Disciplinary and Other FINRA Actions

Firms Fined, Individuals Sanctioned

Goldman, Lass Securities (CRD® #2029, Yonkers, New York) and Barry Sheldon Lass (CRD #303177, Registered Principal, Dobbs Ferry, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $10,000 and required to retain an independent consultant to conduct a comprehensive review of the adequacy of the firm's policies, systems and procedures (written and otherwise) relating to the violations cited below, and conduct a follow-up review one year later. After each review, Lass must certify to FINRA in writing that the consultant has confirmed that the firm has addressed the rule violations and has systems and procedures in place to achieve compliance with the rules referenced in the AWC. FINRA imposed a lower fine after it considered, among other things, the firm's revenues and financial resources. Lass was fined $7,500 and suspended from association with any FINRA member in any principal capacity for 30 days.

Without admitting or denying the findings, the firm and Lass consented to the described sanctions and to the entry of findings that for roughly four years, the firm, acting through Lass, maintained its omnibus account at another FINRA-regulated broker-dealer that cleared its customer business on a fully disclosed basis through a different firm. The firm utilized the omnibus account to process all customer transactions and Lass' personal trades. The findings stated that the firm, acting through Lass, failed to have a clearing agreement with the other firm and thus failed to instruct it to maintain physical possession and control of the securities held in the account free of any charge, lien or claim of any kind in favor of such carrying broker. By maintaining an omnibus account without a clearing agreement, the firm's omnibus account was not a valid control location and, as a result, the firm failed to maintain a control location for certain customer securities. The findings also stated that for roughly two years, the firm, acting through Lass, improperly commingled customer and non-customer funds in its omnibus account. The firm sent customers account statements that failed to include security movements or money balances or account activity for each customer whose account had such activity since the last statement was sent to the customer. The firm failed to send certain customers quarterly account statements in a timely manner, and in other instances failed to send quarterly statements to customers. The firm also sent customers account statements that failed to advise the customers to promptly report inaccuracies or discrepancies in their account, and failed to notify the customers that any oral communications should be re-confirmed in writing to further protect the customers' rights, including rights under the Securities

Reported for May 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).

Investor Protection Act (SIPA). The findings also included that the firm, through Lass, failed to have procedures, including written procedures, to conduct a quarterly security count of the securities located in the firm's office vault and did not reconcile the securities in the vault with its stock record. The firm, through Lass, inaccurately computed its customer reserve formula and filed inaccurate customer reserve formula computations with FINRA so that for two years, it had insufficient funds in its customer reserve bank account. The firm did not have procedures to make daily determinations of the number of customer fully paid and excess margin securities, and did not create or maintain records evidencing instructions that the firm provided to its introducing broker-dealer to segregate customers' fully paid and excess margin securities.

FINRA found that for approximately two years, the firm's records were not current and accurate, and in one instance overstated its net capital and excess net capital. As a result of the firm's failure to maintain accurate books and records, it sent inaccurate account statements to customers and failed to reconcile its stock record with its clearing firm's account statement. The firm failed to segregate or identify customer fully paid-for and excess margin securities as required. FINRA also found that for two years, the firm failed to send monthly account statements to customers that had option activity in their account during the course of the month, as required, and sent account statements that failed to include information. The firm failed to provide customers with the website address and phone number of the Securities Investor Protection Corporation (SIPC). In addition, FINRA determined that one year, the firm's records failed to properly designate the account type as margin or cash; failed to compute equity, market value and the margin requirement on a daily basis for margin customers, failed to have procedures to compute the customer secured, partly secured and unsecured balances as required; and failed to file the required margin extensions for customer cash purchases. One year, the firm failed to prepare a reconciliation of its money and security positions, so it was unable to identify and resolve short security differences in some securities in the amount of $8,349 and a favorable difference of $25,831 between its records and those of its clearing firm.

The suspension was in effect from April 15, 2013, through May 14, 2013. (**FINRA Case #2009019859801**)

KJM Securities, Inc. (CRD #20277, Bronxville, New York) and Kosta John Moustakas (CRD #1171093, Registered Principal, Bronxville, New York) submitted an Offer of Settlement in which the firm was censured, fined $20,000 and ordered to pay $14,424.16, plus interest, in restitution to a customer. FINRA imposed a lower fine after considering, among other things, the firm's revenues and financial resources. Moustakas was fined $5,000 and suspended from association with any FINRA member in any financial and operations principal (FINOP) capacity for 20 business days. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that the firm charged excessive markups and markdowns on municipal bond transactions that, taking into consideration all relevant circumstances, were not fair and reasonable.

The findings stated that the firm, acting through Moustakas as its FINOP, used the instrumentalities of interstate commerce to conduct a securities business while failing to maintain its required minimum net capital. The findings also stated that the firm failed to establish and maintain a supervisory system and establish, maintain and enforce written supervisory procedures (WSPs) reasonably designed to achieve compliance with the requirements of FINRA rules and the federal securities laws concerning the process of determining appropriate markups and markdowns for transactions involving municipal bonds, net capital compliance, and the firm's financial records and reporting obligations. The findings also included that the firm failed to develop and implement a reasonably designed Anti-Money Laundering Compliance Program (AMLCP). For more than three years, the firm failed to ensure compliance with the Bank Secrecy Act (BSA) by failing to enforce its procedures requiring the firm to review all Section 314(a) requests that it received from the Financial Crimes Enforcement Network (FinCEN). The firm failed to conduct an adequate independent test of its AMLCP for two years. The firm's tests for both years were, at best, cursory in nature, and the firm failed to provide for independent testing. The firm's AMLCP improperly provided that the test would be conducted jointly by Moustakas and an independent third party; however, independent testing cannot be conducted by the person who performs the functions being tested or by the Anti-Money Laundering Compliance Officer (AMLCO). Moustakas participated in both tests, and the third-party tester relied on Moustakas to perform significant portions of the testing. For each of the two years, Moustakas selected the documents to be reviewed by the third party conducting the test. By selecting the documents for review, and therefore defining the scope of the test, Moustakas compromised the independence, effectiveness and adequacy of the test. The third party failed to review account applications and customer files, and failed to visit the firm to conduct the AML test. The test failed to determine whether AML training was provided to firm personnel, the adequacy of any such training, ascertain whether the firm had been responding to information requests issued by FinCEN, and did not provide for a reasonable review of the firm's Customer Identification Program (CIP).

FINRA found that the firm permitted individuals to be registered as general securities representatives through the firm without conducting any securities business. The individuals did not conduct any securities business at the firm, did not have any specific responsibilities, did not conduct any work requiring registration, and did not receive any compensation or other payments from the firm. FINRA also found that the firm filed a Financial and Operational Combined Uniform Single (FOCUS) Report that was materially inaccurate in that it reported that the firm's annual income from transactions involving municipal bonds was $0, when in fact, the firm had earned approximately $75,069.05 from such transactions that year. In addition, FINRA determined that the firm transacted a securities business but failed to make and keep current a general ledger and trial balance.

The suspension was in effect from April 15, 2013, through May 10, 2013. (**FINRA Case #2010020842401**)

Firms Fined

ABG Sundal Collier Inc. (CRD #30605, 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 transmit numerous Reportable Order Events (ROEs) to the Order Audit Trail System (OATS™) that it was required to transmit, and transmitted reports to OATS that contained inaccurate Sent to Firm market participant identifiers (MPIDs). The findings stated that the firm failed to enforce its WSPs, which specified that it would conduct a weekly review of the OATS Web Interface. (**FINRA Case #2011029689601**)

American Enterprise Investment Services Inc. (CRD #26506, Minneapolis, Minnesota) 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 failed to accurately report most changes to its customer positions to the Securities Industry Automation Corporation (SIAC)/ Options Clearing Corporation (OCC) Large Options Position Report (LOPR), in that the firm caused trade quantities, rather than position quantities, to be reported to LOPR. The firm failed to report one position to the OCC LOPR for 11 consecutive trading days. The findings stated that the firm failed to accurately report to the OCC LOPR thousands of Social Security numbers or tax identification codes, account names, street address information and expiring options positions. The firm failed to accurately report accounts to the LOPR under common control or acting-in-concert that should have been linked for purposes of in-concert reporting. The findings also stated that the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with rules governing the reporting of large options positions. (**FINRA Case #2010021601201**)

BNP Paribas Prime Brokerage, Inc. (CRD #24962, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to promptly file with FINRA the complaints for all of its securities-related civil litigation matters of which it had notice. (**FINRA Case #2011025773301**)

BNP Paribas Securities Corp. (CRD #15794, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $45,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data. The firm submitted incorrect account type codes of "R" on some reports and failed to submit a "Not Held" special handling code on some other reports. The findings stated that the firm failed, within 90 seconds after execution (for conduct prior to November 1, 2010) or within 30 seconds after execution

(for conduct on or after November 1, 2010), to transmit to the FINRA/NASDAQ Trade Reporting Facility® (FNTRF) last sale reports of transactions in designated securities, and failed to designate through the FNTRF some of the last sale reports as late. The findings also stated that the firm failed to report transactions in Trade Reporting and Compliance Engine® (TRACE®)-eligible securities to TRACE within 15 minutes of execution time. (**FINRA Case #2011026157801**)

Boenning & Scattergood, Inc. (CRD #100, West Conshohocken, Pennsylvania) 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 reported short interest positions when it should not have reported any short interest position for these securities. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with FINRA and NASD rules regarding short-interest reporting. (**FINRA Case #2009017884601**)

BTG Pactual US Capital, LLC (CRD #149486, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $20,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that while conducting a securities business, it failed to maintain its minimum net capital required by Securities Exchange Act Rule 15c3-1. The findings stated that the firm filed a notification with FINRA and the SEC pursuant to SEC Rule 17a-11(b) to report these deficiencies. (**FINRA Case #2012030409001**)

Commonwealth Australia Securities LLC (CRD #136321, 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 corporate bond transactions it had not reported. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it executed TRACE-eligible trades in U.S. dollar-denominated corporate bonds, in each transaction acting as an agent for a foreign affiliate that was doing business with institutional counterparties in the United States pursuant to SEC Rule 15a-6. The findings stated that although the affiliate issued the trade confirmation to the counterparty, the firm executed the trades. In the mistaken belief that it did not act as a party to the transaction, the firm did not report these trades to TRACE. (**FINRA Case #2012030411501**)

Daiwa Capital Markets America Inc. (CRD #1576, New York, New York) 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 FINRA's Risk Oversight and Operational Regulation Department (ROOR) conducted a Financial/Operational and Sales Practice cycle examination of the firm. The findings stated that the examination included a review of the firm's compliance with Rule 204T and Rule 204 of Regulation SHO, which disclosed

instances involving short sales of a stock where the firm did not properly comply with the close-out requirement of Rule 204T(a). The firm did not close out continuous net settlement system (CNS) fail-to-deliver positions originating from proprietary short sales of the stock by the beginning of regular trading hours on the settlement days following the settlement dates (T+4) as required. The firm covered the short positions late. The findings also stated that ROOR conducted another cycle examination, which included a review of the firm's fail-to-deliver close-out procedures. The review disclosed that the firm did not close out a CNS fail-to-deliver position originating from the proprietary short sale of a stock by the beginning of regular trading hours on the settlement day following the settlement date (T+4). The firm borrowed the shares to cover the short position three days late. (**FINRA Case #2010023687701**)

Fordham Financial Management, Inc. (CRD #20996, New York, New York) submitted an Offer of Settlement in which the firm was censured and fined $50,000. FINRA imposed a lower fine in this case after it considered, among other things, the firm's revenues and financial resources. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to file a Restricted Period Notification Form in connection with a private placement offering it commenced on a company's behalf. The findings stated that the offering was a distribution within the meaning of SEC Regulation M, Rule 100 and, therefore, it was subject to the requirements of the regulation and of FINRA Rule 5190(c). The firm's registered representatives who made trades were unaware that solicitation was not permitted in the stock because they were never informed that the security was subject to restriction; the firm had not placed the stock on its restricted list. When the offering was ceased following discovery by the firm's outside counsel of the firm's failure to file the Restricted Period Notification Form, the firm, through its agent and employees, improperly solicited customer purchases, and a firm registered representative improperly made purchases of the stock for his own account. The findings also stated that for two years, despite the existence of a field to capture the information in the firm's electronic trading system, the firm failed to record the receipt time of customer orders. As implemented by the firm's AMLCO, the firm's AML policies, procedures and internal controls were not reasonably designed to achieve compliance with the BSA and its implementing regulations. The firm, through its AMLCO, failed to establish and adequately implement its CIP, in that it failed to document that it had obtained certain required pieces of information to verify the customer's identity in some accounts, had performed any verification of the customer's identity at all in some accounts sampled and had performed the required non-documentary verification for some accounts. The firm failed to establish and enforce an adequate AMLCP and failed to provide for annual independent testing for compliance with its AML obligations. The findings also included that the firm failed to timely report to FINRA, or failed to report at all, customer complaints no later than the 15th day following the end of the calendar quarter in which those complaints were received. The firm improperly permitted options trading before an options account was in place and before the account could be approved for options trading, and failed to retain completed copies and obtain essential information contained on customer Client Option Agreements for customers.

FINRA found that the firm failed to establish, maintain and enforce WSPs reasonably designed to achieve compliance with SEC Regulation M, Rules 100 through 105, and FINRA Rule 5190. The firm failed to enforce WSPs to supervise its registered representatives. The firm failed to conduct transaction and account statement reviews, and did not keep any records or other evidence of any reviews. FINRA also found that the firm placed a registered representative on heightened supervision for six months to address sales practice concerns but failed to extend its heightened supervision even though the representative received customer complaints during that six months, including some for unauthorized trading. The firm also failed to establish a heightened supervision plan for another registered representative who had an extensive history of regulatory actions and customer complaints, and failed to establish and enforce heightened supervision. The firm failed to enforce WSPs reasonably designed to supervise its registered representatives' activities. In addition, FINRA determined that the firm's chief executive officer (CEO) was required to sign annual chief executive officer certifications on the firm's behalf, certifying the firm's compliance with written policies and WSPs, but he failed to sign such certifications for two years. (**FINRA Case #2008011743303**)

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 $20,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data. The firm failed to submit to OATS information for one or more executions, submitted an inaccurate order entry time to OATS, submitted an inaccurate account type code of "P" to OATS for a customer order, and submitted an inaccurate order entry time to OATS and failed to submit cancellation information to OATS for an execution. The findings stated that the firm erroneously submitted a duplicate non-tape report to the FNTRF with the .RX modifier. (**FINRA Case #2009017007402**)

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 $39,000. 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 the correct contra-party's identifier for some S1 transactions in TRACE-eligible securities, and failed to report to TRACE the correct trade execution time for some P1 transactions in TRACE-eligible agency debt securities. The findings stated that the firm failed to show the correct execution time on brokerage order memoranda. (**FINRA Case #2011026827001**)

Guggenheim Securities, LLC (CRD #40638, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to send quarterly account statements to institutional deliver-versus-payment and receive-versus-payment accounts when it did not have written consent from the accounts for the suspension of account statement deliveries. The findings stated that the firm failed to deliver to certain of its institutional customers'

trade confirmations for transactions in either debt securities or equities. The findings also stated that during the same period, the firm delivered to certain of its institutional customers trade confirmations for transactions in debt securities that lacked certain disclosures and information required by SEC Rule 10b-10. The firm provided affected customers with account statements and corrected trade confirmations after discovering the delivery problems. (**FINRA Case #2012032566801**)

Howe Barnes Hoefer & Arnett, Inc. (CRD #2240, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $22,500. Without admitting or denying the findings, the firm consented to the entry of findings that it transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data. The findings stated that the firm failed to properly disclose all pertinent information to customers on customer confirmations. The firm incorrectly disclosed reported trade prices and failed to properly disclose the appropriate compensation for principal/riskless transactions, failed to properly disclose the appropriate compensation for principal/riskless transactions, failed to disclose that it acted in a principal capacity on a confirmation, and failed to properly disclose the appropriate compensation for a riskless transaction. (**FINRA Case #2010021592901**)

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 $125,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it permitted managing directors in its U.S. Investment Banking Division to perform functions requiring a Series 79 Limited Representative-Investment Banking registration while they were not registered with FINRA in that capacity. The findings stated that all the individuals engaged in activities requiring Series 79 registration including, *inter alia*, working with the firm's investment banking teams to, among other things, advise on potential investment-banking transactions. The findings also stated that the U.S. Investment Banking Division' WSPs pertaining to registration in effect required that all employees take all applicable licensing exams promptly. The firm's supervisors were required to periodically review quarterly reports to confirm that all team members hold appropriate licenses and are properly registered in each state in which they are conducting investment-banking business. The firm knew that the managing directors needed to obtain a Series 79 registration when they joined the firm, but failed to ensure compliance with the registration rules. Significantly, the firm did not require one of the managing directors to take the Series 79 licensing examination until after FINRA started inquiring about his registration status, which was some 10 months after FINRA denied the firm's request for a registration waiver on the managing director's behalf. (**FINRA Case #2011027800601**)

Knight Libertas LLC (CRD #124790, Greenwich, 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 it failed to report the correct contra-party's identifier

to TRACE in transactions in TRACE-eligible corporate debt securities, and failed to report transactions in TRACE-eligible corporate debt securities to TRACE. The findings stated that the firm failed to report transactions in TRACE-eligible corporate debt securities within 15 minutes of the execution time and failed to report the correct trade execution time for the transactions to TRACE. The findings also stated that the firm failed to show the correct execution time on electronic order memoranda. The findings also included that the firm failed to report information regarding purchase and sale transactions effected in municipal securities to the Real-time Transaction Reporting System (RTRS) in the manner prescribed by Municipal Securities Rulemaking Board (MSRB) Rule G-14 RTRS Procedures and the RTRS Users Manual; the firm failed to report information about such transactions to an RTRS Portal within 15 minutes of trade time. (**FINRA Case #2009020198601**)

M.D. Sass Securities, L.L.C. (139760, New York, New York) 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 distributed marketing materials that contained misleading descriptions of fund investment objectives. Certain of the investment objectives appearing in the communications that it distributed exceeded or failed to accurately capture the stated objective in the applicable private placement memorandum (PPM). The findings stated that the firm distributed marketing materials that contained unsubstantiated and exaggerated claims, misled by containing presentations or statements that were promissory of investment success or failed to reflect the inherent risks associated with investing in funds being promoted, contained unwarranted presentations in that the fund model provided did not have any relevance or correlation to the actual fund that the model was promoting, and/or contained a false and misleading statement regarding the funds. Certain statements were reiterated due to the recurring nature of the communications. The firm distributed marketing materials regarding funds that contained unwarranted performance projections, and failed to provide material disclosure regarding the risks of investing in the hedge fund(s) and/or hedge fund strategies being discussed. The findings also stated that the risk disclosures contained in the communications were not clear and transparent statements of risk, particularly when compared to the disclosures in the relevant PPMs. The firm distributed at least one fact sheet that provided contradictory fund inception dates and distributed varieties of marketing materials that failed to provide a sound basis for evaluating certain of the information presented. Many contained a variety of violations that were continually reiterated as a result of the cyclical nature of the communications. (**FINRA Case #2009018187701**)

Merrill Lynch, Pierce, Fenner & Smith Incorporated (CRD #7691, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $150,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted ROEs to OATS that OATS rejected for content or syntax errors and were repairable, but the firm failed to repair some of the rejected ROEs so it failed to transmit them during the review period. The

findings stated that the firm transmitted Execution or Combined Order/Execution Reports to OATS that contained inaccurate reporting exception codes, failed to report Execution or Combined Order/Execution Reports, and transmitted Execution or Combined Order/Execution Reports to OATS it was not required to report. Because of the inaccurate, missing or improperly formatted data in the reporting exception codes, OATS was unable to link the execution reports to the related trade reports in a FINRA trade reporting system. The findings also stated that the firm transmitted reports to OATS that did not include the special handling code NH for not-held limit orders. The findings also included that the firm failed to transmit all of its ROEs to OATS for more than a year for a secondary market participant identifier. The firm failed, within 90 seconds after execution, to transmit numerous last sale reports of transactions in designated securities to the FNTRF, and failed to accept or decline in the FNTRF transactions in reportable securities within 20 minutes after execution, approximately 49 percent of all transactions the firm had an obligation to accept or decline during the time period. FINRA found that the firm failed to timely report to the FNTRF by 8 p.m. Eastern Time transactions that required an .RX modifier and also failed to report transactions with an .RX modifier it was required to report. FINRA also found that the firm incorrectly reported itself as a market maker in last sale reports of transactions to the OTC Reporting Facility. In addition, FINRA determined that the firm failed to report transactions in TRACE-eligible securities it was required to report to TRACE and also reported transactions it was not required to report. (**FINRA Case #2008014636301**)

Newport Coast Securities, Inc. (CRD #16944, 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 enforce its WSPs, which provided that the firm would maintain a restricted list of securities. The firm prohibited trading of any stock on the restricted list absent written permission from its compliance department. The firm's procedures further provided that it would monitor daily trading to identify transactions in securities of issuers on the restricted list and take action as necessary, which might include inquiring regarding the solicited or unsolicited nature of transactions, canceling transactions or taking other appropriate action. The findings stated that securities from issuers were on the firm's restricted list but the firm failed to monitor trading adequately to ensure that transactions did not occur in restricted list securities absent the requisite written permission. The firm failed to identify and take action in transactions involving restricted-list securities, which were completed without written permission. (**FINRA Case #2010021283501**)

Nomura Securities International, Inc. (CRD #4297, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $75,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it submitted short interest position reports to NASD®, later FINRA, that included short interest positions that should not have been reported because the positions had not resulted from short sales as defined by Rule 200(a)

of Regulation SHO. The practices that led to the firm's inaccurate short interest reports dated back almost nine years. The findings stated that in its short interest report for a settlement date, the firm included a short interest position of shares in an incorrect symbol for the firm's position. The findings also stated that for two years, the firm's WSPs did not provide for supervision reasonably designed to achieve compliance with certain aspects of its business and applicable securities laws and regulations, or NASD rules, specifically concerning NASD Rule 3360. The firm also failed to adequately supervise its productions of documents and information to the staff in connection with FINRA's investigation. (**FINRA Case #2008015149801**)

NYPPEX, LLC (CRD #47654, Rye Brook, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $10,000, and required to review its supervisory systems and WSPs regarding due diligence into private offerings and the secondary sale of limited partnerships for compliance with FINRA rules and federal securities laws and regulations. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish and maintain a supervisory system and WSPs reasonably designed to ensure that it conducted adequate due diligence into private offerings and the secondary sale of limited partnerships. The findings stated that the firm did not have any WSPs regarding its role as a finder in private offerings. As a result, the firm intended to act in the role of a finder with respect to offerings, while one of the firm's representatives recommended the investments to customers, conduct that is inconsistent with the role of a finder. The findings also stated that with respect to the firm's role in the secondary sale of limited partnerships, its procedures stated that it would not exercise any due diligence of the Regulation D private offerings that it offered to customers because of its limited role in the transactions as a matching service. The firm acted as more than merely an introducing party by directly contacting selected customers regarding the transactions. As a result, the firm was required to conduct reasonable due diligence into the offerings. (**FINRA Case #2011025563801**)

Orion Trading, LLC (CRD #43932, Orlando, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $50,000. FINRA imposed a lower fine after considering, among other things, the firm's revenues and financial resources. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it participated in the sale of shares of low-priced stock of issuers for customers, which generated proceeds of approximately $385,000 for the customers. The shares of stock were neither registered with the SEC nor exempt from registration. The findings stated that despite the questionable circumstances surrounding the transactions, the firm failed to conduct a searching inquiry to ensure that the sales did not violate Section 5 of the Securities Act of 1933. The findings also stated that a registered representative completed Deposited Securities Request (DSR) forms and submitted them to the firm, which failed to ensure the information was accurate and consistent and did not raise any red flags. Instead, the firm relied on the representative to obtain all relevant information and documentation and determine that the shares were either registered or

exempt from registration. The firm failed to reasonably supervise the sale of unregistered shares of low-priced stock of the issuers on the customers' behalf. The findings also included that the firm was responsible for establishing and maintaining a supervisory system, including WSPs, to ensure compliance with all applicable securities laws, including Section 5 of the Securities Act of 1933. The firm failed to have procedures in place designed to prevent the sale of unregistered securities that were not exempt from registration, and failed to establish an adequate supervisory system to ensure that unregistered securities were freely tradable.

FINRA found that the firm's WSPs in effect required the firm to review transaction information, as well as information and reports its clearing firm provided, in an effort to spot red flags of suspicious activity that might be indicative of money laundering. The procedures required the firm to file SARs when certain questionable activities were identified, including trading or journaling between/among accounts; late-day trading; heavy trading in low-priced securities; unexplained wire transfers, including those to known tax havens; and large deposits of funds or securities. The firm failed to identify, document and take appropriate steps with regard to certain red flags and suspicious activity in accounts involving some customers. Therefore, by failing to identify and investigate suspicious activity, and, where appropriate, file a SAR, the firm failed to implement and enforce an adequate AML program. (**FINRA Case #2009019534204**)

Quantlab Securities LP (CRD #119955, Houston, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $42,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to transmit all of its ROEs to OATS on numerous business days that it was required to transmit. The findings stated that the firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its WSPs concerning OATS reporting. The firm failed to provide evidence it conducted a monthly review of OATS report cards. (**FINRA Case #2011029695201**)

Range Global LLC fka Blue Trading, LLC and Navpoint, LLC (CRD #104393, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $150,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish and implement policies and procedures reasonably expected to detect and cause the reporting of suspicious activities occurring at a branch where the business primarily involved customers depositing large blocks of thinly-traded securities in certificate form and then liquidating those positions and wiring out the proceeds. The firm failed to conduct due diligence and obtain the required certification for a foreign correspondent account opened at that branch. The findings stated that the firm's AML procedures required it to monitor and investigate suspicious activity and file SARs if appropriate. The written AML procedures also required the firm to review trading on a spot basis and identify red flags signaling possible money laundering or terrorist financing. Upon detecting any

red flag, the firm was required to conduct an investigation. The firm failed to detect and cause the reporting of suspicious activity at the branch involving the deposit and sale of approximately 7.3 billion shares of securities in accounts held by some customers for proceeds of approximately $2.6 million. According to the firm's written AML procedures, the firm did not maintain foreign correspondent accounts although its AML procedures required it to detect correspondent accounts for unregulated foreign shell banks by requesting that they submit all corporate documents and a certificate of filing from the jurisdiction with which they are registered. The written AML procedures also required the firm to determine whether any correspondent account is maintained for a foreign bank that operates under offshore licenses or under a banking license issued by certain jurisdictions. The firm opened a correspondent account at the branch for a foreign bank but failed to detect the existence of the account and failed to conduct any due diligence, including assessment of AML risks. The firm also failed to obtain the required certification within 30 calendar days after the account was opened. The findings also included that the firm sold approximately 1.6 billion unregistered shares of stocks from customers' accounts, generating proceeds of approximately $848,000. The firm failed to perform an adequate inquiry into the registration or exemption status of the unregistered shares deposited into and sold from customer accounts. Instead, the firm improperly relied on the absence of restrictive legends on the stock certificates, thus failing to ascertain the facts necessary to determine whether the shares were exempt from registration requirements and executed numerous sales of unregistered securities, thereby participating in and facilitating the unregistered distribution of the shares. The findings also included that the firm's WSPs failed to adequately address penny stock transactions or sales of unregistered securities, and failed to adequately address the firm's other business activities, including supervision of Offices of Supervisory Jurisdiction (OSJs) and branch offices, borrowing and lending money between firm registered persons and firm customers, review of correspondence, continuing education, annual compliance meetings, outside business activities and private securities transactions.

FINRA found that the firm failed to test and verify that its supervisory control policies and procedures were reasonably designed to detect and prevent manipulative and fraudulent trading activity, and annual reports failed to address the business at the one branch. The firm was unable to provide documentation of its Rule 3012 verification reports that it conducted testing on employees' attestations relating to insider trading, outside business activities and outside securities accounts. The firm failed to ensure that its system of supervisory controls was reasonably designed to review and supervise customer account activity conducted by producing branch managers at the firm, and reasonably designed to provide heightened supervision over the producing manager's activities at the one branch. FINRA also found that the firm failed to supervise the sale of unregistered securities from customer accounts. The firm had access to documents, including stock certificates, account statements and trade blotters that it received and/or reviewed or should have reviewed. The trading in the customers' accounts presented numerous red flags, which should have

led the firm to supervise the head trader and branch office manager at the one branch, but failed to take adequate measures to reasonably supervise the trader and allowed him to engage in these activities without adequate supervision. (**FINRA Case #2008016061803**)

Raymond James & Associates, Inc. (CRD #705, St. Petersburg, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $45,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it had fail-to-deliver positions at a registered clearing agency in an equity security that resulted from a long sale, and did not close the fail-to-deliver positions by purchasing securities of like kind and quantity within the time frame the SEC prescribed. The firm had a fail-to-deliver position at a registered clearing agency in an equity security that was attributable to market-making activities, and did not close the fail-to-deliver position by purchasing securities of like kind and quantity within the prescribed time frame. The findings stated that in instances involving one equity security, the firm accepted a short sale order from another person, or effected a short sale for its own account, without first borrowing the security or entering into a *bona fide* arrangement to borrow the security, and had a fail-to-deliver position at a registered clearing agency in such security that had not been closed out in accordance with the requirements of paragraphs (a) and (b) of SEC Rule 204T. The findings also 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 and quantity. The firm continued to have a fail-to-deliver position in the security for 19 settlement days while it was a threshold security, which it failed to close out when required. (**FINRA Case #2009017242101**)

Raymond James & Associates, Inc. (CRD #705, St. Petersburg, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $75,000, required to pay $25,603.28, plus interest, in restitution to customers, and to revise its WSPs regarding municipal securities fair pricing requirements. 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 transactions and of any securities exchanged or traded in connection with the transactions, the expense involved in effecting the transactions, the fact that the broker, dealer or municipal securities dealer is entitled to a profit, and the total dollar amount of the transactions. 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 MSRB rules concerning municipal securities fair pricing requirements. (**FINRA Case #2009018103201**)

R. F. Lafferty & Co., Inc. (CRD #2498, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $50,000 and required to review and revise, as necessary, its AML policies, procedures and internal controls to tailor them to its business model. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that its AML policies, procedures and internal controls were not reasonably designed to monitor for, detect and cause the reporting of suspicious transactions. The findings stated that the firm's AML systems and procedures failed to address the inherent risks associated with trading in the Over-the-Counter Bulletin Board (OTCBB) and Pink Sheet securities. Based on the nature and type of securities its customers traded, the firm should have had procedures to adequately monitor for, detect and report suspicious trading activity, but did not. The firm failed to implement its existing AML policies and procedures, which included relying on exception reports its clearing firm produced and monitoring customer account activity for unusual size, volume, pattern or type of transactions while taking into account risk factors and red flags appropriate to the firm's business. The firm did not conduct reviews of customer trading activities to reasonably detect any of the red flags of suspicious activity included in its procedures. In addition, the firm did not have a meaningful process for investigating suspicious activity and filing appropriate SARs, as the facts and circumstances required. The findings also stated that customers opened numerous personal and business accounts at the firm. The customers were consultants and advisers to companies encompassing a number of different business areas, including initial public offerings and capital structure. After the accounts were opened at the firm, the customers promptly transferred into their accounts millions of shares of penny stocks of issuers with questionable operating histories. The customers liquidated their positions and wired the proceeds from the accounts, liquidating approximately $7.3 million of penny stocks as a result of these sales. Further, while the customers were liquidating the stocks, suspicious Internet promotional campaigns touted the same securities. Despite the existence of specific red flags noted in its AML procedures, due to its failure to implement its AML policies and procedures, it did not detect the suspicious activities and consider whether it should have been investigated further and, if appropriate, reported as suspicious activity. (**FINRA Case #2009020281601**)

Samurai Trading, LLC (CRD #131851, 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 transmitted ROEs to OATS that OATS rejected for context or syntax errors and were repairable, but the firm failed to repair all of the rejected ROEs so it failed to transmit them to OATS during the review period. (**FINRA Case #2011029147501**)

Seattle-Northwest Securities Corporation (CRD #10639, Seattle, Washington) 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 inaccurately reported the M020 Special Condition Indicator to the RTRS in municipal securities transaction reports. (**FINRA Case #2011030289101**)

Southwest Securities, Inc. (CRD #6220, Dallas, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $77,500, ordered to pay $32,167.14, plus interest, in restitution to customers, and required to revise its WSPs regarding fair and reasonable pricing to customers in municipal bond transactions. 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. 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 MSRB rules concerning fair and reasonable pricing to customers in municipal bond transactions. The findings also stated that the firm failed to report some transactions in TRACE-eligible securities to TRACE within 15 minutes of execution time. (**FINRA Case #2009018102701**

Thomas Weisel Partners, LLC (CRD #46237, San Francisco, California) was fined $200,000. The sanction was based on findings that the firm failed to establish and maintain a supervisory system and procedures governing principal transactions the firm effected and that, as a result, transactions that had the potential to, and in fact did, pose a serious conflict of interest, were not subject to effective supervisory review. (**FINRA Case #2008014621701**)

United First Partners LLC (CRD #155456, London, United Kingdom) 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 while conducting a securities business, it failed to maintain its minimum net capital required by Securities Exchange Act Rule 15c3-1. The findings stated that the firm filed inaccurate FOCUS Part II monthly reports (including both an inaccurate original and an inaccurate amended FOCUS report) for two months. These inaccurate FOCUS reports understated the firm's liabilities, and as a result, overstated the firm's net capital position. The findings also stated that the firm failed to record certain outstanding expenses as liabilities of the firm in its financial books and records for two months. The findings also included that the firm overstated its net capital in computations provided to FINRA staff. (**FINRA Case #2012030440401**)

WFG Investments, Inc. (CRD #22704, Dallas, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $200,000 and required to review and revise, as necessary, its compliance with Section 5 of the Securities Act of 1933.

Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that an individual opened an account at the firm, told the firm that he had located multiple sellers who owned large amount of stock in a publicly traded company, and also had located buyers of the stock. The findings stated that the firm then opened new accounts for the anticipated buyers of the publicly traded company. For seven months, the firm executed the purchase and sale transactions as in-house agency crosses with related institutional buyers and individual customers who were referred to the firm for the purpose of buying shares from the individual. The firm did not solicit customers to purchase or sell shares of the company. In each instance, the individual separately negotiated with the purchasers the number of shares they would buy and the purchase price, sold the agreed-upon number of shares in an in-house agency cross transaction, and then, by settlement date, he transferred the exact number of shares to cover the sales transaction and wired all of the sales proceeds to a bank account in his company's name. The firm earned commissions of approximately $200,000 from these transactions. The findings also stated that the firm failed to conduct an independent inquiry to determine whether the shares deposited were freely tradable. The individual told the firm that he was selling the shares that belonged to multiple shareholders but would not disclose their identities. The individual deposited more than 3.5 million shares in separate transfers into his account over seven months, sold the shares promptly after each deposit, and then immediately wired all of the sales proceeds after each sale. Despite the presence of these red flags, the firm failed to undertake efforts to ascertain whether the stock could be properly sold. Without having obtained information regarding the facts and circumstances surrounding the individual's possession of the stock, the firm did not satisfy its duty to conduct a reasonable inquiry that is a crucial part of the brokers' exemption. The findings also included that the firm did not establish and maintain adequate supervisory systems and procedures reasonably designed to comply with Section 5. The firm's procedures were limited to a single section, filling less than two pages, on the sale of restricted or control securities pursuant to Rule 144. The procedures in essence re-stated the requirements or exemptions contained in the rule but did not provide for any supervisory structure to ensure compliance with Section 5. The procedures were also inadequate in setting forth the circumstances under which the firm should inquire into the registration or exemption status of shares in its customers' accounts. The procedures did not discuss a firm's obligation to engage in a searching inquiry before selling potentially unregistered securities when red flags were present that should have raised questions about the circumstances of the sales. The firm's compliance personnel incorrectly assumed that the company shares were automatically freely tradable, without restriction, because they were received into the customer account directly from a transfer agent. Finally, the person identified as having supervisory responsibilities at the firm for Section 5 compliance reviewed only securities that contained restrictions pursuant to SEC Rule 144 and never reviewed the company shares at issue. FINRA found that the firm failed to generate and preserve new account and related documents for customers who opened accounts at the firm during one month. (**FINRA Case #2010025332201**)

vFinance Investments, Inc. (CRD #44962, Boca Raton, Florida) 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 acted as the private placement agent for a placement of up to $5 million in convertible notes a company issued. Investors, some of whom were the firm's customers, invested a total of $5,950,000 in the private placement while the issuer was on the firm's restricted list for the duration of its participation in the offering. A number of customers were solicited to buy the issuer's stock while the firm was conducting the private placement in violation of Regulation M. The findings stated that the firm did not adequately supervise the purchases of stocks on the restricted list even though the firm's procedures required it to monitor purchases of securities of issuers on its restricted list, including those for which it was conducting offerings. The firm failed to adequately enforce the procedures and instead authorized customer purchases of the stock without conducting an adequate inquiry into the facts and circumstances surrounding those purchases, thereby failing to reasonably supervise activity in the issuer's stock in a manner reasonably designed to achieve compliance with Regulation M. The findings also stated that the firm failed to disclose involvement of a statutorily disqualified person who worked closely with firm employees in connection with the private placement, communicating directly with the firm's investment banking department and others. The findings also included that a registered representative involved in the solicitation of purchases of the stock used his personal email account to solicit purchases of stock and for other business purposes, and forwarded and addressed some of the emails to firm email addresses of other firm employees, including managerial-level employees. Other than emails sent to or from other firm employees, the firm's email system did not capture the representative's emails for retention and review even though the SEC had previously brought charges against the firm and its president for failing to capture, retain and produce emails sent to and from another firm employee who used an outside email account and instant messaging. The firm should have been on heightened awareness of its obligations to supervise the use of external email accounts. FINRA found that the firm did not create and implement procedures reasonably designed to review incoming and outgoing securities-related and investment banking-related correspondence, including electronic correspondence, so it did not adequately supervise employees' outside email accounts. (**FINRA Case #2009016160002**)

Individuals Barred or Suspended

Eileen Beth Appelblatt (CRD #3276058, Registered Representative, Manalapan, New Jersey) was fined $10,000 and suspended from association with any FINRA member in any capacity for 60 days. The fine shall be payable upon Appelblatt's return to the securities industry. Because the firm reimbursed the customer's losses, FINRA's Enforcement department did not seek, and the Hearing Officer did not award, restitution. The sanctions were based on findings that Appelblatt prepared an exception request form falsely representing that

she had verified a customer's wire transfer instructions by speaking with the customer and by verifying the customer's identity by voice recognition. The findings stated that Appelblatt falsely represented that she called the customer's phone number when she did not, falsely represented that she verified the customer's wire transfer instructions by voice recognition on a specific date and time when she did not, and falsely represented that the wire transfer recipients were the customer's relatives when she did not have any basis for such a representation. The findings also stated that Appelblatt falsely represented that the reason for the wire transfer and requested exception was for burial arrangements and travel expenses of the customer's relatives when she did not have any basis for such a representation. After Appelblat submitted the exception request, the wire transfers were processed and a total of $140,000 was wired out of the customer's account. The findings also included that the exception request was an inter-office memorandum relating to the member firm's business. Therefore, Appelblatt's preparation of the false exception request caused the firm to preserve and maintain false books and records.

The suspension is in effect from April 1, 2013, through May 30, 2013. (**FINRA Case #2011027186401**)

Joseph E. Barnas (CRD #4670017, Registered Principal, Staten Island, New York) submitted an Offer of Settlement in which he was fined $7,500 and suspended from association with any FINRA member in any capacity for five business days. Without admitting or denying the allegations, Barnas consented to the described sanctions and to the entry of findings that he sent emails to prospective customers regarding a 20-plus year treasury exchange-traded fund (ETF), which identified the purported price at which the ETF was currently trading and a price target for the ETF. The findings stated that, according to the ETF's prospectus, the fund did not seek to achieve its stated investment results over a period of time greater than one day. Some of Barnas' emails included time horizons for the price targets, contained impermissible projections and did not contain a basis for his projections. The findings also stated that Barnas sent emails to prospective customers with an attached document, which constituted sales literature, and were not approved by a registered principal of his member firm prior to use. The language in the body of the emails contained incomplete and oversimplified references that failed to provide a sound basis for evaluating the facts, failed to provide a balanced treatment of risks and potential benefits, failed to reflect the risk of fluctuating prices and uncertainty of return, and contained exaggerated or unwarranted claims. The attachment to the emails stated that the clearing firm provided unlimited protection through a private insurer. The statement footnoted that coverage did not protect against market fluctuations in the value of the underlying securities. The statement and footnote failed to disclose what the unlimited protection in fact covered.

The suspension was in effect from March 18, 2013, through March 22, 2013. (**FINRA Case #2010022764601**)

Stanley Babers Blackstone (CRD #1330480, Registered Principal, Lafayette, 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 Blackstone'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, Blackstone consented to the described sanctions and to the entry of findings that he engaged in an outside business activity by forming a limited liability company with another individual to serve as an intermediary between buyers/sellers of privately owned businesses. The findings stated that Blackstone, through his intermediary company, successfully completed business transactions, which resulted in fees earned by his company. Blackstone failed to give adequate notice to his firm of this outside business activity and his compensation, including failures to list the activity on firm questionnaires.

The suspension was in effect from March 18, 2013, through April 17, 2013. (**FINRA Case #2012033033301**)

Adorean Boleancu (CRD #4839991, Registered Representative, Napa, California) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity and ordered to pay $650,000, plus interest, in restitution to a customer. Without admitting or denying the findings, Boleancu consented to the described sanctions and to the entry of findings that he converted at least $650,000 from an elderly, widowed customer by issuing checks in the customer's name without her authorization and issuing those checks to others, including his girlfriend. The findings stated that the checks were drawn against the customer's home equity lines of credit that were opened shortly after Boleancu became her financial adviser. After Boleancu converted the funds from the lines of credit, he made unauthorized payments through the customer's checking account to pay interest accrued on the outstanding balances. The customer was an unsophisticated and inexperienced investor who relied completely on Boleancu's professional advice and experience for her investments and safekeeping of her financial assets. Boleancu was aware of her lack of experience and sophistication at the outset of their relationship. The findings also stated that Boleancu failed to comply with FINRA requests for documents and information. (**FINRA Case #2011030687701**)

Michael Peter Borci (CRD #5436457, Registered Representative, Apollo Beach, 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, Borci consented to the described sanction and to the entry of findings that in the course of an investigation, FINRA sought on-the-record testimony from him concerning whether he provided his member firm client with documents overstating that client's account value. The findings stated that FINRA sent Borci a written request for an on-the-record interview, but he failed to comply with the FINRA request. (**FINRA Case #2012032412801**)

Richard Reiss Borgner (CRD #1104666, Registered Principal, Seaford, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any principal capacity for 10 business days. In light of Borgner's financial status, a fine of $5,000 was imposed. The fine must be paid either immediately upon Borgner'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, Borgner consented to the described sanctions and to the entry of findings that as his firm's chief compliance officer (CCO), he was responsible for supervising the firm's filing and amending of Uniform Applications for Securities Industry Registration (Forms U4) or Uniform Termination Notices for Securities Industry Regulation (Forms U5) to ensure the accurate and timely reporting of customer complaints against its registered representatives. The findings stated that Borgner failed to implement an adequate supervisory system to ensure the filing of amended Forms U4 and U5 to disclose customer complaints. Borgner did not file amendments to registered representatives' Forms U4 or U5 to reflect customer complaints of unauthorized trading in customers' accounts when he believed that the customer initially approved and then canceled the transaction. On several occasions, Borgner failed to timely file amended Forms U4 and U5 to reflect customer complaints with compensatory damages of $5,000 or more. As his firm's CCO, Borgner was responsible for the registrations of the firm's associated persons, including ensuring that unregistered individuals did not perform functions at the firm that require registration. For more than a year, an unregistered and unpaid intern working for the firm performed work requiring registration. The individual conducted due diligence on a firm offering, where the firm was to act as a stock promoter for a publicly traded company, conducted by the firm's investment banking department, including drafting the advisory agreement and due diligence certificate. Although the individual was officially an unpaid intern at the firm, he received $2,000 from the initial $25,000 advisory fee, and expected to receive a grant of 15,000 shares of restricted stock as further compensation for his due diligence work. Although Borgner knew that the individual was unregistered, he nevertheless permitted him to perform duties that required registration. The findings also stated that Borgner failed to maintain and implement a supervisory system reasonably designed to prevent unregistered employees from performing functions requiring registration.

The suspension was in effect from March 18, 2013, through April 1, 2013. (**FINRA Case #2012032862401**)

Paul Eugene Brady III (CRD #1548539, Registered Representative, Carmel, Indiana) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for four months. The fine must be paid either immediately upon Brady'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, Brady consented to the described sanctions and to the entry of findings that he

had unsatisfied judgments that were entered against him totaling $45,405.41, while he remained registered with his firm, and failed to file an amended Form U4 to disclose the judgments. The findings stated that Brady completed and signed a Form U4 on which he denied that he had unsatisfied judgments or liens against him, which was false.

The suspension is in effect from March 18, 2013, through July 17, 2013. (**FINRA Case #2011027156601**)

Carl Samuel Bronstein (CRD #1777847, Registered Representative, Englewood, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for 30 days. In light of Bronstein's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Bronstein consented to the described sanction and to the entry of findings that FINRA Rule 13904 and FINRA Rule 9554 together are designed to ensure prompt resolution of disputes with and payment of amounts determined to be owed to customers. The findings stated that Rule 13904(j) states that all monetary [arbitration] awards shall be paid within 30 days of receipt unless a motion to vacate has been filed with a court of competent jurisdiction. Under Rule 9554, a registered person who does not pay an arbitration award may be subject to summary suspension of his or her license to be a registered representative until payment is made. A FINRA arbitration panel issued an award of $569,493.50 plus interest in favor of claimants and related family trusts against Bronstein. The claimants sought emergent relief in the Superior Court of New Jersey, Essex County, by Order to Show Cause to have the court summarily affirm the award. The findings also stated that Bronstein filed a Motion to Vacate the arbitration award to prevent implementation of FINRA Rule 13904 and FINRA Rule 9554. The motion provided reasons Bronstein claimed he needed more time before the motion could be heard. Bronstein requested the court to permit him to file an amended motion and brief, then give the plaintiffs 30 days to respond and allow Bronstein another 20 days to file a reply brief. If all were granted, oral argument would have been roughly six months later, despite the expedited process for consideration of arbitration awards provided under New Jersey law. After filing the motion, Bronstein made other attempts to postpone the hearing.

The suspension was in effect from April 15, 2013, through May 14, 2013. (**FINRA Case #2012032659401**)

Brian Michael Campbell (CRD #2297936, Registered Principal, Bayonne, New Jersey) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Campbell failed to respond completely to FINRA requests for information and documents regarding allegations that he improperly diverted commissions and fees belonging to a bank-affiliated corporation while he was associated with a member firm. (**FINRA Case #2010023065601**)

Greg John Campbell (CRD #4732999, Registered Representative, Ladue, Missouri) 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, Campbell consented to the described sanction and to the entry of findings that he misappropriated more than $1.7 million from his customers at his member firm, converted more than $1.35 million for his personal use and made unauthorized transfers of approximately $390,000 between customers' accounts. The findings stated that Campbell misappropriated funds by establishing a Loan Management Account (LMA) in a customer's name, in most instances without the customer's knowledge or consent. An LMA operated as a line of credit through which a customer could obtain loans collateralized by securities held in the customer's advisory account. Campbell then effected wire transfers directly from the customer's LMA to various third-party accounts servicing his personal debt, including a mortgage, an auto loan and a home-equity line of credit. In some instances, Campbell replaced converted funds by transferring funds between customers' accounts without their consent. Campbell effected the wire transfers by creating falsified letters of authorization on which he forged customers' signatures. To avoid detection, Campbell had customers' account statements delivered "care of" other, unrelated customers. The findings also stated that after Campbell left his firm and became registered with a new firm, he began misappropriating funds from customers' accounts at the new firm. Campbell misappropriated at least $532,000 from his new firm customers, converted $365,500 for his personal use and made unauthorized distributions of $165,500 between customers' accounts. Campbell converted funds by effecting wire transfers and individual retirement account (IRA) distributions directly from customers' accounts to firm brokerage accounts Campbell and his wife held. It was Campbell's practice to effect these transactions by creating falsified letters of authorization and IRA distribution requests on which he forged customers' signatures. To avoid detection, Campbell had customers' account statements delivered to residences he owned. (**FINRA Case #2012034193201**)

Brady James Castille (CRD #5295763, Registered Principal, Austin, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any principal capacity for 30 business days. In light of Castille's financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Castille consented to the described sanction and to the entry of findings that he was the CCO and designated supervisor of his member firm's owner and producing manager. The findings stated that Castille became CCO and the producing manager's supervisor although he did not have any prior experience in a supervisory or compliance role and had not received any relevant training. In fact, Castille had completed the Series 24 exam just prior to accepting the CCO and supervisor positions. The findings also stated that as the producing manager's supervisor, the firm's WSPs required Castille to review his trading activity and to ensure that the transactions were suitable and commissions and markups were reasonable. Castille failed to identify and follow up on red flags related to the excessive trading in the producing manager's accounts.

The suspension was in effect from March 18, 2013, through April 29, 2013. (**FINRA Case #2011025843302**)

Andrew Frederick Clark (CRD #4517768, Registered Representative, Englewood, Colorado) 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 two years. The fine must be paid either immediately upon Clark'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, Clark consented to the described sanctions and to the entry of findings that he and immediate family members were joint owners of a whole life, non-variable insurance policy. The findings stated that unbeknownst to Clark's family members (one of whom was a firm customer) Clark applied for a $45,000 loan from the policy. Clark signed the names of the family members on the loan application without their knowledge or consent. The loan was granted and the life insurance company disbursed a $45,000 check to Clark and his family members. The findings also stated that Clark endorsed the check in his personal capacity and by signing the names of the family members without their knowledge or consent. Clark used the loan proceeds for personal purposes, which constituted the misuse of customer funds as to the family member who was a firm customer, and the misuse of non-customer funds as to the remaining family member. The findings also included that Clark repaid the loan in full with interest.

The suspension is in effect from April 1, 2013, through March 31, 2015. (**FINRA Case #2011028905501**)

Wayne A. Curto (CRD #3220293, Registered Representative, Shelby Township, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Curto'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, Curto consented to the described sanctions and to the entry of findings that he was aware of liens, a civil judgment and his own bankruptcy filing, each of which he was required to disclose by updating his Form U4 within 30 days after each reportable event. The findings stated that Curto willfully failed to update his Form U4 within the required timeframe. Curto made the disclosures only after his firm discovered the liens and releases while preparing for his annual compliance review, and the firm prompted him on several occasions to update his Form U4. Curto did not report any additional liens or judgments on his Form U4 even though a civil judgment had been imposed. Curto filed a bankruptcy petition and was required to report that event within 30 days on his Form U4. Curto failed to update his Form U4 to disclose his bankruptcy petition until well after the 30-day period. The findings also stated that Curto was aware of the liens, unsatisfied civil judgments and the bankruptcy petition at the time they occurred. In light of that knowledge, Curto's failure to disclose them on his Form U4 was considered willful.

The suspension is in effect from April 1, 2013, through June 30, 2013. (**FINRA Case #2011029318501**)

Matt David Degenhart (CRD #5354510, Registered Representative, Orefield, 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, Degenhart consented to the described sanction and to the entry of findings that a client gave him a $2,500 check to earn more interest than what she was currently receiving to cover upcoming legal expenses. Degenhart requested the client leave the payee line of the check blank, made the check payable to himself, deposited it into his personal checking account and used the client's funds for his personal expenses, thereby converting her funds, without her knowledge or authorization. The findings stated that when the client informed Degenhart that she had received the bill from the attorney, Degenhart gave her a $2,597.09 cashier's check, which represented a return of $2,500 plus interest of approximately 1.6 percent. (**FINRA Case #2012035260201**)

Hans Christian Flinn (CRD #4457333, Registered Representative, Worthington, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Flinn consented to the described sanction and to the entry of findings that he was charged in a Common Pleas Court in Ohio with felony counts involving drug trafficking. The findings stated that Flinn failed to timely amend his Form U4 to disclose the material fact that he had been charged with felonies. Flinn pleaded guilty to one felony count involving drug trafficking. Flinn failed to timely amend his Form U4 to disclose the material fact that he had been convicted of a felony. The findings also stated that Flinn failed to respond to FINRA requests for information concerning, among other things, his criminal history and his untimely Form U4 disclosures. (**FINRA Case #2012033232401**)

Freddie Douglas Frazier (CRD #2499352, Registered Representative, Tucson, Arizona) 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 Frazier'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, Frazier consented to the described sanctions and to the entry of findings that after the departure of a former registered representative of Frazier's member firm, Frazier's supervisor asked him to identify which of the departed representatives' customers no longer had an active representative assigned to their accounts; and, to this end, Frazier printed out a list of orphan clients that the departed representative previously serviced. The findings stated that Frazier then began contacting these orphan clients to whom he explained that their former representative had departed from the firm and that he would be servicing their accounts going forward. Frazier asked them to sign a request for change of registered representative form, which designated him as their new representative. The

findings also stated that Frazier was unable to reach certain customers, and, when that occurred, in a number of instances he signed the customer's signature to the form without the customers' knowledge or consent. As the new registered representative, Frazier was able to access account information.

The suspension is in effect from March 18, 2013, through September 17, 2013. (**FINRA Case #2011028003701**)

Peter Richard Garabedian (CRD #3226600, Registered Representative, Selden, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Garabedian willfully failed to disclose material information regarding misdemeanor shoplifting charges and guilty pleas to these charges on his Form U4. The findings stated that Garabedian failed to respond to FINRA requests for information and documents in connection with its investigation of his criminal history. (**FINRA Case #2011029797001**)

Jeffrey Stephen Geraci (CRD #1839469, Registered Principal, Virginia Beach, Virginia) was suspended from association with any FINRA member in any capacity for two business days and ordered to pay $50,000, plus interest, in restitution to a customer. The sanctions were based on findings that Geraci made an unsuitable recommendation to a customer in that a bond offering's high-risk, speculative nature was fundamentally inconsistent with the customer's profile and the remainder of her portfolio. The findings stated that the bond was illiquid, leaving the customer without the ability to sell if a contingency arose and she needed funds. The findings also stated that Geraci ignored red flags visible in the circumstances regarding the offering; and although he read the PPM, he failed to heed its warnings of risk.

The suspension was in effect from March 18, 2013, through March 19, 2013. (**FINRA Case #2010023044101**)

Gregory Peter Hahn (CRD #5193657, Registered Representative, Webster, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $7,500 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Hahn'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, Hahn consented to the described sanctions and to the entry of findings that he had customers sign certain documents, such as risk disclosure forms, that were otherwise incomplete because the forms were missing information such as the date and dollar amount of the securities transaction. The findings stated that Hahn maintained those forms in his files for future use. On several occasions, Hahn used one of those blank pre-signed forms in connection with a transaction or transfer authorized by a customer. For example, Hahn inserted the dollar amount of the transaction and other information on a risk disclosure form that the customer had previously signed, and then he submitted

the form to his member firm. The findings also stated that the firm detected Hahn's use of blank pre-signed forms, and subsequently warned him about engaging in such conduct in the future. Following those warnings, Hahn used a blank pre-signed form in connection with one other authorized transaction.

The suspension is in effect from March 18, 2013, through September 17, 2013. (**FINRA Case #2012030971101**)

Albert Han (CRD #1984783, Registered Principal, Rancho Palos Verdes, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Han consented to the described sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose tax liens filed by the Internal Revenue Service (IRS) and the California Franchise Tax Board (CFTB). Upon FINRA's investigation, the firm became aware of these liens and amended Han's Form U4 to disclose additional IRS liens. Han received notice of the liens at his residential address in or around the time that the liens were recorded, and therefore, failed to timely amend his Form U4 to reflect those liens as required.

The suspension is in effect from April 1, 2013, through June 30, 2013. (**FINRA Case #2010025271001**)

Louis Leslie Hibbs (CRD #244953, Registered Representative, Sylvania, Ohio) submitted an Offer of Settlement in which he was censured and suspended from association with any FINRA member in any capacity for 90 days. In light of Hibbs' financial status, no monetary sanction was imposed. Without admitting or denying the allegations, Hibbs consented to the described sanctions and to the entry of findings that he willfully failed to timely update his Form U4 to reflect state and federal tax liens filed against him. The findings stated that Hibbs willfully failed to timely amend his Form U4 to reflect the disposition of a bankruptcy.

The suspension is in effect from April 1, 2013, through June 29, 2013. (**FINRA Case #2010025714601**)

Ralph William Hicks Jr. (CRD #1500855, Registered Representative, Albuquerque, New Mexico) 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 20 business days. The fine must be paid either immediately upon Hicks' 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, Hicks consented to the described sanctions and to the entry of findings that he disseminated advertising and sales literature to the public through Internet website videos, invitations to seminars and workshops, and letters concerning, among other things, bonus incentives. The findings stated that generally these materials related to seminars teaching attendees about equity index annuities

(EIAs) and how they compared to other investments. Hicks did not have a registered firm principal's prior approval before he distributed some of the advertising and/or sales literature and website videos. The findings also stated that certain of the advertising and sales literature presented oversimplified claims that omitted material information, or failed to provide a sound basis for evaluating the facts, and these communications also contained exaggerated, unwarranted or misleading statements or claims. Hicks presented EIAs favorably in comparison to other annuity types, yet he did not describe the risks and limitations of EIAs, such as their lack of liquidity due to surrender penalties, that guarantees associated with EIAs are subject to the issuer's ability to pay the claims, and limits posed by participation rates and interest rate caps. The materials contained incomplete comparisons of EIAs to other annuity types. Certain of the Internet videos contained customer testimonials, yet Hicks did not make the necessary required disclosures. The findings also included that Hicks failed to file with FINRA's Advertising Regulation Department, within 10 business days of first use or publication, advertising and sales literature that discussed registered investment companies.

The suspension was in effect from April 1, 2013, through April 26, 2013. (**FINRA Case #2010023789701**)

Ann Shirley Holman (CRD #2281738, Registered Principal, Dothan, Alabama) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $15,000 and suspended from association with any FINRA member in any capacity for five months. The fine must be paid either immediately upon Holman'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, Holman consented to the described sanctions and to the entry of findings that she became the trustee of a trust a firm customer had established. Holman was not an immediate family member and continued to serve as trustee for the customer until her retirement from her firm. The findings stated that Holman failed to provide prompt written notice to the firm regarding her appointment as trustee, contrary to her firm's policy that required employees to obtain the firm's prior written approval before serving as a trustee for anyone other than an immediate family member. Holman was asked during annual audits if she had received gifts over $100, and although the customer had given her gifts totaling $77,174, she falsely stated that she had not received gifts from a client greater than $100 during each audit. During annual audits and on outside business activity questionnaires, Holman falsely stated that she was not a trustee of a customer's trust.

The suspension is in effect from April 1, 2013, through August 31, 2013. (**FINRA Case #2011027273901**)

Kent Michael Houston (CRD #1514831, Registered Representative, Carlsbad, California) was fined $75,000 and suspended from association with any FINRA member in any capacity for three years. The NAC issued the decision on remand from the SEC for reconsideration of

the sanctions of the appealed decision. The sanctions were based on findings that Houston engaged in outside business activities by acting as a trustee, received compensation for his activities and failed to give his member firm written notice that he was engaged in outside business activities. Houston also completed firm forms in which he misrepresented that he had not accepted any appointment as trustee or successor trustee, despite having served as a trustee for more than four years. Houston attempted to conceal his trustee activities from his firm by intentionally completing disclosure forms inaccurately. Houston acted as a trustee for several years while receiving substantial compensation (more than $400,000) from the trust. Houston's outside business activities also involved a firm customer.

The sanctions were further based on the findings that Houston failed to fully respond to FINRA's requests for information and to appear for testimony regarding his sizeable withdrawals from a customer's trust account. Houston's refusal to provide investigative testimony impeded FINRA from determining whether Houston engaged in other serious misconduct such as misappropriation or conversion. FINRA had to exert extreme regulatory pressure in its fruitless effort to obtain Houston's testimony.

The decision has been appealed to the SEC and the sanctions are not in effect pending consideration of the appeal. (**FINRA Case #2006005318801**)

Raphael Huaman (CRD #5868404, Registered Representative, 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, Huaman consented to the described sanction and to the entry of findings that he misappropriated a total of $134,047.65 from different bank trust accounts at his member firm's affiliate. The findings stated that Huaman misappropriated the funds by having a colleague transfer money from the bank trust accounts to a separate affiliate account. Huaman requested and obtained checks drawn on these accounts made out to third-party payees and deposited the checks into his personal bank account. When the firm's affiliate confronted Huaman regarding the transactions, he admitted his misconduct and the firm terminated his employment. The findings also stated that Huaman failed to respond to FINRA requests for information. (**FINRA Case #2012034283301**)

Mark David Hurwitz (CRD #1549799, Registered Representative, Crystal Lake, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Hurwitz'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, Hurwitz consented to the described sanctions and to the entry of findings that he introduced a customer to the owner of a real estate company, and participated in the initial meeting between the customer and the company's owner, during which various investments were discussed. The findings stated that the customer subsequently invested

$500,000 in three-year general corporate obligation bonds of the company. These bonds were to pay an annual interest rate of 10 percent. Later, the company stopped making interest payments on the bonds and defaulted on its obligations. The findings also stated that Hurwitz did not provide written notice to his firm that he was participating in the sale of this security away from the firm, and did not receive the firm's written approval or acknowledgement for this sale.

The suspension is in effect from March 18, 2013, through June 17, 2013. (**FINRA Case #2012031504201**)

Joseph Hobdy Ireland (CRD #1716003, Registered Principal, Dallas, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $30,000 and suspended from association with any FINRA member in any capacity for one month. The fine must be paid either immediately upon Ireland'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, Ireland consented to the described sanctions and to the entry of findings that because he was the control person for his member firm and affiliated entities, he was responsible for ensuring that the representations and disclosures to customers were accurate and not misleading. The findings stated that the entities participated in oil-and-gas private placements of securities pursuant to Regulation D. The PPM for an acquisition program contained a representation that new wells were currently being drilled even though the number of wells actually drilled was less than what was represented in the PPM. The findings also stated that the offering materials for the acquisition program contained a limited partnership agreement. The partnership agreement contained a representation that financial statements for the partnership would be provided to the partners yearly. Financial statements, however, were not provided to the partners. The findings also included that during the acquisition program's offering, Ireland told his firm's registered representatives that $157,000 was being held in an account for distribution to investors. In turn, certain registered representatives told customers this information while soliciting investments in the program. Ireland subsequently decided instead to use that money to pay expenses associated with the oil-and-gas program in lieu of making a capital call to investors, so the $157,000 was not distributed to investors.

The suspension was in effect from April 1, 2013, through April 30, 2013. (**FINRA Case #2011030790301**)

Donahue Edwin Jones (CRD #1509740, Registered Principal, Okoboji, Iowa) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 60 days. The fine must be paid either immediately upon Jones' 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,

Jones consented to the described sanctions and to the entry of findings that he failed to immediately disclose his outside business activities to a member firm. The findings stated that Jones was a registered representative and principal of his firm, and because the firm was both a broker-dealer and an introducing commodities broker with the National Futures Association (NFA), his commodities business through the firm did not constitute an outside business activity while he was associated with that firm. The firm ceased operations and Jones had arranged to move his securities business elsewhere, and become a registered representative of another member firm that did not have a commodities-brokerage business. Jones and another former representative of his previous firm established a corporation, an introducing commodities broker with the NFA. Jones has been an officer and director of the corporation since its incorporation, and has been compensated as an independent contractor. The findings also stated that Jones did not immediately disclose his involvement with the corporation to his current firm. Jones completed a representative questionnaire of the firm and failed to correctly disclose his engagement with the outside business, as director and officer of the corporation, which was unrelated to the firm. Jones completed another representative questionnaire and answered the outside business activity question correctly by identifying his involvement with the corporation. Jones subsequently provided the firm with additional information about the corporation. The firm terminated Jones' registrations thereafter.

The suspension is in effect from March 18, 2013, through May 16, 2013. (**FINRA Case #2011029647202**)

William Michael Kiefer (CRD #1304880, Registered Representative, Fargo, North Dakota) was fined $15,000 and suspended from association with any FINRA member in any capacity for 90 days. The fine shall be due and payable if Kiefer should re-enter the securities industry. The sanctions were based on findings that Kiefer entered false information in his member firm's books and records when he executed mutual fund purchases for his customers. The findings stated that the false information misrepresented his customers' cumulative investment in mutual funds so as to qualify them for a discount, when, in fact, they were not actually entitled to the discount. Kiefer coded his customers' purchases to show that they had reached the $1 million breakpoint when, in fact, they had not. Kiefer executed numerous mutual fund purchases for customers in this manner. The customers purchased a total of $4,076,707.68 of mutual funds without front-end loads in transactions that should have included front-end load charges. Kiefer's firm and the mutual fund issuers were deprived of fees to which they were otherwise entitled.

The suspension is in effect from March 18, 2013, through June 15, 2013. (**FINRA Case #2009016691403**)

Jerome Scott Krause (CRD #1582647, Registered Representative, Menomonee Falls, Wisconsin) 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 two

months and ordered to pay $10,000, plus interest, in restitution to a customer. The fine and restitution must be paid either immediately upon Krause'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, Krause consented to the described sanctions and to the entry of findings that he borrowed a total of $51,000 from customers. The findings stated that when Krause borrowed monies from the customers, his firm's WSPs prohibited borrowing from customers. The firm did not have any knowledge of the loans until one of the customers informed it about her loan. Krause has repaid this customer. To date, Krause has repaid the other customer a total of $15,000 from the $25,000 he borrowed.

The suspension is in effect from March 18, 2013, through May 17, 2013. (**FINRA Case #2012031511501**)

Tai Tuan Lai (CRD #2758369, Registered Principal, Caledonia, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $7,500 and suspended from association with any FINRA member in any capacity for nine months. The fine must be paid either immediately upon Lai'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, Lai consented to the described sanctions and to the entry of findings that he borrowed a total of approximately $140,000 from a customer of his member firm who was a personal friend. The findings stated that Lai borrowed $40,000 from the customer, which he timely repaid with interest. Lai then borrowed $100,000 from the customer, of which he has only repaid $16,000. This loan was discharged in bankruptcy. The firm's policies expressly prohibited lending arrangements between its registered representatives and its customers. The findings also stated that Lai filed for bankruptcy but did not timely notify the firm, and his Form U4 was not timely updated as a result.

The suspension is in effect from March 18, 2013, through December 17, 2013. (**FINRA Case #2011027738901**)

Ronald Wayne Lankford (CRD #1751588, Registered Principal, Tampa, Florida) submitted an Offer of Settlement in which he was suspended from association with any FINRA member firm in any principal capacity other than as a FINOP (Series 27) and Introducing Broker-Dealer/FINOP (Series 28) for 18 months; suspended from association with any FINRA member firm in a principal capacity as a FINOP (Series 27) and Introducing Broker-Dealer/FINOP (Series 28) for one month; and ordered to re-qualify as a principal by passing the required examination(s) before re-associating with any member firm in that capacity. In light of Lankford's financial status, no monetary sanction has been imposed. Without admitting or denying the allegations, Lankford consented to the described sanctions and to the entry of findings that he was aware of and permitted the sales of unregistered promissory notes by his member firm's representatives, failed to ensure that the notes

were either registered or exempt from registration, and failed to ensure that all material facts were disclosed to investors who were offered and sold the promissory notes. The findings stated that when a preferred stock private placement offering began, Lankford, as his firm's president and CCO, was responsible for approving the private placements and for conducting due diligence, but failed to conduct adequate due diligence regarding the preferred stock offering to ensure that the PPM disclosed all material facts to investors. When subsequent material events occurred, Lankford did not suspend sales of the preferred stock pending the creation and receipt of an amended PPM, and instead allowed the continued sale of the preferred stock by representatives using the original PPM without any amendment. The findings also stated that Lankford had the overall supervisory responsibility for the sales representatives and the firm's sales activities, and allowed firm representatives to sell the preferred stock with a PPM that had material misrepresentations and omitted material facts. Lankford admitted to FINRA that although he was responsible for supervision of the firm's OSJ principal, he did not discharge this responsibility. Lankford failed to supervise representatives selling the preferred stock to ensure all material facts were adequately and accurately disclosed to investors. The findings also included that Lankford, as the firm's president, CCO and FINOP, allowed it to engage in a securities business while failing to maintain its minimum net capital.

FINRA found that Lankford failed to make and keep a current and accurate general ledger that showed all of the firm's liabilities, and prepared inaccurate net capital computations for the firm. FINRA also found that Lankford was responsible for the preparation and filing of accurate FOCUS Reports on his firm's behalf; but prepared and/or was responsible for the preparation of materially inaccurate FOCUS Reports for the firm and filed such materially inaccurate reports with FINRA. In addition, FINRA determined that Lankford was responsible for ensuring that the firm complied with the SEC's requirements and to provide prompt notification to FINRA and the SEC when certain specified events occur, such as a net capital deficiency. Moreover, FINRA found that Lankford prepared and/or was responsible for the preparation of a materially inaccurate notification, which misrepresented the firm's net capital on a certain date as $10,278 when it should have shown negative net capital. Lankford filed the notification containing the materially inaccurate net capital figure late with FINRA.

The suspension in a principal capacity as a FINOP (Series 27) and Introducing Broker-Dealer/ FINOP (Series 28) was in effect from April 1, 2013, through April 30, 2013. The suspension in any principal capacity (other than as a FINOP (Series 27) and Introducing Broker-Dealer/ FINOP (Series 28) is in effect from April 1, 2013, through September 30, 2014. (**FINRA Case #2010020829803**)

Mark Allen Larson (CRD #1458125, Registered Representative, Stillwater, Minnesota) 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, Larson consented to the described sanction and to the entry of findings that

he initiated a $17,250 withdrawal from a customer's annuity account using an annuity-withdrawal form with a forged signature. The findings stated that Larson, who was having personal financial difficulties at the time, had recently asked the customer to loan him money. The findings also stated that an affiliate of Larson's member firm, the company that issued the customer's annuity, mailed a check for the annuity withdrawal to the customer. After receiving the check, the customer contacted Larson's firm. The customer stated that he had not requested a withdrawal and advised the firm that Larson had recently asked him for a loan. The firm contacted the company, which stopped payment on the annuity-withdrawal check, so Larson never took possession of any of the customer's funds. The findings also included that the firm conducted an unannounced audit of Larson's office. The auditors found signed, blank annuity-withdrawal forms for other customers. In some instances, the customer signatures on the blank withdrawal forms were not genuine; they were either photocopied or cut-and-pasted from other sources. (**FINRA Case #2012031582501**)

George John Lincon (CRD #3181509, Registered Representative, Glen Cove, 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 10 business days. The fine must be paid either immediately upon Lincon'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, Lincon consented to the described sanctions and to the entry of findings that he provided customers with written guarantees against losses in their securities accounts.

The suspension was in effect from March 18, 2013, through April 1, 2013. (**FINRA Case #2011025870001**)

Adrienne Marie Llamas (CRD #4203041, Registered Supervisor, Long Beach, 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, Llamas consented to the described sanction and to the entry of findings that following a registered representative's instructions, Llamas cancelled and rebilled numerous transactions between customer accounts and accounts that the representative owned or controlled. Cancelling and rebilling profitable trades between accounts is a fraudulent practice known as cherry-picking. Llamas exclusively processed approximately 90 fraudulent cancel-rebills. The rebills transferred approximately $4,127,669.56 in securities transactions from customer accounts to accounts the representative controlled. The findings also stated that most of the cancel-rebills Llamas processed transferred profitable trades from individual customers' accounts into an account that the representative owned or controlled, which allowed the registered representative to convert these transactions to his own benefit. At other times, also at the representative's direction, Llamas rebilled losing trades from the representative's account to the customers, or rebilled between individual customers' accounts securities positions that were profitable

or carried unrealized losses. Routinely, Llamas and the representative communicated using text messages. Overall, the fraudulent cancel-rebills resulted in approximately $732,948.50 net gains to the representative; the representative paid Llamas approximately $6,200. The findings also included that Llamas caused her firm's books and records to be maintained inaccurately. FINRA found that by rebilling profitable and losing securities transactions between customer accounts and accounts that a registered representative controlled, to the representative's benefit and to the detriment of customers, Llamas willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and FINRA Rules 2010 and 2020. (**FINRA Case #2011030103501**)

Joseph Mahmud (CRD #5626765, Registered Representative, Brooklyn, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Mahmud consented to the described sanction and to the entry of findings that without a customer's knowledge or authorization, he made unauthorized withdrawals and misappropriated approximately $95,000 from the customer's annuity. The customer did not receive the proceeds from the withdrawals. Mahmud's member firm, after detecting Mahmud's conduct, credited the customer's annuity in the amount of $99,959.88, which represented the amount misappropriated plus interest. In a related criminal proceeding, based in part on the described conduct, Mahmud pled guilty to grand larceny in the second degree and identity theft in the first degree. (**FINRA Case #2011028556301**)

Wai Keung Man (CRD #1845957, Registered Principal, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $7,500 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Man'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, Man consented to the described sanctions and to the entry of findings that while employed by and registered through an association with his member firm, he was the registered representative for a customer. The findings stated that Man left the firm and the customer's account was taken over by another FINRA member firm. While employed by and registered with his new firm, Man attempted to transfer the customer's brokerage account from the firm where it was held to his new firm; to do so, Man needed certain customer account information. Man made a telephone call to the firm where the customer held her account and falsely stated he was the customer's husband in an attempt to obtain the customer's account number.

The suspension is in effect from April 1, 2013, through September 30, 2013. (**FINRA Case #2011028113901**)

Casi Marie Martin (CRD #5986401, Registered Representative, Mounds, Oklahoma) 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, Martin consented to the described sanction and to the entry of findings that she completed and submitted credit card applications for bank customers without the customers' knowledge or consent. Martin used a branch office of her member firm's bank affiliate as the customers' address. The findings stated that Martin made personal purchases totaling $6,033 on the credit cards without the customers' knowledge or authorization. Martin repaid the customers in full. The findings also stated that Martin accessed one customer's checking account and transferred $985.76 from the checking account to his credit card to pay for personal expenses that she had charged on the card. Martin later reimbursed the customer the $985.76. Martin's firm and the bank terminated her employment. (**FINRA Case #2012033861801**)

Keith Howard Mathis (CRD #1783068, Registered Principal, Lawrenceville, Georgia) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Mathis, as his member firm's Chief Financial Officer (CFO) and FINOP, was responsible for calculating the required minimum net capital for the firm and ensuring that it did not conduct a securities business while failing to maintain its required minimum net capital. Mathis knew that a returned check created a negative impact on the firm's required net capital, but instructed a subordinate to be creative with respect to the bounced check. Mathis prepared his firm's net capital computations and misclassified the $462,000 returned check as an allowable asset when he should have classified it as a non-allowable asset. Mathis also improperly netted several unrelated intercompany assets and liabilities, and misclassified the resulting net debit amount as an allowable asset. Mathis treated approximately $44,000 of cash balances from affiliates as allowable when they were actually non-allowable. As a result, Mathis' computations erroneously stated that the firm maintained sufficient net capital and permitted the firm to continue conducting a securities business on several days when it failed to maintain the required minimum net capital. The findings stated that Mathis' responsibilities included keeping records of the firm's net capital computations with the books and records required of a member firm. Mathis' misconduct in calculating the firm's net capital caused its books and records to contain false information. The findings also stated that Mathis was responsible for the preparation and filing of accurate FOCUS Reports for the firm, and was responsible for preparing a materially inaccurate FOCUS Report for a period using the erroneous net capital calculation. The findings also included that Mathis failed to appear and provide FINRA-requested testimony regarding these matters. (**FINRA Case #2010020778401**)

James Harman McNeill (CRD #1206937, Registered Supervisor, McKinney, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $15,000 and suspended from association with any FINRA member in any capacity for nine months. The fine must be paid either immediately upon McNeill'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, McNeill consented to the described sanctions and to the entry of findings that he exercised discretionary power in the accounts of his firm's customers without the customers' written

authorization to place discretionary trades, and without his firm's written acceptance of the accounts as discretionary. The findings stated that McNeill entered orders for purchase transactions and falsely indicated that the transactions were unsolicited when in fact the trades were solicited. The transactions for the customers' accounts were purchases of a non-traditional ETF, which caused the firm's books and records to be inaccurate.

The suspension is in effect from March 18, 2013, through December 17, 2013. (**FINRA Case #2012030927101**)

John Bulkley Meacham (CRD #714174, Registered Representative, Brooklandville, Maryland) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for three months. In light of Meacham's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Meacham consented to the described sanction and to the entry of findings that he borrowed $50,000 from his customer at his member firm, in contravention of the firm's procedures. The findings stated that the loan was interest-free and did not have any terms of repayment. The firm's procedures, however, generally prohibited borrowing money from a customer, except in limited circumstances that did not apply to this loan. The procedures required registered representatives to obtain the firm's written approval before entering into such a loan. Meacham did not seek or obtain the firm's approval before entering into the loan. The loan remains outstanding; Meacham has not made any payments to the customer.

The suspension is in effect from March 18, 2013, through June 17, 2013. (**FINRA Case #2012032283701**)

Darrell Wayne Mikulencak (CRD #2661351, Registered Representative, Washington, Missouri) 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, Mikulencak consented to the described sanctions and to the entry of findings that he submitted falsified documents to his member firm. The findings stated that Mikulencak's firm terminated him after learning that he had been receiving a customer's account-related mailings at his office, which was contrary to the firm's internal procedures. After the firm terminated Mikulencak, it discovered that he had arranged for other customers to use his branch office's address in Chicago as their legal address for purposes of their accounts with the firm. Although all the customers had moved out of state, their accounts with the firm continued to show a legal address in Illinois. The findings also stated that using the branch office's legal address did not interfere with the customers' receipt of account-related mailings. The legal address did determine what states' licensure requirements applied to the registered representative servicing the account. Mikulencak did not have state securities licenses in any of the states to which the customers relocated. The findings also included that in order to remain the broker of record for the customers' accounts, Mikulencak submitted account

documentation to his firm that falsely showed his branch office address as each customer's legal address. Mikulencak subsequently continued to service the accounts, despite not having the requisite state-level securities licenses. Mikulencak continued to service at least one of the accounts until his termination from the firm.

The suspension was in effect from April 1, 2013, through April 12, 2013. (**FINRA Case #2011026089701**)

Christopher Andrew Milam (CRD #5586830, Registered Representative, Des Moines, Iowa) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Milam misused country club funds when he represented to a country club board member that he had deposited funds totaling $3,471 in profits from golf tournaments into an account he opened at an insurance company that was an affiliate of his member firm, and failed to provide an account statement to the board members and attorney. The findings stated that Milam never provided the board with accurate, verifiable information about the funds and never returned the funds as requested. The findings also stated that Milam entered an Alford plea to Theft in the Fifth Degree, a misdemeanor. The country club's insurance carrier paid out $3,471 to the country club; and Milam's parents, in turn, reimbursed the insurance company. The findings also included that Milam failed to respond to FINRA requests for information concerning the misappropriation of the tournament profits and correspondence related to the alleged theft. (**FINRA Case #2011027538701**)

Kristin Nicole Ocampo (CRD #5535281, Registered Representative, Watertown, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $7,500 and suspended from association with any FINRA member in any capacity for 45 days. The fine must be paid either immediately upon Ocampo'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, Ocampo consented to the described sanctions and to the entry of findings that an individual posing as a customer of her member firm sent her an email from the customer's email account claiming that he was at his brother's funeral service and had an urgent outstanding transaction. The imposter sent specific wire instructions to Ocampo and requested that she wire $63,250 from the customer's 401K account to an account in Nicosia, Cyprus. Ocampo emailed the imposter that she would only be able to proceed if she received a Letter of Authorization for the distribution from the 401K account. The imposter then emailed Ocampo a Letter of Authorization with a signature that appeared to match the customer's signature in her member firm's files. The findings stated that the firm's Disbursement and Withdrawals policy stated that electronic mail instructions were not acceptable for wire transfer requests and required a Letter of Authorization for disbursements from 401K and other retirement accounts. The procedures also required that Ocampo enter information relating to the request, including how she had verified the customer's identity into the firm's system. In order to process the wire transfer, Ocampo

completed a wire transfer form in which she falsely stated that she had verified the customer's identity with the last four digits of the customer's Social Security number and date of birth, when, in fact, she had not done so. The wire transfer request was entered into the firm's system waiting for manager approval. The findings also stated that on the following day, the firm contacted the customer, who confirmed he had not, in fact, made any wire-transfer request. The wire transfer was cancelled, and the funds were never withdrawn from the customer's account. The findings also included that Ocampo caused the firm's books and records to be inaccurate by entering false information on the wire transfer form.

The suspension was in effect from March 18, 2013, through May 2, 2013. (**FINRA Case #2011029075901**)

Scott Lawrence Olson (CRD #711256, Registered Principal, Melbourne, Florida) submitted an Offer of Settlement in which he was censured, fined $10,000, suspended from association with any FINRA member in any capacity for 20 business days, and required to file with FINRA's Advertising Regulation Department all advertisements and sales literature and to await FINRA staff approval before using, publishing or distributing any such communication for one year. Without admitting or denying the allegations, Olson consented to the described sanctions and to the entry of findings that he marketed annuities, life insurance and investment services to the public through the use of advertisements that contained misleading, unwarranted, unbalanced and promissory statements; failed to identify the products or services that Olson was using to implement his investment strategies; and failed to obtain his member firm's pre-use approval for some of the advertisements. The findings stated that Olson was aware of notices from FINRA's Department of Advertising Regulation, which advised him that advertisements were violative but continued to submit violative advertisements to his firms for their approval and to publicly distribute them. In order to be able to continue this pattern of misconduct, Olson failed to disclose the first notice to one of his firms. While he disclosed the existence of the second notice to the other firm, he did not provide a copy of it to that firm and falsely advised the firm that he had remedied the violative conduct in his advertisement. Olson failed to obtain pre-approval from the firms for other advertisements. The findings also stated that a firm approved Olson to engage in outside business activities through which he offered estate planning, investment advice and investment products such as annuities and life insurance. Olson publicly distributed advertisements on a website, at seminars and in newspapers. The advertisements contained numerous misleading, exaggerated or unwarranted statements. Olson either received or was advised of the first notice by his firm at or about the time that it was issued. The findings also included that Olson requested and received the second firm's approval to continue his outside business activities, but failed to disclose the first notice to the firm when he became associated with the firm and ignored the warnings he had received as a result of the first notice. Advertising Regulation issued a second notice to Olson's second firm describing violations very similar to the violations described in the first notice but also identified additional violations. Olson continued to

submit for approval and/or publicly distribute additional violative advertisements. The advertisements violated the requirements that advertisements be fair and balanced, provide a sound basis for evaluating the products being discussed, and not omit material information. The advertisements made statements that created unrealistic expectations by using misleading, exaggerated or unwarranted language, and also used inherently misleading illustrations.

FINRA found that Olson became associated with a third firm and, again, requested and received approval to advertise and engage in outside business activities. Olson failed to disclose the first notice to the third firm and, while he disclosed the second notice, he did not provide a copy of it to that firm. Olson represented to the firm that his advertisements had been remedied to comply with the instructions in the second notice. Olson submitted for approval and publicly distributed advertisements, violating the requirements that communications to the public be fair and balanced, provide a sound basis for evaluating the products being discussed, not omit material information, and not create unrealistic expectations by using exaggerated and unwarranted language. FINRA also found that Olson was on notice that the contents were violative because such content was similar or identical to content that was the subject of the first and second notices. While registered with his second and third firm, Olson failed to obtain approval from a registered principal of his firm prior to publicly distributing advertisements.

The suspension was in effect from April 15, 2013, through May 10, 2013. (**FINRA Case #2008012099102**)

Matthew Joseph Papa (CRD #5159247, Registered Representative, Windermere, 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, Papa consented to the described sanction and to the entry of findings that he falsified and submitted non-variable insurance documents on behalf of a firm customer, by forging the customer's signature on applications and forms without the customer's knowledge or permission. The submission of these false documents on the customer's behalf resulted in unauthorized transactions, which had the effect of converting the customer's pre-existing insurance policies into new policies, which the customer never requested and refused to accept. Papa submitted these false documents on the customer's behalf in order to obtain $2,854 in commissions for the unauthorized transactions.

The findings stated that Papa falsified and submitted non-variable insurance documents on behalf of other firm customers, by forging each customer's signature on documents without their knowledge or permission. Upon learning of the forgeries, these customers decided to keep the policies in question. The findings also stated that Papa made misrepresentations to other firm customers, in connection with non-variable life insurance policies they purchased through Papa. Prior to the purchase of these policies, Papa falsely indicated that the customers were approved for the best policy rating available when in

fact they were categorized at a less-than-optimal rating, which necessitated higher policy premium payments. The findings also included that Papa misrepresented the interest rate on a specified loan interest option within one customer's policy by presenting the customer with an altered version of the policy terms, which the customer never authorized. Papa made these misrepresentations in order to induce the customers to purchase these policies and obtain an additional $8,328 in commissions from the firm. (**FINRA Case #2011029189201**)

Taylor C. Parkin (CRD #5310946, Registered Representative, Salt Lake City, Utah) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Parkin'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, Parkin consented to the described sanctions and to the entry of findings that one of his customers had linked their in-house checking account to their brokerage account, and the link between the two accounts was accidentally severed at a time when the customer needed to move money from the brokerage account to the checking account. The findings stated that the customer was not available to sign the form to re-link the accounts, and Parkin affixed the customer's signature to the form to link the accounts, to allow the customer to move funds from the brokerage account into the checking account. The findings also stated that another of Parkin's customers had made several trips into the office to sign forms relating to an annuity purchase. Parkin changed some of the language on the form explaining why he had recommended a particular annuity rider. Parkin explained to the customer the additional information he was providing related to the rider. In order to save the customer from having to make another trip into the office to initial the change to the form, Parkin initialed the form on the customer's behalf.

The suspension is in effect from April 1, 2013, through June 30, 2013. (**FINRA Case #2011026994101**)

Michael Craig Perlmuter (CRD #3243172, Registered Representative, Pepper Pike, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $40,000 and suspended from association with any FINRA member in any capacity for eight months. The fine must be paid either immediately upon Perlmuter'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, Perlmuter consented to the described sanctions and to the entry of findings that he made material misrepresentations regarding the liquidity of a short-term commercial mortgage loan fund and the safety of redeemable secured notes to customers in connection with their purchases of units in the fund and notes. Perlmuter's statements to the customers related to the fund directly contradicted the disclosures in the fund's PPM about the illiquidity of the fund and the significant limitation on redemptions. An executive

summary Perlmuter provided regarding the redeemable secured notes stated that the notes provided principal protection, which was contrary to the disclosures in the PPM. The findings stated that none of Perlmuter's communications with the customers provided a balanced discussion of the fund or the notes and instead addressed only positive attributes of the investments. The communications omitted any discussion of the significant risks associated with an investment in the fund or the notes. The findings also included that Perlmuter completed and signed, attesting to the completeness and accuracy of, new account applications for customers which included false net-worth information, causing his member firm's books and records to be inaccurate.

The suspension is in effect from March 18, 2013, through November 17, 2013. (**FINRA Case #2010022518104**)

James Anthony Pilla Jr. (CRD #3074001, Registered Principal, Hoboken, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $15,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Pilla consented to the described sanctions and to the entry of findings that he failed to follow the policies and procedures in his member firm's AMLCP in that he failed to have face-to-face meetings with numerous customers who opened new accounts; and although he had non-U.S. client accounts and transacted business with these customers while they were out of the U.S., he never made arrangements to conduct business via an attorney-in-fact when the non-U.S. citizens were out of the country. The findings stated that Pilla failed to identify and escalate AML red flags. Accounts were composed exclusively of penny stocks and the trading activity fell into consistent patterns of suspicious activity; accounts were opened and funded primarily with penny stocks, followed by the journaling of the penny stocks between firm accounts, and the sale of the securities by all of the involved accounts at approximately the same time. The sales of the penny stocks were sometimes followed by the immediate wiring of the sale proceeds to outside bank accounts. The findings also stated that despite the instances of suspicious activity in multiple accounts, Pilla did not perform any additional due diligence, alert anyone at the firm of this activity and did not escalate these issues to the firm's AML officer.

The suspension is in effect from April 1, 2013, through June 30, 2013. (**FINRA Case #2010022604901**)

Andrew Lewis Pittman (CRD #732632, Registered Representative, Deerfield Beach, 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, Pittman consented to the described sanction and to the entry of findings that he failed to provide on-the-record testimony during FINRA's investigation regarding allegations that he improperly used an elderly customer's funds and was appointed power of attorney for the customer. (**FINRA Case #2011029315301**)

Peter Raymond Quartararo (CRD #3079675, Registered Representative, Hicksville, New York) was barred from association with any FINRA member in any capacity. Because Quartararo's firm settled with the customers, FINRA's Market Regulation Department did not seek, and the Hearing Officer did not award, restitution. The sanction was based on findings that Quartararo willfully engaged in securities fraud in that he represented to customers that he would use their funds to purchase securities, when, in fact, he never intended to do so. Quartararo received $10,000 from one customer but never opened an account for the customers, nor did he use their funds to purchase securities; instead, he deposited the check into a bank account he controlled and used the funds for his own purposes. The findings stated that one of the customers requested account documents and transaction confirmations, but Quartararo falsely told her he could not supply any documentation because he had learned of the investment opportunity through inside information and he and the customers could get in trouble. The findings also stated that to conceal his fraud, Quartararo met with the customers in a conference room of an office building where his member firm had a branch office, although he had never worked at that office and, by the time of the meeting, had left the firm. The findings also included that the customer continued to contact Quartararo, who agreed to return the customers' funds. Quartararo delivered starter checks totaling $10,000 but the checks did not clear. FINRA found that Quartararo failed to respond to FINRA requests for information and documents and to appear for testimony. (**FINRA Case #2012031451001**)

Donald Edward Roughan (CRD #2246466, Registered Representative, Moses Lake, Washington) 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, Roughan consented to the described sanction and to the entry of findings that he failed to respond to FINRA requests for information concerning alleged violations that he had affixed customer signatures to documents, or had caused them to be affixed, without the customers' knowledge or authorization, whether he had effected unauthorized securities transactions and whether he had made unsuitable recommendations to customers. (**FINRA Case #2007011816801**)

Ricki Jay Silverman (CRD #1219439, Registered Representative, Fort Lauderdale, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Silverman consented to the described sanctions and to the entry of findings that he negligently made a statement that his primary administrative assistant interpreted as an instruction to alter the telephone records for Silverman's customers in his member firm's Client Account Information System (CAI System), the firm's electronic database that contained customer information including accounts, dates of birth, addresses, telephone numbers and email addresses. The findings stated that the administrative assistant changed or deleted numerous telephone numbers to report inaccurate information, and made these changes without the affected customers' knowledge or authorization. The unauthorized changes made to the telephone numbers

affected numerous customers and were recorded on the firm's CAI System. The assistant accessed the CAI System the next morning and reversed at least some of the alterations made the day before. The firm's branch office management received a report that the administrative assistant had made numerous changes to customer contact information via the firm's CAI System, and queried her about the alterations. She admitted that she made the changes, and the firm immediately suspended her employment, and she and Silverman subsequently resigned. The findings also stated that thereby, Silverman caused his firm to create and maintain inaccurate books and records in violation of Section 17(a) of the Exchange Act and Rule 17a-3 thereunder.

The suspension is in effect from May 6, 2013, through May 17, 2013. (**FINRA Case #2011030155302**)

Merle Gene Walter (CRD #851987, Registered Principal, Arvada, Colorado) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. In light of Walter's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Walter consented to the described sanction and to the entry of findings that he willfully failed to amend his Form U4 to disclose unsatisfied civil judgments and a federal tax lien imposed against him from the time he first became aware of them through the time when his registration with his member firm was terminated. Walter's failure to disclose the tax lien and judgments was aggravated by the fact that he completed an annual certification wherein he falsely represented that there weren't any changes to the information on his Form U4 and that he had not been named in any lawsuits. The findings stated that Walter borrowed approximately $191,000 from firm customers, and did not provide written notice to, or receive written authorization from, the firm to borrow from the customers, in violation of the firm's policies and procedures. Walter's conduct is aggravated by the fact that he responded untruthfully to the borrowing questions contained in his annual certification. The findings also stated that Walter engaged in an outside business activity, without providing notice to his firm of this business activity. Walter charged an elderly customer and her companies a total of $75,000 for advisory/consulting services. Walter charged other firm customers a flat fee for similar services, typically $2,500 annually. Walter received in excess of $50,000 in compensation from this activity. FINRA found that Walter engaged in unethical conduct with respect to his handling of an elderly customer's accounts. For four years, Walter charged the customer's accounts excessive advisory/consulting fees. In one year, Walter double-billed two of her accounts for such services. Walter then failed to either provide services for the advisory/consulting fees that had been paid for in that year or refund the same. (**FINRA Case #2011026423802**)

Phillips Wiegand Jr. (CRD #2645584, Registered Principal, Charlotte, North Carolina) submitted an Offer of Settlement 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 Wiegand'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, Wiegand consented to the described sanctions and to the entry of findings that as a member firm's president, director and partial owner, he knew that an individual was barred from association with his firm and knew that the individual was performing substantive tasks but, nevertheless, permitted the individual, a statutorily disqualified person, to perform work for and associate with his firm.

The suspension is in effect from March 18, 2013, through September 17, 2014. (**FINRA Case #2009016452502**)

Theodore Edward Williams Jr. (CRD #468315, Registered Representative, Lake Forest, Illinois) 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, Williams consented to the described sanctions and to the entry of findings that he effected trades on a discretionary basis in a joint account his customer controlled, without the customer's prior written authorization and his member firm's prior written acceptance of the account as discretionary. The findings stated that Williams engaged in discretionary trading within the customer's account despite the fact that his firm's procedures did not permit discretionary trading in brokerage accounts.

The suspension was in effect from April 15, 2013, through April 26, 2013. (**FINRA Case #2010022258901**)

Jason Larry Wize (CRD #5644384, Registered Representative, Troy, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Wize consented to the described sanction and to the entry of findings that he became the broker for a customer of his member firm who was 69 years old at the time he opened his firm account and held non-variable insurance policies away from the firm. Wize had the customer sign blank insurance forms. The customer believed that signing the forms would allow him to surrender the insurance policies and invest the surrender value of the policies in his securities account at the firm. Wize used the forms to change the ownership and beneficiary on the policies to his own name. The findings stated that subsequently, Wize caused the dividends and surrender value of the customer's insurance policies to be paid directly to him through a series of checks. Wize converted $17,905.93 of the customer's funds for his personal use. The findings also stated that in resolution to criminal charges related to this misconduct, Wize pled guilty in the Third Judicial Circuit Court of Wayne County, Michigan, to Larceny by Conversion, in violation of Michigan Criminal Code §750.362a(3)(a), a felony. Wize's criminal misconduct occurred while he was registered with FINRA and was related to his conversion of funds owed to the customer. The Michigan criminal court ordered Wize to pay $17,905.93 in restitution to the customer. (**FINRA Case #2012032213901**)

Individuals Fined

Douglas Evan Greenberg (CRD #2298830, Registered Representative, Lake Oswego, Oregon) submitted a Letter of Acceptance, Waiver and Consent in which he was censured and fined $10,000. Without admitting or denying the findings, Greenberg consented to the described sanctions and to the entry of findings that a customer opened accounts at his member firm with Greenberg assigned as the registered representative for each. The findings stated that on two separate occasions, pursuant to a strategy that was previously discussed with, and agreed to by the customer, Greenberg exercised discretionary power to effect, or caused to be effected, purchases and sales of securities in one of the customer's accounts. The findings also stated that Greenberg did not have the customer's written authorization to place discretionary trades, and failed to obtain the firm's written acceptance of the account as discretionary. (**FINRA Case #2011027368802**)

James Steven Turo (CRD #2083402, Registered Principal, Westchester, California) submitted a Letter of Acceptance, Waiver and Consent in which he was censured and fined $20,000. Without admitting or denying the findings, Turo consented to the described sanctions and to the entry of findings that Turo, on an issuer's behalf, offered and sold unregistered nonexempt securities, in a general solicitation to the public in contravention of Section 5 of the Securities Act of 1933 with sales totaling approximately $2,611,124. These securities were represented to be exempt from registration pursuant to SEC Rule 506 of Regulation D that, among other provisions, requires compliance with Rule 502 that prohibits general solicitations. The findings stated that because Turo engaged in a general solicitation of investments in the entity through live webinars and PowerPoint presentations, both of which were distributed to members of the public in contravention of Rule 502, the transactions did not qualify for an exemption from registration under Rule 506. Thus, the offers and sales of the securities by Turo were neither registered nor exempt from registration. (**FINRA Case #2010022672001**)

Decisions 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 March 31, 2013. 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.

Michael Anthony Pino (CRD #1400156, Registered Representative, Middleville, Michigan) was fined $5,000 and suspended from association with any FINRA member in any capacity for 30 business days. The sanctions were based on findings that Pino exercised discretion in a customer's accounts, at two member firms, although the customer had not granted him written discretionary authority and both of his firms prohibited discretionary accounts. The findings stated that even to the extent the customer indirectly granted Pino discretion to

execute transactions in a manner consistent with an earnings strategy, Pino far exceeded any implied discretion by selling stock when he saw fit and without consulting the customer.

The decision has been appealed to the NAC and the sanctions are not in effect pending review. (**FINRA Case #2010021621201**)

William Bruce Smith (CRD #1335193, Registered Principal, Uxbridge, Massachusetts) was ordered to pay $75,000, plus interest, in restitution to a customer and barred from association with any FINRA member in any capacity. The sanctions were based on findings that Smith misappropriated $100,000 from a customer at his member firm by recommending she withdraw $100,000 from her brokerage account at his firm and to turn the funds over to Smith, who was to purchase bank-issued certificates of deposit (CDs) for her with that money. The findings stated that acting on Smith's instructions, the customer signed and gave Smith checks to purchase the CDs. Smith converted the funds by funneling the funds into his business, which was in financial distress. Through the ensuring years, Smith purported to inform the customer of the status of her investments. When the customer asked Smith about the CDs, he told her that as they matured, he purchased new certificates and deposited the interest earned into her brokerage account. The findings stated that for years, Smith created layers of deception by misrepresenting and omitting material facts by means of falsifying documents and oral misrepresentations and omissions. The findings also stated that Smith sent a $25,000 cashier's check to the customer along with a memorandum purporting to discuss the payment arrangement for a loan that she purportedly made to Smith, fraudulently fabricating the $100,000 investment as a loan. For months afterwards, the customer did not deposit the check, fearful that doing so would legitimize Smith's claim that she loaned him the money. On the advice of her attorney, the customer subsequently deposited the check.

The decision has been appealed to the NAC and the sanctions are not in effect pending review. (**FINRA Case #2011029152401**)

Complaints Filed

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

Brian Matt Borakowski (CRD #4093679, Registered Principal, Scottsdale, Arizona) and George Alexander Kardaras (CRD #3184384, Registered Principal, Scottsdale, Arizona) were named respondents in a FINRA complaint alleging that they solicited customers

to purchase promissory notes in a limited liability company and falsely represented to customers that by purchasing promissory notes in the company, their investment would be used to purchase vehicles at U.S. auto auctions and to export the vehicles to Russia for re-sale. Instead of investing the funds as represented, Borakowski and Kardaras used the funds to pay for business expenses related to their branch office businesses and to pay personal expenses. The complaint also alleges that to further their Ponzi scheme, Borakowski and Kardaras used investors' funds to make payments to earlier investors. The customers did not know Borakowski and Kardaras used funds to make payments to earlier investors and did not authorize them to do so. All but one investor received promissory notes that bore different interest rates with different maturity dates. Investors' funds were deposited into an account for the company that Borakowski controlled. The complaint further alleges that Borakowski and Kardaras, while associated with member firms, sold promissory notes totaling $665,900 to investors who were customers of their member firms and did not provide the firms with prior written notification describing the proposed transactions and their proposed role therein; neither received written permission to participate in the sale of the promissory notes. In addition, the complaint alleges that Borakowski borrowed $11,500 from a non-family member and customer of his firm, but did not receive his firm's approval. In addition, Borakowski sent the customer a check drawn on the company's bank account in the amount of $500 but did not repay the outstanding $12,000 balance owed on the loan. Borakowski completed a branch audit questionnaire and falsely answered the question regarding borrowing or loaning money or securities from or to any customer, excluding immediate family members. Moreover, the complaint alleges that Borakowski and Kardaras failed to respond to FINRA requests for information, preventing FINRA from pursuing certain material areas of its investigation. (**FINRA Case #2011029524701**)

Christopher John Looney (CRD #1836267, Registered Principal, Dix Hills, New York) was named a respondent in a FINRA complaint alleging that he submitted purchase orders for potential customers who never agreed to open an account with Looney or his member firm, and never agreed to purchase any securities through him. The complaint alleges that Looney falsified new account information records regarding potential customers, misrepresenting their investment objectives, risk tolerances and financial conditions. The new account information sheets were records relating to the firm's securities business and were used to generate new account forms, which were records containing information required under Securities Exchange Act Rule 17a-3(a)(17)(i)(A). The complaint also alleges that Looney effected numerous and excessive transactions in a customer's account. When the customer opened his individual account with the firm, it had a value of at least $155,000. In a few months, Looney had driven the value down to under $1,500. This activity generated a total of $54,688 in commissions, of which $38,282 went to Looney. Looney engaged in the acts and practices of excessive and unsuitable trading with the intention of generating commissions and not to serve his customer's interests. (**FINRA Case #2009016159104**)

Complaint Dismissed

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

Stephen Henry Brinck Jr. (CRD #2674123)
San Rafael, California
FINRA Case #2008014621701

Firm Expelled for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552

R.W. Towt & Associates (CRD #128837)
San Diego, California
(March 14, 2013)

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

Reuven Enterprises Securities Division, LLC (CRD #140910)
New York, New York
(March 7, 2013)

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

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

Great Circle Financial (CRD #8658)
Reno, Nevada
(March 20. 2013 – March 26, 2013)

Obsidian Financial Group, LLC (CRD #104255)
Woodbury, New York
(March 5, 2013 – March 7, 2013)

R.W. Towt & Associates (CRD #128837)
San Diego, California
(March 5, 2013)

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

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

Kipling Jones & Co., Ltd. (CRD #144730)
Houston, Texas
(March 21, 2013 – April 5, 2013)
FINRA Arbitration Case #12-03152

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.)

Jason T. Knapp (CRD #5063318)
Boca Raton, Florida
(March 25, 1013)
FINRA Case #2012032815001

Richard John Nelson (CRD #2718193)
Brooklyn, New York
(March 1, 2013)
FINRA Case #2010025569301

Christopher John Rascionato (CRD #4369972)
Oceanside, New York
(March 1, 2013)
FINRA Case #2011030101501

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.)

Britney L. Bergum (CRD #5630238)
Middleton, Wisconsin
(March 11, 2013)
FINRA Case #2012033741101

Brian Andrew Bond (CRD #2153668)
Syosset, New York
(March 15, 2013)
FINRA Case #2012032771401

Keith John Carson (CRD #1317931)
Oviedo, Florida
(March 4, 2013)
FINRA Case #2012032587601

Steven Alfred Cinelli (CRD #3240343)
Saratoga, California
(March 7, 2013)
FINRA Case #2011028444401

Howard Lawrence Dewey Jr. (CRD #3068842)
Atlanta, Georgia
(March 25, 2013)
FINRA Case #2012033604001

Francis Gebbia (CRD #826078)
Fly Creek, New York
(March 25, 2013)
FINRA Case #2012034518001

Brian Michael Harbour (CRD #4691782)
Glenpool, Oklahoma
(March 7, 2013)
FINRA Case #2012034040601

Sabrina Marie Kadets (CRD #4929590)
Houston, Texas
(March 21, 2013)
FINRA Case #2012033736801

Himanshoo V. Kotak (CRD #1769981)
Edison, New Jersey
(March 4, 2013)
FINRA Case #2012032457201

Marcus Goetz Laun (CRD #2633242)
Mill Neck, New York
(March 22, 2013)
FINRA Case #2011026741701

Eugene McFarland Jr. (CRD #5969465)
Flemington, New Jersey
(March 18, 2013)
FINRA Case #2012031251101

Frederick Vincent McMenimem III (CRD #2112400)
Exeter, New Hampshire
(March 11, 2013)
FINRA Case #2011029738101

Francis Patrick Murphy Jr. (CRD #1184139)
Westerly, Rhode Island
(March 25, 2013)
FINRA Case #2012033810301

Patrick Paul Murray (CRD #2420382)
North Creek, New York
(March 25, 2013)
FINRA Case #2012032490501

Moshin Rashid (CRD #3039015)
Fairfax, Virginia
(March 25, 2013)
FINRA Case #2012034446701

Jehanzeb Sarwar (CRD #5746692)
New York, New York
(March 28, 2013)
FINRA Case #2012031197901

Robert Michael Schwarz Jr. (CRD #3249923)
Brooklyn, New York
(March 25, 2013)
FINRA Case #2012034214301

Garth Terrelonge (CRD #5604246)
Philadelphia, Pennsylvania
(March 15, 2013)
FINRA Case #2012034264701

Travis Anthony Wetzel (CRD #5072345)
Frederick, Maryland
(March 4, 2013)
FINRA Case #2012034423501

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

Alfred Guy Cali (CRD #1713120)
Huntington Station, New York
(March 21, 2013)
FINRA Arbitration Case #12-01555

Rafael Antonio Calleja (CRD #2777245)
Tampa, Florida
(March 20, 2013)
FINRA Arbitration Case #12-01920

Steven Brian Castro (CRD #4578029)
Chandler, Arizona
(March 21, 2013)
FINRA Arbitration Case #12-01834

Marc Jay Frankel (CRD #2671700)
Tarzana, California
(March 21, 2013)
FINRA Arbitration Case #11-00224

Thomas John Guzek Jr. (CRD #2021824)
South Abington Township, Pennsylvania
(March 20, 2013)
FINRA Arbitration Case #11-04564

David T. Manno (CRD #4813889)
Tampa, Florida
(March 20, 2013)
FINRA Arbitration Case #12-01849

Scott David McElhenny (CRD #2623701)
Marlton, New Jersey
(March 20, 2013)
FINRA Arbitration Case #12-03478

Saul M. Montes-Bradley (CRD #4191650)
Hollywood, Florida
(March 21, 2013)
FINRA Arbitration Case #12-01543

Kevin James O'Malley (CRD #4031216)
Acton, Massachusetts
(March 21, 2013)
FINRA Arbitration Case #11-00595

Theodore Adam Pavlovich (CRD #1199407)
Duluth, Minnesota
(March 20, 2013)
FINRA Arbitration Case #11-01696

Peter Martin Peterson (CRD #2825535)
Tampa, Florida
(March 20, 2013)
FINRA Arbitration Case #12-00944

Victor Manuel Rivera Jr. (CRD #2001799)
Clifton, New Jersey
(March 21, 2013)
FINRA Arbitration Case #12-01870

Steven Eric Widtfeldt (CRD #3109249)
Fort Worth, Texas
(March 20, 2013)
FINRA Arbitration Case #11-00235

FINRA Fines Ameriprise and Clearing Firm $750,000 for Failing to Supervise Transmittal of Customer Funds to Third-Party Accounts

The Financial Industry Regulatory Authority (FINRA) has fined Ameriprise Financial Services, Inc. and its affiliated clearing firm, American Enterprise Investment Services Inc. (AEIS), $750,000 for failing to have reasonable supervisory systems in place to monitor wire transfer requests and the transmittal of customer funds to third-party accounts.

In February 2011, FINRA barred former Ameriprise registered representative **Jennifer Guelinas** for converting approximately $790,000 from two customers over a four-year period by forging their signatures on wire transfer requests and disbursing the funds to bank accounts she controlled. Following the investigation, Ameriprise paid full restitution to the two customers.

FINRA found that Ameriprise and AEIS failed to establish, maintain and enforce supervisory systems designed to review and monitor the transmittal of funds from customer accounts to third-party accounts. The firms did not have policies or procedures to detect or prevent multiple transmittals of funds going to third-party accounts, instead relying on a manual review of wire requests without the benefit of exception reports that could have helped to discern suspicious patterns. Ameriprise and AEIS also failed to adequately track or further investigate wire transfer requests that had been rejected.

Ameriprise failed to detect Guelinas' scheme despite multiple "red flags." For instance, Guelinas submitted three requests to wire funds from a customer's account to a bank account that appeared to be under Guelinas' control. Ameriprise processed these forged wire transfer requests and disbursed the funds without any inquiries. In addition, there were at least three other occasions when Ameriprise initially rejected Guelinas' forged wire transfer requests, including one for an apparent signature discrepancy, then Guelinas simply resubmitted these requests on either the same day or the next day. Guelinas also forged and submitted a wire transfer request after Ameriprise had begun to investigate her misconduct. In all of these instances, Ameriprise disbursed the customer funds as Guelinas directed. Even after Ameriprise had terminated Guelinas, she submitted another forged wire transfer request. Ameriprise again disbursed the customer's funds to a bank account Guelinas controlled; however, the firm realized its mistake in time to prevent Guelinas from accessing those funds.

Brad Bennett, Executive Vice President and Chief of Enforcement, said, "Ameriprise and its affiliated clearing firm missed numerous supervisory red flags, including the fact that two of the wire transfers went to accounts in Guelinas' name. Firms must have robust supervisory systems to monitor and protect the movement of customer funds."

Ameriprise and AEIS neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

FINRA Bars Florida Broker for Unsuitable Recommendations and Unapproved Securities Transactions Involving 31 NFL Players

The Financial Industry Regulatory Authority (FINRA) has barred broker **Jeffrey Rubin** of Lighthouse Point, Florida, from the securities industry for making unsuitable recommendations to his customer, an NFL player, to invest in illiquid, high-risk securities issued in connection with a now-bankrupt casino in Alabama. As a result, the customer lost approximately $3 million. Based on Rubin's referrals, 30 other NFL players also invested in the casino project and lost approximately $40 million. Rubin also failed to obtain the required approval from his employers to participate in the securities transactions involving the casino.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement said, "This case demonstrates how broker misconduct can target high-income, inexperienced, and vulnerable investors. Jeffrey Rubin took advantage of professional athletes who placed their trust in him."

Rubin operated a Florida-based company, Pro Sports Financial, which provided financial-related "concierge" services to professional athletes for an annual fee. Between March 2006 and June 2008, while he was registered as a broker at Lincoln Financial Advisors Corporation and Alterna Capital Corporation, Rubin recommended that one of his NFL clients invest a total of $3.5 million, the majority of his liquid net worth, in four high-risk securities. Rubin recommended and facilitated the largest investment, $2 million, in the Alabama casino project without informing his employer member firm or receiving the firm's approval of this activity.

Rubin referred other investors to the casino project while employed by Alterna Capital Corporation and International Assets Advisory, LLC without the firms' knowledge or approval. FINRA found that from approximately January 2008 through March 2011, 30 additional clients of Rubin's concierge firm, all NFL players, invested approximately $40 million in the casino project. Rubin received a 4 percent ownership stake and $500,000 from the project promoter for these referrals.

In settling this matter, Rubin neither admitted nor denied the charges, but consented to the entry of FINRA's findings.