Disciplinary and Other FINRA Actions

Reported for January 2026

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).

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Firms Fined

SG Americas Securities, LLC (CRD #128351, New York, New York)
November 4, 2025 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured and fined $90,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it violated Rule 606(a) of Regulation National Market System (NMS) under the Securities Exchange Act of 1934 by publishing seven inaccurate quarterly reports on its handling of customers' orders in NMS securities. The findings stated that in six quarterly reports, the firm reported that it received a net payment of $0.04 per hundred shares from every listed options venue. The firm did not actually receive any such payments. Instead, the firm paid a $0.04 commission to an intermediary broker-dealer for those orders. In one report, the firm erroneously disclosed receiving identical payments for order flow from twelve options venues when, in fact, the firm did not actually receive the same payments for order flow from those venues. Further in seven quarterly reports, the firm incorrectly identified two of the venues to which it routed the most non-directed orders for execution. Subsequently, the firm remediated these issues before publishing its next quarterly report. The findings also stated that the firm's supervisory system, including written supervisory procedures (WSPs), was not reasonably designed to achieve compliance with Rule 606(a). While the firm's WSPs required a designated supervisor to meet quarterly with firm stakeholders to review the firm's Rule 606 reports prior to publication, the WSPs did not provide reasonable guidance on how such supervisory reviews should be conducted. In practice, the firm did not conduct reasonable reviews to ensure the accuracy of its Rule 606 reports, such as comparing a sample of data in draft Rule 606 reports with transaction records. Ultimately, the firm amended its WSPs to address these deficiencies. (FINRA Case #2024083343101)

Wedbush Securities Inc. (CRD #877, Pasadena, California)
November 7, 2025 – An AWC was issued in which the firm was censured and fined $150,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to maintain possession or control of customers' fully paid and excess margin securities. The findings stated that the firm did not combine credits and debits from separate accounts owned by the same customer, and opened under the same tax identification number, prior to calculating the securities having a market value in excess of 140 percent of the customer's debit balance. Therefore, the firm overcalculated the number of shares that were available for rehypothecation (collateral to be used for the firm's own purposes). This resulted in deficits in customers' securities the firm was required to segregate. The amount of the firm's segregation deficit varied and at times exceeded 100,000 shares and $2 million in value. The findings also stated that the firm failed to establish and maintain a supervisory system reasonably designed to achieve compliance with Rule 15c3-3 of the Securities Exchange Act of 1934. The firm did not have reasonable systems in place to identify separate accounts owned by customers with the same tax identification number and to combine the credits and debits of the securities in those accounts prior to determining the amount of securities that it needed to segregate. Likewise, the firm did not provide guidance to firm employees on how to segregate securities where customers held multiple accounts with the same tax identification number to ensure that the firm did not improperly use customer securities. Ultimately, the firm established procedures related to its compliance with Rule 15c3-3's possession or control requirements. The findings also included that the firm failed to disclose required mark-up and mark-down information on retail customer confirmations for municipal securities transactions and corporate and agency debt securities transactions. These failures resulted from firm personnel failing to timely enter the prevailing market price (PMP) into the firm's order management system. FINRA found that the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with Municipal Securities Rulemaking Board (MSRB) Rule G-15 and FINRA Rule 2232. The firm's WSPs contained no procedures regarding when firm personnel were required to enter the PMP for applicable transactions into its order management system, and the firm did not provide any training or guidance to supervisors regarding when the PMP should be entered into that system. Subsequently, the firm amended its WSPs concerning supervision of customer confirmations. (**FINRA Case #2022074793701**)

Piper Sandler & Co. (CRD #665, Minneapolis, Minnesota)
November 10, 2025 – An AWC was issued in which the firm was censured and fined $95,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it published public quarterly reports on its handling of customers' orders in NMS securities that overstated statistical information related to options orders. The findings stated that due to a coding error, one of the firm's reporting vendors—through which a small portion of the firm's options orders were routed—calculated the value of certain firm options orders as if each contract was for one share of an underlying stock, when in fact a standard option contract represents 100 shares of the underlying stock. As a result, the firm overstated its reportable options orders, which caused inaccuracies in the statistical data related to its options orders, including order percentages and payment received or paid. In addition, the firm published five Rule 606(a) of Regulation NMS reports that failed to adequately disclose material aspects of its relationship with certain venues identified in its Rule 606(a) reports. Despite prior notification from FINRA regarding deficiencies in its material aspects disclosures, the firm's disclosures did not set out a complete description of its payments for

order flow or the profit-sharing relationship it had with certain execution venues. In particular, the firm stated that its primary options executing broker "may" pass through fees and rebates it received on the firm's orders when in fact, it passed through the fees and rebates in full. Subsequently, the firm worked with its vendor to correct the reporting errors, made enhancements to its material aspect disclosures, and republished certain Rule 606 reports with updated information. The findings also stated that the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with Rule 606(a). The firm's procedures failed to provide guidance on how supervisory reviews would be conducted or what would be reviewed. Moreover, the firm failed to conduct reasonable supervisory reviews of its Rule 606(a) reports, including by failing to reasonably review the accuracy of statistical information it obtained from one of its vendors. Ultimately, the firm revised its policies and procedures related to Rule 606 reporting. (FINRA Case #2023077051701)

Oakwood Capital Securities, Inc. (CRD #21000, St. Louis Park, Minnesota)
November 18, 2025 – An AWC was issued in which the firm was censured and fined $20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that while under previous management, it failed to establish and maintain a supervisory system, including WSPs, reasonably designed to surveil rates of deferred variable annuity exchanges. The findings stated that the firm failed to establish or maintain any procedures to surveil its registered representatives' deferred variable annuity exchange rates, and the firm did not maintain any system for tracking rates of deferred variable annuity exchanges. The firm's sole review process for variable annuity transactions was a manual transaction-by-transaction review of each application for approval of the transaction itself. No review was conducted to monitor representatives' exchange rates. As a result, the firm failed to detect a series of short-term variable annuity exchanges recommended by one of its representatives, including recommendations of multiple unsuitable exchange transactions. (FINRA Case #2020065145802)

Deutsche Bank Securities Inc. (CRD #2525, New York, New York)
November 19, 2025 – An AWC was issued in which the firm was censured, fined $2.5 million, and required to comply with the undertaking enumerated in this AWC. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it violated multiple research report disclosure requirements, impacting approximately 110,000 debt and equity research reports. The findings stated that FINRA detected a problem with the data feed the firm used to trigger disclosures for expected investment banking compensation. The data feed excluded foreign issuers that were not listed on the New York Stock Exchange or NASDAQ or for which a U.S. listing was not identified as the primary listing. Accordingly, the firm published approximately 90,000 equity research reports and approximately 9,000 debt research reports that omitted required disclosures when the firm or an affiliate expected to receive or intended to seek compensation for investment banking services from the subject company. In addition, the firm failed to disclose investment banking client relationships. The firm published approximately 8,000 equity research reports and approximately 800 debt research reports that failed to disclose that the subject company had been a firm client in the prior year, and the types of services provided. Further, the firm failed to disclose analyst ownership of subject companies and to restrict analyst trading in

covered securities in third-party managed accounts. The firm published approximately 1,170 equity research reports and approximately 335 debt research reports that failed to disclose that the analyst owned securities in the subject company. In addition, there were six transactions in third-party managed accounts in which the research analyst traded at least one stock in a manner inconsistent with the analyst's rating at the time. Moreover, the firm electronically published high-yield sector compendium debt research reports with incomplete required disclosures. The firm directed the reader of debt research reports to a website that contained a company lookup page for applicable disclosures, the search function on the lookup page only returned results for issuers on which the firm-maintained equity research coverage. Accordingly, the firm published 172 compendium debt reports containing incomplete required company disclosures. The findings also stated that the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with the research disclosure requirements. The firm lacked a supervisory system reasonably designed to determine that the information in the data feeds used for required research disclosures was accurate and complete. The firm also lacked a supervisory system reasonably designed to monitor and restrict analyst trading in covered securities in third-party managed accounts. (**FINRA Case #2022073416601**)

Laidlaw & Company (UK) Ltd. (CRD #119037, London, United Kingdom)
November 20, 2025 – An AWC was issued in which the firm was censured and fined $200,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it conducted a securities business while failing to maintain the required minimum net capital on at least 108 days and filed two inaccurate notices of net capital deficiency. The findings stated that the net capital deficiencies ranged from approximately $53,000 to approximately $1.26 million and exceeded $1 million on four days. The deficiencies occurred because the firm did not consistently reconcile its bank statements and general ledger. In addition, the estimates underlying the firm's weekly net capital calculations often overstated the firm's net capital as compared with the assets and liabilities that were ultimately recorded in the general ledger. Ultimately, the firm identified a reconciliation failure that had caused a net capital deficiency, prompting the firm to file a deficiency notification. Subsequently, the firm filed a second deficiency notification relating to this same deficiency, which amended the reported start date of the deficiency. However, the amended notification was inaccurate because the actual deficiency period began before, and ended after, the dates set forth in the amended notice. Later, after FINRA raised a concern about the accuracy of the firm's net capital calculations, the firm filed another inaccurate deficiency notification stating when it had been net capital deficient. The findings also stated that the firm failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with its net capital and financial reporting obligations. The firm did not maintain supervisory procedures with respect to the firm's general ledger, reconciling accounts and intercompany transactions, and performing net capital calculations. Subsequently, the firm added procedures for calculating weekly and moment-to-moment net capital. The firm also updated its WSPs regarding the reconciliation process and its review and documentation of net capital calculations. The findings also included that the firm failed to establish an independent escrow account in a contingency offering for an affiliated issuer. The firm participated in a contingency offering for a company which was affiliated with the firm. Accordingly, the firm was required to ensure that investor funds were transmitted to an independent escrow agent before the contingency was met. However, the firm did not establish an

independent escrow account for investor funds in connection with the offering. Rather, the subscription agreement instructed investors to send funds directly to the company. (FINRA Case #2023077061201)

Nomura Securities International, Inc. (CRD #4297, New York, New York)
November 21, 2025 – An AWC was issued in which the firm was censured, fined $625,000, required to comply with the undertaking enumerated in this AWC. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it violated Rule 200(f) of Regulation SHO by including securities positions of two affiliates when calculating the net positions of an independent trading unit. The findings stated that the firm included accounts of two affiliated foreign broker-dealers in calculations of an aggregation unit's net positions. However, those affiliates lacked self-regulatory oversight and were not subject to Securities and Exchange Commission (SEC) examination. By including those affiliates' accounts in the aggregation unit's net positions, the firm did not accurately calculate those net positions, did not accurately mark some of the aggregation unit's sales as long or short, and did not locate securities for some short sales where required. The findings also stated that the firm's supervisory system and written procedures were not reasonably designed to achieve compliance with Rule 200(f) of Regulation SHO and the firm failed to timely remediate known deficiencies. The firm's supervisory system, including its written procedures, failed to require the exclusion of entities that lack self-regulatory oversight and are not subject to SEC examination from aggregation unit netting. By at least 2016, the firm became aware that Rule 200(f) did not permit the inclusion of its two affiliated foreign broker-dealers in aggregation unit netting, but the firm failed to take reasonable steps to remedy that problem in a timely manner. Although the firm began working to remove those affiliates' accounts from the aggregation unit in 2016, the work stopped in 2017 and it did not restart that work until FINRA raised the issue with the firm in 2019, and the firm did not complete the work until April 2022. (FINRA Case #2019064810401)

Virtu Americas LLC (CRD #149823, New York, New York)
November 21, 2025 – An AWC was issued in which the firm was censured and fined a total of $675,000, of which $84,375 is payable to FINRA. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to reasonably document certain risk management controls designed to prevent the entry of erroneous orders. The findings stated that the firm did not reasonably document its system of risk management controls to demonstrate that certain controls were reasonably designed. Neither the firm's supervisory procedures, nor other documentation, reasonably described the firm's process of determining thresholds for certain controls or the rationale for the thresholds chosen, and the firm largely did not have records of its rationales for such thresholds. In addition, certain of the firm's risk management controls triggered soft blocks, which paused an order until the firm reviewed the block. The firm did not have written procedures concerning how the firm's reviewers were to review soft block alerts or the circumstances under which a soft block should be overridden or confirmed. The firm's written procedures also did not require reviewers to contemporaneously document their review or their rationale for overriding a soft block and releasing the subject orders into the market. Accordingly, the risk management controls to which these soft blocks applied were not reasonably designed. Ultimately, the firm had decommissioned the two platforms that housed these controls. The findings

also stated that the firm failed to establish, document, and maintain a system reasonably designed to regularly review the effectiveness of its risk management controls and supervisory procedures. While the firm maintained written procedures to review control thresholds and to assess the overall operation of its controls, the procedures did not reasonably describe what the firm was required to review or how the review was to be conducted. Additionally, the firm's failure to reasonably document how certain thresholds were determined or why they were reasonable resulted in an unreasonable annual evaluation of the effectiveness of individual risk controls and of its overall system of risk management controls. Ultimately, the firm remediated these issues. (**FINRA Case #2018057277201)**

BMO Capital Markets Corp. (CRD #16686, New York, New York)
November 26, 2025 – An AWC was issued in which the firm was censured and fined $300,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to timely report to FINRA's Trade Reporting and Compliance Engine (TRACE) approximately 2,400 securities transactions and inaccurately reported approximately 323,000 securities transactions. The findings stated that the firm failed to timely report information to TRACE due to issues associated with manual reporting that the firm addressed when it automated the processes. The firm failed to accurately report information to TRACE due to manual errors and various coding issues in the firm's automated systems. The findings also stated that the firm failed to establish, maintain, and enforce a supervisory system, including WSPs, that was reasonably designed to achieve compliance with TRACE reporting obligations. Although the firm performed some supervisory reviews of its TRACE reporting for accuracy, the firm had no process to review, and did not review, the accuracy of indicators, including the No Remuneration indicator, non-member affiliate—principal transaction indicator, and dollar roll transaction indicator. Further, the firm generated internal reports concerning its TRACE reporting that consistently identified a high number and percentage of late TRACE reports. However, the firm did not take reasonable action to address its late TRACE reporting. Ultimately, the firm implemented a supervisory system to review indicators for accuracy, and subsequently, the firm implemented an automated system for processing securities transactions that automated its TRACE reporting, in part to address its late reporting. However, the firm did not reasonably test the system to ensure that it was working properly. The firm has since corrected its supervisory issues. (**FINRA Case #2022077148301**)

Individuals Barred

Ana Maria Dimco (CRD #6264698, Chelsea, Massachusetts)
November 3, 2025 – An Office of Hearing Officers (OHO) decision became final in which Dimco was barred from association with any FINRA member in all capacities. The sanction was based on findings that Dimco improperly used her member firm's funds by charging personal expenses to her corporate credit card without the firm's authorization. The findings stated that while she was away from work on medical leave, Dimco charged a total of $20,157.92, in 26 separate charges, to her firm-issued credit card. All of the charges were for personal expenses, including clothing and personal travel. After learning of the personal charges, a representative from the firm tried to contact Dimco by both telephone and email. Without providing any explanation for the charges, Dimco resigned by email the next day. Two days later, the firm advised Dimco by email that it would

treat her as having resigned while she was under internal investigation. The email also stated that the firm expected Dimco to reimburse it for the personal charges on her corporate credit card. Dimco never reimbursed the firm. The firm ultimately recouped $4,964.26 by withholding monies that it owed Dimco for accrued vacation time and salary continuation. The findings also stated that Dimco failed to produce information and documents requested by FINRA in connection with its investigation into whether she charged personal expenses to her corporate credit card without her firm's authorization and failed to disclose an outside business activity (OBA). (**FINRA Case #2024081608301**)

Ronald G. Smith (CRD #6038062, Stamford, Connecticut)
November 10, 2025 – 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 provide information and documents requested by FINRA in connection with its investigation into potential excessive trading of customer accounts at his member firm. The findings stated that while Smith submitted a partial response, he did not provide all of the requested information and documents, including his electronic communications. (**FINRA Case #2018056490334**)

Michael Cheng Ning (CRD #1229733, Torrance, California)
November 17, 2025 – An OHO decision became final in which Ning was barred from association with any FINRA member in all capacities. The sanction was based on findings that Ning failed to produce documents and information requested by FINRA during its investigation into whether certain securities recommendations by registered representatives associated with his member firm were in the best interests of their customers. The findings stated that Ning's firm had filed a Uniform Request for Withdrawal from Broker-Dealer Registration (Form BDW), withdrawing its FINRA registration. At the time of FINRA's requests, Ning was the designated custodian for the books and records of his former firm. FINRA's requests asked Ning to provide documents and information concerning recommendations of, and communications about, certain identified securities made to specific customers by the two former firm brokers. The documents and information FINRA requested constituted books and records that the firm was required to retain, and the documents and information requested were material to its investigation because they related to securities recommendations made by the former firm brokers and whether the recommendations were in the customers' best interests. (**FINRA Case #2024081111301**)

Christopher Ziogas (CRD #1110989, Bristol, Connecticut)
November 26, 2025 – An AWC was issued in which Ziogas was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Ziogas consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA in connection with an investigation concerning, among other things, the allegations in a felony indictment filed against him. **(FINRA Case #2025085310001**)

Individuals Suspended

Brian Richard Baine (CRD #1355980, Rye, New York)
July 1, 2025 – An AWC was issued in which Baine 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, Baine consented to the sanctions and to the entry of findings that he signed or caused a third party to sign non-securities customers' signatures, including senior customers, on insurance-related documents without the customers' permission. The findings stated that Baine did so to expedite the insurance application process and not in furtherance of other misconduct. The underlying transactions were authorized and none of the customers complained.

The suspension is in effect from July 7, 2025, through October 6, 2025. **(FINRA Case #2023080198401)**

Michael Joseph Schmidt (CRD #2403903, Hartford, Wisconsin)
November 4, 2025 – An AWC was issued in which Schmidt 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, Schmidt consented to the sanctions and to the entry of findings that he caused the entry of false information in a journaling system used by his member firm when completing 15 fund transfers between an advisory Individual Retirement Account (IRA) solely owned by his then spouse and a brokerage account the couple jointly owned at the time. The findings stated that Schmidt caused funds to be transferred from the IRA to the joint account on 26 occasions. Schmidt obtained his spouse's express preauthorization for 11 of these transfers, but he did not obtain her pre-authorization for the remaining 15 transfers, which totaled $13,543. Nonetheless, for all 26 transfers, including the 15 transfers for which he failed to obtain preauthorization, Schmidt caused the entry of information in the firm's system stating that he had obtained his spouses preauthorization on a particular date and at a particular time, and that she had provided a reason for the transfer. In all instances, the transferred funds were used to cover the couple's joint expenses.

The suspension is in effect from November 17, 2025, through January 16, 2026. (**FINRA Case #2023080703901**)

Jeremiah Edward Householder (CRD #7063145, Franklin, Tennessee)
November 7, 2025 – An AWC was issued in which Householder was assessed a deferred fine of $7,500 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Householder consented to the sanctions and to the entry of findings that he engaged in an OBA compensation without providing written notice to his member firm. The findings stated that Householder referred four firm customers who sought loans to a third-party lending company owned by his brother-in-law. In exchange for these customer referrals, Householder received approximately $60,000 in compensation from the third-party lending company. Householder never notified or sought approval from his firm to engage in this activity. Rather, in an annual compliance certification, Householder falsely attested that he was not engaged in any undisclosed OBAs.

The suspension is in effect from November 17, 2025, through, May 16, 2026. (FINRA Case #2024084229601)

Jacob Lee Harper (CRD #4258319, Laguna Niguel, California)
November 10, 2025 – An AWC was issued in which Harper was assessed a deferred fine of $17,500 and suspended from association with any FINRA member in all capacities for 22 months. Without admitting or denying the findings, Harper consented to the sanctions and to the entry of findings that he borrowed $50,000 from two customers, who were also friends, without seeking or obtaining prior written approval from his member firm. The findings stated that that the customers were neither a member of his immediate family nor a lending related financial institution. The loans, which were obtained in part to support Harper's OBA, were not documented in writing and had no specified duration, repayment schedule, or interest rate. Harper has returned $3,000 to one customer but to date, Harper has not made any other principal or interest payments to the customers. After obtaining the loans from the customers, Harper completed a firm compliance certification that falsely stated that he did not have a borrowing or lending arrangement with a customer who was not a member of his immediate family or a financial institution in the business of financing. The findings also stated that Harper initially provided false, misleading, and incomplete responses to FINRA's request for information about the loans. Initially, Harper submitted a written response to a FINRA request falsely stating that the first customer had paid him for a vehicle that Harper had sold to him and omitted any reference to the money he borrowed from the other customer. In response to a subsequent request, Harper submitted another written response containing multiple false statements relating to the claimed vehicle transaction about events and discussions that never occurred. Ultimately, Harper submitted a written response to FINRA admitting that no vehicle transaction had occurred with that customer and that the money received was a loan. Harper also disclosed for the first time the loan he received from the second customer. The findings also included that Harper established three outside securities accounts in which he had control without obtaining prior written consent from his firms. Harper partially funded the accounts held in his fiancée's name at another member firm. Harper materially contributed to his fiancée's financial support, including through the loans he obtained from the customers, which were obtained partly to provide financial support to their joint business. Harper placed over 1,000 trades in the accounts, including in two securities on his firm's restricted list. Harper had a beneficial interest in the outside accounts, which he partially funded and used for personal financial transactions, including the $3,000 partial loan repayment to one of the customers. Harper completed a firm compliance certification that falsely stated that his list of outside securities accounts, which did not include the outside accounts, was complete and accurate. When Harper left his firm and joined another firm, he failed to disclose the accounts or obtain the firm's written consent within 30 days and completed another compliance questionnaire in which he falsely stated that there were no outside securities accounts in which he had a beneficial interest. Harper belatedly disclosed the accounts to the new firm.

The suspension is in effect from December 1, 2025, through September 30, 2027. (FINRA Case #2025085030301)

Ibrahim Ethem Kurtulus (CRD #2287372, Staten Island, New York)
November 10, 2025 – An AWC was issued in which Kurtulus was fined $2,500 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying

the findings, Kurtulus consented to the sanctions and to the entry of findings that he held a beneficial interest in two brokerage accounts in his wife's name maintained at other member firms, without obtaining prior written consent from his member firm. The findings stated that Kurtulus also submitted one personal activity questionnaire that inaccurately represented that he did not have a beneficial interest in any external investment accounts. Kurtulus belatedly disclosed both accounts to his firm.

The suspension is in effect from December 1, 2025, through January 31, 2026. (FINRA Case #2023078515101)

Stephen Michael Franko (CRD #2157707, Mount Vernon, Ohio) and Thomas Gregory Scheiman (CRD #1508288, Broadview Heights, Ohio)
November 17, 2025 – An AWC was issued in which Franko was fined $5,000, suspended from association with any FINRA member in all capacities for three months, and ordered to pay $5,640, plus interest, in partial restitution to customers. Scheiman was fined $5,000, suspended from association with any FINRA member in all capacities for two months, and ordered to pay disgorgement of commissions received in the amount of $2,600, plus interest. Without admitting or denying the findings, Franko and Scheiman consented to the sanctions and to the entry of findings they willfully violated Rule 15/-1(a)(1) under the Securities Exchange Act of 1934 (Reg BI) by recommending that customers invest in speculative and unrated corporate bonds that were not in the customers' best interests. The findings stated that Franko made recommendations of the bonds totaling $195,000 to three senior retail customers with investment objectives of income and that did not include speculation. Franko earned $5,640 in commission in connection with his recommendations. The findings also stated that Scheiman recommended and sold a $100,000 bond to an elderly retail customer with an investment objective of income and that did not include speculation. Scheiman earned $2,600 in commission in connection with this recommendation. Franko and Scheiman did not exercise reasonable diligence, care, and skill to, among other things, have a reasonable basis to believe that the recommendations to their customers were in the customers' best interest based on their investment profiles and the potential risks, rewards, and costs associated with the recommendations. After the customer complained to Scheiman's member firm, it returned the customer's principal amount.

Franko's suspension is in effect from December 15, 2025, through March 14, 2026. Scheiman's suspension is in effect from December 15, 2025, through February 14, 2026. (FINRA Case #2022074289901)

Robert Galloway (CRD #5272436, Geneseo, Illinois)
November 17, 2025 – An AWC was issued in which Galloway was fined $5,000 and suspended from association with any FINRA member in all capacities for five months. Without admitting or denying the findings, Galloway consented to the sanctions and to the entry of findings that he falsified expense reports by claiming he had already incurred expenses when he had not and by doubling the expected amounts of those expenses. The findings stated that through this falsification, Galloway obtained approximately $5,000 in reimbursements to which he was not entitled.

The suspension is in effect from December 15, 2025, through May 14, 2026. (FINRA Case #2024083324501)

Evan Von Scales (CRD #6957770, Wentzville, Missouri)
November 17, 2025 – An AWC was issued in which Scales 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, Scales consented to the sanctions and to the entry of findings that he operated an OBA involving marketing and selling an automated trading algorithm for the foreign exchange market without disclosing to, or receiving approval from, his member firm. The findings stated that Scales created a limited liability company for this business and promoted the algorithm on various social media platforms. Ultimately, nine individuals purchased the algorithm for $2,000 each, though two customers later requested and were granted refunds. In total, Scales received approximately $13,000 from sales of the algorithm after deducting refunds and transaction fees. Subsequently, Scales ceased operating the business.

The suspension is in effect from November 17, 2025, through February 16, 2026. (FINRA Case #2024083203501)

Barry Luther Buchholz (CRD #1583582, Marion Iowa)
November 18, 2025 – An AWC was issued in which Buchholz was assessed a deferred fine of $7,500, suspended from association with any FINRA member in all capacities for one month, and ordered to pay deferred disgorgement of commissions received to FINRA in the amount of $7,480, plus interest. Without admitting or denying the findings, Buchholz consented to the sanctions and to the entry of findings that he effected unauthorized transactions totaling more than $590,000 in the accounts of four customers, the adult daughters of a deceased senior customer. The findings stated that after their father passed away, the customers each opened a non-discretionary brokerage account at Buckholz' member firm, and he became the registered representative assigned to the accounts. Once the customers' brokerage accounts were funded with the proceeds from their father's estate, Buchholz placed trades to purchase $590,795 in mutual fund shares, generating $16,245.63 in commissions paid to Buchholz. Buchholz did not seek or obtain written or oral authorization from the customers to place these trades. Ultimately, the customers learned of these trades when they received their account statements. After learning of the trades, one of the customers directed Buchholz to sell the mutual fund shares, which he did two business days later. Shortly after that, Buchholz sold all the shares held in the account of another of the customers without obtaining her written or oral authorization. These liquidations collectively resulted in realized losses for both customers. The remaining two customers did not liquidate their mutual fund shares and ultimately saw positive returns on the investments. Buchholz earned $7,480 in commissions from the trades in the accounts of these two customers. All four customers filed complaints with Buckholz' firm about these trades. Subsequently, the first two customers entered into settlements that repaid them for their losses. Buchholz personally contributed $15,000 toward these settlements.

The suspension was in effect from December 1, 2025, through December 31, 2025. (FINRA Case #2024081242701)

Mark Allen Carter (CRD #6387371, Charlotte, North Carolina)
November 19, 2025 – An AWC was issued in which Carter was assessed a deferred fine of $20,000, suspended from association with any FINRA member in all capacities for nine months, and ordered to pay deferred disgorgement of commissions received in the amount of $6,773, plus interest. Without admitting or denying the findings, Carter consented to the sanctions and to the entry of

findings that he willfully violated Reg BI when he recommended that two retail customers, a married couple, engage in options trading that was not in their best interest or suitable for them. The findings stated that the customers investment objectives were capital appreciation and a long investment time horizon. Carter's options trading in the customers' accounts resulted in annualized cost-to-equity ratios averaging 42%, meaning they stood little chance of making money from the trading (or even breaking even). Carter's trading for the customers resulted in losses of over $600,000 which was over 99% of the value of their accounts and he received commissions of $6,773 for the trades. Subsequently, Carter self-disclosed his misconduct to his member firm, and the firm reimbursed the customers for their losses after they complained to it. The findings also stated that Carter exercised discretion without prior written authorization when effecting trades in the same customers' accounts. Although the customers orally authorized Carter to use discretion for "low risk" trading, his firm prohibited the exercise of discretion in any customer account without written authorization from the customer. Carter placed the trades without speaking to the customers about the trades. In addition, Carter mismarked the solicited trades as unsolicited.

The suspension is in effect from December 1, 2025, through August 31, 2026. (**FINRA Case #2024081675801**)

Luis S. Jean-Bart (CRD #5472965, Keyport, New Jersey)
November 19, 2025 – An AWC was issued in which Jean-Bart was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for 10 months. Without admitting or denying the findings, Jean-Bart consented to the sanctions and to the entry of findings that he failed to timely respond to FINRA's requests for information and document in connection with its investigation into his alleged involvement in investments involving crypto assets away from his member firm. The findings stated that after Jean-Bart's initial response did not provide all of the requested information and documents, FINRA sent additional requests for the missing information. However, Jean-Bart failed to provide all of the requested information and documents by the deadlines of those requests. Subsequently, FINRA issued a notice of suspension pursuant to FINRA Rule 9552 notifying Jean-Bart that he would be suspended from associating with any FINRA member unless he complied with the outstanding FINRA requests. After Jean-Bart failed to comply, FINRA suspended Jean-Bart, and notified him that if he did not provide the requested material and request the termination of his suspension, he would be barred from associating with any FINRA member. More than ten months after the original due date for his response, Jean-Bart supplemented his response and later requested termination of his suspension. After FINRA terminated Jean-Bart's suspension and continued its investigation in this matter, FINRA learned of additional documents that Jean-Bart had failed to provide and sent another request to Jean-Bart seeking those documents. Jean-Bart provided the requested documents more than 15 months after the original due date for his response.

The suspension is in effect from December 1, 2025, through September 30, 2026. (**FINRA Case #2023080015803)**

James Daniel Lang (CRD #2959057, Westlake Village, California)
November 19, 2025 – An AWC was issued in which Lang was fined $5,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Lang consented to the sanctions and to the entry of findings that he engaged in OBAs

without prior written disclosure to his two member firms. The findings stated that Lang established two trusts for a long-time customer. Lang was designated to serve as the successor trustee and after the customer, a senior, passed away he assumed the role of trustee. Lang was not a beneficiary of either trust, however, he was compensated for serving as trustee. Although Lang disclosed other OBAs to the first of his employing firms, he did not disclose his role as trustee. After his activities were discovered by the firm during a branch audit, Lang disclosed his trustee roles. However, the firm rejected Lang's outside business request and instructed him to relinquish his trustee roles. Lang failed to do so. Later, the firm discovered that Lang was continuing to serve as trustee and began an internal investigation. Lang then resigned from the firm. Subsequently, when Lang associated with a new firm, he was still serving as the trustee for one of the trusts. Although Lang disclosed other OBAs to the new firm, he did not disclose his ongoing role as trustee to the new firm until over two years later. Prior to disclosing his trustee roles to either firm, Lang inaccurately indicated on a compliance questionnaire for each firm that he was not serving as a trustee for any non-family members. The findings also stated that apart from his roles as trustee, Lang was appointed and compensated for serving as the executor for the same customer's estate. Lang did not disclose this role as an OBA in writing to either firm. Lang inaccurately stated in an annual questionnaire to the original firm that he had disclosed all outside activities and was not acting in a fiduciary capacity. After he joined the new firm, Lang inaccurately represented to it that he had disclosed all OBAs when he had not.

The suspension is in effect from December 15, 2025, through April 14, 2026. (**FINRA Case #2020067065101**)

James Eugene Holmes III (CRD #2174697, Winston Salem, North Carolina)
November 24, 2025 – An AWC was issued in which Holmes was assessed a deferred fine of $10,000 and suspended from association with any FINRA member in all capacities for eight months. Without admitting or denying the findings, Holmes consented to the sanctions and to the entry of findings that he willfully violated Reg BI by recommending options transactions to a customer without having a reasonable basis to conclude that the transactions would be in the customer's best interest or suitable based on her investment profile and the potential risks of the transactions. The findings stated that the customer told Holmes that she could not afford to lose her principal in meeting her investment goals, did not have other funds to fall back on, and could not afford to be exposed to significant risk. Nonetheless, Holmes recommended uncovered (or naked) put options transactions that created significant risk exposure in the customer's account, including in volatile securities. The transactions recommended by Holmes caused losses in the customer's account, which were later reimbursed by his member firm. The findings also stated that Holmes caused his firm to maintain inaccurate books and records by submitting account information for the same customer to the firm that inaccurately stated her financial circumstances, investment experience, and investment objectives. The findings also included that Holmes exercised discretionary authority in the non-discretionary accounts in at least five customers' accounts to effect at least 250 trades. Holmes did not have prior written authorization from the customers who owned these accounts to exercise discretion in the accounts and the firm had not accepted the accounts as discretionary. In addition, Holmes falsely attested in compliance attestations submitted the firm that he did not have accounts over which he exercised trading discretion, including time and price discretion, other than those approved by the firm as discretionary.

The suspension is in effect from December 1, 2025, through July 31, 2026. (FINRA Case #2022075386201)

Timothy Richard Jones (CRD #2366513, Hingham, Massachusetts)
November 24, 2025 – An AWC was issued in which Jones was assessed a deferred fine of $7,500 and suspended from association with any FINRA member in all capacities for eight months. Without admitting or denying the findings, Jones consented to the sanctions and to the entry of findings that he initiated 18 electronic transfers from his brokerage account held at his member firm to make payments on a credit card issued by the firm's affiliated bank, knowing that his brokerage account lacked funds to cover the transfers. The findings stated that the transfers reduced Jones' credit-card balance below his credit limit, which enabled him to make additional charges totaling $29,096 on the credit card. All 18 transfers were eventually reversed due to lack of sufficient funds in Jones' brokerage account. Jones has not repaid the affiliated bank for charges exceeding his credit limit.

The suspension is in effect from December 1, 2025, through July 31, 2026. (FINRA Case #2024081666401)

Decisions Issued

The OHO issued the following decisions, which have been appealed to or called for review by the National Adjudicatory Counsel (NAC) as of November 30, 2025. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decision. Initial decisions where the time for appeal has not yet expired will be reported in future FINRA Disciplinary & Other Actions.

D. Allen Blankenship (CRD #2842335, King of Prussia, Pennsylvania)
November 10, 2025 – Blankenship appealed an OHO decision to the NAC. Blankenship was barred from association with any FINRA member in all capacities. The sanction was based on the findings that Blankenship engaged in a pattern of unsuitable trading in Class A mutual fund shares. The findings stated that Blankenship sold shares that had been held a year or less. Blankenship also engaged in mutual fund switching, in which he used the proceeds from the sale of one mutual fund to switch to a mutual fund in a different fund family, thereby imposing a new sales load on the customer and garnering a new commission for himself. Blankenship had no reasonable basis for believing that the short-term trading and mutual fund switching were suitable for any customer. In addition, because most of Blankenship's mutual fund purchases (96 percent) were made in increments below $20,000, his customers also missed breakpoint discounts to which they were entitled. The overall result of all these activities was that customers paid more than they should have for their investments, and Blankenship received more in compensation than he should have. Such a pattern of trading is unsuitable for any investor. The findings also stated that Blankenship facilitated the unsuitable trading by circumventing his member firm's supervision, which was unethical. Blankenship broke up almost all his mutual fund purchases into multiple consecutive transactions of less than $20,000. The firm's automated system for flagging mutual fund transactions for review was not triggered by purchases below $20,000. In addition, Blankenship failed to complete and submit to the firm for review and approval a form it required him to use to

ensure that customers received appropriate disclosures and pricing on their transactions. The findings also included that Blankenship caused his firm's books and records to be inaccurate by falsely marking mutual fund transactions as unsolicited when they were not.

The sanction is not in effect pending the review. (FINRA Case #2019064333401)

Peter James Fetherston (CRD #2108610, Garden City, New York)
November 14, 2025 – Fetherston appealed a remanded OHO decision to the NAC. Fetherston was barred from association with any FINRA member in all capacities for providing a partial but incomplete response to a FINRA request for information that it issued to him during its investigation into whether he had misappropriated customer funds. The findings stated that Fetherston received three checks made payable to him personally totaling $89,000 from two long-time customers, a married couple. Shortly afterward, Fetherston's member firm conducted an internal investigation into his activities related to mutual fund purchases and sales by several of his customers. Upon concluding that Fetherston's mutual fund-related activities violated firm policy, it discharged him. The married couple was among those customers impacted by Fetherston's conduct, and the firm reimbursed them for the costs they had incurred related to his mutual fund purchases and sales in their accounts. During a call relating to that reimbursement, the married couple notified the firm that they had given Fetherston three checks made payable to him, one to pay for commissions Fetherston said they owed, and the others so he could buy investments for them. The firm then contacted Fetherston, and he told it that he invested the funds in a "fixed investment" but had no proof of it. In fact, Fetherston had deposited the checks into his personal checking account and used the funds to pay his personal expenses. Thereafter, the firm filed a Uniform Termination Notice for Securities Industry Registration (Form U5) with FINRA disclosing the reason it terminated Fetherston. According to the Form U5, the customers complained that "they provided multiple checks made payable directly to [Fetherston] for what he said were for commissions and investments" and that the firm had settled the complaint for $89,000. The filing triggered FINRA's investigation, and FINRA requested that Fetherston identify and provide certain information about medical expenses he purportedly paid with the funds from the three checks. Fetherston produced personal bank and credit card statements. However, Fetherston used the vast majority of the married couples' funds to make payments to a credit card account for which he did not provide statements. Without the relevant credit card statements reflecting the charges or the list of medical expenses that FINRA requested, it was unable to determine whether Fetherston used the funds to pay medical expenses, as he claimed. Furthermore, FINRA had to exert significant regulatory pressure to obtain the information that Fetherston did provide. Fetherston failed to timely respond to requests for information and documents; provided incomplete responses; and gave shifting explanations for why the married couple gave him the checks. As a result, FINRA had to issue numerous follow-up requests and threaten filing an action against him seeking sanctions. The majority of the hearing panel found that FINRA failed to prove that Fetherston converted or improperly used customer funds or that he provided false or misleading information, documents, or testimony to FINRA, and therefore dismissed the corresponding causes. The Hearing Officer dissented from the majority's decision to dismiss these causes.

The sanction is not in effect pending the review. (FINRA Case #2020065396501)

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.

Kirk James Crossen (CRD #2742256, Carmel, Indiana)
November 11, 2025 – Crossen was named a respondent in a FINRA complaint alleging that he borrowed a total of $400,000 through three loans from a customer. The complaint alleges that Crossen's member firm's WSPs did not allow Crossen to borrow from the customer, a trust, because neither it nor its beneficial owner was an immediate family member. At the time of the loans, the beneficial owner was 84 years old and suffering from diminished capacity. The complaint also alleges that Crossen concealed the loans from the firm by falsely stating on annual compliance questionnaires that he had not borrowed money from customers. (FINRA Case #2023079069001)

Gustave James Schmidt Jr. (CRD #2709698, Kings Park, New York)
November 20, 2025 – Schmidt was named a respondent in a FINRA complaint alleging he engaged in a course of conduct that deceived investors and made material omissions regarding the compensation that he and his member firm would receive in connection with various private placement offerings. The complaint alleges that Schmidt recommended that his customers make purchases of interests in pre-initial public offering (IPO) companies through various private placement offerings, with a total principal value of $437,100. The offering documents, including a private placement memorandum, private placement series supplement, operating agreement, and subscription documents that Schmidt reviewed and caused to be provided to customers in connection with Schmidt's recommendations disclosed that he and his firm would receive "up to ten percent" placement fee from sales of the offerings. Schmidt knew, however, that the offerings' issuer had promised to pay the firm and, thus, Schmidt in addition to the maximum amount of compensation disclosed to investors, ten percent, an additional five percent fee, as well as half of any profits collected by the issuer. Ultimately, Schmidt received at least $19,888.05 in undisclosed compensation. The complaint also alleges that Schmidt willfully violated Reg BI by failing to fully and fairly disclose in writing material facts relating to conflicts of interest and failing to conduct a reasonable investigation, or due diligence, to understand the offerings and reach a reasonable conclusion that they were in the best interests of at least some investors. (FINRA Case #2022074096805)

Spartan Capital Securities, LLC (CRD #146251, New York, New York), John Dennis Lowry (CRD #4336146, New York, New York), and Kim Marie Monchik (CRD #2528972, Hazlet, New Jersey)
November 24, 2025 – The firm, Lowry, and Monchik were named respondents in a FINRA complaint alleging that the firm willfully violated the Care Obligation under Reg BI by failing to have a reasonable basis to recommend certain investments to customers. The complaint alleges that the

firm made recommendations of securities that had a total principal value of over $24 million to 191 customers, the majority of whom were retail customers, through 16 private placement offerings (the "Offerings"). The firm, through Monchik, lacked a reasonable basis to believe these recommendations were suitable or in the best interest of its customers because it failed to conduct reasonable due diligence on the Offerings. The firm generated over $2.4 million in placement fees from these unsuitable recommendations. The complaint also alleges that in connection with the offer and sale of membership interests in the issuers of these Offerings, which were three unregistered, private investment funds (collectedly, the Atlas Funds), the firm, Lowry, and Monchik recklessly or, at minimum, negligently disseminated, or caused the dissemination of, false and misleading information to Atlas Funds' investors, in contravention of Sections 17(a)(2) and (3) of the Securities Act of 1933. The firm, Lowry, and Monchik offered and sold the membership interests in the Offerings through the dissemination and use of the offering documents, including the investors private placement memoranda (PPMs) and supplements to those PPMs. The PPMs misrepresented that Atlas Funds would not profit from any markup charged to customers in connection with their investments in the Offerings. Further, the supplements to the PPMs misrepresented the price at which Atlas Funds purchased the membership interests in pre-IPO shares and from which entity the Atlas Funds acquired those interests. These misrepresentations were material facts that a reasonable investor would have viewed as altering the total mix of information made available. In addition, the firm, Lowry, and Monchik obtained money by means of the untrue statements when they raised capital from Atlas Fund investors, in the Offerings and when they obtained placement fees, markups, and/or management fees. The firm, Lowry, and Monchik repeatedly used these material misrepresentations in the offer and sale of the investments in these Offerings such that their conduct constitutes a fraudulent practice or course of business. In total, the Atlas Funds and its manager, at Lowry's direction, charged customers $3.25 million in markups, which directly benefitted Lowry who owned and controlled those entities. As a result, the firm, Lowry, and Monchik concealed Lowry's additional compensation and the full extent of his economic self-interest in the Offerings. The complaint further alleges that the firm willfully violated its disclosure obligations under Reg BI by failing to fully and fairly disclose in writing conflicts of interest associated with its recommendations of investments in the Offerings. The offering documents did not fully and fairly disclose material facts related to Lowry's ownership of the Atlas Funds and economic incentive to have firm representatives recommend the private placements in the Offerings; and Monchik's role managing the Atlas entities and performing due diligence on the Offerings for both the Atlas Funds and the firm. In addition, the complaint alleges that the firm willfully violated Reg BI as a result of it and Monchik failing to establish a supervisory system, including WSPs, reasonably designed to achieve compliance with the Care Obligation of Reg BI as it relates to private placement offerings. Moreover, the complaint alleges that the firm and Monchik failed to reasonably supervise the private placement offerings, including by failing to conduct reasonable due diligence on the Offerings, failing to maintain any records reflecting any due diligence that was completed on the Offerings, and failing to reasonably respond to red flags concerning the private investment funds' ownership of the pre-IPO shares involved in the offerings. Furthermore, the complaint alleges that the firm and Monchik, who was responsible for maintaining and updating the firm's WSPs, failed to establish, maintain, and enforce written conflict of interest procedures. The firm had no written policies or procedures addressing the identification, disclosure, or mitigation of conflicts of interest, including but not limited to any conflicts of interest arising from: the firm's sale of private placement offerings issued by affiliated entities; Lowry's ownership and control of the firm and the Atlas

entities; and Monchik's responsibility for managing the Atlas Funds while also being responsible for conducting due diligence on the Offerings on behalf of both entities. As a result, the firm willfully violated Reg BI. (FINRA Case #2021069218305)

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

Andersen Erik Brechling dba Brechling Andersen Securities (CRD #10766)
Los Angeles, California
(November 18, 2025)

Firms Suspended for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552 (The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Dealer Solutions North America LLC (CRD #286268)
New York, New York
(November 10, 2025)

Flair Portal, LLC (Funding Portal Org ID #299140)
Vancouver, Canada
(November 17, 2025)
FINRA Case #2024080858001

Firm Suspended for Failure to Pay FINRA Dues, Fees and Other Charges Pursuant to FINRA Rule 9553 (The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Fundpaas Inc (Funding Portal Org ID #284909)
San Francisco, California
(October 31, 2024 – November 12, 2025)

Individual Revoked for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320 (If the revocation has been rescinded, the date follows the revocation date.)

Thomas Bruce O'Driscoll (CRD #2416678)
Sugar Land, Texas
(November 25, 2025)
FINRA Case #2023077022901

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.)

Federico Gonzalez (CRD #7477003)
Oakland Park, Florida
(November 10, 2025)
FINRA Case #2024083787501

Austin Matthew Martinez (CRD #7911700)
Roanoke, Texas
(November 10, 2025)
FINRA Case #2025085862401

Bernie Mohar (CRD #7677993)
Glen Ellyn, Illinois
(November 3, 2025)
FINRA Case #2025084985401

Kathleen Rashleigh (CRD #1483453)
Omaha, Nebraska
(November 3, 2025)
FINRA Case #2025084994601

Michael Lee Young Jr. (CRD #3148313)
North Liberty, Iowa
(November 6, 2025)
FINRA Case #2023079213501

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.)

Edwin Barkhordarian (CRD #6726779)
New York, New York
(November 17, 2025)
FINRA Case #2025087139301

Matthew Vernon Brosh (CRD #7756662)
Roseville, California
(November 10, 2025)
FINRA Case #2025086669501

Michael Robert Greenfield (CRD #5406611)
Boynton Beach, Florida
(November 17, 2025)

FINRA Case #2021073364201

Joseph Kinyanjui (CRD #7315513)
Dallas, Texas
(November 24, 2025)
FINRA Case #2025085303401

Ricky Allen McReynolds (CRD #1244397)
Oakland Park, Florida
(November 14, 2025)
FINRA Case #2025086229601

Joseph Gordon Nelson (CRD #2180626)
Ocala, Florida
(November 7, 2025)
FINRA Case #2024083280901

Andy Okala (CRD #7227533)
Atlanta, Georgia
(November 17, 2025)
FINRA Case #2024083437801

Nathan Reed Waters (CRD #7802876)
Sherman Oaks, California
(August 29, 2025 – November 12, 2025)
FINRA Case #2024084504201

Michael Joseph Whitaker (CRD #6316100)
Oxford, Florida
(November 17, 2025)
FINRA Case #2020068009601

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.)

Michael David Arroyos (CRD #2527999)
Houston, Texas
(August 19, 2010 – November 12, 2025)
FINRA Arbitration Case #09-04483

Gerald John Cocuzzo (CRD #4047511)
Delray Beach, Florida
(November 24, 2025)

FINRA Arbitration Case #23-02119

Ira Reichstein (CRD #2543625)
Boca Raton, Florida
(November 4, 2025)
FINRA Arbitration Case #25-00969

William Hohill Song (CRD #4008256)
Bakersfield, California
(November 24, 2025)
FINRA Arbitration Case #23-03630

Press Release

FINRA Fines First Trust Portfolios $10 Million for Violations Relating to Gifts and Entertainment

Firm Provided Excessive Gifts and Entertainment and Misled Client Firms Concerning Such Non-Cash Compensation

FINRA fined **First Trust Portfolios L.P.** $10 million for providing excessive non-cash compensation (e.g., gifts, meals, and entertainment) in connection with the distribution of First Trust investment company securities and related misconduct.

First Trust provided gifts, meals and entertainment to representatives of retail broker-dealers (client firms) that sold First Trust investment company securities, which significantly exceeded FINRA limits for non-cash compensation. In certain instances, First Trust preconditioned the non-cash compensation on client firm representatives achieving sales targets with respect to First Trust products (e.g., exchange-traded funds and unit investment trusts). In addition, First Trust wholesalers, who are generally responsible for marketing and selling financial products to client firms, falsified internal expense records, and First Trust sent client firms reports containing inaccurate information about the value, nature and frequency of non-cash compensation that First Trust provided to client firm representatives.

"FINRA's non-cash compensation rule is designed to protect investors by preventing financial recommendations from being unduly influenced by excessive gifts, entertainment or other perks supplied to broker-dealers or their registered representatives," said Bill St. Louis, Executive Vice President and Head of Enforcement at FINRA.

FINRA Rule 2341 (Investment Company Securities) prohibits member firms from making payments or offers of payments of any non-cash compensation subject to specified exceptions. For example, the exceptions permit gifts that do not exceed $100 per person and an occasional meal, a ticket to a sporting event, or comparable entertainment so long as the gifts, meals or entertainment are not preconditioned on achievement of a sales target.

Between at least 2018 and February 2024, First Trust wholesalers regularly violated Rule 2341 by providing to client firm representatives gifts that significantly exceeded the annual limit and meals and entertainment that were so frequent and extensive as to raise questions of propriety. The gifts far exceeded even the higher limit recently proposed by FINRA. In May 2025, FINRA filed a proposal with the SEC to increase the gift limit to $250 annually, and in September, FINRA filed an amended proposal further increasing the limit to $300 annually.

For example, on more than 25 occasions during the relevant period, two First Trust wholesalers provided client firm representatives two courtside basketball tickets at a cost of approximately $3,200 per pair. In another example, over an 18-month period, various First Trust wholesalers

provided one client firm representative entertainment, including tickets to more than 20 concerts and sporting events, with a total value exceeding $31,000. A First Trust wholesaler also preconditioned a gift of tickets to a professional hockey game on a client firm representative selling $1 million in First Trust products to his customers.

During the same period, First Trust wholesalers falsified internal expense records relating to more than $650,000 worth of non-cash compensation provided to client firm representatives. First Trust sent client firms false and misleading information about the non-cash compensation provided—omitting more than $500,000 worth of gifts, meals and entertainment.

First Trust also failed to establish, maintain and enforce a supervisory system reasonably designed to achieve compliance with non-cash compensation rules and expense-related recordkeeping requirements.

In settling **these matters**, First Trust consented to the entry of FINRA's findings, without admitting or denying the charges. In addition, the firm agreed to provide annual compliance certifications to FINRA for three years regarding the issues identified in the settlement.