

Disciplinary and Other FINRA Actions

Firm Expelled

Worden Capital Management LLC (CRD #148366, New York, New York)
July 25, 2022 – An Office of Hearing Officers (OHO) decision became final in which the firm was expelled from FINRA membership and ordered to pay disgorgement in the amount of \$609,500, plus prejudgment interest. The sanctions were based on the findings that the firm violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and FINRA Rule 2020 by fraudulently omitting material information in connection with the sales of securities in private placement offerings. The findings stated that the firm failed to disclose a secret compensation agreement in connection with the private placement offerings. The firm did not disclose to investors that its chief executive officer (CEO) secretly agreed that the issuer of the offerings would add an eight percent commission to the ten percent placement fee paid to the firm for each investment it sold. Consequently, investors were unaware that the issuer actually paid the firm an 18 percent commission on sales of most of the investments. The firm received undisclosed commissions totaling \$609,500 in addition to the \$1.052 million in disclosed placement fees. Brokers at the firm were unaware of the secret agreement and therefore could not and did not disclose it to customers. The findings also stated that the firm failed to fulfill its supervisory responsibilities in its sales of the offerings. The firm's due diligence review of the offerings was incomplete and did not comply with the requirements of the firm's supervisory procedures. As a result, the firm solicited individuals to invest a total of \$10 million in securities with no assurance that the firm understood how the offerings operated, no confirmation of the authenticity or source of the shares sold, no knowledge of the finances of the issuer or the offerings, or other information a properly conducted due diligence review required the firm to obtain. The findings also included that the firm and its brokers never acquired a reasonable basis to believe the offerings' securities were suitable for any investor. FINRA found that the firm failed to submit to FINRA a copy of the offering documents it used in connection with sales of the offerings. ([FINRA Case #2019064746502](#))

Firms Fined

BofA Securities, Inc. (CRD #283942, New York, New York)
July 15, 2022 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured and fined \$325,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it published inaccurate monthly reports of order executions it was required to publish pursuant to Rule 605 of

Reported for September 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 to search for cases using key words or phrases, specified date ranges or other criteria.

Regulation National Market System (NMS) of the Exchange Act. The findings stated that the firm published statistical information concerning order executions for its broker-dealer and alternative trading system (ATS) market centers together on its publicly available monthly reports rather than in separate reports for each market center and classified its ATS market center executions as away executed shares in that report. As a result of the combined report, the firm inaccurately categorized certain mid-point peg immediate or cancel orders in order type categories other than the inside-the-quote order type category, and certain immediate or cancel orders within the market order type category rather than the marketable limit order type category. Subsequently, the firm implemented a separate stand-alone report for its ATS market center that prevents these types of issues from recurring. In addition, various technological issues caused the firm to publish inaccurate reports for its broker-dealer market center. First, the firm misclassified orders based on inaccurate order quantities that did not reflect a reduction for prior executions. Second, the firm did not properly attribute executions to the correct canceled-and-replaced order, misclassified orders using incorrect quotations within the same second, and misclassified some inside-the-quote orders as at-the-quote orders. Third, the firm excluded certain reportable executions from the broker-dealer market center report. Finally, inaccuracies occurred within the firm's new, stand-alone ATS market center report as a result of coding errors that caused the firm to exclude certain reportable, executed orders from the ATS market center report. The findings also stated that the firm's supervisory system was not reasonably designed to achieve compliance with Rule 605 of Regulation NMS. The firm had no system to check the accuracy of the order executions it reported on its Rule 605 report. Although the firm implemented surveillances to check the accuracy of particular aspects of its Rule 605 reports, it was not until over six months later that the firm implemented a system that checks for a broader set of inconsistencies and potentially missing information. ([FINRA Case #2019061061701](#))

Wilson-Davis & Co., Inc. ([CRD #3777](#), Salt Lake City, Utah)

July 18, 2022 – An AWC was issued in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to accurately calculate its customer and proprietary securities account of a broker or dealer (PAB account) reserves and maintain good control over securities in its customer sweep account. The finding stated that the firm had deficiencies in the customer reserve account ranging from \$101,468 to \$245,837 because the firm erroneously debited pre-payments by firm customers that were expected to be covered the following day, as well as fees that customers owed the firm without an agreement permitting the firm to liquidate customer assets to cover such fees. The firm has since corrected its customer reserve calculations and deposited additional funds into its customer reserve account to eliminate the deficiency. Subsequently, the firm had deficiencies

in its customer reserve account ranging from \$571,958 to \$693,703 resulting from a margin position in one customer account. At the time, the firm's margin position was concentrated in a single stock, resulting in a significant reduction in the margin account debit. The margin position was later liquidated, eliminating the deficiency. The firm also failed to establish and maintain a required PAB account. This occurred after the firm reentered the correspondent clearing business when it enrolled an introducing firm as a customer. The customer provided the firm with a \$100,000 clearing deposit. Although the firm was supposed to establish a PAB account to hold this clearing deposit and set aside associated reserves, it failed to do so. The firm also failed to code accounts of the introducing firm as PAB accounts, which resulted in hindsight deficiencies in the firm's PAB reserves. The firm then deposited \$200,000 into a PAB reserve account and reclassified the relevant accounts. The findings also stated that the firm failed to maintain customer securities in good control location because its agreement with the custodian for the firm's money market/sweep account did not provide the securities were held for the exclusive benefit of customers and free of liens, security interests, or encumbrances by the bank or any party acting through the bank. The amounts at issue ranged from \$10,000 to approximately \$43 million. The firm resolved the issue by modifying its agreement with the bank. None of the foregoing deficiencies caused the firm to be out of compliance with its net capital requirements. The findings also included that the firm failed to establish a supervisory system reasonably designed to achieve compliance with the Exchange Act Rule 15c3-3 (the Customer Protection Rule), specifically the obligation to accurately calculate PAB account requirements and detect errors in that calculation. Initially, the firm did not have any written supervisory procedures (WSPs) addressing its correspondent clearing business or PAB reserve obligations under the Customer Protection Rule. Subsequently, the firm established written supervisory and operational procedures to address PAB accounts, however, the firm's supervisory system remained not reasonably designed to accurately calculate PAB reserve obligations and detect errors in the reserve calculation. Later the firm established a new procedure to review a firm-wide account report prior to running its reserve calculations to ensure the accuracy of its PAB reserves. ([FINRA Case #2019062183901](#))

Sagetrader, LLC ([CRD #137862](#), San Francisco, California)

July 20, 2022 – An AWC was issued in which the firm was censured, fined a total of \$775,000, of which \$83,333.33 is payable to FINRA, and required to review and revise its supervisory system including its WSPs with respect to the findings described in this AWC concerning the firm's supervision for potentially manipulative trading by customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to reasonably supervise for potentially manipulative trading on its platforms. The findings stated that the firm's supervisory system, including WSPs, was not reasonable in several respects.

First, the firm did not conduct any supervisory reviews for potentially manipulative trading, such as layering, spoofing, wash trades, or marking the close or open. Second, the firm implemented an automated surveillance system that generated post-trade alerts for potential spoofing, layering, wash trades, and marking the close but that system did not initially surveil for marking the open. Also, due to a coding error, the system did not capture the trading activity of individual traders of one of the firm's high-risk customers. Third, the firm's review of the alerts was not reasonable and its first-level reviewers were permitted to close surveillance alerts for potentially manipulative trading without any oversight or supervision by a firm principal. Fourth, the firm's WSPs failed to provide reasonable guidance on how to review for potentially manipulative trading. The firm's WSPs required reviewers to escalate significant alerts to an alert review committee. However, the firm's procedures did not explain what qualified as a significant alert. Nor was it clear what additional steps the reviewers should take when reviewing alerts. Fifth, the firm's supervisory system was unreasonable because while the firm focused on resolving individual alerts generated by each separate trader at each customer, and terminated some individual traders, the firm did not have a system in place to consider the total alerts generated by multiple traders at the same customer in order to evaluate the aggregate regulatory risk presented by a customer's overall trading activity. Sixth, the firm identified two customers as high risk, which, according to the firm, required enhanced surveillance. But the firm had no system or procedures for conducting enhanced surveillance and, in fact, did not do so. Finally, the firm did not routinely document the alert reviews it conducted, and for the alert reviews that it did document, the documentation was not always sufficient. ([FINRA Case #2017053210201](#))

Individual Barred

David Michael Karandos ([CRD #1934119](#), Indianapolis, Indiana)

July 7, 2022 – An AWC was issued in which Karandos was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Karandos consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA. ([FINRA Case #2022073675001](#))

William Edward Torriente Jr. ([CRD #4255814](#), Gilbert, Arizona)

July 7, 2022 – An AWC was issued in which Torriente was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Torriente consented to the sanction and to the entry of findings that he refused to appear for and provide on-the-record testimony requested by FINRA in connection with its investigation into allegations contained in a Uniform Termination Notice for Securities Industry Registration (Form U5) filed by his member firm that stated

that he had voluntarily terminated his association with it while under internal review for placing transactions in client accounts that the clients were not aware of. The findings stated that the firm later filed a Form U5 Amendment for Torriente disclosing additional customer complaints alleging, among other things, that he had exercised unauthorized discretion. ([FINRA Case #2020068406701](#))

Daniel Lee Bicket (CRD #1366026, Reinbeck, Iowa)

July 14, 2022 – An AWC was issued in which Bicket was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Bicket consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA during the course of an investigation into whether he sold equity indexed annuities, in apparent violation of FINRA rules governing undisclosed outside business activities (OBAs) and his member firm's WSPs. ([FINRA Case #2021071798401](#))

David Gene Menashe (CRD #5727269, Brooklyn, New York)

July 15, 2022 – An AWC was issued in which Menashe was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Menashe consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with its investigation into potential unsuitable and excessive trading in customer accounts. ([FINRA Case #2019064511201](#))

Robin Lee Taliaferro (CRD #442144, Santa Ynez, California)

July 15, 2022 – An AWC was issued in which Taliaferro was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Taliaferro 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 investigation to determine whether he engaged in any sales practice violations during his associations with multiple member firms. ([FINRA Case #2021071987901](#))

Adam Thomas Marquardt (CRD #5307192, Rochester, Minnesota)

July 21, 2022 – An AWC was issued in which Marquardt was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Marquardt consented to the sanction and to the entry of findings that he refused to provide on-the-record testimony requested by FINRA in connection with its investigation into the allegations in a Form U5 filed by his member firm stating that, at the time of his resignation, he was under internal review for allegations that he deposited cashier's checks into client accounts in part to cover certain clients' investment losses without knowledge or authorization by the firm. ([FINRA Case #2020067667201](#))

Joseph A. Ambrosiole ([CRD #5732488](#), Staten Island, New York)

July 28, 2022 – An AWC was issued in which Ambrosiole was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Ambrosiole consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with its investigation concerning an amended Form U5 filed by his former member firm disclosing a customer complaint alleging that he engaged in unsuitable trading. ([FINRA Case #2021072773201](#))

Individuals Suspended

Wei Donald Tang ([CRD #1805501](#), Las Vegas, Nevada)

July 6, 2022 – An AWC was issued in which Tang was fined \$5,000 and suspended from association with any FINRA member in all capacities for 30 days. Without admitting or denying the findings, Tang 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 Tang served as the managing member and owner of four limited liability companies (LLCs) that each owned an investment property. Tang hired property managers to manage three of the properties as rentals, from which he received combined annual income ranging from \$100,000 to \$200,000. Tang also expected to profit from appreciation on the value of the fourth investment property. Tang did not notify the firm that he was engaging in this business, which did not involve customers, until after the firm received inquiries about it from FINRA.

The suspension was in effect from August 1, 2022, through August 30, 2022. ([FINRA Case #2020065163003](#))

Michael Burton Ohlemacher ([CRD #5759091](#), Maumee, Ohio)

July 11, 2022 – An AWC was issued in which Ohlemacher 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, Ohlemacher consented to the sanctions and to the entry of findings that he engaged in an insurance-related OBA without providing prior written notice to his member firm. The findings stated that Ohlemacher referred individuals – both firm clients and non-clients – to an insurance company not affiliated with the firm's insurance affiliate, earning over \$94,000 in commissions. Ohlemacher never disclosed this OBA in writing to the firm or its insurance affiliate, nor did he receive firm approval for it. In addition, Ohlemacher falsely attested on annual compliance questionnaires that he had disclosed all OBAs.

The suspension is in effect from July 18, 2022, through October 17, 2022. ([FINRA Case #2021070251201](#))

Franz Helmut Lambert ([CRD #4463792](#), Forest Hills, New York)

July 13, 2022 – An AWC was issued in which Lambert 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, Lambert consented to the sanctions and to the entry of findings that he engaged in excessive and quantitatively unsuitable trading in a senior customer's account. The findings stated that Lambert recommended high frequency trading in the account, and the customer routinely followed his recommendations. As a result, Lambert exercised de facto control over the customer's account. Lambert's trading in the customer's account generated total trading costs of \$308,983, including \$289,660 in commissions, and caused \$320,906 in realized losses. The customer brought and settled an arbitration claim against Lambert and won an arbitration award against the firm relating to the account at issue here.

The suspension is in effect from July 18, 2022, through December 17, 2022. ([FINRA Case #2019060753504](#))

Michael Hong Cho ([CRD #2456460](#), Farmington Hills, Michigan)

July 19, 2022 – An AWC was issued in which Cho was fined \$5,000 and suspended from association with any FINRA member in all capacities for 15 months. Without admitting or denying the findings, Cho consented to the sanctions and to the entry of findings that he drafted, signed, and distributed comfort or proof of funds letters on his member firm's letterhead that contained material misrepresentations. The findings stated that Cho did not use the firm's approved comfort letter template, nor did he obtain prior firm approval to send the letters. A customer requested the letters on behalf of his company that was listed as the buyer in contracts for COVID-related personal protective equipment. The letters falsely represented that the customer held sufficient assets in a corporate account at the firm to cover the contracts, which ranged in value from \$2 billion to almost \$10.45 billion. In fact, the customer's corporate account at the firm had been closed, and the only account at the time that the firm held for the customer was a personal account with \$100,000.

The suspension is in effect from August 15, 2022, through November 14, 2023. ([FINRA Case #2021070771601](#))

James Daniel Kent Jr. ([CRD #2255753](#), Spring Hill, Florida)

July 19, 2022 – An AWC was issued in which Kent was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for eight months. Without admitting or denying the findings, Kent 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 was charged with a felony. The findings stated that two days after

being charged with the felony of driving under the influence (DUI), Kent updated his Form U4, which included disclosure of a past felony battery charge. However, Kent did not disclose the felony DUI charge at that time or at any time thereafter. The findings also stated that Kent failed to timely produce information and documents requested by FINRA in connection with its investigation of his failure to disclose.

The suspension is in effect from August 1, 2022, through March 31, 2023. ([FINRA Case #2021071506202](#))

Richard A. Hogan (CRD #1754577, Ross, California)

July 26, 2022 – An AWC was issued in which Hogan was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for 12 months. Without admitting or denying the findings, Hogan consented to the sanctions and to the entry of findings that he participated in private securities transactions in Asia-based funds by customers who invested a total of \$630,000 without providing prior written notice to his member firm. The findings stated that Hogan participated in the transactions by soliciting the investments from the customers and directing his assistants to process the investment documentation. The firm did not offer these funds for investment by customers, and the customers' investments were not custodied with the firm. Hogan disclosed on the firm's associate investment monitoring system that he had personally invested in a Hong Kong equity fund but attested that he had not co-invested with customers or solicited others in connection with the investment. Contrary to this representation, two customers had invested in the same fund, based upon Hogan's recommendation, prior to his disclosure.

The suspension is in effect from August 1, 2022, through July 31, 2023. ([FINRA Case #2019064715701](#))

Brian Harold Young (CRD #4725953, Peoria, Arizona)

July 26, 2022 – An AWC was issued in which Young 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, Young consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose that he had been charged with three felonies and pled guilty to one felony. The findings stated that Young was indicted by a grand jury for the three felonies: one count of aggravated assault and two counts of endangerment. Young received written notice of the indictment and willfully failed to amend his Form U4 to disclose the felony charges against him within 30 days as required. Later, Young pled guilty to a felony charge, which rendered him statutorily disqualified from associating with a member firm. Young was required, but willfully failed to amend his Form U4 to disclose the felony guilty plea against him within 10 days. In fact, Young amended

his Form U4 to disclose the felony conviction and the previous three felony charges when he resigned from his firm, four days after the deadline for disclosing the felony conviction and over a year after the deadline for disclosing the felony charges. The felony charges and guilty plea were material facts that an employer or customer would want to know about a representative. In addition, Young falsely stated on annual compliance questionnaires that he had not been charged with any felonies.

The suspension is in effect from August 1, 2022, through January 31, 2023. ([FINRA Case #2021072262901](#))

Lance Everett Baraker ([CRD #4647994](#), New York, New York)

July 27, 2022 – An AWC was issued in which Baraker 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, Baraker 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 Baraker and other individuals formed a company for the purpose of pooling their funds to invest. Baraker and the other individuals were the sole shareholders of the company. Baraker, as the managing member of a separate personal LLC, signed the new company's shareholder agreement. Although he did not contribute any funds to the company, Baraker served as a director and as its treasurer. The company's shareholders, including Baraker, expected to receive a return from the company's investment. Baraker attended a meeting with the other shareholders, and they agreed to wire \$350,000 to an asset manager to invest. The company and the asset manager entered into a Management and Deposit Agreement, pursuant to which the asset manager agreed to place the company's funds into one or more asset enhancement transactions. Baraker, on behalf of the company, signed the Management and Deposit Agreement and an escrow agreement with the asset manager. Baraker also conducted due diligence on the asset manager, opened the company's bank account, and facilitated the \$350,000 wire from the company to the asset manager's escrow agent. The asset manager subsequently filed for bankruptcy.

The suspension was in effect from August 1, 2022, through August 30, 2022. ([FINRA Case #2020066192702](#))

Stephen Robert Green ([CRD #2853952](#), Beaufort, South Carolina)

July 27, 2022 – An AWC was issued in which Green 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, Green consented to the sanctions and to the entry of findings that he engaged in an OBA without providing prior written notice to his member firm. The findings stated that Green and other individuals formed a company for the purpose of pooling their funds to invest.

Green and the other individuals were the sole shareholders of the company. Although Green did not contribute any funds to the company, he served as its director and president. The company's shareholders, including Green, expected to receive a return from the company's investment. Green attended a meeting with the other shareholders, and they agreed to wire \$350,000 to an asset manager to invest. The company and the asset manager entered into a Management and Deposit Agreement, pursuant to which the company agreed to provide the funds to the asset manager's escrow agent, and the asset manager agreed to place the company's funds, once released from escrow, into one or more asset enhancement transactions. Green conducted due diligence on the asset manager, opened the company's bank account, and facilitated the \$350,000 wire from the company to the asset manager's escrow agent. The asset manager subsequently filed for bankruptcy.

The suspension was in effect from August 1, 2022, through August 30, 2022. ([FINRA Case #2020066192701](#))

Robert Watson Vial ([CRD #1722789](#), Estero, Florida)

July 27, 2022 – An AWC was issued in which Vial 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, Vial 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 Vial and other individuals formed a company for the purpose of pooling their funds to invest. Vial, as the president of a personally owned corporation, signed the company's shareholder agreement. Vial and the other individuals were the sole shareholders of the company. Vial served as a director of the company and as its corporate secretary. The company's shareholders, including Vial, expected to receive a return from the company's investment. Vial attended a meeting with the other shareholders, and they agreed to wire \$350,000 to an asset manager to invest, with Vial contributing a portion of that amount through his personally owned corporation. Vial also conducted due diligence on the asset manager. The company and the asset manager entered into a Management and Deposit Agreement, pursuant to which the company agreed to provide the funds to the asset manager's escrow agent, and the asset manager agreed to place the company's funds, once released from escrow, into one or more asset enhancement transactions. The asset manager subsequently filed for bankruptcy.

The suspension was in effect from August 1, 2022, through August 30, 2022. ([FINRA Case #2020066192703](#))

Jorge Antonio Netto (CRD #2432661, Miami, Florida)

July 28, 2022 – An OHO decision became final in which Netto was fined \$10,000, suspended from association with any FINRA member in all capacities for four months, and ordered to pay disgorgement in the amount of \$75,000, plus prejudgment interest. The sanctions were based on the findings that Netto engaged in two OBAs without providing written notice to his member firm. The findings stated that Netto had ownership and a beneficial interest in one company and that he was employed by and participated in the management of it in his corporate positions. Netto received compensation from this company and another company in the form of a \$75,000 share of an advisory fee. The findings also stated that Netto provided a false and inaccurate answer on his firm’s annual compliance certification regarding one of the OBAs. In the certification, Netto failed to identify his 50 percent ownership interest and officer positions in one of the companies.

The suspension is in effect from August 1, 2022, through November 30, 2022. ([FINRA Case #2018058537302](#))

Wayne von Borstel (CRD #1419351, The Dalles, Oregon)

July 28, 2022 – An AWC was issued in which von Borstel 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, von Borstel consented to the sanctions and to the entry of findings that he caused his member firm’s books and records to be inaccurate by failing to identify the intended beneficiaries on new account forms for 529 plan accounts. The findings stated that von Borstel’s firm implemented a new policy prohibiting the purchase of Class C shares in 529 plan accounts for young beneficiaries, unless the firm granted an exception. After the new policy became effective, some of von Borstel’s customers decided to close existing 529 plan Class C share accounts for young beneficiaries and to open new 529 plan C-share accounts. However, when von Borstel completed the required forms to establish the new 529 plan Class C-share accounts, instead of identifying the young beneficiaries on the account forms, he identified adults who were related to the young beneficiaries, typically a parent, as each account’s beneficiary. By doing so, von Borstel enabled these new accounts to bypass the firm’s review under its new 529 plan policy and caused the firm’s books and records to be inaccurate.

The suspension was in effect from August 1, 2022, through August 19, 2022. ([FINRA Case #2020065798801](#))

Decision Issued

The OHO issued the following decision, which has been appealed to or called for review by the NAC as of July 31, 2022. The National Adjudicatory Counsel (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*.

Megurdtich Mike Patatian ([CRD #4047060](#), Granada Hills, California)

July 5, 2022 – Patatian appealed an OHO decision to the NAC. Patatian was barred from association with any FINRA member in all capacities, ordered to pay \$262,958.73, plus interest, in restitution to customers who sold at a loss, ordered to pay disgorgement in the amount of \$458,418.07, plus interest, with an offset for any amounts paid to satisfy his restitution obligation and ordered to offer rescission to customers still holding the securities at issue. The sanctions were based on the findings that Patatian made unsuitable recommendations to his customers. The findings stated that Patatian violated his reasonable-basis suitability obligation in connection with the non-traded real estate investment trusts (REITs) he recommended to customers. Patatian did not understand the potential risks of the non-traded REITs he recommended to customers. In addition, Patatian violated his customer-specific suitability obligation to certain customers. Each of these customers had specific liquidity needs, none wanted an investment that was or could be illiquid, and none wanted a risky investment. Nonetheless, Patatian recommended that the customers invest a substantial percentage of their liquid net worth in non-traded REITs. The findings also stated that Patatian made unsuitable recommendations to customers that they surrender their variable annuities to purchase non-traded REITs. Patatian did not understand that the surrenders he recommended would cause his customers to incur significant tax liabilities, and he incorrectly advised some of his customers that their surrenders qualified as tax-free 1035 exchanges. The findings also included that Patatian made unsuitable recommendations to customers that they exchange their variable annuities for new variable annuities based on faulty cost comparisons and his failure to secure intended optional death benefits. As a result, the customers experienced significant and unexpected increases in fees and lost valuable existing death benefits. FINRA also found that Patatian impersonated a customer on a phone call with an insurance company after he recommended that his customers, a married couple, surrender a variable annuity to purchase a non-traded REIT. As part of his impersonation, Patatian provided the customer's date of birth and the last four digits of the customer's social security number to the insurance company. Patatian claimed that he had signed documentation and express authority from the customers to find out about the surrender charge and contract value from the insurance company, but he provided no signed documentation or evidence of express authority that would have permitted him to impersonate the customer on

a phone call with the insurance company. Finally, FINRA found that Patatian caused his member firm to maintain inaccurate books and records. First, Patatian overstated his customers' investment experience on the firm's new account forms. Second, on client disclosure forms for his non-traded REIT recommendations, Patatian inflated his customers' net worth exclusive and liquid net worth, sometimes shortly after recording significantly lower amounts for those categories on the new account forms for the same customers. Patatian admitted that he overstated his customers' financial information and investment experience in order to circumvent investment limitations and obtain principal approval for his customers' non-traded REIT purchases.

The sanctions are not in effect pending review. ([FINRA Case #2018057235801](#))

Complaint Filed

FINRA issued the following complaint. Issuance of a disciplinary complaint represents FINRA's initiation of a formal proceeding in which findings as to the allegations in the complaint have not been made, and does not represent a decision as to any of the allegations contained in the complaint. Because this complaint is unadjudicated, you may wish to contact the respondents before drawing any conclusions regarding these allegations in the complaint.

David Thomas Hixon ([CRD #4707468](#), Scottsdale, Arizona)

July 20, 2022 – Hixon was named a respondent in a FINRA complaint alleging that he failed to provide a complete response to FINRA's requests for information and documents in connection with its investigation into the circumstances of his termination from his member firm in order to determine whether violations of federal securities laws or FINRA rules occurred. The complaint alleges that Hixon's firm filed a Form U5 disclosing that he had been terminated as a result of concerns that he borrowed from a customer and asked other persons, a customer and a co-worker, for a loan. Hixon failed to provide complete responses to FINRA's requests. Hixon failed to provide any documents relating to his receipt of funds in connection with a loan he obtained from a certain customer and failed to provide copies of any loan agreements or other documents relating to the loan. In addition, Hixon failed to provide any documents evidencing his claimed repayment of the loan and failed to confirm whether, apart from the two customers named in FINRA's requests, he had solicited or obtained loans from any other customers or coworkers. Furthermore, if Hixon had solicited other loans, he failed to indicate the intended purpose of any such loans. The missing information and documents are material to FINRA's investigation into whether Hixon improperly borrowed from a customer, whether he repaid that customer, and whether and why he solicited other customers and coworkers for loans. ([FINRA Case #2021070867702](#))

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

Acanthus Capital Limited
(CRD #296836)
London, United Kingdom
(July 21, 2022)

Lam Securities Investments, Inc.
(CRD #17037)
San Francisco, California
(July 21, 2022)

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
(July 5, 2022)

Ustocktrade Securities, Inc.
(CRD #16208)
Newton, Massachusetts
(July 12, 2022)
FINRA Case #2022074651101

Wynston Hill Capital, LLC
(CRD #103811)
Brandon, South Dakota
(November 26, 2021 – July 1, 2022)
FINRA Case #2020068355401/2021069102901/2021069379001

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

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

Fundpaas Inc (Funding Portal Org ID #284909)
San Francisco, California
(March 18, 2019 – June 21, 2022)

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.)

Robin Auguste (CRD #6874949)
Chicago, Illinois
(July 5, 2022)
FINRA Case #2020067770501

Michael Douglas Beebe
(CRD #2231851)
Webster, New York
(July 18, 2022)
FINRA Case #2021070833801

LeRoy Cantley (CRD #7328079)
Glendale, Arizona
(July 11, 2022)
FINRA Case #2021072904501

Salvatore Carollo (CRD #5047673)
Franklin Lakes, New Jersey
(July 11, 2022)
FINRA Case #2021072509701

Kevin Leslie Garasky (CRD #6018097)
Coeur d'Alene, Idaho
(July 14, 2022)
FINRA Case #2021072176701

Dustin Dean Goss (CRD #7083810)
Austin, Texas
(July 25, 2022)
FINRA Case #2021072023601

Yang Liang (CRD #6554372)
Corona, California
(July 5, 2022)
FINRA Case #2020067568401

James Kirby Merrill (CRD #5030710)
Encinitas, California
(July 5, 2022)
FINRA Case #2021070860401

William Nicoloff Jr. (CRD #2716205)
Ladera Ranch, California
(July 8, 2022)
FINRA Case #2021072761601

Darrell Patrick Roberts (CRD #4244624)
Richardson, Texas
(July 22, 2022)
FINRA Case #2021071829601

Isaac Stewart (CRD #6374575)
Rogersville, Missouri
(July 22, 2022)
FINRA Case #2021071049501

Gregory Jon Williams (CRD #1561089)
Leoma, Tennessee
(July 5, 2022)
FINRA Case #2020065125301

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.)

Chad Ryan Barancyk (CRD #4921433)
Naples, Florida
(July 11, 2022)
FINRA Case #2021072016901

Aren Middle Blackwood (CRD #7380351)
Ellensburg, Washington
(July 11, 2022)
FINRA Case #2022073922401

Richard Lloyd Carman (CRD #2002971)
Memphis, Tennessee
(July 18, 2022)
FINRA Case #2021072182001

Austin Richard Dutton Jr. (CRD #2739167)
Furlong, Pennsylvania
(July 5, 2022)
FINRA Case #2022074635301

Jack Fascitelli (CRD #7337044)
New York, New York
(July 1, 2022)
FINRA Case #2022074501601

Beth A. Landwehr (CRD #6065758)
Hilliard, Ohio
(July 22, 2022)
FINRA Case #2022074297901

Ebony Imani Parks (CRD #6841447)
Davenport, Iowa
(May 23, 2022 – July 21, 2022)
FINRA Case #2021073074201

Firasat Ali Siddiqui (CRD #2194860)
Chicago, Illinois
(July 18, 2022)
FINRA Case #2021072658701

Alexandra Smith (CRD #6584319)
Saint Petersburg, Florida
(July 22, 2022)
FINRA Case #2021072535401

Joseph Hersey Pratt (CRD #719416)
Radnor, Pennsylvania
(July 14, 2022)
FINRA Arbitration Case #21-01934

Joseph Francis Valdini (CRD #5517610)
Farmingdale, New York
(July 12, 2022)
FINRA Arbitration Case #22-00854

Steven Mark Wyatt (CRD #2522129)
Jackson, Mississippi
(July 14, 2022)
FINRA Arbitration Case #17-00359

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.)

Dwayne Jude Bullen (CRD #6394076)
Farmingdale, New York
(July 12, 2022)
FINRA Arbitration Case #22-00854

James Travis Flynn (CRD #3082615)
Greer, South Carolina
(July 14, 2022)
FINRA Arbitration Case #19-00624

David John Melilli (CRD #5254172)
Mount Laurel, New Jersey
(July 12, 2022)
FINRA Arbitration Case #22-00009

FINRA Bars Two Individuals for Cheating on Online Qualification Exams

Regulator's First Enforcement Actions for Online Cheating

FINRA announced that it has barred [Brandon Autiero](#) of New Jersey and [Harris Kausar](#) of New York from the securities industry for cheating during qualification examinations administered online. The enforcement actions are FINRA's first in connection with cheating on remote exams.

"Test cheaters are on notice: regardless of the testing environment, FINRA remains vigilant in our efforts to detect cheating and will vigorously pursue disciplinary action – including permanent bars – against any individual who cheats on qualification examinations," said Jessica Hopper, Executive Vice President and Head of FINRA's Department of Enforcement.

To become registered, securities professionals must pass qualifying exams administered by FINRA. These exams cover a broad range of subjects regarding securities markets, regulation and industry practices. In response to the COVID-19 pandemic, candidates have been permitted to take qualification exams through an online testing service as well as in person. Online examinations use camera-equipped computers and are proctored remotely by testing service staff.

In the two separate matters, FINRA found that each individual violated FINRA rules of conduct by seeking assistance from public internet forums while taking the online examinations.

While these are FINRA's first actions against individuals for online cheating, FINRA has suspended or barred 12 individuals since January 2021 who cheated on in-person qualification exams or possessed unauthorized materials while taking in-person tests.

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