #2019062428401](#))

John Wade Loofbourrow (CRD #312494, Springfield, New Jersey)

June 11, 2020 – An AWC was issued in which Loofbourrow was fined \$7,500 and suspended from association with any FINRA member in any principal capacity, with the exception of any activities requiring registration as a Financial and Operations Principal (FINOP), for two months. Without admitting or denying the findings, Loofbourrow consented to the sanctions and to the entry of findings that former registered representatives that he supervised disclosed outside business activities, but he failed to reasonably review those activities as required by FINRA rules. The findings stated that the representatives disclosed that they did not receive compensation from their outside business activities. Loofbourrow was the supervisory principal at his member firm responsible for reviewing and approving any outside business activities registered representatives disclosed. Loofbourrow approved the representative's outside business activities at the time they were disclosed but failed to conduct the review that FINRA rules require. In particular, Loofbourrow did not consider whether the outside business activities would interfere with the responsibilities of the representatives at the firm or whether customers could view the activities as part of the firm's business. In addition, Loofbourrow failed to consider whether the outside business activities of the representatives were more properly characterized as outside securities transactions and he did not keep a record of the factors he considered in approving the outside business activities.

The suspension is in effect from July 6, 2020, through September 5, 2020. ([FINRA Case #2019061086303](#))

James Joseph Van Ham (CRD #1231636, Naperville, Illinois)

June 16, 2020 – An AWC was issued in which Van Ham 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, Van Ham consented to the sanctions and to the entry of findings that he circumvented his member firm's supervisory procedures in an effort to effect a senior customer's variable-to-fixed annuity exchange that his firm had already rejected as unsuitable. The findings stated that Van Ham sent an email from his unmonitored and unapproved personal email account to an individual not associated with his firm, seeking assistance to process the transaction away from the firm. In the email Van Ham warned the individual not to contact him through his firm email account, but instead to use his cell or the private email address. The exchange did not occur.

The suspension is in effect from July 6, 2020, through September 5, 2020. ([FINRA Case #2018059249501](#))

Albert Dishner (CRD #1912362, Mount Kisco, New York)

June 17, 2020 – An AWC was issued in which Dishner was fined \$5,000 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the findings, Dishner consented to the sanctions and to the entry

of findings that he exercised discretionary power in a customer's brokerage accounts, executing securities transactions, including equities and option contracts, without the customer's written authorization. The findings stated that the customer, a long-term client of Dishner, orally or implicitly gave him authority to exercise discretion in his accounts. Dishner's member firm did not accept the accounts in writing as discretionary, and, for the trades involving option contracts, a Registered Options Principal or Limited Principal – General Securities Sales Supervisor did not accept the accounts in writing as discretionary.

The suspension was in effect from July 20, 2020, through July 31, 2020. ([FINRA Case #2016051048101](#))

Barry John Hartwyk (CRD #1527583, Seal Beach, California)

June 18, 2020 – An AWC was issued in which Hartwyk was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Hartwyk consented to the sanctions and to the entry of findings that he exercised discretion in customer accounts without written authorization from the customers or having obtained his member firm's approval to exercise discretion. The findings stated that the customers had verbally authorized Hartwyk to exercise discretion in their accounts.

The suspension was in effect from July 6, 2020, through July 24, 2020. ([FINRA Case #2018060409301](#))

Christopher Richard Wurtzinger (CRD #1921024, Chicago, Illinois)

June 18, 2020 – An AWC was issued in which Wurtzinger was suspended from association with any FINRA member in any principal capacity for four weeks. In light of Wurtzinger's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Wurtzinger consented to the sanction and to the entry of findings that he failed to conduct a reasonable analysis into whether the proposed activity of a registered representative of his member firm was properly characterized as an outside business activity or whether it should be treated as an outside securities activity. The findings stated that Wurtzinger failed to demonstrate that he conducted any required analysis of this activity and failed to keep a record of any such compliance. The representative submitted outside business activity forms seeking to engage in introduction and sales of a first position commercial mortgage program and disclosing that he would be receiving compensation in connection with this activity. Wurtzinger reviewed the outside business activity forms and approved the activity. The representative sold at least \$3,365,000 in the program notes to investors outside of the firm. Two of the investors were firm customers who held accounts directly with the program sponsors. Although the representative failed to disclose certain facts about the program notes, the outside business activity forms did contain sufficient information to put Wurtzinger on notice that the proposed activity may be a securities activity. Wurtzinger was also involved in the firm's denial of another representative's request to engage in the note sales because the firm had determined that

the notes were securities. The SEC filed a complaint in the United States District Court for the Southern District of Florida against the company and its former owner, among others, claiming that the owner and the company operated a Ponzi scheme. Subsequently, the court issued a final judgement requiring the company and its owner to, among other things, disgorge their ill-gotten gains, and ordered the owner to pay a civil penalty.

The suspension was in effect from July 20, 2020, through August 16, 2020. ([FINRA Case #2018057522002](#))

Frank Venturelli ([CRD #6403468](#), Red Bank, New Jersey)

June 19, 2020 – An AWC was issued in which Venturelli was suspended from association with any FINRA member in all capacities for 11 months and ordered to pay \$30,000, plus interest, in deferred partial restitution to customers. In light of Venturelli's financial status, no fine and only partial restitution have been imposed. Without admitting or denying the findings, Venturelli consented to the sanctions and to the entry of findings that he engaged in quantitatively unsuitable trading in customers' accounts. The findings stated that Venturelli recommended the trading in the customers' accounts and they followed his recommendations. As a result, Venturelli exercised de facto control over the accounts. Venturelli's trading of the accounts resulted in high turnover rates and cost-to-equity ratios as well as significant losses. Venturelli's trading was excessive and unsuitable given the customers' investment profiles, and it was virtually impossible for any of the customers to earn a profit. As a result of Venturelli's excessive trading, the customers suffered collective losses of \$373,226 and paid \$169,803 in commissions and fees.

The suspension is in effect from July 6, 2020, through June 5, 2021. ([FINRA Case #2017052466303](#))

Michael Nicholas Catoggio ([CRD #2402269](#), Staten Island, New York)

June 23, 2020 – An AWC was issued in which Catoggio was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in any principal capacity for two months and required to requalify by examination as a General Securities Principal prior to acting in that capacity with any FINRA member. Without admitting or denying the findings, Catoggio consented to the sanctions and to the entry of findings that as the anti-money laundering (AML) compliance officer of his member firm, he failed to establish and implement an AML compliance program reasonably designed to detect and cause the reporting of potentially suspicious activity relating to transactions involving the deposit and liquidation of low-priced securities. The findings stated that Catoggio's firm had only one exception report related to low-priced securities and it did not identify red flags generally associated with trading in low-priced securities, including the percentage the trading constituted of the market volume in the particular low-priced security or information identifying potentially suspicious price fluctuations. Moreover, the exception report did not capture potentially suspicious trends in customer activity over time. Catoggio did not implement any other exception reports or tools to monitor for those red flags or other red flags related to low-priced securities identified in the firm's WSPs. Catoggio delegated

the review of the exception report to the firm's branch managers and regional supervisor. However, Catoggio did not provide any training to his designees regarding how to use the exception report alone or in conjunction with other account, trading and fund transfer information to flag potentially suspicious trading activity, and did not ensure that they had any understanding of how to monitor for suspicious trading in low-priced securities. Catoggio failed to take reasonable steps to monitor the review so that it was effective, reasonably designed and functioning as intended. In fact, when notified that branch managers were not performing their delegated reviews of the exception report, Catoggio did not take any action in response. As a result, Catoggio and the firm failed to detect and investigate red flags that suggested potentially suspicious activity in the accounts of customers that deposited low-priced securities, liquidated those shares and immediately withdrew the proceeds. The findings also stated that Catoggio failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with Section 5 of the Securities Act of 1933. Catoggio failed to ensure that the firm had any system or procedures in place to avoid becoming a participant in unregistered sales of securities, despite being aware that firm customers frequently deposited stock certificates for low-priced securities in physical and electronic form. The firm's WSPs, which Catoggio, as chief executive officer of the firm, was responsible for, failed to set forth any guidance as to what due diligence the firm should conduct on securities deposits, including deposits of low-priced securities, to evaluate whether securities deposited by customers were freely tradeable. Catoggio did not personally conduct a reasonable review of whether the low-priced securities deposited the firm's customers were freely tradeable, nor did he delegate that responsibility to any other firm employee. Indeed, contrary to the terms of its clearing agreement, the firm relied solely on its clearing firm to determine if securities deposited and sold by its customers were freely tradeable.

The suspension is in effect from July 6, 2020, through September 5, 2020. ([FINRA Case #2016047624303](#))

Benard Wayne Gann (CRD #2459622, Tyler, Texas)

June 23, 2020 – An AWC was issued in which Gann was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 30 business days. Without admitting or denying the findings, Gann consented to the sanctions and to the entry of findings that he placed an unauthorized trade in a customer's account. The findings stated that this transaction followed a conversation between Gann and his son in which his son suggested the transaction to Gann. Gann's son had been the customer's registered representative at another broker-dealer until that firm terminated him. Gann's son had no authority to order trades in the customer's account, and Gann assumed incorrectly that his son had discussed the trade with the customer. Further, at the time of the transaction, Gann's son was serving a FINRA suspension from associating with any broker-dealer in any capacity, for engaging in conduct that violated FINRA rules. In addition, Gann failed to contact the customer to obtain her authorization before placing the trade in her account.

The suspension was in effect from July 6, 2020, through August 14, 2020. ([FINRA Case #2018059526701](#))

Micah Wesley Patterson ([CRD #5562392](#), Kaysville, Utah)

June 23, 2020 – An AWC was issued in which Patterson was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Patterson consented to the sanctions and to the entry of findings that he engaged in an undisclosed and unapproved private securities transaction in the amount of \$30,644. The findings stated that Patterson solicited an investor to purchase securities in a limited liability company (LLC) that represented itself as a structured cash flowing investment. Patterson received a total of \$1,225.76 in commissions in connection with this transaction. Patterson did not provide notice to his member firms prior to participating in the transaction involving the LLC, nor did he obtain approval from either firm. Patterson's failure is aggravated by the fact that he completed a compliance questionnaire for one of the firms that incorrectly attested that he did not participate in a private securities transaction that had not been reported to or preapproved by the firm. Later, the LLC ceased business, owing nearly \$300 million in unpaid investor payments. Subsequently, the U.S. charged the LLC and its owner with conspiracy to engage in mail and wire fraud related to the LLC's operations.

The suspension was in effect from July 6, 2020, through August 5, 2020. ([FINRA Case #2019062875201](#))

Eric Lowell Small ([CRD #2140208](#), Cleveland, Ohio)

June 23, 2020 – An AWC was issued in which Small was fined \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Small consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose a bankruptcy and tax liens totaling approximately \$33,000. The findings stated that Small inaccurately certified on his member firm's quarterly compliance questionnaires that his Form U4 was accurate, even though he had not yet amended his Form U4 to disclose the liens.

The suspension is in effect from July 20, 2020, through October 19, 2020. ([FINRA Case #2019061329701](#))

Ryan Matthew Davis ([CRD #6219294](#), Ramsey, New Jersey)

June 24, 2020 – An AWC was issued in which Davis was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in all capacities for 18 months. Without admitting or denying the findings, Davis consented to the sanctions and to the entry of findings that he engaged in outside business activities without providing written notice to his member firm. The findings stated that Davis' outside business activities included creation of, ownership in and management of four LLCs and a limited partnership

established to trade cryptocurrencies, and an LLC established to trade commodity futures. As compensation, Davis expected to receive a portion of the net profits generated from the entities' cryptocurrency trading and from the commodities trading. However, no profits were generated. The findings also stated that Davis participated in private securities transactions without providing prior written notice to his firm. Davis participated in raising capital from investors by soliciting investments of approximately \$200,000. Davis marketed investment pools through two of the companies trading cryptocurrencies. Subsequently, approximately 96 percent of the investors' funds were returned to them after these entities failed to be profitable. The findings also included that Davis intentionally provided false information to his firm in order to conceal his outside business activities and private securities transactions. Davis provided false answers to questions on his firm's annual compliance questionnaires and provided false information to it when it questioned him about his outside activities.

The suspension is in effect from July 6, 2020, through January 5, 2022. ([FINRA Case #2019061456701](#))

Gregory Alan Ricker (CRD #1834893, Ft. Lauderdale, Florida)

June 29, 2020 – An AWC was issued in which Ricker was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in all capacities for six months and is ordered to pay to FINRA deferred disgorgement of referral fees received in the amount of \$75,000, plus interest. Without admitting or denying the findings, Ricker consented to the sanctions and to the entry of findings that he participated in private securities transactions by referring a potential investor to a company and receiving selling compensation in the amount of \$75,000 for the investor's two investments that totaled \$750,000 in the company without notifying and receiving prior written approval from his member firm. The findings stated that Ricker made false statements to the firm on annual compliance questionnaires concerning his participation in the private securities transactions.

The suspension is in effect from July 6, 2020, through January 5, 2021. ([FINRA Case #2019062084002](#))

Henry Arthur Taylor III (CRD #4641256, Springdale, Arkansas)

June 29, 2020 – An AWC was issued in which Taylor was fined \$7,500 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Taylor consented to the sanctions and to the entry of findings that he participated in a \$30,000 private securities transaction without notifying his member firm about the transaction, his role in it, and whether he had received or expected to receive selling compensation in connection with the transaction. The findings stated that Taylor and his long-time friend and customer attended a presentation about an opportunity to invest in a company. The company investment was a securities transaction outside the course or scope of Taylor's employment with the firm. Taylor's failure to provide the

required notice to his firm is aggravated by the fact that he concealed the investment from it. The firm learned that Taylor was either participating, or contemplating participating, in the investment and warned him that any such investment would constitute a prohibited private securities transaction that could result in his termination. Taylor falsely denied making any investment and falsely disavowed any intent to pursue any investment.

The suspension is in effect from July 20, 2020, through October 19, 2020. ([FINRA Case #2018059200701](#))

Katie Ann Hudson (CRD #5508543, Hopewell Junction, New York)

June 30, 2020 – An AWC was issued in which Hudson was fined \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Hudson consented to the sanctions and to the entry of findings that she failed to timely amend her Form U4 to disclose that she had been charged with felonies on two occasions. The findings stated that the charges, that were in connection with a motor vehicle incident, were subsequently reduced to misdemeanors. In addition, Hudson inaccurately certified on her member firm’s annual compliance questionnaire that she had not been charged with any felony, misdemeanor or other criminal offenses since her last submission to the firm, even though she had been charged in connection with the motor vehicle incident.

The suspension is in effect from July 20, 2020 through September 19, 2020. ([FINRA Case #2019062699901](#))

Decision Issued

The OHO issued the following decision, which has been appealed to or called for review by the NAC as of June 30, 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.

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

June 8, 2020 – Kielczewski appealed an OHO decision to the NAC. Kielczewski was fined \$50,000, suspended from association with any FINRA member in all capacities for 18 months, required to requalify by examination as a registered representative before again acting in that capacity, and as a condition to re-association with a member firm after his suspension, he shall only be employed by a member firm that agrees in writing to place him on heightened supervision for one year. The sanctions are based on findings that Kielczewski participated in private securities transactions without providing prior written notice to his member firm. The findings stated that Kielczewski solicited several of his customers to invest in a hedge fund he created with others. Kielczewski was a manager of the fund with the power to conduct, direct and exercise full control over its activities.

Several of Kielczewski's customers invested in the fund, with a total investment amount of over \$10 million. The findings also stated that Kielczewski made false and misleading statements to his firm about his relationship and activities with the fund. Kielczewski represented to the firm that he was a passive owner and investor in the fund and had neither engaged in private securities transactions nor solicited customers for it. Contrary to his representations, Kielczewski's fund-related activities constituted material, active measures to assist the fund's business. These activities included, among other things, directly soliciting investors, helping the fund's trader solicit investors, helping another individual solicit investors, engaging in private securities transactions, and reviewing and revising the fund's pitch book and the quarterly manager's report. The findings also included that Kielczewski willfully caused the firm to file a misleading initial Form U4 and Form U4 amendments related to the nature and extent of his relationship and activities with the fund.

The sanctions are not in effect pending the review. ([FINRA Case #2017054405401](#))

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.

Adam James Makkai ([CRD #4025159](#), Castle Rock, Colorado)

June 12, 2020 – Makkai was named a respondent in a FINRA complaint alleging that he improperly shared approximately \$27,037 in commissions with an unregistered person. The complaint alleges that the unregistered person was a former colleague who had been terminated by Makkai's member firm for borrowing over \$100,000 from an elderly firm customer. Shortly after the unregistered person's termination, Makkai began negotiating the purchase of the unregistered person's book of business. Although Makkai knew he was prohibited from sharing commissions with the unregistered person without the firm's prior written approval, Makkai agreed to pay the unregistered person all of the commissions generated from the accounts of his former firm customers, less \$1,000 per month, until Makkai and the unregistered person entered into a formal agreement for the purchase and sale of the book of business. Makkai did so even though, after he began paying commissions to the unregistered person, he was expressly instructed by his firm branch manager that he could not share commissions with the unregistered person. ([FINRA Case #2018058924502](#))

Julian Jay Piekarczyk ([CRD #1128773](#), Joliet, Illinois)

June 16, 2020 – Piekarczyk was named a respondent in a FINRA complaint alleging that he engaged in an unethical course of conduct by taking advantage of his relationship with a customer to benefit financially from the customer's policies and accounts. The complaint alleges that in doing so, Piekarczyk acted contrary to representations he made to his member firm and in circumvention of its policies designed to protect the customers. Piekarczyk notified his firm that his customer, who was 63 years old at the time, intended to name him as a beneficiary of the customer's life insurance policy. The firm informed Piekarczyk that he could not be named a beneficiary of the customer's policy without a firm-approved exception. In response, Piekarczyk represented to the firm that he would not be named a beneficiary of the customer's policy. Thereafter, Piekarczyk circumvented firm policies by having the customer designate Piekarczyk's wife as a beneficiary on multiple financial products that he sold to the customer and by assisting the customer in making the beneficiary designations. Piekarczyk further engaged in a course of unethical conduct by convincing the customer to open a joint bank account with him, with right of survivorship. The customer funded the account with a deposit of \$76,977.41 and periodically deposited additional funds into the account. Piekarczyk never deposited any funds into the joint bank account. Piekarczyk did not disclose to the firm that his wife was named beneficiary of the customer's financial products or that he shared a bank account with the customer, thus impeding the firm from supervising his relationship with the customer and addressing conflicts of interest. After the customer's death, Piekarczyk obtained approximately \$146,000 as a result of the beneficiary designations and his right of survivorship on the shared bank account. ([FINRA Case #2018058117101](#))

Christopher Peter Tranchina ([CRD #5657849](#), Neptune, New Jersey)

June 29, 2020 – Tranchina was named a respondent in a FINRA complaint alleging that he committed conversion by taking files with the intent to deprive his former member firm and/or its affiliated insurance company of them. The complaint alleges that hours after being fired by the firm and being instructed not to return to the office, Tranchina broke into his locked office and stole client-related files belonging to the firm and the affiliate insurance company. The files that Tranchina stole related to firm clients and prospective clients, and he had no authorization or right to take them. Tranchina accessed this information, which included firm customer names, addresses, telephone numbers and email addresses, in an effort to take these customers with him to a new firm. The complaint also alleges that Tranchina willfully failed to amend his Form U4 to disclose that he was criminally charged with theft by unlawful taking due to his breaking-and-entering and theft of firm files. ([FINRA Case #2018058588501](#))

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.)

Hamerslag Sulzberger Borg Capital Markets, Inc. (CRD #103460)
New York, New York
(June 5, 2020)

PTX Securities, LLC (CRD #7735)
Plano, Texas
(June 22, 2020)

PTX Securities, LLC (CRD #7735)
Plano, Texas
(June 29, 2020)

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.)

Joanna Abdelhadi (CRD #5239825)
Chicago, Illinois
(June 23, 2020)
FINRA Case #2019064942201

Kenneth Butschek (CRD #1388190)
Hallettsville, Texas
(June 29, 2020)
FINRA Case #2019061653401

Nathaniel Royce Clay (CRD #4525541)
New York, New York
(June 22, 2020)
FINRA Case #2020065912101

Paula Yvette Collins (CRD #3190350)
Aurora, Colorado
(June 1, 2020)
FINRA Case #2019064939501

Alan Nga-Lun Lau (CRD #4704018)
Elk Grove, California
(June 15, 2020)
FINRA Case #2019063665801

Stanley Newcomb Martin (CRD #1476211)
Tampa, Florida
(June 15, 2020)
FINRA Case #2019063637101

Scott Mason (CRD #3207386)
Larkspur, Colorado
(June 29, 2020)
FINRA Case #2018058924501

John Joseph Santariello (CRD #5746158)
Farmingville, New York
(June 9, 2020)
FINRA Case #2019063888701

Marc Winters (CRD #4053113)
Chatsworth, California
(June 23, 2020)
FINRA Case #2019061943701

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.)

Ignacio Erhart Del Campo (CRD #6084596)
Montevideo, Uruguay
(June 15, 2020)
FINRA Case #2019064055401

Marvin Egorin (CRD #76179)
Beverly Hills, California
(June 8, 2020)
FINRA Case #2019061659101

Frank Alexander Grant IV (CRD #1974605)
Altadena, California
(June 12, 2020)
FINRA Case #2020065668201

Stefano Mario Listella (CRD #6054564)
West Linn, Oregon
(April 6, 2020 – June 1, 2020)
FINRA Case #2019063921401

Jonathan Craig Malone (CRD #4620520)
Stamford, Connecticut
(June 29, 2020)
FINRA Case #2019064769902

Evan A. Nadelman (CRD #4918944)
Hicksville, New York
(June 22, 2020)
FINRA Case #2020065680901

Jon Curt Scheier (CRD #5726216)
Denison, Texas
(April 10, 2020 – June 1, 2020)
FINRA Case #2020065089001

Andrew David Slocum (CRD #3249791)
Snowmass Village, Colorado
(June 15, 2020)
FINRA Case #2019064284701

Elizabeth Ann Sollars (CRD #6606776)
West Terre Haute, Indiana
(April 20, 2020 – June 11, 2020)
FINRA Case #2020065292101

Junior Agobet Tonkam (CRD #6339398)
Silver Spring, Maryland
(June 12, 2020)
FINRA Case #2020065680101

Ricardo Turlan (CRD #4431836)
Boerne, Texas
(March 16, 2020 – June 1, 2020)
FINRA Case #2019063490101

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.)

Cynthia Marie Barrera (CRD #4289418)
Corpus Christi, Texas
(June 30, 2020)
FINRA Arbitration Case #11-02570

David Lonsdale Braunlich (CRD #835450)
Belvidere, New Jersey
(June 2, 2020)
FINRA Arbitration Case #19-01374

Richard James Coleman (CRD #2720422)

Mt. Sinai, New York
(June 2, 2020)
FINRA Arbitration Case #19-00102

Cindy Maria Fuzie (CRD #5222145)

Granite Bay, California
(May 15, 2019 – June 15, 2020)
FINRA Arbitration Case #17-02376

Michael David Garris (CRD #1540384)

Los Angeles, California
(June 16, 2020)
FINRA Arbitration Case #19-03549

Rajesh Gupta (CRD #2071729)

Naperville, Illinois
(June 9, 2020)
FINRA Arbitration Case #17-02177

James L. McEnerney Jr. (CRD #734383)

Overland Park, Kansas
(June 19, 2020)
FINRA Arbitration Case #20-00125

Scott Evans McVicker (CRD #2275303)

Castle Rock, Colorado
(June 2, 2020)
FINRA Arbitration Case #19-03469

Daniel Paul Motherway (CRD #2680522)

Marietta, Georgia
(June 30, 2020)
FINRA Case #20200655490/ARB200006

Jaime Isaac Sanchez Rivera (CRD #6013022)

San Juan, Puerto Rico
(June 12, 2020)
FINRA Case #20200658832/ARB200010/
Arbitration Case #18-03374

Press Releases

FINRA Orders Merrill Lynch, Pierce, Fenner & Smith Inc. to Pay \$7.2 Million in Restitution to Customers Overcharged for Mutual Funds

FINRA announced that it has ordered [Merrill Lynch, Pierce, Fenner & Smith Inc.](#) to pay more than \$7.2 million in restitution and interest to customers who incurred unnecessary sales charges and paid excess fees in connection with mutual fund transactions. The firm did not have supervisory systems and procedures reasonably designed to ensure that these customers, who collectively held more than 13,000 Merrill Lynch accounts, received available sales charge waivers and fee rebates.

“The firm’s supervisory failures led to customers not receiving millions of dollars in sales charge and fee waivers on mutual fund purchases,” said Jessica Hopper, Executive Vice President and Head of FINRA’s Department of Enforcement. “We are pleased that Merrill has reimbursed the customers affected by its failure to provide these waivers. Ensuring that harmed customers receive restitution is our highest priority and we will take a firm’s determination to proactively provide restitution into account when assessing sanctions.”

Mutual fund issuers generally offer customers a right of reinstatement, which allows investors to purchase shares of a fund after previously selling shares of that fund or another fund in the same fund family, without incurring a front-end sales charge, or to recoup all or part of a contingent deferred sales charge.

Between April 2011 and April 2017, Merrill Lynch did not have reasonably designed supervisory systems and procedures to ensure that all eligible mutual fund investors received sales charge waivers or fee rebates available through rights of reinstatement. Instead, the firm relied on its registered representatives to manually identify and apply such waivers and rebates, an unreasonably designed system given the number of customers involved, the complexity of determining which customers were due sales charge waivers or fee rebates, and difficulty in calculating the amount of the waiver and rebate. In addition, Merrill Lynch did not reasonably monitor for missed reinstatements. Firm alerts were designed to capture only recently executed mutual fund transactions while, in fact, fee waivers were available in connection with some fund purchases for up to a year after initial sales.

Because Merrill Lynch’s procedures placed the responsibility on representatives to determine if clients were eligible for reinstatement privileges and because firm alerts did not reasonably surveil for missed reinstatements, it failed to detect that its advisors did not provide over 13,000 accounts with sales charge waivers and fee rebates totaling more than \$7.2 million, including interest.

In determining the appropriate monetary sanction, FINRA recognized Merrill Lynch’s extraordinary cooperation, which included engaging an outside consulting firm to identify

potentially disadvantaged customers and calculate total remediation; promptly paying restitution to affected customers; promptly remediating related supervisory deficiencies; and providing substantial assistance to FINRA in its investigation.

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

FINRA Fines SG Americas Securities \$1.55 Million for Submitting Inaccurate Blue Sheet Data

SG Americas Securities to Pay \$3.1 Million in Total Fines to FINRA and SEC

FINRA announced that it has fined [SG Americas Securities, LLC](#) (SGAS) \$1.55 million for submitting inaccurate trade data (known as "blue sheets") to FINRA for more than seven years. Additionally, the firm must also certify within 90 days of this settlement that it conducted a comprehensive review and revised its systems and procedures related to the deficiency. The Securities and Exchange Commission (SEC) today announced a related settlement in which SGAS will pay \$1.55 million for providing inaccurate blue sheet submissions to the SEC.

FINRA and the SEC regularly request blue sheets to assist in the investigation of market manipulation and insider trading. Federal securities laws and FINRA rules require firms to provide this information to FINRA, the SEC and other regulators electronically upon request. Blue sheets provide regulators with critical detailed information about securities transactions, including the security, trade date, price, share quantity, customer name, and whether it was a buy, sale or short sale. This information is essential to regulators' ability to discharge their enforcement and regulatory mandates.

"Incomplete and inaccurate blue sheet information in response to a regulatory request compromises our ability to identify individuals engaging in insider trading schemes, market manipulation, and other fraudulent activity, ultimately interfering with our ability to protect investors," said Jessica Hopper, Executive Vice President and FINRA's Head of Enforcement. "Firms must invest the resources necessary to ensure that they are providing complete and accurate blue sheet data whenever requested."

FINRA found from 2012 through 2019, SGAS and Newedge USA, LLC (a firm that merged into SGAS in January 2015) together submitted approximately 8,400 blue sheets to FINRA containing inaccurate information on approximately 4.2 million equity and options transactions. For example, SGAS incorrectly reported: (1) whether a customer bought, sold, or sold short in a trade; (2) the strike price of options; (3) the time orders were executed; and (4) other information that regulators use to identify customer trades. SGAS is liable for its own and Newedge's violations.

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