

# Disciplinary and Other FINRA Actions

## Firms Fined, Individuals Sanctioned

**B & T Securities, Inc. (CRD® #120242, Boca Raton, Florida) and Brent Daryl Obergfell (CRD #2419869, Registered Principal, Boca Raton, Florida)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$20,000, of which \$10,000 was jointly and severally with Obergfell, and required to discontinue any use of “B&T Asset Management,” and submit for review to FINRA’s Department of Advertising Regulation any websites made available to the public or any customer. Obergfell was suspended from association with any FINRA® member in any principal capacity for five business days. Without admitting or denying the findings, the firm and Obergfell consented to the described sanctions and to the entry of findings that the firm posted a website that made numerous misleading and unsubstantiated claims or characterizations, and did not comply with Securities Investor Protection Corporation (SIPC) rules. The findings stated that when trading losses started to mount and the trading strategy the firm employed started changing in response to changed markets, other statements posted to the website became misleading. The firm’s website failed to provide a basis for the trading model and “Investment Style and Practice” descriptions. The logo on the website’s first page and elsewhere on the website characterized the firm as an asset management firm and claimed it had a unique market focus without providing a basis for those characterizations. The findings also stated that the firm’s written supervisory procedures (WSPs) addressing communications with the public did not address continued (or periodic) review of advertising (whether through websites or otherwise) to ensure the material remained accurate. The WSPs did not assign anyone responsible for writing, approving or updating the WSPs applicable to advertising (including websites), and failed to designate anyone with responsibility for supervising the chief compliance officer (CCO). As the firm’s president, Obergfell was responsible for supervision at the firm and for establishing reasonably designed and enforced WSPs. Obergfell was the principal designated as responsible for approving advertising. Through Obergfell, the firm failed to establish WSPs pertaining to website advertising and failed to properly supervise the website, which had numerous violations that endured for the entire seven-year period that website was posted, and others that became misleading while it was posted.

The suspension was in effect from January 7, 2013, through January 11, 2013. ([FINRA Case #2010021929901](#))

## Reported for January 2013

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).

**Brimberg & Co., L.P. (CRD #1315, New York, New York) and Jay Clint Tomlinson (CRD #2680269, Registered Principal, Weehawken, New Jersey)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Tomlinson was fined \$7,500 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, the firm and Tomlinson consented to the described sanctions and to the entry of findings that they failed to timely and completely respond to FINRA requests for information and documents in connection with FINRA's routine cycle examination of the firm.

The suspension is in effect from December 17, 2012, through January 15, 2013.  
([FINRA Case #2011025773503](#))

**Janco Partners, Inc. (CRD #40055, Greenwood Village, Colorado) and Jan Ernest Helen (CRD #865530, Registered Principal, Denver Colorado)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$22,500, jointly and severally with Helen. FINRA imposed a lower fine after it considered, among other things, the firm's size, revenues and financial resources. Helen was suspended from association with any FINRA member in any capacity for two weeks. Without admitting or denying the findings, the firm and Helen consented to the described sanctions and to the entry of findings that an entity commenced an offering of securities in a private placement with a minimum sales contingency of \$500,000. The firm led the offering on a best-efforts basis. If the minimum contingency was not met by a certain date, the private placement memorandum (PPM) indicated the issuer would reject all subscriptions and return all funds to investors. Although the contingency had not been satisfied by the offering's closing date, no funds were returned to investors despite representations to the contrary, and the firm did not take steps to extend the offering period by obtaining investor consent through reconfirmation. Instead, the issuer retained previously invested funds and the firm continued to raise additional funds, and also retained and partially expended a portion of the investor funds prior to the satisfaction of the contingency. The findings stated that pursuant to Helen's instructions, a firm employee deposited \$50,000 into the firm's bank account. The funds were intended to be invested in the offering but were never forwarded to the issuer. Based upon Helen's belief that the issuer owed the firm offering commissions, he retained the funds. The findings also stated that the firm willfully spent a portion of the \$50,000 deposited before the offering was fully subscribed. The representation in the PPM that investor funds would be returned if the contingency was not met by a specific date was rendered false when the firm failed to return, or cause the return of, investor funds when the contingency was not met by that date. Investor funds were not held in a bank escrow account but were sent directly or indirectly to the issuer. The firm paid itself commissions from offering proceeds, even though the minimum contingency had not been met by that date. When the minimum was not met, the firm did not return the \$350,000 previously raised to the investors. The findings also included that the firm, acting under Helen's direction and control, failed to cause investor funds to be promptly deposited into a separate bank account or separate escrow account until the contingency had been met.

FINRA found that the firm willfully failed to maintain required minimum net capital and inaccurately calculated its net capital and willfully failed to give notice of the deficiency to FINRA and the Securities Exchange Commission (SEC) that same day. FINRA also found that Helen failed to cause the firm to maintain required records for the offering, the firm failed to maintain copies of subscription agreements for any investors in the offering (the issuer held them), the firm did not maintain customer account records for some of the investors, and new account forms had missing information. In addition, FINRA determined that the firm, acting by and through Helen, maintained WSPs that were not reasonably designed to supervise its private placement activities. The procedures did not address any obligation to conduct due diligence, the requirement to establish an escrow account in an offering subject to a contingency, the review of offering documents or the general obligation to supervise the entire offering process.

The suspension was in effect from December 3, 2012, through December 16, 2012.

[\(FINRA Case #2011025505901\)](#)

## Firms Fined

**Access Securities, LLC (CRD #22455, Stamford, Connecticut)** 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 an outside accountant prepared the firm's general ledger and trial balance on her personal laptop and home computer, and these books and records were not accessible to the firm in either hard-copy or in an electronic format. Thereafter, the firm's general ledger for that period became corrupt and the firm's data was lost. The firm failed to maintain either a back-up copy of the electronic data or a complete hard copy of its general ledger. The findings stated that the firm failed to make and keep current accurate books and records, so its general ledgers were materially inaccurate. The findings also stated that the firm used the mails or other means or instrumentalities of interstate commerce to effect transactions in securities while failing to maintain its required minimum net capital. The findings also included that the firm failed to make and keep current accurate books and records, in that net capital computations and records were materially inaccurate and overstated the firm's net capital.

FINRA found that the firm filed with FINRA several Financial and Operational Combined Uniform Single (FOCUS) Reports on multiple dates, which included certain material inaccuracies. FINRA also found that the firm failed to make and keep current all records of agreements pertaining to the relationship between certain associated persons and the firm, including a summary of each associated person's compensation arrangement or plan with the firm. Specifically, the firm did not have any written agreements reflecting its compensation arrangement or plan with certain traders. In addition, FINRA determined that the firm failed to timely notify the SEC and FINRA, in accordance with Exchange Act

Rule 17a-11(d), when it discovered that it failed to make and keep current certain books and records, including ledgers for a certain period. Moreover, FINRA found that the firm failed to establish and maintain a supervisory system and to establish, maintain and enforce WSPs reasonably designed to achieve compliance with the requirements of FINRA rules and the federal securities laws regarding the preparation and maintenance of its financial books and records, and its supervision of its outside accountant. Furthermore, FINRA found that the firm failed to establish and maintain a supervisory system to ensure the timely posting to the general ledger, the maintenance of the general ledger, and the accuracy of its net capital computations and FOCUS Report filings. The findings also stated that the firm's WSPs were also deficient, in that the procedures did not reflect the division of responsibility between the financial and operations principal (FINOP) and the outside accountant as it related to the posting of entries and maintenance of its financial books and records. Additionally, the firm failed to enforce its WSPs, which required it to maintain its financial books and records on the premises of the broker-dealer. ([FINRA Case #2010020866001](#))

**BMO Capital Markets GKST Inc. (CRD #8352, Chicago, Illinois)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$17,500 and required to revise its WSPs regarding transaction reporting in municipal securities. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report information regarding purchase and sale transactions effected in municipal securities to the Real-time Transaction Reporting System (RTRS) within 15 minutes of trade time to an RTRS Portal, failed to report the correct trade time to the RTRS in municipal securities transaction reports, failed to document the correct execution time on the trade memoranda for municipal securities transactions, and inaccurately reported the M020 special price indicator to the RTRS in municipal securities transaction reports. 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 Municipal Securities Rulemaking Board (MSRB) rules concerning transaction reporting in municipal securities. ([FINRA Case #2009018642701](#))

**Deutsche Bank Securities Inc. (CRD #2525, New York, New York)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$35,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report, to the Large Option Positions Report (LOPR) approximately 8,760 positions in conventional options, and failed to accurately report to the LOPR approximately 20,542 positions in conventional options. The findings stated that one of the firm's customers exceeded the position limit on the bearish side of the market in a security on six consecutive days, that the firm failed to submit to the Options Clearing Corporation (OCC) its Options Contract Equivalent to Net Delta (OCEND) for approximately two months, and that the firm failed to implement and maintain an adequate system of follow-up and review designed to reasonably ensure the submission of complete and accurate LOPRs. ([FINRA Case #2008016167401](#))

**Deutsche Bank Securities Inc. (CRD #2525, New York, New York)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$175,000, and required to pay \$10,314.44, 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 sold corporate bonds to customers and failed to sell 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 firm submitted to FINRA on settlement dates, short-interest position reports that included incorrect short interest positions in numerous stocks. The findings stated that the firm transmitted to the FINRA/NASDAQ Trade Reporting Facility® (FNTRF) last sale reports of transactions in designated securities, and failed to designate through the FNTRF such last sale reports as reflecting a price different from the current market when the execution was based on a prior reference point in time. The findings also stated that the firm failed to designate as “.W” to the FNTRF last sale reports of transactions in national market system (NMS) securities that occurred at prices based on an average weighting or another special pricing formula. The firm failed to report the correct execution time to the FNTRF in last sale reports of transactions in designated securities. The firm failed to show the correct terms and conditions on brokerage order memoranda. FINRA also found that the firm failed to accept or decline in the FNTRF transactions in reportable securities within 20 minutes after execution.

The findings also included that the firm failed to report the correct trade time to the RTRS in municipal securities transaction reports. The firm failed to report information regarding purchase and sale transactions effected in municipal securities to the 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 within 15 minutes of trade time to an RTRS portal. The firm improperly reported information to the RTRS that it was not required to report; the firm improperly reported to the RTRS certain purchase and sale transactions effected in municipal securities that the firm had already reported to the RTRS or were step-outs and thus, were not inter-dealer transactions reportable to the RTRS. The firm failed to show the correct execution time on brokerage order memoranda in municipal securities.

FINRA found that the firm transmitted Reportable Order Events (ROEs) to the Order Audit Trail System (OATS™) that OATS rejected for context or syntax errors and were repairable, but the firm failed to repair many of them; so the firm failed to transmit them to OATS during the review period. Of the ROEs OATS rejected and were repairable, the firm failed to populate the “Y” resubmit flag and the ROE reconciliation ID, failed to repair some of its resubmissions within the required five business days, failed to populate the ROE reconciliation ID and failed to repair some of the rejected ROEs within five business days of some of the rejected submissions, and failed to populate the correct ROE reconciliation ID for two rejected resubmissions. The firm failed to report to the Trade Reporting and Compliance Engine® (TRACE®) S1 transactions in TRACE-eligible agency debt securities within 15 minutes of the execution time. ([FINRA Case #2009017410601](#))

**EFG Capital International (CRD #40118, Miami, Florida)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$40,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report to TRACE S1 transactions in TRACE-eligible securities within 15 minutes of the execution time. The findings stated that the firm failed to report to TRACE P1 transactions in TRACE-eligible securities within T+1 of the execution time. The findings also stated that the firm failed to report the correct market identifier to TRACE for some S1 and P1 transactions, and over-reported some S1 transactions in TRACE-eligible securities. The findings also included that the firm failed to report to TRACE the correct contra-party's identifier for transactions in TRACE-eligible securities. ([FINRA Case #2010025448901](#))

**Fidelity Brokerage Services LLC (CRD #7784, Smithfield, Rhode Island)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$65,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it purchased municipal securities for its own account from a customer and/or sold municipal securities for its own account to a customer at an aggregate price (including any markdown or markup) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction; the expense involved in effecting the transaction; the fact that the broker, dealer, or municipal securities dealer is entitled to a profit; and the total dollar amount of the transaction. ([FINRA Case #2008013629801](#))

**Goldman, Sachs & Co. (CRD #361, New York, New York)** 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 report and/or inaccurately reported in numerous instances the contra party for reportable options positions. ([FINRA Case #2010023566501](#))

**Jefferies & Company, Inc. (CRD #2347, New York, New York)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$62,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report its short interest positions to NASD® or FINRA. The firm submitted to FINRA its short interest position report with incorrect short interest positions. The firm transmitted ROEs to OATS that OATS rejected for context or syntax errors and were repairable, but the firm failed to repair some of the rejected ROEs; so it failed to transmit them to OATS during that review period. The findings also stated that the firm failed to report to TRACE transactions in TRACE-eligible securities it was required to report. The findings also included that the firm reported to TRACE transactions in TRACE-eligible securities it was not required to report. The firm failed to report to TRACE the correct contra-party's identifier for transactions in TRACE-eligible securities, and failed

to report to TRACE S1 transactions in TRACE-eligible securities within 15 minutes of the execution time. The firm failed to report to TRACE the correct trade execution time for transactions in TRACE-eligible securities, and reported to TRACE transactions in TRACE-eligible securities it was not required to report. The firm failed to report to TRACE the correct market identifier for S1 transactions in TRACE-eligible securities and incorrectly reported them with the P1 market identifier. ([FINRA Case #2007010765201](#))

**Jefferies High Yield Trading, LLC (CRD #47363, Stamford, Connecticut)** 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 failed to report numerous S1 transactions to TRACE in TRACE-eligible securities within 15 minutes of the execution time. The findings stated that the firm reported some S1 transactions to TRACE it was not required to report. ([FINRA Case #2010024720101](#))

**J.J.B. Hilliard, W.L. Lyons, LLC (CRD #453, Louisville, Kentucky)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$35,000 and ordered to pay \$23,874.99, 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 purchased municipal securities for its own account from customers and/or sold municipal securities for its own account to customers at an aggregate price (including any markdown or markup) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction; the expense involved in effecting the transaction; the fact that the broker, dealer, or municipal securities dealer is entitled to a profit; and the total dollar amount of the transaction. ([FINRA Case #2009018102801](#))

**J.P. Morgan Securities LLC (CRD #79, New York, New York)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$35,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted Execution or Combined Order/Execution Reports to OATS that contained inaccurate, incomplete or improperly formatted data, so OATS was unable to link the execution reports to the related trade reports in a FINRA trade reporting system. The findings stated that the firm transmitted ROEs to OATS that OATS rejected for context or syntax errors and were repairable, but the firm failed to repair many of these rejected ROEs, so the firm failed to transmit them to OATS during that period. ([FINRA Case #2010023687801](#))

**KBC Securities USA, Inc. fka KBC Financial Products USA, Inc. (CRD #46709, New York, New York)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$157,500 and required to revise its WSPs regarding equity trade and TRACE

reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed, within 90 seconds after execution, to transmit last sale reports of transactions in consolidated quotation system (CQS) securities and NMS securities to the FNTRF. The firm failed, within 90 seconds after execution, to transmit last sale reports of transactions in CQS securities and NMS securities to the FNTRF, and failed to designate some of these last sale reports as late. The firm double-reported to the FNTRF some last sale reports of transactions in CQS securities. 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 equity trade reporting. The findings also stated that the firm failed to report to TRACE the correct contra-party's identifier for transactions in TRACE-eligible securities. The firm failed to report to TRACE transactions in TRACE-eligible securities it was required to report. The findings also included 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 TRACE reporting.

FINRA found that the firm executed short sales constituting more than 450,000 shares for its proprietary account in the securities of financial firms covered by the SEC 2008 Emergency Order, and the firm was not otherwise entitled to the market maker exemption to the Emergency Order. FINRA also found that the firm executed short sale orders and failed to properly mark the orders as short. The firm accepted short sale orders in an equity security from another person, or effected short sales in an equity security for its own account, without borrowing the security, or entering into a *bona fide* arrangement to borrow the security, or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due, and documenting compliance with SEC Rule 203(b)(1) of Regulation SHO. ([FINRA Case #2008014261801](#))

**KMS Financial Services, Inc. (CRD #3866, Seattle, Washington)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$50,000, which includes the disgorgement of financial benefits received of \$7,727.13. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it and two registered representatives sold \$4,280,000 of interests in a hedge fund to customers and received \$50,555.05 in incentive fees from the hedge fund's general partner. From the fees, the firm paid the registered representatives \$42,827.92, leaving the firm with \$7,727.13 in net incentive fees. The findings stated that the firm failed to conduct adequate due diligence. It relied on the representatives' opinions, failed to contact the hedge fund's accounting firm to determine the nature of its services, and failed to confirm information the general partner provided. The firm failed to review a New York Stock Exchange hearing panel decision sanctioning a founder of the hedge fund, who was also its portfolio manager. The firm requested financial statements for the hedge fund but the partner would not provide them. The firm later received an account reconciliation for the firm customers, which a different accounting firm prepared. The firm did not inquire whether or why the partner had changed accounting firms. The findings also stated that

the firm became aware of “red flags” regarding the hedge fund and based on the red flags, and as a result of its failure to conduct adequate due diligence, it did not have reasonable grounds to believe the hedge fund was a suitable investment for any customer. The findings also included that the firm’s WSPs were not reasonably designed to ensure it conducted adequate due diligence of private placement offerings, and failed to implement its procedures in that it did not use the due diligence questionnaire incorporated in its procedures. In determining the appropriate sanctions, FINRA considered the fact that the firm paid \$2,730,000 to settle claims by the customers who purchased the hedge fund. ([FINRA Case #2010024370301](#))

**Legend Securities, Inc. (CRD #44952, 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 failed to report the correct execution time to the RTRS in municipal securities transaction reports. The firm failed to report information regarding purchase and sale transactions effected in municipal securities to the 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 within 15 minutes of trade time to an RTRS Portal. The findings also stated that the firm failed to show the correct execution time on the memoranda of transactions in municipal securities. ([FINRA Case #2011026471801](#))

**Lightspeed Trading, LLC (CRD #35519, New York, New York)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$200,000 and required to revise its WSPs regarding complete and accurate OATS reporting of the firm’s orders routed to its affiliates. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that its customer orders were directly placed into its affiliate’s order-routing, execution and technology platform. Information pertaining to these orders was immediately reported to OATS by other member firms. The findings stated that the firm failed to submit numerous required New Order Reports and Route reports to OATS. This failure was due to the firm’s mistaken belief that the reports were not required for orders routed to its affiliate. The findings also stated that the firm’s supervisory system, including its WSPs, were premised on this mistaken belief. 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 FINRA rules concerning complete and accurate OATS reporting of the firm’s orders routed to its affiliate. The findings also included that the firm failed to timely report ROEs to OATS, transmitted New Order Reports and related subsequent reports to OATS where the timestamp for the related subsequent report occurred prior to the receipt of the order, and transmitted Route or Combined Order/Route Reports to OATS that OATS was unable to link to the corresponding new order the destination member firm transmitted due to inaccurate, incomplete or improperly formatted data. ([FINRA Case #2009018253801](#))

**Lincoln Financial Securities Corporation (CRD #3870, Concord, New Hampshire)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$175,000. The firm has already paid \$5.63 million in restitution to investors. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish and maintain a supervisory system and establish, maintain and enforce WSPs reasonably designed to supervise its registered representatives, and otherwise detect and prevent a specific registered representative's fraudulent solicitation and sale of investments in a purported bond fund. The findings stated that the firm lacked an effective system for responding to certain red flags of potential misconduct by its representatives. As a result of those supervisory deficiencies, the firm failed to detect and prevent a Ponzi scheme the registered representative operated. The findings also stated that the firm's WSPs provided that the firm should not accept a registered representative subject to an open regulatory body investigation. The firm learned about an open inquiry concerning the registered representative by the securities regulator in his home state, which thereafter approved his registration. Despite knowing about that open inquiry, the firm chose not to terminate the registered representative or even place him on heightened supervision. The findings also included that the firm permitted the registered representative to operate a branch office and for the first several months, designated the firm's president as his Office of Supervisory Jurisdiction (OSJ) manager. The firm's registration and compliance departments failed to inform the OSJ manager, who was also the registered representative's supervisor, about the state securities regulator's inquiry. The firm's advertising review department had numerous concerns about the advertising that the registered representative proposed to use in his approved outside business activities, but did not relay its recommendations to the OSJ manager.

FINRA found that although the firm recognized an inherent conflict of interest in permitting the registered representative to hire and compensate his own supervisor, it did not take any meaningful steps to ensure that the OSJ manager properly supervised registered representative. In contravention of the firm's procedures, the firm failed to contact the OSJ manager when he resigned. Had the firm contacted the OSJ manager, he would have told the firm his suspicion that the registered representative was perpetrating an offering fraud. FINRA also found that in contravention of its WSPs, the firm chose not to review the email account that the registered representative used for his outside business activity when it conducted its branch examinations because the registered representative was not in the branch office at those times. Had the firm reviewed the communications transmitted through that email account, it might have detected that the registered representative offered investments in the purported bond fund through that email account. ([FINRA Case #2010025074101](#))

**Moors & Cabot, Inc. (CRD #594, Boston, Massachusetts)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$30,000 and required to revise its WSPs regarding OATS. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted to OATS Execution or Combined Order/Execution Reports improperly with a reporting exception code of "M"

that were required to be matched to a related trade order in a FINRA transaction reporting system. The findings stated that the firm transmitted some Execution or Combined Order/Execution Reports for orders that were routed away for execution. 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 FINRA rules concerning OATS. ([FINRA Case #2010023687201](#))

**Morgan Stanley & Co. LLC (CRD #8209, New York, New York)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$47,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it knew, or had reasonable grounds to believe, that the sale of an equity security was or would be effected pursuant to an order marked long, and failed to deliver the security on the date delivery was due. The findings stated that the firm had a fail-to-deliver position at a registered clearing agency in a threshold security for 13 consecutive settlement days, and failed to immediately thereafter close out the fail-to-deliver position by purchasing securities of like kind and quantity. In two instances, the firm had a fail-to-deliver position at a registered clearing agency in an equity security that resulted from a long sale, and did not close the fail-to-deliver position by purchasing securities of like kind and quantity within the time frame prescribed; and in one instance, the firm had a fail-to-deliver position at a registered clearing agency in an equity security that resulted from a short sale, and did not close the fail-to-deliver position by purchasing securities of like kind and quantity within the time frame prescribed. The findings also stated that the firm transmitted reports to OATS that were marked with a limit order display indicator of "Y," indicating that the firm received instructions from the customer that a non-block size limit order should not be displayed when in fact no such instruction was received. The findings also included that the firm failed to report to TRACE the correct contra-party's identifier for transactions in TRACE-eligible securities. The firm failed to report to TRACE inter-dealer transactions in TRACE-eligible securities it was required to report. FINRA found that the firm submitted incorrect Leaves Quantities to OATS; failed to submit OATS information relating to orders; failed to submit a special handling code of "FP" to OATS, so as to designate the orders as market peg orders; submitted an incorrect Event Start Time to OATS; failed to submit a Cancel/Replace report to OATS and submitted incorrect Leave Quantities; and failed to submit a special handling code of "FM" to OATS, so as to designate the order as mid-price peg. FINRA also found that the firm failed, within 90 seconds after execution, to transmit to the over-the-counter trade reporting facility (OTCRF) last sale reports of transaction in OTC equity securities. ([FINRA Case #2009017254701](#))

**Natixis Securities Americas LLC (CRD #1101, New York, New York)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to take reasonable steps to establish that the intermarket sweep orders (ISOs) it routed met the definitional requirements set forth in Rule 600(b)(30) of Regulation NMS. ([FINRA Case #2011028215701](#))

**Neuberger Berman LLC (CRD #2908, New York, New York)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$10,000 and required to report to TRACE the transactions that were not previously reported. 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 TRACE transactions in TRACE-eligible securities it was required to report. The firm also submitted reports of transactions in TRACE-eligible securities which did not include the correct contra-party's identifier, the correct trade volume, and/or the correct symbol indicating whether the transaction was a buy or sell. ([FINRA Case #2010023473401](#))

**Nomura Securities International, Inc. (CRD #4297, New York, New York)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$45,000 and required to revise its WSPs regarding order handling, best execution, anti-intimidation/coordination, trade reporting, sale transactions, other trading rules and algorithmic trading. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to document accurate long/short sell indications on its ledger. The firm executed proprietary short sale transactions and failed to report each of these transactions to the FNTRF as short, executed proprietary long sale transactions to the FNTRF and failed to report each as long, and executed one customer short sale transaction and failed to report the transaction to the FNTRF as short. The findings stated that the firm failed to submit to the FNTRF the correct related market center indicator to non-tape reports, failed to media-report trades to the FNTRF, and failed to report to the FNTRF the correct symbol indicating the capacity in which the firm executed one transaction in reportable securities. The findings also stated that the firm classified not-held orders as covered orders, failed to classify an order as a covered order in one instance and failed to disclose SEC Rule 605 order execution statistics for order type/size categories. The findings also included that the firm transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data. The firm failed to submit an Execution Report for orders, submitted the incorrect buy/sell code to OATS, submitted duplicate information for orders, failed to submit order information, failed to submit the correct order receipt time to OATS, submitted duplicate information for an order, submitted the incorrect buy/sell code and failed to submit a cancel report. FINRA found that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and/or FINRA rules addressing trading and market-making topics. The firm's WSPs failed to provide for minimal requirements for adequate WSPs in order handling, best execution, anti-intimidation/coordination, trade reporting, sale transactions, other trading rules and algorithmic trading. ([FINRA Case #2011026111801](#))

**Roth Capital Partners, LLC (CRD #15407, Newport Beach, California)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$20,000 and required to revise its WSPs pertaining to private securities transactions, and provide training to compliance personnel, supervisors and registered representatives regarding

private securities transactions. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that two firm registered representatives participated in certain private securities transactions contrary to the firm's WSPs that did not permit registered representatives to engage in private securities transactions. The registered representatives engaged in private securities transactions and disclosed such activities to the firm. The findings also stated that contrary to its procedures in effect during that time, the firm permitted the registered representatives to engage in such transactions, but did not adequately supervise those transactions or ensure that the transactions were recorded on the firm's books and records. ([FINRA Case #2011026400701](#))

**Southwest Securities, Inc. (CRD #6220, Dallas, Texas)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$85,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to provide the official statement (OS) in a municipal securities offering to customers whose transactions settled on that day; there were relevant transactions totaling \$13,525,000 settled on that day. The findings stated that the firm failed to timely submit the OS to the Electronic Municipal Market Access (EMMA) system in some municipal offerings, and filed an inaccurate OS in one offering. The findings also stated that the firm failed to timely submit the advance-refunding document (ARD) to EMMA in two municipal offerings. ([FINRA Case #2011025621401](#))

**Stephen A. Kohn & Associates, Ltd. (CRD #41067, Lakewood, Colorado)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that its president and CCO conducted what was purported to be a test of the firm's Anti-Money Laundering (AML) compliance procedures and the preparation and execution of an attestation memorializing his determination that they were reasonably designed to achieve and monitor the firm's ongoing compliance with the requirements of the Bank Secrecy Act (BSA) and implementing regulations. The CCO conducted a self-test contrary to the firm's written AML procedures, which required an annual test by an outside consulting company. In addition to not being independent, the test was inadequate because it was not a test as contemplated by NASD Rule 3310, in that the CCO did nothing more than review the AML procedures and deem them reasonably designed to achieve compliance. The findings stated that the CCO did not seek to determine whether firm personnel implemented the procedures and did not review account documentation, securities transactions, money movements or other business-related activity to determine whether the AML procedures as implemented resulted in compliance with the BSA, implementing regulations and FINRA rules. The findings also stated that the outside consulting company conducted a compliance test and conducted an overview of the self-test. The company's overview did not cause the self-test to become either independent or adequate, and did not remediate the alleged violation. The findings also included that the firm's supervisory procedures manual provided that the firm would review each OSJ annually and that each branch would be subject to a physical inspection

once every three years, and that all other non-branch locations would be inspected once every five years. The firm did not conduct an inspection or review of its OSJ for two years, failed to inspect two non-supervisory branch offices for approximately three years and failed to inspect five non-branches for two years per the firm's own schedule. ([FINRA Case #2011025501701](#))

**Sterne, Agee & Leach, Inc. (CRD #791, Birmingham, Alabama)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$50,000, and required to revise its WSPs regarding variable rate municipal securities and the submission of interest rate reset information to MSRB's Short Term Obligation Rate Transparency (SHORT) system. 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 TRACE transactions in TRACE-eligible securities within 15 minutes of the execution time. The firm failed to report to TRACE the correct trade execution time for these same transactions and failed to show the correct execution time on the memoranda for these brokerage orders. The findings stated that the firm failed to report information regarding purchase and sale transactions effected in municipal securities to the 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 within 15 minutes of trade time to an RTRS Portal. The findings also stated that the firm failed to submit to MSRB's SHORT system information regarding the result of an interest rate reset within the time requirements prescribed by MSRB Rule G-34. The findings also included 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 variable rate municipal securities and the submission of interest rate reset information to SHORT. ([FINRA Case #2010021671901](#))

**Stoeber, Glass & Company Inc. (CRD #7031, New York, New York)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$15,000 and ordered to pay \$7,844.25, 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 sold municipal securities for its own account to customers at an aggregate price that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer, or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction; the expense involved in effecting the transaction; the fact that the broker, dealer, or municipal securities dealer is entitled to a profit; and the total dollar amount of the transaction. ([FINRA Case #2009018148901](#))

**Tejas Securities Group, Inc. (CRD #36705, Austin, Texas)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$91,000 and required to revise its WSPs regarding order handling, sale transactions, and books and records. Without admitting or denying the findings, the firm consented to the described sanctions and to

the entry of findings that it executed short sale orders and failed to properly mark the orders as short. The firm accepted short sale orders in an equity security from another person, or effected short sales in an equity security for its own account, without borrowing the security or entering into a *bona fide* arrangement to borrow the security, or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due, and documenting compliance with SEC Rule 203(b)(1) of Regulation SHO. The findings stated that the firm's ledger in numerous instances incorrectly reflected executions as long sales when the firm's position was short. The firm executed short sale transactions and failed to report each of them to the FNTRF or the OTCRF with a short sale modifier. The findings also stated that the firm transmitted reports to OATS that reported incorrect received method codes and in some, the firm failed to report executions in the form of either an Execution Report or a Combined Order Execution Report. The findings also included that the firm disclosed inaccurate information on customer confirmations. On one occasion, the firm failed to disclose to its customer the correct reported trade price, on one occasion the firm disclosed an incorrect execution capacity, and on other occasions, the firm incorrectly disclosed commission charges when it should have disclosed commission equivalent charges.

FINRA found that the firm made publicly available a report on its routing of non-directed orders in covered securities one calendar quarter that failed to include a profit sharing disclosure. FINRA also found that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with order handling, sale transactions, and books and records rules and regulations. The firm's WSPs failed to provide for minimum requirements for adequate WSPs in the one percent rule; monitoring prompt delivery of sales, refraining from accepting short sales after a fail and monitoring for naked short selling; and books and records. In addition, FINRA determined that the firm transmitted reports to OATS that contained inaccurate not held special handling codes, manual received method codes, employee account type codes, error account type codes, proprietary account type codes and execution report codes. Moreover, FINRA found that the firm disclosed inaccurate information on customer confirmations. When it acted as principal for its own account, it failed to provide written notification disclosing to its customer that it was a market maker in each security, and failed to disclose the correct capacity on confirmations, failed to provide written notification disclosing to its customers that the transaction was executed at an average price and failed to disclose the correct capacity on the confirmation, and failed to provide written notification disclosing to its customers its capacity in the transaction. Furthermore, FINRA found that the firm prepared inaccurate books and records; failed to show the time of entry, customer account name/number and contra side executing broker on brokerage order memoranda; failed to document the not held special handling condition on the order memoranda of brokerage orders; and failed to show the execution time on brokerage order memoranda. ([FINRA Case #2010021603701](#))

**The Tidal Group, Inc. (CRD #39782, Schertz, Texas)** 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 provided inaccurate information to investors in some private placement offerings of oil and gas interests in some prospects. The PPMs for the prospects included maps that identified the proposed drilling location, as well as surrounding wells. The maps contained legends that included a symbol for plugged and abandoned wells. The findings stated that maps in the offerings' PPMs did not have these wells marked as plugged and abandoned. ([FINRA Case #2009020022401](#))

**Timber Hill LLC (CRD #33319, Greenwich, Connecticut)** 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 NASD/NASDAQ Trade Reporting Facility and the FNTRF the correct execution time for transactions in reportable securities. The findings stated that the firm failed to report information regarding purchase and sale transactions effected in municipal securities to the 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 within 15 minutes of trade time to the RTRS Portal. ([FINRA Case #2010022435001](#))

**TMC Bonds L.L.C. (CRD #104507, New York, New York)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report to TRACE inter-dealer transactions in TRACE-eligible securities under two market participant identifiers (MPIDs) it was required to report. The findings stated that the firm also reported to TRACE under both MPIDs inter-dealer transactions in TRACE-eligible securities it was not required to report, and failed to report to TRACE, under its second MPID, the correct contra-party's identifier for some transactions in TRACE-eligible securities. ([FINRA Case #2010022571701](#))

**Tradewire Securities LLC (CRD #142348, Miami, Florida)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$27,500 and required to revise its WSPs regarding TRACE reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed, within 90 seconds after execution, to transmit to the FNTRF last sale reports of transactions in designated securities and incorrectly designated as ".SLD" to the FNTRF last sale reports of transactions in designated securities within 90 seconds of execution. The findings stated that the firm double-reported to TRACE transactions in TRACE-eligible securities and reported transactions in TRACE-eligible securities it was not required to report. The findings also stated that the firm failed to report to TRACE S1 transactions in TRACE-eligible securities within 15 minutes of the execution time, and failed to report to TRACE the correct capacity in TRACE-eligible corporate securities transactions. The findings also included

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 TRACE reporting. ([FINRA Case #2010023165601](#))

**UBS Securities LLC (CRD #7654, Stamford, Connecticut)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it was named as a defendant in securities-related civil litigation filings but did not submit copies of any of those filings to NASD/FINRA until a later date, when it self-reported to FINRA its failure to submit the required filings, and did not report all of them until a month later. The findings stated that the firm failed to establish and maintain a supervisory system, and failed to establish, maintain and enforce WSPs reasonably designed to achieve compliance with its reporting obligations under NASD Rule 3070(f). ([FINRA Case #2011028085401](#))

**Wedbush Securities Inc. (CRD #877, Los Angeles, 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 it failed, in numerous instances, to prohibit executions in short sales subject to the SEC 2008 Emergency Order by non-broker-dealer sponsored access clients of the firm. ([FINRA Case #2008015084501](#))

## Individuals Barred or Suspended

**Glen William Albanese (CRD #2662411, Registered Principal, Manalapan, New Jersey)** 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, Albanese consented to the described sanction and to the entry of findings that he misused and converted approximately \$400,000 belonging to his member firm. The findings stated that Albanese converted funds belonging to his employer by knowingly approving payments to certain vendors for products and/or services that were never rendered to the firm, approving duplicative payments to certain vendors for products and/or services, approving payments to certain vendors for unnecessary products and causing the firm to pay for a non-business-related expense. The findings also stated that Albanese created false records regarding firm expenses by altering and falsifying information contained in a spreadsheet comprised of vendor payments, causing the firm to maintain inaccurate books and records. The findings also included that Albanese failed to respond to FINRA requests for information and documents. ([FINRA Case #2011026992101](#))

**James Joel Albright Jr. (CRD #2035269, Registered Principal, Cato, Wisconsin)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Albright consented to the described sanction and to the entry of findings that he failed to appear

and provide sworn testimony as FINRA requested regarding the suitability of certain investment recommendations made to customers while he was registered with certain FINRA member firms. ([FINRA Case #2011029728801](#))

**James Charles Allen (CRD #2666395, Registered Principal, Lewisville, Texas)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Allen consented to the described sanction and to the entry of findings that while acting as president of his member firm, he permitted the sale and distribution of PPMs for four oil and gas offerings. The first three offerings contained a representation that the oil and gas company was employing a new drilling technique and predicted it would increase production of the wells by a factor of 5-10 times over what the field had produced, but the PPMs failed to contain a balanced discussion of the drilling technique, including potential risks associated with the process. The company and Allen knew there were problems with obtaining commercial production from the wells that had used this technique. The findings stated that the PPM for one well program indicated that the program for another well program was in the completion stage when another PPM indicated it was producing. In fact, not all of the five wells in one program were completed and the wells were not producing commercial quantities of oil when the offerings commenced. Each misrepresented or omitted facts that would have been material to a reasonable investor in connection with investment decisions. Allen negligently failed to ensure that the PPMs did not contain material misrepresentations or omitted material facts. The findings also stated that Allen failed to respond to a FINRA request to appear and testify. ([FINRA Case #2011025622602](#))

**Steven P. Beck (CRD #5550802, Registered Representative, Fort Worth, Texas)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Beck consented to the described sanction and to the entry of findings that he improperly obtained automated teller machine (ATM) cards for a customer's account at his member firm's banking affiliate. The findings stated that Beck began using the ATM cards to withdraw money from the customer's bank account at ATM machines and for purchases at a store. Beck continued to improperly use the ATM cards to misappropriate funds from the account until the customer complained to the bank about money missing from his account. Beck misappropriated approximately a total of \$65,141 from the customer's account. The findings also stated that Beck improperly attempted to transfer funds from other banking customers into the customer's account without authority. ([FINRA Case #2012032541101](#))

**Debra Key Bertrand (CRD #1187249, Registered Supervisor, Elmira, New York)** submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Bertrand consented to the described sanctions and to the entry of findings that she notarized a member firm customer's signature on an Outside

Power of Attorney (POA) Affidavit, but the customer was not present at the time Bertrand notarized the document.

The suspension is in effect from December 17, 2012, through January 16, 2013. ([FINRA Case #2011026935301](#))

**Douglas Gregory Bezio (CRD #1935693, Registered Principal, Wellfleet, Massachusetts)** 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 six months. The fine must be paid either immediately upon Bezio'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, Bezio consented to the described sanctions and to the entry of findings that he recommended and effected multiple purchases and sales of Class A mutual funds for the joint account of customers, without informing them of the sales charges and fees associated with purchasing these securities. The findings stated that in connection with these purchases of the Class A shares, the customers were charged a front-end sales load. The purchase of Class A shares (as opposed to Class B or C shares) was only advantageous to the customers if they held the mutual funds on a long-term basis. However, the customers held the majority of these mutual funds for fewer than 18 months. In light of the fact that the majority of the mutual fund purchases Bezio recommended were held on a short-term basis, Bezio lacked reasonable grounds for believing that his recommendations to buy Class A mutual funds shares were suitable for the customers. The findings also stated that Bezio handled multiple securities accounts at the firm for another customer and his wife without written or verbal authorization to exercise discretion for any of the accounts. Bezio effected purchases of bond funds totaling approximately \$44,000 for the customer's account, without obtaining the customer's prior approval or consent. Although the customer initially objected to these purchases, the customer subsequently decided to keep the various bond funds in his accounts. The findings also included that Bezio failed to appear for his testimony, as scheduled, with FINRA, and failed to inform FINRA in advance that he would not appear, but has since agreed to testify as FINRA directed.

The suspension is in effect from November 19, 2012, through May 18, 2013. ([FINRA Case #2011027992602](#))

**Peter C. Bishop (CRD #1995038, Registered Representative, Saco, Maine)** 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 one month. The fine must be paid either immediately upon Bishop'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, Bishop consented to the described sanctions and to the entry of findings that he placed unauthorized trades in a customer's account. The findings stated that the customer passed

away prior to Bishop placing the unauthorized trades, and Bishop knew after the first unauthorized trade that the customer had died. The trades totaled \$13,000 and Bishop received approximately \$150 in commissions.

The suspension was in effect from December 3, 2012, through January 2, 2013. ([FINRA Case #2011029601801](#))

**Jeanlyn N. Bray (CRD #5062946, Registered Representative, Elkton, Maryland)** submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. The fine must be paid either immediately upon Bray'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, Bray consented to the described sanctions and to the entry of findings that she engaged in an outside business activity without providing her member firm with prior written notice. The findings stated that after joining the firm, Bray accepted a temporary employment position with a bank and received gross wages of about \$20,600 for her services.

The suspension was in effect from December 3, 2012, through January 2, 2013. ([FINRA Case #2012033265101](#))

**Dominic Cammarota (CRD #5984691, Associated Person, Santa Ana, 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, Cammarota consented to the described sanction and to the entry of findings that he took the Series 6 examination administered at a testing center and, while taking the examination, he improperly possessed, and used, unauthorized notes relating to the subject matter of the examination. The findings stated that prior to the commencement of the exam, Cammarota represented electronically that he had read and agreed to the testing center's rules of conduct, which provided, among other things, that he could not take into the testing room any personal items including notes and study materials, nor could he receive any form of assistance during the examination. ([FINRA Case #2011030032101](#))

**William Luther Crull IV (CRD #2013409, Registered Representative, Metairie, Louisiana)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. The fine must be paid either immediately upon Crull'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, Crull consented to the described sanctions and to the entry of findings that he placed a stop-loss order on a customer's position at 10 percent below the purchase price in a high-yield fund, generating a loss in the customer's account although the market was volatile and the price ticked back up the same day. The customer then re-purchased the

shares. The findings stated that Crull met with the customer and his wife to explain that the position had been sold because of market volatility. The customer and his wife told Crull they wanted to be compensated for the loss. Crull paid the customer \$4,600, which included commissions and the loss on the liquidation of the position in the customer's account. The findings also stated that Crull settled with the customer without his firm's knowledge, authorization or approval. Crull did not advise the firm of the customer's complaint or his settlement with the customer until a later date.

The suspension was in effect from November 19, 2012, through December 18, 2012. ([FINRA Case #2010025740701](#))

**John L. Curtis (CRD #5228282, Registered Representative, Midland, Texas)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Curtis consented to the described sanction and to the entry of findings that he completed a life insurance policy application for a client and forged her signature without her knowledge or authorization. Curtis set up an automatic draft for the premium payment for the unauthorized policy to be taken out of the client's checking account. At least one premium payment was automatically deducted from the bank account. The findings stated that as a result, Curtis falsified an insurance policy application, forged a client's signature and caused the improper use of a client's funds. ([FINRA Case #2011028988301](#))

**Henry John Dellaquila (CRD #1031156, Registered Representative, Williamsville, New York)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$55,000, of which \$50,000 represents disgorgement of commissions, and suspended from association with any FINRA member in any capacity for one year. The fine must be paid either immediately upon Dellaquila'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, Dellaquila consented to the described sanctions and to the entry of findings that he participated in private securities transactions without providing prior written notice to, or obtaining prior written approval from, his member firm. The findings stated that Dellaquila recommended and sold variable annuities totaling approximately \$1.37 million to customers. In all instances, Dellaquila met with the customers, provided them with the necessary disclosures and completed the required variable annuity forms, but never signed any of the documents. Instead, after the customers agreed to make the purchase, Dellaquila forwarded the variable annuity documents to his cousin, a registered representative with another member firm, to process the transactions as the registered representative of record. The findings also stated that the registered representative paid Dellaquila approximately 50 percent of the net commissions generated from the variable annuity sales, and retained the remainder to pay local, state and federal taxes, and to pay himself a small fee. Dellaquila's payout from his firm on variable annuity transactions was approximately 35 percent, while the registered representative received a payout of approximately 90 percent from his firm for

variable annuity sales. Dellaquila received a substantial financial benefit by selling variable annuities through the registered representative, rather than directly through the firm. In total, the registered representative paid Dellaquila approximately \$50,000 in commissions from the variable annuity purchases and follow-on investments.

The suspension is in effect from December 3, 2012, through December 2, 2013. ([FINRA Case #2011028289201](#))

**John Boyd Dexter (CRD #1354376, Registered Principal, North Miami, Florida)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Dexter consented to the described sanction and to the entry of findings that he failed to appear for testimony as FINRA requested in connection with an investigation that FINRA had initiated concerning alleged suspicious activity at a member firm's branch, where Dexter was employed as branch office manager. The findings stated that in a telephone conversation with FINRA, Dexter stated that he would not provide testimony or cooperate with the investigation because he was no longer employed in the securities industry. ([FINRA Case #2011030204601](#))

**Gabriel Arnaud Dupin De Saint Cyr (CRD #5405383, Registered Representative, Torrance, California)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$7,000 and suspended from association with any FINRA member in any capacity for four months. The fine must be paid either immediately upon Dupin De Saint Cyr'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, Dupin De Saint Cyr consented to the described sanctions and to the entry of findings that he signed his supervisor's name on customer-related documents without her knowledge or consent. Other than the forged signatures, the information reflected on the forms was accurate. The findings stated that Dupin De Saint Cyr obtained a variety of pre-signed documents from customers contrary to his member firm's prohibition of registered representatives obtaining pre-signed documents from customers. Dupin De Saint Cyr retained these pre-signed documents in his customer files, but did not use or submit them to the firm. A firm customer and another registered representative completed applications for variable annuities and in contravention of firm procedures, Dupin De Saint Cyr submitted the applications directly to the insurance carrier without notifying the firm or obtaining the firm's approval, so the firm did not have the opportunity to review the transactions for suitability.

The suspension is in effect from November 19, 2012, through March 18, 2013. ([FINRA Case #2010025255301](#))

**Hugh Monroe Dyson Jr. (CRD #827628, Registered Principal, Holly Springs, North Carolina)** submitted a Letter of Acceptance, Waiver and Consent in which he was censured, barred from association with any FINRA member in any capacity, and required to pay the total

amount of \$740,000, plus interest, in restitution to customers. Without admitting or denying the findings, Dyson consented to the described sanctions and to the entry of findings that he solicited seven individuals to invest in an entity he formed, based on false representations that the investors' funds would be used for activities related to oil and gas extraction. The findings stated that the investors collectively gave Dyson more than \$740,000 to invest in the entity. Dyson improperly used the funds he received from the investors. The findings also stated that although the entity's professed business was oil and natural gas exploration, Dyson never spent any of the investors' funds towards this purpose, and he did not disclose this fact to any of the investors. When Dyson solicited the investors to invest in the entity, he represented that it would pay quarterly distributions to the customers from revenues its oil and natural gas activities generated. Dyson wrote distribution checks to the investors, drawn on the entity's account, and wrote checks drawn on the entity's account for his personal expenses, without disclosing this fact to any of the investors. At various times, Dyson deposited his personal funds into the entity's account to enable it to make its distributions to the investors. Dyson did not disclose this fact to any of the investors. The findings also included that Dyson willfully made material misrepresentations regarding the so-called distributions made to the investors by falsely describing the funds as distributable cash resulting from oil and gas income. FINRA found that Dyson created and distributed ownership confirmations to customers as proof of their investment in his entity that fictitiously represented that each investor had purchased a specific percentage of the entity. Dyson also created phony Internal Revenue Service (IRS) Form K-1 reports for customers, purportedly reflecting their distributions. Because the entity did not have a tax identification number, Dyson created fictitious tax identification numbers for his entity, and entered them on the K-1 reports as the entity's legitimate tax identification number. ([FINRA Case #2012032496801](#))

**Richard Lee Ell (CRD #4540113, Registered Representative, Fergus Falls, Minnesota)** 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, Ell consented to the findings that he purchased a variable annuity policy on a customer's behalf, following the liquidation of another variable annuity policy. As a result, the customer incurred a \$1,050 surrender charge. The findings stated that the customer informed Ell he was unaware that a surrender charge would be incurred and Ell paid him \$525, one-half of the surrender charge, to settle the complaint. The findings also stated that Ell failed to advise his member firm, either orally or in writing, about the customer's complaint or the settlement.

The suspension was in effect from December 17, 2012, through December 31, 2012. ([FINRA Case #2010025209601](#))

**Philip Alan Goldstein (CRD #1031460, Registered Principal, Clark's Summit, 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 four months.

Without admitting or denying the findings, Goldstein consented to the described sanctions and to the entry of findings that he willfully failed to amend his Uniform Application for Securities Industry Registration or Transfer (Form U4) to disclose tax liens and a state regulatory action within the required 30-day period.

The suspension is in effect from December 3, 2012, through April 2, 2013. ([FINRA Case #2011028546801](#))

**Pablo Hernan Gradwohl (CRD #4353674, Registered Representative, Stamford, Connecticut)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. The fine must be paid either immediately upon Gradwohl'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, Gradwohl consented to the described sanctions and to the entry of findings that he caused his firm to retain false records by not accurately marking positions in his trading book. The findings stated that back-office personnel at Gradwohl's firm made operations errors during a sovereign bond exchange that affected Gradwohl's trading book. As a result of those mistakes, there was an over-allocation of bonds in Gradwohl's book. The mistakes made it appear that there was a large profit in Gradwohl's book that did not exist. Rather than report to his supervisor or anyone in operations at the firm, Gradwohl lowered the value of several positions in his book outside of the market spread so that the mistaken profit would not be reflected on his book. The errors in connection with the sovereign bond exchange were corrected by the firm's operations personnel three business days later. That same day, Gradwohl corrected the marks in his book. The findings also stated that the firm's procedures required traders to accurately mark the positions in their book on a daily basis. Gradwohl affirmed his understanding of the firm's policies and procedures in his annual compliance questionnaire.

The suspension was in effect from December 3, 2012, through January 2, 2013. ([FINRA Case #2010025417401](#))

**Jon Herbert Green (CRD #1360069, Registered Principal, Escondido, California)** submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, Green consented to the described sanction and to the entry of findings that he obtained a \$6,000 loan from an elderly customer and agreed to repay the loan within no more than six months. Green did not seek nor receive his member firm's authorization to obtain the loan. Green did not have any business or personal relationship with the customer outside of the broker/customer relationship, and the customer was not an associated person or person in the business of lending money. The findings stated that rather than repaying the customer in a timely manner, Green made partial payments to the

customer nearly two years after the loan occurred and then ceased making any payments with an approximate \$2,300 principal balance remaining. Green told the customer he could not make any additional payments. The findings also stated that the customer's family then reported Green's conduct to the SEC and FINRA. After FINRA began its investigation, Green made one additional partial payment to the customer and has not repaid the loan in full to date and approximately \$2,250 in principal still remains outstanding.

The suspension is in effect from December 17, 2012, through December 16, 2014. ([FINRA Case #2011027855701](#))

**Vincent Thomas Hoban III (CRD #2250159, Registered Principal, Middletown, New Jersey)** 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 one month. Without admitting or denying the findings, Hoban consented to the described sanctions and to the entry of findings that he made exaggerated and unwarranted statements concerning the valuation of two stocks. The findings stated that Hoban did not have a reasonable basis for claiming the value or price prediction of the stocks, nor did he provide the prospective investor a basis for evaluating these claims. Hoban made misrepresentations concerning the sales and business prospects of a stock. The claims were misleading and did not provide a prospective investor with a sound basis to evaluate the claims.

The suspension is in effect from December 17, 2012, through January 16, 2013. ([FINRA Case #2011025962401](#))

**David Scott Isolano (CRD #2504880, Registered Principal, Harrisburg, Pennsylvania)** 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, Isolano consented to the described sanction and to the entry of findings that he failed to respond to a FINRA request to appear for on-the-record testimony concerning an investigation into fixed income transactions executed with excessive markups. ([FINRA Case #2009019803302](#))

**Peter Jan (CRD #4899962, Registered Representative, Hicksville, Pennsylvania)** 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 two months. The fine must be paid either immediately upon Jan'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, Jan consented to the described sanctions and to the entry of findings that he downloaded numerous items of confidential firm information to his personal external hard drive without permission or authorization, and in contravention of his firm's policy. The findings stated that the information Jan downloaded included specialized computer software that the firm used for its trading platform. Jan did not obtain any customer personal,

confidential customer information. The findings also stated that the New York County District Attorney's office indicted Jan in connection with his taking of the firm's confidential information. Jan was charged with six felony counts under computer trespass, unlawful duplication of computer-related material in the first degree, and grand larceny in the fourth degree. In resolution of these charges, Jan pled guilty to unauthorized use of a computer, a misdemeanor, and was sentenced to a conditional discharge and paid a surcharge.

The suspension is in effect from December 3, 2012, through February 2, 2013. ([FINRA Case #2011027315801](#))

**Alison Marie Janke (CRD #4409155, Registered Representative, Port Richey, Florida)** submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$11,600, which includes the disgorgement of financial benefit received of \$6,600, and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Janke consented to the described sanctions and to the entry of findings that she participated in a private securities transaction without providing prior written notice to her member firm. Janke referred a customer who was seeking alternative investments to a registered representative at a different firm, where the customer invested \$200,000 in a real estate investment trust (REIT) through the other registered representative. Janke not only referred the customer to another representative, but also attended the meeting with the customer and the other representative, and assisted with the completion of the purchase transaction. The findings stated that a limited liability company Janke owned received a \$6,600 payment in connection with the sale of the REIT.

The suspension is in effect from December 3, 2012, through March 2, 2013. ([FINRA Case #2011030660801](#))

**Charles William Kern III (CRD #2404048, Registered Supervisor, Charlotte, North Carolina) and Thomas Kee Haskins (CRD #4923808, Registered Representative, Lewisville, North Carolina)** submitted Offers of Settlement in which Kern was fined \$10,000, suspended from association with any FINRA member in any capacity for three months and ordered to pay \$46,212.55, plus interest, in restitution to customers. Haskins was fined \$10,000 and suspended from association with any FINRA member in any capacity for 60 days. Without admitting or denying the allegations, Kern and Haskins consented to the described sanctions and to the entry of findings that Kern made unsuitable recommendations regarding options investments and improperly used discretion to execute the options transactions in customer accounts. The findings stated that Kern became aware of a strategy to produce monthly income using uncovered calls and puts on the S&P 500 Index (the S&P Combo Strategy) that involved selling uncovered calls with a strike price approximately 10 percent above the market price of the Index and selling uncovered puts at a strike price approximately 10 percent below the market price of the Index. If the calls and puts expired unexercised, the customer's account would retain the premiums paid for

the sales of the calls and puts. If the calls or puts were exercised, the customer would be required to purchase the securities to cover the exercise of the options, and the purchase would be made at the market price. The highest gains a customer could achieve were equal to the amount of the premiums paid; the potential losses were unlimited. The findings also stated that Kern and Haskins shared a single registered representative number and split their commissions on an approximate 70/30 basis, with Kern retaining 70 percent. The findings also included that Kern explained the S&P Combo Strategy to Haskins but did not explain to him that losses could be unlimited.

FINRA found that Haskins introduced the S&P Combo Strategy to customers with Kern completing information on options trading disclosure forms and entering all of the options trades. FINRA also found that at Kern's direction, Haskins had customers sign blank options forms even though the firms asked for liquid net worth, annual income, risk tolerance and experience in trading options. The customers were elderly conservative investors, did not know what options were and could not afford to lose their modest savings. Kerns and Haskins opened options positions in the customers' accounts without contacting the customers. The accounts were not discretionary and the customers had not provided prior written authorization for the trades. In addition, FINRA determined that the customers sustained realized losses totaling approximately \$530,379.33, of which approximately \$46,212.55 was a result of unsuitable recommendations.

Kern's suspension is in effect from November 19, 2012, through February 18, 2013. Haskin's suspension was in effect from November 5, 2012, through January 3, 2013. ([FINRA Case #2010023367001](#))

**Tammye L. Larsen (CRD #3067562, Registered Representative, Goddard, Kansas)** submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Larsen consented to the described sanction and to the entry of findings that she accepted gifts and cash totaling more than \$10,000 from her member firm's customer, and was appointed as a successor trustee to the customer's living trust. Larsen falsely represented on annual firm questionnaires that she had not received gifts from firm customers in excess of \$100, and that she had not served as fiduciary for a firm customer. The firm's procedures prohibited registered representatives from accepting gifts at or under \$100 unless receiving prior firm approval, and provided that fiduciary appointments could not be accepted without the firm's prior written approval. The findings stated that Larsen was appointed POA with respect to the customer's financial assets but the POA did not give her authority to use the customer's assets for her own benefit. The findings also stated that after the customer had moved to an assisted living facility, Larsen wrote a large number of checks to herself, totaling in excess of \$200,000 from the customer's accounts at the firm. The findings further stated that she deposited them into her personal accounts and used the checks not only for the customer's benefit but for own benefit as well, commingling the customer's funds with her own. The findings also included that Larsen disclosed her fiduciary

relationship on a more recent firm compliance questionnaire and the firm required her to submit a written request to act as a fiduciary. The firm then denied this request and terminated her employment. FINRA found that Larsen filed a petition for bankruptcy but willfully failed to amend her Form U4 to reflect the filing. ([FINRA Case #2010025244901](#))

**Megan Lee (CRD #5622054, Associated Person, Phoenix, Arizona)** submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Lee consented to the described sanction and to the entry of findings that she misappropriated \$868.19 belonging to a customer of her member firm and used the funds for her personal use. The findings stated that Lee maintained a securities account at her firm and added the customer as an account holder on the firm account. The customer opened an individual retirement account (IRA) at the firm and established online access for the account. Lee transferred a total of \$275 from the customer's IRA to the firm account and used the funds to pay personal expenses. The findings also stated that Lee signed the customer's name to a firm document, without the customer's knowledge or consent. The document authorized the firm to link the firm account to a checking account Lee maintained at another financial institution. Thereafter, on multiple occasions, Lee transferred a total of \$593.19 from the customer's IRA to the firm account. Lee then transferred the funds from the firm account to the account at another financial institution and used the funds for her personal use. The findings also included that Lee signed the customer's name to another firm document, without the customer's knowledge or consent, instructing her firm to close the firm account. Lee submitted the document to her firm and the firm closed the account. ([FINRA Case #2012032741001](#))

**David Patrick Linderer (CRD #4287589, Registered Representative, St. Louis, Missouri)** submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for seven months. In light of Linderer's financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Linderer consented to the described sanction and to the entry of findings that he borrowed \$100,000 from a company one of his clients owned, without his member firm's prior approval, as his firm's WSPs and FINRA Rule 3240 required. Linderer failed to notify the firm of the loan until seven weeks after he had accepted it. The findings stated that the firm immediately reminded Linderer of its preapproval policy regarding borrowing funds from clients and requested Linderer to provide information and documentation regarding the loan transaction. While the firm was still reviewing the loan transaction, Linderer notified management that he had just obtained an additional \$50,000 loan from his client. The findings also stated that Linderer willfully failed to disclose tax liens and civil judgments on his Form U4.

The suspension is in effect from November 19, 2012, through June 18, 2013. ([FINRA Case #2011029042901](#))

**Su-Chin Liu (CRD #5637584, Associated Person, Fremont, California)** submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Liu consented to the described sanction and to the entry of findings that she failed to appear and provide testimony FINRA requested during the course of an investigation into allegations that she paid insurance premiums on her clients' behalf in order to obtain commissions. The findings stated that although initially providing consent for FINRA to gain access to Liu's banking records, shortly thereafter, counsel for Liu rescinded that consent and confirmed to FINRA that Liu would not appear and provide testimony. ([FINRA Case #2010023980901](#))

**Christopher Louis Luther (CRD #4388483, Registered Representative, Irwin, Pennsylvania)** 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, Luther consented to the described sanction and to the entry of findings that he failed to provide FINRA with a signed written statement and other information relating to his termination by a member firm for allegedly borrowing a total of \$42,250 from firm customers. Luther's counsel advised FINRA that Luther would not be providing a written statement or certain other information in response to FINRA's request. ([FINRA Case #2012032788301](#))

**William Earl Manley (CRD #1177744, Registered Representative, Sarasota, Florida)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Manley consented to the described sanction and to the entry of findings that he failed to respond to a FINRA request for information regarding his arrest, felony charge and termination from his member firm. The findings stated that Manley advised FINRA he would not respond to a request for information. ([FINRA Case #2012031461701](#))

**James DeFranco Marshall (CRD #5450870, Registered Representative, Longwood, 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 30 days. The fine must be paid either immediately upon Marshall'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, Marshall consented to the described sanctions and to the entry of findings that he became involved with an entity engaged in non-securities, non-investment-related business. Marshall was identified in public documents as one of the entity's three managers/members. Marshall also created and maintained the company's website. Marshall received \$4,835.47 in compensation for his outside business activity. The findings stated that Marshall failed to provide his member firm with prior written notice of this outside business activity.

The suspension was in effect from December 3, 2012, through January 1, 2013. ([FINRA Case #2011030820501](#))

**Mark E. Marek (CRD #4794461, Registered Representative, San Antonio, Texas)** 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, Marek consented to the described sanction and to the entry of findings that he made unsuitable investment recommendations to a customer based on the customer's risk tolerance, and his investment objectives, knowledge and experience. The findings stated that because of implementing Marek's investment recommendations, the customer's accounts suffered trading losses of more than \$598,000 during the period. The findings also stated that Marek willfully sent email correspondence to the customer in which he intentionally or recklessly made false and misleading representations regarding material facts. Marek sent the emails from his firm's email account and from personal email accounts. The firm's policies prohibited registered representatives from using personal email accounts for securities-related correspondence. Marek used instruments of communication in interstate commerce when he sent emails to the customer over wireless networks. Marek's false and misleading statements were intentionally designed to deceive the customer into believing that his funds had been invested conservatively, and that his investments were performing well. The findings also included that FINRA found that Marek sent email correspondence to the customer that contained misleading, exaggerated and/or unwarranted statements. Several of the emails also contained projections of investment performance. FINRA also found that Marek signed the customer's signature on his firm's customer account document when the customer did not give him permission to sign his name on the document or any other document. In addition, FINRA determined that the customer directed Marek, via an email, to cease all trading activity in his accounts. Later that same day, Marek sold, or caused to be sold, several shares of an entity's common stock from one of the customer's accounts without the customers' knowledge, authorization or consent. ([FINRA Case #2009019349001](#))

**Charles Tuttle Mason aka Chip Mason (CRD #2206257, Registered Principal, St. Pete Beach, Florida) and Darren Duane Gibson (CRD #2311950, Registered Representative, Oceanside, California)** submitted an Offer of Settlement in which they were each fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fines must be paid either immediately upon Mason's and Gibson's reassociation with a FINRA member firm following their suspensions, 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, Mason and Gibson consented to the described sanctions and to the entry of findings that while employed as wholesalers at their member firm, they were responsible for promoting a non-registered entity's offerings to retail broker-dealers, through sales presentations and providing marketing materials to registered representatives. The findings stated that Gibson, through his wholesaling efforts related to the entity's offerings, secured selling agreements from retail broker-dealers, who in turn raised more than \$300 million from investors and earned \$2,930,000. The findings also stated that Mason, through his wholesaling efforts related to the entity's offerings,

secured selling agreements from broker-dealers, who in turn raised more than \$132 million from investors and earned approximately \$1,500,000. The findings also included that Mason and Gibson assisted the retail broker-dealers with product training by providing sales and marketing materials designed to encourage individual investors to purchase the offerings. Mason and Gibson read most of the third-party due diligence reports regarding the offerings. Several of the reports raised concerns about the accounting of inter-offering transactions and the ability of the offerings to generate sufficient revenue from oil and gas investments. Mason and Gibson, though aware of the concerns raised in the due diligence reports, continued to market the offerings without having adequately investigated the subject concerns and determining for themselves whether the offerings were appropriate to be recommended to investors.

Mason's suspension is in effect from November 19, 2012, through February 18, 2013. Gibson's suspension is in effect from November 19, 2012, through February 18, 2013.

([FINRA Case #2011026598101](#))

**Willona Diedra May (CRD #5906253, Registered Representative, Akron, Ohio)** submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, May consented to the described sanction and to the entry of findings that she took approximately \$11,000 from a cash assist machine (used to replenish tellers' cash drawers) from a bank where she was employed as a branch manager, without the bank's knowledge or consent, thereby converting her employer's funds. ([FINRA Case #2012033335001](#))

**Patrick Thomas McShea (CRD #1676498, Registered Representative, Williamston, South 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, McShea consented to the described sanction and to the entry of findings that during the course of a FINRA investigation, FINRA sought sworn testimony from McShea concerning unreported liens. The findings stated that McShea failed to appear for testimony as FINRA requested, and further notified FINRA that he would not appear for testimony at any time. ([FINRA Case #2011029301701](#))

**Neftali Mercedes (CRD #3201827, Registered Principal, New York, New York)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Mercedes failed to provide information to FINRA as part of an investigation of Mercedes, based on his former member firm's Uniform Termination Notice for Securities Industry Registration (Form U5), which indicated that Mercedes engaged in a private securities transaction without notifying the firm. ([FINRA Case #2009018755601](#))

**Ryan Paul Miller (CRD #4609550, Registered Principal, Herriman, Utah)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Miller consented to the described sanction and to the entry of findings that he shared his

securities commissions with an unregistered, statutorily disqualified individual. Miller transferred securities commissions totaling approximately \$300,000 to this individual after a state regulatory agency had barred that person from association with any broker-dealer or investment advisor in the State of Utah. ([FINRA Case #2010024809201](#))

**Christian A. Molina (CRD #5157738, Registered Representative, Terrytown, 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, Molina consented to the described sanction and to the entry of findings that he withdrew \$4,000 in cash from a retail bank client's bank checking account without the client's knowledge or consent. The findings stated that in order to withdraw the funds from the checking account, Molina presented a bank teller with a withdrawal slip the retail bank client had previously signed and Molina thereafter altered the withdrawal amount from \$1,000 to \$4,000. Molina presented the bank teller with a copy of the retail bank client's identification and falsely claimed that the retail bank client was present in the bank at the time of the withdrawal. Molina converted the funds for his own use and benefit. ([FINRA Case #2011029960701](#))

**David Mark Mullen (CRD #1327419, Registered Principal, Fayetteville, 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 two months. Without admitting or denying the findings, Mullen consented to the described sanctions and to the entry of findings that he failed to reasonably supervise registered representatives at his member firm who provided false and misleading information on firm documents and created inaccurate books and records for the firm. The registered representatives were husband and wife. The findings stated that Mullen first learned that the husband had been signing his spouse's name as the broker of record on certain variable annuity forms even though she had not met with the customers. Mullen failed to take appropriate action to supervise these representatives that was reasonably designed to prevent their violations and achieve compliance with the applicable rules. The findings also stated that Mullen did not reasonably respond to red flags of possible misconduct, such as the husband's verbal admission to Mullen that he had been meeting with the customers and signing his wife's name as the broker of record to the documents at issue.

The suspension is in effect from December 17, 2012, through February 16, 2013. ([FINRA Case #2011030781401](#))

**Brendan Robert Murton (CRD #2509502, Registered Principal, South Jordan, Utah)** 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 30 days, and required to qualify or requalify by examination before acting in any principal capacity. In determining the appropriate sanctions, FINRA took into account Utah's Division of Securities disciplinary action against Murton for this matter. Utah imposed sanctions of a

\$10,000 fine, a five-business-day suspension in any capacity, a two-year suspension from acting in any principal capacity and a requirement that Murton requalify by examination before acting in any principal capacity. Without admitting or denying the findings, Murton consented to the described sanctions and to the entry of findings that he failed to perform his supervisory responsibilities as an OSJ supervisor for conducting numerous on-site visits and instead delegated them to unregistered persons. The findings stated that Murton delegated 59 percent of the total numbers of Leadership Visits (LVs) he was assigned during the relevant period. Murton also failed to obtain the member firm's required approval to permit him to delegate these responsibilities to someone else. Because the individuals to whom Murton delegated the responsibilities were not registered, the firm would not have authorized him to assign the responsibilities to those individuals. The findings also stated that Murton submitted, or caused to be submitted, numerous LV forms, which his staff prepared, that reflected that he had performed LVs when in fact they had been performed by two non-licensed and non-firm approved appointees. Each of the LV forms falsely identified Murton as the individual who had performed the LVs. The forms became part of the firm's books and records, thereby causing them to be false.

The suspension is in effect from December 17, 2012, through January 15, 2013. ([FINRA Case #2011026367401](#))

**Scott Bailey Nelson (CRD #1518896, Registered Representative, Lone Tree, Colorado)** 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 two months. The fine must be paid either immediately upon Nelson'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, Nelson consented to the described sanctions and to the entry of findings that he solicited and sold a fixed-indexed annuity to a firm customer, for which he received a commission of approximately \$8,500, outside the scope of his employment with his member firm and without informing his firm of this business activity. The findings stated that Nelson also falsely certified to the firm that he was not engaged in any outside business activity.

The suspension is in effect from November 19, 2012, through January 18, 2013. ([FINRA Case #2011026542401](#))

**Jane Elizabeth O'Brien (CRD #1083732, Registered Representative, Needham, Massachusetts)** submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, O'Brien consented to the described sanction and to the entry of findings that she borrowed about \$3 million from her clients. Some of the loans were documented through promissory notes O'Brien signed. These notes were never shown to two different FINRA member firms where O'Brien was registered. O'Brien did not provide

notice to, nor receive permission from, her firms to borrow from customers. To date, the majority of the loans have not been paid back to her former clients. The findings also stated that O'Brien recommended that a customer invest in a private placement. The customer wrote checks totaling \$240,000 to purportedly invest in the private placement. In return, O'Brien gave the customer a promissory note that she represented was from the issuer, signed the name of the issuer's chief executive officer (CEO) to the note without the CEO's knowledge or consent, and never made any investments in the private placement with the customer's funds. Without the customer's knowledge or consent, O'Brien converted the funds for her own personal use, thereby willfully engaging in securities fraud and conversion. The findings also included that O'Brien failed to provide FINRA with on-the-record testimony. ([FINRA Case #2011030011401](#))

**Steven Jay Oshinsky (CRD #2339197, Registered Principal, Boca Raton, Florida)** submitted an Offer of Settlement in which he was suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the allegations, Oshinsky consented to the described sanction and to the entry of findings that he failed to timely respond to FINRA requests for documents and information to investigate his potential failure to disclose tax liens and outside business activities on his Form U4. The findings stated that Oshinsky's failure to timely respond impeded FINRA's investigation.

The suspension is in effect from December 17, 2012, through December 16, 2013. ([FINRA Case #2012030894301](#))

**Guy Vincent Palmeri Jr. (CRD #2085137, Registered Principal, Elkton, Maryland)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for five business days. FINRA took into account Palmeri's member firm's prior suspension for the same conduct. Without admitting or denying the findings, Palmeri consented to the described sanctions and to the entry of findings that although he had verbal authorization from at least one of his customers, he did not have written authorization from two customers to place discretionary trades in their securities accounts, and neither of his member firms during that time period had accepted Palmeri's use of discretion in his customers' accounts.

The suspension was in effect from December 17, 2012, through December 21, 2012. ([FINRA Case #2011028083001](#))

**Jay Sheldon Potter Jr. (CRD #1585351, Registered Principal, San Diego, California)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 18 months. The fine must be paid either immediately upon Potter'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, Potter consented to the described sanctions and to the entry of findings that he failed to update his Form U4 to disclose a customer's complaint against him while

associated with his member firm; and when he became associated with another member firm, he failed to disclose the complaint so as to have his Form U4 updated. The findings stated that Potter entered into a confidential settlement agreement that restricted the parties' abilities to communicate with regulatory authority, and thereby impeded and/or potentially impeded a regulatory investigation. The findings also stated that Potter, through his firm, sold an entity's discounted shares, purportedly owned by the firm's affiliate, to investors. In connection with those sales, Potter represented that the firm's affiliate had good and valid title to the shares; had full power and authority to enter into the agreement; and execution, delivery and performance of the Agreement had been duly authorized by all necessary action on its part. The findings also included that in fact, all necessary action had not been taken. Potter did not disclose that the affiliate had neither certificated shares nor a written contract for the entity's shares. Potter failed to promptly disclose the identity of the discounted share purchasers to the entity. FINRA found that for several years, Potter neither caused the shares to be delivered nor refunded money to customers who purchased, but did not receive, the discounted shares.

The suspension is in effect from December 17, 2012, through June 16, 2014. ([FINRA Case #2009018149301](#))

**Brian O'Neill Putt (CRD #2932525, Registered Representative, Memphis, Tennessee)** 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, Putt consented to the described sanction and to the entry of findings that he borrowed a total of \$58,000 from an elderly customer, executing promissory notes on her behalf and represented on member firm annual compliance questionnaires that he knew loans with customers were prohibited. Putt never disclosed the loans to his firm. The findings stated that Putt represented in writing to the customer that he had repaid the loans to her in the total amount of \$55,900 by depositing the money in her account when in fact he had not made any repayments. ([FINRA Case #2012031260201](#))

**Arthur Manlio Quintero Jr. (CRD #1676250, Registered Principal, Placentia, California)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any principal capacity for 10 business days. Without admitting or denying the findings, Quintero consented to the described sanctions and to the entry of findings that he was his member firm's principal responsible for regulatory reporting and the supervisor of the employee responsible for the preparation and submission to FINRA of Forms U4 and U5, along with the information required. Quintero failed to supervise the employee in a manner reasonably designed to achieve compliance with the FINRA By-Laws and applicable rules. The findings stated that the required submissions and reports of some arbitration claims and an award were not submitted timely. The findings also stated that FINRA noted to Quintero on several occasions that the arbitration award should have been reported to FINRA. Quintero

acknowledged his intention to cause the award to be reported; however, he did not cause the individual to submit, or follow up to ensure that the individual submitted, the required reports until a later date.

The suspension was in effect from December 17, 2012, through December 31, 2012. ([FINRA Case #2010021118701](#))

**David Andrew Renn (CRD #4411788, Registered Supervisor, Alberta, 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, Renn consented to the described sanction and to the entry of findings that without his member firm's permission or authority, he journaled \$2,250 from the firm's special vending account to his personal brokerage account. The findings stated that without the firm's permission or authority, Renn used his role at the firm to order printer ink cartridges, bill them to the firm and re-sell the cartridges to a third-party vendor. Renn received wire transfers totaling \$13,645 into his personal checking account at the firm from the third-party vendor. ([FINRA Case #2012031041701](#))

**Clayton George Roach (CRD #2148512, Registered Representative, Jacksonville, 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 Roach'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, Roach consented to the described sanctions and to the entry of findings that he participated in the sale of private placements by promoting an offshore investment club, referring investors, acting as an officer and registered agent for the offshore investment clubs' Florida-based affiliate, facilitating other people's investment in the offshore investment club and receiving no less than \$64,000 in compensation from the offshore investment club. Roach did not receive any direct compensation based on the referrals, but he received a monthly stipend for other activities on the offshore investment club's behalf. The findings stated that Roach participated in private placement securities transactions without providing the requisite notice to his firm.

The suspension is in effect from December 3, 2012, through June 2, 2013. ([FINRA Case #2011025952001](#))

**Kedrick Peter Sackey (CRD #2438501, Registered Principal, West Orange, New Jersey)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Sackey consented to the described sanctions and to the entry of findings that he engaged in an outside business activity without providing prompt written notice to his member firm. The findings stated that Sackey engaged in a second and related outside business activity without providing prior written

notice to his firm. Sackey established or intended to establish entities to engage in the earth-moving business in Ghana, one of which he established with a customer of his firm. Sackey's association with one of the entities appears to have ceased and Sackey did disclose the second entity to his firm in his annual compliance questionnaire.

The suspension is in effect from December 17, 2012, through January 15, 2013. ([FINRA Case #2010024740901](#))

**Scott Donovan Schroeder (CRD #2277248, Registered Representative, Topanga, California)** submitted an Offer of Settlement in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for two months. The fine must be paid either immediately upon Schroeder'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, Schroeder consented to the described sanctions and to the entry of findings that a representative of his member firm discussed private placement securities offerings and promoted them as attractive alternative investments to his radio listeners, which constituted general solicitations. The findings stated that these offerings were unregistered securities offered pursuant to the exemptions offered by Rule 506 of Regulation D. These offerings could not be sold through general solicitations and still maintain their exempt status. These statements were not made to customers with whom Schroeder, the firm, or the representative (or the issuer) had a pre-existing and substantive relationship, but rather broadcast indiscriminately to the general public—essentially, anyone with access to a radio within range of the radio signal. The findings also stated that after the statements on the radio show were made, Schroeder, the firm and the representative sold the offerings to customers. Because the securities had lost their exemption from registration under Regulation D as a result of the general solicitation, Schroeder's sales were impermissible sales of unregistered securities, in contravention of Section 5 of the Securities Act of 1933.

The suspension is in effect from December 3, 2012, through February 2, 2013. ([FINRA Case #2009016271801](#))

**Rachel R. Sims (CRD #5987389, Registered Representative, Bronx, New York)** submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Sims consented to the described sanction and to the entry of findings that she issued a temporary ATM debit card linked to the savings account of customers at the bank without the customers' knowledge or authorization. Sims used the ATM card to withdraw \$2,700 from the customers' savings account at the bank without the customers' knowledge or authorization, and used the funds for personal uses. ([FINRA Case #2012033347901](#))

**Michael Szpira (CRD #5682842, Registered Representative, Chicago, Illinois)** submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the

allegations, Szpira consented to the described sanctions and to the entry of findings that he falsely reported to his member firm that he had passed the Series 66 examination. The findings stated that Szpira's firm investigated the discrepancy between CRD records and Szpira's claim that he had passed the exam. When the firm could not locate Szpira's original Series 66 exam results, it requested he provide a copy of the exam results. Szpira provided the firm with a falsified document purporting to show the official test results, representing that the document was an unaltered copy of the test results from the test center. The findings also stated the Szpira knew, or should have known, that the score reports he submitted to his firm were falsified and did not reflect his true, failing score on the Series 66 examination.

The suspension is in effect from November 19, 2012, through May 18, 2013. ([FINRA Case #2010022870301](#))

**Allen Szrolovits (CRD #2422524, Registered Representative, Flushing, 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 capacity for four months. The fine must be paid either immediately upon Szrolovits' 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, Szrolovits consented to the described sanctions and to the entry of findings that he personally invested approximately \$445,000 with an investment marketed as an interest in foreign currency exchange trading and United States Treasury Bonds. The findings stated that the investment was publicly revealed as a Ponzi scheme that had approximately a dozen victims, including Szrolovits and some of his customers. Szrolovits did not provide his firm with prior written notice of the investment and thus never received his firm's written approval to engage in these private securities transactions.

The suspension is in effect from December 3, 2012, through April 2, 2013. ([FINRA Case #2011029187101](#))

**Susan Joan Tanjuaquio (CRD #6069027, Associated Person, Henderson, Nevada)** submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Tanjuaquio consented to the described sanction and to the entry of findings that she misappropriated a total of \$2,846 in homeowners insurance refunds from three insurance policyholders. The findings stated that Tanjuaquio misappropriated the refunds by, among other things, forging policy cancellation requests for the policyholders, falsely endorsing the policyholders' refund checks and depositing those refund checks into her premium fund trust account. ([FINRA Case #2012033302401](#))

**Byron Alan Thomas (CRD #1048411, Registered Representative, Buffalo, New York)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Thomas failed to timely and completely respond to FINRA requests for

information and documents that might bear on whether he had misused or converted funds belonging to his aunt or her estate. The findings stated that Thomas willfully failed to timely amend his Form U4 to disclose criminal charges. The findings also stated that Thomas withdrew \$22,000 from his deceased aunt's account, without authority, under a power of attorney that was no longer valid and deposited the funds into a checking account she held jointly with Thomas. ([FINRA Case #2010023076001](#))

**Michael Lee Trier (CRD #1628954, Registered Representative, Oviedo, Florida)** was fined \$2,500 and suspended from association with any FINRA member in any capacity for 30 business days. The fine is due and payable upon Trier's return to the securities industry. The sanctions were based on findings that Trier engaged in private securities transactions without providing his member firm with the required written notice describing the proposed sales.

The suspension was in effect from November 19, 2012, through January 3, 2013. ([FINRA Case #2009019837302](#))

**Stephen Fiore Tripodi (CRD #721461, Registered Principal, Snyder, 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 three months. Without admitting or denying the findings, Tripodi consented to the described sanctions and to the entry of findings that he paid commissions to another registered representative. The findings stated that Tripodi's cousin, a registered representative of another member firm, recommended and sold variable annuities totaling approximately \$1.37 million to customers. In all instances, the registered representative met with the customers, provided them with the necessary disclosures and completed the variable annuity applications, but never signed any of the documents. Instead, after the customers agreed to purchase the annuities, the registered representative forwarded the variable annuity documents to Tripodi to process the transactions as the registered representative of record. The findings also stated that Tripodi paid the registered representative approximately 50 percent of the net commissions generated from the variable annuity sales and retained the remainder to pay local, state and federal taxes, and to pay himself a small fee. In total, Tripodi paid the registered representative approximately \$50,000 in commissions from the variable annuity purchases and follow-on investments. The findings also included that Tripodi did not inform his member firm of his commission-sharing arrangement with the registered representative.

The suspension is in effect from December 3, 2012, through March 2, 2013. ([FINRA Case #2011028252301](#))

**Robert Clair Wheeling Jr. (CRD #1172743, Registered Representative Lititz, 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 four months. Without admitting or denying the findings, Wheeling consented to the described sanctions

and to the entry of findings that he sold equity-indexed annuities (EIAs) to individuals outside the scope of his employment with his member firm and without providing it with prior written notice of the business activity. The findings stated that many of the individuals who purchased EIAs were the firm's customers. Wheeling's undisclosed EIA sales totaled about \$1,946,243 and he received approximately \$126,237 as compensation for the transactions. The findings also stated that in a compliance questionnaire, Wheeling falsely certified that he had not sold EIAs away from the firm.

The suspension is in effect from December 17, 2012, through April 16, 2013. ([FINRA Case #2012032167001](#))

**Neil Copeland Winterrowd (CRD #2481571, Registered Representative, Coto De Caza, 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, Winterrowd consented to the described sanction and to the entry of findings that he misappropriated approximately \$1.5 million from customers by directing withdrawals from customer accounts to a company under his control for his own benefit. The findings stated that these funds represented partial withdrawals, complete surrenders and the proceeds of a death benefit. Checks were made payable to an entity Winterrowd owned and controlled. The entity and Winterrowd shared the same mailing address. After funds were deposited in the entity's bank accounts, Winterrowd improperly and without his clients' knowledge or consent used the vast majority of the converted funds for his own benefit. The findings also stated that many of Winterrowd's customers held brokerage accounts at his member firm, but he also serviced some customers who held financial products, which did not need to be sold through a registered firm. ([FINRA Case #2011029524101](#))

## Decision Issued

**The Office of Hearing Officers (OHO) issued the following decision, which has been appealed to or called for review by the NAC as of November 30, 2012. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decision. Initial decisions where the time for appeal has not yet expired will be reported in future issues of FINRA Disciplinary and Other Actions.**

**Ronald E. Walblay (CRD #2171097, Registered Principal, Delray Beach, Florida)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Walblay failed to appear in response to FINRA requests for on-the-record testimony.

The decision has been appealed to the NAC and the sanction is not in effect pending review. ([FINRA Case #2011025643201](#))

## Complaints Filed

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

**David Darrell Anthony (CRD #4671195, Registered Representative, Mobile, Alabama)** was named a respondent in a FINRA complaint alleging that he induced tax clients to invest in promissory notes an entity offered. The clients invested a total of \$400,000. The entity defaulted on the interest accrual and/or payments pursuant to the promissory notes, and none of the clients are receiving interest accrual and/or payments on the promissory notes nor have their principal amounts been returned. The complaint alleges that Anthony failed to provide his member firm any written notice of his intention to participate in the sale of promissory notes, and failed to obtain the firm's written approval; his participation was outside the regular course or scope of his employment with the firm. The complaint also alleges that in connection with his participation in the private securities transactions, Anthony understood he could apply to the entity for a commission of the amount invested by purchasers he referred. In the alternative, Anthony failed to provide prompt written notice to his firm of his outside business activities. The complaint further alleges that Anthony recommended that one customer purchase a \$100,000 promissory note without reasonable grounds to believe the recommendation was suitable on the basis of the customer's other securities holdings, financial situation and needs. The \$100,000 constituted approximately 56.5 percent of her liquid worth, resulting in an unsuitable overconcentration of her liquid assets, which exposed her to a loss that exceeded her risk tolerance and investment objectives. ([FINRA Case #2010021668703](#))

**Todd Lloyd Goedeke (CRD #1210932, Registered Principal, Valders, Wisconsin)** was named a respondent in a FINRA complaint alleging that he serviced at his member firm brokerage accounts for a customer that another FINRA member firm carried. The complaint alleges that at Goedeke's direction, the customer gave to him a \$4,800 check payable to a business associated with Goedeke. The customer intended the check to be used for an investment relating to the brokerage accounts, and it was neither a gift nor a loan to Goedeke. Goedeke made a deposit of \$4,800 into a bank account held in the name of his associated business but Goedeke did not deposit it into any of the customer's brokerage accounts. The complaint also alleges that the customer later learned that Goedeke did not make an investment in any of the brokerage accounts with the check funds. The customer agreed to a settlement with Goedeke's firm in the amount of \$4,825. The complaint further alleges that Goedeke failed to respond to requests for information and documents. ([FINRA Case #2010023741801](#))

**Giles Anthony Hoagland (CRD #4160185, Registered Representative, Peru, Indiana)**

was named a respondent in a FINRA complaint alleging that in order to pay a local labor union's insurance premium payments, union officials signed checks payable to Hoagland's company, which remitted the premium payments to the insurance company. Hoagland used his mortgage commissions to pay the union's premium payments until he was unable to pay the premium. Hoagland continued to collect the premium payments from the union but failed to remit the premium payments to the insurance company. The complaint alleges that the insurance company canceled the union's policy for non-payment of \$5,148.52 in insurance premiums. Despite the policy cancellation, Hoagland continued to bill the union for insurance premiums each month. Hoagland received \$12,575.02 in union premium payments that he failed to remit to the insurance company. The complaint also alleges that when the insurance company questioned Hoagland, he admitted that he withheld the union's premium payment and refunded the union the un-remitted insurance premium payments. The complaint further alleges that Hoagland failed to timely amend his Form U4 to reflect a bankruptcy filing. In addition, the complaint alleges that Hoagland failed to completely respond to FINRA requests for information, documents and testimony addressing allegations that he misappropriated insurance premium payments, settled a customer complaint away from his member firm and failed to disclose his bankruptcy on his Form U4. ([FINRA Case #2011027456401](#))

**Mark Christopher Hotton (CRD #2346843, Registered Principal, West Islip, New York)** was named a respondent in a FINRA complaint alleging that he improperly used and converted \$5,932,000 of customer funds, without the customers' knowledge or consent, for his own use and benefit, and caused at least an additional \$2,584,078 to be wired from the customers' brokerage accounts to his outside business activities and other entities and individuals with whom he was affiliated. The complaint alleges that while associated with a member firm, Hotton was either employed by or accepted compensation from outside business entities, and his involvement was outside the scope of his employment relationship with his firm. Hotton did not provide prompt written notice to the firm of these outside businesses. The complaint also alleges that Hotton submitted, or caused to be submitted, numerous amended Forms U4 and willfully failed to disclose the material fact of his engagement in numerous other businesses while employed by the firm. The complaint further alleges that Hotton forged and falsified numerous documents and made numerous misrepresentations, including verbal and written misrepresentations, to his customers, his firm and others to further his fraudulent schemes and conversion of customer funds. In addition, the complaint alleges that Hotton provided customers with fabricated statements for a nonexistent account at an entity, and false written statements about the value of their investments with him. Moreover, the complaint alleges that Hotton exercised control over customers' brokerage accounts; recommended and/or executed transactions that were excessive and unsuitable in light of the customers' investment objectives, risk tolerance, and financial situation; and acted with the intent to defraud or with reckless disregard for the customers' interests and for the purpose of generating commissions.

Furthermore, the complaint alleges that during Hotton's on-the-record testimony and in response to FINRA's questions, Hotton falsely testified on numerous topics. The complaint also alleges that in response to FINRA requests for documents and information, Hotton provided false statements and made false claims. The complaint further alleges that Hotton willfully failed to make any disclosure on his Form U4 of several legal actions against him, or the settlement of those actions, and he continued to fail to disclose that information even after NASD instructed him to do so. Hotton willfully failed to disclose the filing of arbitration customers commenced against him. Hotton willfully failed to timely amend his Form U4 to disclose the commencement of federal action against him, or the temporary restraining order granted in that action. When Hotton finally amended his Form U4 to disclose the existence of the federal action, he falsely described the action as a business dispute between business partners. In addition, the complaint alleges that Hotton loaned \$250,000 to firm customers contrary to his firm's WSPs that prohibited loaning money to customers except to immediate family members. Hotton never sought the firm's permission to loan money to the customers, and the firm did not pre-approve in writing the loan to the customers.

Moreover, the complaint alleges that Hotton executed numerous unauthorized trades in customers' accounts and hundreds of unauthorized trades in another customer's account, without the customers' knowledge, consent or authorization. Furthermore, the complaint alleges that the customers never gave prior written authorization to Hotton to exercise discretionary power in their accounts. Nor did they ever give Hotton verbal time and price discretionary power. Hotton nevertheless executed transactions in their accounts without their prior knowledge, consent or authorization. The complaint also alleges that a customer told Hotton that he was not interested in risky or speculative trading but rather wanted a more conservative strategy. Contrary to the customer's stated investment objectives and inconsistent with the customer and his wife's financial condition, Hotton recommended risky and speculative investments in violation of his customer-specific suitability obligation. The complaint further alleges that when Hotton first recommended some securities to a customer, Hotton did not understand the features of leveraged and inverse ETFs (exchange-traded funds). In particular, Hotton did not understand that the long-term return of a leveraged or inverse ETF could deviate from the underlying index. Thus, Hotton failed to satisfy the reasonable basis suitability requirement in connection with his recommendations of these securities. ([FINRA Case #2009017408101](#))

**Tiara Monique Jones (CRD #5366042, Registered Representative, Dolton, Illinois)** was named a respondent in a FINRA complaint alleging that she assisted retail banking customers with the purchase of a \$50,000 fixed annuity at the bank. The complaint alleges that at Jones' direction, the customers each signed separate blank withdrawal tickets for their joint bank checking account. Jones filled in the date, customer name, amount and account number on the withdrawal slip the husband signed. Jones used that slip to process the annuity transaction. Jones also filled in the date, customer name and account number on the withdrawal slip the wife signed, and filled in a withdrawal amount of \$1,000, which

she used to withdraw \$1,000 in cash from the customers' joint bank account, without their knowledge or consent. The complaint also alleges that the customers complained to the bank about the unauthorized withdrawal of \$1,000 from their account and the branch manager informed Jones that the customers had complained. Jones filled in the date, husband's name (spelled incorrectly), amount and account number on a deposit slip, and used that slip to deposit \$1,000 into the customers' bank account. The complaint further alleges that Jones willfully failed to disclose a bankruptcy and unsatisfied judgments on her Form U4, and to timely amend her Form U4 to disclose these material facts. In addition, the complaint alleges that Jones failed to appear and provide FINRA on-the-record testimony. ([FINRA Case #2011029429001](#))

**Kenneth Andrew Mauchin (CRD #2366345, Registered Principal, Sanford, Florida)** was named a respondent in a FINRA complaint alleging that he misappropriated \$23,750 from elderly customers' accounts by converting their funds to cashier's checks and depositing those checks into a bank account of an entity he controlled. The complaint alleges that Mauchin did so without the customers' knowledge or authorization. The complaint also alleges that Mauchin prepared a customer's application for a variable annuity and falsely listed his bank branch office address as the customer's mailing address, which he knew to be false. In addition, a customer applied for a premiere select IRA brokerage account with Mauchin's firm and, without the customer's knowledge or authorization, he falsely listed his bank branch office address as the customer's mailing address, which he knew to be false. These applications became part of the firm's books and records, causing his firm's books and records to be false. The complaint further alleges that Mauchin failed to appear for FINRA on-the-record testimony. ([FINRA Case #2011028452701](#))

**Theresa I. Reyes (CRD #5544722, Registered Representative, San Diego, California)** was named a respondent in a FINRA complaint alleging that she repeatedly performed unauthorized actions in a customer's credit card account at her member firm's affiliate bank. The complaint alleges that the unauthorized actions included adding her husband as a user to the customer's credit card account, requesting cards on the account to be issued in her husband's name, increasing the customer's credit limit and making payments on the credit card account. The complaint also alleges that Reyes performed these activities in the customer's credit card account without the customer's knowledge or authorization, and used the account to convert the customer's funds. Reyes and her husband converted approximately \$15,277.35 of the customer's funds by charging multiple unauthorized personal expenses to the customer's credit card account. The complaint further alleges that Reyes failed to appear for testimony FINRA requested. ([FINRA Case #2011030672401](#))

**Ezra Demetrius Suber (CRD #2494135, Registered Principal, Newport News, Virginia)**

was named a respondent in a FINRA complaint alleging that he converted \$2,000 for his personal use that a brokerage customer had given him to invest on her behalf. The complaint alleges that instead of investing the \$2,000, Suber deposited the funds to his personal bank account, withdrew the funds and used them to pay personal expenses. Suber did not tell the customer that he had used the \$2,000 that she had given him to pay his personal expenses and never invested any portion of the funds that the customer had given him. The complaint also alleges that Suber failed to timely report several liens or judgments on his Form U4. Although Suber was aware of his obligation to update his Form U4 to reflect the liens or judgments against him, he willfully failed to do so in a timely manner. ([FINRA Case #2010025041602](#))

**Firms Expelled for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320****Century Pacific Securities, Inc. (CRD #113698)**

Bellevue, Washington  
(November 26, 2012)  
FINRA Case #2008014271401

**Pritchard Capital Partners, LLC (CRD #100480)**

Covington, Louisiana  
(November 14, 2012)  
FINRA Case #2011025645601

**Tafferer Trading, LLC (CRD #36816)**

New York, New York  
(November 26, 2012)  
FINRA Case #2010023771001

**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.)

**Brian Joseph Allen Sr. (CRD #2171324)**

Lansdale, Pennsylvania  
(November 19, 2012)  
FINRA Case #2012032728801

**Patricia Anne Brown (CRD #5925278)**

Mount Vernon, Texas  
(November 5, 2012)  
FINRA Case #2012032291601

**David John Dambra (CRD #4571536)**

Deer Park, New York  
(November 19, 2012)  
FINRA Case #2011028404401

**Kirsten Roxanne Fellows (CRD #4455495)**

Stone Mountain, Georgia  
(November 20, 2012)  
FINRA Case #2011030318801

**Robert Nathaniel Frazer (CRD #5868208)**

Elkton, Maryland  
(November 5, 2012)  
FINRA Case #2011030310601

**Isaac Charles Grossman (CRD #2905125)**

Miami Beach, Florida  
(November 19, 2012)  
FINRA Cases  
#2011029554301/20110292147

**Ryan Keith Harrison (CRD #2511708)**

Melbourne, Florida  
(November 19, 2012)  
FINRA Case #2011030113301

**Warren Todd Irons (CRD #3233710)**  
Greenbelt, Maryland  
(November 9, 2012)  
FINRA Case #2011028928901

**Jerome Jacob Kanter (CRD #1542030)**  
Huntington Woods, Michigan  
(November 5, 2012)  
FINRA Case #2011029708701

**Wai Yip Li (CRD #5126288)**  
Little Neck, New York  
(November 5, 2012)  
FINRA Case #2011028818301

**Donald R. Maus (CRD #1511858)**  
Gillett, Pennsylvania  
(November 5, 2012)  
FINRA Case #2012032282301

**Shawn Francis Menadue (CRD #5067620)**  
Grimes, Iowa  
(November 5, 2012)  
FINRA Case #2012032590701

**Dipak Mafatlal Shah (CRD #1146023)**  
Longwood, Florida  
(November 13, 2012)  
FINRA Case #2010025392701

**Ryan Ward Skidmore (CRD #4630888)**  
Miami, Florida  
(November 19, 2012)  
FINRA Case #2012031855401

**Horace Gandy Stubblefield III (CRD #4328570)**  
Lufkin, Texas  
(November 19, 2012)  
FINRA Case #2011029252701

**Elizabeth Ann Tobias (CRD #2420962)**  
Parsippany, New Jersey  
(November 19, 2012)  
FINRA Case #2012032480501

**Kurtis Sammie Van Addison (CRD #5572833)**  
Secaucus, New Jersey  
(November 19, 2012)  
FINRA Case #2012032847201

**Todd Mitchell Walker (CRD #5493469)**  
Williamsburg, Virginia  
(November 13, 2012)  
FINRA Case #2011030342601

**James R. Whitehead (CRD #4941647)**  
New York, New York  
(November 13, 2012)  
FINRA Case #2011027206301

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**Individuals Revoked for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320**  
(If the revocation has been rescinded, the date follows the revocation date.)

**Eric Adam Axel (CRD #4073828)**  
Brooklyn, New York  
(November 21, 2011 – November 19, 2012)  
FINRA Case #2007010889202

**Asa Saint Clair aka Asa Williams (CRD #2233649)**  
Bellevue, Washington  
(November 26, 2012)  
FINRA Case #2008014271401

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**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.)

**Donald Paul Arant Sr. (CRD #1649069)**

Omaha, Nebraska  
(November 19, 2012)  
FINRA Case #2012032440301

**Trevor Evan Baer (CRD #6087170)**

Torrance, California  
(November 19, 2012)  
FINRA Case #2012033394301

**Brian Matt Borakowski (CRD #4093679)**

Scottsdale, Arizona  
(November 19, 2012)  
FINRA Case #2011026742501

**James Philip Garcia (CRD #4063640)**

Costa Mesa, California  
(November 13, 2012)  
FINRA Case #2012032909801

**Christian P. Garza (CRD #5275816)**

Laredo, Texas  
(November 5, 2012)  
FINRA Case #2012033436301

**Tiffany Lynn Glover (CRD #6060179)**

Chicago, Illinois  
(November 19, 2012)  
FINRA Case #2012032669201

**Eric Elio Gomez (CRD #5438938)**

Sunrise, Florida  
(November 5, 2012 – November 7, 2012)  
FINRA Case #2012033267601

**Alexis Javier Gonzalez (CRD #5187284)**

Bronx, New York  
(November 19, 2012)  
FINRA Case #2012033673001

**Matthew Craig Green (CRD #2844883)**

Pompano Beach, Florida  
(November 19, 2012)  
FINRA Case #2012030881401

**Anna Fan (CRD #5990073)**

Brooklyn, New York  
(November 26, 2012)  
FINRA Case #2012031959401

**Liam Patrick Heinz (CRD #4470644)**

Brentwood, New York  
(November 8, 2012)  
FINRA Case #2012032267501

**Michael Jordan Katz (CRD #4426776)**

Brooklyn, New York  
(November 19, 2012)  
FINRA Case #2011028188601

**Patrick Kerry Larrabee (CRD #5871363)**

Binghamton, New York  
(November 13, 2012)  
FINRA Case #2012033287701

**Sara Kate Luff (CRD #5521419)**

Groveland, Florida  
(November 5, 2012)  
FINRA Case #2012032913901

**Gilbert Torres Martinez (CRD #4663470)**

Dallas, Texas  
(November 5, 2012)  
FINRA Case #2012032848001

**Hugo Duayth Martinez (CRD #5725931)**

Miami, Florida  
(November 5, 2012)  
FINRA Case #2012033111101

**Mark Alan McCoy (CRD #2431516)**  
St. Albans, West Virginia  
(November 13, 2012)  
FINRA Case #2012033470901

**Brian L. McDowell (CRD #5312869)**  
Milwaukee, Wisconsin  
(November 13, 2012)  
FINRA Case #2012033463301

**Thomas Arthur Migge Jr. (CRD #1931485)**  
Old Tappan, New Jersey  
(November 19, 2012)  
FINRA Case #2012033419601

**Alan Angelo Miosi (CRD #2417795)**  
Buffalo, New York  
(November 13, 2012)  
FINRA Case #2012033608401

**Frank Eugene O'Toole IV (CRD #1823813)**  
Wilmington, Delaware  
(November 19, 2012)  
FINRA Case #2012034340401

**Raschid Thompson (CRD #4849447)**  
Bronx, New York  
(November 5, 2012)  
FINRA Case #2012031983601

**David Arnold Wills (CRD #5059723)**  
Dallas, Texas  
(November 5, 2012)  
FINRA Case #2012031794101

**Joel Irwing Wilson (CRD #5334955)**  
Saginaw, Michigan  
(November 15, 2012)  
FINRA Case #2012034447801

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**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.)

**Paul David Arnold (CRD #2278472)**  
Clearwater, Florida  
(November 21, 2012)  
FINRA Arbitration Case #11-03503

**Shawn Derrick Baldwin (CRD #4281564)**  
Chicago, Illinois  
(November 21, 2012)  
FINRA Arbitration Case #11-02886

**Jason M. Cruciani (CRD #4014764)**  
Mt. Bethel, Pennsylvania  
(November 21, 2012)  
FINRA Arbitration Case #11-02518

**Conway Kirk Donaldson (CRD #2866816)**  
Fair Haven, New Jersey  
(November 21, 2012)  
FINRA Arbitration Case #10-04746

**Jason Sean Harrison (CRD #2628373)**  
Pearland, Texas  
(September 7, 2012 – November 12, 2012)  
FINRA Arbitration Case #10-00556

**Matthew John Iskric (CRD #601605)**  
Huntington, New York  
(November 21, 2012)  
FINRA Arbitration Case #10-03505

**Muhammad Akram Khan (CRD #1400089)**  
Houston, Texas  
(November 19, 2012)  
FINRA Arbitration Case #10-01756

**Kenneth Lee Lannigan Jr. (CRD #2485355)**  
Chapin, South Carolina  
(November 19, 2012)  
FINRA Arbitration Case #10-04611

**Monica Marie Liska (CRD #2214877)**  
White Bear Lake, Minnesota  
(November 19, 2012)  
FINRA Arbitration Case #12-00200

**Mark Steven Mills (CRD #1979733)**  
Arlington, Texas  
(November 19, 2012)  
FINRA Arbitration Case #11-02625

**Jay Michael Nisbet (CRD #2169722)**  
Colleysville, Texas  
(November 19, 2012)  
FINRA Arbitration Case #12-01028

**Michael Albert Pompei (CRD #1561594)**  
Grand Blanc, Michigan  
(November 21, 2012)  
FINRA Arbitration Case #11-03217

**Ted Alex Poulos (CRD #4614908)**  
Pittsburgh, Pennsylvania  
(November 19, 2012)  
FINRA Arbitration Case #10-04917

**Cary Rosenfeld (CRD #2425973)**  
San Clemente, California  
(November 21, 2012)  
FINRA Arbitration Case #12-00406

**Christopher Douglas Skoog  
(CRD #2494020)**  
Riverside, California  
(November 19, 2012)  
FINRA Arbitration Case #11-03788

**Neal Seth Smalbach (CRD #1459854)**  
Palm Harbor, Florida  
(November 19, 2012)  
FINRA Arbitration Case #09-07216

**Donald Ray Watson (CRD #2683086)**  
Medford, Oregon  
(November 27, 2012)  
FINRA Arbitration Case #12-00075

**Wayne Edward Wolf (CRD #2756607)**  
Las Vegas, Nevada  
(November 19, 2012)  
FINRA Arbitration Case #12-00012

**Ronen Zakai (CRD #4244908)**  
New York, New York  
(November 19, 2012)  
FINRA Arbitration Case #07-02042

## **FINRA Files Cease-and-Desist Order Against WR Rice Financial Services and its Owner Joel Wilson for Fraudulent Conduct**

### **FINRA Also Issues Complaint Charging Wilson and WR Rice Financial With Fraudulent Sales of Limited Partnerships Wilson Controlled**

The Financial Industry Regulatory Authority (FINRA) announced that it has filed a [Temporary Cease-and-Desist Order](#) (TCDO) to halt further fraudulent sales activities by Michigan-based WR Rice Financial Services and its owner Joel I. Wilson, as well as the conversion of investors' funds or assets. FINRA also issued a [complaint](#) against WR Rice and Wilson charging fraud in the sales of limited partnership interests in entities affiliated with the Diversified Group and American Realty Funds Corporation, companies in which Wilson has ownership interest and control. FINRA is filing the TCDO based on the belief that ongoing customer harm and depletion of customer assets would likely continue before a formal disciplinary proceeding against WR Rice and Wilson could be completed.

In its complaint, FINRA alleges that WR Rice, Wilson and other registered representatives at the firm sold more than \$4.5 million in limited partnership interests to approximately 100 investors from predominantly low-to-moderate-income households, while misrepresenting or omitting material facts. FINRA charges that Wilson and WR Rice raised funds promising that the proceeds would be invested in land contracts on residential real estate in Michigan, paying an interest rate of 9.9 percent, when in fact, investors' funds were used to make unsecured loans to companies Wilson owned or controlled. In addition, FINRA alleges that WR Rice and Wilson failed to disclose to investors that Wilson extended the improper loans due to an inability to pay them as they became due.

Wilson is also charged with providing fabricated documents to FINRA related to the limited partnership offerings, and with failing to provide full and complete testimony during FINRA's investigation of him and his firm after he was confronted with the falsified documents.

Under FINRA rules, the individuals and firms named in a complaint can file a response and request a hearing before a FINRA disciplinary panel. Possible sanctions include a fine, an order to pay restitution, censure, suspension or bar from the securities industry. The issuance of a disciplinary complaint represents the initiation of a formal proceeding by FINRA, in which findings as to the allegations in the complaint have not been made, and does not represent a decision as to any of the allegations contained in the complaint.

## **FINRA Expels Hudson Valley Capital Management and Bars CEO for Defrauding Clearing Firm and Customers**

The Financial Industry Regulatory Authority (FINRA) announced that it has expelled NY-based Hudson Valley Capital Management and barred Chief Executive Officer, Mark Gillis, from the securities industry for defrauding its clearing firm and customers by using their funds and securities to cover losses caused by Gillis' manipulative day trading.

FINRA found that in 2012, Hudson Valley, acting through Gillis, used the firm's Average Price Account to improperly day trade millions of dollars of stock. Gillis then manipulated the share prices of these stocks and withdrew the proceeds of his day trading through accounts he controlled. When Gillis' fraudulent trading caused significant losses in the firm's account, he covered those losses by making unauthorized trades involving customer accounts. Gillis purchased thousands of shares of securities in the open market in the firm's account and allocated these shares to customers at markups between 177 percent and 280 percent. Gillis also converted a customer's funds to pay for an unauthorized stock purchase and caused another customer to sustain a loss of approximately \$400,000. When confronted about unauthorized trades that occurred in their accounts, Gillis lied to two customers about the transactions to hide his misconduct, and lied to FINRA staff during sworn testimony.

Cameron Funkhouser, Executive Vice President of FINRA's Office of Fraud Detection and Market Intelligence, said, "FINRA strives to quickly address egregious broker misconduct. In this instance, FINRA fully investigated Mr. Gillis and Hudson Valley Capital Management within weeks of Gillis perpetrating his fraudulent scheme, and obtained evidence that led to the disciplinary action announced today."

Hudson Valley failed to supervise Gillis' trading activities at the firm; thus, Gillis was able to conduct his fraudulent trading scheme without restriction. Gillis' scheme caused a net capital deficiency for Hudson Valley in excess of \$350,000.

[FINRA's investigation](#) was conducted by the Office of Fraud Detection and Market Intelligence, the Department of Member Regulation Sales Practice and the Department of Enforcement.

## **FINRA Files Complaint Charging the President and Owner of Brooklyn Brokerage Firm TWS Financial for Operating Fraudulent Scheme Targeting Polish Community**

The Financial Industry Regulatory Authority (FINRA) announced that it has filed a complaint against Roman Sledziejowski, President and owner of Brooklyn, NY-based brokerage firm TWS Financial, LLC, charging him with defrauding three customers of more than \$4 million through a scheme, carried on primarily outside the securities firm, involving converting client funds to his personal use while providing falsified account statements to his customers. Sledziejowski, a Polish-born investment manager, and his firm TWS Financial, catered to the Polish investment community in Brooklyn, and all of his victims were natives of Poland. On November 9, 2012, TWS Financial filed an application to withdraw its broker-dealer registration.

In its [complaint](#), FINRA alleges that between June 2009 and August 2012, as part of his scheme, Sledziejowski instructed the customers to wire funds from their bank accounts or brokerage accounts to Innovest Holdings LLC, a company wholly owned and controlled by Sledziejowski, separate from the broker-dealer, which, in turn, owned TWS, for various purported investment purposes, including acquiring a Polish bank and buying stock in a vodka company. In other instances, Sledziejowski wired funds directly from the customers' TWS brokerage accounts to Innovest Holdings without their knowledge or consent. In order to mask his misconduct, Sledziejowski provided customers with falsified account statements or "account snapshots," which were fictional accounts of their holdings in their TWS brokerage accounts or the values of those accounts. Additionally, when some of his customers raised questions about the value of their brokerage accounts or sought to withdraw funds from their accounts, Sledziejowski wired funds from Innovest's bank accounts back to their bank or brokerage accounts. To date, more than \$3 million of the customers' funds remain unaccounted for. Sledziejowski also refused to comply with FINRA's request to appear for testimony to answer questions related to the misconduct in question.

Under FINRA rules, the individuals and firms named in a complaint can file a response and request a hearing before a FINRA disciplinary panel. Possible sanctions include a fine, an order to pay restitution, censure, suspension or bar from the securities industry. The 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.