Disciplinary and Other FINRA Actions

Reported for August 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

Fortrend Securities, Inc. (CRD #32949, Melbourne, Australia)
June 1, 2026 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured, fined $30,000, 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 willfully failed to comply with Form CRS requirements. The findings stated that as a firm providing services to retail investors, it became subject to Form CRS compliance obligations on June 30, 2020. However, the firm first delivered its Form CRS to customers in February 2021, approximately seven months late, and filed the Form CRS in September 2021, approximately 15 months late. The firm also failed to deliver Form CRS to most new and prospective customers thereafter. In addition, the late Form CRS contained inaccurate and incomplete disclosures that remain uncorrected to date. It disclosed an incorrect clearing firm and provided links to that firm's charges, while omitting any disclosures about its actual clearing firm, including the fees it charged its customers. The Form CRS also listed an invalid email address as the firm's primary contact and omitted a required prominent statement and telephone number where retail investors could obtain additional information or a copy of the firm's Form CRS. As a result, the firm's Form CRS has remained inaccurate and incomplete for approximately four and a half years. The findings also stated that the firm failed to establish and maintain a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with the firm's Form CRS obligations. Until mid-June 2021, the firm failed to make any reference to Form CRS in its WSPs. Even after the firm adopted some Form CRS provisions in mid-June 2021, its WSPs remained unreasonably vague in connection with its obligations to file, deliver, and update its Form CRS. (FINRA Case #2021071808101)

Paulson Investment Company LLC (CRD #5670, Portland, Oregon)
June 3, 2026 – An AWC was issued in which the firm was censured and fined $135,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it violated Rule 203(b)(1) of Regulation SHO of the Securities Exchange Act of 1934 (Reg SHO) by effecting at least 15,000 short sale transactions representing approximately 64.5 billion shares for its own account without first borrowing the securities, entering into a bona fide arrangement to borrow the securities, or having reasonable grounds to believe the securities could be borrowed and delivered on the settlement date. The findings stated that the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with the locate requirement of Rule 203(b)(1) of Reg SHO. The firm had no processes or procedures addressing the firm's short selling activity, requiring traders to obtain locates in connection with that activity, or identifying the circumstances under which exemptions to the locate requirement may apply. The firm also had no supervisory system, surveillance, or other review to monitor the firm's compliance with the locate requirement for proprietary short sales. (FINRA Case #2019064705001)

AOS, Inc. dba TradingBlock (CRD #128605, Chicago, Illinois)
June 5, 2026 – An AWC was issued in which the firm was censured, fined $210,000, 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 its anti-money laundering (AML) program was not reasonably designed to detect suspicious transactions. The findings stated that the firm's surveillance for manipulative trading was not tailored to the particular risks of its business. The firm relied on an automated trade surveillance platform to monitor for potentially manipulative trading, including spoofing. The platform was configured such that the spoofing alert would trigger only if a non-bona fide order was canceled within seconds of the execution of a bona-fide order in the security. This time parameter, however, was not reasonably designed to detect spoofing in thinly traded options because, unlike actively traded securities, orders for illiquid securities can remain unfilled for extended periods, sometimes minutes, allowing spoofing to occur even if a non-bona fide order is not canceled within seconds. The firm had no other alerts or procedures designed to detect potential spoofing in illiquid securities. As a result, the firm failed to detect spoofing in thinly traded options by a customer account. In addition, the firm did not reasonably review and investigate its trade surveillance alerts. The firm's policies and procedures required that, for each alert generated by the firm's trade surveillance system, the alert reviewer enter a comment explaining the disposition of the alert and escalate any potentially manipulative trading to the firm's chief operations officer (COO) and chief compliance officer (CCO) for review. However, the alerts were routinely closed using a generic, pre-populated comment. The firm also did not reasonably review potential "wash" trading. The firm built and implemented a proprietary, automated process to surveil for and cancel potential "wash" trades. The firm, however, did not have policies or procedures for investigating these trades for patterns of potential market manipulation. Finally, the firm's surveillance for suspicious patterns in customer money movements was not reasonably designed. The firm's review was not reasonably designed to detect patterns of suspicious transactions. In addition to the large number of money movements and accounts it contained, the report also lacked key information for identifying suspicious patterns, such as customer income or asset information, or comparisons of any money movements against a customer's contemporaneous trade activity. The findings also stated that firm's AML program did not include appropriate risk-based procedures for conducting ongoing customer due diligence. The firm lacked written procedures regarding what account activity or risk profile warranted ongoing customer due

diligence. In practice, the firm did not perform ongoing customer due diligence and instead relied on its clearing firms to notify it of any adverse information or news about a customer that might impact the customer's risk profile. (FINRA Case #2023077078301)

Percent Securities, LLC (CRD #314782, New York, New York)
June 9, 2026 – An AWC was issued in which the firm was censured and fined $60,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that, while acting as placement agent, it failed to timely file offering documents with FINRA for 372 private placement offerings of unregistered securities issued by companies owned and controlled by the firm's parent company. The findings stated that the firm filed the offering documents with FINRA between at least three and 164 days after first providing them to prospective investors. On average, the firm filed the required documents at least 15 days late. (FINRA Case #2024080953801)

BMI Capital International LLC (CRD #154670, New York, New York)
June 10, 2026 – An AWC was issued in which the firm was censured and fined $15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that on 64 days it conducted a securities business while failing to maintain its minimum required net capital of $5,000. The findings stated that the firm at times fell below its required minimum net capital as a result of its failure to timely accrue certain liabilities. For example, the firm failed to timely accrue a fixed monthly fee owed to a service provider, compensation owed to a firm registered representative, and an interest payment on an outstanding loan. In addition, the firm mistakenly treated a subordinated loan as capital before it was approved by FINRA. The firm's failures resulted in net capital deficiencies up to $12,000. The findings also stated that the firm prepared and maintained inaccurate general ledgers and net capital computations. The firm failed to timely accrue various liabilities and mistakenly treated a subordinated loan as capital before it was approved by FINRA. The firm therefore miscalculated and overstated its net capital. Consequently, the firm also inaccurately recorded net capital information on its quarterly Financial and Operational Combined Uniform Single (FOCUS) report. (FINRA Case #2023076998201)

Prime Number Capital, LLC (CRD #297029, New York, New York)
June 10, 2026 – An AWC was issued in which the firm was censured, fined $335,000, 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 failed to establish and implement an AML program reasonably designed to detect and cause the reporting of suspicious transactions and failed to conduct reasonable testing of its AML program. The findings stated that the firm's AML compliance program (AMLCP) was not reasonably designed to address the risks of the firm's investment banking business. As a result of these deficiencies, the firm did not detect or reasonably investigate red flags of suspicious activities, including in the account-opening process for customers who opened accounts to invest in small-cap, foreign-based Initial Public Offerings (IPOs) and those customers' subsequent trading activity. In addition, the firm failed to conduct reasonable independent testing of its AML program. The firm conducted independent tests during calendar years 2022, 2023, and 2024, but the tests were not reasonably designed in light of their failure to address the risks associated with the firm's business, including risks related to opening accounts for issuer-referred customers and trading activity through the firm by such customers. The findings also stated that the firm failed to supervise or preserve its registered representatives' business-related communications sent or received using unapproved communications platforms, in violation of

Section 17(a) of the Securities Exchange Act of 1934 (Exchange Act). The firm ignored red flags that its registered persons, including firm management, were using unapproved systems to communicate about the firm's securities business, including communications with issuers about firm-sponsored IPOs and with its clearing firm about trading in customer accounts. Supervisors at the firm were on notice that registered persons were using unapproved messaging applications for business-related communications, and at times, participated in those communications themselves. As a result, the firm did not review or retain hundreds of business-related communications sent by firm representatives on unapproved communication platforms. The firm has since adopted procedures to retain and review communications on the previously unapproved platforms. The findings also included that the firm failed to make timely filings of required documents, in connection with its participation as an underwriter in certain public offerings to FINRA. The firm failed to file the required documentation within three business days after documents were filed with or submitted to the Securities and Exchange Commission (SEC) in approximately 25 offerings, including eight that were late by more than 30 days. (**FINRA Case #2023076995501**)

Merrill Lynch, Pierce, Fenner & Smith Incorporated (CRD #7691, New York, New York)
June 11, 2026 – An AWC was issued in which the firm was censured and fined $225,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to accurately report statistical and summary information regarding customer complaints. The findings stated that the firm operated support centers that customers could call for account-related assistance. After completing their calls, the firm invited customers to complete a survey regarding their call center interaction, which permitted customers to include written commentary. During the relevant period, the firm failed to accurately report to FINRA statistical and summary information regarding thousands of written customer complaints within the written commentary section of the surveys. The findings also stated that the firm failed to establish, maintain, and enforce a supervisory system reasonably designed to achieve compliance with FINRA Rule 4530(d) involving written survey responses. The lexicon of search terms applied to survey responses was originally developed for use with consumer banking products and was not the lexicon employed by the firm generally to review electronic communications for potential broker-dealer complaints. The system that the firm used for supervisory review affixed a "potential complaint" flag only to survey responses that hit on those lexicon search terms. Firm guidance documents provided clearer instructions regarding complaint identification where a "potential complaint" flag was present. As a result, the firm frequently failed to identify reportable customer survey responses as complaints because they were not tagged by the lexicon search as "potential" complaint. The firm ultimately detected this issue, conducted a lookback of survey responses, and resolved the outstanding complaints it identified in the lookback. The firm later suspended the written commentary field in its customer surveys. (**FINRA Case #2024081776401**)

Edward D. Jones & Co., L.P. (CRD #250, St. Louis, Missouri)
June 16, 2026 – An AWC was issued in which the firm was censured, fined $125,000, and required to comply with the undertaking enumerated in the AWC. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report approximately 2.7 million fractional share liquidations to the FINRA/Nasdaq Trade Reporting Facility (FNTRF) or the over-the-counter Reporting Facility (ORF) that were executed in a principal capacity with customers. The findings stated that the majority of these fractional share trades resulted from customers' liquidation of fractional share positions acquired through the firm's dividend-reinvestment and

dollar-cost averaging programs. The firm ultimately began reporting these fractional share transactions. However, the firm failed to report fractional share transactions resulting from the firm liquidating fractional shares in connection with customer account transfers made through the Automated Customer Account Transfer Service (ACATS), which does not support transfers of fractional shares. The firm also failed to pay the regulatory transaction fees associated with these trades. The findings also stated that the firm failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to comply with its trade reporting obligations for fractional share trades. Until September 2020, the firm lacked a system or WSPs addressing the complete and accurate reporting of fractional share transactions to a trade reporting facility. Although the firm implemented supervisory reviews to monitor for compliance with its fractional share trade reporting obligations, its fractional share trade reporting and supervisory system was not reasonable because it did not address the reporting of fractional share transactions in connection with ACATS transfers until April 2021. (**FINRA Case #2020067346401**)

Outset Global Trading Limited (CRD #281065, New York, New York)
June 16, 2026 – An AWC was issued in which the firm was censured and fined $130,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to develop and implement a reasonably designed AML program. The findings stated that the firm's AMLCP provided a list of red flags, but these red flags were not tailored to the firm's business. The AMLCP provided no procedures for how the firm would surveil customer trading activity to detect AML red flags or how to conduct a review of red flags. The firm's AMLCP also failed to address the requirements of FINRA Rule 3310(f), including that it did not include appropriate risk-based procedures for conducting ongoing customer due diligence or a process for ongoing customer due diligence. When the firm had more limited trading, it used a manual review of its daily trade blotter for AML trade surveillance. As the firm grew, from 2022 through July 2024, it nevertheless continued to use that same manual blotter review, which was not designed to detect certain patterns of suspicious trading and did not reflect patterns of trading across accounts or multiple days. As a result, during that period, the firm failed to detect and/or investigate red flags including instances where its customers' trades constituted a significant percentage of the total market volume for thinly traded securities; a customer that traded securities ahead of releasing research reports; and accounts that repeatedly bought and sold the same security for a loss. In August 2024, the firm began using an automated trade surveillance system. However, until December 2025, the firm's surveillance system did not capture options trades, and its market dominance scenario was not reasonably designed in that it would not be triggered unless a single customer's trading was at least half of a security's average daily volume. The firm ultimately revised its AMLCP, and began using a new surveillance system designed to capture all of the firm's trading activity and adjusted the parameters of its existing surveillance system. (**FINRA Case #2024080217601**)

Merrill Lynch, Pierce, Fenner & Smith Incorporated (CRD #7691, New York, New York)
June 18, 2026 – An AWC was issued in which the firm was censured and fined $175,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it did not disclose to customers non-de minimis market discounts in purchases of municipal securities with a total principal value of approximately $87 million by self-directed customer accounts. The findings stated that the firm subsequently provided market discount disclosures to the impacted self-directed customers, as well as an offer to compensate the customers who

demonstrated that they incurred tax liability above the capital gains rate as a result of purchasing the municipal securities. During this period, the firm did not establish and maintain a supervisory system, including written procedures, reasonably designed to achieve compliance with the firm's obligation to disclose to self-directed customers, at or prior to the time of trade, all material information regarding municipal securities that traded at a market discount, including that all or a portion of the investor's investment return represented by accretion of the market discount might be taxable as ordinary income. The firm's written procedures did not address the firm's obligation to provide time of trade disclosures regarding market discounts to customers who used the firm's self-directed platform. Moreover, the firm did not have any process to determine whether all material information regarding market discounts was provided to self-directed customers at or prior to the time of trade. Ultimately, the firm updated its written procedures regarding the market discount disclosures for its self-directed platform, and added a market discount disclosure for applicable transactions on its self-directed platform. (FINRA Case #2022073414901)

Westpark Capital, Inc. (CRD #39914, Los Angeles, California)
June 18, 2026 – An AWC was issued in which the firm was censured, fined $175,000, ordered to pay $345,073, plus interest, in restitution to customers, 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 willfully violated Exchange Act Rule 15l-1(a)(1) (Reg BI) by failing to reasonably supervise recommendations of speculative corporate bonds, and failed to establish and maintain a supervisory system, including written policies and procedures, reasonably designed to achieve compliance with Reg BI's Care Obligation. The findings stated that the firm's written procedures did not include procedures for conducting reviews to comply with the requirements of Reg BI. The written procedures also failed to address whether and how supervisors should escalate for additional review any concerns about individual investment recommendations or patterns of investment recommendations. In practice, the firm did not have a reasonable process for assessing whether its representatives were developing and making recommendations that were suitable or in the best interest of its customers. Furthermore, the firm failed to reasonably supervise recommendations by five registered representatives to ten retail customers to purchase the bonds where the recommendations were not in the best interests of or suitable for the customers. All ten customers had moderate risk tolerances and investment objectives that did not include speculation and four of the customers were seniors. Six of the customers commenced and settled arbitration proceedings against the firm while the remaining four are being paid restitution in connection with this action. The findings also stated that the firm willfully violated Reg BI when it failed to establish and maintain a reasonable supervisory system with respect to private placement due diligence. The firm's written procedures did not provide procedures for conducting a reasonable investigation, including where the issuer was a development-stage company and where the firm identified potential red flags. As a result of its deficient supervisory process, the firm failed to conduct and document reasonable due diligence on four private placement offerings by two issuers that the firm recommended to customers. Before recommending this offering to customers, the firm failed to reasonably investigate red flags including an issuer's default on monthly distributions to investors in a previous offering and another issuer's high debt-to-equity ratio and that it could not redeem approximately $30 million in outstanding notes from previous offerings at their maturity. (FINRA Case #2021070498107)

Conners & Co., Inc. (CRD #1511, Cincinnati, Ohio)
June 24, 2026 – An AWC was issued in which the firm was censured, fined $20,000, ordered to pay $21,111.29, plus interest, in restitution to customers, 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 did not charge the prevailing market price in municipal bond transactions. The findings stated that in some instances, the firm continued to use its cost or proceeds as the prevailing market price even though it was no longer contemporaneous. In other instances, the firm used inter-dealer bid or offer quotations to determine prevailing market price even though a contemporaneous inter-dealer transaction price was available. By failing to correctly assess the prevailing market price in municipal bond transactions during the relevant period, firm customers paid more than they should have or received less than they should have in the total amount of $21,111.29. The findings also stated that the firm's supervisory system was not reasonably designed to achieve compliance with the Municipal Securities Rulemaking Board's (MSRB's) fair pricing rule. The firm's WSPs provided examples of types of information that could be considered when determining prevailing market price but did not require the firm to consider the types of pricing information listed in MSRB Rule G-30.06(a)(v). The firm's WSPs also failed to prescribe how the firm would supervise determinations of prevailing market price. In practice, when supervising pricing determinations, the firm failed to determine whether the factors listed in MSRB Rule G-30.06(a)(v) had been considered. (**FINRA Case #2022076083601**)

Beta Capital Securities LLC dba Creand Securities (CRD #38964, Miami, Florida)
June 29, 2026 – An AWC was issued in which the firm was censured and fined $145,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to develop and implement a reasonably designed AMLCP. The findings stated that while the firm's AML procedures identified numerous red flags of suspicious activity, including with respect to wire transfers, the firm did not have policies or procedures that explained how and when to identify and report suspicious transactions in money movements, what activity reports should be reviewed, how patterns of unusual activity were to be detected, or how to investigate unusual activity or red flags. In addition, the firm's AML program did not include appropriate risk-based procedures for conducting ongoing customer due diligence, including understanding the nature and purpose of customer relationships for the purpose of developing customer risk profiles and conducting ongoing monitoring to identify and report suspicious transactions and, on a risk basis, maintaining and updating customer information. The firm also failed to develop complete customer risk profiles or maintain updated customer profile information based on its ongoing monitoring. As a result, the firm did not maintain sufficient customer information necessary to determine whether transactions that were flagged as potentially suspicious were consistent with the nature and purpose of customer relationships or to update customer information upon detecting information relevant to customer risk profiles. Multiple firm customers engaged in wire transfers without the firm conducting reasonable reviews to detect potential suspicious activity and determine whether suspicious activity reporting (SAR) was required, despite the presence of red flags, including repetitive wire activity in unusual patterns; securities accounts used for payments and outgoing wire transfers with little or no securities activity; and wire transfers from high-risk geographic locations and financial secrecy havens. The firm has since taken steps to remediate and enhance its AMLCP. (**FINRA Case #2022073419001**)

DriveWealth, LLC (CRD #165429, New York, New York)
June 29, 2026 – An AWC was issued in which the firm was censured, fined $1,100,000, and ordered to pay $55,122.15, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report accurate and complete trade and order data to the trade reporting facilities (TRFs) and to the Consolidated Audit Trail (CAT) Central Repository. The findings stated that if a notional order resulted in both a whole and fractional share quantity, the firm routed out the whole share amount on an agency basis, and executed the fractional share separately as either principal or riskless principal. The firm believed it did not have any trade reporting obligations for principal and riskless principal fractional share transactions until FINRA notified the firm that it was required to report these fractional share transactions. As a result, the firm failed to report approximately 211 million fractional share trades to the TRFs. In addition, the firm inaccurately reported approximately 2.1 billion reportable events to the CAT Central Repository. Furthermore, the firm failed to report approximately 169 million reportable events concerning fractional share transactions to the CAT Central Repository and failed to report 173 million route cancellation events. The findings also stated that the firm effected over 110,000 fractional share trades during 96 trading halts, pauses, and market-wide circuit breakers (MWCBs). In over 52,000 transactions that the firm effected during those halts, pauses, and MWCBs, it gave customers inferior prices than they would have received had the firm waited to execute the trades until trading resumed. These transactions effected at inferior prices impacted 11,719 customer accounts, which the firm identified, and to which the firm will pay restitution totaling $55,122.15. The findings also included that the firm failed to establish a supervisory system reasonably designed to achieve compliance with its trade reporting, CAT reporting, and trading during halts obligations. The firm had no supervisory system or WSPs relating to trade reporting. In October 2021, the firm implemented supervisory reviews related to the timeliness of its trade reporting, as well as the monitoring of TRF rejections. However, through November 2025, the firm had no process to ensure that the data fields reported to the TRFs contained accurate information, which was unreasonable. In addition, the firm did not have WSPs relating to trade reporting until November 2025. The firm did not implement WSPs related to CAT reporting until February 2024. The firm's daily reviews of its CAT reports did not compare the data it reported to CAT against the firm's order and trade records to ensure that the data fields contained accurate information. Beginning in October 2021, when the firm began reporting to the TRFs, it implemented a supervisory review to monitor for compliance with rules related to trading halts, pauses, and MWCBs. However, the firm did not establish related WSPs until May 2025. (**FINRA Case #2020067647701**)

Mirae Asset Securities (USA) Inc. (CRD #30679, New York, New York)
June 29, 2026 – An AWC was issued in which the firm was censured, fined a total of $170,000, of which $18,550 is payable to FINRA, 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 failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with rules and laws prohibiting manipulative trading, including prearranged, coordinated, and momentum ignition trading. The findings stated that the firm's WSPs failed to describe how trading patterns indicating potentially prearranged or coordinated trading would be identified within a single omnibus account and how such activity would be investigated when detected. The firm's WSPs also did not describe momentum ignition or how to identify it. As a result, the firm failed to identify or reasonably respond to red flags of prearranged or coordinated trading and momentum ignition in omnibus accounts. In addition, the

firm failed to reasonably respond to other alerts, closing them without investigation. (FINRA Case #2024081420908)

Individuals Barred

Sung Moo Cho (CRD #5015906, Jersey City, New Jersey)
June 25, 2026 – An AWC was issued in which Cho was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Cho 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, among other things, whether he misappropriated customer funds, forged customer signatures, and falsified firm documents while associated with two member firms. The findings stated that this matter originated from a customer complaint made to FINRA alleging that Cho misappropriated approximately $3.5 million from the customer's brokerage accounts. (FINRA Case #2026090120801)

Raymond Trey Brown (CRD #6170291, Prosper, Texas)
June 30, 2026 – An AWC was issued in which Brown was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Brown consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA during its review of a disclosure filed by his member firm regarding a complaint from one of his customers. The findings stated that the firm filed a Uniform Termination Notice for Securities Industry Registration (Form U5) permitting Brown to resign while under internal review for life insurance sales practices concerns including providing clients with incorrect or misleading information, unsuitable life insurance policy sales/overselling policies for the representative's own benefit and providing inaccurate income data for clients to ensure suitability. Although Brown initially cooperated with FINRA's investigation, he ceased doing so. (FINRA Case #2024083650801)

Individuals Suspended

Clayton K. Shum (CRD #4412927, Burlingame, California)
June 1, 2026 – An AWC was issued in which Shum was fined $10,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Shum consented to the sanctions and to the entry of findings that he engaged in an undisclosed outside business activity (OBA) with a reasonable expectation of compensation. The findings stated that Shum recommended reverse mortgages to four customers, advised one customer regarding specific loan terms to seek, and helped all of the customers prepare their loan applications by gathering and relaying information on their behalf but did not disclose these activities to his member firm. Shum's firm had written policies and procedures that prohibited its registered representatives from arranging for any personal financing for a customer without the firm's prior approval. The findings also stated that Shum willfully violated Reg BI by recommending the purchase of a variable annuity to a retail senior customer that was not in the customer's best interest in light of her investment profile. The customer told Shum that she had low liquidity needs and was therefore unlikely to benefit from the defined payout that the living benefit rider is designed to provide. The findings also included that Shum failed to safeguard the confidentiality of

the nonpublic information of four customers. Shum attempted to migrate certain customers when he left his firm to go to a new firm. In order to open new accounts, Shum needed to complete certain forms for these customers, which required him to share the customers' confidential, nonpublic information such as social security numbers and birth dates with his new firm. Shum emailed four confidential forms that he retained after leaving his prior firm to a third-party business center. The customers did not authorize Shum to disclose their confidential information to the third-party business center or his new firm, nor were they given notice that such disclosure would be made.

The suspension is in effect from June 22, 2026, through October 21, 2026. (FINRA Case #2023077612101)

Tiffany L. Felker (CRD #8016078, Edmond, Oklahoma)
June 5, 2026 – An AWC was issued in which Felker was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for five months. Without admitting or denying the findings, Felker consented to the sanctions and to the entry of findings that she willfully failed to timely disclose material information on her Uniform Application for Securities Industry Registration or Transfer (Form U4), and willfully caused to be filed a Form U4 and a Form U4 amendment with materially misleading information. The findings stated that Felker had been discharged from a former employer, a non-FINRA member Canadian financial institution, following allegations that she violated investment-related rules and industry standards of conduct. The former employer terminated Felker's employment after allegations were made that she made an unauthorized transaction, modified a customer's documentation without permission, and forged a customer's signature, all of which would constitute violations of Canadian investment-related rules and industry standards of conduct. Later, during Felker's onboarding at a FINRA member firm, she falsely stated to the firm that she had resigned from her previous employer, and she failed to tell it that she had been discharged or about the circumstances leading to her discharge. Subsequently, the firm filed an initial Form U4 in which Felker did not disclose the circumstances leading to her termination from the Canadian financial institution, which was material information. After passing the requisite examinations, the firm filed a Form U4 amendment in which she again failed to disclose the circumstances leading to her termination from the Canadian financial institution. Later, FINRA notified the firm that it had learned that Felker was the subject of a proceeding brought by a Canadian regulator concerning the same alleged misconduct that had led to her termination from the Canadian financial institution. Ultimately, Felker's Form U4 was amended to disclose that proceeding. The firm then questioned Felker, and she told it for the first time that she had been discharged by her former employer and it amended her Form U4 to disclose the circumstances surrounding the prior termination. Subsequently, the firm discharged Felker.

The suspension is in effect from June 5, 2026, through November 4, 2026. (FINRA Case #2025088238401)

Melacknesh Belay Igwe (CRD #6853838, Inglewood, California)
June 8, 2026 – An AWC was issued in which Igwe was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for eight months. Without admitting or denying the findings, Igwe consented to the sanctions and to the entry of findings that she improperly used her member firm's funds. The findings stated that Igwe charged $3,948 for 86

meals and car rides to her firm credit card. Igwe characterized these charges as business expenses despite knowing that they were personal expenses that violated the firm's expense policy. In some of her expense reports, Igwe falsely represented that clients attended meals to create the appearance of a legitimate business purpose.

The suspension is in effect from June 8, 2026, through February 7, 2027. (FINRA Case #2025085662401)

Shuai Wang (CRD #4725754, San Jose, California)
June 12, 2026 – An AWC was issued in which Wang was fined $5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Wang consented to the sanctions and to the entry of findings that he failed to timely and accurately disclose an OBA for which he received compensation to his member firm. The findings stated that without providing prior written notice to his firm, Wang entered into a referral arrangement with a tax consultancy service under which he earned percentage-based referral fees when customers he referred invested in tax-oriented investments offered by the consultancy. When Wang belatedly sought his firm's approval of his OBA, he failed to accurately disclose the nature and scope of the referral arrangement. Specifically, Wang misstated the activity's start date, understated his compensation by reporting $1,000 in expected annual earnings despite having already earned approximately $4,500 in referral fees, and misrepresented his involvement by claiming he merely made introductions and asked questions about strategies. In reality, Wang facilitated and participated in all communications between customers and the consultancy, collaborated with the consultancy to select the products to pitch to customers, and in some instances directed specific analyses modeling investment returns. Wang referred 26 firm customers and one former customer to the consultancy. Six firm customers and one former customer purchased approximately $495,000 in tax-oriented investments through a leveraged charitable giving program, generating approximately $30,000 in referral fees for Wang. Despite this activity, Wang failed to update his OBA disclosure, and falsely attested in an annual compliance questionnaire that he had fully and accurately disclosed all OBAs to the firm.

The suspension is in effect from July 3, 2026, through October 2, 2026. (FINRA Case #2023079632801)

Michael Blackburn (CRD #6463561, Brooklyn, New York)
June 16, 2026 – An AWC was issued in which Blackburn was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for nine months. Without admitting or denying the findings, Blackburn consented to the sanctions and to the entry of findings that he provided false and misleading documents to FINRA during an examination. The findings stated that during its examination of Blackburn's member firm, FINRA requested that the firm produce its written policies and procedures regarding off-channel communications that were in effect between June 2023 and May 2024. After receiving FINRA's request, Blackburn created two new documents—a written communications policy and a communications policy attestation. When Blackburn produced both documents for FINRA, he did not explain that he had created the documents after receiving FINRA's request, which inaccurately made it appear as though the policies had been in effect between June 2023 and May 2024. In August 2024, FINRA requested that the firm produce copies of all signed communications policy attestations that the firm had collected from

June 2023 to May 2024. In response, Blackburn submitted five attestations to FINRA. Blackburn signed his own copy of the attestation and affixed the signatures of four firm employees to the other copies without their permission. Blackburn also backdated each of the five signed attestations to predate FINRA's request for the attestations, which inaccurately made it appear as though he and the other employees had signed the documents around the time of their hire in 2023.

The suspension is in effect from June 16, 2026, through March 15, 2027. (**FINRA Case #2024083892401**)

Jason Lynn DiPaola (CRD #2648836, Babylon, New York)
June 25, 2026 – DiPaola appealed an SEC decision to the U.S. Court of Appeals for the D.C. Circuit. The SEC decision sustained the findings and sustained in part and set aside in part the sanctions imposed by the National Adjudicatory Counsil (NAC). The findings stated that DiPaola exercised discretionary authority in his mother's account, held outside of his firm, without disclosing the existence of the account to his firm or disclosing his status as an associated person of his firm to the executing firm. The findings also stated that DiPaola did not disclose his mother's account on two firm annual compliance questionnaires, despite exercising control over his mother's account. In addition, the findings stated that DiPaola failed to provide on-the-record testimony when requested. The SEC sustained a $25,000 fine and a two-year suspension from associating with any FINRA member in any capacity for failing to disclose his mother's account to his member firm and his associated person status to the executing firm. The SEC, however, set aside sanctions FINRA imposed for DiPaola's failure to provide on-the-record testimony. The SEC determined that, given significant mitigating factors, imposing a consecutive two-year suspension and $15,000 fine was excessive. Although the SEC could have remanded to FINRA for further consideration, it exercised its discretion not to do so given the other sanctions the SEC affirmed and the time elapsed in this matter.

The sanctions are not in effect pending review. (**FINRA Case #2018057274302**)

Troy Bystol (CRD #4502626, Mt. Pleasant, South Carolina)
June 29, 2026 – An AWC was issued in which Bystol 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, Bystol consented to the sanctions and to the entry of findings that he borrowed $400,000 from his customer, a personal friend, without providing prior notice to or obtaining prior written approval from his member firm. The findings stated that the loan was not memorialized in writing, but the parties agreed to 7.5 percent interest over a ten-year term. In addition, Bystol answered "no" on an annual audit questionnaire when asked whether he had entered into any borrowing arrangements with clients other than immediate family members. Bystol has made only partial interest payments to the customer, leaving the full $400,000 principal outstanding.

The suspension is in effect from June 29, 2026, through September 28, 2026. (**FINRA Case #2025088613801**)

Arthur Craigg McRae (CRD #4697209, Elma, New York)
June 30, 2026 – An AWC was issued in which McRae was assessed a deferred fine of $5,000 and suspended from association with any FINRA member in all capacities for 15 days. Without admitting or denying the findings, McRae consented to the sanctions and to the entry of findings that he exercised discretion without written authorization in six customers' accounts. The findings stated that McRae effected trades in customers' accounts without first speaking with the customers prior to execution on the date of the transactions. Although the customers knowingly permitted McRae to exercise discretion, McRae did not have prior written authorization to exercise discretion in the accounts, and his member firm had not accepted the accounts as discretionary. McRae's exercise of discretion extended beyond time and price discretion, and included exercising discretion with regard to which securities to purchase and sell and in what amounts. McRae also inaccurately stated in an annual compliance questionnaire submitted to his firm that he had not exercised discretion in customer accounts.

The suspension was in effect from June 30, 2026, through July 14, 2026. (**FINRA Case #2024083542701**)

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

Reid & Rudiger LLC (CRD #47263)
New York, New York
(June 1, 2026)

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.)

Bill Parker Agency (CRD #6783)
Sacramento, California
(June 4, 2026)

Bill Parker Agency (CRD #6783)
Sacramento, California
(June 18, 2026)

Ebisu Securities Inc. (CRD #305184)
Honolulu, Hawaii
(April 15, 2026 – June 26, 2026)

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.)

Francisco M. Gomez (CRD #6289883)
Fate, Texas
(June 16, 2026)
FINRA Case #2025087970101

Chihyu Jerry Hsu (CRD #6193150)
Rowland Heights, California
(June 8, 2026)
FINRA Case #2025087139101

Jesse D. Krapf (CRD #5467277)
Brooklyn, New York
(June 29, 2026)
FINRA Case #2024082856801

Fernando Mendez (CRD #6954929)
Temecula, California
(June 1, 2026)
FINRA Case #2025087424201

William David Miller (CRD #4547912)
Cary, North Carolina
(June 23, 2026)
FINRA Case #2025087612601

Ryan Mitchell Pigg (CRD #7464115)
Burleson, Texas
(June 9, 2026)
FINRA Case #2025087137401

Hanspeter Schiegg (CRD #2465580)
Glattbrugg, Switzerland
(June 5, 2026)
FINRA Case #2025086364101

William Hohill Song (CRD #4008256)
Bakersfield, California
(June 16, 2026)
FINRA Case #2025087527401

William Bernard Tunink (CRD #2738224)
Urbandale, Iowa
(June 16, 2026)
FINRA Case #2025087113601

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.)

Mark William Fowler (CRD #4625938)
Plano, Texas
(June 15, 2026)
FINRA Case #2025088596801

Richard A. Harris (CRD #6858595)
Hebron, Ohio
(June 22, 2026)
FINRA Case #2025085766101

Joseph Frank Lauzon (CRD #2773510)
Fresno, California
(June 1, 2026)
FINRA Case #2025087697101

Dimitrios K. Michelis (CRD #2920152)
Saddle River, New Jersey
(June 1, 2026)
FINRA Case #2025087399601

Michael Montalvo (CRD #4549103)
Orlando, Florida
(June 12, 2026)
FINRA Case #2025086499501

Antonio Sandoval (CRD #5439448)
Denton, Texas
(June 15, 2026)
FINRA Case #2025087068301

John Charles Wilson II (CRD #5974073)
Rock Hill, South Carolina
(June 29, 2026)
FINRA Case #2025087566301

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.)

David Leslie Arlein (CRD #7145)
Boca Raton, Florida
(June 8, 2026)
FINRA Arbitration Case #25-00418

Cynthia Marie Barrera (CRD #4289418)
Corpus Christi, Texas
(June 30, 2020 – June 10, 2026)
FINRA Arbitration Case #11-02570

Robert Anthony Guidicipietro (CRD #1588069)
Lincroft, New Jersey
(June 16, 2022 – June 10, 2026)
FINRA Case #2022075083301

Walker Randolph Johnson (CRD #4405133)
Sherman Oaks, California
(May 18, 2011 – June 10, 2026)
FINRA Arbitration Case #10-03033

Patrick William Lofaro (CRD #2502145)
Lindenhurst, New York
(February 19, 2019 – June 10, 2026)
FINRA Arbitration Case #17-02508

Keith David Lundhagen (CRD #4409116)
Long Lake, Minnesota
(June 11, 2026)
FINRA Arbitration Case #25-02673

Ronald George Palmer Jr. (CRD #2736169)
White Plains, New York
(June 24, 2026)
FINRA Arbitration Case #25-01105

PRESS RELEASE

FINRA Expels Reid & Rudiger, Bars Cofounders

Member Firm and Registered Representatives Violated Reg BI by Excessively Trading and Churning Numerous Customer Accounts

FINRA has expelled from membership **Reid & Rudiger LLC** (the firm) and barred cofounders **Clifford Reid** and chief executive officer (CEO) **Edward Rudiger, Jr.** from association with any member firm for churning and excessively trading customer accounts in violation of Reg BI and FINRA rules.

Separately, FINRA suspended the firm's supervisors, Marc Harrison and Kelli Mezzatesta, who both failed to identify and investigate red flags related to Rudiger's and Reid's pervasive misconduct, for three months in all principal capacities. FINRA also fined them $5,000 each and required them to complete 20 hours of supervision-related continuing education.

Excessive trading in a customer's account is trading that generates commissions for the broker but is not in the customer's best interest. Churning is excessive trading undertaken with an intent to defraud or with reckless disregard for a customer's interests.

"This action underscores FINRA's unique role as a self-regulatory organization committed to protecting retail investors from misconduct," said Bill St. Louis, Executive Vice President and Head of Enforcement at FINRA. "The egregious churning and excessive trading in this case resulted in significant customer losses over nearly six years, warranting the firm's expulsion and permanent bars for the registered representatives responsible."

FINRA determined that the firm and its cofounders excessively traded a total of 20 accounts, several of which were also churned over the course of six years with an intent to defraud or with reckless disregard for customers' interests. This misconduct caused customers to incur approximately $2 million in commissions and trading costs and approximately $2.7 million in losses.

Both Reid and Rudiger recommended to customers a high-volume, high-cost market-timing strategy that made it virtually impossible for customers to make a profit. This misconduct violated the Care Obligation of Reg BI, Section 10(b) of the Exchange Act and Rule 10b-5, and FINRA Rules 2111, 2020 and 2010.

The misconduct was evident through disproportionate commissions and trading costs that resulted in high cost-to-equity ratios, which represents the return on a customer's investments that would have been needed to cover commissions and expenses. This included:

An account with an annualized cost-to-equity ratio of more than 111%, which means the account would have needed to generate returns of 111% just to break even;

An account with an annualized cost-to-equity ratio of more than 69% and a resulting loss of more than $345,000; and

An account with an annualized cost-to-equity ratio of more than 67% and a resulting loss of nearly $400,000.

The firm and Rudiger, as CEO, failed to establish and maintain a supervisory system reasonably designed to detect and act upon churning and excessive trading.

In addition, the firm, as well as Harrison and Mezzatesta, failed to take reasonable steps to supervise the trading in the affected customers' accounts, despite numerous red flags indicative of excessive trading and churning. They also did not consider customers' cost-to-equity ratios in the course of trading supervision or use available exception reports that could have assisted in identifying the violative trading.

In settling these matters, the firm, as well as Reid, Rudiger, Harrison and Mezzatesta accepted and consented to the entry of FINRA's findings without admitting or denying them.

Harrison and Mezzatesta's suspensions are in effect from June 17, 2026, through September 16, 2026.