

# Disciplinary and Other FINRA Actions

## Firms Fined

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

July 11, 2023 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured and fined \$6,000,000. In determining sanctions, FINRA considered additional sanctions imposed by the Securities and Exchange Commission (SEC) for the same misconduct. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it applied an incorrect Suspicious Activity Report (SAR) filing threshold for more than a decade by applying the \$25,000 monetary threshold applicable to national banks rather than the \$5,000 threshold applicable to broker-dealers to determine when to file a category of SARs. The findings stated that the firm and a bank merged, at which time the bank assumed responsibility for investigating suspicious activity at the firm and filing any SARs. For suspected criminal activity not involving insider abuse and where a suspect could not be identified, the firm incorrectly applied the threshold applicable to banks when determining whether to file a SAR for both bank and brokerage account activity. The procedures relating to SAR filings only referenced the threshold applicable to banks and did not identify the threshold applicable to broker-dealers. The suspicious activity that went unreported included unauthorized debit card withdrawals, forged or altered checks, account intrusions, identity theft, and phone or internet scams. The findings also stated that the firm failed to establish and implement policies and procedures reasonably designed to detect and cause the reporting of suspicious transactions. ([FINRA Case #2020066667001](#))

### **RBC Capital Markets, LLC ([CRD #31194](#), New York, New York)**

July 11, 2023 – An AWC was issued in which the firm was censured and fined \$250,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it filed short interest reports that overreported the number of shares associated with short interest positions. The findings stated that the firm submitted short interest reports to FINRA that erroneously included short positions in accounts resulting from repurchase and pledge transactions and securities lending conducted by the firm or its affiliates, and syndicate activity of correspondent firms for which it clears securities transactions. Because these short positions did not result from “short sales” as defined in Rule 200(a) of Regulation SHO of the Securities Exchange Act of 1934 and were not transactions that were marked long due to the firm’s or the customer’s net long position at the time of the transaction, they were not reportable under FINRA Rule 4560. As a result, the firm overreported

## Reported for September 2023

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.

the number of shares associated with the short interest positions. The findings also stated that the firm failed to establish and maintain a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with short interest reporting requirements. Although the firm coded accounts as reportable or non-reportable for short interest reporting purposes, its supervisory system did not provide for testing of the coding of accounts on an ongoing basis. In addition, the firm relied on email notifications from the firm's correspondent business clearing line for reconciling the coding and inclusion or exclusion of syndicate accounts for short interest reporting purposes. However, the firm did not implement processes or procedures to monitor whether the notifications were timely received and reviewed. Subsequently, the firm amended its supervisory systems and procedures to include, among other things, additional reviews at the time of account creation and short interest reporting and a lookback review identifying changes in the last six report cycles. ([FINRA Case #2021071191801](#))

**Instinet, LLC ([CRD #7897](#), New York, New York)**

July 21, 2023 – An AWC was issued in which the firm was censured and fined a total of \$450,000, of which \$175,099.36 is payable to FINRA. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it violated Rule 611(c) of Regulation National Market System (Regulation NMS) of the Securities Exchange Act of 1934 and FINRA Rule 2010 by failing to take reasonable steps to establish that the intermarket sweep orders (ISOs) it routed to certain market centers met the requirements set forth in Exchange Act Rule 600(b)(31).

The findings stated that in certain instances, when the firm routed orders to various exchanges that it marked as ISOs, it failed to capture certain protected quotation data when it took the snapshots it used for making routing decisions due to multiple programming and system errors. As a result, the firm did not recognize, and thus did not route, additional ISOs necessary to execute against protected quotes displayed by certain market centers. The firm later corrected this issue by implementing updated code.

In addition, the firm experienced connectivity problems with direct market data feeds, resulting in its Smart Order Router (SOR) failing to capture quotation data from multiple exchanges when taking the snapshots it used for ISO-routing decisions. The firm took steps to address the connectivity issues by increasing its server capacity on two occasions and developed and implemented enhanced surveillance to detect and respond to connectivity issues.

Furthermore, the firm's system logic would treat a quote as "stale" if it did not receive an ISO execution at a protected venue and would continue to treat the quote as stale until it received a quote update from that destination. As a result, the firm's SOR would not re-route to any destination after a quote was marked stale and

there was no quote update received from that destination. There was no limit to how long the firm would wait to re-route to the original exchange. At times, the firm waited more than one second before re-routing after a quote was marked stale. In at least one instance, the firm traded through a protected quotation it marked stale approximately three seconds after it did not receive an execution at that protected venue.

The findings also stated that the firm violated FINRA Rules 3110 and 2010 by failing to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with Rule 611(c) of Regulation NMS. The firm's supervisory system did not detect potential trade throughs caused by the fact that it waited more than one second before re-routing to a trading center's protected quotation after receiving a partial-fill or no-fill response to an order seeking to execute against the trading center's quotation at the same price. The firm also ignored red flags in its supervisory system that should have alerted it of the need to address its connectivity issues to ensure that the ISOs it routed complied with Rule 611(c) of Regulation NMS. Despite experiencing data connectivity issues over multiple dates, the firm did not completely remediate the issues until after regulatory inquiries. ([FINRA Case #2020065465801](#))

**OCP Capital, LLC ([CRD #143381](#), Wellington, Florida)**

July 24, 2023 – An AWC was issued in which the firm was censured, fined \$75,000 and required to remediate the issues identified in the AWC and implement a supervisory system, including WSPs, reasonably designed to achieve compliance with applicable securities laws and the rules of FINRA. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it maintained inaccurate books and records by misclassifying its majority owner's personal expenses as the firm's business expenses. The findings stated that the owner charged at least \$28,428 of personal expenses to a business credit card, the payment obligation for which was a personal liability of the owner and not a liability of the firm. These personal expenses included goods and services with no business nexus. Despite the firm's procedures, it paid the owner's personal expenses charged on the business credit card and misclassified them as business expenses of the firm rather than as compensation to the owner. This caused the firm's general ledger to overstate business expenses and understate compensation. The firm then used the inaccurate general ledger to prepare multiple quarterly Financial and Operational Combined Uniform Single (FOCUS) reports. The findings also stated that the firm allowed an unregistered individual to perform certain functions requiring a principal registration without the individual being registered in that capacity. The individual was engaged in the management and supervision of the firm's employees, including a registered principal, involved with the firm's finances and corresponded with, and at times directed, that principal as well as the firm's accounting personnel with

respect to expense, commission payment, revenue, tax, and net capital issues. The individual was also involved in the firm's employment decisions and various securities business affairs and held himself out to third parties as such. The findings also included that the firm failed to preserve all business-related emails. The firm allowed the individual to use an outside email account to conduct firm securities-related business. The firm did not provide the individual with a firm email address, and as such the individual's firm-related emails were only retained by the firm when other firm personnel were copied on them. These emails included communications with firm employees as well as with third parties. FINRA found that the firm failed to carry out its supervisory obligations with respect to its review of email communications. The firm did not take reasonable steps to retain and archive emails sent or received by the individual. The firm therefore failed to enforce its procedures requiring all incoming and outgoing electronic communications to be retained. In addition, the firm failed to take reasonable steps to preserve or review the individual's electronic communications so it could reasonably supervise them. ([FINRA Case #2019061293401](#))

**LPL Financial LLC (CRD #6413, Fort Mill, South Carolina)**

July 25, 2023 – An AWC was issued in which the firm was censured, fined \$3,000,000, ordered to pay \$100,000, plus interest, in restitution to customers, required to conduct a review to identify, and as applicable pay restitution to affected customers for other improper transfers of money from firm customer accounts to common payees and required to remediate the issues identified in the AWC and implement a supervisory system, including WSPs, reasonably designed to monitor the transmittals of customer funds and electronic signatures to achieve compliance with applicable securities laws, regulations, and FINRA rules. Without admitting or denying the findings, the firm failed to reasonably supervise the transmittal of customer funds thus allowing two firm registered representatives to convert approximately \$2.4 million of customer funds. The findings stated that one firm registered representative converted funds from nine of his customers, five of whom were seniors, by convincing the customers to issue checks from their firm brokerage accounts payable to an entity the representative did not disclose that he controlled, purportedly for investment purposes. Instead, the representative used the funds to pay for his own personal and business expenses. In total, the representative caused his customers to issue checks totaling approximately \$550,000. In addition, a second representative converted funds from four of his customers, three of whom were seniors, by convincing most of the customers to wire money from their firm accounts to an outside business he controlled, purportedly for investment purposes. The second representative then misappropriated approximately \$675,000 of the customers' funds for his own personal use. The second representative also electronically forged a senior customer's signature on a wire transfer form to transfer approximately \$1.2 million from her firm account to a

law firm in connection with his own purchase of real estate. The findings also stated that the firm did not have a reasonable supervisory system to review transmittals of customer funds to third parties by wire or check. Among other things, the firm used an automated tool that was programmed to only review the second line of the check recipient's address. The checks that were sent to the first representative at his business address contained the address on the fourth line and, as a result, were not identified by the firm's automated tool. In addition, the firm did not have a system to review transmittals from unrelated customer accounts made payable to the same third party. Thus, the firm's systems did not detect that customers of the first representative were issuing checks to the same outside entity. Furthermore, the firm failed to reasonably respond to certain red flags of potential conversion. All third-party checks that were made payable to the undisclosed entity that the first representative controlled were mailed to his disclosed DBA and were reviewed and approved by firm supervisory personnel. In addition, firm compliance personnel flagged wire transfers that were sent by the second representative's customers to his outside business. Although the second representative failed to disclose his outside business to the firm, he was identified in public filings as its Chief Executive Officer (CEO). The firm questioned the second representative about the wire transfers but accepted his representation at face value that the wires represented unsolicited investments by his customers. The findings also included that the firm failed to have a supervisory system reasonably designed to detect possible instances of signature forgery or falsification. The firm did not regularly review the information contained on certificates of completion that it received after an individual electronically signed a document, nor did it compare it to other information known to the firm about the customers, including their email addresses. Moreover, the firm did not review the certificate of completion for the \$1.2 million wire transfer that indicated that the customer allegedly signed the document in person, even though she lived approximately 1,000 miles away from the second representative's office. Nor did the firm take any other reasonable steps to verify the transfer, such as calling the customer. In addition, at least 50 firm representatives electronically signed customers' names on over 1,000 firm documents, including on documents that were required books and records of the firm. ([FINRA Case #2020067897601](#))

**Concorde Investment Services, LLC ([CRD #151604](#), Livonia, Michigan)**

July 27, 2023 – An AWC was issued in which the firm was censured, fined \$175,000, ordered to pay disgorgement of commissions received in the amount of \$58,278, plus interest, and required to remediate the issues identified in the AWC and implement a supervisory system, including WSPs, reasonably designed to achieve compliance with the Securities Act of 1933 and FINRA rules related to general solicitation of private placement offerings. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it acted in contravention of Section 5 of the Securities Act by selling unregistered securities

without an applicable exemption. The findings stated that the firm sold three private placement offerings claiming exemption from registration under Rule 506(b) of Regulation D, without having established substantive relationships with prospective investors prior to its participation in those offerings or otherwise demonstrating the absence of a general solicitation. The sales totaled approximately \$5.5 million, and the firm received \$58,278 in commissions in connection with those sales. The findings also stated that the firm's supervisory system, including its WSPs, was not reasonably designed to achieve compliance with the Securities Act and FINRA rules related to general solicitation of private placement offerings. The firm's surveillance system was not reasonably designed to detect improper general solicitations. In connection with each of the offerings, firm representatives sent mass emails marketing the offerings to hundreds of recipients. The number of recipients of these emails were red flags that the firm's representatives were potentially engaging in a general solicitation, yet the firm approved the content of the communications without taking any steps to verify that the firm had pre-existing, substantive relationships with all of the recipients. ([FINRA Case #2021070487501](#))

## Individuals Barred

### **Brad Michael Jacobson ([CRD #4859099](#), Ventnor City, New Jersey)**

July 5, 2023 – An AWC was issued in which Jacobson was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Jacobson consented to the sanction and to the entry of findings that he failed to provide information and documents requested by FINRA in connection with its investigation concerning his alleged conversion of a customer's funds and his participation in an unapproved outside business activity (OBA). The findings stated that this matter originated from FINRA's review of a Uniform Termination Notice for Securities Industry Registration (Form U5) filed by Jacobson's member firm. In the Form U5, the firm reported that it terminated Jacobson because he engaged in an unapproved OBA and submitted a service request to obtain a debit card issued for himself drawn on a client's business account. ([FINRA Case #2022074784201](#))

### **Helen Grace Caldwell ([CRD #1957501](#), Chicago, Illinois)**

July 6, 2023 – An AWC was issued in which Caldwell was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Caldwell consented to the sanction and to the entry of findings that she declined to provide on-the-record testimony requested by FINRA in connection with an investigation into the circumstances giving rise to Forms U5 filed by her former member firms. The findings stated that one of Caldwell's former firms submitted an amended Form U5 disclosing that it was internally reviewing whether she had adequately disclosed OBAs and solicited firm clients to invest in her film production



business. Shortly thereafter, the firm filed another amended Form U5 disclosing that its internal review had concluded that Caldwell did not adequately disclose her OBA and was soliciting firm clients to invest in her OBA, several of whom subsequently made investments. In addition, another firm filed a Form U5 disclosing that Caldwell had been discharged following an internal review concerning the accuracy of disclosures that she made to the firm and her compliance with its Outside Activities and Outside Investment Policy. ([FINRA Case #2022074603801](#))

**Surage Kamal Roshan Perera ([CRD #4716321](#), Bellerose, New York)**

July 6, 2023 – An AWC was issued in which Perera was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Perera 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 allegations that he had defrauded a customer while he was associated with a member firm. ([FINRA Case #2023078427601](#))

**Ronald Joseph Sagasser ([CRD #5400879](#), Dayton, Ohio)**

July 6, 2023 – An AWC was issued in which Sagasser was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Sagasser 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 of the circumstances surrounding his termination from his member firm. The findings stated that the firm filed a Form U5 stating that it had discharged Sagasser for “creating and signing a promissory note with an insurance client that included him making payments to that client; creating and distributing a consolidated statement (not company-issued) to these same clients; violating suspension instructions; and providing inaccurate information during the [firm’s] investigation.” ([FINRA Case #2022075848601](#))

**Thomas Phillip Simpson ([CRD #5335897](#), Clifton, Texas)**

July 7, 2023 – An AWC was issued in which Simpson was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Simpson 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 of the circumstances surrounding his termination from his member firm. The findings stated that the firm filed a Form U5 disclosing stating that it had terminated Simpson’s registration after he failed to conduct insurance business in accordance with published policies, rules and manuals. ([FINRA Case #2023078342801](#))

**David Alan Snavelly (CRD #2030866, Redmond, Washington)**

July 7, 2023 – An AWC was issued in which Snavelly was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Snavelly 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 review of an amended Form U5 filed by his member firm that disclosed that the firm had discharged him in connection with allegations that he sold unsuitable annuities as part of replacement transactions. ([FINRA Case #2020066334701](#))

**David Richard Geake (CRD #3088891, Northbrook, Illinois)**

July 10, 2023 – An AWC was issued in which Geake was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Geake consented to the sanction and to the entry of findings that he participated in a private securities transaction by soliciting elderly investors, a husband and wife, to pledge approximately \$15 million of securities as collateral to guarantee a \$2.5 million loan from a bank on behalf of a startup company without providing written notice to his member firm. The findings stated that Geake personally invested \$100,000 in the company and was also a member of its Board of Directors. Geake assured the couple that their risk of investment loss was minimal. Geake structured the transaction and facilitated the paperwork on behalf of the couple. The pledge of securities as collateral for the loan was an offer of a security and the couple received shares of the company's common stock in exchange for their guarantee of the loan. By soliciting this pledge of securities and facilitating the transaction, Geake participated in a private securities transaction. Subsequently, the company fully defaulted on the bank loan and closed its business and the bank called for the loan to be paid in full. As a result, the couple were required to repay the entire \$2.5 million bank loan with interest. Although neither of the investors were firm customers, the firm's policies prohibited its registered representatives, including Geake, from engaging in any private securities transaction without prior express written permission. The findings also stated that Geake incorrectly attested to the firm on multiple annual compliance questionnaires that he had not participated in any private securities transactions. ([FINRA Case #2021072679901](#))

**Billy Pascal Stanage Jr. (CRD #4450674, Rio Rancho, New Mexico)**

July 10, 2023 – An AWC was issued in which Stanage was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Stanage 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 of the circumstances surrounding his termination from his member firm. The findings stated that Stanage's firm filed a Form U5 stating that it had discharged him for failing to obtain firm approval for an OBA. Subsequently, the firm filed an amended Form U5 disclosing that its internal review determined that Stanage had obtained a loan from a client without seeking firm approval. ([FINRA Case #2023078100501](#))



**Drew Stegman (CRD #7424494, Swansea, Illinois)**

July 17, 2023 – An AWC was issued in which Stegman was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Stegman consented to the sanction and to the entry of findings that he refused to complete on-the-record testimony requested by FINRA in connection with its investigation into his potential penny stock promotion activities on various social media platforms. The findings stated that initially Stegman appeared for testimony, however, halfway through he refused to answer any further questions and indicated that he would not continue to cooperate with FINRA in the future by testifying. ([FINRA Case #2022075867001](#))

**Joseph Francis Bartosiewicz Jr. (CRD #718185, Scottsdale, Arizona)**

July 18, 2023 – An AWC was issued in which Bartosiewicz was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Bartosiewicz consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA during the course of an investigation into his conduct following his former member firm's AWC. ([FINRA Case #2021072863901](#))

**Lynn Witherspoon Bryant (CRD #3216344, Colleyville, Texas)**

July 18, 2023 – An AWC was issued in which Bryant was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Bryant 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 into whether she engaged in private securities transactions without providing prior written notice to, and receiving prior written approval from, her member firm. ([FINRA Case #2022076505601](#))

**John Charles Jacobsen (CRD #2864333, Morristown, New Jersey)**

July 19, 2023 – An AWC was issued in which Jacobsen was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Jacobsen 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 of the circumstances surrounding his termination from his member firm. The findings stated that the firm filed a Form U5 stating that it had discharged Jacobsen 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 #2020068810201](#))

**Eric Ryan Tartaglione (CRD #2722931, Staten Island, New York)**

July 21, 2023 – An AWC was issued in which Tartaglione was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Tartaglione 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 sales of pre-Initial Public Offering (IPO) private placement offerings. ([FINRA Case #2022074096801](#))

**Miche D. Jean (CRD #5918186, North Bethesda, Maryland)**

July 24, 2023 – An Office of Hearing Officers (OHO) decision became final in which Jean was barred from association with any FINRA member in all capacities. The sanction as based on the findings that Jean failed to provide information and documents or appear for on-the-record testimony requested by FINRA in connection with an investigation into whether he converted money from his customer. The findings stated that FINRA's investigation began after reviewing a Consent Order issued by the Maryland Securities Commissioner. In that order, Jean consented to findings that, while associated with his member firm, he fraudulently initiated four Automated Clearing House (ACH) transfers from a firm customer's brokerage account to pay his personal credit card bill. The Consent Order imposed sanctions that, among other things, barred Jean from engaging in the securities or investment advisory business in Maryland. ([FINRA Case #2022076975901](#))

**David Harrison Miller (CRD #4648882, Knoxville, Tennessee)**

July 27, 2023 – An AWC was issued in which Miller was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Miller consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with its investigation into the suitability of his investment recommendations to customers. ([FINRA Case #2019063946701](#))

**Robert Charles Starnes (CRD #1429794, Wauwatosa, Wisconsin)**

July 27, 2023 – An AWC was issued in which Starnes was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Starnes 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 a matter that originated from a customer complaint made to FINRA. ([FINRA Case #2023078420501](#))

## Individuals Suspended

### **Dominic Joseph Carlo ([CRD #2731304](#), North Bellmore, New York)**

July 5, 2023 – An AWC was issued in which Carlo was fined \$2,500 and suspended from association with any FINRA member for 10 business days. Without admitting or denying the findings, Carlo consented to the sanctions and to the entry of findings that he exercised discretion with respect to transactions involving customers without prior written authorization from the customers and without his member firm having accepted the accounts as discretionary. The findings stated that the customers had given Carlo oral or implicit authorization for the transactions, however, none of the customers provided prior written authorization for him to do so. In addition, Carlo completed and submitted compliance questionnaires to the firm that inaccurately stated that he had not exercised discretionary authority in customer accounts.

The suspension was in effect from August 7, 2023, through August 18, 2023. ([FINRA Case #2021070378301](#))

### **Kiffin Scott Anderson ([CRD #4668159](#), Omaha, Nebraska)**

July 7, 2023 – An AWC was issued in which Anderson was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Anderson consented to the sanctions and to the entry of findings that he falsified customer signatures on account transfer forms. The findings stated that Anderson re-used, with prior permission, customer signature pages on a total of ten account transfer authorization forms on behalf of six customers, two of whom were seniors. The policies and procedures of Anderson's member firm prohibited re-using a client signature or the signature page of a form to execute multiple transactions or requests, regardless of the customer's knowledge or consent. Anderson also falsely attested in a compliance questionnaire that he had not signed or affixed another person's signature on a document, which includes photocopying, cutting, and pasting signatures.

The suspension is in effect from September 5, 2023, through October 4, 2023. ([FINRA Case #2022074196801](#))

### **Timothy Royce Bush ([CRD #3276071](#), Alexandria, Minnesota)**

July 7, 2023 – An AWC was issued in which Bush was assessed a deferred fine of \$2,500 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Bush consented to the sanctions and to the entry of findings that he maintained an outside investment account without his member firm's approval. The findings stated that Bush had sought the firm's approval to maintain an outside investment account he held at another financial institution. Although his firm denied Bush's request to maintain the

account and instructed him to close the account or move it to an approved financial institution, Bush maintained and transacted in the account for over four additional years. In addition, Bush falsely attested on annual compliance questionnaires that all of his outside investment accounts were held at custodians approved by the firm.

The suspension is in effect from July 17, 2023, through September 16, 2023. ([FINRA Case #2021072184901](#))

**Joseph Civiletti (CRD #2246140, Southampton, New Jersey)**

July 7, 2023 – An AWC was issued in which Civiletti 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, Civiletti consented to the sanctions and to the entry of findings that he failed to notify his member firm that he had received compensation for his disclosed OBA. The findings stated that by accepting such compensation, Civiletti acted in contravention of the firm's policy and the limitations that it placed on the OBA. While associated with the firm, Civiletti agreed to serve as power of attorney for his mother and father. Each parent executed documents granting Civiletti power of attorney under New Jersey law, which permitted him to make medical and financial decisions on their behalf. Both Civiletti's parents held brokerage accounts at the firm and Civiletti acted as their registered representative of record. Civiletti disclosed the power of attorney relationship with his parents in the form specified by the firm and stated that he would receive no compensation. The firm approved Civiletti's power of attorney relationship as an OBA. In addition, Civiletti submitted a compliance questionnaire to the firm in which he attested that his OBA disclosure remained truthful and complete and that he understood he was required to update the disclosure should his involvement in any previously disclosed business activities change. Subsequently, Civiletti transferred a total of \$30,000 from his mother and father's firm accounts to his own accounts at the firm. The next month Civiletti attempted to deposit a check for \$10,000 from his mother's firm account into his personal account. The memo field for the checks used in two of the transfers specified that these transfers were authorized power-of-attorney payments. The firm stopped the second transfer and voided the check. When the firm asked about these transfers, Civiletti admitted that the payments were intended to serve as compensation for power of attorney activities he performed on behalf of his parents.

The suspension is in effect from July 17, 2023, through September 16, 2023. ([FINRA Case #2021072252801](#))

**Christopher F. Harrington Jr. (CRD #5250991, New York, New York)**

July 7, 2023 – An AWC was issued in which Harrington was assessed a deferred fine of \$11,500 and suspended from association with any FINRA member in all capacities for nine months. Without admitting or denying the findings, Harrington consented to the sanctions and to the entry of findings that he recommended transactions in a customer's account that inflated his own compensation and caused the customer

to incur unnecessary fees and costs, without a reasonable basis to believe the transactions were suitable. The findings stated that the customer was 48 years old when he started investing with Harrington and depended on the investment assets for the rest of his life because he was no longer able to work after a disabling accident. Harrington recommended that the customer purchase and sell securities in ways that caused him to pay commissions or incur fees, which Harrington received, that could easily have been avoided. For example, Harrington had recommended the purchase of approximately \$1.4 million in market-linked investments (MLIs) for which Harrington received a fee. Shortly thereafter, Harrington moved these MLIs to another account, resulting in another fee that the customer paid, and Harrington received. In addition, Harrington recommended selling approximately \$550,000 of MLIs and using the proceeds of the sales to purchase other securities in a way that caused the customer to incur approximately \$7,550 in total commissions. Still further, Harrington recommended to the customer the liquidation of over \$1.1 million and the purchase of over \$1 million of different exchange-traded funds (ETFs). These transactions generated approximately \$25,000 in total commissions for Harrington. In each case, Harrington could have recommended the transactions in a different manner that would have avoided unnecessary and unwarranted fees and commissions. There was no purpose for the timing of these transactions or their manner of execution other than to increase Harrington's fees. The findings also stated that Harrington engaged in short-term trading, including in securities typically intended to be held long-term, to his benefit and his customer's detriment, and without a reasonable basis to believe that the recommended transactions were suitable for the customer. For example, Harrington recommended purchases of Unit Investment Trusts (UITs) for approximately \$1 million in the customer's account and sold each one a short time later. Harrington also recommended the purchase of MLIs in the customer's account for \$9,858,225, and a short time later a majority of these were sold for \$6,582,043. Furthermore, Harrington engaged in frequent, unsuitable transactions in master limited partnerships (MLPs), generating additional and unwarranted fees. Harrington recommended that the customer purchase MLPs so that the customer could receive benefits from holding them long-term. Contrary to this recommendation, Harrington sold the MLPs shortly after purchase.

The suspension is in effect from July 17, 2023, April 16, 2024. ([FINRA Case #2019061789201](#))

**John James Hoidas (CRD #1937971, Oak Lawn, Illinois)**

July 7, 2023 – An AWC was issued in which Hoidas was assessed a deferred fine of \$40,000 and suspended from association with any FINRA member in all capacities for 18 months. Without admitting or denying the findings, Hoidas consented to the sanctions and to the entry of findings that he made unsuitable recommendations in speculative alternative investments to customers of his member firm that were inconsistent with the customers' investment profiles. The findings stated that Hoidas borrowed \$10,000 from one of his firm customers without providing prior written notice or obtaining written approval from the firm. After Hoidas failed to repay the

loan, the customer complained to the firm, which ultimately reached a settlement with the customer. The findings also stated that Hoidas caused two member firms, with which he was associated, to maintain incomplete books and records. While registered through one firm, Hoidas communicated with firm customers regarding securities-related business through text messages using his personal phone. Because the firm had not approved text messaging as a permissible electronic communications channel, it did not capture or maintain Hoidas' text message communications as required. Separately, while registered through another firm, Hoidas entered into a commission-sharing agreement with another firm registered representative, which was not disclosed to, or approved by, the firm. Hoidas caused the firm to fail to comply with its recordkeeping obligations by receiving compensation through the unauthorized and undisclosed commission-sharing agreement.

The suspension is in effect from July 17, 2023, through January 16, 2025. ([FINRA Case #2019061216402](#))

**Ariya Pejouhesh (CRD #5059630, San Francisco, California)**

July 7, 2023 – An AWC was issued in which Pejouhesh was fined \$10,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Pejouhesh consented to the sanctions and to the entry of findings that he improperly directed and allowed his intern at his member firm to complete 14 hours of continuing education (CE) courses related to Pejouhesh's Certified Financial Planner (CFP) designation, rather than completing them himself after his CFP certification was deemed relinquished due to, among other things, his failure to complete required CE.

The suspension was in effect from August 7, 2023, through September 6, 2023. ([FINRA Case #2022075178601](#))

**James Tri Truong (CRD #7029983, San Jose, California)**

July 13, 2023 – An AWC was issued in which Truong was fined \$5,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Truong 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 a felony. The findings stated that while Truong was associated with a member firm, the District Attorney of the County of Santa Clara (California) filed with the Superior Court of the County of Santa Clara a felony complaint against Truong. Truong became aware of the felony charge and was required to amend his Form U4 within 30 days to disclose the charge, however, he did not disclose it on his Form U4 until months later. In addition, Truong falsely stated on an annual compliance questionnaire that he had no arrests that had not been disclosed to the firm.

The suspension is in effect from August 7, 2023, through December 6, 2023. ([FINRA Case #2022075008501](#))



**Nicholas James Tocco ([CRD #5482327](#), Los Angeles, California)**

July 14, 2023 – An AWC was issued in which Tocco was fined \$10,000, suspended from association with any FINRA member in any principal capacity for 12 months and required to requalify by examination as a general securities principal by passing the requisite examination(s) prior to acting in that capacity with any FINRA member. Without admitting or denying the findings, Tocco consented to the sanctions and to the entry of findings that he failed to establish and implement an anti-money laundering (AML) compliance program reasonably designed to detect and cause the reporting of suspicious activity and a Customer Identification Program (CIP) reasonably designed to verify the true identity of each customer of his member firm. The findings stated that Tocco, as the firm’s AML Compliance Officer, developed and implemented procedures, including the CIP, that were not reasonably tailored to the firm’s customer base, which included customers based in a high-risk money laundering jurisdiction. The procedures failed to define sufficient criteria for which accounts should be designated as “higher risk” and subjected to enhanced due diligence. The procedures also failed to identify the types of additional information and documents that should be gathered from such customers and by whom. As a result, Tocco failed to detect, reasonably investigate, and reasonably respond to multiple red flags indicating that two issuers based in the high-risk money laundering jurisdiction actually controlled the customers they referred to the firm for the purpose of investing in the issuers’ anticipated IPOs. In addition, Tocco failed to detect, reasonably investigate, and reasonably respond to multiple red flags presented by customers referred to the firm by a U.S.-based issuer’s founder and former CEO, who was previously disciplined by the SEC for securities fraud. Tocco failed to take reasonable investigative steps after becoming aware that the U.S.-based issuer directly funded seven of the referred accounts through multiple wires that exceeded \$4 million. The findings also stated that Tocco failed to establish and implement an AML program reasonably designed to detect, investigate, and report suspicious transactions, including red flags of suspicious activity, including market manipulation. The procedures did not describe the frequency or process for conducting and documenting the review of transactions, including trading and wire transfers, in the context of other account activity to determine if a transaction lacks financial sense or is suspicious, nor did they identify red flags tailored to the firm’s business. With respect to trade monitoring, the written procedures did not identify the process for conducting any trade review, the frequency of such review, or the method for documenting such review. In practice, Tocco tasked another supervisor with conducting a manual daily trade review that was not reasonable given the volume of overall transactions. The manual daily trade review also failed to facilitate detection of suspicious trading patterns across time or among multiple customers. In addition, Tocco did not take any steps to confirm that all incoming and outgoing wires were commensurate with the customers’ known income and financial resources. Tocco also did not review for suspicious patterns of wires by individual customers over time or by groups of customers referred to the firm by the same issuer. Furthermore, Tocco did not take reasonable steps to detect and investigate suspicious trading patterns indicating that ostensibly unrelated customers

referred by one of the issuers were potentially engaging in coordinated activity to manipulate that issuer's stock price. The findings also included that Tocco failed to establish, maintain, and enforce a supervisory system, including written procedures, reasonably designed to achieve compliance with Section 5 of the Securities Act. The firm's written procedures regarding resale of unregistered securities failed to specify what information and documents should be collected and reviewed to determine whether proposed resale transactions were eligible for the Rule 144 safe harbor under the Securities Act. In addition, the procedures failed to state what analyses should be performed and which firm personnel should do so. In practice, when customers deposited restricted securities that were listed on a national securities exchange and from which the restrictive legend had been removed, Tocco did not conduct any independent Rule 144 or Section 5 analysis.

The suspension is in effect from August 7, 2023, through August 6, 2024. ([FINRA Case #2020067785301](#))

**Murat Kartal (CRD #6346419, Brooklyn, New York)**

July 17, 2023 – An AWC was issued in which Kartal was suspended from association with any FINRA member in all capacities for 10 months. In light of Kartal's financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Kartal consented to the sanction and to the entry of findings that he unsuitably and excessively traded a senior customer's account. The findings stated that Kartal engaged in quantitatively unsuitable trading in the senior customer's account resulting in a high turnover rate, high annualized cost-to-equity ratio, and significant losses. Kartal's trading in the customer's account generated total trading costs of \$206,667, including \$189,446 in commissions, and caused \$51,959 in realized losses. Kartal's customer routinely followed his recommendations to engage in high frequency trading and, as a result, Kartal exercised *de facto* control over the account. Kartal's trading in the customer's account, was excessive and unsuitable given the customer's age and investment profile.

The suspension is in effect from July 17, 2023, through May 16, 2024. ([FINRA Case #2018056490306](#))

**Daniel M. King (CRD #5954543, Venice, California)**

July 17, 2023 – An AWC was issued in which King was fined \$10,000, suspended from association with any FINRA member in all capacities for two months, and is ordered to pay \$33,374.31, plus interest, in restitution to a customer. King is required to pay restitution to only one customer, as the other customer at issue in this AWC has separately settled an arbitration claim in which he was awarded restitution for King's conduct. Without admitting or denying the findings, King consented to the sanctions and to the entry of findings that he recommended unsuitable use of margin to effect trades in the accounts of two customers who were not sophisticated

investors causing them to pay more than \$46,000 in commissions, fees, and margin interest. King recommended the use of margin in his customers' accounts to leverage additional buying power while also employing a short-term trading strategy. King frequently recommended that his customers buy securities on margin and, after holding the positions for a short time, then sell those securities, often incurring realized losses in addition to trading costs and margin interest. In addition, the margined positions often experienced price declines, causing the accounts to incur margin calls, which were often met by selling securities at a loss. King's recommendations to engage in unsuitable trading on margin exposed his customers to significant risk, increased costs, and sizeable losses in their accounts. King lacked a reasonable basis to believe that using margin in this way was suitable given the customers' investment objectives, financial situation, and needs. Neither customer had prior experience using margin and both followed King's recommendations for trading in their accounts. As a result of King's recommendations one customer, a retired repairman, had realized and unrealized trading losses of \$22,486.27 and the second customer, an IT account manager, had realized and unrealized trading losses of \$58,050.27.

The suspension is in effect from August 21, 2023, through October 20, 2023. ([FINRA Case #2019064511204](#))

**Logan Jeffrey LaPace (CRD #7532793, Lutz, Florida)**

July 18, 2023 – An AWC was issued in which LaPace 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, LaPace consented to the sanctions and to the entry of findings that he failed to disclose on his Form U4 that he had been charged with two felonies and that he pled guilty to one of the charges. The findings stated that prior to becoming associated with his member firm, LaPace was charged with a felony in Hillsborough County, Florida, for possession of a controlled substance to which he pled not guilty. The next month the felony charge was reduced to a misdemeanor, and three months later, the charge was dismissed. Shortly thereafter, LaPace was charged with another felony in Fulton County, Indiana, for possession of a controlled substance. LaPace pled guilty to the felony charge, with the understanding that he could move for the court to modify the judgment to a misdemeanor on successful completion of probation. Ultimately, LaPace's sentence and judgment was modified to a misdemeanor. Subsequently, while associated with his firm, LaPace completed and signed an initial Form U4 in which he did not disclose the two felony charges or that he pled guilty to, and was convicted of, one of the felonies. Five months later, the firm filed an amended Form U4 that disclosed the felony charges and provided details concerning the charges, their reduction, and disposition.

The suspension is in effect from August 7, 2023, through November 6, 2023. ([FINRA Case #2022076383701](#))

**Jeremiah Roman ([CRD #6321876](#), Margate, Florida)**

July 18, 2023 – An AWC was issued in which Roman was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Roman consented to the sanctions and to the entry of findings that he personally invested a total of \$44,100 pursuant to eight agreements with a merchant cash advance company without providing prior written notice to, or obtaining written approval from, his member firm for his private securities transactions. The findings stated that Roman’s agreements with the company provided that Roman would receive a monthly payment in a specified amount in return for each investment. In addition, Roman did not make the personal securities investments through his firm. The findings also stated that Roman solicited a firm customer to invest a total of \$150,000 pursuant to three agreements with the company, without providing prior written notice to his firm. Roman introduced the customer to the company, provided the customer with marketing materials prepared by the company, and facilitated the exchange of information between the customer and the company. Roman did not disclose his participation in the customer’s investments to his firm, even though he was advised by its compliance hotline to disclose his merchant cash advance company-related activities for review. Furthermore, Roman falsely attested on an annual compliance questionnaire that he had not participated in any private securities transactions that had not been approved by the firm.

The suspension is in effect from August 7, 2023, through December 6, 2023. ([FINRA Case #2021072968801](#))

**Steven Marc Brakman ([CRD #3070076](#), Franklin, Tennessee)**

July 20, 2023 – An AWC was issued in which Brakman was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Brakman consented to the sanctions and to the entry of findings that he avoided losing approximately \$43,000 in service compensation by making false entries in his member firm’s account management system. The findings stated that Brakman delinked accounts from assigned households with the false justification that the households had experienced a “divorce situation.” However, Brakman had no basis to believe that any divorce had occurred. When customers subsequently transferred funds out of these delinked accounts, Brakman avoided a negative impact on his monthly service compensation.

The suspension is in effect from August 7, 2023, through February 6, 2024. ([FINRA Case #2022074647501](#))

**Robert Spencer Gerstein ([CRD #840752](#), Boca Raton, Florida)**

July 20, 2023 – An AWC was issued in which Gerstein was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in all capacity for six months and ordered to pay \$129,496, plus interest, in deferred restitution to customers. Without admitting or denying the findings, Gerstein consented to the sanctions and to the entry of findings that he engaged in short-term trading

in securities intended to be held long-term. The findings stated that Gerstein recommended and effected unsuitable short-term trades in Class A mutual fund shares in accounts held by customers of his member firm, with an average holding period of 198 days. Gerstein also recommended that the customers engage in short-term trading of other products that his firm considered should be held long-term, including UITs and Market Linked Investments (MLIs). Gerstein did not have a reasonable basis to believe that the recommended transactions, for which he received total compensation of \$129,496, were suitable for the customer accounts. The findings also stated that Gerstein caused his firm to maintain inaccurate books and records by marking as “unsolicited” order tickets for sale transactions in the customer accounts when, in fact, he had solicited each transaction.

The suspension is in effect from August 7, 2023, through February 6, 2024. ([FINRA Case #2019061789202](#))

**Gregory Edward Collins (CRD #4224616, East Greenbush, New York)**

July 24, 2023 – An AWC was issued in which Collins was assessed a deferred fine of \$12,500 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Collins consented to the sanctions and to the entry of findings that he earned over \$150,000 by engaging in OBAs outside the scope of his relationship with his member firm. The findings stated that Collins worked as a lecturer in finance at two universities and at a retail distributor, receiving compensation from all three positions, without disclosing the OBAs to or getting approval from his firm. In addition, Collins became involved in two other OBAs before providing notice to his firm and continued after the firm explicitly denied his requests to participate in them. Collins served as the strategic advisor to a hedge fund, where he provided investment advice and other services to the fund. Collins received approximately \$5,000 each month in compensation for his work for the hedge fund. Collins first disclosed this activity to his firm inaccurately and incompletely, describing his role merely as a consultant. Despite the firm denying Collins’ request, he continued acting as a strategic advisor to the hedge fund until the firm initiated an internal investigation into his continued participation in unapproved business activities. Similarly, Collins created a website with the ultimate purpose of selling online financial education courses. Collins disclosed the website to his firm, and it explicitly denied approval for his participation. Despite the firm’s denial, Collins maintained the website. Collins had a reasonable expectation of compensation from the website because it offered financial education courses to the public for a fee. Further, Collins submitted false compliance attestations to his firm representing that he had disclosed all OBAs. The findings also stated that as part of Collins’ role as strategic advisor to the hedge fund, he traded securities on its behalf through the fund’s brokerage account at an outside firm. Collins did not notify his firm that he was trading on behalf of the fund.

The suspension is in effect from August 7, 2023, through February 6, 2024. ([FINRA Case #2022073844901](#))

### **James Floyd Garraway III ([CRD #7132872](#), Hattiesburg, Mississippi)**

July 26, 2023 – An AWC was issued in which Garraway 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, Garraway consented to the sanctions and to the entry of findings that he electronically signed customer names on forms associated with insurance and securities products without customer permission and signed one document for a customer with the customer's permission. The findings stated that although the majority of the forms pertained to insurance products, some of the forms involved securities products and accordingly were required books and records of the firm. As a result, Garraway caused his member firm to maintain inaccurate books and records.

The suspension is in effect from August 7, 2023, through February 6, 2024. ([FINRA Case #2022073783401](#))

### **Howard Stuart Rothman ([CRD #5685224](#), North Potomac, Maryland)**

July 27, 2023 – An AWC was issued in which Rothman was fined \$5,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Rothman consented to the sanctions and to the entry of findings that at a FINRA arbitration hearing he misleadingly testified about the creation of certain exhibits. The findings stated that a former member of Rothman's team at a previous firm filed the employment-related arbitration claim with FINRA against Rothman and the others stemming from their departure from the firm.

The suspension is in effect from August 21, 2023, through February 20, 2024. ([FINRA Case #2022075401701](#))

## 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 the allegations in the complaint.

### **Eugene Hyunwook Kim ([CRD #2264940](#), Moorestown, New Jersey)**

July 11, 2023 – Kim was named a respondent in a FINRA complaint alleging that he engaged in unethical conduct, acted in bad faith, and misused customer funds in connection with a private placement offering sold by his member firm. The complaint alleges that Kim proposed to his firm's commitment committee that the firm initiate a private placement offering through a firm-affiliated fund for shares in a private company at a maximum price-per-share of \$9.75. At the time Kim submitted



the offering for approval, he had not confirmed a source of shares for the offering at any price. The firm approved the offering, and sales representatives solicited investors and distributed offering documents stating the sole purpose of the offering was to invest in the shares at a maximum price of \$9.75 share. Ultimately, customers invested a total of \$4.055 million. Prior to closing on escrow, Kim did not source shares for the offering at any price, let alone a maximum share price of \$9.75. However, instead of refunding investors, Kim initiated the closing of escrow for the offering and received a \$16,220 commission. During the following months, Kim actively misled firm principals, representatives, and, indirectly, customers, into believing that the fund had purchased shares at the maximum share price. 10 months after the offering's closing, Kim purchased a limited number of shares at an average price of \$20.22. Even then, over \$1 million in investor capital remained in cash, as Kim was unable to find enough shares to purchase with the customers' investments. Ultimately, Kim's firm uncovered his misconduct and notified investors that they had not, in fact, purchased shares at the maximum share price. Instead, investors owned shares at a higher price and some of their funds had not been used to purchase the company shares at all. ([FINRA Case #2019064508802](#))

**Luke Michael Johnson ([CRD #3257008](#), Scottsdale, Arizona)**

July 12, 2023 – Johnson was named a respondent in a FINRA complaint alleging that he made unsuitable recommendations to customers to purchase more than \$2.35 million in illiquid alternative investments. The complaint alleges that Johnson's recommendations to these customers to purchase illiquid alternative investments were unsuitable in light of the customers' investment profiles—including the customers' net worth, liquid net worth, annual income, investment objectives, risk tolerance, and, for senior customers, their ages. Johnson's recommendations also over-concentrated the customers' liquid net worth in illiquid and high-risk securities. Johnson earned more than \$132,900 in commissions from these recommendations. The complaint also alleges that Johnson, or his assistants acting at his direction, falsified these customers' reported net worth and liquid net worth on his member firm's customer account information forms and the customers' alternative investment documents, as compared to these customers' actual net worth and liquid net worth. Johnson, or his assistants acting at his direction, also often falsified these customers' reported risk tolerance, liquidity needs, annual income, and/or their status as an accredited investor, on the customers' account information forms, on the customers' subscription agreements, and on the firm's alternative investment disclosure forms. In addition, while Johnson was associated with the firm, it had a policy that limited its customers from investing more than 35% of their liquid net worth in alternative investments. Johnson dramatically inflated his customers' net worth and liquid net worth and dramatically understated the percentage of his customers' assets invested in alternative investments in order to circumvent the firm's concentration policy and its supervisory oversight. ([FINRA Case #2019061213402](#))

**Darren Michael Kubiak ([CRD #1239086](#), Johns Creek, Georgia)**

July 27, 2023 – Kubiak was named a respondent in a FINRA complaint alleging that he failed to appear for on-the-record testimony requested by FINRA in connection with its investigation into the suitability of his recommendations to his customers, two of which were seniors, to invest in limited partnerships. The complaint alleges that Kubiak's testimony was material to FINRA's investigation and was necessary to complete it and his failure to appear for testimony impeded FINRA's investigation into whether Kubiak made unsuitable recommendations to his customers. ([FINRA Case #2018060897302](#))

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

**Pension Fund Evaluations, Inc.**  
(CRD #10985)  
Centereach, New York  
(July 21, 2023)

**Stormharbour Securities LP**  
(CRD #35997)  
New York, New York  
(July 21, 2023)

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

**Monmouth Capital Management LLC**  
(CRD #290248)  
Point Pleasant Beach, New Jersey.  
(July 20, 2023)

**United Securities LLC (CRD #313375)**  
Salt Lake City, Uta.  
(July 10, 2023)

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**Firm 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.)

**Crowd Wallstreet, Inc. (Funding Portal ID #315361)**  
Miami, Florida  
(July 10, 2023)  
FINRA Case #2023077508901

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

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

**Michael Adinovich (CRD #2292310)**  
Grand Rapids, Michigan  
(July 24, 2023)  
FINRA Case #2022074000701

**Karla Ranger Moons (CRD #1228425)**  
Mobile, Alabama  
(July 17, 2023)  
FINRA Case #2022075810901

**Kyle Steibel (CRD #6631554)**  
Columbia, Illinois  
(July 10, 2023)  
FINRA Case #2022074241501

**Joseph Paul Todaro (CRD #5708585)**  
Commack, New York  
(July 20, 2023)  
FINRA Case # 2022073679001

**Jin Zhu (CRD #6527492)**  
Backlick, Ohio  
(July 10, 2023)  
FINRA Case #2022075829201

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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.)

**Thomas Nathaniel Cole III (CRD #3194938)**  
Indianapolis, Indiana  
(July 24, 2023)  
FINRA Case #2022075426902

**Charles Christopher Connors (CRD #4143055)**  
Memphis, Tennessee  
(July 10, 2023)  
FINRA Case #2022076852301

**Andrew Charles Grezlak (CRD #4501515)**  
Furlong, Pennsylvania  
(July 17, 2023)  
FINRA Case #2022076824801

**Louis No (CRD #6541585)**  
Pittsford, New York  
(July 21, 2023)  
FINRA Case #2022075500001

**Chanda Rae Tokuda Park (CRD #7174844)**  
Honolulu, Hawaii  
(July 21, 2023)  
FINRA Case #2023077852201

**Heron George Rattray Jr. (CRD #5479037)**  
Putnam Valley, New York  
(July 3, 2023)  
FINRA Case #2022077374801

**Merrill Anne Richardson (CRD #2968835)**  
Chicago, Illinois  
(July 17, 2023)  
FINRA Case #2022076794301

**William Tyler Rodriguez (CRD #7170446)**  
Stonewall, Louisiana.  
(July 24, 2023)  
FINRA Case #2022074643101

**Jessica Ann Wade (CRD #6621502)**  
Corinth, Mississippi  
(July 17, 2023)  
FINRA Case #2022076911101

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**Individuals Suspended for Failure to Comply with an Arbitration Award or Related Settlement or an Order of Restitution or Settlement Providing for Restitution Pursuant to FINRA Rule Series 9554**

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

**Laurence Geoffrey Allen (CRD #1063970)**  
Greenwich, Connecticut  
(July 24, 2023)  
FINRA Arbitration Case #22-02739

**Joseph C. Desapio (CRD #5837553)**  
New York, New York  
(July 24, 2023)  
FINRA Arbitration Case #22-02677

**DeVere Scott Dudley (CRD #2092082)**  
Oak Harbor, Washington  
(July 26, 2023)  
FINRA Arbitration Case #22-02412

**Austin Richard Dutton Jr.**  
**(CRD #2739167)**  
 Furlong, Pennsylvania  
 (July 26, 2023)  
 FINRA Arbitration Case #22-01509

**Adam Harris Ezrilov (CRD #2679694)**  
 Boise, Idaho  
 (July 24, 2023 – September 1, 2023)  
 FINRA Arbitration Case #17-01251

**Samuel Girgiss (CRD #6088898)**  
 Staten Island, New York  
 (July 26, 2023)  
 FINRA Arbitration Case #23-00020

**Dennis Christopher Hanrahan**  
**(CRD #3004868)**  
 Brooklyn, New York  
 (July 24, 2023)  
 FINRA Arbitration Case #23-00021

**Timothy Pierce Henry (CRD #4782869)**  
 Wenham, Massachusetts  
 (April 13, 2023 – July 31, 2023)  
 FINRA Case #2022077412001/  
 ARB220023/Arbitration Case #21-00562

**Kenneth Scott Klaiman (CRD #2205801)**  
 Marblehead, Massachusetts  
 (February 10, 2020 – July 19, 2023)  
 FINRA Arbitration Case #19-01223

**Ramon Paul Perez (CRD #4381979)**  
 Houston, Texas  
 (July 24, 2023)  
 FINRA Arbitration Case #23-00356

**David Sauer (CRD #2642106)**  
 Sunny Isles Beach, Florida  
 (November 7, 2022 – July 26, 2023)  
 FINRA Case #2022076081401/  
 ARB220014/Arbitration Case #20-03988

**Michael Joseph Schunk (CRD #732595)**  
 Bridgeport, Connecticut  
 (July 24, 2023)  
 FINRA Arbitration Case #22-02739

**James Christopher Shelburne**  
**(CRD #1434446)**  
 Los Angeles, California  
 (April 4, 2022 – July 7, 2023)  
 FINRA Arbitration Case #19-01560

**Jamie John Worden (CRD #4637404)**  
 Lloyd Harbor, New York  
 (July 5, 2023)  
 FINRA Arbitration Case #20-00801

## FINRA Expels Monmouth Capital Management

### Firm Violated Reg BI, Excessively Traded, and Churned Numerous Customer Accounts, Including Those of Gold Star Families

FINRA expelled [Monmouth Capital Management](#) for churning and excessively trading customer accounts in violation of Regulation Best Interest (Reg BI), failing to supervise its representatives, and providing false and misleading disclosures to retail customers on its client relationship summary (Form CRS). This is the second firm expulsion that has included violations of Reg BI, to date.

“Monmouth abdicated its responsibility to reasonably supervise its representatives’ trading, resulting in substantial harm to customers, including Gold Star families. The egregiousness of the firm’s sales practice and supervisory violations necessitated expulsion of the firm from FINRA membership,” said Christopher J. Kelly, Senior Vice President and Acting Head of FINRA’s Department of Enforcement.

FINRA found that between August 2020 and February 2023, Monmouth, acting through six representatives, excessively traded 110 accounts, 42 of which were also churned, causing customers to incur approximately \$3.9 million in commissions and trading costs and to suffer substantial losses, in violation of the Care Obligation of Reg BI and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5.

In one instance, a customer’s account had an annualized cost-to-equity ratio of more than 103 percent—meaning the customer’s account would have had to grow by more than 103 percent just to cover commissions and trading costs. In another instance, a customer’s account had an annualized cost-to-equity ratio of more than 72 percent, resulting in a loss of \$158,078.

Monmouth failed to take reasonable steps to supervise the trading in these customers’ accounts, despite numerous red flags indicative of churning. For example, one customer’s account appeared on 24 consecutive monthly exception reports that flagged the account for churning. However, no one at Monmouth reviewed any of these 24 reports and thus the firm failed to detect the churning.

Several of the churned or excessively traded accounts were owned by Gold Star Families who had funded their accounts with a military death gratuity payment or a Servicemembers’ Group Life Insurance (SGLI) payment following the death of a family member who had served in the Armed Forces. For example, an account was opened at Monmouth for the benefit of a 13-year-old child and funded by SGLI payments following the death of the child’s father. Although the account had an average monthly equity of approximately \$150,000, Monmouth representatives purchased more than \$1.9 million in securities in the account over a 20-month period, generating nearly \$80,000 in commissions and trading costs.



FINRA also found that between Nov. 9, 2020, and Feb. 28, 2023, Monmouth made false and misleading statements on its Form CRS. These misrepresentations included a statement that Monmouth monitored customer accounts through daily exception reports, though the firm never utilized such reports.

[This matter](#) originated from a customer complaint made to FINRA concerning a former Monmouth registered representative.

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