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FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

DEPARTMENT OF ENFORCEMENT, Complainant, v. SPARTAN CAPITAL SECURITIES, LLC (CRD No. 146251), KIM M. MONCHIK (CRD No. 2528972), JAMES PECORARO (CRD No. 2440231), JOHN J. STAPLETON (CRD No. 2791194), and MICHAEL DARVISH (CRD No. 3243141), Respondents.	Disciplinary Proceeding No. 2018056490335 Hearing Officer–MPD

ORDER DENYING RESPONDENTS STAPLETON'S AND DARVISH'S MOTIONS TO SEVER

I. Background

On December 15, 2025, the Department of Enforcement filed a four-cause Complaint against Respondents Spartan Capital Securities, LLC ("Spartan"), Kim M. Monchik, Frederick Joseph Cammarano III, James Pecoraro, Michael Darvish, and John Stapleton.

The first three causes of action in the Complaint allege churning and excessive trading by Spartan and certain of its current and former registered representatives. More specifically, in the first cause of action, Enforcement alleges that Pecoraro, Stapleton, and Spartan (acting through Pecoraro, Stapleton, and other non-party registered representatives) churned customer accounts, in willful violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and in violation of FINRA Rules 2020 and 2010. In the second cause of action, Enforcement alleges that Pecoraro, Darvish, and Spartan (acting through Pecoraro, Darvish and other non-party registered representatives) engaged in trading in customer accounts that was excessive and quantitatively unsuitable, in violation of FINRA Rules 2111 and 2010. And in the third cause of action, Enforcement alleges that Pecoraro, Stapleton, Darvish, and Spartan (acting through Pecoraro, Stapleton, Darvish, and other non-party registered representatives) excessively traded customer accounts, in willful violation of Regulation Best Interest and in violation of FINRA Rule 2010.

The fourth cause of action alleges a failure to supervise. More specifically, Enforcement alleges that Spartan, Monchik, and Cammarano failed to reasonably investigate and follow up on red flags of excessive trading and churning and failed to reasonably supervise Pecoraro, Darvish, Stapleton, and other non-party registered representatives, in violation of FINRA Rules 3110 and 2010.

Respondents all filed Answers denying the allegations of misconduct.[1]

Respondents Stapleton and Darvish filed separate motions to sever the claims against them from the claims against the remaining respondents on April 30, 2026, and May 1, 2026, respectively.[2] Enforcement opposed the motions on May 15, 2026.[3] For the reasons set forth below, I deny both motions to sever.

II. Discussion

FINRA Rule 9214(d) sets forth the factors that I must consider when deciding whether to grant or deny a party's request to sever a disciplinary proceeding: "(1) whether the same or similar evidence reasonably would be expected to be offered at each of the possible hearings; (2) whether the severance would conserve the time and resources of the Parties; and (3) whether any unfair prejudice would be suffered by one or more Parties if the severance is (not) ordered." Each of these three factors weighs against severance here.

First, all of the evidence relating to Stapleton's and Darvish's trading activity reasonably would be expected to be offered in any separate proceeding against the remaining respondents. That same evidence would be relevant to Enforcement's claim that Spartan should be held primarily liable for the allegedly unlawful trading of its representatives, including Stapleton and Darvish (as alleged in the first, second, and third causes of action), and also to its claim that Spartan and Monchik failed to reasonably supervise the trading of Stapleton and Darvish (as

[1] After filing his Answer, Cammarano reached a settlement with Enforcement. *See* Notice of Acceptance of Offer and Order Accepting Offer of Settlement (Apr. 21, 2026).

[2] Respondent John Stapleton's Motion for Severance (Apr. 30, 2026) ("Stapleton Motion"); Respondent Michael Darvish's Motion to Sever (May 1, 2026) ("Darvish Motion").

[3] Department of Enforcement's Opposition to the Motions to Sever (May 15, 2026) ("Opposition").

alleged in the fourth cause of action). This substantial overlap in the evidence counsels against severance.[4]

For similar reasons, severance would not conserve the time and resources of the parties. Because of the common issues of law and fact involved in the charges against Stapleton, Darvish, Spartan, and Monchik, severance would result in Enforcement having to litigate the same matters in multiple hearings. Certain witnesses—including Stapleton and Darvish themselves, examiners, and Stapleton's and Darvish's customers—also would have to provide the same testimony in more than one proceeding. Asking customer witnesses to testify in separate proceedings about the same issues is of particular concern because it could lessen those witnesses' willingness to provide testimony.[5]

Even though they would have to testify twice, Stapleton and Darvish argue they nonetheless both would save time and financial resources if their cases were severed from the proceeding against the remaining respondents because the evidence relating to them individually allegedly constitutes a small subset of the evidence that will be presented against Spartan and Monchik.[6] As a result, each of the individual hearings against Stapleton and Darvish presumably would be shorter than the hearing against all respondents. Although I am sympathetic to Stapleton's and Darvish's claims that it would be burdensome for them and Darvish's counsel to sit through a lengthy hearing when much of the evidence may not relate to them individually,[7] Enforcement has offered—as it has done in other matters in this forum[8]—"to work with respondents and the Hearing Officer to sequence the presentation of evidence, and to convey the expected order of witnesses to the other parties, so that they can determine whether they want to be present for any particular hearing day."[9] By enabling Stapleton and Darvish to avoid having to attend the hearing on those days when the evidence will not be relevant to them, this sequencing of the evidence would minimize their financial and other burdens.

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[4] *Dep't of Enforcement v. Newport Coast Secs., Inc.*, No. 2012030564701, 2018 FINRA Discip. LEXIS 14, at *225 (NAC May 23, 2018) (finding no abuse of discretion in denying registered representatives' motions for severance where "all of the evidence of [the representatives'] excessive trading, churning, and qualitatively unsuitable trading would also have to be offered in a separate proceeding against [the firm]," and the "moving respondents' activities formed the basis of the supervision allegations against [the firm] and the firm's supervisors"), *aff'd*, Exchange Act Release No. 88548, 2020 SEC LEXIS 917 (Apr. 3, 2020).

[5] *See Edward Beyn*, Exchange Act Release No. 97325, 2023 SEC LEXIS 980, at *44 (Apr. 19, 2023) (upholding consolidation of case alleging that registered representative excessively traded and churned customer accounts with separate proceeding alleging a failure to reasonably supervise by his supervisor based on, among other factors, the burden to customer witnesses who would have to testify twice), *petition for review denied*, Nos. 23-6526, 23-6653, 2025 U.S. App. LEXIS 81 (2d Cir. Jan. 3, 2025).

[6] Stapleton Motion, at 4–5; Darvish Motion, at 2–3.

[7] Although Stapleton was originally represented by counsel in this matter, his attorney subsequently withdrew. Order Granting Brian J. Davis's Motion to Withdraw as Counsel for Respondent John J. Stapleton (May 1, 2026). As a result, Stapleton is currently proceeding pro se.

[8] *Beyn*, 2018 FINRA Discip. LEXIS 14, at *226–27; OHO Order 99-09 (CAF980031) (May 7, 1999), at 3, https://www.finra.org/sites/default/files/OHODecision/p007596_0_0_0.pdf.

[9] Opposition, at 5.

Finally, Stapleton and Darvish both argue that they would be unfairly prejudiced in the absence of severance because the evidence against Spartan and the other respondents allegedly would "taint" the case against them and result in the Hearing Panel drawing improper inferences of "guilt by association."[10] However, this precise argument has been rejected repeatedly.[11] "Where common issues of fact and law are present, and where the decision maker is not a lay jury who might be prone to impute wrongdoing of one respondent to another, then it is not prejudicial to hear the claims together in a single hearing."[12]

III. Conclusion

For all of the above reasons, I deny Respondents Stapleton's and Darvish's motions to sever.

SO ORDERED.

Maureen A. Delaney
Chief Hearing Officer

Date: June 1, 2026

Copies to:

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[10] Stapleton Motion, at 3–4; Darvish Motion, at 3.

[11] *See*, *e.g.*, *Beyn*, 2023 SEC LEXIS 980, at *45 ("members of FINRA hearing panels can appropriately distinguish between relative levels of culpability in order to avoid attributing any wrongdoing by one party to another") (internal quotations omitted); *accord Newport Coast Secs.*, *Inc.*, 2018 FINRA Discip. LEXIS 14, at *226–27; OHO Order 20-04 (2015047244701) (Mar. 6, 2020), at 2–3, https://www.finra.org/sites/default/files/2020-10/OHO_Order_20-04_2015047244701.pdf; OHO Order 02-10 (CAF010021) (May 15, 2002), at 2, https://www.finra.org/sites/default/files/OHODecision/p007781_0_0_0_0.pdf.

[12] *Newport Coast Secs.*, *Inc.*, 2018 FINRA Discip. LEXIS 14, at *225–26 (citing *Richard C. Spangler Inc.*, Exchange Act Release No. 12104, 1976 SEC LEXIS 2418, at *35 n.62 (Feb. 12, 1976)).