# Disciplinary and Other FINRA Actions

#### Firm Fined, Individual Sanctioned

Traderfield Securities Inc. (<u>CRD #20130</u>, Flushing, New York), Mario Divita (<u>CRD #1504199</u>, Staten Island, New York)

September 5, 2023 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured, fined \$75,000, jointly and severally with Divita, required to remediate the issues identified in the AWC and to implement a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with FINRA Rule 3270.01. Divita was also suspended from association with any FINRA member in any principal capacity for six months and is required to complete 50 hours of continuing education concerning supervisory responsibilities. Without admitting or denying the findings, the firm and Divita consented to the sanctions and to the entry of findings that they failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with rules governing registered representatives' proposed outside business activities (OBAs). The findings stated that the firm and Divita knew that two of the firm's representatives were engaged in outside activities that involved investment funds and private placement offerings, but neither the firm nor Divita evaluated the activities to determine whether they constituted outside securities activities. The representatives owned and received a fee for managing investment funds that raised \$60 million from over 200 individual investors. The representatives presented the investment funds to the firm and Divita in discussions and emails as OBAs, but they understood that the representative's OBAs were investment-related. However, neither Divita nor anyone else at the firm evaluated the representative's proposed activities to determine whether they should be restricted or prohibited; whether they should have been treated as outside securities activities, with any transactions recorded on the firm's books and records; and whether they would interfere with or otherwise compromise the representatives' responsibilities to the firm or its customers or be viewed as part of the firm's business. In addition, the firm's WSPs did not reference or otherwise require the firm to comply with the requirements of FINRA Rule 3270.01 or the factors listed there.

The suspension is in effect from October 2, 2023, through April 1, 2024. (FINRA Case #2019062264901)

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



#### Firms Fined

#### Electronic Transaction Clearing, Inc. (CRD #146122, Dallas, Texas)

September 8, 2023 – An AWC was issued in which the firm was censured and fined a total of \$3 million dollars, of which \$836,990.22 is payable to FINRA. The remainder will be paid to other various exchanges in parallel settlement agreements in related matters. 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. The findings stated that the firm did not reasonably surveil for certain forms of manipulation such as marking the open or close, prearranged trading, and wash sales. Further, the firm's review of surveillance alerts was unreasonable. The firm had limited staff and other resources to sufficiently review and resolve alerts for potentially manipulative trading. As a result, the firm failed to review more than one million alerts that exceeded its vendor-provided system's scoring threshold for potential manipulative trading and, therefore, required review. There were also significant delays in reviews of the firm's in-house system's surveillance alerts. In addition, the firm permitted first-level reviewers to close surveillance alerts without any oversight or supervision by a firm principal and failed to have reasonably designed written supervisory procedures concerning how to review for potentially manipulative trading. Furthermore, the firm did not reasonably respond to red flags of customers' potentially manipulative trading. The findings also stated that the firm failed to establish and implement anti-money laundering (AML) policies and procedures reasonably designed to detect and cause the reporting of suspicious activity. The firm failed to reasonably surveil trading, including by failing to review over one million alerts generated by its surveillance systems, or otherwise respond to red flags of suspicious activity for purposes of determining whether to file a Suspicious Activity Report (SAR). The firm also failed to implement reasonable procedures for filing SARs when it detected suspicious transactions. As a result, the firm failed to file SARs in certain instances in which it had identified suspicious activity. The findings also included that the firm's market access controls and supervisory procedures were not reasonably designed. The firm did not document the rationale for its financial risk management controls, including its clients' credit controls and its erroneous order controls. Further, the firm's price controls for sponsored access clients were not reasonably designed to prevent the entry of erroneous orders because, absent additional controls, the parameters were too permissive to be effective. The firm also improperly allocated responsibility for financial risk controls to an introducing broker and failed to comply with annual review and certification requirements. FINRA found that the firm did not take reasonable steps to ensure that intermarket sweep orders (ISOs) did not trade through protected quotes. (FINRA Case #2017055657501)

#### Citigroup Global Markets Inc. (CRD #7059, New York, New York)

September 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 issued inaccurate trade confirmations to customers in connection with its principal trading activity on its alternative trading system (ATS). The findings stated that the firm inaccurately reported its execution capacity as agent when, in fact, the firm acted in a principal capacity. (FINRA Case #2019062946601)

TP ICAP Global Markets Americas LLC (CRD #2762, New York, New York) September 18, 2023 – An AWC was issued in which the firm was censured, fined \$400,000 and required to remediate Trade Reporting and Compliance Engine (TRACE) reporting issues identified in the AWC and implement a supervisory system, including WSPs, reasonably designed to achieve compliance with applicable FINRA rules regarding the issues identified in the AWC. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it inaccurately reported to TRACE transactions in TRACE-Eligible Securities without the required "No Renumeration" (NR) indicator. The findings stated that the firm inaccurately reported multi-leg transactions in TRACE-Eligible U.S. Treasury securities and securitized products with non-broker-dealer customers through its trading desk. In these transactions, the firm earned a mark-up or mark-down on one leg of the transaction, but not on the other leg of the transaction. The firm incorrectly determined the applicability of NR indicator reporting obligations with respect to these transactions and failed to report the leg of the transaction on which it did not earn a mark-up or mark-down using the NR indicator. The firm was unaware of the NR indicator reporting issues until FINRA notified it. Subsequently, the firm fixed the reporting issue. However, the firm's remediation was not effective with respect to U.S. Treasury securities because of a coding error that misidentified counterparties to U.S. Treasury transactions. As a result, although the firm did not earn a commission, mark-up or mark-down on the transactions, the firm inaccurately reported transactions in TRACE-Eligible U.S. Treasury securities with non-broker-dealer customers without the NR indicator when they should have been reported with the NR indicator. The findings also stated that the firm failed to establish, maintain, and enforce a supervisory system, including written procedures, reasonably designed to achieve compliance with the firm's transaction reporting obligations for TRACE-Eligible Securities. The firm's supervision of its TRACE reporting was not reasonable because it did not have any written procedures with respect to reviewing the NR indicator, nor did it have a process to check the accuracy of the NR indicator. (FINRA Case #2020067552001)

#### Goldman Sachs & Co. LLC (CRD #361, New York, New York)

September 22, 2023 – An AWC was issued in which the firm was censured, fined \$6 million dollars, required to remediate the issues identified in the AWC and implement a supervisory system, including WSPs, reasonably designed to achieve compliance with Section 17(a)(1) of the Exchange Act, Rules 17a-4(j) and 17a-25 thereunder, and FINRA Rules 8211 and 8213. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it submitted blue sheets to FINRA that inaccurately reported one or more of 39 separate types of transaction information. The findings stated that in those FINRA blue sheets, the firm failed to include required transactions or transaction information, or included incorrect information for at least 97 million transactions. The firm's blue sheet errors caused the firm to fail to report or report inaccurately trade information that was critical to FINRA's regulatory function. The firm also reported inaccurate execution times of trades, a significant piece of information for investigations into insider trading and market manipulation that rely on determining exactly when trades occur. The findings also stated that the firm failed to establish and maintain a supervisory system reasonably designed to achieve compliance with FINRA and Securities and Exchange Commission (SEC) blue sheet requirements. Initially, the firm discovered 18 different types of errors affecting the accuracy of its blue sheets. The firm's discovery of these errors raised red flags that its blue sheet reporting system had other and/or widespread deficiencies, and the firm did not reasonably investigate those red flags. Although the firm continued its internal review thereafter, the firm failed to promptly determine the full scope and impact of blue sheet errors once discovered or ascertain whether there were other errors that affected the accuracy of its blue sheets. (FINRA Case #2019061945001)

#### Citigroup Global Markets Inc. (CRD #7059, New York, New York)

September 26, 2023 – An AWC was issued in which the firm was censured, fined \$2.5 million dollars, of which \$833,334 is payable to FINRA, and ordered to pay disgorgement of \$5,771,489, of which \$1,923,829 is payable to FINRA. The remainder of the fine and disgorgement shall be allocated evenly between various exchanges. FINRA determined not to impose prejudgment interest on the disgorgement because the fine and disgorgement taken together achieves the appropriate deterrence value of equitable disgorgement. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it over-tendered shares in 13 partial tender offers (PTOs) and received ill-gotten gains of approximately \$5.7 million. The findings stated that the firm tendered approximately 11.1 million more shares than it was entitled to tender in the offers because it calculated the number of shares available for tender on an account-by-account basis instead of a firmwide basis. In addition, in two PTOs, the firm over-tendered shares because it did not account for relevant short call positions. In nine of the 13 PTOs, the proration factors ranged from approximately 4.7 percent to 96.2 percent. Four of the PTOs were not prorated. The findings also stated that the firm did not have a supervisory system reasonably designed to achieving compliance with Securities Exchange Act of

1934 Rule 14e-4 (the Short Tender Rule.) The firm had only operational procedures that instructed Asset Services to check the individual accounts from which the shares were tendered to make sure that the shares were held in the account. If the tendering account was long the shares, it was permitted to tender the shares. The procedures did not require the firm to determine whether it held any short positions in the security in other accounts, nor did they provide any other means to ensure that the firm would not tender more securities than it was net long. (FINRA Case #2020066141101)

#### Maxim Group LLC (<u>CRD #120708</u>, New York, New York)

September 29, 2023 - An AWC was issued in which the firm was censured, fined \$500,000 and required to retain an independent consultant to conduct a comprehensive review of the adequacy of the firm's policies, procedures, and internal controls relating to AML and compliance with Section 5 of the Securities Act of 1933. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system, and failed to establish, maintain, and enforce written procedures, reasonably designed to achieve compliance with Section 5 of the Securities Act. The findings stated that in practice, the firm conducted reviews only when customers deposited securities at the firm. For Delivery versus Payment/ Receive versus Payment (DVP/RVP) accounts, the firm relied on due diligence performed by the firms that held the accounts as agents for the customers. Although the firm had an AML new account risk assessment procedure that identified DVP/ RVP accounts as a risk factor, it did not have WSPs specifically designed to address its business of executing transactions for DVP/RVP accounts with respect to Section 5 compliance, and the firm did not take reasonable steps to ensure that transactions were exempt from registration when such transactions were made in DVP/RVP accounts. As a result, the firm executed sales of securities for DVP/RVP accounts when it lacked sufficient information to determine whether the securities were exempt from registration or complied with Section 5 of the Securities Act, such as information about the customers' acquisitions of the shares or the customers' relationships, if any, to the issuers of the securities. Moreover, the firm failed to respond reasonably to red flags of potentially unregistered distributions, including by failing to investigate customers' sales of low-priced securities on multiple days. The findings also stated that the firm failed to establish and implement AML policies and procedures reasonably expected to detect and cause the reporting of suspicious activity in low-priced securities. The firm became aware of deficiencies in its AML program through an examination by a different regulator, including the firm's failure to monitor for red flags related to the liquidation of low-priced securities. The firm undertook remedial efforts in response to that examination, including increasing its staffing responsible for AML compliance, revising its policies and procedures, adding additional automated monitoring systems, and implementing measures to minimize trading in microcap securities. However, the firm did not have any AML procedures that specifically addressed DVP/RVP accounts, and it did not collect the information

required by its AML procedures from customers with DVP/RVP accounts. As a result, the firm did not reasonably investigate red flags of suspicious trading in numerous securities traded in customers' DVP/RVP accounts. The firm closed hundreds of alerts of suspicious trading in DVP/RVP accounts after conducting only minimal investigation and without sufficient analysis of whether the customers' trading required filing of a SAR. In other instances, the firm closed alerts of suspicious activity, including in DVP/RVP accounts, without providing any commentary or analysis at all. (FINRA Case #2020067843801)

Santander US Capital Markets LLC (<u>CRD #150696</u>, New York, New York) September 29, 2023 – 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 establish, maintain, and enforce a supervisory system, including WSP, reasonably designed to prevent the misuse of material non-public information (MNPI). The findings stated that the firm conducted investment banking business as an underwriter in debt and equity offerings along with its global affiliates. However, the firm did not have procedures in place to ensure that supervisors responsible for reviewing the emails of employees who were temporarily granted access to MNPI related to specific transactions were themselves approved to access MNPI. In addition, the firm did not have reasonably designed systems and procedures to ensure that employees of its affiliates with access to the firm's MNPI were appropriately identified so they could be monitored by the firm's affiliate. The firm frequently engaged in cross-border investment banking deals, and the firm's employees involved in those deals included employees of the firm's foreign affiliates. Some employees of the firm's foreign affiliates had access to MNPI but were not identified for the affiliate to monitor or were not identified for the affiliate to monitor until a period after the employees were exposed to MNPI. The firm also did not have a reasonable system to ensure that, when firm employees gained access to MNPI, the relevant issuers were added in a timely manner to the watch list that the firm used to monitor certain activities, such as trading, sales, and research activities, related to the issuers' securities. Furthermore, the firm's system was not reasonably designed to review securities transactions in employee outside brokerage accounts that were maintained at a foreign broker-dealer. Certain deficiencies in the firm's systems and procedures relating to preventing potential misuse of MNPI were identified by another regulator and communicated to the firm. After the firm began to remediate by engaging an outside consultant, FINRA identified ongoing deficiencies that had not yet been fully remediated. The firm has since completed its remediation. The findings also stated that the firm failed to establish, maintain, and enforce a supervisory system, including WSP, reasonably designed to achieve compliance with Section 5 of the Securities Act. In some transactions, the firm failed to obtain Regulation S or qualified institutional buyers (QIB) certifications from potential investors at the time of the transactions. The firm also failed to contemporaneously document the steps it took to ensure sales pursuant to Regulation S and Rule 144A safe harbors were made to qualified investors. Consequently, the firm did not have records demonstrating it had a reasonable process to confirm its compliance with Section 5. Certain deficiencies in the firm's

systems and procedures relating to ensuring offerings met the requirements of those safe harbors were identified by another regulator and communicated to the firm. The firm then began to remediate, hiring an associate whose role included assisting in obtaining required customer documentation and implementing a centralized program for maintaining this documentation. FINRA subsequently identified issues related to the firm's supervisory system to achieve compliance with Section 5 that had not yet been remediated. The firm has since completed its remediation. (FINRA Case #2020065142001)

#### Individuals Barred

#### Ethan Christopher Martin (CRD #7376480, Austin, Texas)

September 5, 2023 – An AWC was issued in which Martin was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Martin consented to the sanction and to the entry of findings that he converted and improperly used funds from a married couple, one of whom was a senior, that held a joint brokerage account at his member firm. The findings stated that when the customers asked Martin for their account information for purposes of initiating direct deposits, Martin provided the customers with the account number for his personal account rather than the customers' account number. Martin then received three electronic deposits of the customers' social security payments, totaling \$6,981, that he retained and used for personal investments and expenditures. The findings also stated that Martin refused to produce information or documents requested by FINRA in connection with its investigation into the allegations of misappropriated funds made in a Uniform Termination Notice for Securities Industry Registration (Form U5) filing by his firm. (FINRA Case #2022076503701)

#### Joseph Corey Quintons (<u>CRD #7173106</u>, Dacula, Georgia)

September 5, 2023 – An AWC was issued in which Quintons was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Quintons consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA in connection with its investigation into whether he failed to timely disclose a reportable event on his Uniform Application for Securities Industry Registration or Transfer (Form U4). The findings stated that Quintons initially provided a partial but incomplete response to FINRA's request, however he declined to produce the remainder of the information and documents requested. (FINRA Case #2022075403801)

#### Stephen Kiyoshi Takeda (<u>CRD #1100052</u>, Irvine, California)

September 5, 2023 – An AWC was issued in which Takeda was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Takeda consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA in

connection with its investigation into potential rule violations stemming from a customer complaint and other potential violations. The findings stated that the customer complaint made to FINRA involved potential customer loans. (FINRA Case #2022073891501)

#### Michael Joseph Clarke (<u>CRD #1078211</u>, Jersey City, New Jersey)

September 8, 2023 – A SEC decision became final in which Clarke was barred from association with any FINRA member in all capacities and ordered to pay \$563,100, plus prejudgment interest, in restitution to customers. The SEC sustained FINRA's findings that Clarke converted money from three individuals and made misrepresentations to them to obtain their money in connection with his ticket brokering business. The SEC also sustained FINRA's finding that Clarke issued one bad check in connection to his ticket brokering business. However, the SEC set aside FINRA's finding that Clarke issued three other bad checks because the record contained insufficient evidence that they were business-related. The SEC sustained the unitary bar that FINRA imposed against Clarke for his conversion and misrepresentations, agreeing there were numerous aggravating factors and a lack of mitigation. The SEC also sustained FINRA's order of restitution but reduced the amount Clarke was ordered to pay to reflect payments Clarke made to the victims. (FINRA Case #2016050938301)

#### Robert Joseph Stansky Jr. (CRD #4984028, Littleton, Colorado)

September 12, 2023 – An AWC was issued in which Stansky was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Stansky 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 potential unauthorized transactions. (FINRA Case #2022074703301)

#### Ron Ernest Filoramo (<u>CRD #3270398</u>, Fort Lauderdale, Florida)

September 18, 2023 – An AWC was issued in which Filoramo was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Filoramo consented to the sanction and to the entry of findings that he failed to provide documents and information requested by FINRA in connection with its investigation into allegations that he fraudulently induced clients to transfer funds to purported investments that were never made. (FINRA Case #2023078603801)

#### Leslie Don Jackson (CRD #2176917, Dallas, Texas)

September 19, 2023 – An AWC was issued in which Jackson was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Jackson consented to the sanction and to the entry of findings that he participated in private securities transactions totaling \$1,975,000 without providing advance written notice to his member firm prior to engaging in these transactions. The findings stated that Jackson participated in the sale of promissory notes issued

by entities purportedly engaged in a business that provided financing to construction companies. Jackson recommended the investments to five investors, including one family member and three firm customers, who ultimately purchased an aggregate \$1,475,000 of the issuers' promissory notes. Jackson also personally purchased notes totaling \$500,000. Jackson participated in these investments by telling the investors about the notes, answering questions about the investments, helping the investors complete the subscription documents, and collecting the payments for the investments to provide to the issuers. Jackson received periodic payments from the issuers in amounts equal to 3% of each investment per year during their respective terms, paid monthly. In addition, Jackson falsely responded to questions about whether he had participated in private securities transactions on compliance questionnaires. (FINRA Case #2022077350301)

#### Pierre Hilario (<u>CRD #4386481</u>, Jersey City, New Jersey)

September 21, 2023 – An AWC was issued in which Hilario was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Hilario consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony or produce documents and information requested by FINRA in connection with its investigation into certain private placement offerings. (FINRA Case #2020066757801)

#### Ronald Burton Smith (CRD #2483733, Moorestown, New Jersey)

September 21, 2023 – An AWC was issued in which Smith was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Smith 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 into allegations in a statement of claim against him by one of his former customers. The findings stated that FINRA sent a request to Smith for the production of information and documents, including bank and brokerage account statements. Although Smith produced some information in response to that request, he failed to produce other information, including numerous monthly statements, and refused to produce anything further. (FINRA Case #2022077273801)

#### Rodney Michael Ferruso (CRD #1457661, Clarksburg, West Virginia)

September 25, 2023 – An AWC was issued in which Ferruso was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Ferruso 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 circumstances described in a Form U5 submitted by his member firm that stated that it had permitted him to resign after identifying short-term trading of certain mutual funds in his customer accounts. (FINRA Case #2022076141801)

#### Alan Paul Donenfeld (CRD #1206842, New York, New York)

September 27, 2023 – An AWC was issued in which Donenfeld was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Donenfeld 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 to its investigation into to his OBA. (FINRA Case #2022074407901)

#### Individuals Suspended

#### Kevin Joseph Carroll (CRD #3124942, Marlborough, Connecticut)

September 5, 2023 – An AWC was issued in which Carroll was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Carroll consented to the sanctions and to the entry of findings that he borrowed \$31,170 from one of his customers without obtaining approval from his member firm. The findings stated that during a meeting with his supervisor, Carroll disclosed that he intended to borrow money from one of his friends who was also his customer at the firm. Carroll's supervisor informed him that he would not be permitted to borrow money from the customer. Notwithstanding this instruction, Carroll borrowed the funds. The loan was documented by a promissory note. Carroll has not made any payments on the loan and the customer has not complained. The findings also stated that Carroll exercised discretion involving the purchases of Unit Investment Trusts (UITs) in two senior customers' accounts without prior written authorization from the customers for him to exercise discretion in their accounts and without the firm having accepted either customer account as a discretionary account.

The suspension is in effect from September 5, 2023, through January 4, 2024. (FINRA Case #2021072363201)

#### Anthony Lynn Cross (CRD #3155726, Edmond, Oklahoma)

September 5, 2023 – An AWC was issued in which Cross was fined \$5,000 and suspended from association with any FINRA member in all capacities for 20 days. Without admitting or denying the findings, Cross consented to the sanctions and to the entry of findings that he exercised discretionary authority to effect trades in customer accounts without obtaining written authorization from the customers to exercise discretion and without his member firm having accepted the accounts as discretionary. The findings stated that although the customers understood that Cross was placing trades in their accounts, none of them had given him prior written authorization to exercise discretion and Cross did not speak with the customers on the dates of the trades.

The suspension was in effect from October 2, 2023, through October 21, 2023. (FINRA Case #2020067046901)

#### Charles Daniel Shields Jr. (CRD #2067177, Bala Cynwyd, Pennsylvania)

September 8, 2023 – An AWC was issued in which Shields 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, Shields consented to the sanctions and to the entry of findings that he exercised discretion in a customer's account without prior written authorization from the customer and without his member firm having approved the account for discretionary trading. The findings stated that Shields acted on oral instructions he received from the customer's family member in effecting securities transactions in the customer's brokerage account. Shields mistakenly believed that he was authorized to accept such instructions to effect the transactions at issue.

The suspension was in effect from September 18, 2023, through October 6, 2023. (FINRA Case #2020066995301)

#### Jeffrey Kenneth Kirkpatrick (<u>CRD #3069597</u>, Suwanee, Georgia)

September 12, 2023 – An AWC was issued in which Kirkpatrick was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Kirkpatrick consented to the sanctions and to the entry of findings that he falsified a wire transfer request form. The findings stated that Kirkpatrick electronically signed the form at the request of another registered representative, his business partner and a co-representative on the account at issue, and submitted it to his member firm to effectuate his customers' requested transfer of \$1 million from their account to a third-party entity's account. Kirkpatrick falsely attested on the form that he had verbally confirmed the amount, timing and payee instructions with the customer, when he in fact had not. Kirkpatrick signed the form without inquiring into the purpose of the wire transfer, and without speaking with either customer before signing and submitting the form to the firm. As a result, Kirkpatrick caused his firm to maintain inaccurate books and records. The findings also stated that Kirkpatrick communicated about firm business outside of firm approved channels. Kirkpatrick attested on a firm compliance questionnaire that all of his investment, financial, and insurance-related electronic communications were made using only firm approved email addresses. Nonetheless, Kirkpatrick used his personal mobile phone to send and receive text messages related to firm securities business and he exchange text messages with the other representative about firm business, including messages that concerned the signing and approval of wire transfer requests from client accounts, and one of which concerned a customer complaint. The firm did not preserve Kirkpatrick's text messages because it did not permit registered representatives to send or receive business-related text messages outside of the firm's approved text messaging application.

The suspension is in effect from September 18, 2023, through January 17, 2024. (FINRA Case #2021073031001)

#### Andrew Thomas Maynerich (CRD #5912401, Thayer, Illinois)

September 13, 2023 – An AWC was issued in which Maynerich 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, Maynerich consented to the sanctions and to the entry of findings that he electronically signed, with prior permission, documents on behalf of customers, three of whom were seniors. The findings stated that Maynerich falsely attested in a compliance questionnaire that he had not signed or affixed another person's signature on a document. By falsifying documents, Maynerich caused his member firm to maintain inaccurate books and records.

The suspension is in effect from September 18, 2023, through November 17, 2023. (FINRA Case #2022074618101)

#### Gustavo Rodrigo III (CRD #3031284, Miami, Florida)

September 13, 2023 – An AWC was issued in which Rodrigo was fined \$2,500 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the findings, Rodrigo consented to the sanctions and to the entry of findings that he exercised discretion in a customer's account without written authorization from the customer and without his member firm having accepted the account as discretionary. The findings stated that Rodrigo effected trades in the brokerage account of the firm customer without speaking to the customer prior to execution on the date of the transactions.

The suspension was in effect from October 2, 2023, through October 16, 2023. (FINRA Case #2021070498101)

#### Elba Margarita Nogueras (CRD #4459340, Bayamon, Puerto Rico)

September 18, 2023 – An AWC was issued in which Nogueras was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in all capacities for four months and ordered to pay deferred disgorgement of commissions received in the amount of \$5,670, plus interest. Without admitting or denying the findings, Nogueras consented to the sanctions and to the entry of findings that she willfully violated the Care Obligation of Rule 15I-1 under the Exchange Act (Reg BI) by recommending that her customer invest in an illiquid, non-traded real estate investment trust (REIT) without having a reasonable basis to believe the investment was in the customer's best interest. The findings stated that based upon Nogueras' recommendation, her customer invested \$81,000, which represented 81 percent of the customer's liquid net worth, in the non-traded REIT, resulting in Nogueras earning a commission of \$5,670. Given the risk and illiquidity of investments in the non-traded REIT, Nogueras lacked a reasonable basis to believe her recommendation was in the best interest of the customer, who had a moderate risk tolerance and limited investment experience.

The suspension is in effect from September 18, 2023, through January 17, 2024. (FINRA Case #2023079691201)

#### William Donovan Ard (CRD #1133673, Jersey City, New Jersey)

September 22, 2023 - An AWC was issued in which Ard was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Ard consented to the sanctions and to the entry of findings that he forwarded an email that contained promissory, unwarranted, and misleading communication to his customer about investing in a publicly traded biopharmaceutical company. The findings stated that the email described predictions for the company's stock performance—including "bear," "base," and "bull" cases, which varied depending on the results of a drug trial involving a drug the company had developed. The findings also stated that Ard made a false statement to his member firm about the customer's use of borrowed funds. The customer opened a Liquidity Access Line (LAL) account at the firm which allows firm customers to borrow funds from the firm's affiliate bank based on the value of eligible securities held as collateral. Contrary to firm policy, the customer used LAL funds to purchase publicly traded stocks and options. The customer made these purchases in accounts held outside of the firm. Subsequently, the firm sent an email to Ard asking, among other things, why the customer had withdrawn funds from his LAL account. Although Ard knew at the time that the customer had used LAL funds to purchase publicly traded stock, he denied knowing the purpose of the customer's withdrawals. The findings also included that Ard caused the firm's records to be inaccurate by mismarking orders as unsolicited in customers brokerage accounts. The vast majority of the transactions were purchases of call options in the customer's brokerage account. In addition, Ard communicated about firm business on his personal phone outside of a firm-approved application causing the firm to be unable to obtain or preserve copies of the communications when they were sent. The communications included text messages with customers about securities transactions. Furthermore, Ard submitted annual compliance questionnaires that falsely indicated that he did not use unapproved mobile applications to communicate with customers about trade-related matters. By communicating about firm business outside of a firm-approved application, Ard prevented FINRA from obtaining relevant evidence, hindering its investigation.

The suspension is in effect from October 2, 2023, through February 1, 2024. (FINRA Case #2020069039301)

#### Adam Bruce Anderson (CRD #5157882, Providence, Utah)

September 25, 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 failed to provide prior written notice of an OBA to his member firm. The findings stated that Anderson engaged in the OBA by assisting in the creation of a reinsurance company and entering into a contract as the president of that company to provide reinsurance coverage on enterprise risk management insurance policies that his separate limited liability company purchased from an insurance company. The insurance company paid Anderson's reinsurance company

\$197,500 in premiums. This was a tax savings arrangement for Anderson. In addition, Anderson falsely stated on his firm annual attestation that he had disclosed all current OBAs. When Anderson later provided written notice to the firm of his OBA, the firm evaluated and did not approve it.

The suspension is in effect from October 16, 2023, through November 15, 2023. (FINRA Case #2022074181501)

#### Jean Ann St. Pierre (CRD #2073702, Olathe, Kansas)

September 27, 2023 – An AWC was issued in which St. Pierre 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, St. Pierre consented to the sanctions and to the entry of findings that she willfully failed to amend her Form U4 to timely disclose that she had been charged with, and subsequently pled guilty to, a felony. The findings stated that St. Pierre knew that she had been charged with the felony offense, but she did not amend her Form U4 to disclose the felony charge within 30 days of learning of it. Further, St. Pierre pleaded guilty to the felony offense while she remained associated with her member firm but did not timely amend her Form U4 to disclose that she had been convicted of a felony and did not disclose her felony charge and conviction to her firm until years later. St. Pierre eventually filed an amended Form U4 to disclose the felony charge and conviction. In addition, St. Pierre provided false responses on disclosures submitted to the firm certifying that she had not been charged with or convicted of any felony.

The suspension is in effect from October 2, 2023, through April 1, 2024. (FINRA Case #2023078076201)

#### Cody Robert Roos (CRD #6694181, Kearneysville, West Virginia)

September 28, 2023 – An AWC was issued in which Roos 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, Roos consented to the sanctions and to the entry of findings that he forged or falsified customer signatures on account documents. The findings stated that by doing this, Roos caused his member firm to maintain inaccurate books and records. While none of the customers complained, some of the names were signed on documents without the customers' permission. In addition, Roos falsely attested in annual compliance questionnaires that he had not signed or affixed another person's signature on a document.

The suspension is in effect from October 2, 2023, through February 1, 2024. (FINRA Case #2022074093701)

#### **Complaints Filed**

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

#### John E. Pelletier (CRD #4205289, Hartland, Wisconsin)

September 21, 2023 - Pelletier was named a respondent in a FINRA complaint alleging that he engaged in unauthorized trading by executing trades with a total principal value of \$37,799 in a customer's Individual Retirement Account (IRA) without the customer's prior written or oral authorization or consent. The complaint alleges that the customer, a 62-year-old who was retiring, was the sole owner of the IRA and the only person authorized to direct trades in the account. The only securities transactions in, or distributions from, the IRA were periodic distributions of \$500 to be deposited every month in a checking account the customer held jointly with his ex-wife. Each of the unauthorized trades involved Pelletier selling one of two classes of shares of a mutual fund holding in the customer's account in order to fund a redemption and distribution. Although the customer's ex-wife was not an authorized party on the account, Pelletier executed each of the trades after receiving verbal instructions to process the redemption solely from her. Further, the customer had not provided Pelletier or his member firm with written authorization or a power of attorney authorizing his ex-wife to direct trading in the account. For each of the trades, Pelletier decided which class of mutual fund to sell in order to generate the funds requested by the customer's ex-wife, without obtaining authorization or consent from the customer for the trades. (FINRA Case #2021071094401)

#### Christopher Booth Kennedy (CRD #4498061, Simi Valley, California)

September 22, 2023 – Kennedy was named a respondent in a FINRA complaint alleging that he churned and excessively traded accounts of customers. The complaint alleges that Kennedy used his control over these accounts to direct an excessive series of transactions in each account that generated commissions for his own benefit at the customers' expense. Kennedy directed trades representing net trading of more than \$350 million in the customer accounts. Each month, Kennedy made trades representing net trading of more than \$6.9 million per account or approximately 13 times the average account value. As the result of Kennedy's excessive trading, the customers collectively lost over \$2.3 million in value from their accounts and paid more than \$715,000 in total trading costs and margin interest, including over \$595,000 in commissions. By churning the customer accounts, Kennedy willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and violated FINRA Rule 2020, and by excessively trading their accounts, he willfully violated Exchange Act Rule 15l-1. The complaint also alleges that Kennedy made fake account statements to hide the results of his trading from

two customers, a husband and wife, co-trustees of a family trust account. Over six months, Kennedy prepared and sent six fake account statements to the customers from his personal email. Kennedy supplemented these fake account statements by making a series of other false statements to the married couple inflating their account value. For example, Kennedy sent a fake account statement to the married couple purporting to show an ending balance of \$5.2 million and a gain in value of over \$3 million. In fact, under Kennedy's control the account had lost nearly all of its value and only approximately \$160,000 in value remained in the account. The complaint further alleges that during FINRA's investigation of his trading, Kennedy repeatedly lied to FINRA in response to its requests for information and on-the-record testimony. In particular, Kennedy falsely denied preparing any fake account statements for the married couple and falsely claimed that his personal email had been hacked and that an imposter had sent all but one of the fake account statements. (FINRA Case #2021072389001)

#### Damian Mark Baird (<u>CRD #3097243</u>, Clarence Center, New York)

September 29, 2023 – Baird was named a respondent in a FINRA complaint alleging that he failed to provide information and documents and failed to appear for on-the-record testimony requested by FINRA as a part of two separate investigations into his conduct. The complaint alleges that FINRA's investigations were concerning discovery in FINRA arbitrations and, separately, whether Baird altered a customer check and attempted to convert customer funds. Baird's failure to provide the requested documents and information impeded FINRA's investigations and his testimony was material to FINRA's investigation concerning whether he altered a customer check and attempted to convert customer funds. (FINRA Case #2023077669201)

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

# Crowd WallStreet, Inc (Funding Portal Org ID #315361)

Miami, Florida (September 19, 2023) FINRA Case #2023077508901

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.)

# Charles Christopher Connors (CRD #4143055)

Memphis, Tennessee (September 18, 2023) FINRA Case #2022076852301

# Andrew Charles Grezlak (CRD #4501515)

Furlong, Pennsylvania (September 25, 2023) FINRA Case #2022076824801

# Heron George Rattray Jr. (CRD #5479037)

Putnam Valley, New York (September 12, 2023) FINRA Case #2022077374801

# Merrill Anne Richardson (CRD #2968835)

Chicago, Illinois (September 25, 2023) FINRA Case #2022076794301

#### Michael Gary Solomon (CRD #2024161)

Highland Beach, Florida (September 5, 2023) FINRA Case #2021072686401

# Steven William Thompson (CRD #7133484)

West Babylon, New York (September 5, 2023) FINRA Case #2022073679002

# Bertram Brasher Unger (CRD #2334575)

Jupiter, Florida (September 5, 2023) FINRA Case #2022076343201

#### Jessica Ann Wade (CRD #6621502)

Corinth, Mississippi (September 25, 2023) FINRA Case #2022076911101

#### Shane Collins Wilhelm (CRD #4803933)

Moneta, Virginia (September 5, 2023) FINRA Case #2021072674801

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.)

#### David John Funes (CRD #5467419)

Austin, Texas (September 25, 2023) FINRA Case #2023077973401

#### Sebastian Puznowski (CRD #6872054)

Syracuse, New York (September 25, 2023) FINRA Case #2023077493701

#### Richard J. Webb (CRD #6712838)

Bolivar, Ohio (September 8, 2023) FINRA Case #2022076653101 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.)

# Patrick Joseph Cavanagh (CRD #5186630)

Staten Island, New York (September 12, 2023) FINRA Arbitration Case #22-02719

#### Michael Joseph Digioia (CRD #4073951)

Floral Park, New York (September 27, 2023) FINRA Arbitration Case #21-01036

#### Dan Edward Droeg (CRD #1509210)

Chandler, Arizona (September 29, 2023) FINRA Arbitration Case #22-00203

# Thomas Anthony McDevitt (CRD #2067268)

Philadelphia, Pennsylvania (September 27, 2023) FINRA Arbitration Case #18-04158

#### Louis Joseph Pellegriti (CRD #5891855)

Staten Island, New York (September 12, 2023) FINRA Arbitration Case #22-02719

#### Jorge J. Sarria (CRD #5575483)

Miami, Florida (October 29, 2018 – September 22, 2023) FINRA Arbitration Case #18-01455

# Daniel Stephen Snodgrass (CRD #4083817)

Mays Landing, New Jersey (September 29, 2023) FINRA Arbitration Case #22-02184

# Kevin Francis Springstead (CRD #4937429)

Staten Island, New York (September 12, 2023) FINRA Arbitration Case #22-02719

#### Terry Tzagarakis (CRD #2796055)

Bay Ridge, New York (September 12, 2023) FINRA Arbitration Case #22-02719

#### Jamie John Worden (CRD #4637404)

Lloyd Harbor, New York (April 4, 2022 – September 29, 2023) FINRA Arbitration Case #21-02174

#### Jamie John Worden (CRD #4637404)

Lloyd Harbor, New York (October 7, 2022 – September 29, 2023) FINRA Arbitration Case #21-01931

#### Jamie John Worden (CRD #4637404)

Lloyd Harbor, New York (December 22, 2022 – September 29, 2023)

FINRA Arbitration Case #21-02184

#### Jamie John Worden (CRD #4637404)

Lloyd Harbor, New York (January 13, 2023 – September 29, 2023) FINRA Arbitration Case #21-01804

#### Jamie John Worden (CRD #4637404)

Lloyd Harbor, New York (February 8, 2023 – September 29, 2023) FINRA Arbitration Case #21-02186

#### Jamie John Worden (CRD #4637404)

Lloyd Harbor, New York (February 8, 2023 – September 29, 2023) FINRA Arbitration Case #21-02356

#### Jamie John Worden (CRD #4637404)

Lloyd Harbor, New York (July 5, 2023 – September 29, 2023) FINRA Arbitration Case #20-00801