

# Disciplinary and Other FINRA Actions

## Firms Fined

### UBS Securities LLC ([CRD #7654](#), New York, New York)

May 3, 2022 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured and fined a total of \$250,000, of which \$70,000 is payable to FINRA. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it provided market access to two affiliates without accounting for those affiliates in its financial risk management controls. The findings stated that the firm maintained a proprietary order management system that it and its affiliates used for trading in listed futures and options. In addition, the firm maintained a third-party order management system that it and its affiliates used primarily to enter good-till-cancelled spread orders. The firm established credit thresholds and erroneous order controls based upon its mistaken belief that the options orders entered through both order management systems were entered by a single firm affiliate. In fact, a firm employee was able to enter orders on behalf of two additional firm affiliates into both order management systems. The firm did not establish any credit thresholds or erroneous order controls with respect to the two affiliates. The findings also stated that the firm failed to establish, maintain, and enforce a reasonably designed supervisory system concerning the documentation of the review of credit limits changes. The firm's market access procedures provided guidance concerning requests for customer credit limits changes and supervisory approval of such changes. The firm's supervisory system for reviewing credit limits changes was unreasonable because the system for documenting approvals of changes to customer credit limits in some cases permitted increases to customer credit limits without documenting a valid reason for the approval. The findings also included that the firm failed to establish, maintain, and enforce a reasonable supervisory system concerning the documentation of the review of soft blocks. The firm's market access procedures provided that if an erroneous order control triggered a soft block, the personnel reviewing the order must consider one or more factors specified in the procedures, as relevant, and, if overriding the soft block, document the reason for resuming the order and allowing it to proceed to the market. However, the firm's supervisory system for reviewing resumed orders was unreasonable because the system for documenting the resume reason offered a limited selection of reasons for allowing the order to proceed that did not capture the specified factors in the firm's procedures. The firm has since identified and corrected the issues. ([FINRA Case #2018058781101](#))

## Reported for July 2022

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).

### Search for FINRA Disciplinary Actions

All formal disciplinary actions are made available through a publicly accessible online search tool called FINRA Disciplinary Actions Online shortly after they are finalized.

Visit [www.finra.org/disciplinaryactions](http://www.finra.org/disciplinaryactions) to search for cases using key words or phrases, specified date ranges or other criteria.

**Torch Securities, LLC ([CRD #133642](#), Sugar Land, Texas)**

May 6, 2022 – An AWC was issued in which the firm was censured, fined \$17,500 and required to certify that it has implemented supervisory systems and written supervisory procedures (WSPs) reasonably designed to address the deficiencies regarding the firm’s due diligence obligations in connection with private offerings. A lower fine was imposed after considering, among other things, the firm’s revenue and financial resources. 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 WSPs reasonably designed to ensure that it complied with its due diligence obligations. The findings stated that the firm’s WSPs required that, before it recommended a private offering to any customer, it conduct an investigation and complete a due diligence checklist related to several areas of review. The firm’s procedures, however, did not include any discussion of red flags that might arise in the due diligence process or how the firm would address red flags. Nor did the procedures provide any guidance on how to perform reasonable due diligence when investigating private placements before offering and recommending them to customers. In addition, the firm failed to conduct and document reasonable investigations of three private placement offerings before recommending these securities to customers. The firm, rather than conducting an independent investigation, relied almost exclusively on documentation and information the issuers provided. ([FINRA Case #2019062311702](#))

**Roselaine Securities LLC ([CRD #171237](#), Pacific Palisades, California)**

May 12, 2022 – 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 establish, maintain, and enforce a supervisory system reasonably designed to achieve compliance with FINRA rules relating to outside business activities (OBAs) and private securities transactions (PSTs). The findings stated that the firm’s written procedures unreasonably failed to identify anyone to whom the designated principals were required to disclose their own OBAs or PSTs. The firm received oral notice from one of the designated principals regarding his PSTs and received oral notice that another designated principal was engaging in OBAs. However, the firm did not promptly follow up to obtain further detail or written submissions regarding these OBAs and PSTs in order to evaluate whether they presented any conflicts with firm business, involved customers, or presented any additional issues. Indeed, the firm did not follow up until after it received inquiries about the OBAs and PSTs from FINRA. The findings also stated that the firm failed to search its records in response to information requests from the Financial Crimes Enforcement Network of the Department of Treasury. ([FINRA Case #2020065163001](#))

**Spire Securities, LLC (CRD #144131, McLean, Virginia)**

May 12, 2022 – 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 make timely filings with FINRA relating to private offerings that it sold. The findings stated that for the private offerings, the firm made the required regulatory filings an average of 88 days late, or 103 days after the first sale of the offerings. ([FINRA Case #2019060672801](#))

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

May 20, 2022 – An AWC was issued in which the firm was censured and fined a total of \$70,000, of which \$7,000 is payable to FINRA. 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 Rule 200(g) of Regulation SHO. The findings stated that the firm had no supervisory system reasonably designed to check that it was correctly marking sell orders in compliance with Rule 200(g), and its WSPs were unreasonable because they did not describe any procedures for reviewing or testing orders to achieve compliance with order marking requirements. The firm later implemented a supervisory system whereby it sampled orders for the correct marking of sell orders and updated its WSPs to contain a detailed description of the steps to conduct the review. The findings also stated that the firm failed to reasonably monitor the orders of customers that used more than one Market Participant Identifier (MPID) to verify that the customers' positions were aggregated for purposes of marking those orders accurately as required by Rule 200(g). The firm later updated its WSPs to address customers that use more than one MPID. ([FINRA Case #2019061067510](#))

**Aaron Capital Incorporated (CRD #28583, Columbus, Georgia)**

May 25, 2022 – An AWC was issued in which the firm was censured, fined \$20,000 and required to certify that it has brought all aspects of its current client relationship summary (Form CRS) into compliance, and implemented policies, systems, procedures (including WSPs), and training reasonably designed to achieve compliance with the requirements of Form CRS. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it willfully violated Section 17(a)(1) of the Securities Exchange Act of 1934 and Rule 17a-14 thereunder, and FINRA Rules 4511 and 2010. The findings stated that despite receiving three notices of noncompliance from FINRA, the firm did not file a Form CRS through Web CRD until over a year after it was due. Further, the firm failed to post the Form CRS on its website or to deliver the Form CRS to its existing customers until four months after it filed its Form CRS through Web CRD. The findings also stated that the firm failed to have a reasonably designed system, including WSPs, to comply with its Form CRS obligations. Initially, the firm failed to make any reference

to Form CRS in its WSPs. Later, the firm's discussion of Form CRS in its WSPs included no procedures regarding the preparation, filing and distribution of the Form CRS. ([FINRA Case #2021072107601](#))

**BIDS Trading L.P. ([CRD #141296](#), New York, New York)**

May 25, 2022 – An AWC was issued in which the firm was censured and fined \$200,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it overstated its advertised trade volume on Bloomberg and Thomson Reuters, private subscription-based providers of market data. The findings stated that the firm configured its systems to automatically advertise daily trading volume in numerous securities through Bloomberg and Thomson Reuters. Two separate but related system changes caused the firm to overstate the executed trade volume it reported to Bloomberg and Thomson Reuters. The system changes the firm implemented inadvertently triggered and exacerbated a programming defect in the trade advertising software that the firm used to send trade volume to Bloomberg and Thomson Reuters and resulted in the firm submitting multiple end-of-day volume reports in the same symbols. The firm overstated its executed trade volume in a total of 2,041 instances by 439,768,869 shares in 1,043 securities. The firm remediated the programming defect in its trade advertising software within a week of learning about the issue and reviewed older data to confirm no other issues existed. The findings also stated that the firm did not have a supervisory system reasonably designed to supervise the accuracy of its trade advertisements. The firm had no supervisory process or written procedures to verify that the trade-volume information it reported to Bloomberg and Thomson Reuters were accurate. The firm implemented a supervisory process within three weeks of discovering the overstatements described in the AWC. ([FINRA Case #2019063546101](#))

## Firm Sanctioned

**J.W. Korth & Company, Limited Partnership ([CRD #26455](#), Lansing, Michigan)**

May 31, 2022 – A Securities and Exchange Commission (SEC) decision became final in which the firm was censured, ordered to pay \$29,268, plus pre-judgment interest, in restitution to customers and ordered to retain an independent consultant to review its pricing procedures. The Commission affirmed the sanctions imposed by the National Adjudicatory Counsel (NAC). The Commission also affirmed FINRA's disciplinary action arising from the firm's markups and markdowns on 38 municipal bond transactions and 13 corporate bond transactions. The Commission sustained FINRA's finding that the firm violated MSRB Rules G-17 and G-30 by charging customers excessive markups on 38 sales of municipal bonds—the markups ranged from 3.10 percent to 8.33 percent. The Commission also sustained FINRA's

conclusion that the firm charged excessive markups and markdowns on nine sales and four purchases of corporate bonds—the markups and markdowns ranged from 3.24 percent to 5.56 percent. ([FINRA Case #2012030738501](#))

## Individuals Barred

### **William Lawrence Groeneveld ([CRD #2127534](#), Boynton Beach, Florida)**

May 5, 2022 – An AWC was issued in which Groeneveld was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Groeneveld 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 into ten of his member firm's investment banking transactions and the firm's execution of cross trades involving those and other securities. The findings stated that the request for testimony related to Groeneveld's role at the firm, as director of trading and chief risk officer, in connection with solicitation of aftermarket orders during the offerings and the supervision of cross trading activity. ([FINRA Case #2019061652401](#))

### **Edric Michael McSween ([CRD #2080810](#), Bonita Springs, Florida)**

May 10, 2022 – An AWC was issued in which McSween was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, McSween consented to the sanction and to the entry of findings that he refused to provide information and documents requested by FINRA in connection with its investigation into the circumstances giving rise to his resignation from his member firm. The findings stated that an amended Uniform Termination Notice for Securities Industry Registration (Form U5) filed by McSween's firm stated that he had resigned while under investigation for compliance policy violations related to undisclosed OBAs and business relationships with clients. ([FINRA Case #2021070837001](#))

### **Roger Bruce Braxton II ([CRD #6271694](#), Austin, Texas)**

May 12, 2022 – An Office of Hearing Officers (OHO) decision became final in which Braxton was barred from association with any FINRA member in all capacities. The sanction was based on findings that Braxton failed to produce information and documents requested by FINRA during the course of its investigation into his expense reporting after his member firm terminated his registration. The findings stated that submitting false expense reports could constitute conversion and Braxton only provided a partial response to FINRA's first request and failed to respond at all to three subsequent requests. Each request sought information relating to expense reimbursement requests Braxton submitted to his firm. ([FINRA Case #2020066388801](#))

**Marco Antonio Rivera ([CRD #7003078](#), Chicago, Illinois)**

May 12, 2022 – An OHO decision became final in which Rivera was barred from association with any FINRA member in all capacities. The sanction was based on findings that Rivera failed to timely and fully provide information and documents requested by FINRA during the course of its investigation into the circumstances of his termination from his member firm and whether he had violated any federal securities law or FINRA rules. The findings stated that FINRA requested Rivera provide any applications or other documents submitted to the Small Business Administration or other governmental entity regarding financial aid he may have sought in connection with the Coronavirus Preparedness and Response Supplemental Appropriations Act, the Coronavirus Aid, Relief, and Economic Security Act (known as the CARES Act), and the Paycheck Protection Program and Health Care Enhancement Act; bank and brokerage account statements, tax returns, and related information; and information and documents pertaining to any OBAs he had. After initially providing some of the information requested by FINRA, Rivera ceased doing so. The information sought, and not provided, was material to FINRA's investigation and necessary to complete FINRA's regulatory mandate to fully investigate potential rule violations and to protect the investing public. ([FINRA Case #2020068740302](#))

**Stephanie Jing Wen Xiao ([CRD #7013792](#), New York, New York)**

May 13, 2022 – An AWC was issued in which Xiao was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Xiao consented to the sanction and to the entry of findings that she refused to provide information and documents requested by FINRA in connection with its review of her trading in a brokerage account that was not disclosed to her member firm. ([FINRA Case #2022073907301](#))

**Jesus Jose Alvidrez ([CRD #6414709](#), Yorba Linda, California)**

May 17, 2022 – An AWC was issued in which Alvidrez was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Alvidrez consented to the sanction and to the entry of findings that he refused to produce information and documents requested by FINRA in connection with a matter that originated from a Form U5 submitted by his member firm. The findings stated that the firm terminated Alvidrez's registration by filing a Form U5 stating that he resigned while under review by the firm for, among other things, potential undisclosed OBAs. Although Alvidrez initially made a partial production and otherwise cooperated in FINRA's investigation, he ceased cooperating. ([FINRA Case #2020067567201](#))

**Kaival Patel ([CRD #4470522](#), West New York, New Jersey)**

May 17, 2022 – An AWC was issued in which Patel was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Patel consented to the sanction and to the entry of findings that he failed to produce information and documents requested by FINRA in connection with its investigation concerning the Form U5 filed by his member firm. The findings stated that the firm filed a Form U5 disclosing that it had discharged Patel following a loss of confidence relating to issues stemming from his being named in an indictment filed in the U.S. District Court for the District of New Jersey. Patel provided a partial but incomplete response to FINRA that did not substantially comply with its request. The information and documents Patel failed to provide were material to FINRA's investigation. ([FINRA Case #2022074024401](#))

**Jeffrey Ernest Marburger ([CRD #2872490](#), Dover, Ohio)**

May 18, 2022 – An AWC was issued in which Marburger was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Marburger consented to the sanction and to the entry of findings that he refused to appear to provide on-the-record testimony requested by FINRA in connection with the disclosures contained in a Form U5 submitted by his previous member firm. The findings stated that the firm filed a Form U5 disclosing that it had terminated Marburger after the firm's parent company terminated his employment following its conclusion that he paid off a life insurance client's loan, changed that client's address to a mailbox under his control, and then shredded the same client's mail. ([FINRA Case #2021072277201](#))

**Timothy John Prouty ([CRD #4928098](#), Albuquerque, New Mexico)**

May 19, 2022 – An AWC was issued in which Prouty was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Prouty consented to the sanction and to the entry of findings that he refused to produce information and documents requested by FINRA in connection with its review of the circumstances giving rise to the Form U5 filed by his member firm. The findings stated that the firm filed the Form U5 disclosing that it had discharged Prouty due to concerns that he submitted transactions under production numbers that were inconsistent with an agreement with another representative resulting in a shortfall of revenue credited to the other representative. ([FINRA Case #2020068674701](#))

**Barbara Ann Bernatzky ([CRD #2535421](#), Shirley, New York)**

May 23, 2022 – An AWC was issued in which Bernatzky was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Bernatzky consented to the sanction and to the entry of findings that she refused



to appear for on-the-record testimony requested by FINRA in connection with its investigation regarding potential misconduct that occurred at her member firm's branch office. ([FINRA Case #2021072336501](#))

**Suresh V. Kumar ([CRD #5683972](#), Mission, Kansas)**

May 23, 2022 – An Order Accepting Offer of Settlement was issued in which Kumar was barred from association with any FINRA member in all capacities. Without admitting or denying the allegations, Kumar consented to the sanction and to the entry of findings that he made material misrepresentations to a participant about why he could not repay him his money. The findings stated that Kumar operated an undisclosed OBA where he directly received hundreds of thousands of dollars from proprietary traders pursuant to verbal and written agreements in which Kumar promised to train the participants to pass the Series 57 examination, teach them to trade securities as part of his purported team at his member firm and double the value of their initial trading deposit with the firm. Pursuant to these agreements, participants had to make an initial deposit into a contingency fund while Kumar trained them for the exam. If the participants wanted to discontinue the program before passing the exam, they were entitled to a refund of a substantial portion of their contingency fund deposit within three months. The participant requested Kumar return his contingency fund deposit after he took and failed the exam and decided not to continue in Kumar's training program. Kumar was obligated to, but did not, repay the participant his \$48,000 contingency fund deposit. Therefore, the participant inquired when Kumar would return his funds. Kumar falsely and misleadingly stated to the participant that the firm held \$100 million of Kumar's money and that Kumar could not repay the participant his contingency fund deposit until the firm released Kumar's funds. In fact, at the time Kumar made those verbal representations, he knew he had less than \$2,500 with the firm. Kumar knew he previously spent the participant's contingency fund deposit on personal expenses and to repay a purported loan and that he had no other liquid assets with which to repay the participant. The findings also stated that Kumar failed to disclose his OBA to his firm. Although Kumar's OBA began years before he registered with FINRA, he continued to engage in the same OBA while he was registered with FINRA through his association with the firm. The findings also included that Kumar failed to disclose to his firm that he effected about 100 PSTs in brokerage accounts that the participant and another participant held away from the firm. FINRA found that Kumar submitted a false attestation to his firm. Kumar falsely attested that he did not conduct an outside business, did not engage in unapproved methods of electronic communications, and did not engage in PSTs. FINRA also found that during his on-the record testimony, Kumar refused to answer certain questions regarding deals he claimed to have entered into that, according to him, impacted his ability to repay participants. In addition, FINRA determined that in response to



FINRA's written requests for information and documents, Kumar provided false, misleading, and incomplete written responses regarding the number of agreements he entered with participants, copies of those agreements and the institutions at which he had bank accounts. Moreover, FINRA found that in response to its requests for information and documents, Kumar failed to provide FINRA with electronic communications it requested and provided false statements regarding the same communications. Kumar also deleted the electronic communications that FINRA had requested. Furthermore, FINRA found that in response to its request for information and documents, Kumar failed to identify an overseas bank account he controlled until more than nine months after FINRA originally requested the information. Furthermore, Kumar failed to provide copies of statements for the overseas bank account until about ten months after FINRA originally requested them. ([FINRA Case #2020066434701](#))

**Tarik Nehmatullah ([CRD #6336491](#), Westminster, Colorado)**

May 23, 2022 – An AWC was issued in which Nehmatullah was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Nehmatullah consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA in connection with its investigation into an amended Form U5 filed by his member firm disclosing that after his resignation, the firm was notified by its bank affiliate that contrary to firm policy, Nehmatullah had accepted a \$55,000 loan from a bank and investment client. ([FINRA Case #2021072499302](#))

**Steven Kiyoto Hirata ([CRD #1188927](#), Fresno, California)**

May 31, 2022 – An AWC was issued in which Hirata was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Hirata consented to the sanction and to the entry of findings that he failed to provide information and documents requested by FINRA in connection with an investigation into whether he participated in an undisclosed private securities transaction. ([FINRA Case #2021072592201](#))

**Paul Steven Vavrinchik ([CRD #5505145](#), Chicago, Illinois)**

May 31, 2022 – An AWC was issued in which Vavrinchik was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Vavrinchik consented to the sanction and to the entry of findings that he refused to produce information requested by FINRA in connection with its investigation concerning a Form U5 filed by his member firm. The findings stated that the Form U5 stated Vavrinchik voluntarily resigned and disclosed that the firm had reviewed a customer signed document for potential alteration, but that the result of the review was inconclusive. ([FINRA Case #2021073523801](#))

## Individuals Suspended

### **Richard Matthew Brendza (CRD #1703194, Park Ridge, Illinois)**

May 3, 2022 – An AWC was issued in which Brendza was fined \$5,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Brendza consented to the sanctions and to the entry of findings that he caused his member firm's trade confirmations to show an inaccurate representative code by falsifying the representative code for trades in the firm's order entry system. The findings stated that Brendza entered into an agreement through which he agreed to service certain customer accounts, including executing trades for those accounts, under a joint representative code he shared with a representative who was planning on retiring in several years and an active representative who was part of Brendza's team and who is an immediate family member of Brendza. The agreement set forth what percentages of the commissions each representative would earn on trades placed using the applicable joint representative code. Subsequently, the parties amended the agreement in writing to provide Brendza and the representative on his team with higher percentages of commissions earned for trades placed using the joint representative code than what was set forth in the original agreement. Brendza placed trades in accounts that were covered by the amended agreement using a representative code other than the one he should have used pursuant to the amended agreement. Although the firm's system correctly prepopulated the trades with the applicable joint representative code, Brendza changed the code for the trades to a different joint representative code. In addition, the representative on Brendza's team separately placed trades in accounts that were covered by the amended agreement using a representative code other than the one he should have used. As a result of these actions, Brendza and the representative on his team received higher commissions from the trades than what they were entitled to receive. Brendza did not ask the retiring representative whether he could change the code on the trades at issue and did not otherwise indicate to the retiring representative that he was doing so. Brendza mistakenly believed that the retiring representative had agreed that he could change the representative code so that Brendza and the representative on his team would receive even higher percentages of commissions than what was set forth in the amended agreement. In fact, the retiring representative had not agreed that Brendza could change the representative code. As a result, Brendza's firm paid restitution to the retiring representative. Brendza, together with the representative on his team, reimbursed the firm a total of approximately \$275,000, which is the approximate amount of additional commissions that they received from the trades as a result of them having falsified the representative code on the trades. The findings also stated that by falsifying the representative code on trades, Brendza caused his firm to maintain inaccurate books and records.

The suspension is in effect from June 6, 2022, through December 5, 2022. ([FINRA Case #2018058614301](#))

**Jeremy Clay Burk (CRD #5586674, Fort Worth, Texas)**

May 9, 2022 – An AWC was issued in which Burk 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, Burk consented to the sanctions and to the entry of findings that he engaged in OBAs without providing written notice to his member firm. The findings stated that Burk formed an insurance agency and served as its president and sole director. During that time, Burk opened at least one bank account and filed tax returns and corporate documents on behalf of the insurance agency. Burk received compensation for his activities. In addition, Burk worked as a loan officer and branch manager for two mortgage companies. Burk also leased office space in a building he owned to the mortgage companies and received wages and rent from the mortgage companies. These OBAs were outside the scope of Burk's relationship with his firm. Burk failed to provide prior notice to the firm, written or otherwise, of his involvement in his OBAs. Moreover, Burk falsely attested in annual compliance questionnaires provided to the firm that he had not received compensation from any unapproved OBA.

The suspension is in effect from May 16, 2022, through August 15, 2022. ([FINRA Case #2021072663501](#))

**Erin Bridget Settle (CRD #6932754, Hampstead, New Hampshire)**

May 9, 2022 – An AWC was issued in which Settle 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, Settle consented to the sanctions and to the entry of findings that she possessed unauthorized materials while taking the North American Securities Administrators Association (NASAA) Series 66 Uniform Combined State Law Examination (Series 66). The findings stated that prior to the examination, Settle attested that she had read and would abide by FINRA's Qualification Examinations Rules of Conduct, which among other things, prohibits the use or attempted use of personal notes and study materials during the examination and requires candidates to store all personal items in the locker provided by the test vendor prior to entering the test room. During an unscheduled break, Settle went to the restroom where she had access to and possessed personal notes and study materials that she had placed there prior to starting the examination. These materials contained exam-related content.

The suspension is in effect from May 16, 2022, through November 15, 2023. ([FINRA Case #2021071239401](#))

**Ian Phillip Lowrey (CRD #6367392, Hampton, New Jersey)**

May 10, 2022 – An AWC was issued in which Lowrey was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in all capacities for three months and ordered to pay \$48,116, plus interest, in deferred restitution to

customers. Without admitting or denying the findings, Lowrey consented to the sanctions and to the entry of findings that he excessively traded two customers' accounts. The findings stated that Lowrey recommended high frequency trading in the customers' accounts. Lowrey's customers routinely followed his recommendations and, as a result, he exercised de facto control over the customers' accounts. Lowrey's trading resulted in high turnover rates and cost-to-equity ratios as well as significant losses. Lowrey's trading in the customers' accounts was excessive and unsuitable given their investment profiles. As a result of Lowrey's excessive trading, the customers suffered collective realized losses of \$103,253 while paying total trading costs of \$55,036, including commissions of \$48,116.

The suspension is in effect from May 16, 2022, through August 15, 2022. ([FINRA Case #2018056490302](#))

**Patrick Richard Daley ([CRD #4284221](#), Joliet, Montana)**

May 12, 2022 – An AWC was issued in which Daley was fined \$5,000 and suspended from association with any FINRA member in all capacities for 30 days. Without admitting or denying the findings, Daley consented to the sanctions and to the entry of findings that he engaged in OBAs without providing prior written notice to his member firm. The findings stated that when Daley became an owner and board member of a meat processing company, he orally informed the firm that he had invested in the company, however, he did not disclose that he served on the company's board and made strategic business decisions with the other owners in areas such as hiring and equipment purchasing. In addition, Daley became an owner of a real estate investment company, in partnership with other owners. Daley orally informed the firm that he had invested in the company but did not disclose that he engaged in management activity for it, including by participating in strategic business decisions. Daley did not provide any written notice to the firm of these activities, neither of which involved firm customers, until after the firm received inquiries about these activities from FINRA.

The suspension was in effect from June 6, 2022, through July 5, 2022. ([FINRA Case #2020065163002](#))

**Sanjay Bhargava ([CRD #4495397](#), Broadview Heights, Ohio)**

May 13, 2022 – An AWC was issued in which Bhargava was fined \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Bhargava consented to the sanctions and to the entry of findings that he participated in PSTs away from his member firm and he did not disclose his participation in these transactions to the firm. The findings stated that Bhargava played a role in establishing a relationship between a company, which specializes in preserving and operating historic real estate, and another registered representative at the firm. The other representative

established a limited liability company for the purpose of pooling investment funds to invest in a private placement offering issued by the real estate company. The offering related to a hotel and offered the possibility of tax credits for investors who qualified. Bhargava communicated with the real estate company regarding the offering and discussed how investors in the other representative's limited liability company would become investors in the offering. Bhargava forwarded offering documents for the limited liability company to six individuals, none of whom were firm customers. The individuals ultimately invested \$341,250 in the limited liability company. While Bhargava participated in these PSTs, he did not receive any compensation related to the limited liability company or the offering. In addition, Bhargava misrepresented to the firm in an annual compliance attestation that he did not engage in any PSTs.

The suspension is in effect from June 6, 2022, through September 5, 2022. ([FINRA Case #2020066655701](#))

**Nikolay Zotenko ([CRD #6334022](#), Marina Del Rey, California)**

May 13, 2022 – An AWC was issued in which Zotenko was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for one year. Without admitting or denying the findings, Zotenko consented to the sanctions and to the entry of findings that he drafted and sent to prospective retail customers retail communications concerning a private placement investment opportunity, without submitting the content of these retail communications for member firm approval, which contained statements that were misleading, unwarranted and were not fair and balanced. The findings stated that after sending the communications without firm approval, Zotenko submitted the content of the communications for approval by the firm. The content of the communications he submitted for approval was substantively the same as the communications he had already sent. The firm denied approval of the communications and informed Zotenko that the content of the communications contained several issues, including impermissible promissory statements. Despite the firm's denial, Zotenko sent the communications using the firm's internal system to additional prospective customers. In order to circumvent the system's restrictions on unapproved communications, Zotenko falsely affirmed in the firm's system that he did not intend to send the campaign to more than 25 recipients. However, Zotenko sent the additional communications in multiple separate batches to 25 recipients at a time – each time falsely indicating that the messages were intended for no more than 25 recipients. The additional communications also indicated that Zotenko's colleague was the sender notwithstanding that Zotenko sent all of the emails through the firm's system. Zotenko obtained his colleague's permission to send the emails using the colleague's name, but the colleague was not aware Zotenko entered false information into the firm's system or that the firm had previously denied approval of the proposed content of the communications.

The suspension is in effect from May 16, 2022, through May 15, 2023. ([FINRA Case #2021071532701](#))

**Bennett Robert Zamani (CRD #6198730, Saddle Brook, New Jersey)**

May 16, 2022 – An AWC was issued in which Zamani was assessed a deferred fine of \$27,500 and suspended from association with any FINRA member in all capacities for 14 months. Without admitting or denying the findings, Zamani consented to the sanctions and to the entry of findings that he failed to provide notice to his member firm that he was participating in an OBA, by owning and operating a company that offered a subscription-based, investment content. The findings stated that on the company's website, which was established and operated by Zamani, the company maintained a blog, containing investment-related content, and maintained a publicly available YouTube channel, with investment-related videos. Zamani published content to the blog under his name or an alias and appeared in videos on the company's YouTube channel. In addition, Zamani authored newsletters, containing investment-related content, which he periodically distributed to the company's subscribers. While registered through the firm, Zamani earned approximately \$360,000 from his activity with the company. In addition, Zamani submitted compliance questionnaires to the firm in which he falsely stated that he had fully disclosed his OBAs. The findings also stated that in connection with his OBA, Zamani disseminated investment-related communications to the public, including firm customers that failed to comply with the content standards of FINRA because, among other things, they contained misleading and promissory statements and made recommendations without providing a sound basis for evaluating the facts. The findings also included that Zamani caused the firm to maintain incomplete books and records by using a personal text messaging application, which was not approved by the firm, to engage in business-related communications with firm customers. Zamani's communications on the unapproved device and application included text messages related to securities recommendations, account performance, account fees, and market events. In certain of these text messages, Zamani obtained personal confidential information from firm customers, such as driver's license information, dates of birth, and social security numbers. In addition, Zamani submitted compliance questionnaires to the firm in which he falsely stated that he did not use personal electronic equipment to conduct firm business.

The suspension is in effect from May 16, 2022, through July 15, 2023. ([FINRA Case #2020066847301](#))

**William Thomas Hobdy (CRD #7280004, Albuquerque, New Mexico)**

May 18, 2022 – An AWC was issued in which Hobdy 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, Hobdy consented to the

sanctions and to the entry of findings that he engaged in undisclosed OBAs without providing prior written disclosure to his member firm. The findings stated that Hobby controlled businesses that were active and in good standing with the New Mexico Secretary of State and constituted business activities beyond the scope of his employment with the firm. These OBAs were created to pursue different business ventures outside of the securities industry, such as the management of short-term vacation rentals and music.

The suspension was in effect from June 6, 2022, through July 5, 2022. ([FINRA Case #2020065241801](#))

**Blakely Chapman Page ([CRD #2922955](#), St. Davids, Pennsylvania)**

May 20, 2022 – An AWC was issued in which Page was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Page consented to the sanctions and to the entry of findings that he made negligent misrepresentations about the performance of an investment fund to prospective investors. The findings stated that Page formed a hedge fund (the feeder fund). The feeder fund was formed to pool investor funds and make an investment in another, unaffiliated hedge fund (the master fund). Page did not independently verify the accuracy of the performance results provided by the master fund but asked others to conduct due diligence on the master fund. The marketing materials for the feeder fund included the performance numbers for the master fund which were provided by the master fund. However, the performance numbers provided by the master fund significantly overstated its historic rate of return, a material fact. Page distributed the marketing materials for the feeder fund, which contained the materially inaccurate performance numbers for the master fund, to more than two dozen prospective investors. Page also exchanged emails with multiple prospective investors in which he affirmed the accuracy of the master fund's performance results as set forth in the feeder fund's marketing materials. Page did so even after others at the feeder fund received information that called those performance results into question. Page did not review that information because he relied on others to do so. Seven different investments were made in the feeder fund totaling approximately \$1.7 million. When the master fund stopped providing continuing performance information and other customary investment materials to the feeder fund, the feeder fund redeemed its investors' investments and the investors received full redemptions.

The suspension is in effect from June 6, 2022, through December 5, 2022. ([FINRA Case #2019062612901](#))



**Marcella Luz Cofre (CRD #1507819, Tarrytown, New York)**

May 23, 2022 – An AWC was issued in which Cofre 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, Cofre consented to the sanctions and to the entry of findings that she falsified a customer's signature on an insurance application submitted to her member firm's insurance affiliate. The findings stated that Cofre electronically signed the customer's name on the application, with the customer's consent, but did not indicate that she was signing the application on the customer's behalf. Based upon the application, the firm's insurance affiliate issued the customer a life insurance policy.

The suspension is in effect from June 6, 2022, through August 5, 2022. ([FINRA Case #2021069143901](#))

**John Michael Derbin Jr. (CRD #3183322, Grand Rapids, Michigan)**

May 24, 2022 – An AWC was issued in which Derbin was fined \$2,500 and suspended from association with any FINRA member in all capacities for 10 business days. In determining the appropriate sanctions in this matter, FINRA considered, among other factors, that Derbin's member firm sanctioned him for his misconduct, which included imposing a \$5,000 fine, a 30 calendar-day suspension, a forfeiture of all commissions made during the suspension period and a requirement to complete training concerning the protection of client information and ethical considerations for registered representatives. Without admitting or denying the findings, Derbin consented to the sanctions and to the entry of findings that he impersonated a customer on a telephone call to a financial services company. The findings stated that Derbin's customer wanted to transfer her retirement plan from one fund provider to another. Derbin attempted a three-way telephone call with the existing fund provider, the customer and himself for the sole purpose of determining the type of retirement account the customer had. The customer, however, did not answer Derbin's attempted three-way call. On the ensuing phone call between Derbin and the fund provider, Derbin identified himself as the customer. Derbin provided the fund provider with the customer's date of birth, social security number, maiden name and account number to convince the fund provider that he was the customer. Derbin then asked the fund provider to tell him what type of retirement plan the customer owned. The fund provider did not provide this information and instead requested a call back number from Derbin, which he declined to provide. The fund provider refused to provide Derbin with the information and alerted the firm. When the firm confronted Derbin, he twice falsely stated that he believed the customer was on the line when the call was made to the fund provider.

The suspension was in effect from June 21, 2022, through July 5, 2022. ([FINRA Case #2021072595001](#))

**Jared Eli Ellis ([CRD #5618664](#), Washington, Missouri)**

May 26, 2022 – An AWC was issued in which Ellis was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for five months. Without admitting or denying the findings, Ellis consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Uniform Application for Securities Industry Registration or Transfer (Form U4) to disclose that he had been charged with four felonies. The findings stated that Ellis learned that he was charged with a felony for domestic assault but did not disclose the felony charge until over two years later. On a separate occasion, Ellis was charged with three felonies for domestic assault but did not disclose the charges until over four months after learning of them.

The suspension is in effect from June 6, 2022, through November 5, 2022. ([FINRA Case #2020068052001](#))

**Jordan Ross Helfgott ([CRD #5982408](#), Bronx, New York)**

May 26, 2022 – An AWC was issued in which Helfgott was fined \$5,000 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Helfgott consented to the sanctions and to the entry of findings that he forged seven signatures of a firm customer and his son, the proposed insured, on a variable life insurance application and related documents. The findings stated that Helfgott forged the signatures on four documents – three times on a variable universal life insurance application and four times on three documents evidencing receipt of the policy. Helfgott submitted all of the forged documents for processing. The customer authorized Helfgott to purchase the variable universal life insurance policy on his behalf, but neither the customer nor his son gave him permission to sign their names on any of the documents.

The suspension is in effect from June 21, 2022, through August 4, 2022. ([FINRA Case #2021070807101](#))

**Palmery Robert Desir ([CRD #5559016](#), Islip, New York)**

May 27, 2022 – An AWC was issued in which Desir was fined \$5,000 and suspended from association with any FINRA member in all capacities for four months. Restitution is not ordered against Desir because the customer has initiated an arbitration pertaining to Desir's excessive trading of his account. Without admitting or denying the findings, Desir consented to the sanctions and to the entry of findings that he excessively and unsuitably traded a customer's account. The findings stated that the customer's account had an average equity of approximately \$700,000 and Desir recommended that the customer place trades in his account with a total principal value of \$3,860,000. The customer relied on Desir's advice and accepted his recommendations. Collectively, Desir's recommended trades caused the customer

to pay over \$134,900 in commissions and other trading costs that resulted in an annualized cost-to-equity ratio of 20 percent – meaning that the customer’s account would have had to grow by more than 20 percent annually just to break even.

The suspension is in effect from June 21, 2022, through October 20, 2022. ([FINRA Case #2020066911501](#))

**Camille Cordova (CRD # 6734084, Simi Valley, California)**

May 31, 2022 – An AWC was issued in which Cordova was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Restitution is not ordered because Cordova’s member firm compensated the trust in connection with the settlement of an arbitration claim. Without admitting or denying the findings, Cordova consented to the sanctions and to the entry of findings that she made unsuitable recommendations for a family trust formed by a senior married couple. The findings stated that Cordova and another registered representative at the firm recommended that the trust purchase a deferred variable annuity for approximately \$540,000 and fund that purchase through two withdrawals from an indexed annuity owned by the trust. Cordova completed and signed the application for the variable annuity as the primary financial professional. Cordova and the other representative were aware that funding the purchase of the variable annuity with withdrawals from the trust’s existing annuity could result in negative tax consequences for the trust and were also aware that their recommendation to purchase the variable annuity would not be suitable if it caused negative tax consequences for the trust. However, neither Cordova nor the other representative researched how the trust might be able to purchase the variable annuity without negative tax consequences. Instead, the other representative recommended that the trust withdraw funds from the indexed annuity via two checks payable to the trust and immediately endorse the checks as payable to the firm in order to fund the purchase of the variable annuity. The other representative mistakenly believed that having the trust immediately endorse the checks as payable to the firm would avoid any adverse tax consequences, but the other representative did not confirm that belief. Cordova knew of, and acquiesced to, the other representative’s funding recommendation without doing any of her own additional research. The withdrawal of the funds from the indexed annuity were, in fact, taxable events that resulted in negative tax consequences to the trust. The adverse tax consequences could have been avoided if Cordova or the other representative had recommended the new variable annuity be purchased as a tax-free 1035 exchange, but they failed to research that option.

The suspension is in effect from June 6, 2022, through September 5, 2022. ([FINRA Case #2019064218702](#))

**David Charles Levine (CRD #2569418, Boca Raton, Florida)**

May 31, 2022 – An AWC was issued in which Levine was fined \$10,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Levine consented to the sanctions and to the entry of findings that he attempted to recoup sales representatives' selling concessions in the absence of a penalty bid applied to the entire syndicate. The findings stated that Levine's member firm acted as the lead underwriter or co-manager for three Initial Public Offerings (IPOs). In connection with the IPOs, Levine, in his roles as the firm's chief executive officer during one of the IPOs and sales manager during the other two IPOs, participated in the announcement of the terms of the offerings to the firm's sales force. Levine also directed members of the firm's syndicate department to send launch emails to its sales force in connection with the IPOs, which included flipper policies. Despite the absence of a syndicate penalty bid, in connection with each of the IPOs, Levine directed the firm's branch managers and sales representatives that the firm would be implementing a flipper policy, pursuant to which the firm would track sales of the new issue for 30 days following each offering and recoup selling concessions from representatives whose customers flipped shares during that time frame.

The suspension is in effect from June 21, 2022, through July 20, 2022. ([FINRA Case #2019061652402](#))

**Philip Norris Smith (CRD #2833891, Valencia, California)**

May 31, 2022 – An AWC was issued in which Smith was fined \$5,000 and suspended from association with any FINRA member in all capacities for three months. Restitution is not ordered because Smith's member firm compensated the trust in connection with the settlement of an arbitration claim. Without admitting or denying the findings, Smith consented to the sanctions and to the entry of findings that he made unsuitable recommendations for a family trust formed by a senior married couple. The findings stated that Smith and another registered representative at the firm recommended that the trust purchase a deferred variable annuity for approximately \$540,000 and fund that purchase through two withdrawals from an indexed annuity owned by the trust. Smith was aware that funding the purchase of the variable annuity with withdrawals from the trust's existing annuity could result in negative tax consequences for the trust and was also aware that the recommendation to purchase the variable annuity would not be suitable if it caused negative tax consequences for the trust. However, neither Smith nor the other representative researched how the trust might be able to purchase the variable annuity without negative tax consequences. Instead, Smith recommended that the trust withdraw funds from the indexed annuity via two checks payable to the trust and immediately endorse the checks as payable to the firm in order to fund the purchase of the variable annuity. The trust, through its trustee, followed

Smith's recommendations. Smith mistakenly believed that having the trust immediately endorse the checks as payable to the firm would avoid any adverse tax consequences, but he did not confirm that belief. The withdrawal of the funds from the indexed annuity were, in fact, taxable events that resulted in negative tax consequences to the trust. The adverse tax consequences could have been avoided if Smith or the other representative had recommended the new variable annuity be purchased as a tax-free 1035 exchange, but they failed to research that option.

The suspension is in effect from June 21, 2022, through September 20, 2022. ([FINRA Case #2019064218701](#))

## 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.

### **Peter James Fetherston ([CRD #2108610](#), Garden City, New York)**

May 3, 2022 – Fetherston was named a respondent in a FINRA complaint alleging that he converted and misused customer funds. The complaint alleges that Fetherston induced two customers, a married couple, to write him three checks totaling \$89,000 by falsely representing to them that they owed him commissions and that he would use a portion of the funds to purchase additional investments in their account at his member firm. The customers did not owe Fetherston any commissions, and Fetherston never invested any of the funds on their behalf. Instead, Fetherston deposited the checks into his personal bank account and spent the funds on personal expenses, including paying off significant debt. The complaint also alleges that Fetherston provided false or misleading information, documents and testimony to FINRA. In response to FINRA's request for information about his receipt and use of the \$89,000, Fetherston falsely stated that the customers gave him the funds to help him pay his medical bills and expenses. Then, Fetherston provided FINRA with a handwritten note, purportedly drafted and signed by the customers, stating that they gave Fetherston three checks totaling \$89,000 to help him to pay his medical expenses and associated costs. The customers, however, neither wrote nor signed any such note and they did not give Fetherston any funds to help him pay his medical expenses and associated costs. In addition, Fetherston falsely testified that the customers gave him the money for medical expenses and other associated costs and that the customers wrote and signed the handwritten note. The complaint

further alleges that Fetherston failed to respond completely to FINRA's written requests for information. Fetherston provided a partial response, but the response was incomplete because he failed to identify the medical expenses that he paid with the money obtained from the customers. ([FINRA Case #2020065396501](#))

**Matthew Howard Smith ([CRD #2688706](#), Waterford, New York)**

May 13, 2022 – Smith was named a respondent in a FINRA complaint alleging that he twice failed to appear for on-the-record testimony requested by FINRA in connection with its investigation into allegations that Smith, among other things, may have engaged in structuring of cash withdrawal transactions. ([FINRA Case #2019064710601](#))

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

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

**Acanthus Capital Limited (CRD #296836)**  
London, United Kingdom  
(May 12, 2022)

**Lam Securities Investments, Inc. (CRD #17037)**  
San Francisco, California  
(May 12, 2022)

**Long Island Financial Group, Inc. (CRD #31148)**  
Roslyn, New York  
(May 27, 2022 - May 31, 2022)

**Opes Bespoke Securities LLC (CRD #129841)**  
New York, New York  
(May 12, 2022 - June 10, 2022)

**The Transportation Group (Securities) Limited (CRD #286288)**  
New York, New York  
(May 2, 2022 - June 27, 2022)

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**Individuals Barred for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552(h)**

(If the bar has been vacated, the date follows the bar date.)

**Thomas John Corsaro (CRD #5171122)**  
Bloomfield, New York  
(May 13, 2022)  
FINRA Case #2021072152701

**Hector Mario Flores Jr. (CRD #6637802)**  
Lubbock, Texas  
(May 16, 2022)  
FINRA Case #2020069013501

**Guy B. Kossuth (CRD #2905607)**  
Cranberry Township, Pennsylvania  
(May 20, 2022)  
FINRA Case #2021071637101

**Michael Pau (CRD #3076920)**  
Dix Hills, New York  
(May 20, 2022)  
FINRA Case #2021072906501

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**Individuals Suspended for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552(d)**

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

**Michael Douglas Beebe (CRD #2231851)**  
Webster, New York  
(May 9, 2022)  
FINRA Case #2021070833801

**Darien Euclid Bonney (CRD #4899007)**  
Scottsdale, Arizona  
(May 31, 2022)  
FINRA Case #2021072817601

**LeRoy Cantley (CRD #7328079)**  
Glendale, Arizona  
(May 2, 2022)  
FINRA Case #2021072904501

**Salvatore Carollo (CRD #5047673)**  
Franklin Lakes, New Jersey  
(May 2, 2022)  
FINRA Case #2021072509701



**Ryan Patrick Jonathan Darby****(CRD #6578759)**

Boston, Massachusetts

(March 14, 2022 – May 19, 2022)

FINRA Case #2021071880501

**Kevin Leslie Garasky (CRD #6018097)**

Coeur d'Alene, Idaho

(May 5, 2022)

FINRA Case #2021072176701

**Dustin Dean Goss (CRD #7083810)**

Austin, Texas

(May 16, 2022)

FINRA Case #2021072023601

**James Kirby Merrill (CRD #5030710)**

Encinitas, California

(May 9, 2022)

FINRA Case #2021070860401

**Ebony Imani Parks (CRD #6841447)**

Davenport, Iowa

(May 23, 2022)

FINRA Case #2021073074201

**Darrell Patrick Roberts (CRD #4244624)**

Richardson, Texas

(May 13, 2022)

FINRA Case #2021071829601

**Isaac Stewart (CRD #6374575)**

Rogersville, Missouri

(May 13, 2022)

FINRA Case #2021071049501

**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.)****Jon David Broadbent (CRD #4493281)**

Saint Petersburg, Florida

(May 27, 2022)

FINRA Arbitration Case #18-02918

**Shawn Evan Burns (CRD #3138114)**

Holbrook, New York

(May 27, 2022)

FINRA Arbitration Case #21-02577

**Lawrence John Fawcett Jr.****(CRD #5851474)**

Dix Hills, New York

(May 27, 2022)

FINRA Arbitration Case #21-02577

**Wilfredo Felix Jr. (CRD #2693672)**

North Amityville, New York

(May 23, 2022)

FINRA Arbitration Case #18-03614

**Forrest Jones (CRD #4880765)**

Montgomery, Texas

(May 13, 2022)

FINRA Arbitration Case #20-01561

**Daniel Jordan Josey Sr. (CRD #2189408)**

Seneca, South Carolina

(May 13, 2022)

FINRA Arbitration Case #21-02488

**Pamela Denise Lawson (CRD #1475253)**  
Paradise Valley, Arizona  
(May 27, 2022)  
FINRA Arbitration Case #18-02918

**Robert Warren Lawson (CRD #501167)**  
Paradise Valley, Arizona  
(May 27, 2022)  
FINRA Arbitration Case #18-02918

**Jonothon Michael Lieberman  
(CRD #2237428)**  
Woodbury, New York  
(May 23, 2022)  
FINRA Arbitration Case #20-00069

**Michael Lawrence Oromaner  
(CRD #2857559)**  
Huntington, New York  
(May 13, 2022)  
FINRA Arbitration Case #21-02719

**Michael August Pellegrino  
(CRD #5900843)**  
Elgin, Illinois  
(May 27, 2022)  
FINRA Arbitration Case #19-01916

**Harold B. Ramsey (CRD #5065990)**  
Ridgewood, New Jersey  
(May 23, 2022)  
FINRA Arbitration Case #21-00026

**Scott Douglas Williams (CRD #2330693)**  
Franklin, Tennessee  
(May 27, 2022 - June 22, 2022)  
FINRA Arbitration Case #21-01670

## FINRA Fines Wefunder \$1.4 Million for Crowdfunding Rule Violations; StartEngine Capital Separately Fined \$350,000

FINRA announced that it has fined two FINRA-registered funding portals a combined \$1.75 million for failing to comply with securities laws and rules designed to protect crowdfunding investors.

“Funding portals perform an important gatekeeping role for securities that are offered to investors under Regulation CF, the crowdfunding exemption from securities registration,” said Jessica Hopper, Executive Vice President and Head of FINRA’s Department of Enforcement. “Today’s actions highlight FINRA’s vigilance over this developing area of securities regulation and our unrelenting focus on investor protection.”

FINRA regularly examines and conducts ongoing surveillance of funding portal members to determine compliance with FINRA’s funding portal rules and SEC requirements. The Wefunder and StartEngine matters both originated from FINRA’s examination program.

In the [Wefunder matter](#), FINRA found that from 2016 through 2021, across 39 separate offerings, Wefunder raised approximately \$20 million more than permitted under crowdfunding raise limits. It did this by diverting the excess funds raised in the crowdfunding offering to a subsequent offering conducted under a different exemption from registration. FINRA found that by doing so, Wefunder exceeded the scope of its permitted activities as a funding portal.

FINRA further found that Wefunder failed to promptly direct the transmission of funds to issuers or investors as required; improperly sent emails to hundreds of thousands of investors recommending and soliciting investments being offered on its portal in violation of a rule that prohibits such solicitations; included misleading communications on its funding portal website; and, failed, in multiple respects, to maintain a reasonable supervisory system to supervise its business, including, for example, its process for tracking investments. The portal itself recognized as late as 2021 that its processes were flawed, with one officer chiding another in an internal email about his failure to delegate, as more fully described in the settlement.

As part of the settlement with Wefunder, the portal will be required to retain an independent consultant to make recommendations to improve its systems and procedures.

In the [StartEngine matter](#), FINRA found that at various points between November 2016 and January 2018, StartEngine included issuer communications on its funding portal website that it knew or had reason to know were false or misleading; posted its own inaccurate counts of the number of investors in the offerings on its portal; and failed to reasonably supervise potentially misleading issuer-prepared content.

For example, one issuer, whose product was a home robot, exaggerated the robot's level of functionality in a demonstration video posted on the StartEngine website. The video depicted the robot independently performing tasks such as waking sleeping family members, teaching a child piano and art, projecting a recipe onto a cutting board, patrolling a home for intruders, adjusting a thermostat and playing peek-a-boo with a child. During the offering, StartEngine received information that caused it to know or had reason to know that these claims were exaggerated and misleading, but it failed to correct them. Although a disclaimer on the offering page noted that the robot was a work-in-progress, it was insufficient to remediate the misleading content.

In settling these matters, Wefunder and StartEngine accepted and consented to the entry of FINRA's findings without admitting or denying them.