

Disciplinary and Other FINRA Actions

Firm and Individual Fined

United Planners Financial Services of America, A Limited Partnership (CRD® #20804, Scottsdale, Arizona) and Douglas Hall (CRD #2577937, Registered Principal, Phoenix, Arizona) submitted a Letter of Acceptance, Waiver and Consent in which the firm and Hall were censured, the firm was fined \$200,000 and Hall was fined \$15,000. Without admitting or denying the findings, the firm and Hall consented to the described sanctions and to the entry of findings that the firm failed to have in place a supervisory system reasonably designed to achieve compliance with applicable securities laws, procedures and FINRA rules with respect to variable annuity (VA) transactions of field Office of Supervisory Jurisdiction (OSJ) supervisors. The findings stated that the firm permitted these supervisors to self-approve their own sales of VAs, and its system of post-transaction review was inadequate. The post-transaction system delegated to a principal the responsibility for reviewing and approving VA sales, while failing to provide effective guidance, procedures and tools as to how the reviews were to be conducted, and failing to effectively audit the process. The firm also did not have any supervisory systems in place to monitor, detect or identify potentially unsuitable or otherwise violative VA transactions and exchanges. The findings also stated that the firm assigned the home-office OSJ supervisor position to a principal who the firm did not effectively evaluate or train to undertake the responsibilities of the position. The findings also included that the firm's written supervisory procedures (WSPs) failed to make reference to the home-office OSJ supervisor's position and duties, and failed to adequately describe how she was to undertake and effectuate the review of VA sales by field OSJ supervisors. The firm's WSPs described a procedure for VA sales supervision by which its supervisory personnel were to use sponsor-provided reports to identify "red flags" and other potential areas of concern, but knew it would not obtain these reports and, after that, the supervision of VA transactions proceeded without the relevant supervisor having access to these reports.

FINRA found that WSPs stated that the home-office OSJ supervisor was to conduct a weekly review of the blotter, for, among other things, suitability and switching, and that the compliance department was to conduct an audit of all OSJ locations, but neither of these procedures was adequately followed. As the firm's chief compliance officer (CCO), Hall was responsible for monitoring compliance with the firm's policies, procedures and WSPs, and failed to reasonably carry out his duties. FINRA also found that while the firm conducted audits of OSJ locations, it did not audit the home-office OSJ supervisor's review process or work. In addition, FINRA determined that Hall, as the firm's CCO,

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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).

led the firm's efforts to revise its WSPs with respect to VA sales to comply with FINRA Rule 2330, but specified within the procedures that field OSJ supervisors could continue to approve their own VA business, and contrary to the rule, permitted the transmission of VA transaction paperwork to insurance carriers without prior principal review and approval. The firm's WSPs continued to stipulate that field OSJ supervisors could self-approve their own VA transactions on the firm's behalf. ([FINRA Case #2010024250201](#))

Firms Fined

Arete Wealth Management, LLC (CRD #44856, Schaumburg, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it approved a private offering to customers and failed to perform adequate due diligence. Prior to offering shares to customers, the firm took some investigative steps but relied too heavily on the representations made by the issuer within the private placement memorandum (PPM). When the fund could not immediately verify the value of customers' investments, the firm conducted additional investigative steps and discovered that one individual involved with the fund had misrepresented his educational credentials, and that the law and accounting firms supposedly involved with the fund had not performed services for it. The findings stated that the Securities and Exchange Commission (SEC) determined that the umbrella corporation that owned the fund was involved in fraudulent activity; even though the fund was not directly involved in the fraud, the SEC seized the fund's assets. The findings also stated that in addition to the firm's inadequate due diligence, it failed to sufficiently document its due diligence, which only consisted of a PPM, some email correspondences between the firm and issuer, and a written timeline of meetings and phone calls. The findings also included that in connection with two other private offerings, the firm failed to document that adequate due diligence had been performed. In each of these three offerings, the firm's files did not contain documentation evidencing a meaningful investigation or critical analysis of the offerings. ([FINRA Case #2010021316801](#))

BrokersXpress LLC (CRD #127081, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$60,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that, for almost two years, it effected municipal securities transactions on a riskless principal or agency basis, and should have submitted reports to the Municipal Securities Rulemaking Board (MSRB) for both the trades it effected with other dealers and the trades it effected with its customers, but failed to submit reports for any of the trades effected with dealers. The findings stated that the firm failed to properly submit some reports of trades it effected with customers, in that some were submitted to the MSRB, but the reports reflected that the trades were effected by the firm's affiliated dealer, when in fact, the firm effected the trades; and some reports of trades were not submitted to the

MSRB in any manner. Many of the reports that the firm actually submitted to the MSRB were inaccurate or deficient. The findings also stated that the firm reported corporate bond trades to the MSRB, which was improper because the MSRB does not report information about corporate bond trades. The findings also included that of the 257 transactions the firm effected during this period, the confirmations for 121 of these municipal securities trades sent to customers were inaccurate because the confirmations stated that the bonds were “traded flat” or were in default, when the bonds were not in default.

FINRA found that for this period, the firm’s WSPs required the firm to periodically test its system for reporting client transactions and to review the Dealer Feedback System (DFS) for transactions that were unmatched with other reported transactions, had invalid trade times, resulted in input errors, were reported late, and involved canceled or amended trades. FINRA also found that the WSPs failed to provide sufficient detail and instruction necessary to clarify what supervisory steps should be taken by the principal responsible for overseeing the reporting of municipal securities transactions. The firm failed to adequately supervise its municipal securities trade reporting because it failed to document that it conducted tests of its system for reporting MSRB transactions, document any reviews of its DFS to ensure that the municipal transactions were accurately reported and implement an effective supervisory system for municipal securities reporting. ([FINRA Case #2010021317901](#))

Canaccord Genuity Securities LLC fka Collins Stewart LLC (CRD #24790, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$20,000 and ordered to pay \$22,600.03, 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 it failed to contemporaneously or partially execute customer limit orders in over-the-counter (OTC) securities after it traded each subject security for its own market-making account at a price that would have satisfied each customer’s limit order. ([FINRA Case #2010021390401](#))

CastleOak Securities, LP (CRD #125334, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$27,500. 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®) the correct contra-party’s identifier for inter-dealer transactions in TRACE-eligible securities. The findings stated that the firm failed to report inter-dealer transactions in TRACE-eligible securities it was required to report to TRACE. ([FINRA Case #2011026938101](#))

Charles Schwab & Co., Inc. (CRD #5393, San Francisco, California) 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, during two quarterly reviews, it failed to report

information regarding transactions effected in municipal securities to the Real-time Transaction Reporting System (RTRS) in the manner prescribed by MSRB Rule G-14 RTRS Procedures and the RTRS Users Manual; the firm failed to report information about such transactions to an RTRS Portal within 15 minutes of trade time. The findings stated that during another quarterly review, the firm failed to report the correct yield to the RTRS in municipal securities transaction reports. ([FINRA Case #2010022814901](#))

Crowell, Weedon & Co. (CRD #193, Los Angeles, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$40,000 and required to ensure that all of its employees are properly registered, ensure that certain employees of the firm do not act in a supervisory capacity until those employees obtain a Series 24 license, and revise the firm's WSPs to clearly designate the individual(s) responsible for supervision of the firm's trading, the supervisory step(s) to be taken by such individual(s), how often such step(s) should be taken and how the completion of the step(s) should be documented. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to require that three persons acting in a supervisory capacity with respect to the firm's securities business obtain the Series 24 license as required. One of the individuals was Series 1-registered and another was Series 8-registered. The findings stated that the firm's supervisory system concerning registration did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules. The firm's supervisory system did not include WSPs providing for identification of the person(s) responsible for supervision with respect to the rules applicable to registration, a statement of the supervisory step(s) the identified person should take, a statement as to how often such person(s) should take such steps(s), and a statement as to how the completion of the step(s) included in the WSPs should be documented. ([FINRA Case #2008012821101](#))

D.A. Davidson & Co. (CRD #199, Great Falls, Montana) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$30,000. The firm has paid restitution to each of the customers involved in the transactions. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that in transactions, it sold (bought) corporate bonds to (from) customers and failed to sell (buy) such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. The findings stated that the firm, in transactions for or with a customer, 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 #2009017417601](#))

Edward Jones & Co., L.P. (CRD #250, St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$95,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry

of findings that a customer's account was the subject of heightened scrutiny by the firm because, among other things, international wire activity was detected in the account; the activity involved wires of more than a million dollars and the account became subject to a grand jury subpoena and an investigation by law enforcement. The findings stated that, notwithstanding the heightened scrutiny on the account, a branch office assistant was still able to convert \$167,249 from that customer's account by using forged letters of authorization (LOAs) to effect wire transfers out of the account without permission or authority. The improper transfers, with the exception of two, were each for less than \$10,000 and occurred several times per month. The findings also stated that the funds were wired to an outside bank account that belonged to the assistant's relative who was not associated with the customer or his accounts. The findings also included that despite the heightened scrutiny, inquiries by law enforcement and the size and frequency of the wire activity to a third-party account, the firm failed to perform an adequate review of the account activity and failed to respond to red flags that would have alerted it to the misconduct. FINRA found that the firm promptly reimbursed the customer for the losses. ([FINRA Case #2010021566902](#))

Euro Pacific Capital, Inc. (CRD #8361, Westport, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$15,000 and required to revise its WSPs regarding Order Audit Trail System (OATS™) reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to transmit all of its Reportable Order Events (ROEs) it was required to transmit to OATS on 273 business days. The findings stated 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 OATS reporting. ([FINRA Case #2010021513301](#))

Fidelity Brokerage Services, LLC (CRD #7784, Smithfield, Rhode Island) and Fidelity Investments Institutional Services Company, Inc. (CRD #17507, Smithfield, Rhode Island) submitted a Letter of Acceptance, Waiver and Consent in which the firms were censured and fined \$375,000, jointly and severally. Without admitting or denying the findings, the firms consented to the described sanctions and to the entry of findings that they marketed, sold and/or wholesaled shares in an income mutual fund and, in connection with such activities, created advertising, training and/or wholesaling materials for the fund that were provided to public customers, retail sales firms, used internally or used for institutional purposes within the selling intermediaries. The findings stated that the mutual fund included securities backed by, among other things, sub-prime mortgages and credit card and auto loan receivables. After the sub-prime crisis began, the fund's net asset value (NAV) began to decrease and it became apparent that the fund was no longer an appropriate investment for conservative investors seeking to preserve capital. The findings also stated that the firms distributed sales materials that were unbalanced and misleading, contained unwarranted statements and failed to provide a sound basis by which to evaluate the fund's risks. The findings also included that the firms failed to timely update the sales

materials to accurately portray the negative impact of the sub-prime crisis on the value of the fund's portfolio investments and shares, and contained unqualified promises of positive future performance.

FINRA found that Fidelity Investments distributed certain of these materials to the selling intermediaries. FINRA also found that the firms had procedures in place with respect to the review and approval of sales materials, but the procedures were not reasonably designed to achieve and monitor compliance with applicable laws, regulations and rules. The procedures generally required that a registered principal approve the materials prior to use but did not contain an appropriate system of follow-up and review that was reasonably calculated to ensure the review was adequate. In addition, FINRA determined that Fidelity Investment's Institutional Services Spotlight Reports were created and used internally; the firm had supervisory procedures concerning such documents that did not require that a registered principal review them prior to use, and the procedures did not provide for adequate surveillance and follow-up to ensure they were being implemented and adhered to. Moreover, FINRA found that as a result, the sales materials failed to provide an accurate and balanced presentation concerning the nature, holdings and risks of an investment in the fund. ([FINRA Case #2008013791601](#))

Fifth Third Securities, Inc. (CRD #628, Cincinnati, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$80,000, ordered to pay \$26,876.52, plus interest, in restitution to investors, and to revise the firm's WSPs regarding step-out transactions. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that in transactions for or with a customer, it 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. The findings stated that the firm improperly reported information to the RTRS that it should not have reported; the firm improperly reported transactions effected in municipal securities to the RTRS when the inter-dealer deliveries were step outs and thus, were not inter-dealer transactions reportable to the RTRS. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and MSRB rules concerning step-out transactions. ([FINRA Case #2009020971101](#))

Garden State Securities, Inc. (CRD #10083, Red Bank, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to provide a complete response to a FINRA request for information and documents. The findings stated that the firm provided information and documents in response to the request letter, and indicated to FINRA that all relevant documents had been produced. The firm, however, failed to provide all due diligence files for any and all private placements. During an on-the-record interview, the firm disclosed for

the first time that additional due diligence documents existed that had not been produced, and subsequently provided the additional documents to FINRA. The findings also stated that the firm failed to establish, maintain and enforce a system of written supervisory control policies and procedures reasonably designed to review and monitor all transmittal of funds (e.g., wires or checks) or securities from customers to third-party accounts and/or from customer accounts to outside entities. The firm did not adequately supervise wire activity in its branch offices. As a result, the firm failed to prevent the altering of wire request forms in customer accounts. The findings also included that the customers had ordered the wire transfers, authorizing the transfer of funds from their firm account to a third party's bank account or an outside entity. A firm clerical employee, however, failed to obtain properly signed wire request forms for those transactions. Instead, the employee altered copies of earlier signed forms by applying correction fluid over the original dates and dollar amounts and then writing in the dates and dollar amounts for the current transactions. Those forms were then used to process the transactions. ([FINRA Case #2010023469301](#))

Integrated Financial Planning Services (CRD #17935, Heidelberg, Germany) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$32,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it had deficient supervisory control procedures, failed to document that it used an adequate system of supervision of its producing managers, failed to document its annual reports, and failed to document that it used an adequate system to review and monitor the transmittal of customer funds and securities and customer changes of address. The findings stated that for two years, the firm failed to maintain any documentation of its chief executive officer (CEO) certifications, and the firm's CEO certifications for two years were materially deficient because neither included statements required under NASD Rule 3013(c). Additionally, for three years, the firm failed to maintain documentation of the corresponding supervisory reports to its CEO certifications. The findings also stated that although the firm had established written anti-money laundering (AML) Compliance Program policies and procedures, its written procedures were inadequate because they failed to state specifically how the firm detected and responded to red flags, reviewed for registered representatives' receipt of cash and cash equivalents, froze accounts or prohibited transactions by persons suspected of terrorist activity, monitored for new rules under the Patriot Act or conducted or followed up on AML testing. Although the firm had established a Customer Identification Program, a review of customer accounts revealed that the firm failed to verify information it collected for several of those new customers; and for each of those new customer accounts, the firm failed to document notice to those customers that it was verifying their information. Although the firm conducted an independent AML test one year, that test was incomplete. The findings also included that the firm's WSPs failed to establish adequate written procedures for all of its business and operations and a supervisory system to review and monitor registered representative blogs and publications. The firm failed to implement

and enforce its WSPs in a number of required areas, including reviewing advertisements, sales and seminar materials, and correspondence by registered representatives; prohibiting registered representatives' use of public websites for business purposes; and notifying registered representatives about their continuing education status. The firm failed to conduct and document timely internal inspections of registered representatives' office locations.

FINRA found that the firm failed to ensure that a principal reviewed or approved the non-standard letterhead and business cards certain of its registered representatives used. Some of the firm's registered personnel listed contact information on either letterhead or business cards that included non-firm-issued email addresses, and the firm failed to make or require proper disclosures on some of its registered representatives' letterhead or business cards. FINRA also found that the firm failed to timely file both its publicly available website and its amendment to that website with FINRA's Advertising Regulation Department. The firm permitted two registered representatives' use of public websites without principal approval. The firm's communications with the public with respect to its registered representative's websites were potentially misleading. In addition, FINRA determined that the firm permitted the use without principal approval of a registered representative's telemarketing script and some of its registered representatives' use of the presentations at retirement seminars. The firm's communications with the public with respect to certain advertisements and sales literature were potentially misleading. Moreover, FINRA found that although the firm had continuing education (CE) program compliance and supervisory policies and procedures in place, it failed to document the factors it considered in its needs analysis in order to develop appropriate CE training plans for its covered persons for two years. ([FINRA Case #2009016258801](#))

RBC Capital Markets, LLC (CRD #31194, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$250,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it underwent a merger combining the institutional firm with its affiliated retail firm, and a back-office system conversion. Following the merger and conversion, the firm experienced difficulties in reconciling its accounts, which resulted in customer reserve, net capital, recordkeeping and supervisory violations. The findings stated that with respect to customer reserve, the firm failed to prepare an accurate customer reserve formula, made a late deposit to its customer reserve account resulting in an eight-minute hindsight deficiency of approximately \$317 million, and made some late withdrawals from customer reserve and proprietary accounts of introducing brokers (PAIB accounts). The findings also included that the firm failed to take net capital charges of approximately \$366 million for aged debits in some accounts. This amount reduced the firm's excess net capital from approximately \$627 million to \$260 million, but did not result in a deficiency.

FINRA found that in connection with the customer reserve and net capital violations, the firm's books and records were inaccurate in that it failed to include numerous suspense balances in the customer reserve formula; failed to provide evidence that netted balances in suspense accounts were related; failed to timely move aged balances from various accounts to suspense accounts, where they would have increased its reserve requirement; and failed to take net capital charges for aged debits in five accounts. In addition, the firm was unable to provide documentation regarding certain of its customer reserve calculations. FINRA also found that the firm had numerous accounts that included open aged items, until the firm researched and resolved the items and made the appropriate correcting entries. These accounts were functioning as suspense accounts, but were erroneously maintained outside the suspense-account range. Numerous transactions posted to these accounts were not resolved within seven business days. As a result, these accounts contained unresolved differences that were not recognized and classified on the firm's books and records as suspense balances, and the unresolved balances were not moved to suspense accounts after seven business days. In addition, FINRA determined that in connection with the adjustments required to the firm's customer reserve formula computations and net capital calculations, its Financial and Operational Combined Uniform Single (FOCUS) Report was inaccurate. In addition, the firm failed to complete the Financial and Operational Data (Potential Operational Deductions from Capital) section. Because of the aged suspense and balancing differences, the firm filed inaccurate Key Operational Indicator reports with FINRA. Moreover, FINRA found that the firm failed to establish and maintain an adequate system to supervise, and written procedures related to, the computation of its customer reserve and net capital formulas. ([FINRA Case #2009019725701](#))

Sanders Morris Harris, Inc. (CRD #20580, Houston, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$75,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that firm registered representatives distributed nine pieces of hedge fund advertising material to retail customers that failed to disclose risks associated with investing in hedge funds, contained charts or graphs that were unclear and omitted material information, contained misleading statements that were promissory of positive future returns, implied that negative returns could be avoided and/or implied that past performance is indicative of future positive returns. The findings stated that the firm distributed two of the subject advertising pieces to retail customers without principal review. ([FINRA Case #2009018184601](#))

Sanford C. Bernstein & Co., LLC (CRD #104474, New York, New York) 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 it submitted inaccurate short interest position reports to FINRA and the New York Stock Exchange (NYSE). ([FINRA Case #2009016641701](#))

Spencer-Winston Securities Corporation (CRD #8300, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it distributed to retail customers and potential retail customers an email about a bank certificate of deposit (CD) that contained misleading, exaggerated and unwarranted statements, and omitted material facts. ([FINRA Case #2010025763701](#))

Sterne, Agee & Leach, Inc. (CRD #791, Birmingham, Alabama) 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, or timely report, on an MSRB Form G-37 instances in which it had participated in negotiated municipal securities underwriting activities. The findings stated that the firm failed to disclose on its Form G-37 a political contribution by a dealer-controlled political action committee. ([FINRA Case #2011025646401](#))

Univest Investments, Inc. (CRD #1834, Souderton, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$30,000. 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 establish, maintain and enforce WSPs reasonably designed to achieve compliance with applicable securities laws and regulations concerning the review of electronic correspondence; registration of branch offices; delivery of Official Statements, commissions and pricing, and other aspects of the firm's municipal securities business; transactions in deferred VAs and FINRA Rule 2330; corporate debt transaction reporting; and compliance with the Customer Protection Rule (Securities Exchange Act of 1934 Rule 15c3-3). The findings stated that the firm failed to enforce its WSPs addressing review of outside brokerage account statements for personnel in a branch office, maintenance of registrations of persons not active in the firm's securities business, and principal review of order tickets for a branch office's transactions. The findings also stated that the firm failed to have a properly qualified principal review and approve its municipal securities transactions. The firm engaged in municipal securities transactions that were not reviewed by a Series 53 licensed municipal securities principal. ([FINRA Case #2011025598501](#))

Wang Investment Associates, Inc. (CRD #17912, 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 transmitted ROEs to OATS that OATS rejected for context or syntax errors and were repairable. The firm failed to repair all of these rejected ROEs, so it failed to transmit them to OATS during the review period. The findings stated 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 OATS reporting. ([FINRA Case #2011028367801](#))

Individuals Barred or Suspended

Jaeson Erich Adams (CRD #4149381, Registered Representative, Fresno, 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, Adams consented to the described sanction and to the entry of findings that he failed to provide all of the information and documents FINRA requested, and failed to appear for an on-the-record interview. ([FINRA Case #2010022850701](#))

James (Jeb) Edward Barram (CRD #4505735, Registered Representative, Salem, Oregon) 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 three months. The fine must be paid either immediately upon Barram'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, Barram consented to the described sanctions and to the entry of findings that he failed to report misdemeanor fraud and forgery charges to his member firm, and allowed his Uniform Application for Securities Industry Registration or Transfer (Form U4) to contain a false response to a criminal disclosure question. The findings stated that Barram failed to report his felony charges and subsequent guilty plea to misdemeanor fraud and forgery counts and allowed his Form U4 to contain a false response to a criminal disclosure question.

The suspension is in effect from August 6, 2012, through November 5, 2012. ([FINRA Case #2011028327301](#))

Ralph Earl Bennett (CRD #1610642, Registered Representative, Warren, Michigan) 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, Bennett consented to the described sanction and to the entry of findings that he engaged in a private securities transaction by participating in the sale of a promissory note between a real estate development company and a firm customer without providing prior written notice to his member firm, describing in detail the proposed transaction, and without obtaining the firm's written approval. Bennett received \$2,500 from the company as a finder's fee in connection with the sale. The findings stated that Bennett willfully failed to amend his Form U4 to disclose civil judgments and tax liens. ([FINRA Case #2010023702901](#))

Frank Bernard Bludau III (CRD #4805477, Registered Representative, San Antonio, 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 capacity for three months. The fine must be paid either immediately upon Bludau'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, Bludau consented to the described sanctions and to the entry of findings that he introduced some of his customers to note agreements as an investment of money into a common enterprise with investor funds pooled together and managed by a third party with a guarantee of profits. Because these note agreements were securities, the seller was required to have a Series 7 license, which Bludau did not. Bludau's customers invested a total of \$258,603, for which he received \$14,350 as referral fees, without notifying his member firm and receiving the firm's permission. The findings stated that Bludau's referral of customers to an agent to complete the sale of the note agreements implied he represented that the products were safe, guaranteed a high return within five years, and were suitable for investors seeking to preserve capital. Bludau lacked any factual basis to make these claims because he did not have experience with the products and failed to conduct the required due diligence, thereby making unsuitable recommendations. The findings also stated that Bludau provided customers with a brochure that contained unwarranted and misleading statements, failed to disclose risks with the investments, and guaranteed the products would succeed. Bludau did not verify these statements prior to recommending the note agreements, thereby distributing false and misleading sales literature to customers.

The suspension is in effect from July 16, 2012, through October 15, 2012. ([FINRA Case #2010023612307](#))

Lindon Stevens Brown II (CRD #1130893, Registered Representative, Bangor, Maine) 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 Brown'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, Brown consented to the described sanctions and to the entry of findings that he participated in private securities transactions without providing prior written notice to, and obtaining prior written approval from, his member firm. The findings stated that Brown was involved in the sale of approximately \$300,000 in promissory notes and common stock, as part of a private offering, to investors, some of whom were the firm's customers at the time. The promissory notes sold, along with the common stock, were securities. The findings also stated that Brown participated in these private securities transactions even though the firm had previously decided not to place these securities on its approved product list. Brown did not receive any commissions from the investments.

The suspension is in effect from July 16, 2012, through October 15, 2012. ([FINRA Case #2011028822501](#))

Daniel Bryan Jr. (CRD #3263433, Registered Representative, Glen Allen, Virginia) 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 Bryan'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, Bryan consented to the described sanctions and to the entry of findings that he discussed a potential investment in a seven-year fixed annuity with a customer, and submitted her client profile and annuity application to his member firm's OSJ for principal review. The firm's trade review officer rejected the application due to insufficient value of the customer's investable assets and returned the documents to Bryan. The findings stated that Bryan completed another client profile, which the customer signed, and knowingly falsified the profile by stating that the customer had additional liquid assets, purportedly held money market funds at a credit union, and increased her investable assets by \$12,000. Bryan resubmitted the altered client profile. The trade review officer contacted the customer to verify information, and the customer denied having any additional financial assets and stated she did not review the second profile before signing it. The findings also stated that the firm's WSPs required a registered representative to seek prior approval from the firm's compliance department before effecting transactions for clients over the age of 65 or any retired client with less than \$75,000 in total investable assets. To obtain approval for the investment he recommended, Bryan falsified the information in the customer's profile.

The suspension is in effect from August 6, 2012, through December 5, 2012. ([FINRA Case #2011027275501](#))

Anne Patricia Cameron (CRD #5571207, Registered Representative, New York, New York) submitted an Offer of Settlement in which she was fined \$20,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the allegations, Cameron consented to the described sanctions and to the entry of findings that, as a research analyst at her member firm, she assisted in the coverage of companies in the oil and gas exploration and production industry. Cameron drafted research reports about an energy firm that the firm disseminated to its institutional sales force and to the public. The company was downgraded in a report due to a computational error in the financial model that was corrected before the existence and scope of the error was public information. Prior to the error being publicly corrected, Cameron disclosed nonpublic information concerning the error on multiple occasions through emails and conversations to persons outside of her firm who were in a position to take advantage of the nonpublic information in the securities markets or pass the information on to others who could take advantage of it. The findings stated that Cameron's disclosures breached her duties under the firm's confidentiality policies and procedures, and were inconsistent with high standards of commercial honor and just and equitable principles of trade.

The suspension was in effect from August 13, 2012, through August 31, 2012. ([FINRA Case #2010023578401](#))

James Hugh Caperton Jr. (CRD #2530690, Registered Representative, Shelbyville, Tennessee) 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 Caperton'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, Caperton consented to the described sanctions and to the entry of findings that a customer opened an individual account in her name and a custodial account for her relative with Caperton's member firm through Caperton. The customer's spouse was present when she opened both accounts. The findings stated that for several years, Caperton serviced the customer's accounts and, during this period, withdrawals were made from both the individual and custodial accounts, in the aggregate amounts of \$61,246.90 and \$16,100, respectively. The customer's spouse requested these withdrawals. Caperton accepted instructions from the customer's spouse to make the withdrawals and submitted the withdrawal requests to his firm. The checks were issued to the customer and sent to her address of record. The findings also stated that Caperton failed to obtain an LOA or power of attorney from the customer to authorize her spouse to issue instructions for her account or her relative's account. In fact, the customer did not authorize the withdrawals from the accounts.

The suspension is in effect from July 16, 2012, through October 15, 2012. ([FINRA Case #2010023836801](#))

Michael Joseph Cassano (CRD #2666840, Registered Principal, Massapequa Park, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Cassano failed to respond to FINRA requests to testify at an on-the-record interview regarding the handling and execution of certain corporate fixed income transactions in which customers were charged excessive markups and the adequacy of the supervision of the subject transactions. ([FINRA Case #2009019803301](#))

Fong I. Cheang (CRD #2820048, Registered Representative, Diamond Bar, California) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any member firm in any capacity for 15 months. The fine must be paid either immediately upon Cheang'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, Cheang consented to the described sanctions and to the entry of findings that at no time during her employment with her member firm did she update her Form U4 to reflect that she had been charged with any felonies or that she had pled no contest to a felony. The findings stated that Cheang's failure to amend her Form U4 while associated with a member firm resulted in the document containing inaccurate, false and materially misleading information. Subsequent to her employment with other member firms, Cheang disclosed the criminal charges and the plea.

The suspension is in effect from August 6, 2012, through November 5, 2013. ([FINRA Case #2010025119201](#))

Dame Cisse (CRD #5100016, Registered Principal, Groveport, Ohio) was barred from association with any FINRA member in any capacity. Cisse filed an appeal to the NAC which was dismissed as untimely. The sanction was based on findings that Cisse received a \$4,828.10 retainer refund check from a law firm payable to his firm, and attempted to cash the check at a check-cashing facility by altering the check to list a fictitious name as an additional payee. Cisse completed a one-page check-cashing application and provided an altered copy of his driver's license with the fictitious person's name. After noticing the altered license, the check-cashing facility district manager told Cisse she would not cash the check, and she would keep the check and the accompanying documents. To cover up the attempted theft, Cisse reporting his wallet stolen to police and asked his co-worker to stop payment on the check and request a replacement from the law firm. The findings stated that copies of the altered and original check were forwarded to the firm's director of internal auditing and investigations, who determined that Cisse had prepared the check-cashing application and altered his driver's license. The findings also stated that Cisse was terminated from the firm, arrested and was found guilty of the lesser included offense of misdemeanor theft. ([FINRA Case #2009019297801](#))

Mark Steven Corcoran (CRD #2490867, Registered Principal, Portland, Oregon) submitted an Offer of Settlement in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the allegations, Corcoran consented to the described sanctions and to the entry of findings that he failed to appear for an on-the-record interview concerning a staff investigation alleging possible violations of securities laws, regulations and NASD/FINRA rules.

The suspension is in effect from August 20, 2012, through August 19, 2013. ([FINRA Case #2011029283501](#))

Carlos Dawkins aka Andy Dawkins (CRD #5340915, Registered Representative, Douglasville, 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, Dawkins consented to the described sanction and to the entry of findings that he improperly shared confidential customer information with an individual who was not associated with his member firm's affiliate bank. The findings stated that the individual identified numerous accounts of the bank to Dawkins, and Dawkins told him which of those accounts contained fraud alerts. Using the information Dawkins provided, the individual was able to effect a variety of counterfeit transactions in particular accounts that did not have fraud alerts in multiple branches of the bank. Some customers lost a total of \$79,472 because of this fraudulent scheme. ([FINRA Case #2010024989201](#))

Robert Nunes Da Frota (CRD #2137208, Registered Representative, Fort Myers, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000, suspended from association with any FINRA member in any capacity for six months and ordered to make full repayment of the outstanding balance on a customer's loan. The fine and full repayment of the outstanding balance on the loan, pursuant to the terms of the promissory note, must be paid either immediately upon Da Frota'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; and Da Frota shall provide proof of repayment on the loan to FINRA. Without admitting or denying the findings, Da Frota consented to the described sanctions and to the entry of findings that he borrowed \$10,000 from a customer and executed a promissory note. Da Frota repaid \$4,550 to the customer and his member firm paid the balance. Da Frota represented on a firm compliance questionnaire that he understood that loans with customers were prohibited. The findings stated that while previously employed with another member firm, Da Frota borrowed \$10,000 from a customer, executed a promissory note and has repaid only \$5,236.05 to the customer. At the time of the loan, Da Frota had previously acknowledged his awareness of his firm's policies and procedures, and represented that he had not borrowed any funds from customers. Da Frota never disclosed the loan to his previous member firm.

The suspension is in effect from August 6, 2012, through February 5, 2013. ([FINRA Case #2011029306401](#))

Patrick Alan Deramus (CRD #1718409, Registered Principal, Tampa, 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 six months. The fine must be paid either immediately upon Deramus' 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, Deramus consented to the described sanctions and to the entry of findings that he failed to timely notify his member firm of a felony charge and guilty plea. The findings stated that Deramus willfully failed to amend his Form U4 to disclose the felony charge.

The suspension is in effect from July 16, 2012, through January 15, 2013. ([FINRA Case #2010024694301](#))

Brent Keith Deviney (CRD #2131402, Registered Representative, West Palm Beach, Florida) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Deviney failed to respond to FINRA requests for information and documents, and to appear for on-the-record interviews in connection with an investigation of allegations that Deviney had converted funds and forged documents to do so. ([FINRA Case #2012031125701](#))

Timothy Emiliani (CRD #4027293, Registered Representative, Plymouth Meeting, Pennsylvania) 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 six months. The fine must be paid either immediately upon Emiliani'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, Emiliani consented to the described sanctions and to the entry of findings that he engaged in outside business activities, for compensation, without providing written notice to his member firm. The findings stated that in an annual certification, Emiliani attested to his understanding of the equity indexed annuities (EIA) policy of his firm and its affiliated broker-dealer. The firms instituted a policy prohibiting the sale of EIAs except through the firms' General Agency (GA) platform. The findings also stated that Emiliani sold EIAs to individuals, at least some of whom were his firm's customers at the time, and received compensation for these sales. Emiliani's sales, however, were placed through the issuers, not the firms' GA platform. The findings also included that Emiliani did not provide notice of these sales to either of the firms to place EIA trades directly with the issuer. On multiple occasions, Emiliani falsely certified to his firm at the time that he had not engaged in any outside business activities for which he received compensation. Emiliani's sales totaled about \$6,274,154, and he received compensation of about \$684,000 from the transactions.

The suspension is in effect from August 6, 2012, through February 5, 2013. ([FINRA Case #2011026546501](#))

Eymen Errais (CRD #4984797, Registered Representative, Tunis, Tunisia) 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, Errais consented to the described sanction and to the entry of findings that he attempted to establish a relationship with a bank in order to provide it with brokerage services through his company, and made false statements about his company in connection with his efforts to solicit business from the bank. The findings stated that in an email to the bank, Errais claimed he got the services agreement signed and approved by almost all the major banks. In another email to the bank, Errais stated that he was already set up with the bank's competitors, and these statements were false. In yet another email to the bank, Errais claimed that his company was a FINRA-regulated member when he knew it was not. The findings also stated that the bank informed Errais that it was unable to find proof of his company's FINRA membership and asked him to provide such proof. In response, Errais again falsely represented that his company was a FINRA member and provided the bank with a fake letter, purportedly from an assistant director with FINRA's Regulatory Review and Disclosure Department to Errais, on FINRA stationery, representing that his company was a FINRA-regulated member firm. Errais had copied the letterhead and signature from a previous FINRA letter sent to Errais from the assistant director at FINRA. The findings also included that Errais failed to complete FINRA on-the-record testimony and at no time thereafter did Errais reappear and complete his testimony. ([FINRA Case #2010023849201](#))

Giovanni Ferrara (CRD #2862151, Registered Principal, Brooklyn, New York) submitted an Offer of Settlement in which he was fined \$35,000, suspended from association with any FINRA member in any principal capacity for four months, and ordered to complete 16 hours of AML training prior to engaging in any activity requiring registration as a securities principal. Ferrara shall provide FINRA with evidence that he has completed such training within 10 days of completion of such AML training program. The fine must be paid either immediately upon Ferrara'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, Ferrara consented to the described sanctions and to the entry of findings that, as the president, chief AML compliance officer, CCO and partial owner of a member firm, he failed to establish and implement risk-based AML procedures and controls sufficiently tailored to address the nature of the firm's business model as an online broker-dealer with international customers. The findings stated that the firm's AML procedures did not contain any references to its business activities as an online broker-dealer. Apart from incorporating the list of red flags contained in Notice to Members 02-21, the firm's AML procedures failed to advise of the risks of suspicious activity unique to customer relationships established without physically meeting the customer, and failed to provide any guidance or procedures to address the risks associated with the short-term trading of penny stock shares, such as market manipulation, fraud, insider trading and the sale of unregistered securities. The findings also stated that despite the high volume of penny stock shares that the firm's customers received, electronically or otherwise, and then immediately sold in multiple customer accounts, Ferrara failed to develop or implement an effective process or system to detect and monitor this type of trading activity for suspicious transactions. The findings also included that the firm's clearing firm generated reports, including various exception reports, which captured certain trading activity and trade information in the firm's customer accounts, and would have provided Ferrara with information regarding the customers' daily purchases and sales of penny stock shares, the frequency with which customers engaged in this type of trading, whether sale proceeds were wired out of customer accounts and, if so, the destination of the wired proceeds. Ferrara failed to obtain these exception reports from the clearing firm, which would have assisted him in detecting suspicious trading activity in penny stocks by his firm's online customers.

FINRA found that because Ferrara's system for monitoring for suspicious transactions was inadequate, he failed to detect numerous red flags present in several customer accounts. These red flags indicated trading activity consistent with schemes to artificially inflate the price of a low-priced security in order to sell the cheaply purchased stock at a higher price (pump and dump schemes), as well as transactions that appeared to lack business purpose. Ferrara failed to detect that at least one billion of the penny stock shares deposited into an entity's account were sold soon after they were received into that account. Ferrara failed to detect, monitor or conduct additional due diligence as to the suspicious trading occurring in the entity's account. FINRA also found that Ferrara likewise failed to monitor,

detect or investigate suspicious trading activity in a penny stock, despite firm customers depositing more than 800 million shares into their respective firm accounts and shortly thereafter selling out their entire positions in the stock, and he failed to review or detect other instances of coordinated trading activity in the stock. Ferrara failed to detect suspicious trading activity occurring in other entities' accounts, and therefore failed to appropriately determine whether the filing of suspicious activity reports was required. The customer trading activity demonstrated Ferrara's failure to institute controls that would have enabled him to monitor the short-term deposit and liquidation of nearly two-billion penny stock shares. In addition, FINRA determined that notwithstanding the nature of the firm's customer base, Ferrara failed to include in the firm's AML program any procedures for conducting due diligence in connection with correspondent accounts held by non-bank foreign financial institutions such as broker-dealers and mutual funds. The firm's AML procedures failed to reference foreign broker-dealers and mutual funds, and did not provide any factors for assessing the money-laundering risks associated with these types of accounts. Moreover, FINRA found that Ferrara failed to establish adequate policies, procedures and internal controls reasonably designed to address money-laundering-related risks associated with correspondent accounts held by non-bank foreign financial institutions. Ferrara also failed to establish, maintain and enforce WSPs reasonably designed to ensure compliance with Section 5 of the Securities Act of 1933.

The suspension is in effect from August 6, 2012, through December 5, 2012. ([FINRA Case #2009016640701](#))

Stuart L. Funke (CRD #2028940, Registered Principal, Lake Oswego, Oregon) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for 15 months. In light of Funke's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Funke consented to the described sanction and to the entry of findings that he solicited individuals to loan him and his relative \$500,000 in return for a promissory note, and failed to inform his member firm of this transaction or to obtain prior written approval for this transaction. The findings stated that Funke willfully failed to amend his Form U4 within 30 days, to reflect litigation against him by the individuals for his failure to repay the loan, subsequently settled the litigation and again willfully failed to amend his Form U4 within 30 days, to reflect this settlement agreement or the promissory note he gave in the matter. The findings also stated that Funke filed for Chapter 7 bankruptcy protection and willfully failed to amend his Form U4 within 30 days to reflect this bankruptcy filing.

The suspension is in effect from July 16, 2012, through October 15, 2013. ([FINRA Case #2010024504601](#))

Ralph Thomas Gannett (CRD #1126880, Registered Principal, Windsor, Wisconsin) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for three months. In light of Gannett's

financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Gannett consented to the described sanction and to the entry of findings that he recommended and sold an entity's private placement offering to some customers who invested a total of \$250,000. The findings stated that Gannett failed to conduct adequate due diligence on the private placement the entity offered after he became aware of missed interest payments in earlier offerings, and was aware of a default notice of an earlier affiliated offering. The findings also stated that Gannett relied solely on the issuer's explanation that its liquidity problems were temporary and that interest payments would resume. The findings also included that Gannett subsequently recommended and sold the offering to additional investors without disclosing late payments and default of the entity's earlier offering.

The suspension is in effect from August 20, 2012, through November 19, 2012. ([FINRA Case #2010022294901](#))

Edgar Lee Giovannetti (CRD #703597, Registered Representative, Memphis, Tennessee) 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 three months. The fine must be paid either immediately upon Giovannetti'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, Giovannetti consented to the described sanctions and to the entry of findings that he participated in a private securities transaction by purchasing shares of stock at a price of \$100,000 for a firm customer without providing prior written notice to his member firm of his intention to purchase the stock, and consequently did not receive the firm's prompt written acknowledgment regarding the planned purchase. The findings stated that Giovannetti borrowed \$115,156.45 from a customer based upon a business relationship they had outside the broker/customer relationship, contrary to the firm's WSPs that only allowed registered representatives to accept loans from customers under limited circumstances. The WSPs provided that a registered person must receive prior written approval of the firm's compliance department before accepting a loan based upon a business relationship outside the broker/customer relationship. Giovannetti did not seek or obtain such approval. The findings also stated that Giovannetti failed to amend his Form U4 to disclose material information; a court entered a judgment against him in the amount of \$195,134.12. Giovannetti entered into a settlement with a bank resolving the lawsuit that had been the subject of the judgment, and failed to timely amend his Form U4 to disclose the judgment; he disclosed it 350 days late. Giovannetti failed to amend his Form U4 to disclose the related settlement.

The suspension is in effect from August 6, 2012, through November 5, 2012. ([FINRA Case #2011027180701](#))

Kenneth Sloan Gunter Jr. (CRD #1602949, Registered Representative, Fredericksburg, Texas) 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 Gunter's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Gunter consented to the described sanction and to the entry of findings that he engaged in outside business activities without disclosing them to the member firms where he was registered. The findings stated that while administering a state insurance CE course, Gunter verbally provided the multiple choice answers to the examination to course attendees. Gunter also completed the course examination for another registered representative who had left the course early, and submitted an inaccurate form stating that such registered representative had completed the examination.

The suspension is in effect from July 16, 2012, through November 15, 2012. ([FINRA Case #2010022278801](#))

John Charles Guys (CRD #2199744, Registered Representative, Fairfield, Connecticut) 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, Guys consented to the described sanction and to the entry of findings that he created fictitious premium finance agreements requesting insurance financing payment plan options, which falsely stated that particular firm customers were seeking financing to obtain insurance coverage of a certain type from various insurance carriers. Guys invented fictitious premium amounts and sometimes fictitious policy numbers for the agreements. The findings stated that in some of the agreements, Guys also forged customers' signatures and randomly inserted the names of the insurance companies that were purportedly providing the insurance policies. Upon receiving the fictitious documents that Guys created and submitted, the outside funding institution wired approximately \$123,000 to an account Guys' insurance agency maintained at a bank. The findings also stated that Guys misappropriated approximately \$123,000 and used at least a portion of the funds received for his personal use. ([FINRA Case #2011026482601](#))

Ivana Karina Harrington aka Jenny Karina Delgado (CRD #5478735, Registered Representative, Ozone Park, New York) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$10,000 and suspended from association with any FINRA member in any capacity for seven months. The fine must be paid either immediately upon Harrington'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, Harrington consented to the described sanctions and to the entry of findings that she effected several mutual fund exchanges in customers' accounts without the customer's prior knowledge, authorization or consent. The findings stated that when calling her member firm's trading desk to place the unauthorized transactions, Harrington provided false information to the trader taking the orders. In those statements, Harrington falsely claimed that she had contacted the customers to discuss the trades.

The suspension is in effect from August 6, 2012, through March 5, 2013. ([FINRA Case #2011026672301](#))

Lawrence Joseph Hays (CRD #4803348, Registered Representative, Mitchellville, Maryland) was barred from association with any FINRA member in any capacity and is required to pay a total of \$78,000 in restitution to customers. The sanctions were based on findings that Hays misused and converted customer funds. The findings stated that Hays obtained customer funds by soliciting money from customers to invest in a fund that he owned. Hays then deposited at least \$282,750 that he received from these customers into a bank account that he owned and controlled where the funds were commingled with his personal funds. Hays converted \$78,000 of the funds for his own use to pay for personal credit card bills, personal trading and other personal debts, without the customers' authorization or consent. The findings also stated that Hays failed to fully respond to a FINRA request for information, failed to respond to additional FINRA requests for information and failed to appear for testimony. ([FINRA Case #2010022438801](#))

Edward Wayne Holloman (CRD #1306841, Registered Principal, Rocky Mount, North Carolina) 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, Holloman consented to the described sanction and to the entry of findings that his member firm received a customer complaint against Holloman, relating to conduct underlying criminal charges against him. The findings stated that FINRA sought certain documents and information related to the customer's complaint from Holloman, but Holloman refused to respond to the request. ([FINRA Case #2011027292701](#))

Vernon Joseph Hood III aka Coby Hood (CRD #4356917, Registered Representative, Plano, Texas) 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. Without admitting or denying the findings, Hood consented to the described sanctions and to the entry of findings that he signed a customer's name to a disclosure and suitability form in connection with a VA transaction without the customer's permission. The findings stated that although the customer was initially interested in purchasing the VA, after she learned of the false signature and discussed the transaction with Hood's member firm, she decided not to proceed with the purchase.

The suspension is in effect from August 6, 2012, through November 5, 2012. ([FINRA Case #2011029570101](#))

William Michael Jordan (CRD #3004702, Registered Principal, Laguna Hills, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$21,300, which includes the disgorgement of commissions received of \$6,300, and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Jordan'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, Jordan consented to the described sanctions and to the entry of findings that he recommended capital appreciation bonds (general obligation bonds of the issuer backed by a pool of underlying insurance policies) to investors by means of a PPM or prospectus. The findings stated that Jordan offered and sold the bonds to firm customers; but he conducted very little investigation of the company, so he was not aware that the issuer principals transferred approximately \$37 million in customer funds directly into a bank account, which was used as a slush fund to pay for business expenses, payroll expenditures, commissions and personal expenses. All investor funds were depleted, leaving many life insurance policy premiums for life settlements unpaid. Firm customers invested a total of \$90,000 in the bonds and Jordan received \$6,300 total in commissions. The findings also stated that Jordan failed to provide his member firm with written notice of his participation in the sale of these securities and to receive his firm's approval. The findings also included that Jordan lacked a reasonable basis to recommend the purchase of the bonds to his customers. Jordan sold the product without conducting due diligence regarding the qualifications of principals to conduct the business of life settlement and/or capital appreciation bond sales, and failed to determine how and/or by whom the life expectancy of the underlying insureds was established, instead relying on the bonding company to limit the duration of the product. Thus, Jordan did not adequately understand the conditions of the investment or its relative risks and rewards.

The suspension is in effect from July 16, 2012, through October 15, 2012. ([FINRA Case #2010022407201](#))

Robert Raymond Joseph (CRD #262303, Registered Principal, Franklin, Massachusetts) 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 three months. Without admitting or denying the findings, Joseph consented to the described sanctions and to the entry of findings that, while serving as the president and AML compliance officer of a member firm, Joseph knowingly failed, in response to bi-weekly information requests that the Financial Crimes Enforcement Network (FinCEN) sent to broker-dealers and other financial institutions pursuant to Section 314(a) of the Patriot Act and regulations adopted thereunder, to access the FinCEN website to check the names it had posted against the firm's customer base and list of individual/entities with whom the firm had transacted for possible matches.

The suspension is in effect from August 20, 2012, through November 19, 2012. ([FINRA Case #2011028251901](#))

Hojin Kyung (CRD #2659191, Registered Principal, San Diego, California) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Kyung received checks totaling \$3,443.57 from customers to pay premiums on insurance policies, deposited the checks into his personal trust account and used the money

for his own purposes. Even after the insurance affiliate notified Kyung of the missing premium payments, he failed to submit the funds to the affiliate for the policy premiums. The findings stated that Kyung paid the amounts owed only after the affiliate initiated collection proceedings against him and FINRA began its investigation. The findings also stated that Kyung converted to his own use payments his customers entrusted to him for their insurance premiums. ([FINRA Case #2009020752301](#))

David William Locy (CRD #4682865, Registered Principal, Overland Park, Kansas) submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any FINRA member in any principal capacity for three months. The fine must be paid either immediately upon Locy'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, Locy consented to the described sanctions and to the entry of findings that he failed to conduct adequate due diligence of private placements a company offered, pursuant to Regulation D. The findings stated that Locy, his member firm's president and CCO, included in his member firm's WSPs extensive procedures addressing due diligence of private placements offered pursuant to Regulation D, where the firm acted as an underwriter but did not include WSPs addressing due diligence that should be conducted when the firm acted as a selling agent for a private placement. The findings also stated that Locy never formally delegated full responsibility for due diligence to the firm's new CCO, so Locy retained responsibility where the firm acted as a selling agent only. The unwritten due diligence procedures the firm employed, where it acted as selling agent, required review of any due diligence package the issuer provided, review of marketing materials, third-party due diligence reports available and information about the issuer available on the Internet. The findings also included that Locy failed to request due diligence books for two offerings that were prominently stated as available in the PPM, and although he received a third-party due diligence report, he never reviewed it or provided it to anyone to review.

FINRA found that the reports identified red flags, emphasized that the offerings were collectively reporting a net operating loss; were using current investments to pay dividends to prior investors; potential areas being relied upon to generate income were largely unknown; certain offerings were advancing funds to, or buying assets from, other offerings; and financial statements for the offerings had not been formally audited or confirmed. FINRA also found that Locy did not provide the new CCO with any guidance on conducting due diligence for private placements, and never reviewed any of the files he maintained. In addition, FINRA determined that Locy failed to discharge his supervisory responsibilities.

The suspension is in effect from August 6, 2012, through November 5, 2012. ([FINRA Case #2009019070902](#))

Jason Scott Love (CRD #5296126, Registered Representative, Memphis, Tennessee) 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 business days. The fine must be paid either immediately upon Love'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, Love consented to the described sanctions and to the entry of findings that he effected transactions in customer accounts without the customers' authorization. The findings stated that in three instances, the customers complained to Love of the unauthorized sales and Love canceled the orders. The findings also stated that although one customer complained, he elected to keep the bond after speaking to Love. Due to the cancellations, Love's commission was reversed on three of the bonds. Love made a \$102.31 commission in the fourth customer's account. The findings also included that Love did not have any of the customers' authorizations to effect the initial bond purchases.

The suspension is in effect from August 6, 2012, through September 17, 2012. ([FINRA Case #2011028221301](#))

David Marasek (CRD #2866848, Registered Representative, Boca Raton, 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 10 business days. The fine must be paid either immediately upon Marasek'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, Marasek consented to the described sanctions and to the entry of findings that he participated in private securities transactions, not for compensation, for some of his member firm's foreign customers through another broker-dealer. Marasek exercised limited trading authority in the customers' accounts. The findings stated that Marasek did not provide his firm with written notice of the proposed transactions at the other broker-dealer and his proposed role therein, and failed to receive his firm's prior written approval to participate in the private securities transactions. The findings also stated that Marasek's supervisor was aware that he was assisting the firm's customers with liquidating their stock, but not aware of Marasek's limited trading authority.

The suspension was in effect from July 16, 2012, through July 27, 2012. ([FINRA Case #2010022695202](#))

Harrison Walter Maxfield III (CRD #1326921, Registered Principal, Quincy, Massachusetts) 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 principal capacity for four months. The fine must be paid either immediately upon Maxfield'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, Maxfield consented to the described sanctions and to the entry of findings that he failed to ensure that his member firm maintained required net capital while conducting a securities business. The findings stated that Maxfield was his firm's financial and operations principal (FINOP) and was responsible for its compliance with net capital requirements. On a certain date, the firm's net capital requirement was raised from \$25,000 to \$100,000 because it had placed more than 10 proprietary trades that calendar year. Maxfield knew about the firm's net capital deficiencies, but failed to file timely notices pursuant to Securities Exchange Act of 1934 Rule 17a-11(b). The findings also stated that the firm's WSPs designated Maxfield as the principal responsible for the firm's retention of business-related electronic communications. Nevertheless, the firm, acting through Maxfield, failed to retain all such communications. Maxfield permitted some of the firm's registered representatives to use personal email addresses for business-related communications, but did not provide for any system for preserving those communications. The findings also included that the firm, acting through Maxfield, failed to enforce its WSPs concerning annual compliance meetings, inspections of its OSJ and review of option transactions and electronic correspondence. The WSPs required Maxfield to conduct annual compliance meetings and to obtain disclosure documents from the firm's registered representatives during those meetings. These forms were designed to ensure that the firm's representatives disclosed outside business activities, private securities transactions and outside securities accounts. Maxfield did not conduct annual compliance meetings or obtain the disclosure documents. FINRA found that the WSPs required Maxfield to conduct annual inspections of the firm's OSJ, but he failed to conduct such inspections. FINRA also found that the WSPs required Maxfield to enter and approve options transactions, but he failed to conduct a daily review of such trades. Instead, Maxfield reviewed option transactions on a monthly basis, so one of the firm's representatives entered his own option transactions without Maxfield's prior approval. In addition, FINRA determined that the WSPs required Maxfield to review a sample of all of the firm's incoming and outgoing electronic correspondence on a regular basis, but he failed to do so.

The suspension is in effect from July 16, 2012, through November 15, 2012. ([FINRA Case #2011025430801](#))

Curtis Leonard Mazer (CRD #819279, Registered Representative, Beach Lake, Pennsylvania) 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 10 business days. Without admitting or denying the findings, Mazer consented to the described sanctions and to the entry of findings that without providing any notice to his member firm, he issued a personal check in the amount of \$4,500 to a firm customer. The findings stated that Mazer paid the funds to the customer as a refund of fees in order to reimburse her for losses in her account.

The suspension was in effect from August 20, 2012, through August 31, 2012. ([FINRA Case #2011029274001](#))

Paul Ellsworth McIntosh (CRD #5458088, Registered Principal, Allen, Texas) was barred from association with any FINRA member in any capacity. The sanction was based on findings that McIntosh engaged in unauthorized trading and either placed losing trades directly into customer accounts, without their knowledge, authorization or consent, or improperly placed additional unauthorized and unprofitable trades into his member firm's error account before transferring the losses to the customers by debiting their accounts. The findings stated that McIntosh put profitable trades in his wife's individual retirement account (IRA). The findings also stated that McIntosh purposely structured some of the trading losses to avoid supervision and to deceive his member firm. The findings also included that McIntosh's unauthorized transactions resulted in more than \$40,000 in direct losses in customer accounts, plus an additional \$33,200.60 in losses improperly debited in connection with his misuse of the firm's error account. ([FINRA Case #2010021448201](#))

Roger Craig Miller (CRD #2529130, Registered Representative, Akron, Ohio) 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 90 days. The fine must be paid either immediately upon Miller'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, Miller consented to the described sanctions and to the entry of findings that he had clients sign blank securities-related business forms and retained the signed blank forms in his office. Miller also photocopied a customer name and dates on a securities business-related document. The findings stated that Miller's firm's policies and procedures prohibited staff from obtaining or retaining documents that a customer had pre-signed, or by using a photocopied customer signature as an original signature. The findings also stated that the firm performed a routine branch examination and discovered a folder in Miller's overhead storage compartment containing blank pre-signed client securities-business-related forms, securities-business-related documents that contained a photocopy of the client's signature, and original securities-business-related documents that contained a photocopy of the client's signature and the date.

The suspension is in effect from August 6, 2012, through November 3, 2012. ([FINRA Case #2011028012101](#))

James Michael Mirenda (CRD #2585792, Registered Representative, Port Jefferson, 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. Without admitting or denying the findings, Mirenda consented to the described sanctions and to the entry of findings that he engaged in unsuitable trading in a customer's account by recommending purchases on margin of a sole stock, which resulted in an overconcentration in the customer's account. The findings stated that Mirenda made the recommendations without reasonable grounds for believing that they were suitable for the customer. The customer opened an account with Mirenda's member firm with

approximately \$223,445, and deposited an additional \$537,545 into his account to pay for the trade and to meet margin calls associated with the transactions. The findings also stated that due to declining value of the investment and escalating margin calls, the customer liquidated his position in the stock, suffering losses of approximately \$500,811. Miranda and his firm reached a settlement with the customer related to the losses.

The suspension was in effect from August 6, 2012, through September 4, 2012. ([FINRA Case #2010021967901](#))

Donna Katherine Monk (CRD #2695732, Registered Representative, Charleston, West Virginia) 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 three months. Without admitting or denying the findings, Monk consented to the described sanctions and to the entry of findings that a client of Monk's partner in a limited liability company signed an LOA authorizing the firm to issue a \$20,098 certified check payable to a real estate settlement firm in connection with the purchase of a home. Monk realized that an overnight package containing the check would not arrive in time for the scheduled closing, and contacted the client and told her of the delivery problem. The client verbally authorized Monk to send the funds via wire transfer, but Monk was unable to obtain the client's signature on a new LOA instructing the firm to wire the funds. The findings stated that, instead, Monk copied the client's signature from the original LOA and pasted the signature on a new LOA instructing the firm to wire the funds to the closing agent. Monk also signed the branch office manager's name, approving both LOAs because she understood she had the authority to sign his name to documents when necessary to administer the firm's business. The findings also stated that Monk initiated other LOAs to transfer funds from accounts that belonged to customers who were members of her immediate family. The LOAs pertained to transfers between family members' accounts and transfers of funds to Monk's account, totaling \$190.32 to reimburse her for monies owed. Monk signed the customers' names on the LOAs pursuant to their explicit authorization, and also signed the branch office manager's name on the LOAs to indicate supervisory approval of the transfers. The findings also included that Monk signed his name on the limited liability company's behalf on approximately 20 Internal Revenue Service (IRS) Forms 941 (Employer's Quarterly Federal Tax Return), which she submitted to the IRS.

The suspension is in effect from August 20, 2012, through November 19, 2012. ([FINRA Case #2010021355501](#))

Stephen Nietsch (CRD #3111082, Registered Representative, Boynton Beach, Florida) was barred from association with any FINRA member in any capacity and ordered to pay \$20,000, plus interest, in restitution to a customer. The sanctions were based on findings that Nietsch borrowed \$20,000 from an elderly customer contrary to his member firm's procedures prohibiting him from borrowing from customers. Nietsch has not repaid the loan. ([FINRA Case #2009020385001](#))

Lamont Percell Parker (CRD #2946241, Registered Representative, Newark, Delaware) 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 10 business days. Without admitting or denying the findings, Parker consented to the described sanctions and to the entry of findings that he recommended deferred VA purchases or exchanges to customers without having a reasonable basis to believe that the customer had been informed of the potential surrender periods and surrender charges associated with the annuities or the potential charges for, and features of, riders associated with the annuities. The findings stated that Parker completed and provided customers with deferred VA disclosure forms with inaccurate information regarding the details of the principal protection riders and the length of the surrender periods.

The suspension was in effect from August 20, 2012, through August 31, 2012. ([FINRA Case #2010021108001](#))

Nancy Jane Laird Paslaqua (CRD #874817, Registered Representative, Snyder, 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 10 business days. Without admitting or denying the findings, Paslaqua consented to the described sanctions and to the entry of findings that she took a state insurance long-term care (LTC) CE examination online, and wrote down the answers as she took the exam. The findings stated that after Paslaqua successfully completed the exam, she went into a registered representative's office and took the state LTC CE exam for him. Paslaqua logged onto the exam website through the representative's computer and entered the answers she wrote down when she took her exam. The findings also stated that the representative was not in his office at the time and Paslaqua was able to access his computer because it was unlocked.

The suspension was in effect from August 6, 2012, through August 17, 2012. ([FINRA Case #2009021029708](#))

Enrique Guido Pflucker aka Henry Lucas (CRD #4789342, Registered Representative, Elmont, New York) 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 10 business days. Without admitting or denying the findings, Pflucker consented to the described sanctions and to the entry of findings that he utilized time and price discretion in customer accounts beyond the end of the business days on which the customers granted such discretion. The findings stated that neither customer had provided Pflucker with prior written authorization granting him such discretionary power in their accounts, and his member firms had not accepted the accounts as discretionary accounts.

The suspension was in effect from August 6, 2012, through August 17, 2012. ([FINRA Case #2010025736701](#))

Mitchell Jay Posner (CRD #1159878, Registered Principal, Fairfield, Iowa) 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 10 business days. The fine must be paid either immediately upon Posner'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, Posner consented to the described sanctions and to the entry of findings that his supervision of the private securities transactions of the only other registered person associated with his member firm, did not meet the firm's requirements or FINRA rule requirements. The findings stated that Posner was aware of the registered representative's activities, but not aware of his limited trading authority in other broker-dealer accounts for customers. Posner did not require the registered representative to provide written notice describing in detail the proposed transactions at the other broker-dealer and his proposed role therein. Posner did not provide prior prompt written acknowledgement of these transactions. The findings also stated that Posner, as the person responsible for establishing, maintaining and enforcing the firm's WSPs, failed to establish procedures, which would have required the registered person to disclose participation in private securities transactions, not for compensation.

The suspension was in effect from July 16, 2012, through July 27, 2012. ([FINRA Case #2010022695201](#))

Frank Anthony Quartararo Jr. (CRD #2698037, Registered Representative, Sandy Springs, 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, Quartararo consented to the described sanction and to the entry of findings that he withdrew, without authorization, a total of approximately \$775,439 from the accounts of some of his customers at his member firm's affiliate bank. The findings stated that to accomplish the unauthorized withdrawals, Quartararo forged the customers' signatures on the bank's withdrawal slips and debit memoranda, and then submitted the forged documents to the bank's employees. At Quartararo's direction, the bank employees disbursed certain of the funds directly to Quartararo, and transferred other funds to his personal bank accounts. The findings also stated that Quartararo willfully made, or caused to be made, in an application to become associated with a FINRA member, a statement that was, at the time, and in light of the circumstances under which it was made, false or misleading with respect to a material fact. Quartararo's Form U4 contained inaccurate information that he had supplied to a member firm for his registration, after he was discharged by his former firm. ([FINRA Case #2011030467101](#))

Jose S. Ramos (CRD #2938797, Registered Representative, Tampa, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for 12 months. In light of Ramos' financial status, no monetary sanction has been imposed. Without admitting or denying the findings,

Ramos consented to the described sanction and to the entry of findings that he failed to provide prompt written notice to his member firm to disclose his outside business activities. Ramos held ownership interests in each outside business; held the titles of officer, treasurer and director; was responsible for, among other things, arranging financing to operate each business and participating in monthly board meetings; and received funds from a customer to invest in one of the businesses. The findings stated that Ramos was clearly aware of his firm's requirement and had previously disclosed outside business activities. Ramos attended several compliance training sessions in which he was reminded of his obligation to report, in writing, his involvement in any outside business activity. The findings also stated that despite attending these sessions, Ramos waited approximately two years before disclosing his latest activities. The findings also included that Ramos failed to timely update his Form U4 with his personal bankruptcy filing.

The suspension is in effect from August 6, 2012, through August 5, 2013. ([FINRA Case #2009020127701](#))

Kent Squire Rollins (CRD #3067090, Registered Representative, Morgan, Utah) 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 three months. The fine must be paid either immediately upon Rollins' 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, Rollins consented to the described sanctions and to the entry of findings that he completed a VA new account form that contained inaccurate information. It provided falsified information that did not accurately reflect the annual income, net worth and investment objectives of the owner/annuitant. The findings stated that Rollins submitted the new account form to his member firm, causing its books and records to be inaccurate. The findings also stated that Rollins sent a letter to an elderly client regarding the VA that made multiple false and misleading statements regarding the recipient's rights and status under the contract, and was not based on principles of fair dealing and good faith.

The suspension is in effect from July 16, 2012, through October 15, 2012. ([FINRA Case #2010024111001](#))

Andrew Glen Rosenberg (CRD #2944124, Registered Principal, Weston, Florida) 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, Rosenberg consented to the described sanctions and to the entry of findings that he performed legal services for an issuer through his law practice, a sole proprietorship, and received approximately \$98,000 in compensation. The findings stated that for approximately 18 months, Rosenberg, acting through his company, presented and/or sold approximately \$4.5 million worth of the issuer's notes and debentures to investors, most of whom were his member firm's customers. Rosenberg

failed to disclose to the investors that he was providing legal services for compensation to the issuer, thereby negligently failing to disclose a material fact to the investors. The findings also stated that Rosenberg advised his firm of his law practice on an outside business activities form and represented he was unaware of any potential conflicts of interest, but failed to promptly notify his firm through an amended form that he, through his law practice, was providing legal services for compensation to the issuer, an entity whose securities he was selling to investors, including firm customers.

The suspension is in effect from August 6, 2012, through November 5, 2012. ([FINRA Case #2009018649001](#))

Douglas Alan Rought (CRD #1626961, Registered Representative, Painesville, Ohio) 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 year. The fine must be paid either immediately upon Rought'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, Rought consented to the described sanctions and to the entry of findings that to protect his customer's relative against potential claims and losses from a fire in the customer's residence, Rought created documentation falsely indicating that his member firm's affiliated insurance company had in place an insurance policy for the customer's relative that took effect several weeks before the fire occurred. The findings stated that Rought used a firm account to pay the initial premium and generated a receipt that falsely indicated that the customer had paid the premium.

The suspension is in effect from July 16, 2012, through July 15, 2013. ([FINRA Case #2010025262801](#))

Ryan Seth Shaw (CRD #4212601, Registered Representative, Melville, New York) 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 10 business days. Without admitting or denying the findings, Shaw consented to the described sanctions and to the entry of findings that he made negligent misrepresentations to a customer in connection with a recommendation of an Exchange-Traded Note (ETN). The findings stated that upon selling the ETN, the customer had a realized loss of \$71,431.66. Subsequently, Shaw's member firm reimbursed the customer for the entire loss, and Shaw contributed to the entire amount of the loss. The findings also stated that in recommending that the customer purchase the ETN, Shaw advised the customer that it was safe, but failed to describe the risks involved or how the securities operated. Shaw failed to explain the fundamental terms and risks associated with the security, including leverage and the index to which the ETN's performance was tied to, and did not explain the term "reset" as it applies to the ETN, which he recommended to the customer. The findings also included that Shaw did not

clearly explain how the ETN was expected to perform under different market conditions.

The suspension was in effect from August 6, 2012, through August 17, 2012. ([FINRA Case #2009018005601](#))

Gregory Alan Smith (CRD #2136537, Registered Representative, Shreveport, Louisiana) 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 solicited individuals, including firm customers, to invest in a medical instrument company and obtained in aggregate \$135,000 from the investors to purchase common stock. Smith did not provide the investors with a confirmation, stock certificate or any other form of paperwork to document their purchase of the common stock. The findings stated that Smith's participation in the sale of the common stock was outside the regular scope of his employment with his member firm; Smith failed to follow procedures and failed to give his firm prior written notification. Smith deposited the investors' funds into his business bank account, over which he exercised control, forwarded only \$75,000 to purchase stock and retained the remaining \$60,000 for more than three years in his account, which at times maintained a balance below \$60,000 and on one occasion had a negative balance. Smith commingled the investors' funds in his business bank account with other funds and converted the investors' funds to his own use and benefit. The findings also stated that Smith settled with the investors, paying a total of \$161,250; each investor received at least the principal invested and one investor received more than his original investment. Each customer executed a settlement agreement/general release with Smith. The findings also included that Smith did not advise his member firm of two of the settlements until after they were completed, and settled with each of the investors without his member firm's approval or authorization. FINRA found that Smith willfully failed to amend his Form U4 with material information regarding tax liens. ([FINRA Case #2010023148101](#))

David S. Sookdeo (CRD #3192715, Registered Representative, Springfield Gardens, 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 60 days. The fine must be paid either immediately upon Sookdeo'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, Sookdeo consented to the described sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose the material fact that he was charged with two felonies within 30 days of his arraignment, and waited until after a plea agreement had been reached.

The suspension was in effect from July 16, 2012, through September 13, 2012. ([FINRA Case #2010024042601](#))

Jordan Rocco Steel (CRD #5406205, Registered Representative, Grand Prairie, Alberta, Canada) 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, Steel consented to the described sanction and to the entry of findings that he had an agreement with another registered representative at the firm whereby he would receive 1.5 percent of the representative's commissions from transactions involving United States customers. Steel received his share by calculating the amount to which he was entitled on a roughly monthly basis, entering the amount on an Assistant/Associate Bonus/Commission Requisition Form, obtaining the other representative's signature on the form and submitting it to the firm for payment. The findings stated that Steel falsified 18 forms by altering the amount due to him on each form after obtaining the representative's signature, without the representative's knowledge or authorization. The findings also stated that for a year, Steel completed 13 forms requesting that the firm pay him a share of a second registered representative's commission, and falsified the representative's signature on each of the forms without the representative's knowledge or authorization and without a commission sharing agreement. As a result, Steel received at least \$66,000 (Canadian dollars) in commissions to which he was not entitled. ([FINRA Case #2011029619401](#))

Robert Alan Strommen (CRD #863085, Registered Principal, Golden Valley, Minnesota) 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 60 days. Without admitting or denying the findings, Strommen consented to the described sanctions and to the entry of findings that his member firm had found evidence he had altered customer forms after the customers signed them and issued him a Letter of Caution for its findings. The findings stated that Strommen's member firm conducted additional inspections of his branch office and discovered blank forms in his possession that were signed by customers; the firm terminated Strommen. The findings also stated that Strommen executed some customer forms certifying that he had completed certain tasks that he had not completed.

The suspension is in effect from August 6, 2012, through October 4, 2012. ([FINRA Case #2009020894501](#))

Stephen Paul Tommelleo (CRD #1597585, Registered Principal, Boca Raton, Florida) 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 three months and ordered to pay \$14,990, plus interest, in restitution to a customer. The fine and restitution amounts must be paid either immediately upon Tommelleo'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, Tommelleo consented to the described sanctions and to the entry of findings that he borrowed money from customers without his member firm's authorization

and contrary to his firm's WSPs, which did not permit loans between registered representatives and their customers. The findings stated that Tommelleo completed two firm annual compliance attestations indicating he had not and would not borrow money from any firm customer. Tommelleo borrowed a total of \$34,875 and repaid the customers a total of \$5,800. One customer sued Tommelleo in state court for \$15,000 and another was not repaid at all.

The suspension is in effect from August 6, 2012, through November 5, 2012. ([FINRA Case #2010025098401](#))

Gregory Michael Viechnicki (CRD #3199495, Registered Representative, Philadelphia, Pennsylvania) 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 10 business days. Without admitting or denying the findings, Viechnicki consented to the described sanctions and to the entry of findings that he borrowed \$10,000 from a firm customer without seeking or obtaining his member firm's approval. The findings stated that Viechnicki did not disclose to the firm that he had borrowed money from a customer. When the borrowing occurred, the firm's procedures generally prohibited representatives from borrowing money from a customer, and any representative seeking an exception from that prohibition had to first seek and obtain the firm's written approval.

The suspension was in effect from August 6, 2012, through August 17, 2012. ([FINRA Case #2011026685501](#))

Julio Alejandro Vitullo aka Alex Vitullo (CRD #4549248, Registered Representative, Ashburn, Virginia) 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, Vitullo consented to the described sanction and to the entry of findings that he was aware of the FINRA rule requirement that he was to provide prompt written notice to his firm prior to engaging in any outside business activities. The findings stated that Vitullo was aware of his firm's requirement that its registered representatives were to submit a completed disclosure form and obtain the firm's approval prior to engaging in any outside business activity. Vitullo failed to comply with the disclosure requirements when he created and began operating a limited liability company without providing notice to his firm and obtaining its approval. The findings also stated that Vitullo operated his company as an unlicensed insurance carrier when he knew it had not been approved as such by any state. The findings also included that Vitullo solicited several customers to purchase supplemental insurance plans. Vitullo directed customers to complete an enrollment process for the supplemental plan and provided the customers with his company's membership card. Vitullo offered and sold these plans to several customers who paid more than \$28,000 to purchase the unauthorized and unapproved health insurance plans. ([FINRA Case #2011028804701](#))

Deon M. Walcott (CRD #5371494, Registered Representative, Jamaica, 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, Walcott consented to the described sanction and to the entry of findings that he failed to respond fully to FINRA requests for documents and information, and failed to appear for testimony in connection with the activities that led to his termination from his member firm. The findings stated that Walcott provided a partial response and, later, his attorney informed FINRA that her client would not be producing any additional documents and would not appear for testimony. ([FINRA Case #2011027353101](#))

William F. Weiss (CRD #4132270, Registered Principal, Ossining, New York) 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. Without admitting or denying the findings, Weiss consented to the described sanctions and to the entry of findings that he failed to properly supervise registered representatives with respect to their compliance with NASD Rule 3030. The findings stated that Weiss supervised firm registered representatives who engaged in life settlement transactions away from the firm and without its knowledge. The findings also stated that Weiss knew of these transactions, knew that they had not disclosed the activity to the firm, assisted in the purchase of laptop computers and other computer equipment that was used for the life settlement business and was kept separate from the firm business the firm reviewed, and notarized documents in connection with at least one life settlement transaction one of the registered representatives effected. Weiss did not take any steps to bring the life settlement transactions to the firm's attention or to obtain or make the registered representatives obtain the firm's approval. The findings also included that in Weiss' capacity as a supervisor, he signed Outside Business Activity Disclosure Statements the registered representatives completed. On each of these forms, the registered representatives answered "no" to a question inquiring whether or not they were involved in "Business Outside the Enterprise," which was specifically defined to include involvement in senior/life settlements. Each of the Statements also contained a separate question inquiring whether or not the representatives were involved in "Soliciting, Selling, or Servicing Non-Variable Insurance or Annuities" of companies other than the firm. Both registered representatives answered "yes" to this question on the forms they completed, but where the form asked representatives to list all product lines from which they received commissions for such transactions, the registered representatives listed life, health, disability and/or long-term care insurance. Neither listed life settlement transactions. FINRA found that Weiss knew, or should have known, that the answers the registered representatives provided on the Outside Business Activity Disclosure Statements were inaccurate.

The suspension is in effect from August 6, 2012, through February 5, 2013. ([FINRA Case #2008015164801](#))

Anna Zaichik (CRD #2599632, Registered Representative, Brooklyn, New York) submitted an Offer of Settlement in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Zaichik consented to the described sanction and to the entry of findings that she failed to respond to FINRA requests to appear for an on-the-record interview regarding her indictment and arrest for her purported role in a conspiracy involving bank accounts for fraudulent medical clinics at different banks, including the bank affiliate of her member firm. ([FINRA Case #2010025463901](#))

Individual Fined

Randy Heber Carlson (CRD #726574, Registered Representative, Murray, Utah) was fined \$10,000, ordered to disgorge \$35,269 in commissions and shall only be employed by a member firm that agrees to subject him to heightened supervision regarding compliance with Section 5 of the Securities Act for a one-year period. The sanctions were based on findings that Carlson sold more than two million unregistered shares of a company on his customers' behalf. The findings stated that Carlson sold the company's shares for proceeds of approximately \$2.8 million, which generated commissions of \$70,538 and he was credited with \$35,269 of the commissions earned. The findings also stated that Carlson acknowledged that there were red flags associated with sales of the shares that he needed to investigate to assure himself that the company's shares were freely tradable. Carlson did not recall the inquiry he made with respect to the company's shares, and there weren't any documents to reflect his inquiry. Carlson's supervisor testified that he approved the company sales based upon information Carlson provided. Carlson did not offer any explanation of how he could have concluded that customer sales of the company's unregistered stock would have been permissible under Section 5 of the Securities Act. FINRA found that the sales involved interstate activity because the shares were sold into the over-the-counter market, thereby entering interstate commerce. Carlson failed to establish that the transactions qualified for brokers' exemption and failed to demonstrate that he made the searching inquiry required to establish an exemption from the registration requirements. Carlson admitted that he failed to review the company's SEC filings and did not ascertain whether any particular exemption from registration was available before the sales took place. ([FINRA Case #2007008724701](#))

Decisions Issued

The Office of Hearing Officers (OHO) issued the following decisions, which has been appealed to or called for review by the NAC as of July 31, 2012. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decisions. Initial decisions where the time for appeal has not yet expired will be reported in future issues of FINRA Disciplinary and Other Actions.

Jeffrey Griffin Lane (CRD #1663977, Registered Principal, Darien, Connecticut) and Robert Marcus Lane (CRD #1411773, Registered Principal, North Palm Beach, Florida) were barred from association with any FINRA member in any capacity and ordered to pay \$317,030.70, jointly and severally, in restitution to customers. The sanctions were based on findings that the Lanes' member firm charged its customers unfair and excessive markups on the prevailing market price, for which Marcus Lane was responsible because he set the markups and structured the legs of the transactions. The firm charged its customers more than the 5 percent guideline, and the Lanes failed to present any evidence of special circumstances or special services that might justify the excessive markups. The findings stated that Marcus Lane accomplished the unfair and excessive markups by interpositioning the entities he owned between the customers and the contemporaneous market, which was inconsistent with the requirement to obtain as favorable a price as possible for the customer under prevailing market conditions. The findings also stated that Marcus Lane's failure to disclose the excessive markups and interpositioning was material because a reasonable investor would consider the omitted information important in determining whether to purchase the securities. The findings also included that Marcus Lane acted with scienter because he knew the interpositioning scheme would increase the price charged to customers, and the prevailing market price in third-party transactions was publicly available to him on TRACE.

FINRA found that Marcus Lane purposely structured the multi-legged transactions to make up for losses on other transactions. The transactions were reported to TRACE as though they were customer transactions with third parties, concealing the connection between the firm and the Marcus Lane entities. FINRA also found that Jeffrey Lane was the firm's CCO and was responsible for supervising Marcus Lane's activities and for the firm's WSPs. Jeffrey Lane acknowledged that the WSPs did not describe how he would review markups to determine if they were fair, reasonable and in compliance with firm policy, or how he was to document that such a review occurred; he also acknowledged that the WSPs did not contain procedures relating to interpositioning. In addition, FINRA determined that with respect to the transactions in issue, Jeffrey Lane prepared the order tickets and entered the information that was reported in TRACE. Jeffrey Lane knew the bond price's increased with each leg of the transaction, knew Marcus Lane set the markups, never questioned his use of the entities in the transactions or changed any markups. Jeffrey Lane claimed he was unaware of what interpositioning was at the time of the transactions in issue. Furthermore, FINRA found that Jeffrey and Marcus Lane failed to respond timely to FINRA requests for information and documents.

The decision has been appealed to the NAC and the sanctions are not in effect pending the appeal. ([FINRA Case #2007008204901](#))

Jeffrey Ng (CRD #1234807, Registered Principal, Stamford, Connecticut) was fined \$25,000 and suspended from association with any FINRA member in any capacity for two years. The fine shall be due and payable if and when Ng re-enters the securities industry. The sanctions were based on findings that Ng failed to notify his member firm, in writing, that he had securities accounts at other broker-dealers, other than the ones he had already disclosed. The findings stated that Ng failed to notify these broker-dealers that he was associated with a FINRA member and made false statements on the broker-dealer applications concerning his occupation. The findings also stated that Ng executed transactions in his firm's holding company's securities in his outside accounts even though the firm's securities were on its restricted list at the time. Ng did not disclose the existence of the broker-dealers accounts or the securities holdings in this account to his firm in reports he submitted to the firm. In addition, one of the broker-dealers was not on Ng's firm's list of approved outside brokerage firms. The findings also included that in the firm's Annual Certificate of Compliance forms he filed in three separate years, he falsely represented that he was in compliance with his firm's Code of Business Conduct and Ethics, including the requirements regarding the manner in which he maintained and reported his securities holdings and transactions in his personal accounts and conducted his personal securities trading activities.

The decision has been appealed to the NAC and the sanctions are not in effect pending the appeal. ([FINRA Case #2009019369302](#))

Complaints Filed

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

John Cherry III (CRD #1891720, Registered Representative, New York, New York) was named a respondent in a FINRA complaint alleging that he made improper use of, and converted, at least \$374,000 in funds from his member firm customers. The complaint alleges that instead of investing their funds in securities, Cherry deposited the funds into bank accounts he controlled and converted the funds to his own use. For approximately one year, the customers received periodic monthly interest payments totaling \$35,764 from Cherry's entities or from Cherry himself, but then the monthly interest payments ceased. The complaint also alleges that Cherry refused to respond to calls or emails, or offered excuses about why their interest payments ceased. When the customers asked their funds

to be returned, Cherry falsely told them that their investments could not be liquidated prematurely. The customers did not authorize Cherry to convert any of their funds or use them for personal expenses. The complaint further alleges that Cherry was employed by, and accepted compensation from, two outside business entities for activities outside the scope of his relationship with his member firm without providing written notice of the activities or the compensation he received to his firm. Cherry failed to provide written notice to his firm of employment by one of the entities, and falsely told his firm that the other entity was not an investment-related business. ([FINRA Case #2011026935101](#))

Shari Robin Frimer (CRD #2503895, Registered Representative, Royal Palm Beach, Florida) was named a respondent in a FINRA complaint alleging that she sold private offerings of securities from which she received selling compensation, without providing written notice of her proposed role in, or the compensation she might receive from, the transactions to her member firm. The complaint alleges that Frimer received a total of \$37,407.50 in selling compensation. The complaint also alleges that Frimer participated in other private securities transactions from which she did not receive selling compensation, without providing prior notice to her firm. The complaint further alleges that Frimer guaranteed, in writing, a customer against loss; the customer would be able to sell shares of stock within a certain time period for his cost to acquire them. In addition, the complaint alleges that Frimer sent, or caused to be sent, two marketing newsletters regarding a company without requesting or receiving firm approval. Moreover, the complaint alleges that the newsletters were not fair and balanced, and contained numerous exaggerated, unwarranted, and misleading claims and numerous unreasonable and unwarranted forecasts. ([FINRA Case #2008012059501](#))

Highland Financial, Ltd. (CRD #25896, Johnstown, Pennsylvania) and Gordon Drummond Smith (CRD #2006592, Registered Principal, Johnstown, Pennsylvania) were named respondents in a FINRA complaint alleging that the firm, acting through Smith, failed to timely file a currency transaction report (CTR) upon receipt from a customer of cash of \$39,780 and \$103,440. The complaint alleges that Smith knew, or should have known, that the firm was required to file, and that as the firm's president, sole principal and designated AML compliance officer (AMLCO), he was required to cause the firm to file, a CTR reporting any receipt of more than \$10,000 in currency. The firm's AML procedures in effect at the time stated that the firm would file a CTR for currency transactions that exceeded \$10,000. The complaint also alleges that with respect to the cash Smith received from the customer, he engaged in illegal structuring by depositing the currency he had received into multiple accounts at multiple financial institutions on multiple days; all such deposits consisted of \$10,000 or less for the purpose of evading the reporting requirements under Title 31 of the Code of Federal Regulations, Chapter X (31 CFR Chapter X). Smith acted to evade the reporting requirements in that he acted with the purpose of precluding the institutions from filing, and/or intended to cause the institutions to fail to file, a CTR reporting a receipt of currency that exceeded \$10,000. The complaint further alleges that Smith knew, or

should have known, that structuring was illegal under federal law and in contravention of applicable securities rules and regulations. The firm's AML procedures in effect at the time, which designated Smith as the firm's AMLCO, cited as a red flag of possible money laundering that a customer engages in transactions involving cash that appear to be structured to avoid the \$10,000 government reporting requirements. The firm's AML compliance procedures stated that the firm would file a suspicious activity report (SAR) if it suspected, or had reason to suspect, that a transaction was designed to evade any requirements of the Bank Secrecy Act (BSA) regulations. The deposits of currency Smith made at multiple institutions were designed to evade requirements of the BSA regulations.

In addition, the complaint alleges that the currency the firm received from the customer could only properly be held in the account the firm had established for the benefit of customers pursuant to its exemption from Securities Exchange Act of 1934 Rule 15c3-3. Instead, the firm, acting through Smith, held funds belonging to the customer in other accounts. By doing so, the firm, acting through Smith, commingled the customer's funds with the firm's funds and with the funds of a non-FINRA entity Smith controlled, and subjected the customer's funds to unwarranted risks, including the risks associated with the firm's and entity's businesses, which constituted distinct improper uses of the customer's funds. Moreover, the complaint alleges that the firm failed to monitor, detect and investigate suspicious transactions and determine whether to file a SAR in response to multiple red flags relevant to the customer's account, including certain red flags specifically cited in the firm's own written AML procedures. ([FINRA Case #2011025591601](#))

Harry Ward Hunt (CRD #1144385, Registered Representative, Medina, Minnesota) was named a respondent in a FINRA complaint alleging that he engaged in excessive and quantitatively unsuitable trading in the brokerage accounts of some of his member firm's customers. The complaint alleges that during that time, annualized turnover rates in these accounts ranged from 4.56 to 12.16, and their annualized cost-to-equity ratios ranged from 27.89 percent to 72.01 percent. The customers paid a total of \$66,328 in commissions because of Hunt's excessive and unsuitable trading. The complaint also alleges that Hunt, while exercising discretion over the customers' account, recommended to the customers several securities transactions without having reasonable grounds for believing that such transactions were suitable for the customers in view of the size and frequency of the transactions, the nature of the account, and the customers' financial situation, investment objectives and needs. Hunt placed these trades in the accounts of all of these customers without first contacting the customers to obtain their approval for the transactions. The complaint further alleges that Hunt did not obtain written grants of discretionary authority from the customers at any time before a certain date, and the firm never accepted any of those customers' accounts as discretionary. The firm did not permit its representatives to exercise discretion in customer accounts at any time that year. In addition, the complaint alleges that Hunt willfully failed to disclose unsatisfied judgments against him on his Form U4. ([FINRA Case #2010020803402](#))

Stephen Yarkpazuo Jensen (CRD #4400624, Registered Representative, Redford, Michigan) was named a respondent in a FINRA complaint alleging that he misappropriated money from a customer by submitting fraudulent loan applications against the customer's insurance policy without the customer's knowledge or consent. The complaint alleges that when the customer received a loan check at her home from the first application Jensen submitted, she immediately delivered it to Jensen's office and asked him to return it to the insurance company. Rather than sending the check back to the insurance company, Jensen forged the customer's signature on the check and cashed it without her knowledge or consent. Thereafter, without the customer's knowledge or consent, Jensen changed the mailing address for the customer's policy to his office address. The complaint also alleges that Jensen applied for additional loans against the customer's insurance policy, received the checks at his office, endorsed the checks with the customer's name and cashed the checks using the cash drawer in his office. The customer did not know about the loans and did not receive any of the loan proceeds or benefits flowing therefrom. The complaint further alleges that Jensen's member firm's policies and procedures strictly prohibited Jensen from signing a customer's name to any document, whether the customer authorized it or not, and clearly stated that such activity constituted forgery. ([FINRA Case #2010024062601](#))

Attila Gyula Toth (CRD #2565633, Registered Representative, Phoenix, Arizona) was named a respondent in a FINRA complaint alleging that he contacted a firm customer to solicit an investment in what he represented to be a \$70,000 short-term loan to a construction company. The customer took a premature distribution of \$70,000 from his 403(b) retirement account; an amount equal to 25 percent of the requested withdrawal was withheld for taxes and the balance of \$52,500 was deposited into the customer's personal bank account, from where the funds were wired to a bank account held by Toth and a relative. The complaint alleges that Toth failed to invest the funds and instead, used the funds for personal expenses, which the customer did not authorize. Had the \$52,500 not been deposited into Toth and the relative's bank account, it would have been overdrawn by more than \$40,000. The complaint also alleges that the customer repeatedly sought information from Toth concerning repayment of the loan and when he could restore the funds to his 403(b) account to avoid a tax penalty. The customer also requested copies of documents evidencing the purported investment and the construction company's receipt of funds. Toth initially represented the repayment was forthcoming but later told the customer he was assuming personal responsibility for repayment. The complaint further alleges that Toth never provided records of the purported investment to the customer, never repaid any portion of the funds he expended for his personal benefit and never informed the customer that he used the funds for personal expenses. By failing to invest the customer's funds as represented, Toth made improper use of the customer's funds; and by continuing to mislead the customer for more than a year as to the disposition of the \$52,500, he engaged in conduct inconsistent with high standards of commercial honor and just and equitable principles of trade.

In addition, the complaint alleges that Toth borrowed \$30,000 from a firm customer in contradiction of his firm's procedures prohibiting representatives from borrowing funds from customers, and despite his execution of an acknowledgment of associated persons that he had read and understood his firm's supervisory procedures and his execution of an annual compliance questionnaire and certification recognizing the firm's prohibition against borrowing from a customer. The loan was memorialized in a promissory note secured by a deed of trust. Moreover, the complaint alleges that Toth, while under oath, provided false testimony to a state securities regulator regarding the loan and submitted a false written statement regarding the loan. Furthermore, the complaint alleges that Toth responded falsely when his firm asked him about borrowing money from customers. The complaint also alleges that Toth failed to respond to FINRA requests for information and documents regarding his outside business activities, possible instances of mortgage fraud and additional instances of borrowing from customers. The complaint also alleges that Toth failed to respond to FINRA written requests regarding other customers' allegations that he made misrepresentations, committed fraud and recommended unsuitable private placements. ([FINRA Case #2009019362801](#))

Complaint Dismissed

FINRA issued the following complaint, which represented FINRA's initiation of a formal proceeding. The findings as to the allegations were not made and the Hearing Officer has subsequently ordered that the complaint be dismissed.

Brookstone Securities, Inc. (CRD #13366)
Lakeland, Florida
(July 24, 2012)
FINRA Case #2009019070902

Firms Expelled for Failure to Supply Financial Information Pursuant to FINRA Rule 9552

Doley Securities, LLC. (CRD #7081)
New Orleans, Louisiana
(July 20, 2012)

GoNow Securities, Inc. (CRD #104020)
Los Angeles, California
(July 20, 2012)

Firms 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.)

CCG Securities, LLC (CRD #127507)
Santa Barbara, California
(April 9, 2012 – July 3, 2012)

Doley Securities, LLC. (CRD #7081)
New Orleans, Louisiana
(July 3, 2012)

EZ Stocks, Inc. (CRD #103866)
Brookfield, Wisconsin
(July 6, 2012)

Firm Suspended for Failing to Pay Arbitration Awards Pursuant to FINRA Rule 9554

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

Max International Broker/Dealer Corp. (CRD #46039)
New York, New York
(July 26, 2012)
FINRA Arbitration Case #10-02932

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.)

Naason Ahumada (CRD #5532259)
San Diego, California
(July 2, 2012)
FINRA Case #2011030617401

David Arthur Albert Anderson (CRD #3210057)
Snohomish, Washington
(July 27, 2012)
FINRA Case #2011030655101

Joseph William Buckley (CRD #4778049)
Avondale, Arizona
(July 16, 2012)
FINRA Case #2011029111101

Jacob Louis Burkhardt (CRD #5150473)
Independence, Missouri
(July 9, 2012)
FINRA Case #2011028978301

Geoffrey Scott Cash (CRD #5726267)
Madison Heights, Virginia
(July 30, 2012)
FINRA Case #2012031176001

Colby R. Goering (CRD #5192689)
Fresno, California
(July 16, 2012)
FINRA Case #2011028978101

Mellany Ann Isom (CRD #707501)
Hartsville, South Carolina
(July 27, 2012)
FINRA Case #2011029902401

Ji Hye Kim (CRD #5238543)
Flushing, New York
(July 2, 2012)
FINRA Case #2012030928001

Bentonamu Lai aka Binh Quoc Lai (CRD #4174974)
Houston, Texas
(July 16, 2012)
FINRA Case #2011027888501

Joshua James Lien (CRD #5675922)
Peoria, Arizona
(July 23, 2012)
FINRA Case #2010023711101

Man Kyu Park aka Matthew Park (CRD #5052887)
Palisades Park, New Jersey
(July 30, 2012)
FINRA Case #2011029971701

Albert Lawrence Vickery Jr. (CRD #5252665)
South Weymouth, Massachusetts
(July 13, 2012)
FINRA Case #2012030519303

Stefans Joseph Zaffuto Jr. (CRD #5495065)
Massapequa, New York
(July 23, 2012)
FINRA Case #2011029190101

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.)

Jeffrey Allan Ashton (CRD #4146295)
Plymouth, Michigan
(October 13, 2011 – July 25, 2012)
FINRA Case #2010025343801

Vladimir Avin (CRD #2625858)
Pembroke Pines, Florida
(January 20, 2012 - July 24, 2012)
FINRA Case #2011027599401

Drew David Chalmers (CRD #1918636)
Lutz, Florida
(July 2, 2012)
FINRA Case #2011026635601

Ellington Lloyd Ellis (CRD #4287959)
Grand Rapids, Michigan
(May 21, 2012 – July 27, 2012)
FINRA Case #2010024310601

Juan Pablo Granja (CRD #4940977)
New York, New York
(October 3, 2011 – July 24, 2012)
FINRA Case #2010024704801

Sarah Rebecca Hill (CRD #5090367)
Abilene, Texas
(December 13, 2010 – July 24, 2012)
FINRA Case #2009020006201

Eric Jonathon Justin (CRD #2633979)
Lancaster, New York
(July 26, 2012)
FINRA Case #2012032045901

Justin William Keener (CRD #2956478)
Miami Beach, Florida
(July 20, 2012)
FINRA Case #2011029820501/FPI110005

James Justin Kleinkopf (CRD #1818964)
Sarasota, Florida
(July 16, 2012)
FINRA Case #2011026535801

Caryl Trewyn Lenahan (CRD #857808)
Sarasota, Florida
(July 13, 2012)
FINRA Case #2011029757601

James E. Malone (CRD #5630929)

Dania Beach, Florida
(July 13, 2012)
FINRA Case #2011027409701

Colby Younger Ruth (CRD #5093489)

Edmond, Oklahoma
(July 9, 2012)
FINRA Case #2011030656001

Individuals Suspended for Failure to Comply with an Arbitration Award or Settlement Agreement Pursuant to FINRA Rule 9554

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

Shondeep Sajan Balchandani (CRD #5165930)

West Palm Beach, Florida
(July 26, 2012)
FINRA Arbitration Case #11-00973

Naveen K. Bhagwani (CRD #5423037)

West Palm Beach, Florida
(July 26, 2012)
FINRA Arbitration Case #11-00973

Stephen Mark Cote (CRD #4365699)

Wenham, Massachusetts
(July 10, 2012 – August 17, 2012)
FINRA Arbitration Case #10-01869

Lee Alexander Gold (CRD #1923251)

Rocky Point, New York
(July 5, 2012)
FINRA Arbitration Case #11-02343

Gerard Chandler Gremillion (CRD #1816351)

Baton Rouge, Louisiana
(April 25, 2012 – July 2, 2012)
FINRA Arbitration Case #11-00895

Michael John Hester (CRD #3044429)

Tampa, Florida
(July 5, 2012)
FINRA Arbitration Case #11-00421

Michael John Hester (CRD #3044429)

Tampa, Florida
(July 5, 2012)
FINRA Arbitration Case #11-03083

Max Todd Jaffee (CRD #1226454)

Pompano Beach, Florida
(July 10, 2012 – August 21, 2012)
FINRA Arbitration Case #10-02377

William Russell Makepeace IV (CRD #2377426)

Atlanta, Georgia
(July 26, 2012)
FINRA Arbitration Case #11-01502

Kim Tracy Nordmo (CRD #2272030)

San Francisco, California
(July 10, 2012)
FINRA Arbitration Case #10-01727

Machiko Okamoto (CRD #3023530)

Holmdel, New Jersey
(March 29, 2012 – July 31, 2012)
FINRA Arbitration Case #09-06874

Misti Lee Pope (CRD #3075263)

Granbury, Texas
(July 10, 2012)
FINRA Arbitration Case #11-02964

Luis Fernando Restrepo (CRD #4002304)

Miami, Florida

(July 10, 2012)

FINRA Arbitration Case #11-03907

Steven John Simone (CRD #2413602)

East Elmhurst, New York

(July 5, 2012)

FINRA Arbitration Case #11-02343

David Alan Theis (CRD #1422471)

Buffalo, Minnesota

(July 26, 2012)

FINRA Arbitration Case #10-04330

Ronald Tyler Whitley Jr. (CRD #2188953)

Richmond, Virginia

(July 26, 2012)

FINRA Arbitration Case #11-01628

FINRA Expels Biremis, Corp. and Bars President and CEO Peter Beck

The Financial Industry Regulatory Authority (FINRA) announced that it has expelled Biremis, Corp., formerly known as Swift Trade Securities USA, Inc., and barred its President and Chief Executive Officer, Peter Beck, for supervisory violations related to detecting and preventing manipulative trading activities such as “layering,” short sale violations, failure to implement an adequate anti-money laundering program, and financial, operational and numerous other securities law violations.

Thomas Gira, FINRA Executive Vice President and Head of Market Regulation, said, “In creating a business that allowed a significant volume of overseas day trading to pass through its systems on a regular basis, Biremis and Mr. Beck needed to devote the appropriate level of resources and personnel to ensure that this business was properly supervised, yet failed on both accounts. Biremis’ inadequate supervisory system resulted in the firm violating multiple rules designed to protect the integrity of the markets and to ensure that member firms adhere to the high standards required of the brokerage industry.”

FINRA found that during various periods from June 2007 to June 2010, Biremis and Mr. Beck failed to establish a supervisory system reasonably designed to achieve compliance with the applicable laws and regulations prohibiting manipulative trading activity. Among other things, Biremis’ supervisory system failed to include policies and procedures designed to detect and prevent layering on U.S. markets. Layering involves the placement of non-bona-fide orders on one side of the market in order to cause market movement that will result in the execution of an order entered on the opposite side of the market, after which the non-bona-fide orders are then canceled. Biremis also failed to establish policies and procedures reasonably designed to detect and prevent manipulative activity designed to affect the closing price of a security. As a result, Biremis failed to detect and prevent potential layering activity and potential manipulation of the closing price of equity securities on U.S. markets.

FINRA found that despite the fact Biremis’ only business was to execute transactions on behalf of day traders around the world, Biremis and Mr. Beck failed to implement an adequate anti-money laundering (AML) program to comply with the Bank Secrecy Act. Among the violations related to its AML program, Biremis failed to properly detect suspicious activities and file suspicious activity reports (SARs) when appropriate. Also, Mr. Beck appointed an unqualified and untrained individual to supervise Biremis’ AML compliance program and Biremis failed to provide adequate AML training to employees.

Biremis and Mr. Beck also violated a number of additional securities laws and rules. Biremis failed to maintain a margin system and margin accounts, and did not have policies and procedures in place related to the use of margin. The firm also failed to prepare customer reserve computations and failed to maintain a special reserve bank account for the exclusive benefit of customers. In addition, Biremis placed thousands of short sale orders, which was in violation of an emergency order issued by the SEC that temporarily banned short selling in certain securities. Also, between at least April 2008 and May 2009, Biremis improperly calculated its net capital, operating in net capital deficiency by up to \$25 million. Additionally, the firm failed to maintain all required emails and instant messages over a five-year period.

In concluding [this settlement](#), Biremis and Mr. Beck neither admitted nor denied the charges, but consented to the entry of FINRA's findings.