Disciplinary and Other FINRA Actions

Firms Fined, Individuals Sanctioned

Meyers Associates, L.P. (CRD® #34171, New York, New York) and Bruce Meyers (CRD #1045447, Registered Principal, New York, New York) submitted an Offer of Settlement in which the firm and Meyers were censured and fined $35,000, jointly and severally. Meyers was suspended from association with any FINRA® member in any principal or supervisory capacity for four months. Without admitting or denying the allegations, the firm and Meyers consented to the described sanctions and to the entry of findings that the firm failed to completely respond, and to timely respond, to FINRA requests for information and documents. The findings stated that Meyers was ultimately responsible for supervision at the firm; the requests were all addressed to Meyers, who delegated the task of responding to them, but he failed to ensure that the responses were complete and timely.

The suspension is in effect from December 5, 2011, through April 4, 2012. (FINRA Case #2009016332401)

Scottsdale Capital Advisors Corp (CRD #118786, Scottsdale, Arizona) and Justine Hurry (CRD #2765969, Registered Principal, Paradise Valley, Arizona) submitted an Offer of Settlement in which the firm was censured and fined $125,000, which includes the disgorgement of $18,000 in commissions earned in connection with violative sales of unregistered securities. Hurry was fined $7,500 and suspended from association with any FINRA member in any principal capacity, other than the capacity of Financial and Operations Principal (FINOP), for 40 business days. Without admitting or denying the allegations, the firm and Hurry consented to the described sanctions and to the entry of findings that the firm, acting through Hurry, failed to implement its anti-money laundering (AML) procedures, as it did not adequately monitor for and/or investigate facts and circumstances present in certain customer accounts that constituted "red flags" in its written AML compliance program. The findings stated that neither Hurry, nor anyone else at her firm, took steps to monitor for disciplinary background or multiple account red flags or for transactions triggering the journal transfer, penny stock or wire transfer red flags.

The findings also stated that the firm, acting through Hurry, failed to implement its written AML compliance program by failing to file SAR-SF forms to report suspicious activity. The findings also included that the firm failed to document red-flag investigations in accordance with its written AML compliance program and procedures because the firm's chief compliance

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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).

Financial Industry Regulatory Authority

officer (CCO) failed to create, or cause Hurry to create, a record of questionable background reviews. FINRA found that the firm's AML procedures pertaining to the disciplinary-background red flag were not sufficiently specific to provide any meaningful guidance as to where and how the firm would look for customers with questionable backgrounds. FINRA also found that the firm utilized a means of interstate commerce in connection with its sales of unregistered stock, and the transactions were not exempt from registration.

In addition, FINRA determined that the firm, acting through Hurry, failed to designate and specifically identify to FINRA at least one principal to establish, maintain and enforce a system of supervisory control policies and procedures. The firm, acting through Hurry, also failed to establish, maintain and enforce written supervisory control policies and procedures concerning producing managers, designation of a principal to review their customer account activity, the limited size and resources exception, testing, updating and annual certification of firm written supervisory procedures (WSPs), and addressing the designated principal's annual report to senior management. The firm, acting through Hurry, did not submit an annual report to firm management detailing the firm's system of supervisory controls, the summary of test results and significant exceptions, and any additional or amended supervisory procedures in response to the test results. Hurry failed to establish a supervisory system and WSPs reasonably designed to achieve compliance with applicable securities laws and regulations, and failed to enforce its WSPs. In addition, Hurry failed to prepare a report pertaining to its home-office inspection.

FINRA also found that the firm and Hurry filed SARs that contained inaccurate or incomplete information, and filed SARs that failed to provide adequate information for determining that the reported activity was suspicious. The firm and Hurry failed to establish and implement policies and procedures reasonably expected to detect and cause the reporting of transactions required under 31 U.S.C. 5318(g) and the implementing regulations thereunder.

Furthermore, the firm did not complete its 3013 report as required under IM-3013 for two years. The findings also stated that the firm's WSPs and records of branch- and home-office inspections were inadequate. The findings also included that the firm did not enforce its WSP's pertaining to letters of authorization (LOA).

The suspension is in effect from December 5, 2011, through February 1, 2012. (**FINRA Case #2008011593301**)

TriCor Financial, LLC (CRD #142518, Las Vegas, Nevada) and Frank Aguilar (CRD #2296920, Registered Principal, Las Vegas, Nevada) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $15,000, jointly and severally with Aguilar. Aguilar was also suspended from association with any FINRA member in any principal capacity for two months. Without admitting or denying the findings, the firm and Aguilar consented to the described sanctions and to the entry of findings that the firm, acting through Aguilar, its president and CCO, failed to file with FINRA an application for approval of the change of ownership at least 30 days prior to a change in ownership in which a third-party entity became a 25-percent indirect equity owner of the firm.

The suspension is in effect from December 5, 2011, through February 4, 2012. (**FINRA Case #2010025513101**)

Firm and Individual Sanctioned

Valmark Securities, Inc. (CRD #31243, Akron, Ohio) and Richard Michael Arceci (CRD #1173612, Registered Principal, Sagamore Hills, Ohio) submitted an Offer of Settlement in which the firm was censured and ordered to pay $350,000 in restitution to investors through a receiver the U.S. District Court for the Central District of California appointed. Arceci was fined $10,000 and suspended from association with any FINRA member in any principal capacity for 10 business days. Without admitting or denying the allegations, the firm and Arceci consented to the described sanctions and to the entry of findings that the firm, through Arceci, approved an offering for sale based exclusively on its review of the issuer's unverified and uncorroborated statements in the offering document. The findings stated that the firm, through Arceci, designated an individual to conduct the marketing review for the offering. The individual created a summary page by cutting and pasting language directly from the private placement memorandum (PPM), including a statement about the unblemished payment history of the offering's affiliates. The individual then completed, signed and dated the requisite 18-question review checklist. The findings also stated that the firm, through Arceci, designated an associated person of the firm to conduct the due-diligence review of the offering. The person had not heard of the issuer prior to receiving the PPM and the other individual's summary report, so he used the summary report and the PPM to conduct the due diligence review, including his assessment of the risks of the offering, and completed, signed and dated the requisite 14-question due diligence review checklist. The firm, acting through Arceci, approved the offering for sale based on the PPM, the checklists and the summary report. The findings also included that the firm, acting through Arceci failed to adequately supervise its due-diligence review, in that it failed to obtain or review financial statements for the issuer which would have informed it in more detail of the liquidity issues of the offering's affiliates; failed to research background information on the offering's officers, which would have informed it that the chief executive officer (CEO) had been barred from the insurance industry by a state and later charged with fraud; and failed to use the services of third-party due-diligence providers that conducted due diligence research and drafted reports that would have identified material risks of the later offerings. The firm's due diligence review, completed in less than three days, was based solely on the self-serving representations the issuer made in the PPM.

FINRA found that the firm, acting through Arceci, ignored red flags and failed to adequately supervise the sale of the offering after learning about liquidity issues, and failed to suspend sales based on a PPM containing false statements. FINRA also found that no one at the firm conducted an investigation or due diligence to determine whether customers who invested were in danger of incurring loss of principal and interest given that affiliates had delayed making payments to note holders. In addition, FINRA determined that the firm continued to leave its customers in the dark regarding the issuer's financial problems and to sell the offering using a PPM that contained a material misrepresentation, without disclosing missed payments on securities, and failed to provide customers with copies of correspondence from the issuer describing problems with making payments on previously issued notes. The firm's decision to continue selling the offering constitutes a failure to observe high standards of commercial honor and just and equitable principles of trade.

The suspension was in effect from December 19, 2011, through January 3, 2012. (**FINRA Case #2009018817601**)

Firms and Individuals Fined

First Bermuda Securities (BVI) Ltd. (CRD #29331, Hamilton, Bermuda) and Jeffrey Gerald Conyers (CRD #2204609, Registered Principal, Pembroke Hamilton, Bermuda) submitted a Letter of Acceptance, Waiver and Consent in which the firm and Conyers were censured and fined $10,000, jointly and severally. The firm was fined an additional $40,000. Without admitting or denying the findings, the firm and Conyers consented to the described sanctions and to the entry of findings that for more than four years, the firm relied exclusively on electronic storage media to preserve its business-related electronic communications; the firm's electronic storage media system was deficient because such communications could be deleted from the system prior to being preserved in the requisite non-rewritable, non-erasable format. The findings stated that in contravention of its WSPs, the firm permitted Conyers, its president and CCO, to use a personal email address, through his handheld communication device, to send and receive business-related electronic communications, which were not captured by the firm's system and thus were not retained nor reviewed by the firm, unless they were sent to or from a firm-provided email address. The findings also stated that the firm failed to evidence its review of its business-related electronic communications, in violation of its WSPs. The findings also included that the firm, through Conyers, permitted non-registered persons to act in a capacity requiring registration as a principal; the firm, through Conyers, permitted the non-registered persons to accept or approve a total of more than 300 new customer accounts. FINRA found that as a result, the firm failed to maintain records signed by a principal who had accepted or approved new customer accounts. (**FINRA Case #2010021124201**)

Hantz Financial Services, Inc. (CRD #46047, Southfield, Michigan) and Bruce Frederick Coleman (CRD #50684, Registered Principal, Ann Arbor, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which the firm and Coleman were censured and fined $10,000, jointly and severally. The firm was fined an additional $50,000. Without admitting or denying the findings, the firm and Coleman consented to the described sanctions and to the entry of findings that the firm failed to establish and maintain an adequate supervisory system and WSPs to ensure that it immediately recorded on the firm's books and records checks its customers mailed to the firm. The findings stated that because the firm failed to enforce that particular WSP, these deficiencies were exploited by a registered representative who embezzled approximately $2.6 million from customers and contributed to the firm's failure to detect his scheme; the representative exploited the firm's check-handling procedures by taking control of customer checks totaling approximately $850,000 and depositing the customer funds into his own bank accounts, without the checks being logged in the firm's tracking system. The findings also stated that the firm, by and through Coleman, its CCO, failed to establish and maintain adequate WSPs addressing the circumstances under which it would contact and communicate with a customer following receipt of a complaint.

The findings also included that the firm's lack of adequate WSPs describing circumstances under which complaining customers would be contacted contributed to its failure to discover the representative's scheme after a customer sent a written complaint to a variable annuity company, which was subsequently forwarded to the firm, asserting that recent distributions from variable annuity policies were unauthorized and seeking reinstatement of the funds. FINRA found that the complaint also alleged that the customer had sent the firm money and was unable to ascertain what assets were purchased with the money. FINRA also found that although the firm interviewed the representative, the customer was never contacted and the representative's illegal activities continued for approximately another 10 months. After the representative's death, the firm undertook a forensic audit of the representative's transactions, which led to identification of numerous customers whose funds had been embezzled; the results were shared with FINRA and were instrumental in exposing how the funds were embezzled and the extent of the customer harm. In addition, FINRA determined that the firm voluntarily provided more than $2 million in restitution to customers. (**FINRA Case #2008012747901**)

Firms Fined

A.K. Capital, LLC (CRD #28345, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it effected a material change in business operations without seeking required approval from FINRA by engaging in proprietary trading of equity securities when its Membership Agreement did not allow it to engage in such activities. The findings stated that while the firm's Membership Agreement permitted the firm to engage in trading securities for its own account in fixed income debt securities, the Membership Agreement did not permit it to engage in proprietary trading of equity securities. The findings also stated that the firm failed to have a properly licensed principal supervise its proprietary equity trading. While the firm had a general securities principal supervising the equity trading activity, the general securities principal did not have his equity trading license. (**FINRA Case #2011025809401**)

Alpine Securities Corporation (CRD #14952, Salt Lake City, Utah) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $82,500 and required to revise its WSPs regarding payments for market making, non-*bona fide* quotations/transactions and NASD Rules 2460 and 3310 and IM-3310. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that a firm trader and market maker, on the firm's behalf, filed Form 211 applications to quote the securities of two issuers on the Over-the-Counter Bulletin Board (OTCBB) and prepared a Form 211 for one of the issuers and signed the application as the person FINRA should contact for additional information regarding the application. The findings stated that shares of one of the issuers were delivered to a former firm principal in certificate form; the firm trader and the former firm principal transferred more than half of the shares to the trader's relative and the remainder to entities affiliated with his family and the firm. The findings also stated that neither the trader nor the firm provided *bona fide* services, including investment banking services to either issuer, or to any other person or entity affiliated with or related to either company. The trader sold 33,850 shares for total proceeds totaling $70,454. The firm, through the former firm principal, accepted a payment, or other consideration, directly or indirectly from the issuers, or an affiliate or promoter thereof, for submitting Form 211 applications in connection with the issuers, publishing quotations and acting as a market maker.

The findings also included that the firm trader arranged for a relative to transfer shares to an automobile dealership in exchange for the purchase of a car, and he arranged for the dealership to open a securities account at the firm for the sole purpose of depositing the shares and promptly selling them to the representative or the firm. The dealership transacted no other trades in any other securities in its firm account. FINRA found that the firm, through the trader, purposefully selected a share price for the transaction so that when multiplied by the number of shares, it would total the vehicle's purchase price. Accordingly, FINRA also found that the firm, acting through its trader, published or circulated, or caused to be published or circulated, a communication reporting a transaction without believing that the transaction was a *bona fide* purchase or sale, and quoted the bid price and ask price in the security, without believing that such quotations represented a *bona fide* bid for, or offer of, the security.

In addition, FINRA determined that the firm failed to include as revenues or assets among its books and records its receipt of numerous shares in securities of five issuers and numerous warrants in four issuers, thereby failing to accurately make and keep current its ledgers, or other records, reflecting all assets, liabilities, income and expense and capital accounts. Moreover, FINRA found that despite the fact that the firm's trader received payment for filing Forms 211, making markets in two securities and entering quotations in the securities, no firm supervisory personnel made any effort to reasonably supervise his activities. No one at the firm took adequate measures to ensure the trader did not receive payment for market making and that he did not enter non-*bona fide* quotations in a security or engage in a non-*bona fide* transaction in the security. Furthermore, FINRA found that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning NASD Rules 2460, 3310 and IM 3310. (**FINRA Case #2007008031801**)

AOS, Inc. dba TradingBlock (CRD #128605, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $15,000 and ordered to pay $41,593.23, plus interest, in restitution to affected customers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it entered into a trading agreement with a foreign broker-dealer whose owner had his customers open fully disclosed accounts with the firm where the owner had discretionary trading authority, and negotiated a special compensation structure with the firm for option and equity transactions. The findings stated that approximately three months after the firm entered into the trading agreement with the owner, it terminated its relationship. The firm informed the customers that the owner would no longer be able to exercise discretion in their accounts, and the customers transferred their accounts to another firm. The findings also stated that the customers were not able to avail themselves of the full services they paid the firm upfront because their accounts were transferred to another firm before their positions expired. The findings also included that the firm's service charges were greater than the amount warranted by market conditions, the cost of executing the transactions, the value of services the firm rendered and other pertinent factors; the total overcharges were $41,593.23.

FINRA found that the firm's WSPs in effect at the time were inadequate because they stated that no special review was performed of commission activity in accounts with third-party authorization. By maintaining a written procedure that abdicated responsibility to review commission charges or in customer accounts where a third party had trading authority, the firm failed to ensure compliance with all applicable rules including NASD Rule 2440. (**FINRA Case #2009016353501**)

Askar Corp. (CRD #7512, Bloomington, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $12,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that although it had WSPs that were appropriate with respect to private securities transactions, it failed to enforce the procedures as written. The findings stated that this resulted in the firm's failure to review and approve or disapprove the private securities transactions of some registered representatives who were associated with the firm. The firm's failure to supervise these private securities transactions violated NASD Rule 3040, which requires members to give prior written approval or disapproval of any proposed private securities transaction by an associated person. The findings also stated that the firm failed to establish and enforce a supervisory system and WSPs to supervise private securities transactions some of its registered representatives executed, including failing to record the transactions on its books and records.(FINRA Case #2010021008701)

Centrade Securities Corp. (CRD #131914, Netanya, Israel) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $15,000. FINRA imposed a lower fine after it considered, among other things, the firm's revenues and financial resources. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to implement a reasonably designed AML compliance program. The findings stated that the firm acted in contravention of AML requirements and its own procedures by failing to adequately monitor for, detect and investigate suspicious transactions notwithstanding multiple red flags presented by the trading in a customer's account. The findings also stated that in most instances, suspicious activity related to one or more of the red flag categories identified in the firm's AML compliance procedures, including substantial fluctuations in the customer's account value during the period in which the account was maintained at the firm; unexplained and extensive wire activity, including a large number of third-party incoming wires (some of which originated from international banks); and a wire transfer from the customer's account for $39,000 sent to a country identified as a known money-laundering risk and bank-secrecy haven. (FINRA Case #2009016149901)

Citadel Securities LLC (CRD #116797, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that in numerous instances, the firm failed to report to the FINRA/NASDAQ Trade Reporting Facility (FNTRF) the correct symbol indicating the capacity of the contra party transmitting orders to the firm for execution in reportable securities, and also failed to report the correct symbol indicating the capacity in which it executed transactions in reportable securities. The findings stated that the firm transmitted reports to the Order Audit Trail System (OATS™) that contained inaccurate special handling codes or, in some instances, the reports contained inaccurate capacity codes. (FINRA Case #2009017006101)

Citigroup Global Markets Inc. (CRD #7059, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $75,000 and required to certify in writing to FINRA within 90 days of issuance of the AWC that it has reviewed its supervisory system and procedures for disclosure requirements as applied to municipal gas bond transactions, for compliance with FINRA rules and the federal securities laws and regulations, and that the firm currently has in place systems and procedures reasonably designed to achieve compliance with those rules, laws and regulations. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish and maintain a supervisory system and adopt, maintain and enforce WSPs reasonably designed to achieve compliance with the disclosure requirements for municipal securities transactions. The findings stated that the firm's procedures failed to describe in sufficient detail the regulatory obligation to disclose to customers certain material information, such as a rating agency's recent downgrade of the security, to enable them to make an informed decision in connection with the purchase of gas bonds and other municipal securities. (**FINRA Case #2009018038501**)

Credit Suisse Securities (USA) LLC (CRD #816, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $350,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it maintained a Private Banking USA unit (PBUSA) that offered and sold alternative investments, including hedge funds and funds of hedge funds, to customers. Funds of hedge funds are investment companies that may be registered closed-end funds or unregistered funds that contain largely unregistered hedge funds as underlying investments. The firm marketed these products primarily to high net-worth individuals and institutions that met the accredited investor standard as defined by the Securities Act of 1933 and/or the qualified purchaser standard under the Investment Company Act of 1940. The findings stated that PBUSA relationship managers used a marketing pitch book to market the firm's alternative investment products, including hedge funds and funds of hedge funds, to customers and prospective customers. The pitch book's purpose was to introduce qualified, high net-worth customers and prospective customers to, among other things, the various types of hedge funds and funds of hedge funds the firm offered. The pitch book described in general terms the benefits of the various product categories for PBUSA customers, contained a discussion of hedge funds as part of an overall investment portfolio, provided brief overview information about certain representative offerings, described the general due diligence process at the firm and contained a summary description of alternative investment offerings at the firm. PBUSA registered representatives often used the pitch book to guide their discussions at introductory presentations with prospective or existing customers, and to describe the firm's offerings of and capabilities with respect to alternative investments. The findings also stated that the pitch book contained a number of statements regarding the firm's due diligence efforts; it represented that the firm would conduct continuous and ongoing due diligence of the funds. The findings also included that the statements were not accurate because for certain funds, the firm performed little ongoing due diligence, and when it was performed, it was done on a sporadic and irregular basis. In the case of at least one fund, the firm did not perform any ongoing due diligence. FINRA found that the firm failed to have sufficient procedures and systems to ensure that the due diligence efforts it promised in the materials were occurring. In fact, the firm did not maintain any written procedures detailing specific steps and requirements for either initial or ongoing due diligence. (**FINRA Case #2009016627501**)

Hennion & Walsh, Inc. (CRD #25766, Parsippany, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $25,000 and ordered to pay $8,980.29, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that in transactions, it purchased municipal securities for its own account from a customer and/or sold municipal securities for its own account to a customer at an aggregate price (including any markdown or markup) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer or municipal securities dealer is entitled to a profit, and the total dollar amount of the transaction. (**FINRA Case #2009018102101**)

MetLife Securities, Inc. (CRD #14251, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $35,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that while a branch office was in the process of relocating the office, approximately two boxes of firm records were discovered in a garbage dumpster behind the building where the old office was located by a person not employed by the firm; the records included confidential customer information. The findings stated that contrary to the firm's written WSPs, client information was left unattended and unsecured, visitors were in areas where client information was accessible and an appropriate number of on-site shredders were not maintained on the premises. The findings also stated that the confidential information in the firm records included customer names, addresses, policy numbers, social security numbers, income tax bracket and driver's license numbers. (**FINRA Case #2010021506001**)

Meyers Associates, L.P. (CRD #34171, New York, New York) was fined $50,000. Appeals to the National Adjudicatory Council (NAC) were withdrawn by both the firm and FINRA's Department of Enforcement. The sanction was based on findings that the firm failed to timely and completely respond to FINRA requests for information and documents. (**FINRA Case #2009017775601**)

MML Investors Services, LLC (CRD #10409, Springfield, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $300,000 and required to review its supervisory systems and WSPs for compliance with its reporting obligations concerning the timely filing of Uniform Application for Securities Industry Registration or Transfer (Form U4) disclosure amendments and the timely filing of Uniform Termination Notices for Securities Industry Registration (Forms U5) and Form U5 amendments, and certify in writing to FINRA within 90 days of the issuance of the AWC that the firm currently has in place systems and procedures reasonably designed to achieve compliance with its reporting obligations under FINRA's By-Laws, Article V, Sections 2(c), 3(a) and 3(b) with respect to the timely filing of required Forms U4 and U5, and amendments thereto. In addition, within 15 days following the end of each quarter in calendar year 2012, the firm will submit a report to FINRA detailing any Form U5 filings or disclosure amendments to Forms U4 and U5 that were not timely filed with FINRA that quarter, and an officer of the firm will certify in writing to FINRA that the submitted report is accurate.

Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to timely file Forms U5 and amendments to Forms U4 and U5. The findings stated that the firm's failure to comply with its reporting obligations may have hampered the investing public's ability to assess the background of certain brokers through FINRA's public disclosure program, rendered certain information unavailable to member firms making hiring determinations, may have reduced the ability of state securities regulators to review applications by brokers to transfer firms, and hindered FINRA from promptly investigating certain disclosure items. The findings also stated that the firm's supervisory system and procedures were not reasonably designed to achieve compliance with the reporting requirements of Article V of FINRA's By-Laws. The firm failed to enforce the written procedures it had adopted to prevent late disclosures to FINRA. The firm did not enforce a sanctions policy for late filings of Forms U4 and U5 that it had implemented. That firm policy was updated to strengthen the sanctions for late disclosures to the firm. There were numerous instances of late filings in which the firm either failed to issue a letter of warning to the representative or failed to fine the representative as called for by its procedures. The findings also included that although the firm's procedures called for the termination of any representative who failed to timely disclose three reportable events to the firm, it did not terminate at least two such representatives. There were also instances in which the firm failed to sanction supervisors as called for by its procedures. (**FINRA Case #2010020873501**)

Morgan Stanley & Co. LLC (CRD #8209, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $40,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that in connection with transactions involving the purchase of a municipal gas bond, the firm failed to disclose to customers certain prior ratings information related to that security at or before the time of purchase. (**FINRA Case #2009018038601**)

Park Avenue Securities LLC (CRD #46173, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $175,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it conducted an inadequate investigation of its representatives' involvement in a Ponzi scheme and of allegations two registered representatives made. The findings stated that the firm became aware that two of its registered representatives had participated in unapproved private securities transactions by facilitating investments in the Ponzi scheme for themselves and others, some of whom were firm customers, without notifying the firm or obtaining its permission. The firm initiated an investigation regarding their conduct and to determine whether any other registered representatives were involved in the Ponzi scheme. The findings also stated that the firm sent a questionnaire to its registered representatives in two states soliciting information about any involvement in the Ponzi scheme. Notwithstanding the allegation two registered representatives made that one of the firm's insurance supervisors knew about their involvement with the Ponzi scheme, the firm permitted him to be one of the people collecting responses to the firm's questionnaire. The findings also included that the firm failed to fully investigate the extent of the insurance supervisor's involvement with the Ponzi scheme despite evidence discovered later that should have led the firm to conclude that he was involved.

FINRA found that counsel for the two registered representatives informed the firm that a member of the firm's supervisory staff had suggested that the registered representatives destroy documents and provide misleading information in connection with the firm's internal investigation. Under the circumstances, the firm took inadequate steps to investigate these allegations. FINRA also found that the firm had an inadequate system for reviewing electronic communications. The firm's computer system allowed compliance staff in branch offices, in certain circumstances, to review their own email as well as the email of their supervisors. (**FINRA Case #2009016911203**)

Puritan Securities, Inc. later known as First Union Securities, Inc. (CRD #129502, Shelton, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to implement a reasonably compliant Anti-Money Laundering Compliance Program (AMLCP). The findings stated that the firm failed to ensure that its registered representatives received AML training, failed to ensure that new account files contained evidence that the firm had verified clients' identities and failed to conduct an independent test of its AMLCP. The findings also stated that the firm failed to maintain its required minimum net capital while conducting a securities business. The findings also included that the firm's procedures required its designated principal to conduct inspections of the firm's Office of Supervisory Jurisdiction (OSJ) each year and of its branch locations every two years. The procedures also required annual compliance meetings with registered persons. For almost two years, the designated principal did not ensure that the firm held an annual compliance meeting and the principal did not perform any inspections of the firm's OSJ or branch offices during that time period. (**FINRA Case #2010020875201**)

RBC Capital Markets, LLC (CRD #31194, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $125,000 and ordered to pay $241.26, plus interest, in restitution to investors. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report to the Trade Reporting and Compliance Engine™ (TRACE™) block transactions in TRACE-eligible securities within 15 minutes of the execution time. The findings stated that the firm failed to report transactions in TRACE-eligible securities that it was required to report to TRACE. The findings also stated that the firm failed to report the correct contra-party's identifier for transactions in TRACE-eligible securities to TRACE; the firm reported transactions in TRACE-eligible securities it was not required to report; and failed to report to TRACE the time of trade execution time in the correct format for one transaction in a TRACE-eligible security. The findings also included that the firm failed to report to TRACE the correct price and symbol indicating whether the trade was a buy or sell for one transaction in a TRACE-eligible security. The findings also stated that the firm double-reported transactions in TRACE-eligible securities to TRACE, failed to report the correct trade execution time for transactions in TRACE-eligible securities, and failed to show the correct execution time on brokerage order memoranda.

FINRA found that the firm failed to report information regarding transactions and block transactions effected in municipal securities to the Real-time Transaction Reporting System (RTRS) within 15 minutes of trade time to an RTRS Portal. FINRA also found that the firm improperly reported information that it should not have; that is, the firm improperly reported municipal securities transactions to the RTRS when the inter-dealer deliveries were "step outs" and thus, were not inter-dealer transactions reportable to the RTRS; and the firm improperly reported customer transactions to the RTRS it was not required to report. FINRA also found that the firm failed to report the correct yield to the RTRS in reports of transactions in municipal securities and provided written notification disclosing to its customers an incorrect yield in municipal securities transactions. In addition, FINRA determined that the firm failed to report information regarding transactions effected in municipal securities to the RTRS.

In addition, FINRA determined that the firm failed, within 90 seconds after execution, to transmit to the OTC Reporting Facility (OTCRF) last sale reports of transactions in OTC equity securities. Moreover, FINRA found that the firm failed, within 90 seconds after execution, to transmit last sale reports of transactions in OTC equity securities to the OTCRF, and failed to designate some last sale reports as late. Furthermore, FINRA found that the firm failed to report the correct execution time for transactions in reportable securities to the OTCRF. The findings also included that the firm failed to execute orders fully and promptly. FINRA found that in transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. (**FINRA Case #2008015368701**)

Samuel A. Ramirez & Company, Inc. (CRD #6963, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the correct trade time to the RTRS in municipal securities transaction reports. The findings stated that the firm failed to report information about transactions effected in municipal securities to the RTRS within 15 minutes of trade time to an RTRS Portal. The findings also stated that the firm failed to show the correct execution time on the memorandum of transactions in municipal securities executed with another broker or dealer. (**FINRA Case #2010021784501**)

Seton Securities Group, Inc. (CRD #18044, Union Beach, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $50,000 and required to certify within 60 days of the effective date of the AWC that it is in compliance with FINRA Rule 3310 by establishing and implementing AML policies, procedures, and internal controls with respect to its monitoring for suspicious transactions reasonably designed to achieve compliance with the requirements of the Bank Secrecy Act and the U.S. Department of the Treasury's implementing regulations. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that its AML policies and procedures were inadequate and not reasonably designed to achieve and monitor the firm's compliance with the requirements of the Bank Secrecy Act, implementing regulations or FINRA's rules. The findings stated that the firm failed to tailor its procedures to the nature of its business, which was market making, but none of its AML procedures, including the list of red flags contained in its AML procedures, addressed market-making activity. Due to the firm's failure to tailor its AML program to address its market-making business, suspicious activity to that business went undetected. The findings also stated that although the firm's written AML procedures addressed suspicious retail trading, those procedures were inadequate and failed to detect numerous red flags of suspicious trading activity. The firm's AML procedures did not specifically address market making and related suspicious activities that might arise, such as market manipulation, prearranged or other non-competitive trading, or wash or other fictitious trading. Instead, the firm's AML procedures only addressed retail trading activity and simply copied all of the red flags listed in *Notice to Members 02-21*. The findings also included that the firm's failure to develop and implement systems, procedures and internal controls designed to capture suspicious activity within the market-making business transacted at the firm resulted in it failing to detect and investigate red flags of suspicious activity.

FINRA found that the firm's AML Compliance Officer (AMLCO) reviewed the daily trade blotter to monitor retail trading activity but did not review the blotter for potential suspicious AML activity. The AMLCO designated the firm's trading desk supervisor with the responsibility of reviewing the firm's market-making business for suspicious activity. Despite being responsible for the detection and reporting of suspicious activity within the firm's market-making business, the trading desk supervisor was not familiar with the firm's AML program and did not specifically review the firm's market-making activity for AML issues. In addition, the firm's AML procedures failed to provide guidance regarding the identification of suspicious activity in the context of market making. FINRA also found that the firm had written AML procedures specifically addressing suspicious retail trading, but failed to reasonably implement those procedures and failed to have reasonable controls in place to allow for reasonable implementation. The firm did not utilize any reports or systems designed to assist the AMLCO in identifying any potential AML issues. Instead, the AMLCO's monitoring of the firm's retail activity was done by reviewing a daily trading report from the firm's clearing firm and randomly reviewing customer account statements on a monthly basis for unusual size, pattern, volume and other red flags. This system of review was inadequate and unreasonable, and reviewing the firm's retail activity in this manner resulted in numerous red flags going undetected. The firm failed to detect and investigate patterns of potential market manipulation in one of its retail customer accounts, and failed to detect and investigate red flags of potential unregistered distributions. In addition, FINRA determined that prior to the release of *Regulatory Notice 09-05*, the firm did not have any written procedures or systems in place to ascertain information related to the incoming receipt of shares into customer accounts, and any information the firm obtained related to the receipt of shares into customer accounts was not verified or questioned in any systematic way by firm registered representatives or the CCO. At some point, the firm created a low-priced securities questionnaire but failed to provide its registered representatives with any guidance as to how to effectively utilize the questionnaire, nor were there any written procedures associated with it. Moreover, FINRA found that no one at the firm monitored the trading activity of firm customers after the deposit of shares to compare that activity with the representations made by the customers on the questionnaires or for potential manipulative trading. Much of the liquidation activity engaged in by the firm's customers occurred in conjunction with other red flags of unregistered distributions and market manipulations, including potentially related accounts trading in the same security, third-party transfers of shares, and liquidating customers who had relationships with the issuer. Furthermore, FINRA found that due to the firm's failure to reasonably supervise its liquidation business, it failed to question or investigate any of this activity to determine whether it was facilitating the sale of unregistered securities or a market manipulation. The firm determined whether stocks were freely tradeable by asking its customers how the shares were acquired and if the customer had any connection to the issuer. Any deposit of more than 150,000 shares at the firm was supposed to trigger additional due diligence obligations by either the registered representative or the CCO, but no evidence exists to suggest that such due diligence was conducted. (**FINRA Case #2009017333701**)

Individuals Barred or Suspended

James Joseph Ahmann (CRD #2983399, Registered Representative, Bloomingdale, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Ahmann consented to the described sanction and to the entry of findings that he participated in private securities transactions and sold bonded life settlement securities to customers pursuant to those transactions after his member firm specifically denied him permission to do so. The findings stated that Ahmann's customers invested $1,750,000 in seven bonded life settlements and in total, the bonded life settlement company paid approximately $120,475.90 in commissions related to Ahmann's sales. The findings also stated that Ahmann lacked a reasonable basis to recommend the purchase of the bonded life settlements to his customers given his failure to perform a reasonable investigation concerning the life settlement product. Although Ahmann inquired about the manner in which the company that offered the life settlements procured life insurance policies for its offerings, he took no further action when the company's principals pointedly refused to share that information with him. The findings also included that Ahmann failed to obtain adequate information regarding the qualifications of the company principals to issue life settlements and to examine reports of the company's financial status in order to assess the company's economic well-being. Ahmann failed to adequately inquire about the companies that assessed the life expectancies of the underlying insureds and re-insured the underlying life insurance policies prior to recommending and selling the bonded life settlements.

FINRA found that Ahmann's firm's CEO asked Ahmann whether a sale of stock and subsequent withdrawal of funds in a customer's account was in any way related to his suspected participation in private securities transactions involving the bonded life settlements. Ahmann told the CEO that he was not participating in the sale of life settlements and had not recommended them to investors, which was not true. In fact, prior to the date of Ahmann's misrepresentation, Ahmann had solicited the customer to purchase a bonded life settlement and had signed transaction paperwork related to that purchase. FINRA also found that the language in sales materials for the bonded life settlements Ahmann provided to a customer was oversimplified and did not contain any description of risk or extenuating factors that could impact the investment's performance, thereby failing to provide the reader with a sound basis for evaluating the merits of the investment. The statement in the sales material that it was intended to serve as "layman's description" was misleading given the complex nature of the product and the risks involved. Ahmann did not present the sales material for review to a registered principal of his firm prior to using them in connection with his sales of the bonded life settlement to a customer.

In addition, FINRA determined that Ahmann lacked a reasonable basis to recommend the purchase of installment plan contracts offered by a non-profit corporation that represented itself to the public as a charitable organization to three customers, given his failure to perform a reasonable investigation concerning the product. The installment plan contracts, which were securities, promised a tax deduction, as well as fixed deferred payments at an unspecified rate of return, in exchange for each customer's transfer of ownership of existing annuities to the non-profit. Ahmann's customers exchanged existing annuities with a combined accumulated value of at least $195,000 for the installment plan contracts. Moreover, FINRA found that Ahmann failed to adequately ascertain which charities, if any, the non-profit supported, the manner in which the non-profit invested customer funds, and the existence of a cease and desist order issued by a state against the non-profit which was publicly available on the internet and preceded Ahmann's installment plan contracts sales. Furthermore, FINRA found that Ahmann learned that the non-profit's application for status as a 501 (c)(3) organization was pending and had not yet been granted by the U.S. Internal Revenue Service (IRS), and that investors would not be entitled to a tax benefit if the non-profit's application was ultimately denied. Ahmann failed to inform his customers that the non-profit's application remained pending and that they would not receive a tax benefit if the application was ultimately denied. A predominate feature of the non-profit's product was the reported tax savings an investor would enjoy through the purchase of an installment plan contract. Issues concerning the tax-deductibility of the product were clearly material as it was a key feature of the product and, together with the non-profit's status as a charitable organization, a factor that distinguished it from other similarly structured products. Its tax-deductibility was also prominently advertised by the non-profit and, in many instances, a key factor in investors' choice over alternative products.

The findings also stated that in connection with his sale of the installment plan contract to a customer, Ahmann presented the customer with illustrations the non-profit prepared, which included a cover page, a flow chart graphically depicting the terms of the proposed installment plan contract and a 1099 Statement detailing the amount of the scheduled payments and listing that portion of the annual payment that was to be reported as tax-free and the portion that was to be reported as ordinary income. The flow chart failed to reflect that the total payout amount included a return of principal and did not specify the rate of return. Such omissions provided an oversimplified and exaggerated presentation of investment returns. The descriptions concerning tax deductions and tax savings were oversimplified, incomplete and misleading. In addition, the flow chart provided no explanation as to how the tax figures were derived. The 1099 Statement description heading for the principal column, entitled "reported as tax-free," provided the false impression that this column represented tax-free income. The findings also included that Ahmann did not present the flow chart and 1099 Statement for review to a registered principal of his firm prior to using them in connection with his sales of the installment plan contract to a customer.

FINRA found that Ahmann did not provide written notice to his firms of his additional employment with another company and his association with the individual who ran the comapny, nor did he provide written notice of his receipt of compensation from that individual. Both Ahmann and the individual held insurance licenses and in some instances, Ahmann and the individual shared commission on the sales of fixed annuities. Ahmann routinely used stationery and fax cover sheets bearing the name of the company, his business card identified him as being associated with the company, and Ahmann and the individual shared all expenses associated with the maintenance of the company's office. Documents related to the sales of the bonded life settlements identified the individual as the sales agent, though Ahmann clearly solicited and arranged for the sales. Although the commission payments associated with the bonded life settlements were issued to the individual, the latter paid the commission monies to Ahmann. The company subsequently issued Ahmann an IRS 1099 Form reflecting these commission payments. FINRA also found that Ahmann held Series 6 and 63 licenses but never held a Series 7 license that would permit him to engage in the sale of securities but nevertheless, he engaged in the sale of bonded life settlements and installment plan contracts, each of which are securities. (FINRA Case #2009019041001)

Daryl Eugene Allison (CRD #3686, Registered Principal, Lubbock, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $6,000 and suspended from association with any FINRA member in any principal capacity for 10 business days. Without admitting or denying the findings, Allison consented to the described sanctions and to the entry of findings that as his member firm's president and chief supervisory officer, he failed to adequately supervise a registered representative because he did not ensure that the representative was registered with a state before the representative conducted business with clients in the state. The findings stated that Allison failed to adequately supervise another registered representative when he learned that her business had borrowed money from a customer. The firm's WSPs prohibit registered representatives from borrowing from customers. The findings also stated that Allison did not properly follow up on this information; he did not ensure that the customer was repaid or examine the business's bank statements to determine whether the representative had borrowed from additional customers. The findings also included that even when Allison placed the representative on heightened supervision, after learning of the loan from the customer, he did not begin conducting the quarterly audits the plan mandated until months later.

The suspension was in effect from December 5, 2011, through December 16, 2011. (FINRA Case #2009017068502)

Victor B. Azevedo (CRD #5134647, Registered Representative, Miami, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $2,500 and suspended from association with any FINRA member in any capacity for five business days. Without admitting or denying the findings, Azevedo consented to the described sanctions and to the entry of findings that he knowingly made untrue statements while employed by his member firm's bank affiliate. The findings stated that Azevedo became the bank contact for customers' existing U.S. bank accounts. The findings also stated that the customers requested that Azevedo open a bank account for their business in the United Kingdom (UK). Bank procedures required that all new international accounts be verified. Azevedo contacted personnel at an affiliate bank office in the UK to request a visual confirmation of the customers' business location, but that could not be accomplished. The findings also included that Azevedo reported to bank managers that the customers' location in the UK had been visually confirmed by UK bank personnel although he knew the statement was not true when he made it; but the bank opened the account relying on that information.

The suspension was in effect from November 21, 2011, through November 28, 2011. (FINRA Case #2010025092401)

Julie Ann Bekeleski (CRD #3141133, Registered Representative, Uniontown, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $5,000 and suspended from association with any FINRA member in any capacity for seven months. The fine must be paid either immediately upon Bekeleski's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Bekeleski consented to the described sanctions and to the entry of findings that she failed to timely amend her Form U4 with material information and failed to timely respond to FINRA requests for information.

The suspension is in effect from November 7, 2011, through June 6, 2012. (**FINRA Case #2010022513601**)

Reginald Charles Bennett (CRD #4600005, Registered Representative, Huntington Beach, California) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Bennett twice failed to appear and provide on-the-record testimony FINRA requested. (**FINRA Case #2008014446102**)

Ricardo Blanco (CRD #1793188, Registered Representative, Key Biscayne, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Blanco consented to the described sanction and to the entry of findings that he sent documents that contained false and inflated account values to a customer and also sent the customer a false account statement, which indicated that the account's value was approximately $3 million when, in fact, it was worth less than a dollar. The findings stated that Blanco sent a false account statement with an inflated value to another customer; the false statement indicated that the value of the account was approximately $2 million when the account had, in fact, been closed. The findings also stated that Blanco failed to respond to FINRA requests to provide certain documents and access to other documents. (**FINRA Case #2011027098601**)

Phillip Peter Borup (CRD #4446376, Registered Principal, Cameron Park, California) submitted an Offer of Settlement in which he was fined $15,000 and suspended from association with any FINRA member in any principal capacity for 18 months. The fine must be paid either immediately upon Borup's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Borup consented to the described sanctions and to the entry of findings that he was designated as the OSJ branch manager for two of his member firm's branches. As the OSJ manager, Borup was the principal of his firm responsible for supervising the business of the associated personnel located in those offices. The findings stated that later on, Borup designated another principal of the firm as the OSJ manager for the branch offices but representatives at the branch offices continued to engage in violative practices adopted while Borup was the OSJ manager of which he was or should have been aware. The findings also stated that when the new OSJ manager raised concerns about the private-placement business in the branch offices, Borup declined to take steps to address those concerns and conform the conduct of that business to all applicable laws, rules and regulations. The findings also included that as the firm's chief executive, owner and the person who directed the firm's business, Borup remained responsible for the private-placement business the representatives in the branch offices conducted on the firm's behalf. These branch offices participated in transactions involving the sale of several different private placements to investors who invested approximately $1,727,000. The representatives employed a general solicitation to obtain these investors.

FINRA found that the firm received selling compensation for each of the private placement transactions. As the firm's owner and CEO, Borup benefitted financially from the firm's receipt of selling compensation. FINRA also found that the general solicitation caused the transactions to be ineligible for the Rule 506 exemption and, therefore, the transactions constituted the sale of unregistered securities in contravention of Section 5 of the Securities Act of 1933. Borup was the firm principal responsible for the offer and sale of the private-placement securities and by permitting these transactions to occur in contravention of the registration provisions of the Securities Act of 1933, he engaged in conduct that was inconsistent with high standards of commercial honor and just and equitable principles of trade. In addition, FINRA determined that Borup was responsible, directly or indirectly, for the supervision of firm personnel in the branch offices and the business activities in which they engaged on the firm's behalf. Borup appointed another firm principal, as OSJ manager, although the principal did not have supervisory experience and was unfamiliar with the laws, rules and regulations applicable to the private-placement business; Borup did not undertake to provide the principal with opportunities to develop the knowledge needed to supervise the private-placement business effectively, nor did he revise, or instruct the principal to revise, the firm's systems and procedures for supervising that business although he knew, or should have known, that they were inadequate. Moreover, FINRA found that Borup failed to supervise in a manner reasonably designed to prevent the sale of unregistered securities by firm registered representatives in the branch offices who offered and sold securities purportedly exempt from registration. Furthermore, FINRA found that Borup was responsible, directly or indirectly, for the supervision of firm personnel in the branch offices and the business activities in which they engaged on the firm's behalf, including the supervision of their use and distribution of sales literature on the firm's behalf. The representatives provided potential investors with various written materials in addition to the issuers' confidential PPMs. The findings also stated that Borup was aware that the firm's representatives were providing potential investors with these various written materials. With the exception of a brochure, the sales literature materials included projections for which neither the items of sales literature nor the PPM(s) provided a basis. The items of sales literature presented rates of return and investment performance in a manner that implied past performance would recur, failed to reflect the uncertainty of rates of return and yield, and allowed the rates of return and investment performance to constitute predictions and/or projections of investment performance. The items of sales literature also included statements and claims that were incomplete and oversimplified, unwarranted or exaggerated. The findings also included that by permitting the branches to distribute sales literature, Borup did not establish and maintain a system to supervise the activities of the firm's associated personnel that was reasonably designed to achieve compliance. In addition to the failure to supervise in a manner reasonably designed to achieve compliance with the content standards applicable to sales literature, Borup also failed to maintain a record of what was reviewed and/or approved for representatives to disseminate, and did not take steps to ensure that the registered representatives disseminated only sales literature the firm approved. FINRA found that Borup authorized and permitted registered representatives of the firm's branch offices to provide cash compensation in the form of referral fee payments to non-registered individuals who provided information about persons to whom the representatives intended to offer and sell private placements. The firm's registered representatives paid approximately $159,650 to non-registered individuals for these referrals.

The suspension is in effect from December 5, 2011, through June 4, 2013. (**FINRA Case #2008014385101**)

Toni Leynett Bowen (CRD #4021430, Registered Representative, Lubbock, Texas) submitted a Letter of Acceptance, Waiver and Consent in which she was suspended from association with any FINRA member in any capacity for 10 business days. In light of Bowen's financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Bowen consented to the described sanction and to the entry of findings that while registered with her member firm, Bowen's company borrowed $25,000 from an individual who was not her firm's customer. The findings stated that later on, the entire $25,000 due to the individual was rolled over into a new loan agreement, which was entered into after the individual became Bowen's customer at her firm. The findings also stated that the firm's WSPs do not allow a registered representative to borrow from a customer. The findings also included that Bowen's company paid off the loan.

The suspension was in effect from December 5, 2011, through December 16, 2011. (**FINRA Case #2009017068501**)

Michael William Bozora (CRD #28009, Registered Principal, Belvedere, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $50,000 and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Bozora's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Bozora consented to the described sanctions and to the entry of findings that as principal of his member firm, he failed to conduct adequate initial and/or ongoing due diligence in relation to an entity's private placement offered and sold through his firm. The findings stated that Bozora did not have a reasonable basis for believing the recommendation of the entity's partners to be suitable for any of the firm's customers. Bozora failed to obtain sufficient information from individuals solicited to invest in the entity's offering during the relevant time period to ascertain whether a recommendation to invest in the entity would be suitable for them based upon their financial circumstances and needs. The findings also stated that Bozora's firm, acting through him, failed to maintain subscription agreements for investors in the entity's private placement who invested through the firm. The findings also included that Bozora participated in the offer and sale of limited partnership units of an entity he co-founded. Among other things, Bozora provided information about the entity to other broker-dealers for the purpose of facilitating the offer and sale of the entity by those firms; and, in connection with this activity, he distributed, or caused the distribution of, a PPM that contained material misrepresentations and omitted to disclose material facts regarding the entity's operations and financial condition. The PPM failed to disclose the foreclosure by a company, the company's default on its obligations to the entity and the subsequent foreclosure by the entity on the properties that secured those obligations. Bozora knew, or should have known, that his entity was using new investor proceeds in part to pay the monthly interest obligations to the entity's current investors and preferred note holders and not for new investments as represented in the entity's offering documents. Bozora failed to disclose this material information to those who invested in the entity.

FINRA found that Bozora knew, or should have known, that his entity lacked sufficient revenue from operations to pay its monthly distributions to existing investors, and was funding such payments at least in part with capital raised from new investors. Because new investor funds were being applied to pay earlier investors, Bozora did not have a reasonable basis for believing that the recommendation to invest in the entity's preferred notes was suitable for any customer. In addition, FINRA determined that Bozora failed to establish and maintain a supervisory system, and to establish, maintain and enforce WSPs reasonably designed to cause the firm to conduct due diligence for new offerings. Moreover, FINRA found that Bozora failed to supervise the activity of its registered representatives selling his entity's preferred notes. Furthermore, Bozora failed to document ongoing due diligence of his entity and also failed to establish, maintain and enforce procedures regarding the firm's due diligence review.

The suspension is in effect from November 21, 2011, through November 20, 2013. (**FINRA Case #2009018816501**)

Eileen Rose Briggs (CRD #2685545, Registered Representative, Phoenix, Arizona) and James Donald Briggs (CRD #2877401, Registered Representative, Phoenix, Arizona) submitted a Letter of Acceptance, Waiver and Consent in which they were each suspended from association with any FINRA member in any capacity for three months. In light of the Briggs' financial statuses, no monetary sanctions have been imposed. Without admitting or denying the findings, Eileen and James Briggs consented to the described sanctions and to the entry of findings that they received checks totaling $55,180.29 from a customer to be applied to the Briggs' mortgage and were intended as loans, without notifying their respective firms of the loans and without obtaining approval to receive the loans. The findings stated that the Briggs' firms had policies and procedures that generally prohibited lending arrangements between the firms' representatives and customers, with certain exceptions. Those exceptions did not apply to the loans between the customer and the Briggs. The firms required that a representative receive pre-approval for any lending arrangement between the representative and a customer of the firms. The findings also stated that the Briggs have not repaid the loans.

The suspensions are in effect from November 7, 2011, through February 6, 2012. (**FINRA Case #2009020797001**)

Jesse Booker Brown (CRD #1835044, Registered Representative, Chicago, Illinois) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Brown falsified documents submitted to his former member firm that made it seem that he was no longer obligated to pay his debt. The findings stated that Brown intentionally attempted to deceive his firm in order to retain a financial benefit to which he was not entitled by avoiding repayment of a loan from his firm. (**FINRA Case #2009020999501**)

David Louis Ciano (CRD #2174074, Registered Principal, Hawthorne, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any supervisory or principal capacity for 40 business days. Without admitting or denying the findings, Ciano consented to the described sanctions and to the entry of findings that he failed to supervise a registered representative who improperly used customer funds and engaged in a private securities transaction without prior written notice to the member firm. The findings stated that Ciano failed to monitor the customer's accounts in a reasonable manner and thus failed to detect and investigate evidence of the registered representative's misconduct.

The suspension is in effect from December 19, 2011, through February 15, 2012. (**FINRA Case #2010022654101**)

Patricia Elizabeth Collantes (CRD #2291152, Registered Supervisor, San Francisco, California) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $8,000 and suspended from association with any FINRA member in any principal capacity for four months. Without admitting or denying the findings, Collantes consented to the described sanctions and to the entry of findings that she failed to supervise an individual, who over eight years, misappropriated $749,978 from customers, falsified account records and engaged in unauthorized trades. In doing so, the individual took advantage of supervisory and systems lapses at the branch, deliberately targeting the firm's most vulnerable customers. The findings stated that Collantes was responsible for reviewing certain reports designed to highlight mismatches between new account information and information kept in a third-party database. The individual wrote an explanation on the hard copy of the report that failed to address mismatches and Collantes accepted the individual's explanation without further review. The findings also stated that Collantes was responsible for reviewing LOAs, which authorized the firm to make transfers of funds, disbursements and changes to account information, including address changes. Review of LOAs at the branch was typically limited to reviewing a particular LOA for completeness without reference to prior LOAs or account statements involving the same account. In following this approach, Collantes failed to ensure an adequate response to suspicious activity in customer accounts as reflected in LOAs. The findings also included that the individual used a series of LOAs to channel money from customer accounts to herself. The individual changed the residential account address on a fraudulent account the individual created in her relative's name to reflect the individual's residential address. Transfers were made from unrelated trust accounts to the fraudulent account totaling $32,364.78. At the same time, a check-writing feature was added to the fraudulent account and a checkbook was sent to the individual's residential address. The transferred funds were then disbursed using the newly-issued checks. The individual again changed the address for the fraudulent account in her relative's name. FINRA found that Collantes' failure to ensure an adequate response to suspicious activity in these accounts enabled the individual to continue to defraud firm customers.

The suspension is in effect from December 5, 2011, through April 4, 2012. (**FINRA Case #2008013231504**)

Richard Paul Counts (CRD #3241105, Registered Representative, Belleair, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Counts consented to the described sanction and to the entry of findings that he misappropriated approximately $18,000 from a customer's checking account and approximately $73,500 from the same customer's home equity line of credit; Counts converted these funds to his personal use. The findings stated that Counts failed to respond to FINRA requests for information. (**FINRA Case #2010024445201**)

Rod R. Cushing (CRD #2479782, Registered Representative, Salt Lake City, Utah) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $15,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Cushing consented to the described sanctions and to the entry of findings that he instructed administrative personnel at his member firm to prepare forms for clients' approval that effected changes of address for the customers' accounts from the customers' own residential mailing addresses to Cushing's address. The findings stated that these customers did not live at this address. The findings also stated that Cushing caused administrative personnel to prepare forms for client approval that effected a change of address for an additional customer from the customer's own residential mailing address to the address of Cushing's neighbor, who also did not live at this address. The findings also included that Cushing then caused the forms to be signed by the customers and submitted to the firm, which made the firm's books and records inaccurate.

The suspension is in effect from December 5, 2011, through January 18, 2012. (**FINRA Case #2010021662101**)

Jimmy Mitchel Davidson (CRD #1640287, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $7,500 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Davidson consented to the described sanctions and to the entry of findings that he engaged in outside business activities without providing prompt written notice to his member firm. The findings stated that Davidson began creating Internet advertisements, which were not related to the securities industry or investments. In exchange for a fee, Davidson offered to create advertisements, arrange for the postings, with pictures, on various Internet sites, and assist the advertisers in replying to emails from potential customers. Davidson earned approximately $6,000 for his outside business activities. The findings also stated that Davidson completed his firm's annual compliance questionnaires, on which he falsely represented that he had not engaged in any undisclosed outside business activity.

The suspension was in effect from December 5, 2011, through January 3, 2012. (**FINRA Case #2010024519401**)

Jason Christopher Dayton aka Jason Krupar (CRD #4504624, Registered Principal, Oviedo, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 20 business days. The fine must be paid either immediately upon Dayton's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Dayton consented to the described sanctions and to the entry of findings that he failed to properly review and supervise a joint brokerage account application shared by a registered representative employed at his firm and a firm customer, and approved the opening of the account even though it violated firm policies and procedures that prohibited such joint accounts. The findings stated that as a registered principal of the firm, Dayton was responsible for supervising the opening of new accounts for a registered representative and periodically reviewing the accounts the registered representative handled to ensure that they were in compliance with the firm's policies and procedures. The findings also stated that Dayton admitted that he signed and approved the application for the joint brokerage account for the registered representative and the customer as both a field supervisor and registered principal. Dayton acknowledged that firm policies and procedures prohibited joint accounts between customers and any registered representatives of the firm unless they were family members. The findings also included that Dayton stated that he could grant approval for joint accounts between non-family customers and the firm's registered representatives under exceptional circumstances, but that was not done in this instance.

FINRA found that Dayton admitted that he did not examine any documentation prior to the opening of the joint account. Dayton stated that since he was the registered principal, it was his responsibility to verify the completeness of the application, to ensure that the investment objectives and risk tolerance were acceptable, and that all required signatures were included on the application. Dayton admitted that he did not review the application carefully and acknowledged that the joint brokerage account application he approved was in violation of firm prohibitions contained in the firm's policies and procedures. FINRA also found that Dayton failed to adequately supervise the registered representative who handled the joint account.

The suspension was in effect from December 5, 2011, through January 3, 2012. (**FINRA Case #2010021224802**)

Bradley John Delp (CRD #1701698, Registered Representative, Deerfield Beach, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $25,000 and suspended from association with any FINRA member in any capacity for two months. The fine must be paid either immediately upon Delp's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Delp consented to the described sanctions and to the entry of findings that he failed to provide prompt written notice to his member firm that he was employed by, or accepted compensation from, another person as a result of outside business activities. The findings stated that Delp was a shareholder and employee of an independent insurance agency who brokered fixed-term or whole life settlements for his insurance customers, and his insurance agency received a commission for most of the life settlement transactions it brokered. The findings also stated that many years after Delp joined the firm and disclosed his outside business activity, the firm revised its WSPs to prohibit its registered representatives from participating in life settlements unless processed through the firm and limited to products the firm offered through approved firm sponsors. Delp's outside business insurance company facilitated insurance company customers' sales of fixed-term or whole life insurance policies to third-party companies. The life settlements were not brokered through the firm and most were not brokered with approved firm sponsors as required by the firm's revised procedures. The findings also included that Delp formed a company in which he owned a half-interest. The company's business was to negotiate, on behalf of Delp and other participating individual insurance brokers, commission rates from life insurance companies for insurance policies that they brokered. FINRA found that Delp's administrative assistant completed online Firm Element continuing education (CE) training courses for him. FINRA also found that Delp used, or directed his staff to use, copies of signature transparencies for customers to generate third-party checks, wire transfers and to journal money from related customer accounts although the customers had orally authorized the transactions.

The suspension is in effect from December 5, 2011, through February 4, 2012. (**FINRA Case #2009018233803**)

Cleves Richard Delp (CRD #2368975, Registered Principal, Holland, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $20,000 and suspended from association with any FINRA member in any capacity for 30 business days. The fine must be paid either immediately upon Delp's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Delp consented to the described sanctions and to the entry of findings that he failed to provide prompt written notice to his member firm that he was employed by, or accepted compensation from, another person as a result of outside business activities. The findings stated that Delp was a shareholder and employee of an independent insurance agency and he disclosed his outside life insurance business activity to his firm when he joined. As part of his outside life insurance business, Delp brokered fixed-term or whole life settlements for his insurance customers, and his insurance agency received a commission for most of the life settlement transactions it brokered. The findings also stated that many years after Delp joined the firm and disclosed his outside business activity, the firm revised its WSPs to prohibit its registered representatives from participating in life settlements unless processed through the firm and limited to products the firm offered through approved firm sponsors. Delp's outside business insurance company facilitated insurance company customers' sales of fixed-term or whole life insurance policies to third-party companies. The life settlements were not brokered through the firm and most were not brokered with approved firm sponsors, as required by the firm's revised procedures. The findings also included that Delp formed a company in which he owned a half-interest. The company's business was to negotiate, on behalf of Delp and other participating individual insurance brokers, commission rates from life insurance companies for insurance policies that they brokered. FINRA found that Delp failed to reasonably enforce his firm's WSPs prohibiting its registered representatives from participating in life settlements, except with certain limitations. Delp's supervisory failure allowed another registered representative in the branch office that Delp supervised to also broker life settlement transactions for several years.

The suspension was in effect from November 21, 2011, through January 4, 2012. (**FINRA Case #2009018233802**)

Thomas Thanh Doan (CRD #4511950, Registered Representative, Honolulu, Hawaii) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Doan converted and misappropriated funds. The findings stated that Doan submitted fraudulent invoices to his member firm's parent company for reimbursement of expenses he had never actually incurred. Doan requested reimbursement of expenses to rent a conference room in a condominium complex. Each of the reimbursement requests were supported by an invoice and appeared to be issued by the condominium complex, but the name of the condominium complex was misspelled on each invoice. The findings also stated that Doan stamped the invoices "paid" and wrote the date of the invoice over the "paid" notation. As a result of his submission of the invoices to the affiliate, Doan received reimbursement from the affiliate for invoices totaling $2,250. Doan did not receive reimbursement for expenses sought in regard to another invoice because the parent company refused to make the requested payment to Doan after discovering that the invoice was not issued by the condominium complex. (**FINRA Case #2009019637001**)

Matthew Morgan Dooley (CRD #2507851, Registered Representative, Mill Valley, California) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Dooley failed to respond to FINRA requests for information and documents. The findings stated that Dooley recommended that customers purchase exchange-traded funds (ETFs) that were speculative instruments designed for intra-day trading, when he knew the customers' investment objectives were growth and income, not speculation and day trading. The fact that Dooley caused the customers to hold the ETFs in their accounts for longer than a day suggests that he did not understand the purpose of the ETFs and the associated risks, so that Dooley's recommendation to purchase them could not have been based upon reasonable grounds. The findings also stated that these customers lost a total of approximately $45,307. Dooley was paid a commission on most of the transactions at issue in the customers' accounts. The findings also included that one of the customers contacted Dooley to complain about the losses associated with the ETF trading. The customer subsequently told Dooley to invest in bonds. Instead of following this instruction, Dooley continued to purchase and sell the ETFs. FINRA found that the customer contacted the president of Dooley's member firm to complain about Dooley's failure to follow her instructions. The firm's president contacted Dooley to investigate the complaint; Dooley then contacted the customer and gave her a handwritten note stating that he would pay her $1,000 per month for 18 months, which approximated the $18,764 loss the customer suffered in her account. FINRA also found that Dooley paid the customer $2,500 but did not notify anyone at the firm about these payments and did not obtain the customer's written authorization to make these payments, and Dooley had not previously transferred any funds into the customer's account. (**FINRA Case #2009020930301**)

Richard Henry Elizondo (CRD #2953315, Registered Representative, Harlingen, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Elizondo consented to the described sanction and to the entry of findings that he sold his customers note agreements offered by a company without his member firm's permission and without holding the appropriate securities license. The findings stated that Elizondo entered into a written agreement with the company to sell the note agreements and to receive commission payments for those sales. Elizondo requested permission from his firm to sell the note agreements but his firm denied his request and instructed him to refrain from any further involvement with the company. Elizondo's firm provided him with an article that detailed the high possibility of fraud associated with investment products such as the note agreements and noted on the rejected form that a Series 7 license would likely be needed to sell such products. Notwithstanding his firm's instructions, and notwithstanding his lack of a Series 7 license, Elizondo eventually sold $562,107 worth of note agreements to customers and received $50,780 in total commissions. The findings also stated that the customers, many of whom were investing their retirement funds, were inexperienced investors who were seeking capital preservation. These customers invested in the note agreements solely based upon Elizondo's recommendation. Elizondo represented that the products were safe, guaranteed a high return within five years, and were suitable for retirees seeking to preserve capital. The findings also included that Elizondo lacked any factual basis to make these claims because he did not have any experience with the products and failed to conduct the required due diligence. Elizondo had not been introduced to the company until 2008, had never before sold a promissory note purportedly funded by life settlements, and was unfamiliar with promissory notes in general. Yet, without any reasonable basis to do so, Elizondo recommended the note agreements to his customers as a safe investment suitable for retirement planning and capital preservation. FINRA found that while recommending the investments to his customer, Elizondo provided them with sales literature that contained several unwarranted and misleading statements, failed to disclose any risks involved in the investments, and guaranteed the products would succeed. Such statements helped form the basis of Elizondo's recommendations to his customers, even though he did not verify the claims made by the company prior to recommending and selling the note agreements to his customers. (**FINRA Case #2010023612302**)

Marcela Zamora Erana (CRD #4450935, Registered Principal, Key Biscayne, Florida) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Erana consented to the described sanctions and to the entry of findings that a registered representative serviced customer discretionary accounts and the customers agreed to continue to short U.S. Treasuries as the price of the Treasuries increased, and margin calls occurred with more frequency, with the understanding that the representative would monitor their positions and that if the prices continued to increase and reached a particular price, which varied by customer and was also dependent on individual margin levels, the representative would execute transactions in their accounts to cover the short positions to limit their losses. The findings stated that the price of the U.S. Treasuries continued to rise and exceeded the prices at which the representative had agreed to cover the short positions, but the representative failed to cover short positions at the agreed-upon prices after Erana instructed him not to execute the transactions.

The suspension was in effect from December 5, 2011, through January 4, 2012. (**FINRA Case #2009016028501**)

Kale Edgar Evans (CRD #2236466, Registered Supervisor, San Diego, California) was barred from association with any FINRA member in any capacity and ordered to disgorge $52,647 in ill-gotten gains as a fine to FINRA. The NAC imposed the sanctions following appeal of an Office of Hearing Officers (OHO) decision. The sanctions were based on findings that Evans recommended unsuitable trades in a customer's account, excessively traded the account that he shared with the customer, paid to settle the customer's complaint away from his firm, and engaged in unethical, business-related misconduct when he, among other things, misappropriated customer funds.

FINRA found that Evans convinced the customer, a teenager supporting three siblings, to transfer $400,000 of her late father's life-insurance money from a bank account to an account at his firm based upon his promise that he would place the money in a savings account with no risk of loss. Without first discussing the matter with the customer, Evans named himself as a joint owner of the account on the account-opening documents. The customer did not understand the ramifications of this decision. Because the account-opening documents identified Evans as a co-owner of the account, the firm treated the account as an employee account, which insulated the account from the oversight normally afforded customer accounts under the firm's procedures.

Evans, who made all of the trading decisions for the account without first consulting the customer, recommended trades without having a reasonable basis for believing the trades were suitable in light of the customer's lack of investment experience, limited financial resources beyond the life insurance money she inherited, and her conservative objectives. Evans also excessively traded the account given the customer's nascent financial security and her stated desire to safeguard and preserve her inheritance. Evans executed trades in several different securities, often bought and sold the same security on the same day, and seldom held a position in a particular security for more than several days. Evans also incorporated uncovered short sales of securities in his trading for the account, heavily concentrated the account in certain individual stocks, and relied unduly on the use of margin, which the customer did not understand.

Moreover, FINRA found that after the customer discovered that Evans had mishandled the account at his firm, he attempted to settle the matter, without his firm's knowledge, with a personal check for $35,000. Finally, FINRA determined that Evans unethically transferred $127,647 from a bank account that he ostensibly shared with the customer to certain of his personal accounts and to pay his creditors. (**FINRA Case #2006005977901**)

Steven Lawrence Falk (CRD #1207626, Registered Principal, Las Vegas, Nevada) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Falk consented to the described sanction and to the entry of findings that he failed to completely respond to FINRA requests for information and documents, and failed to appear for FINRA on-the-record testimony regarding withholding commission payments from registered representatives who had left the firm but who had earned the commissions while with the firm. (**FINRA Case #2011025785401**)

Rosalie Hodes Fields (CRD #1368687, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Fields consented to the described sanctions and to the entry of findings that she inaccurately reported to her member firm's Office of General Counsel that a complaint against her had been withdrawn when it had been settled. The findings stated that Fields submitted a Form U4 amendment to the firm that contained this inaccurate statement.

The suspension was in effect from December 5, 2011, through January 4, 2012. (**FINRA Case #2008015984201**)

Lorenzo Fiol Jr. (CRD #2454926, Registered Principal, Morton Grove, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Fiol consented to the described sanction and to the entry of findings that he failed to respond to FINRA requests for information and documents regarding outside business activities. The findings stated that Fiol's attorney informed FINRA that Fiol declined to respond. (**FINRA Case #2010024383201**)

Dennis Flanagan Jr. (CRD #4199469, Registered Principal, Miami, Florida) submitted an Offer of Settlement in which he was fined $25,000 and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Flanagan's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Flanagan consented to the described sanctions and to the entry of findings that he willfully failed to timely disclose material information on his Form U4. The findings stated that Flanagan failed to respond to FINRA requests for documents and information.

The suspension is in effect from December 5, 2011, through December 4, 2013. (**FINRA Case #2008011666201**)

Darrell Eugene Fox (CRD #1360248, Registered Representative, Lima, Ohio) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Fox failed to provide documents and information requested by FINRA. (**FINRA Case #2009019551801**)

Roy F. Glassberg (CRD #2890633, Registered Representative, Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $2,500 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Glassberg consented to the described sanctions and to the entry of findings that he failed to notify his member firm that he worked for certain businesses outside the scope of his relationship with the firm. FINRA found that contrary to the firm's policies, Glassberg failed to disclose to the firm that he worked as a manager at a company, which served as an investment vehicle for investments in a corporation. FINRA also found that Glassberg failed to disclose to his firm that he served on the board of directors for an affiliate of the corporation.

The suspension was in effect from December 5, 2011, through January 3, 2012. (**FINRA Case #2010022675801**)

Henry Horace Godbee IV aka Chad Godbee (CRD #4536422, Registered Representative, North Little Rock, Arkansas) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Godbee consented to the described sanction and to the entry of findings that he failed to respond to a FINRA request to appear for on-the-record testimony regarding his sale of a Regulation D offering to customers. The findings stated that Godbee informed FINRA staff he was no longer registered with FINRA, had no intention of ever registering in the future and would not appear for testimony. (**FINRA Case #2010022306401**)

Lee Alexander Gold (CRD #1923251, Registered Principal, Rocky Point, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Gold consented to the described sanction and to the entry of findings that he failed to appear and testify at a FINRA on-the-record interview. (**FINRA Case #2011028964203**)

Efan Eric Graddy (CRD #5792549, Registered Representative, Parkville, Maryland) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for four months. The fine must be paid either immediately upon Graddy's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Graddy consented to the described sanctions and to the entry of findings that he failed to amend his Form U4 to disclose a material fact. The findings stated that Graddy failed to timely respond to FINRA requests for testimony.

The suspension is in effect from November 21, 2011, through March 20, 2012. (**FINRA Case #2010024507502**)

James Clement Hanrahan (CRD #5487504, Registered Representative, Alpharetta, Georgia) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hanrahan consented to the described sanction and to the entry of findings that he failed to respond to a FINRA request for information regarding an outside business activity and an outside securities account. The findings stated that Hanrahan notified FINRA staff that he would not provide any of the requested information. (**FINRA Case #2011025678701**)

Tyler Jack Harris (CRD #5377730, Registered Representative, Greenville, South Carolina) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Harris' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Harris consented to the described sanctions and to the entry of findings that he engaged in private securities transactions by recommending that customers invest in a company, which was not an investment his member firm approved. The findings stated that at the time Harris recommended that his customers invest in the company, he was aware that his firm's policies and procedures specifically prohibited its registered representatives from recommending or selling any security, insurance product or other investment opportunity not approved by the firm, and purchased through a system at or approved by the firm. The findings also stated that Harris did not give notice to, and receive approval from, the firm before recommending the investments in the company to the customers or participating in these private securities transactions outside the regular scope of his employment with his firm.

The suspension is in effect from November 21, 2011, through February 20, 2012. (**FINRA Case #2009020928101**)

Roger William Hayes (CRD #240582, Registered Representative, Vergennes, Vermont) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hayes consented to the described sanction and to the entry of findings that he engaged in outside business activities without giving prompt written notice of those activities to his member firm. The findings stated that Hayes provided consulting services to a trust and estate for compensation. Hayes first sought permission from his firm to perform such outside consulting services, but the firm specifically prohibited him from engaging in those activities. Nevertheless, Hayes continued to perform consulting services for the trust and estate. The findings also stated that in connection with those services, Hayes double-billed the trust for advice on investments that he had already sold to the trust and earned a commission on as a registered representative of the firm. The findings also included that Hayes gave false responses on a firm compliance questionnaire regarding his involvement in those consulting activities. When the firm questioned him on various occasions, Hayes falsely claimed that he was not charging the estate for his services. (**FINRA Case #2010021731601**)

John Davis Haywood Jr. (CRD #4968636, Registered Representative, Fitchburg, Wisconsin) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Haywood consented to the described sanction and to the entry of findings that a customer contacted Haywood's member firm and claimed, among other things, that he had falsified her signature on a surrender form for a fixed life insurance policy that she wanted to surrender. The findings stated that Haywood admitted that he had signed the customer's name to the surrender form and further admitted that he had signed additional clients' names to insurance-related documents during a period of almost four years. These documents included policy surrender forms, policy delivery forms, designation of beneficiaries' forms, and change of ownership forms, personal health and status declarations, and authorizations for the release of health-related information. The findings also stated that Haywood admitted that he did not obtain the clients' prior authorization to sign their names but claimed to have signed the various documents on his clients' behalf, in general, to expedite the processing of the documents. (**FINRA Case #2010024175801**)

Stephen Elliot Hill (CRD #2202940, Registered Representative, Upper Saddle River, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hill consented to the described sanction and to the entry of findings that he improperly used $1,800,000 in funds that belonged to a customer. The findings stated that Hill and his relative formed a company to serve as an investment vehicle for investments in a manufacturer and distributor of a dental prosthesis that snaps over a patient's natural teeth. Hill solicited a customer to invest in his company; the customer agreed to the investment and Hill caused the transfer of $103,000 from the customer's account at his member firm to an affiliate of the manufacturer. Within hours of this transfer, Hill caused the transfer of an additional $220,000 from the customer's firm account to the affiliate, and later that day, he caused the transfer of an additional $1,477,000 from the customer's account to the affiliate. The findings also stated that following these transactions, and unbeknownst to the customer, Hill's company and the affiliate executed a secured promissory note. Hill's company financed the note using $1,800,000 of the customer's funds plus $200,000 Hill and a third party contributed, for a total of $2 million. Pursuant to the note, the affiliate agreed to pay Hill's company, not the customer, interest at a rate per annum equal to 20 percent on the aggregate unpaid principal balance. FINRA found that Hill did not inform his firm in writing of these transactions and investments. (**FINRA Case #2010022653601**)

Stephen Johnathan Hoshimi (CRD #1977772, Registered Principal, Pacific Palisades, California) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for six months. In light of Hoshimi's financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Hoshimi consented to the described sanction and to the entry of findings that he entered into an arrangement with a registered investment advisor that was not a FINRA member, whereby he would receive orders from the registered investment advisor's customers who wished to purchase promissory notes and would effect the purchases through his member firm. The findings stated that Hoshimi purchased promissory notes for the investment advisor's customers for a total of approximately $1,000,000. Hoshimi paid the investment advisor approximately $23,825 in transaction-based compensation, thereby sharing his commissions with the investment advisor. The findings also stated that Hoshimi engaged in private securities transactions without prior written notice to and approval from his firm; he participated in life settlement transactions in which his customers sold fixed life insurance policies to settlement brokers for a total of approximately $390,855. The findings also included that Hoshimi engaged in outside business activities without providing prompt written notice to his member firm; he participated in life settlement transactions in which his customers sold variable life insurance policies to settlement brokers for a total of approximately $1,152,033 for which he received approximately $325,422 in commissions. FINRA found that Hoshimi engaged in private securities transactions without prior written notice to and approval from his firm; he effected purchases of stocks as his own personal investments for a total of approximately $139,500.

The suspension is in effect from December 19, 2011, through June 18, 2012. (**FINRA Case #2008014855301**)

Timothy Dale House (CRD #5485169, Registered Principal, Anna, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000 and suspended from association with any FINRA member in any principal capacity for six months. The fine must be paid either immediately upon House's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, House consented to the described sanctions and to the entry of findings that he signed a sales agreement which allowed his member firm to market and sell an issuer's private placement offering. The findings stated that House failed to perform the responsibilities assigned to him in his firm's WSPs with respect to the marketing and selling of the offering. Despite the fact that his firm received a specific fee related to due diligence that was purportedly performed in connection with each offering, beyond reviewing the PPM for the offering and reading the third-party due diligence report, House did not perform any due diligence. House should have been particularly careful to scrutinize the issuer's offering giving the purported high rate of return. The third-party due diligence report also detailed a number of red flags that should have prompted House to perform additional investigation. There was a statement in the third-party report that mandated that House perform additional due diligence. House's failures were particularly problematic given the nature of the issuer's offering and its similarity both in terms and control persons with the private placements another entity offered. House did not take the appropriate steps, such as obtaining and reviewing the due third-party diligence reports for the other entity's offerings, which were evidencing some serious red flags. It was unreasonable that House, on his firm's behalf, failed to investigate the red flags in those due diligence reports as they related to the potential risks in the issuer's offering. The findings also stated that House failed to investigate the background of an individual, who, according to the issuer, had purportedly demonstrated the ability to identify mineral rights deals and had extensive access to landowners, realtors, oil and gas brokers, mineral rights brokers and energy executives. The individual had prior disciplinary history with a state's securities regulators relating to the offering of unregistered securities. If House had investigated the public record, this should have raised serious concerns with the offering's reliance on his expertise and therefore the offering's viability. The findings also included that House, acting on his firm's behalf, failed to conduct due diligence of an entity. Without due diligence, House could not identify and understand the inherent risks of the offerings. FINRA found that House failed to enforce supervisory procedures to detect or address potential red flags as it relates to the offering; House failed to maintain a supervisory system reasonably designed to achieve compliance with applicable securities laws and regulations.

The suspension is in effect from November 7, 2011, through May 6, 2012. (**FINRA Case #2009017600401**)

Dennis Stanley Kaminski (CRD #1013459, Registered Principal, Wellington, Florida) was fined $50,000, suspended from association with any FINRA member in any capacity for 18 months and required to requalify before acting in any capacity requiring qualification. The Securities and Exchange Commission (SEC) sustained the sanctions following appeal of the NAC decision. The sanctions were based on findings that Kaminski failed to supervise the timely review of his member firm's variable annuity trades. The findings stated that Kaminski not only failed to follow up to ensure the variable annuity supervisor and head of the firm's compliance department properly exercised his delegated authority, he also failed to heed numerous warnings of staff deficiencies in the compliance department. Kaminski also ignored many red flags that should have caused him to question the abilities of the supervisor and head of the firm's compliance department, and whether the compliance department had adequate resources to oversee the firm's expanding business. The supervisor and head of the firm's compliance department warned Kaminski that the compliance department was severely understaffed, and he and another individual expressed their concern to Kaminski that important surveillance work was falling behind, and sent alarming emails and memoranda regarding the inability of the compliance department's Trade Review Team (TRT) to timely complete its work. The findings also stated that Kaminski attempted to conceal the firm's supervisory problems from FINRA's investigators. Kaminski did not disclose that the firm had halted its daily review of the Red Flag Blotter during a meeting with FINRA staff. Kaminski also misrepresented to FINRA staff that the firm had already developed and implemented a monthly trend report to track client accounts that had been subject to two or more 1035 exchanges during the prior 12 months.

The suspension is in effect from December 19, 2011, through June 18, 2013. (**FINRA Case #EAF0400630001**)

Andrew Vincent Kardish II (CRD #2893973, Registered Supervisor, San Juan Capistrano, California) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Kardish consented to the described sanction and to the entry of findings that he failed to appear and testify at a FINRA on-the-record interview regarding allegations of misappropriation of funds. (FINRA Case #2009018982901)

Bruce Benjamin Katz (CRD #1234370, Registered Representative, Melville, New York) submitted an Offer of Settlement in which he was suspended from association with any FINRA member in any capacity for 18 months. In light of Katz' financial status, no monetary sanctions were imposed. Without admitting or denying the allegations, Katz consented to the described sanction and to the entry of findings that he borrowed a total of $82,000 from a customer without obtaining his member firm's prior written approval. The findings stated that Katz assured the customer that he would pay back her money. Katz has not repaid the principal or any interest on the loans. When Katz borrowed the money, the customer was 75 years old and retired. The findings also included that at the time Katz borrowed the money, his firm's WSPs did not allow the borrowing and lending of money between registered persons and firm customers unless the customer was the registered person's relative. Katz did not request or obtain the firm's permission to borrow money from the customer and was not related to the customer. Katz was aware of the firm's procedures and certified that he had received and read the firm's written policies and procedures regarding financial arrangements with clients. Katz did not disclose to his firm that he had obtained loans from the customer. FINRA found that since the firm's procedures did not permit borrowing, Katz could not borrow money from the customer in compliance with NASD Rule 2370, and the loans were not in conformance with conditions set forth in NASD Rule 2370(a)(2)(A)-(E) for permissible loans.

The suspension is in effect from November 21, 2011, through May 20, 2013. (FINRA Case #2009018906501)

Joyce Ann Kauffmann (CRD #2848389 Registered Principal, Powhatan, Virginia) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Kauffmann consented to the described sanction and to the entry of findings that she improperly borrowed $25,000, evidenced by a promissory note, from her customer at her member firm. The findings stated that when the borrowing occurred, the firm permitted representatives to borrow money from a customer under specified conditions subject to the representative obtaining their immediate supervisor's prior written approval. Kauffmann did not seek firm approval for the borrowing, did not obtain its prior written approval to borrow money from the customer and did not disclose to the firm that she had borrowed money from a customer. The findings also stated that Kauffmann failed to provide FINRA with requested information and documents, and failed to appear to testify. (FINRA Case #2011027709301)

Aric Ellis Kent (CRD #2907676, Registered Representative, Yucaipa, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Kent consented to the described sanctions and to the entry of findings that he took a long-term care (LTC) CE online course, and while taking the CE test, he improperly received another individual's assistance with answering questions. The findings stated that certain states, including California, where Kent resides, require financial advisors to successfully complete a LTC CE course before selling LTC insurance products to retail customers.

The suspension is in effect from December 19, 2011, through January 18, 2012. (**FINRA Case #2011027218201**)

Robert E. Kern (CRD #4743906, Registered Representative, Meridian, Idaho) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Kern consented to the described sanctions and to the entry of findings that he distributed an answer key for an LTC CE exam to an employee of his firm and to another individual not associated with his firm. The findings stated that certain states implemented a LTC CE requirement that obligated financial advisors to complete a LTC CE course before selling LTC insurance products to retail customers. The findings also stated that Kern received an email from a registered representative that included the study guide for the eight-hour required course and the exam, which consisted of 50 multiple choice questions and a blank answer sheet. In the email, the registered representative stated he would have the answers soon. The findings further stated that Kern received a copy of the answer sheet from the registered representative with the answers to the 50 questions circled by hand, and the words "master copy" written on the top of the answer key. The findings also included that Kern then improperly scanned the answer key and distributed it to an employee of his member firm and another individual not associated with the firm.

The suspension is in effect from December 19, 2011, through January 17, 2012. (**FINRA Case #2011029347701**)

Stephen Ira Kolinsky (CRD #1090913, Registered Principal, Upper Saddle River, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in a supervisory or principal capacity for 40 business days. Without admitting or denying the findings, Kolinsky consented to the described sanctions and to the entry of findings that he failed to supervise a registered representative who improperly used customer funds and engaged in a private securities transaction without prior written notice to his member firm. The findings stated that Kolinsky failed to monitor the customer's account in a reasonable manner and thus failed to detect and investigate evidence of the registered representative's misconduct.

The suspension is in effect from December 19, 2011, through February 15, 2012. (**FINRA Case #2010022653801**)

Kari Colleen Kreuz (CRD #4965794, Registered Representative, Toledo, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $5,000 and suspended from association with any FINRA member in any capacity for one year. The fine must be paid either immediately upon Kreuz' reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Kreuz consented to the described sanctions and to the entry of findings that she wrote 37 checks totaling approximately $4,869 from her personal brokerage account at her member firm at times when she did not have enough funds to cover the amounts. The findings stated that if the amount of a withdrawal exceeded available funds in her account, Kreuz, as the account representative, received a non-sufficient funds (NSF) notification and could request payment of the debit. The findings also stated that when Kreuz received NSF notifications, she requested that the checks be paid even though she knew there were insufficient funds in her account to cover the amounts until her paycheck was deposited to the account several days later. As a result of this conduct, Kreuz' firm terminated her employment.

The suspension is in effect from November 21, 2011, through November 20, 2012. (**FINRA Case #2011026616801**)

Michael Adam Lichtenstein (CRD #2439244, Registered Representative, Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $50,000 and suspended from association with any FINRA member in any capacity for 24 months. The fine must be paid either immediately upon Lichtenstein's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Lichtenstein consented to the described sanctions and to the entry of findings that he solicited firm customers to invest in a private placement offering of securities and sent several customers a one-page document entitled "use of proceeds" for an entity that was not the offering's issuer. The findings stated that the document had been prepared by Lichtenstein's firm's outside counsel and the firm provided the document to Lichtenstein for distribution to prospective investors. The findings also stated that while some of the proceeds from the offering were ultimately used to purchase membership interests in the other entity, the offering was not for the other entity. The findings also included that although Lichtenstein never owned any interest in his firm, he represented to a customer that he did have an ownership interest in the firm. FINRA found that Lichtenstein willfully failed to timely disclose material facts on his Form U4.

The suspension is in effect from November 7, 2011, through November 6, 2013. (**FINRA Case #2009016157803**)

Enrique Lopez (CRD #5830682, Registered Representative, Santa Ana, California) submitted a Letter of Acceptance, Waiver and Consent in which he was censured, fined $5,000 and suspended from association with any FINRA member in any capacity for five months. The fine must be paid either immediately upon Lopez' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Lopez consented to the described sanctions and to the entry of findings that without the knowledge or consent of a customer, Lopez opened two bank accounts for the customer, a checking and savings account, signed the customer's name on each account's respective signature cards, personally funded the checking account and signed withdrawal slips to withdraw money he deposited in the checking account; the savings account was never funded. The findings stated that without a second customer's knowledge or consent, Lopez opened a checking account for the customer, signed that customer's name on the signature card, personally funded the checking account and signed withdrawal slips to withdraw money he deposited in that account.

The suspension is in effect from December 5, 2011, through May 4, 2012. (FINRA Case #2011027885801)

Gregory Marcel Martino (CRD #703338, Registered Principal, Harrison, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any principal capacity for 60 days. The fine must be paid either immediately upon Martino's reassociation with a FINRA member firm, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Martino consented to the described sanctions and to the entry of findings that as president of his member firm, he failed take sufficient action to ensure that his firm established, maintained and enforced WSPs that were designed to provide for reasonable supervision of the firm's sale of parent company notes and preferred stock to customers. The findings stated that the firm began marketing a private placement of subordinated notes and Class B convertible preferred stock, which its parent company issued, for the primary purpose of pursuing a business combination with another broker-dealer. The private placement was to be sold to accredited investors only, pursuant to Rule 506 of Regulation D under the Securities Act of 1933. The private placement notes and preferred stock were highly risky. The PPM warned that the securities offered were speculative, involved a high degree of risk and should not be purchased by anyone who cannot afford the loss of the entire investment. The PPM also warned that the company had a history of losses and that it might not have sufficient capital to continue operations if it did not raise the maximum amount. The findings also stated that Martino had overall responsibility for the firm's WSPs and its supervisory practices and knew that the parent company notes and preferred stock were not appropriate for customers with low or moderate risk tolerance, or with limited investment experience. The findings also included that the firm's procedures did not set forth adequate mechanisms for reviewing the suitability of sales of high-risk products such as the notes and preferred stock. They also did not allocate responsibility for performing specific tasks to identified individuals. The procedures instead assigned supervisory responsibilities for private placements to a principal of the firm without specifying how those responsibilities were to be carried out. As a result, no one at the firm undertook any substantive review of the suitability of the sales of the securities to the firm's customers, including risk-averse customers. The findings also included that instead of taking appropriate action to ensure that the procedures addressed these issues in connection with the sale of the notes and preferred stock, Martino assumed that the principal responsible for private placements or the firm's CCO would review the customer account information. The firm's registered representatives sold private placements to customers for whom the investment was unsuitable because they had conservative or moderate risk tolerances, many had limited investment experience, and many invested large percentages of their annual income in the notes or preferred stock. In addition, a number of the customers did not satisfy the criteria for accredited investor status required under Rule 506. Because of the deficiencies in the firm's procedures, the sales of the notes and preferred stock to these customers did not receive adequate supervisory review.

The suspension is in effect from November 21, 2011, through January 19, 2012. (**FINRA Case #2011026346201**)

Alexander Harris McKinnis (CRD #4218213, Registered Representative, New York, New York) was fined $25,000 and suspended from association with any FINRA member in any capacity for 30 days. McKinnis was given credit for serving a 30-day suspension imposed by his member firm and is not required to serve the suspension FINRA imposed. The sanctions were based on findings that McKinnis caused his firm to create and maintain inaccurate books and records by inserting his email address in his firm's computerized customer records that were supposed to record the customers' email addresses, so the firm's emails to customers went instead to his firm email account. The findings stated that McKinnis altered documents for the purpose of reducing the burdens on customers and submitted them to his member firm. McKinnis photocopied documents such as executed new account forms, customer identification verification forms and letters of acknowledgement concerning equity offerings for existing customers and altered them with correction fluid or tape. The altered copies were then used to open one or more additional authorized accounts for the customers or for one or more other individuals related to or associated with the existing customer or for other administrative purposes. McKinnis would send one document to the customer for signature, then white out the account number and submit the altered document for additional accounts. The findings also stated that McKinnis reused executed documents authorizing such actions as the transfer of customer accounts. This was accomplished by using correction fluid or tape to white out the customers' names, account numbers, or other information on the existing forms and replacing them with new information. McKinnis then used the altered documents to make account transfers.

The findings also included that McKinnis altered computer printouts. Where McKinnis was unable to obtain a printout of the information for a customer or potential customer to open a particular account, he used correction fluid or tape to white out certain information on the printout that was available for a member of the customer or potential customer on the printout, and inserted different information by hand. Blank or partially completed forms such as new account forms were sent to customers for execution and McKinnis subsequently completed them. (FINRA Case #2007010398802)

Theora McMillan (CRD #5779512, Associated Person, Apex, North Carolina) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, McMillan consented to the described sanction and to the entry of findings that she submitted false insurance applications electronically to her member firm, generating commissions to which she was not entitled. The findings stated that as part of the process, McMillan was required to provide telephone numbers, social security numbers and bank account information for the customer. In many instances, the information McMillan provided was false, either non-existent, did not belong to the named insurance applicants, or in some cases the signatures on some of the written applications she submitted did not match the signatures of the persons identified as customers. The findings also stated that McMillan was credited with commissions earned on the policies upon completion and submission of the applications. (FINRA Case #2011027687601)

Susan Lynn Morris (CRD #1072185, Registered Principal, Wylie, Texas) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Morris consented to the described sanction and to the entry of findings that she converted a total of approximately $30,000 of her member firm's funds for her personal use by altering information to generate interest payment streams not legitimately owed; specifically, Morris artificially inflated the asset account balances of the brokerage account she owned jointly with a relative, as well as the relative's brokerage account at the firm, in order to receive additional interest on the accounts from the firm not legitimately owed. The findings stated that Morris also generated bogus payments to a firm interest expense account which she journaled to a firm cashiering account she controlled. Morris transferred the funds, disguised as legitimate automated clearing house deposits, into her relative's brokerage account as a deposit. The findings also stated that in some instances, Morris forged colleagues' initials on certain bogus account entries in the firm's systems without their knowledge in an effort to conceal her activity; Morris' firm did not authorize the transfer of firm funds for her personal use. (FINRA Case #2011029021901)

Ronald Moschetta (CRD #1100365, Registered Principal, Lido Beach, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 30 days. The fine must be paid either immediately upon Moschetta's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Moschetta consented to the described sanctions and to the entry of findings that he failed to disclose information on his Forms U4 that a state regulatory agency had entered an order against him in connection with an investment-related activity, and inaccurately responded to a question in Form U4 filings he submitted.

The suspension was in effect from November 21, 2011, through December 20, 2011. (**FINRA Case #2009018736501**)

Eytan Nisim Naftali (CRD #2933331, Registered Representative, Elizabeth, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $2,500, suspended from association with any FINRA member in any capacity for 45 days and ordered to pay $8,500, plus interest, in restitution to a customer. In determining sanctions, FINRA took into account that the firm had previously suspended Naftali for the same conduct. The fine and restitution must be paid either immediately upon Naftali's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Naftali consented to the described sanctions and to the entry of findings that he improperly borrowed a total of $20,000 from two elderly customers at his member firm. The findings stated that the loans were interest-free and did not have any repayment terms. The findings also stated that the firm's procedures generally prohibited borrowing money from customers, except in limited circumstances, and those procedures required registered representatives to obtain the firm's written approval before entering into such loans. Naftali did not seek or obtain the firm's approval before entering into the loans. Naftali has since repaid one of the customers in full, but still owes the other customer $8,500.

The suspension is in effect from December 5, 2011, through January 18, 2012. (**FINRA Case #2010024522201**)

Jan D. Narrine (CRD #5738183, Associated Person, Winter Garden, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Narrine consented to the described sanction and to the entry of findings that he misappropriated a total of $57,311.99 by transferring funds from customers' accounts to his own, and in each instance, forged the customers' signatures on LOAs, which falsely purported to authorize and instruct the transfers. The findings stated that the transfers were made without the customers' knowledge or authorization. (**FINRA Case #2010024395501**)

Jeremiah Jason O'Connell aka Jay O'Connell (CRD #2972234, Registered Principal, Voorhees, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000, suspended from association with any FINRA member in any principal capacity for six months and ordered to requalify by examination as a General Securities Principal prior to reassociation with any member firm in that capacity. Without admitting or denying the findings, O'Connell consented to the described sanctions and to the entry of findings that he failed to reasonably supervise the activities of a representative who engaged in unsuitable trading, exercised discretionary trading without each customer's written authorization and the firm's acceptance of the accounts as discretionary, and executed unauthorized trading in a customer's account. The findings stated that O'Connell failed to take appropriate action to supervise the representative that was reasonably designed to prevent the representative's violations and achieve compliance with applicable rules. The findings also stated that despite having learned during a branch exam of the representative's office that a number of the representative's customers had invested in variable annuity and mutual fund platforms, O'Connell failed to review that trading activity for suitability.

The suspension is in effect from December 19, 2011, through June 18, 2012. (**FINRA Case #2009020124302**)

Clinton Sean Perodeau (CRD #5479703, Registered Representative, West Monroe, Louisiana) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 30 days. The fine must be paid either immediately upon Perodeau's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Perodeau consented to the described sanctions and to the entry of findings that he improperly allowed his firm's operations manager to complete Firm Element CE proficiency tests on his behalf. The findings stated that Perodeau joined the firm as a registered representative and was required to participate in the Firm Element CE program on an annual basis. The Firm Element CE program consisted of a series of Web-based courses and accompanying proficiency tests; certain courses were pre-assigned to registered individuals based upon the registrations that they held at the time of assignment, and the courses were then completed via the internal firm computer system.

The suspension was in effect from December 5, 2011, through January 3, 2012. (**FINRA Case #2009019276104**)

Jonathan Clark Peterson (CRD #4199364, Registered Representative, Alpine, Utah) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $82,033, which included disgorgement of $82,033, representing proceeds from the sales of shares of a security and the value of the shares used for a vehicle purchase, and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Peterson's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Peterson consented to the described sanctions and to the entry of findings that as his member firm's trader and market maker, he filed, on his firm's behalf, Form 211 applications to quote the securities of two issuers on the OTCBB and prepared a Form 211 for one of the issuers and signed the application as the person FINRA should contact for additional information regarding the application, and began entering quotations in the securities. The findings stated that neither Peterson nor his firm provided *bona fide* services, including investment-banking services, to either issuer, or to any other person or entity affiliated with or related to either company. The findings also stated that shares of one of the issuers were delivered to a former firm principal in certificate form; Peterson and the former firm principal transferred more than half of the shares to Peterson's relative and the remainder to entities affiliated with his family and persons associated with the firm. Peterson sold 33,850 shares for total proceeds totaling $70,454; thereby accepting a payment or other consideration, directly or indirectly, for submitting Form 211 applications in connection with the securities, publishing quotations and acting as a market maker. The findings also included that Peterson arranged for a relative to transfer shares to an automobile dealership in exchange for the purchase of a car and to facilitate the purchase, Peterson arranged for the dealership to open a securities account at his firm for the sole purpose of depositing shares and promptly selling them back to him or his firm; the dealership transacted no other trades in any other securities in its firm account. Peterson purposefully selected a share price for the transaction so that when multiplied by the number of shares, it would total the vehicle's purchase price. FINRA found that Peterson published or circulated, or caused to be published or circulated, a communication reporting a transaction in a security without believing that the transaction was a *bona fide* purchase or sale, and quoted the bid price and ask price in the security, without believing that such quotations represented a *bona fide* bid for, of offer of, the security.

The suspension is in effect from December 5, 2011, through December 4, 2013. (**FINRA Case #2007008031802**)

Peter Martin Peterson (CRD #2825535, Registered Principal, Tampa Florida) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Peterson failed to respond to FINRA requests for documents. (**FINRA Case #2009017968701**)

Robert Allen Pierce (CRD #363323, Registered Principal, Battle Ground, Washington) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for four months. In light of Pierce's financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Pierce consented to the described sanction and to the entry of findings that he effected, or caused to be effected, securities transactions in customers' accounts without their knowledge or consent, and in the absence of written or oral authorization to exercise discretion in those accounts. The transactions included purchases totaling approximately $10,328.37 and sales totaling approximately $54,733.15. The findings stated that Pierce failed to timely amend his Form U4 to disclose that he had received written complaints from a customer.

The suspension is in effect from December 19, 2011, through April 18, 2012. (**FINRA Case #2009020245901**)

Kevin C. Popowitz (CRD #5181666, Registered Representative, Bayside, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 90 days. The fine must be paid either immediately upon Popowitz' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Popowitz consented to the described sanctions and to the entry of findings that on separate occasions, and without permission or authority, he forged his manager's initials on firm documents. The findings stated that the documents were comprised of internal fee reversal forms and a third-party check-mailing request. Popowitz entered the requests in his member firm's system and instead of obtaining his manager's approval as firm procedures required, he forged his manager's initials on the documents in an effort to reduce the tasks he was required to perform. The findings also stated that while Popowitz forged his manager's initials and thus falsified firm records, the forgeries did not involve customer losses, nor did Popowitz benefit financially from his misconduct.

The suspension is in effect from November 21, 2011, through February 18, 2012. (**FINRA Case #2010022247201**)

Timothy Roberts Redpath (CRD #728164, Registered Principal, Sausalito, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $50,000 and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Redpath's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Redpath consented to the described sanctions and to the entry of findings that as a principal of his member firm, he failed to conduct adequate initial and/or ongoing due diligence in relation to an entity's private placement offered and sold through his firm. The findings stated that Redpath did not have a reasonable basis for believing the recommendation of the entity's partners to be suitable for any firm customer. Redpath failed to obtain sufficient information from individuals solicited to invest in the offering during the relevant time period to ascertain whether a recommendation to invest in the entity would be suitable for them based upon their financial circumstances and needs. The findings also stated that the firm, acting through Redpath, failed to maintain subscription agreements for investors in the entity's private placement who invested through the firm. The findings also included that Redpath participated in the offer and sale of limited partnership units of an entity he co-founded. Among other things, Redpath provided information about the entity to other broker-dealers for the purpose of facilitating the offer and sale of the entity by those firms; and he distributed, or caused the distribution of, a PPM that contained material misrepresentations and omitted to disclose material facts regarding the entity's operations and financial condition. The PPM failed to disclose a company's foreclosure, the company's default on its obligations to the entity and the entity's subsequent foreclosure on the properties that secured those obligations.

FINRA found that Redpath offered, sold, and/or distributed his entity's preferred notes to new and current investors. Redpath knew, or should have known, that his entity was using new investor proceeds in part to pay the monthly interest obligations to the entity's current investors and preferred note holders, and not for new investments as represented in the entity's offering documents. Redpath failed to disclose this material information to those who invested in the entity. FINRA also found that Redpath knew, or should have known, that the entity lacked sufficient revenue from operations to pay its monthly distributions to existing investors, and was funding such payments at least in part with capital raised from new investors. Because new investor funds were being applied to pay earlier investors, Redpath did not have a reasonable basis for believing that the recommendation to invest in the entity's preferred notes was suitable for any customer. In connection with recommendations to purchase the preferred notes, Redpath failed to obtain sufficient financial information from certain potential investors to determine whether the investment was suitable for such persons based upon their financial circumstances and needs. In addition, FINRA determined that Redpath failed to establish and maintain a supervisory system, and to establish, maintain and enforce WSPs reasonably designed to cause the firm to conduct due diligence for new offerings. Moreover, FINRA found that Redpath failed to supervise the activity of firm registered representatives selling his entity's preferred notes, failed to document ongoing due diligence of the entity and failed to establish, maintain and enforce procedures regarding the firm's due diligence review.

The suspension is in effect from November 21, 2011, through November 20, 2013. (**FINRA Case #2009018816502**)

Joseph Ricupero (CRD #1457028, Registered Principal, Stewart Manor, New York) was barred from association with any FINRA member in any capacity. The bar has been in effect since October 1, 2009, as Ricupero did not request a stay of the bar throughout the appeal process. The U.S. Court of Appeals for the Second Circuit denied Ricupero's petition for review following the SEC order sustaining the NAC decision. The sanction was based on findings that Ricupero failed to respond to FINRA requests for information. (**FINRA Case #2006004995301**)

Ronald Sherman Ross Jr. (CRD #2796527, Registered Representative, Janesville, Wisconsin) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Ross consented to the described sanction and to the entry of findings that he failed to respond to FINRA requests to appear for on-the-record testimony. (**FINRA Case #2010022038501**)

Charles Bacon Rowley III (CRD #842096, Registered Principal, Waltham, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000, suspended from association with any FINRA member in any capacity for six months, and ordered to disgorge commissions and pay $23,684, plus interest, in partial restitution to a customer. The fine and restitution must be paid either immediately upon Rowley's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Rowley consented to the described sanctions and to the entry of findings that he recommended and engaged in excessive, unsuitable trading in customers' accounts. The findings stated that Rowley did not have reasonable grounds for believing that the recommended trades were suitable for the customers, and the trading was inconsistent with the customers' age, investment objectives, financial situation and needs. The findings also stated that Rowley's trades generated total gross commissions of approximately $79,433. One customer's account decreased in value by approximately $177,000 and the other customer's account experienced a realized loss of $143,166.26.

The suspension is in effect from December 5, 2011, through June 4, 2012. (**FINRA Case #2009020612001**)

Marc A. Rybalchenko aka Marc Ryko aka Mark Ryko (CRD #4486388, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 30 days. The fine must be paid either immediately upon Rybalchenko's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Rybalchenko consented to the described sanctions and to the entry of findings that he effected discretionary transactions in the securities accounts of customers of his member firm without the customers' prior written authorization and his firm's written acceptance of the accounts as discretionary.

The suspension was in effect from November 21, 2011, through December 20, 2011. (**FINRA Case #2010023218201**)

Ronnie Charles Saliba (CRD #2625194, Registered Supervisor, Old Westbury, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, Saliba consented to the described sanction and to the entry of findings that he improperly used his block trading account to allocate favorable trades to two of his customers to the detriment of a discretionary, advisory account managed by the branch manager for the private client group in a branch of his member firm. The findings stated that Saliba engaged in such cherry-picking activity by effecting buy or sell orders through his block trading account without designating the account or accounts for which he was conducting the trade at the time of order execution. Instead, Saliba allocated the trades after the order was filled and the price of the security had been obtained. The findings also stated that his member firm's policies and procedures required the representative to designate the customer and the quantity to be allocated to the customer when placing an order using the block account. The findings also included that if the price was favorable, Saliba allocated the trade to either one of his customers' accounts, or both, from which he earned commissions. If the price was not favorable, Saliba allocated the trade to the account the branch manager managed, from which he earned management fees. FINRA found that one of the cherry-picked trades was also an unauthorized trade because the branch manager had not authorized any trade activity for that security. FINRA also found that Saliba's cherry picking and unauthorized trading cost the discretionary advisory account approximately $60,000. The firm reimbursed that account for its losses, with Saliba contributing to the reimbursement amount.

The suspension is in effect from December 5, 2011, through December 4, 2013. (**FINRA Case #2010021176201**)

Joseph James Sciarra Jr. (CRD #1576322, Registered Principal, Wellington, Florida) was barred from association with any FINRA member in any capacity and ordered to pay $393,935, plus interest, in restitution to a customer's estate. The sanctions were based on findings that Sciarra converted a customer's funds by not applying the funds for the customer's intended purpose. The findings stated that the customer provided checks totaling $393,935 to Sciarra to invest in warrants. Sciarra neither deposited the checks into the customer's firm account nor provided any warrants or other securities to the customer. Sciarra cashed the checks or deposited them into a bank account. The findings also stated that the customer passed away and Sciarra has not reimbursed the customer's estate. The findings also included that Sciarra failed to respond to FINRA requests for information. (**FINRA Case #2010022840501**)

Steven John Simone (CRD #2413602, Registered Principal, East Elmhurst, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Simone consented to the described sanction and to the entry of findings that he failed to appear and testify at a FINRA on-the-record interview. (**FINRA Case #2011028964202**)

Elijah Smith (CRD #5632806, Registered Representative, Findlay, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Smith consented to the described sanction and to the entry of findings that he opened traditional individual retirement accounts (IRA) and Roth IRA accounts for employees, without their knowledge or consent. The findings stated that Smith funded the accounts in the amount of $250, the minimum account value his member firm's procedures permitted. The findings also stated that funds for these accounts were drawn from an account for the business through which Smith contracted with his firm as a Term Independent Contract Agent. Smith opened one of the employee's IRA accounts by signing his own name on the opening account document in the place where the employee was to have signed. Smith opened the accounts in the employee's name and signed his name to the accounts without her knowledge or authorization. After the employee complained to Smith, Smith terminated her from her position. The findings also included that for another employee, Smith opened the IRA accounts by submitting forms bearing a signature that purported to be the employee's. Smith opened the accounts in the employee's name and forged his signature without his knowledge or authorization. When the firm confronted Smith, Smith falsely informed the firm that the employee signed his own application.

FINRA found that Smith opened accounts for relatives. Smith funded these accounts in the amount of $250. Funds for these accounts were drawn from Smith's business account, although for these accounts the account holder's name was not given on the applications. FINRA also found that each family member's form application explicitly asked whether the applicant was a sibling or linear ascendant of a firm agent. On each application, the box was improperly checked "no." Smith opened the IRA accounts and forged his relatives' signatures on each of the account applications without their knowledge or authorization. In addition, FINRA determined that Smith admitted to his firm that he submitted the applications and opened the accounts in order to reach production numbers. (**FINRA Case #2011025962601**)

Elva Luz Solis (CRD #5527297, Registered Representative, Dodge City, Kansas) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Solis consented to the described sanction and to the entry of findings that she misappropriated $23,223 in cash premiums from customers of her member firm's affiliated insurance company and another affiliated insurance company. The findings stated that Solis received cash premium payments totaling $6,465 from customers, entered the payments into the Agent's Credit Advice (ACA) system, which generates receipts, and failed to promptly deposit and apply the money towards the customers' insurance policies. Instead, she applied certain of the premiums toward earlier customers' past due insurance policies by crediting the earlier policies. In addition, Solis used cash premiums for her own personal expenses, thus misappropriating the $6,465. The findings also stated that Solis' customers paid her cash premiums totaling $16,758 for insurance policies with another insurance company, which the ACA system did not cover, and failed to place the premiums into a Premier Trust bank account, which would then be electronically swept from the bank directly to the insurance company. Instead, Solis applied certain of the premiums toward other customers' past due insurance policies and used cash premiums to pay her personal expenses, thereby misappropriating the $16,758. The findings also included that in response to questions by her insurance company's auditor, Solis admitted to using cash premium payments for personal reasons. Solis has repaid the $16,758 owed to the affiliated insurance company's account, but to date has not repaid the insurance company account shortages in the amount of $6,465. (**FINRA Case #2010025009001**)

William Slay Stevens (CRD #2889238, Registered Representative, Montgomery, Alabama) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Stevens consented to the described sanction and to the entry of findings that he made recommendations to a customer that were unsuitable based on the customer's risk tolerance and investment objectives, and involved an over concentration of liquid net worth in an illiquid investment. The findings stated that Stevens recommended that a customer invest in promissory notes issued by a newly-formed holding company in the process of acquiring his member firm and other affiliates. Based upon Stevens' recommendation, the customer invested $250,000 in the company's promissory notes. The findings also stated that Stevens approached the customer about investing in the company's preferred stock involving a private placement offered pursuant to SEC Regulation D, Rule 506. Based upon Stevens' recommendation, the customer purchased some shares of each series of the company's preferred stock in blocks of $65,000, for a total investment of $260,000. The customer's aggregate investment in the company's securities at this point was $510,000, which accounted for about a quarter of the customer's net worth and all of his liquid net worth. The concentration level of his investments in the company compounded the risk of these high-risk investments. The findings also included that Stevens recommended that the customer convert the promissory notes he held into additional shares of the company's preferred stock. The customer converted the company's promissory notes into several shares of one of the company's preferred stocks. According to a disclosure document for alternative investments, the second purchase of the company's preferred stock represented 57 percent of the customer's liquid net worth at that point. Shortly thereafter, the company ceased business and defaulted on all dividend payments on its preferred stock.

FINRA found that Stevens had no reasonable basis for recommending that the customer invest in a concentrated position of high-risk investments in the company's securities. FINRA also found that Stevens failed to disclose numerous material facts to the customer in connection with the sale of the promissory notes. The company's PPM, which Stevens provided in connection with the sale of the preferred stock, contained material misstatements and omitted to disclose material facts, and was not updated to disclose subsequent material events when they occurred. In particular, Stevens failed to disclose, among other things, that the company was a startup business with no operating history, limited capital and was dependent on raising additional capital. In addition, FINRA determined that Stevens failed to disclose that his firm lost a substantial number of its brokers when the company purchased it. Moreover, FINRA found that the PPM distributed in connection with the sale of the company's preferred stock did not include any current financial information or a balance sheet for the company. Instead, the PPM included limited pro-forma financial statements that were incomplete and misleading. Furthermore, FINRA found that the PPM was not amended to reflect subsequent material events such as the resignation of the company's president and ongoing cash flow difficulties. (**FINRA Case #2010020829801**)

Jeffrey James Sturm (CRD #1909934, Registered Representative, Roberts, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Sturm consented to the described sanctions and to the entry of findings that a member firm had informed its representatives and customers that it would no longer offer one mutual fund and would be liquidating existing positions in the fund. The findings stated that Sturm forgot to exchange a customer's holdings of shares of that mutual fund for shares of another mutual fund, and when he realized his mistake, he immediately placed the order to exchange the mutual funds, without knowing that the customer had died; Sturm did not receive a commission for the transaction. Since the customer had died prior to the trades being executed and Sturm did not have authority from the customer's beneficiaries to place the orders, the mutual fund exchange was unauthorized. The findings also stated that Sturm had customers sign blank forms or sign and date forms authorizing a partial or full withdrawal from their variable deferred annuities or universal life insurance policies, and on numerous occasions, he altered the forms by, among other things, photocopying the signed blank forms or whiting out dates on original forms and then inserting the current date on the forms as if the documents had been recently signed and dated; Sturm submitted these altered forms to his firm to process the partial or total withdrawals, contrary to his firm's WSPs and internal memoranda. The findings also included that the customers had authorized the withdrawals and all received the funds that had been withdrawn, in accordance with their wishes.

The suspension is in effect from December 5, 2011, through March 4, 2011. (**FINRA Case #2009018240601**)

John Franklin Sullivan (CRD #736775, Registered Principal, West Palm Beach, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $2,500 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Sullivan consented to the described sanctions and to the entry of findings that he commingled $425 of a customer's funds with his own. The findings stated that Sullivan serviced an elderly customer's account at his member firm who asked for his assistance in paying his personal and medical bills. With the customer's knowledge and authorization, Sullivan opened a non-brokerage online account for the customer outside of the firm and transferred $1,840 from the customer's firm account to the outside non-brokerage online account. The findings also stated that with the customer's knowledge and authorization, Sullivan transferred $425 from the customer's outside non-brokerage online account to Sullivan's own personal outside non-brokerage online account, which was later transferred back from Sullivan's personal outside non-brokerage online account to the customer's account with the firm. The findings also included that at the time Sullivan commingled the customer's funds with his own, he knew that the firm prohibited its employees from commingling funds with customers.

The suspension was in effect from December 5, 2011, through December 23, 2011. (**FINRA Case #2010022365001**)

Brandon James Thompson aka Brandon James Lumpkins (CRD #1918634, Registered Supervisor, San Jose, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Thompson consented to the described sanctions and to the entry of findings that he failed to ensure reasonable supervision of customer accounts at a member firm's branch office, failed to implement a reasonable system of follow-up and review of the delegated tasks, and failed to detect or investigate warning signs concerning a former registered sales assistant's wrongful taking of customer funds. The findings stated that the sales assistant gained access to confidential client account information and used her knowledge of customer accounts, and lapses in the firm's supervisory practices, to take advantage of some of the firm's most vulnerable customers. The individual forged client signatures, falsified account records and engaged in unauthorized trades, transfers and disbursements of customer funds, misappropriating $749,978 from firm customers. The findings also stated that Thompson failed to implement a reasonable system of follow-up and review, including the review of LOAs and certain exception reports concerning customer accounts. Thompson relied entirely on one of his managers to review LOAs without spot-checking or otherwise scrutinizing the review. LOAs authorized the firm to effect transfers of funds, disbursements and changes to account information, including address changes. In practice, review of LOAs at the branch was typically limited to reviewing the LOA for completeness without reference to prior LOAs or account statements involving the same account. The findings also included that Thompson's inadequate system of follow-up and review contributed to the individual's ability to use fraudulent LOAs to facilitate her misappropriation of customer funds. In one incident, the individual issued a series of LOAs to channel money from customer accounts to the individual. The individual changed the residential account address on the fraudulent account created in her relative's name to reflect the individual's residential address. Transfers were made from unrelated trust accounts to the fraudulent account totaling $32,364.78.

FINRA found that at the same time, a check-writing feature was added to the fraudulent account and a checkbook was sent to the individual's residential address. Transferred funds were subsequently disbursed to the individual using the newly-issued checks. FINRA also found that Thompson did not ensure that a reasonable system of follow-up and review was consistently implemented, even when supervisory deficiencies were identified through the firm's Risk and Control Self-Assessment (RCSA). During a calendar quarter, the RCSA rated the branch's review of the reports at the branch as unsatisfactory. The reports are a supervisory tool the firm used to detect red flags in new account applications, including information that may be inaccurate or false. The reports highlight mismatches between new account information and information kept in a third-party database. The firm sampled accounts at the branch and noted that in some cases mismatches had not been rectified and no follow-up had occurred.

FINRA determined that in one case, a report identified two mismatches that the individual was instructed to resolve. On the hard copy of the report, the individual wrote an explanation that failed to address either of the two mismatches. The individual's explanation was accepted without further inquiry. Although Thompson delegated review of the reports to others at the branch, he failed to follow-up and review to ensure that these delegated tasks were performed reasonably. Moreover, FINRA found that Thompson's supervision of customer accounts at the branch was unreasonable and failed to ensure compliance with FINRA rules and the federal securities laws; he failed to implement a reasonable system of follow-up and review concerning the supervision of customer accounts and, as a result failed, to detect or investigate warning signs concerning the individual's misconduct.

The suspension was in effect from December 5, 2011, through December 23, 2011. (**FINRA Case #2008013231503**)

David Vankuren Tolley (CRD #725544, Registered Representative, Saginaw, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $7,500 and suspended from association with any FINRA member in any capacity for four months. The fine must be paid either immediately upon Tolley's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Tolley consented to the described sanctions and to the entry of findings that he borrowed $5,000 from an investor and customer of his member firm contrary to his firm's compliance manual that generally prohibited representatives from borrowing money from a customer unless the borrowing was made pursuant to an exception to the rule and written approval had been granted by the firm's compliance officer; Tolley failed to obtain permission. The findings stated that Tolley failed to timely amend his Form U4 to disclose a material fact.

The suspension is in effect from November 7, 2011, through March 6, 2012. (**FINRA Case #2010022046801**)

Dennis Lee Travis (CRD #2166809, Registered Representative, Pittsburgh, Pennsylvania) submitted a Letter of Acceptance, Wavier and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Travis consented to the described sanctions and to the entry of findings that he placed discretionary transactions in the subaccounts of his customers' variable annuities through which he rebalanced the allocation of securities in the accounts, without having his customers' written authorization to place discretionary trades. The findings stated that Travis' member firm had not approved his use of discretion in his customers' accounts.

The suspension was in effect from December 19, 2011, through January 3, 2012. (**FINRA Case #2010024859401**)

David William Trende (CRD #2725055, Registered Representative, Hinckley, Ohio) was fined $10,000 and suspended from association with any FINRA member in any capacity for three months. The fine is due and payable upon Trende's return to the securities industry. The sanctions were based on findings that Trende falsified Federal Reserve forms with respect to customers and caused his firm to maintain false books and records by providing false information on Purpose Statements and submitting them to the firm. The findings stated that a Stock-to-Cash program was designed to help customers of insurance agents fund purchases of fixed annuity and fixed life insurance products; loan documents and federal regulations prohibited investment of the loan proceeds in margin securities. The program's terms prohibited borrowers from investing in variable annuities. As part of the Stock-to-Cash loan process, Trende was required to provide a Purpose Statement setting forth the intended use of proceeds, in order to ensure compliance with Federal Reserve Board regulations restricting the extension of margin credit. Trende had general discussions with the customers who agreed to borrow approximately $180,000 concerning the possible uses of the loan proceeds, but no decisions were made about how to use the funds until after the proceeds were received so real estate was written on the Purpose Statement as the specific purpose of the loan. The findings also stated that the customers did not use the proceeds for the stated purpose of purchasing real estate; they used more than 50 percent of the proceeds of the Stock-to-Cash loan to purchase a variable annuity from an entity, with Trende as their broker, and used the remainder of the proceeds to purchase an equity-indexed annuity, again through Trende, and to pay some debts. The firm received a commission from the annuity sales, and Trende received a payout from the firm. The findings also included that another of Trende's customers agreed to borrow approximately $100,000 through the Stock-to-Cash program. In connection with this customer's loan, Trende completed a Purpose Statement for the customer's signature, which stated that the credit was going to be used for real estate. When the customer signed the Purpose Statement, he had discussed several options for the use of the proceeds with Trende, but had not determined how he would ultimately use the loan proceeds but did not use the proceeds to purchase real estate. The customer signed an application to purchase a variable annuity, with Trende as the broker, with most of the proceeds from the Stock-to-Cash loan; the firm received a commission from the annuity sale, and Trende received a payout from the firm. FINRA found that both customers profited on their investments in the securities that they bought for participation in the Stock-to-Cash program and posted as collateral for their loans. FINRA also found that Trende was well aware that his customers had not decided how to use the money at the time the Purpose Statements were signed. Trende's conduct was unethical and reflects negatively on his commitment to compliance with the securities industry's regulatory requirements.

The suspension is in effect from December 5, 2011, through March 4, 2012. (**FINRA Case #2007008935010**)

Tyge Thomas Tuccillo (CRD #3075541, Registered Representative, Venice, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Tuccillo consented to the described sanction and to the entry of findings that FINRA requested him to appear for a scheduled on-the-record testimony in connection with a private-placement offering sales practice investigation. The findings stated that Tuccillo informed FINRA that he was no longer associated with a FINRA member firm and had no intention of ever doing so in the future. Tuccillo informed FINRA that he would not appear for scheduled testimony on any date in the future. (**FINRA Case #2010021240401**)

Bill Luther Weaver (CRD #1321044, Registered Principal, Tulsa, Oklahoma) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $20,000 and suspended from association with any FINRA member in any capacity for one year. The fine must be paid either immediately upon Weaver's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Weaver consented to the described sanctions and to the entry of findings that he did not complete end-of-term conversion forms related to term life insurance policy renewals in compliance with his member firm's procedures. The findings stated that Weaver did not obtain customers' signatures on the end-of-term conversion forms, but rather signed customers' names to these documents. In these cases, Weaver obtained the customers' verbal assent to renew the term life policy and the customers' general approval to sign the customers' name on the documentation required. The customers' signatures renewed the representations made with regard to the original policy and supported continuing automatic withdrawal from the customers' bank account of premiums to pay for continuing coverage.

The suspension is in effect from December 5, 2011, through December 4, 2012. (**FINRA Case #2010021491701**)

Skipper Cameron Wilmot (CRD #5531511, Registered Representative, Norton, Ohio) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Wilmot consented to the described sanction and to the entry of findings that he refunded fees in personal checking accounts he held at a bank, an affiliate of his member firm, converting $1,567 in bank fees for his own use. The findings stated that Wilmot used another bank employee's user identification to log in to the bank's computer system and reverse overdraft and extended overdraft fees in several of his personal checking accounts at the bank without authorization, thus depriving the bank of fees owed to it. The findings also stated that in a written response to FINRA, Wilmot admitted that, when his manager was not present, he used another person's name and password to log in to the bank's computer system and reverse fees in his own accounts in violation of the bank's policies. The findings also included that Wilmot failed to respond to FINRA requests for information and documents. (**FINRA Case #2011026512201**)

Shawn David Young (CRD #5079413, Registered Representative, West Jordan, Utah) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Young consented to the described sanction and to the entry of findings that he effected multiple option transactions in his personal brokerage account held at his then-member firm when he lacked the necessary funds to pay for them. (**FINRA Case #2011028116701**)

Complaints Filed

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

Andrew James Aragona (CRD #1320844, Registered Representative, Deerfield Beach, Florida) was named as a respondent in a FINRA complaint alleging that he recommended variable annuity switches to an elderly customer who had a moderate risk tolerance and a primary investment objective of capital appreciation. The complaint alleges that Aragona recommended that the customer consolidate several annuities into one annuity because it purportedly offered revocable annuitization and permitted the customer to leave money to her heirs in a tax-efficient manner; the annuity was purchased for $1,185,229 and the customer incurred approximately $69,000 in surrender fees for which Aragona received $67,500 in commissions. The complaint also alleges that less than a year later, Aragona recommended that the customer switch the annuity for another one because he believed it provided more flexibility in volatile market conditions and allowed investments in subaccounts; the annuity was purchased for $1,017,195 and the customer incurred approximately $61,000 in surrender fees for which Aragona received $56,000 in commissions. The complaint further alleges that because the customer incurred a total of approximately $130,000 in surrender fees in less than one year, the costs outweighed any purported benefits; therefore, the recommendations were not suitable for the customer. (**FINRA Case #2010023963301**)

Brookstone Securities, Inc. (CRD #13366, Lakeland, Florida) was named as a respondent in a FINRA complaint alleging that the firm, acting through its registered representatives, recommended and sold two private placement offerings in non-convertible redeemable cumulative preferred stock and through its president, FINOP/CCO and another CCO, failed to conduct adequate due diligence of the offerings before allowing its representatives to recommend and sell the securities. The complaint alleges that without adequate due diligence, the firm could not identify and understand the inherent risks of the offerings and did not obtain and review basic information about the offerings. The complaint also alleges that because the firm, acting through its principals, failed to conduct adequate due diligence, it had no reasonable basis for recommending that the customers purchase the offerings; the firm's sales to customers of the offerings totaled $815,000 and the firm earned $72,350 in commissions and due diligence fees. The complaint further alleges that the firm failed to discharge its supervisory responsibilities by failing to conduct reasonable due diligence regarding the offerings. (**FINRA Case #2009019070902**)

Jeffrey Stephen Geraci (CRD #1839469, Registered Principal, Virginia Beach, Virginia) was named as a respondent in a FINRA complaint alleging that he recommended to a customer, who was not an accredited investor and did not otherwise have substantial net worth, that she purchase a high-risk, illiquid security—a convertible note—without having reasonable grounds to believe the security was suitable for her. The complaint alleges that the PPM stated that the notes had not been and would not be registered under the Securities Act of 1933. The PPM also stated that the notes involved a high degree of risk and that the notes were suitable only for persons of substantial net worth who had the ability to purchase a high-risk illiquid investment and could bear the risk of a complete loss of their investment. The complaint also alleges that in recommending to the customer that she purchase a note, and in causing the note purchase to be effected on her behalf, Geraci did not have reasonable grounds to believe that a note was suitable for the customer based on facts and information known to him. The note was not suitable for the customer because the risk characteristics of the note were not compatible with her investment objectives or with her financial needs and circumstances. The complaint further alleges that the customer's principal investment objectives were to generate income to pay her monthly expenses and to have funds available if she were to need long-term care. In addition, the complaint alleges that the company that issued the security defaulted on the notes, which are now effectively worthless, and the customer sustained a complete loss of her $50,000 investment. (**FINRA Case #2010023044101**)

Lawrence Joseph Haye (CRD #4803348, Registered Representative, Mitchellville, Maryland) was named as a respondent in a FINRA complaint alleging that he converted and otherwise misused customers' funds. The complaint alleges that Haye solicited money from customers to invest in the investment fund for a company he owned. The complaint also alleges that Haye deposited at least $282,750 he received from those customers in a bank account he owned and controlled, where they were commingled with his personal funds without the customers' authorization or consent. After the customers' funds were deposited in the company account, Haye converted at least $78,000 to his own use, making payments on his own credit card accounts, personal trading account and paying other personal debts. The complaint further alleges that Haye failed to respond to FINRA requests for information and documents and failed to appear for a FINRA on-the-record interview. (**FINRA Case #2010022438801**)

Mikal Keahey Johnson (CRD #4988857, Registered Representative, Richardson, Texas) was named as a respondent in a FINRA complaint alleging that he exercised discretion in member firm customers' securities accounts without their written authorization and his firm's prior written acceptance of the accounts as discretionary. The complaint alleges that Johnson had a profit-sharing arrangement with some of the firm's securities customers pursuant to which he would take 25 percent of their earned profits without their written permission or from the firm's for this sharing arrangement. The complaint also alleges that Johnson failed to timely respond to FINRA requests for information. (**FINRA Case #2009020417002**)

Carlos Francisco Otalvaro aka Francisco Hormillosa Otalvaro (CRD #2294420, Registered Principal, Coral Gables, Florida) was named as a respondent in a FINRA complaint alleging that Otalvaro's member firm received a $12,586.75 check from its customer to be credited to an account for her benefit; the firm deposited the check into its account at a bank instead of sending the check to its clearing firm to be credited to an account for the customer's benefit. The complaint alleges that the customer demanded that Otalvaro, who controlled and may still control the firm's finances, return her funds; but Otalvaro failed to do so, thereby misusing customer funds. The complaint also alleges that Otalvaro failed to completely respond to FINRA requests to provide documents regarding the investigation of the customer's funds. The complaint further alleges that Otalvaro's firm received $5,302 in cash to be deposited in a firm customer's account but the firm failed to do so; the firm agreed to return the funds to the customer by wire. In addition, the complaint alleges that the customer sent wire instructions to Otalvaro but Otalvaro, who controlled and may still control the firm's finances, failed to return the funds; thereby misusing customer funds. (**FINRA Case #2010024837301**)

Rex Estrella Palarca (CRD #4337548, Registered Representative, San Francisco, California) was named as a respondent in a FINRA complaint alleging that he engaged in excessive trading in a customer's account. The complaint alleges that the customer was unable to evaluate Palarca's recommendations or exercise independent judgment due to her inexperience and lack of financial acumen. The complaint also alleges that the purchases and sales that Palarca executed in the customer's account totaled approximately $309,839.89. The complaint further alleges that Palarca earned approximately $15,494.76 in gross commissions from the customer's account. In addition, the complaint alleges that Palarca effected discretionary transactions in the customer's account without the customer's prior written authorization and his member firm's written acceptance of the account as discretionary. Palarca's firm did not permit discretionary accounts and did not accept the customer's account as discretionary. (**FINRA Case #2010022764801**)

Richard Peter Pascucci (CRD #4819805, Registered Representative, Hamburg, New York) was named as a respondent in a FINRA complaint alleging that he converted a total of $261,000 from customers by obtaining from them checks payable to him on the false representation and pretense that he would invest the proceeds for them. The complaint alleges that rather than investing the funds, Pascucci converted them for his own purposes without the customers' knowledge, authorization or consent. The complaint also alleges that Pascucci failed to respond to FINRA requests for information and documents. (**FINRA Case #2010025751301**)

Firm Expelled for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320

Associated Financial Services, Inc. (CRD #1121)
Fargo, North Dakota
(November 28, 2011)
FINRA Case #2010021259501

Firm Cancelled for Failure to Pay Outstanding Fees Pursuant to FINRA Rule 9553

HS & Co., Inc. (CRD #42612)
Clarendon Hill, Illinois
(November 24, 2011)

Firm Suspended for Failure to Supply Financial Information 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.)

Global United Securities Ltd. (CRD #16556)
New York, New York
(November 30, 2011)

Firm Suspended for Failure to Pay Annual Assessment Fees 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.)

Boston Merchant Financial Services, Inc. (CRD #23739)
Boston, Massachusetts
(September 7, 2011 – September 27, 2011)

Firm Suspended for Failure to Pay Arbitration Fees 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.)

The Keystone Equities Group, L.P. (CRD #127529)
Oaks, Pennsylvania
(November 3, 2011 – November 16, 2011)
FINRA Arbitration Case #11-01308

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.)

Michael Winston Blakemore (CRD #1330035)
Wilton, New York
(November 14, 2011)
FINRA Case #2010025329201

Dante Mark Booker (CRD #2937506)
Bronx, New York
(November 18, 2011)
FINRA Case #2011026363201

Wilfredo Colon (CRD #1813130)
Miami, Florida
(November 22, 2011)
FINRA Case #2011027249701

Max Stephen Cooks (CRD #4941269)
Cincinnati, Ohio
(November 21, 2011)
FINRA Case #2011027181701

David Matthew Gottschalk (CRD #2827441)
Oxford Township, Michigan
(November 21, 2011)
FINRA Case #2011027352301

Martha Joyce Hawk (CRD #2138472)
Blountville, Tennessee
(November 28, 2011)
FINRA Case #2010024599201

Kenneth Charles Hays (CRD #2753344)
Bloomington, Indiana
(November 14, 2011)
FINRA Case #2011026303101

Daniel Michael Hellquist (CRD #5756450)
Cottage Grove, Minnesota
(November 18, 2011)
FINRA Case #2010024357101

Karl Edward Kapustka (CRD #1844025)
San Antonio, Texas
(November 25, 2011)
FINRA Case #2011027867001

Paul Anthony LaRocco (CRD #1829706)
Ocala, Florida
(November 22, 2011)
FINRA Case #2010021224801

Sherise Chantal Lee (CRD #2768291)
Tallahassee, Florida
(November 21, 2011)
FINRA Case #2010024008801

Juan Rene Marte (CRD #5580395)
Orlando, Florida
(November 21, 2011)
FINRA Case #2010022683101

Michael Louis Maseritz (CRD #2219521)
Annapolis, Maryland
(November 21, 2011)
FINRA Case #2010022328601

Vincent Phillip Montenegro (CRD #4327295)
Shoreham, New York
(November 8, 2011)
FINRA Case #2010022907001

Juan Ramos Montermoso (CRD #4633557)
Arlington, Virginia
(November 22, 2011)
FINRA Case #2010023814901

David Craig Neison (CRD #1607562)
Shelbyville, Kentucky
(November 14, 2011)
FINRA Case #2011026406801

Patrick Joseph Rasp (CRD #4681887)
Ballwin, Missouri
(November 8, 2011)
FINRA Case #2011027731401

Justin David Reynolds (CRD #5384684)
Morristown, New Jersey
(November 18, 2011)
FINRA Case #2011026964701

Antonio Seminario aka Jorge Antonio Seminario (CRD #2673196)
Plantation, Florida
(November 28, 2011)
FINRA Case #2010023888401

Joseph Anthony St. Angelo (CRD #1169212)
Ashtabula, Ohio
(November 21, 2011)
FINRA Case #2010024415201

Alex B. Van Beek (CRD #4733984)
West Hartford, Connecticut
(November 21, 2011)
FINRA Case #2011026058601

Van Gregory Zovluck (CRD #1487883)
Plantation, Florida
(November 8, 2011)
FINRA Case #2010021922201

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.)

Eric Adam Axel (CRD #4073828)
Brooklyn, New York
(November 21, 2011)
FINRA Case #2007010889202

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.)

Philip Brown (CRD #5882828)
Cleveland, Tennessee
(November 25, 2011)
FINRA Case #2011026489401

Arlene Debra Cassinelli (CRD #2970803)
Elk Grove, California
(November 7, 2011)
FINRA Case #2011026454801

Victor Alvarez Cota aka Victor Manuel Cota (CRD #2529702)
Tucson, Arizona
(November 25, 2011)
FINRA Case #2011029217901

Shelley Marie Damske (CRD #5026067)
Sparks, Nevada
(November 3, 2011)
FINRA Case #2011028552001

Todd Nall Farmer (CRD #4364321)
Deltona, Florida
(November 10, 2011)
FINRA Case #2011028115301

James Lamonte Foster (CRD #3063987)
Munster, Indiana
(November 10, 2011)
FINRA Case #2011027720001

Jeremiah Theodore Henderson (CRD #715850)
Country Club Hills, Illinois
(November 10, 2011)
FINRA Case #2011027397901

Armen Hovakimian (CRD #1676110)
New York, New York
(November 10, 2011)
FINRA Case #2011027924601

Giang Truong Le (CRD #5797673)
San Diego, California
(November 25, 2011)
FINRA Case #2011026898101

Michael Frank Louis (CRD #2287160)
Boca Raton, Florida
(November 21, 2011)
FINRA Case #2010022406301

Ramiro Martinez (CRD #4540476)
Hockley, Texas
(November 10, 2011)
FINRA Case #2011026126601

Joseph Kent Messerly (CRD #1510186)
Clark Lake, Michigan
(November 4, 2011)
FINRA Case #2011026435101

Theodore Mark Olson (CRD #2294381)
Hudson, Ohio
(November 4, 2011)
FINRA Case #2011026787201

Fida Frank Rahman (CRD #1841337)
North Brunswick, New Jersey
(November 28, 2011)
FINRA Case #2010024409301

David Peter Roskopf (CRD #4570408)
Jackson, Wisconsin
(November 10, 2011)
FINRA Case #2011028206001

Brandon E. Scott (CRD #5686132)
Union City, New Jersey
(November 10, 2011)
FINRA Case #2011028977801

Victor Lloyd Smith Jr. (CRD #2370414)
Brooklyn, New York
(October 31, 2011 – November 30, 2011)
FINRA Case #2011026595801

Individuals Suspended for Failure to Pay Arbitration Fees Pursuant to FINRA Rule 9553

(The date the suspension began is l isted after the entry. If the suspension has been lifted, the date follows the suspension date.)

Brian James McCafferty (CRD #704729)
Convent Station, New Jersey
(November 18, 2011 – December 2, 2011)
FINRA Arbitration Case #07-02357

Gary Alan Schwarcz (CRD #725627)
Syosset, New York
(November 18, 2011 – December 9, 2011)
FINRA Arbitration Case #09-07044

Individuals Suspended for Failure to Comply with an Arbitration Award or Settlement Agreement 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.)

Kevin Ross Blackburn (CRD #2083989)
Rockville Centre, New York
(November 30, 2011)
FINRA Arbitration Case #11-01711

Anna Maria Clark (CRD #4695045)
Tucson, Arizona
(November 30, 2011)
FINRA Arbitration Case #11-00170

Daniel Martin Croke (CRD #4363980)
Carlsbad, California
(November 10, 2011)
FINRA Arbitration Case #10-02514

Carl Morris Drury III (CRD #2574178)
Atlanta, Georgia
(November 30, 2011)
FINRA Arbitration Case #11-00284

Emanuel Richard Giglio (CRD #2457836)
Coronado, California
(November 4, 2011)
FINRA Arbitration Case #09-01802

Shawn Edward Goheen (CRD #2119665)
Sugar Land, Texas
(November 23, 2011)
FINRA Arbitration Case #08-00858

Kyle McLellan Hannah (CRD #1579607)
Houston, Texas
(November 30, 2011)
FINRA Arbitration Case #10-05001

Sean K. Hannon (CRD #4296260)
Cary, North Carolina
(November 30, 2011)
FINRA Arbitration Case #09-07172

James Brian Herrick (CRD #4682415)
Venice, Florida
(November 10, 2011)
FINRA Arbitration Case #11-01810

David Jacob Herzog (CRD #1688885)
Houston, Texas
(November 10, 2011)
FINRA Arbitration Case #11-03274

Russell Marvin Hill (CRD #1423554)
Lawrenceville, Georgia
(November 10, 2011)
FINRA Arbitration Case #10-05747

Glenn Edward Holbert (CRD #1821760)
Vacaville, California
(November 30, 2011)
FINRA Arbitration Case #10-04186

Steven Douglas Klein (CRD #1940511)
Lynbrook, New York
(November 30, 2011)
FINRA Arbitration Case #11-00878

Thomas Aloysious O'Malley (CRD #3078734)
Memphis, Tennessee
(November 30, 2011)
FINRA Arbitration Case #10-05209

Vincent Ross Jr. (CRD #2383988)
Pittsburgh, Pennsylvania
(November 30, 2011)
FINRA Arbitration Case #10-04032

Timothy Burke Ruggiero (CRD #2119642)
Plantation, Florida
(November 29, 2011)
FINRA Arbitration Case #08-00632

Warren Alfred Weems III (CRD #4660614)
Chandler, Arizona
(November 30, 2011)
FINRA Arbitration Case #11-01401

FINRA Orders Chase to Reimburse Customers $1.9 Million for Unsuitable Sales of UITs and Floating-Rate Loan Funds

FINRA Also Fines Chase $1.7 Million

The Financial Industry Regulatory Authority (FINRA) ordered Chase Investment Services Corporation to reimburse customers more than $1.9 million for losses incurred from recommending unsuitable sales of unit investment trusts (UITs) and floating rate loan funds. FINRA also fined Chase $1.7 million.

FINRA's investigation found that Chase brokers recommended the purchase of UITs and floating rate loan funds to unsophisticated customers with little or no investment experience and conservative risk tolerances, without having reasonable grounds to believe that those products were suitable for the customers. FINRA also found that Chase failed to implement supervisory procedures to reasonably supervise its sales of UITs and floating rate loan funds.

A UIT is an investment product that consists of a diversified basket of securities, which can include risky, speculative investments such as high-yield/below investment-grade or "junk" bonds. Floating-rate loan funds are mutual funds that generally invest in a portfolio of secured senior loans made to entities whose credit quality is rated below investment-grade, or "junk."

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, "With the growing number of complex products in the market today, it is incumbent upon firms to properly train and provide guidance to their brokers about the products that they sell and supervise the sales practices of their brokers. Chase allowed its brokers to sell risky UITs and floating-rate loan funds without providing them with the training, guidance and supervision necessary to determine whether these products were suitable for their customers, which resulted in losses for Chase's customers."

FINRA found that Chase did not provide its brokers with sufficient training and guidance regarding the risks and suitability of UITs and floating-rate loan funds. Two of the UITs on Chase's list of approved products held a large percentage of assets in closed-end funds that contained a significant percentage of high-yield or junk bonds. Due to their composition, these particular UITs were not suitable investments for customers who had little or no investment experience and a conservative risk tolerance. Chase brokers made almost 260 unsuitable recommendations to purchase these UITs to customers with little or no investment experience and a conservative risk tolerance. The customers suffered losses of approximately $1.4 million as a result of investing in these unsuitable transactions.

Similarly, the floating-rate loan funds sold by Chase were subject to significant credit risks and certain of the funds could also be illiquid. Accordingly, concentrated positions in the funds were not suitable for certain investors with conservative risk tolerances or those seeking preservation of principal. Despite this, Chase brokers recommended the purchase of floating-rate loan funds to customers who had conservative risk tolerances, were seeking preservation of principal or were seeking a highly liquid investment. These customers suffered unreimbursed losses of nearly $500,000 as a result of these unsuitable recommendations.

FINRA's findings also include that WaMu Investments, Inc., which merged with Chase in July 2009, made recommendations to customers to purchase floating-rate loan funds that were not suitable for them, and that WaMu failed to provide adequate training and failed to reasonably supervise the sale of floating-rate loan funds to customers.

In concluding this settlement, Chase neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

FINRA Fines Wells Investment Securities $300,000 for Use of Misleading Marketing Materials for REIT Offering

The Financial Industry Regulatory Authority (FINRA) announced that it has fined Wells Investment Securities, Inc. $300,000 for using misleading marketing materials in the sale of Wells Timberland REIT, Inc., a non-traded Real Estate Investment Trust (REIT).

Wells was the dealer-manager and wholesaler for the public offering of Wells Timberland REIT, which invested in timber-producing land. As the wholesaler, Wells reviewed, approved and distributed the marketing materials for Wells Timberland. FINRA found that from May 2007 through September 2009, Wells reviewed, approved and distributed 116 advertising and sales materials containing misleading, unwarranted or exaggerated statements. For example, Wells Timberland's initial offering prospectus stated that it intended to qualify as a REIT for the tax year that ended Dec. 31, 2006; however, it did not qualify for REIT election until the tax year that ended Dec. 31, 2009. The majority of the advertisements and sales literature failed to disclose the significance of Wells Timberland's non-REIT status or suggested that Wells Timberland was a REIT at a time when in fact it had not qualified as a REIT. The communications also contained misleading statements regarding Wells Timberland's portfolio diversification and ability to make distributions and redemptions.

Although non-traded REITs are generally illiquid, often for periods of eight years or more, they can avoid particular tax consequences if they qualify under certain Internal Revenue Service requirements. The Wells advertisements at issue did not make it clear to potential investors who might be seeking such favorable tax treatment, that the investment at issue was not yet a REIT and therefore would not be able to offer the desired tax benefits at the time the ads were being used.

On Oct. 4, 2011, FINRA issued an Investor Alert called Public Non-Traded REITs – Perform a Careful Review Before Investing to help investors understand the benefits, risks, features and fees of these investments.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, “By approving and distributing marketing materials with ambiguous and equivocal statements, Wells misled investors into thinking Wells Timberland was a REIT at a time when it was not a REIT. Firms need to be mindful that investors rely on marketing materials to disclose truthful, accurate and up-to-date information to help inform their investment decisions.”

FINRA’s investigation also found that Wells failed to have supervisory procedures in place to ensure that sensitive customer and proprietary information stored on laptops were being adequately safeguarded by appropriate encryption technology.

In concluding this settlement, the firm neither admitted nor denied the charges, but consented to the entry of FINRA’s findings.

FINRA Sanctions Eight Firms and 10 Individuals for Selling Interests in Troubled Private Placements, Including Medical Capital, Provident Royalties and DBSI, Without Conducting a Reasonable Investigation

More Than $3.2 Million in Restitution Ordered to Affected Customers

The Financial Industry Regulatory Authority (FINRA) announced that it has sanctioned an additional eight firms and 10 individuals, and ordered restitution totaling more than $3.2 million, for selling interests in private placement offerings without having a reasonable basis for recommending the securities. The firms and individuals sold interests in several high-risk private placements, including those issued by Provident Royalties, LLC, Medical Capital Holdings, Inc. and DBSI, Inc., which ultimately failed, causing significant investor losses.

FINRA previously announced that it sanctioned two firms and seven individuals in April 2011 for selling interests in private placements without conducting a reasonable investigation.

FINRA found that the broker-dealers did not have adequate supervisory systems in place to identify and understand the inherent risks of these offerings and, as a result, many of the firms failed to conduct adequate due diligence of these offerings. In addition, some of the firms did not have reasonable grounds to believe that the private placements were suitable for any of their customers. Additionally, the sanctioned principals did not have reasonable grounds to allow the firms’ registered representatives to continue selling the offerings, despite the numerous “red flags” that existed regarding the private placements.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, "FINRA continues to look closely at sales of private placements to determine whether the selling firms are fulfilling their responsibilities to customers. These actions reinforce that any firm or individual who fails to conduct reasonable investigations of these offerings, especially in light of multiple red flags, will not be allowed to shift all the responsibility to the issuers of the fraudulent private placements."

FINRA imposed sanctions against the following firms and individuals for failing to conduct a reasonable investigation or for failing to enforce procedures with respect to the sale of private placements offered by Provident Royalties, LLC, Medical Capital Holdings, Inc. or DBSI, Inc.:

- NEXT Financial Group, Inc. of Houston, TX, was ordered to pay $2 million in restitution to affected customers and fined $50,000; Steven Lynn Nelson, the firm's Vice President for Investment Products and Services, was suspended in any principal capacity for six months and fined $10,000 in connection with the sale of three Provident Royalties private placements.
- Investors Capital Corporation of Lynnfield, MA, was ordered to pay roughly $400,000 in restitution to affected customers in connection with the sale of two Provident Royalties private placements and was also sanctioned in connection with an additional offering issued by CIP Leveraged Fund Advisors.
- Garden State Securities, Inc. of Red Bank, NJ, and Kevin John DeRosa, a co-owner of the firm, were ordered to pay $300,000 in restitution on a joint-and-several basis to affected customers in connection with the sale of a Medical Capital private placement. DeRosa was also suspended for 20 business days in any capacity and for an additional two months in any principal capacity, and fined $25,000. Vincent Michael Bruno, the firm's Chief Compliance Officer at the time, was suspended for one month in a principal capacity and fined $10,000.
- Capital Financial Services of Minot, ND, was ordered to pay $200,000 in restitution to affected customers, and Brian W. Boppre, a former principal, was suspended in any principal capacity for six months and fined $10,000 in connection with the sale of three Provident Royalties private placements and a Medical Capital private placement.
- National Securities Corporation of Seattle, WA, was ordered to pay $175,000 in restitution to affected customers, and Matthew G. Portes, Director of Alternative Investments/Director of Syndications, was suspended in any principal capacity for six months and fined $10,000 in connection with the sale of three Provident Royalties private placements and a Medical Capital private placement.
- Equity Services, Inc. of Montpelier, VT, was censured, fined $50,000 and ordered to pay nearly $164,000 in restitution in connection with the sale of a private placement DBSI, Inc. issued; Stephen Anthony Englese, Senior Vice President for Securities Operations, was suspended from association with any FINRA-regulated firm in any capacity

for 30 business days and fined $10,000; and Anthony Paul Campagna, a registered representative, was suspended from association with any FINRA-regulated firm in any capacity for 30 business days and fined $25,000.

- Securities America, Inc. of La Vista, NE, was censured and fined $250,000 in connection with the sale of two Provident Royalties private placements.
- Newbridge Securities Corporation of Fort Lauderdale, FL, was fined $25,000; Robin Fran Bush, the former Chief Compliance Officer of Newbridge, was suspended in any principal capacity for six months and fined $15,000 in connection with the sale of four DBSI private placements and a Medical Capital private placement.
- Leroy H. Paris II, former President and Chief Executive Officer for the now-defunct Meadowbrook Securities, LLC (fka Investlinc Securities, LLC), of Jackson, MS, was suspended for six months in any principal capacity and fined $10,000 in connection with the sale of two Provident Royalties private placements and a Medical Capital private placement.
- Michael D. Shaw, formerly associated with VSR Financial Services, Inc. of Baton Rouge, LA, was barred from the industry in connection with the sale of a private placement offered by DBSI, Inc. and several additional private placements offered by other issuers. In addition, Shaw falsified customer account documents.

From 2001 through 2009, Medical Capital Holdings, a medical receivables financing company based in Anaheim, CA, raised approximately $2.2 billion from over 20,000 investors through nine private placement offerings of promissory notes. Medical Capital made interest and principal payments on its promissory notes until July 2008, when it began experiencing liquidity problems and stopped making payments on notes sold in two of its earlier offerings. Nevertheless, Medical Capital proceeded with its last offering, Medical Provider Funding Corporation VI, offered through an August 2008 private placement memorandum. In July 2009, the SEC filed a civil injunctive action in federal district court in which it sought, and was granted, a preliminary injunction to stop all Medical Capital sales. The court appointed a receiver to gather and conduct an inventory of Medical Capital's remaining assets. The SEC action is pending.

From September 2006 through January 2009, Provident Asset Management, LLC, marketed and sold preferred stock and limited partnership interests in a series of 23 private placements offered by an affiliated issuer, Provident Royalties. The Provident offerings were sold to customers through more than 50 retail broker-dealers nationwide and raised approximately $485 million from over 7,700 investors. Although a portion of the proceeds of Provident Royalties' offerings was used for the acquisition and development of oil and gas exploration and development activities, millions of dollars of investors' funds were transferred from the later offerings' bank accounts to the Provident operating account in the form of undisclosed and undocumented loans, and were used to pay dividends and returns of capital to investors in the earlier offerings, without informing investors of that fact. In July 2009, the SEC filed a civil injunctive action in the Northern District of Texas naming Provident and others for violations of the federal securities laws. The Court granted the SEC's request for a temporary restraining order, an emergency asset freeze and appointment of a receiver to take control of Provident and preserve the assets for the benefit of the defrauded investors. The SEC action is pending. On March 18, 2010, FINRA announced that it had expelled Provident Asset Management, LLC, a Dallas-based broker-dealer, for marketing a series of fraudulent private placements offered by its affiliate, Provident Royalties, LLC.

In concluding these settlements, the firms and individuals neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

Steven Lynn Nelson's suspension is in effect from December 19, 2011, through June 18, 2012. Kevin John DeRosa's suspension in any capacity was in effect from May 23, 2011, through June 20, 2011. His suspension in any principal capacity was in effect from June 21, 2011, through August 20, 2011. Vincent Michael Bruno's suspension was in effect from February 7, 2011, through March 6, 2011. Brian Wade Boppre's suspension is in effect from September 19, 2011, through March 18, 2012. Matthew G. Portes' suspension was in effect from June 20, 2011, through December 19, 2011. Stephen Anthony Englese's suspension was in effect from November 7, 2011, through December 19, 2011. Anthony Paul Campagna's suspension was in effect from November 7, 2011, through December 19, 2011. Robin Fran Bush's suspension is in effect from September 7, 2011, through March 6, 2012. Leroy Henry Paris' suspension is in effect from July 18, 2011, through January 17, 2012.

FINRA Fines Wells Fargo $2 Million for Unsuitable Sales of Reverse Convertibles to Elderly Customers and Failure to Provide Breakpoints on UIT Sales

Firm Agrees to Pay Restitution to Affected Customers

The Financial Industry Regulatory Authority (FINRA) announced that it has fined Wells Fargo Investments, LLC, $2 million for unsuitable sales of reverse convertible securities through one broker to 21 customers, and for failing to provide sales charge discounts on Unit Investment Trust (UIT) transactions to eligible customers. As part of the settlement, the firm is required to pay restitution to customers who did not receive UIT sales charge discounts and to provide restitution to certain customers found to have unsuitable reverse convertible transactions.

FINRA also filed a complaint against Alfred Chi Chen, the former Wells Fargo registered representative who recommended and sold the unsuitable reverse convertibles, and made unauthorized trades in several customer accounts, including accounts of deceased customers.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, "Wells Fargo failed to review reverse convertible transactions to ensure they were suitable and also did not provide sales charge discounts to eligible customers purchasing unit investment trusts, both serious failings that harmed investors."

Reverse convertibles are interest-bearing notes in which repayment of principal is tied to the performance of an underlying asset, such as a stock or basket of stocks. Depending on the specific terms of the reverse convertible, an investor risks sustaining a loss if the value of the underlying asset falls below a certain level at maturity or during the term of the reverse convertible.

FINRA found that Chen recommended hundreds of unsuitable reverse convertible investments to 21 clients, most of whom were elderly and/or had limited investment experience and low risk tolerance. As of June 2008, Chen had 172 accounts that held reverse convertibles, with 148 of those accounts having concentrations greater than 50 percent of their total account holdings, and 46 having concentrations greater than 90 percent. Fifteen of the 21 customers were over 80 years old. The reverse convertible transactions exposed these customers to risk inconsistent with their investment profiles, and resulted in overly concentrated reverse convertible positions in their accounts.

FINRA also found that Wells Fargo failed to provide certain eligible customers with breakpoint and rollover and exchange discounts in their sales of UITs because the firm had insufficient systems and procedures to monitor for unsuitable reverse convertible sales and to ensure that UIT customers received discounts for which they were entitled.

UITs offer sales charge discounts on purchases that exceed certain thresholds ("breakpoints") or involve redemption or termination proceeds from another UIT during the initial offering period. Between January 2006 and July 2008, Wells Fargo failed to provide certain eligible customers with these "breakpoint" and "rollover and exchange" discounts.

In concluding these settlements, Wells Fargo neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

Under FINRA rules, a firm or individual named in a complaint can file a response and request a hearing before a FINRA disciplinary panel. Possible remedies include a fine, censure, suspension or bar from the securities industry; disgorgement of gains associated with the violations; and payment of restitution. The issuance of a disciplinary complaint represents the initiation of a formal proceeding by FINRA 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 this complaint is unadjudicated, interested persons may wish to contact the respondent before drawing any conclusions regarding the allegations in the complaint.