

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014043542409**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Richard Edward Bohack, Respondent
Former Registered Representative
CRD No. 2239191

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Richard Edward Bohack entered the securities industry in May 1992. At various times between May 1992 and June 15, 2015, he was registered with several FINRA member firms. From January 7, 2014 to June 5, 2015, he was registered as a General Securities Representative, Equity Trader Limited Representative, Operations Principal, and General Securities Principal with Global Arena Capital Corp. ("Global Arena" or the "firm"). During the 16-month period before his employment at Global Arena, Bohack was not employed in the securities industry.

Bohack has not been associated with a member firm since his termination by another FINRA member on June 15, 2015. However, FINRA retains jurisdiction over Bohack pursuant to Article V, Section 4 of the FINRA By-Laws.

OVERVIEW

From April 14, 2014 to June 5, 2015, Bohack was the designated branch manager and supervisor of the Office of Supervisory Jurisdiction of Global Arena located at 1350 Sixth Avenue and, later, 880 Third Avenue, New York, NY (collectively, the "Sixth

Avenue Branch”). During that period, Bohack failed to adequately supervise the brokers at the Sixth Avenue Branch, including by failing to respond appropriately to red flags of widespread sales practice violations. Accordingly, Bohack violated FINRA Rules 3110 and 2010.

FACTS AND VIOLATIVE CONDUCT

Facts

The Sixth Avenue Branch of Global Arena

Global Arena was a retail broker-dealer with offices in New York and Florida. The firm filed an application to withdraw from FINRA membership on June 5, 2015 and is no longer in business. On July 20, 2015, FINRA cancelled its registration.

On October 24, 2013, Global Arena opened the Sixth Avenue Branch to register certain brokers who had been discharged by another FINRA member firm. The branch’s business model involved daily calls to thousands of potential and existing customers, including senior citizens, to make solicited recommendations of securities. Because the branch typically charged its customers a 3.9% markup or markdown per trade, the purchase and sale of a single security would typically cost a customer 7.8%.

Bohack Failed to Respond Appropriately to Red Flags

Bohack joined Global Arena as a trading and operations principal in January 2014 and was responsible for executing equity orders at the firm. Before joining Global Arena, Bohack’s sole supervisory responsibility at retail brokerage firms had been reviewing mutual fund applications. Between April 14, 2014 and June 5, 2015, Bohack was designated as the branch manager and supervisor of the Sixth Avenue Branch. In that role, Bohack failed to respond appropriately to numerous red flags indicating that registered representatives in the branch were engaged in sales practice abuses. The red flags should have been apparent even to an individual, like Bohack, with no relevant prior supervisory experience at a retail brokerage firm.

For example, Bohack was responsible for observing the brokers’ interactions with customers and potential customers. Until April 2015, all brokers in the Sixth Avenue Branch worked in a single U-shaped room. This should have facilitated Bohack’s ability to observe and listen to what the brokers were telling customers and prospective customers, yet Bohack failed to detect or respond appropriately to red flags indicating that the brokers were making misrepresentations. For example, he failed to detect or respond appropriately when the branch’s senior brokers directed junior brokers to cold-call potential customers using misleading sales scripts to induce them to open new accounts. And he took no action when he learned, through a customer complaint, that brokers were promising extraordinary short-term returns on junk bonds. Bohack also took no steps to restrict or prevent the brokers from calling customers on firm-provided prepaid cellular telephones with different area codes, which they referred

to as “burner phones.” The brokers used the burner phones to cold-call customers who refused to take calls from Global Arena.

In those limited instances in which Bohack identified a red flag, he neither addressed the issue with the registered representative directly nor took action himself. Instead, he reported the issue to his supervisor, who by August 2014 was also the firm’s President. He then failed to follow up even when it appeared that no action was taken with respect to the issue that he had raised. Bohack also allowed a separate individual, who was not an officer or principal of the firm, but who had a financial interest in the Sixth Avenue Branch, to improperly exercise control over its operations and personnel.¹

Bohack also observed brokers engaging in patterns of in-and-out trading activity in customer accounts, sometimes within the span of a week or less. In these instances, Bohack reported the information to his supervisor, but failed to take any steps to ascertain whether the brokers’ recommendations to the customer had been suitable.

Bohack also failed to respond appropriately to evidence of unauthorized trading by some of the brokers. Around March 2015, Bohack learned that one broker had asked him to execute approximately twelve unauthorized trades. Although he brought the trades to his supervisor’s attention, he never took any steps to investigate the extent of the unauthorized trading or prevent the broker from engaging in unauthorized trading in the future, including in April and May of 2015, when the broker submitted additional unauthorized trades in customer accounts.²

Bohack Failed to Reasonably Supervise the Sixth Avenue Branch's Trading Activity

Bohack also failed to supervise the level of trading and commissions charged in customer accounts. The firm’s “Account Daily” exception report included turnover and velocity alerts that identified potentially excessive trading. Bohack and another principal were responsible for reviewing the Account Daily report and trade blotter. Bohack was responsible for supervising the other principal’s reviews.

Both Bohack and the other principal failed to adequately review these alerts. In order to clear the velocity and turnover alerts in the Account Daily report, the firm’s electronic system required the reviewer to provide a written justification for the trading activity. Bohack and the other principal did so by automatically writing “velocity is ok” or “asset reallocation” without further action or investigation. As a result, tens of thousands of trades that had triggered alerts for potentially excessive trading received no meaningful supervisory review.

Bohack also failed to understand: (i) when and how the firm’s excessive-trading

¹ On July 1, 2015, FINRA barred this individual from associating with any FINRA member for willfully violating Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder in connection with conduct at his prior firm.

² This broker was barred in August 2015 under FINRA Rule 9552(h) from associating with any FINRA member firm after he refused to testify in this matter.

exception reports were triggered, and (ii) what level of trading in a customer account might, pursuant to FINRA rules, be considered unsuitably excessive.

During his on-the-record testimony with FINRA staff, Bohack acknowledged that he had not fully understood his supervisory responsibilities.

Violations

FINRA Rule 3110(a) requires member firms to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. Individuals who fail to reasonably exercise their supervisory responsibilities violate FINRA Rule 3110.

As described above, Bohack failed to discharge his responsibilities as the designated supervisor of the Sixth Avenue Branch during the period April 14, 2014 to June 5, 2015. As a result, Bohack violated FINRA Rules 3110 and 2010.

B. I also consent to the imposition of the following sanctions:

- A bar from associating with any FINRA member in any principal capacity.

Respondent has submitted a sworn financial statement and demonstrated an inability to pay. In light of the financial status of Respondent, no monetary sanctions have been imposed.

A bar or expulsion shall become effective upon approval or acceptance of this AWC.

I understand that if I am barred or suspended from associating with any FINRA member in a principal capacity, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in a principal capacity, during the period of the bar or suspension (see FINRA Rules 8310 and 8311). Furthermore, because I am subject to a statutory disqualification during the bar, if I remain associated with a member firm in a non-barred capacity, an application to continue that association may be required.

I understand that this settlement includes a finding that I failed to supervise an individual who violated Section 10(b) of the Securities Exchange Act of 1934 and that under Article III, Section 4 of FINRA's By-Laws, this makes me subject to a statutory disqualification with respect to association with a member.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

I understand that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and

C. If accepted:

1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

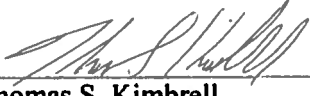
8/11/2015
Date (mm/dd/yyyy)


Richard Edward Bohack, Respondent

Accepted by FINRA:

9/14/15
Date

Signed on behalf of the
Director of ODA, by delegated authority



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