

Disciplinary and Other FINRA Actions

Firms Fined

Bankers & Investors Co. (CRD® #6874, Kansas City, Kansas) submitted a Letter of Acceptance, Waiver and Consent (AWC) in which the firm was censured and fined \$25,000. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to identify and apply rollover discounts to certain customers' eligible purchases of unit investment trusts (UITs), resulting in customers paying excessive sales charges of approximately \$53,000. The findings stated that the firm has paid restitution to all affected customers. The findings also stated that the firm failed to establish, maintain, and enforce a supervisory system and written supervisory procedures (WSPs) reasonably designed to ensure customers received sales-charge discounts on all eligible UIT purchases. The firm's WSPs did not specifically address UIT trades or include any procedures to monitor for applicable sales-charge discounts. The firm relied on a standard daily trade review by its chief compliance officer (CCO) to supervise UIT activity, and did not effectively inform and train representatives and their supervisors to identify and apply sales-charge discounts on UITs. ([FINRA Case #2014039169401](#))

BNY Mellon Capital Markets, LLC (CRD #17454, New York, New York) submitted an AWC in which the firm was censured and fined \$22,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report to the Trade Reporting and Compliance Engine® (TRACE®) transactions in TRACE-eligible securitized products within the time permitted by FINRA Rule 6730. ([FINRA Case #2015045384001](#))

Clearpool Execution Services, LLC (CRD #168490, New York, New York) submitted an AWC in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted execution reports to the Order Audit Trail System (OATS™) that contained inaccurate, incomplete, or improperly formatted data. The findings stated that the firm reported execution reports that improperly used a Reporting Exception Code, which prevented the OATS reports from matching to a related trade report in a FINRA Trade Reporting Facility® (TRF®). ([FINRA Case #2015044397601](#))

Reported for April 2016

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).

Credit Suisse Securities (USA) LLC ([CRD #816](#), New York, New York) submitted an AWC in which the firm was censured, fined \$75,000, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce WSPs that were reasonably designed to prevent trade-throughs of protected quotations in NMS stocks that do not fall within any applicable exception, and if relying on an exception, were reasonably designed to assure compliance with the terms of the exception. ([FINRA Case #2013036082001](#))

Electronic Transaction Clearing, Inc. ([CRD #146122](#), Los Angeles, California) submitted an Offer of Settlement in which the firm was censured; fined \$875,000, to be paid collectively to FINRA, NASDAQ Stock Market LLC, BATS Exchange, Inc., and NYSE Arca Equities, Inc., of which \$218,750 shall be paid to FINRA; and required to comply with an enhanced supervisory undertaking in accordance with the terms of the Offer. Without admitting or denying the allegations, the firm consented to the sanctions and to the entry of findings that the firm's supervisory systems and procedures and risk management controls were not reasonably designed to supervise and manage the risks of its market access (MA) business involving thousands of foreign-based traders, and therefore, could not reasonably monitor, detect and prevent potentially manipulative activity. The findings stated that the firm profited significantly, earning millions of dollars from executing securities trades on behalf of its MA customers. The firm failed to adequately monitor "red flags" and the trading of its MA customers, particularly those who posed heightened risk; failed to adequately detect and prevent potentially manipulative trades, including prompt and decisive follow-up and review and investigation; invest appropriate and sufficient resources in its supervisory technology, compliance infrastructure and compliance staff; and failed to ensure that all trading activities entered under the firm's mnemonics or market participant identifiers (MPIDs) complied with applicable federal securities laws and regulations, and the rules of FINRA and other exchanges. Despite numerous red flags, heightened risks and repeated notice by regulators of potentially manipulative activity being effected by certain MA customers, the firm's approach to its regulatory responsibilities was inadequate.

The firm also failed to dedicate sufficient compliance resources and staff to meet its regulatory responsibilities as its business grew, and, in some instances, to conduct adequate follow-up and review of potentially manipulative activity, such as wash trades, pre-arranged trades, layering, spoofing and other momentum-ignition strategies, violative odd-lot trades, and trades that impermissibly marked the opening and closing of trading. Moreover, certain of the systems and controls the firm did design and implement were flawed and not adequately tailored to its business. Further, the firm failed to ensure that its regulatory risk management controls and supervisory procedures were under its direct and exclusive control.

The findings also stated that the firm failed to establish, maintain and enforce an adequate supervisory system, including WSPs, reasonably designed to monitor and investigate red flags, detect and prevent potentially manipulative trades of its MA customers, and

ensure compliance with the federal securities laws and regulations. The firm also failed to establish, document, and maintain an adequate system of risk management controls and supervisory procedures reasonably designed to manage the financial and regulatory risks and ensure compliance with all regulatory requirements in connection with the firm's provision of market access. ([FINRA Case #2010025475601](#))

Electronic Transaction Clearing, Inc. (CRD #146122, Los Angeles, California) submitted an AWC in which the firm was censured and fined \$125,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and implement anti-money laundering (AML) policies, procedures, and internal controls reasonably expected to detect and cause the reporting of suspicious transactions and reasonably designed to achieve compliance with the Bank Secrecy Act and the implementing regulations promulgated thereunder by the Department of the Treasury. The findings stated that the firm identified situations in which traders given direct market access by the firm participated in activity that caused the firm to restrict or prohibit the trader's trading activity. However, in those situations where the firm restricted or prohibited the trader's trading activity, it did not take any further investigative steps to assess whether a Suspicious Activity Report (SAR) was warranted. A large percentage of the firm's business consisted of accounts in which numerous traders used third-party order management system service bureaus to trade for a single account number. In those instances where the firm restricted or prohibited a trader's trading activity or activity for multiple traders for the same customer, the firm did not sufficiently consider whether the customer associated with the trader(s) had engaged in suspicious activity. The firm also failed to have adequate written AML procedures because after it made changes to its AML supervisory system, the firm failed to update the written procedures to reflect the then current policies. ([FINRA Case #2012035298101](#))

First Winston Securities, Inc. (CRD #21538, Winston-Salem, North Carolina) submitted an AWC in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that in connection with sales of municipal securities during the primary offering disclosure period, it failed to either deliver an official statement (OS) for a municipal securities offering to customers or, alternatively, notify customers of how to obtain the OS electronically and that the firm would provide a copy upon request. The findings stated that the firm's WSPs did not adequately address the delivery of an OS during the primary offering period. The firm's WSPs did not have a process for determining when a municipal security is being traded during the primary offering disclosure period, nor did the WSPs contain a process for ensuring that customers received proper delivery of an OS during such period. As a result, there was not any process to ensure consistent compliance with Municipal Securities Rulemaking Board (MSRB) Rule G-32. ([FINRA Case #2014039275601](#))

GVC Capital LLC ([CRD #38923](#), Greenwood Village, Colorado) submitted an AWC in which the firm was censured and fined \$17,000. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, implement, and maintain an adequate supervisory system with regard to the supervision of research and the issuance of a research report, and failed to establish adequate written procedures regarding the approval and release of research. The findings stated that the firm failed to adequately monitor an analyst's emails, failed to adequately review his research before release, failed to ensure all research reports were approved by a registered principal and failed to monitor outlets that carried the analyst's research reports. The findings also stated that the firm acted as placement agent for a best efforts minimum/maximum contingency offering. In connection with the offering, the stated minimum contingency was not met prior to the expiration of the contingency deadline. However, the firm did not return funds to investors. Rather, the terms of the offering were changed and the offering closed at a later date. As a result, the firm willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-9 thereunder. ([FINRA Case #2011026662701](#))

J.J.B. Hilliard, W.L. Lyons, LLC ([CRD #453](#), Louisville, Kentucky) submitted an AWC in which the firm was censured, fined \$175,000 and ordered to pay \$328,491 in restitution to customers. The firm has paid restitution to all affected customers and provided proof of payment to FINRA. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to identify and apply sales-charge discounts to certain customers' eligible purchases of UITs, which resulted in customers paying excessive sales charges of \$328,491. The findings stated that the firm failed to establish, maintain and enforce a supervisory system reasonably designed to ensure that customers received sales-charge discounts on all eligible UIT purchases. The firm relied primarily on its registered representatives to ensure that customers received appropriate UIT sales-charge discounts, despite the fact that the firm did not effectively inform and train representatives and their supervisors to identify and apply such sales charge discounts. ([FINRA Case #2014042544401](#))

Legend Securities, Inc. ([CRD #44952](#), New York, New York) submitted an AWC in which the firm was censured, fined \$125,000 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), and training. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to tailor its AML program to its penny stock liquidation business. The findings stated that the firm's system for reviewing trading activity, which consisted primarily of a manual review of daily trade blotters, was not reasonably designed to detect patterns of suspicious activity that might occur over the course of days, weeks or months, given the volume of penny stock transactions being executed through the firm. The firm's system for detecting and

investigating red flags relating to penny stock trading also was not adequate. Although the firm's written AML procedures contained a section that identified red flags that could be indicative of suspicious activity, none of the red flags related specifically to penny stock trading. Further, even as to those red flags that were identified, the firm's AML procedures provided inadequate guidance regarding what steps should be taken to detect and investigate them. As result of its inadequate AML program, the firm failed to identify as a red flag the deposit by at least five customers of more than 2 billion shares of penny stocks followed, shortly thereafter by the liquidation of those stocks, generating approximately \$3.2 million in proceeds, and the almost immediate wiring of sales proceeds out of the clients' accounts. The firm also failed to conduct the due diligence that would have uncovered other red flags suggesting potentially suspicious activity in customer accounts that engaged in penny stock liquidations, such as evidence of stock promotion activities timed to coincide with the deposit and liquidation of the same penny stocks that were being promoted; clients with problematic criminal, civil or regulatory histories, including a history of violating the registration requirements of Section 5 of the Securities Act of 1933; and transactions involving jurisdictions known to pose high risks of money-laundering activity.

The findings also stated that the firm failed to apply the requisite due diligence when opening a correspondent account for a foreign financial institution. The firm's policies and procedures, including its WSPs, were not reasonably designed to ensure that the firm was complying with the due diligence requirements that apply to correspondent accounts established for foreign financial institutions. The AML procedures did not provide any guidance as to how registered representatives should determine whether an account was a correspondent account established for a foreign financial institution and, if so, what type of due diligence should be performed. The firm failed to conduct the appropriate due diligence that is required for every correspondent account that is established for a foreign financial institution. The firm also failed to conduct the enhanced due diligence that is required when a correspondent account is established by a foreign bank that is operating under an offshore banking license.

The findings also included that given the nature of the firm's penny sock liquidation business, it failed to establish a supervisory system, including WSPs that were reasonably designed to ensure compliance with Section 5. The firm's WSPs failed to describe the steps that registered representatives should take, or the documents that should be gathered, to determine whether a proposed sale of unregistered penny stocks complied with the requirements of Section 5. As a result of these inadequate procedures, the firm failed to ensure that adequate due diligence was conducted before executing sales of penny stocks to verify that the transactions were registered or exempt from registration. ([FINRA Case #2010022592101](#))

MidAmerica Financial Services, Inc. (CRD #47351, Joplin, Missouri) submitted an AWC in which the firm was censured and fined \$150,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to exercise due diligence in investigating offerings before recommending them to customers. The findings stated that the firm's WSPs did not set forth a process for investigating or approving private offerings. The firm did have a due-diligence checklist for use in reviewing private offerings, but for the offerings at issue, the firm failed to complete the checklists fully. The firm did not collect any third-party due-diligence materials regarding any of the offerings at issue and did not make any direct contact with any of the issuers. FINRA informed the firm of these failures and the firm amended its WSPs. The firm participated in private offerings but in doing so, did not adhere to its WSPs. The firm's due-diligence files showed that it did not conduct internal reviews or obtain subscriber lists for three offerings, and the firm failed to obtain and review third-party due-diligence reports for two offerings. The firm failed to obtain a distribution list for the offering document for any offerings.

The findings also stated that the firm's supervisory system was not reasonably designed to ensure proper review and retention of its representatives' electronic correspondence. These failures persisted through multiple CCOs and email-surveillance systems. The firm changed its email review procedures when it began using a third-party vendor's email-surveillance system. When FINRA conducted its examination, the firm could not demonstrate that it had reviewed any emails since acquiring the vendor-provided system or under the prior system. The firm also failed to retain all email communications. Any securities-related correspondence sent or received through outside email accounts—the volume of which is unknown—was neither reviewed nor retained by the firm. The findings also included that the firm failed to conduct required internal inspections, and the majority of the reports from the inspections that did occur as scheduled were inadequate. Statements made in the NASD Rule 3012 testing report regarding branch inspections were false.

FINRA found that the firm failed to establish, maintain and enforce a supervisory system reasonably designed to ensure that its representatives obtained relevant suitability information from customers before recommending that the customers purchase deferred variable annuities (DVAs). The firm's practices involving DVA exchanges were also inadequate, and it failed to establish a process for identifying and addressing inappropriate DVA exchanges. FINRA also found that before March 2014, the firm did not have any supervisory systems or procedures, written or otherwise, regarding its and its representatives' wholesaling activities, and the firm failed to maintain a record of gifts or gratuities given by its registered representatives who participated in wholesaling activities. In addition, FINRA determined that although two registered individuals had disclosed their outside activities to the firm and received firm approval, the firm did not receive customer account statements for the representatives' registered investment adviser customers. The firm also did not record the representatives' private securities transactions on its books and records, or supervise the person's participation in the transaction as if the transaction were executed on behalf of the member, as it was required to do. Moreover,

FINRA found that the firm failed to establish an adequate supervisory system to monitor representatives' use of social media sites, failed to conduct independent verification of representatives' use of social media sites and did not have a mechanism for determining whether its representatives were using social media for securities-business purposes. Furthermore, FINRA found that the firm processed municipal-bond transactions which were reviewed and approved by home-office principals, none of whom were municipal-securities principals. Although the firm employed one municipal-securities principal, that person's office was not registered as an office of municipal supervisory jurisdiction. ([FINRA Case #2014039194101](#))

Morgan Stanley Smith Barney LLC (CRD #149777, Purchase, New York) submitted an AWC in which the firm was censured, fined \$125,000; ordered to pay \$2,056.51, plus interest, in restitution to investors; and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to execute orders fully and promptly and failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. The findings stated that the firm, when it acted as principal for its own account, failed to provide written notification disclosing to its customer the correct reported trade price. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA rules, concerning the handling and execution of customer market orders and the accuracy of certain form language printed on the back of the firm's customer confirmations. ([FINRA Case #2012034142201](#))

Morgan Stanley Smith Barney LLC (CRD #149777, New York, New York) submitted an AWC in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it accepted market orders to purchase shares in new issues prior to the commencement of trading in the secondary market for those new issues. ([FINRA Case #2013037921701](#))

RJL Capital Group, LLC (CRD #158816, Staten Island, New York) submitted an AWC in which the firm was censured, fined \$75,000 and required to conduct a comprehensive review of the adequacy of its policies, systems and procedures (written or otherwise), with respect to the supervision and detecting and reporting of potential violations of Section 5 of the Securities Act of 1933 and Rule 105 of Regulation M under the Securities Exchange Act of 1934. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to implement an effective supervisory system or to enforce its WSPs for compliance with Section 5. The findings stated that the firm failed to identify and investigate red flags associated with a customer's trading in penny stocks. Consequently, the firm did not report the customer's liquidations as potentially suspicious. The findings also stated that the firm failed to specifically tailor its supervisory systems to address customer trading in secondary public offerings (SPOs), and failed to identify and

investigate potential Rule 105 violations by its customers. The firm's AML system also failed to consider its customers' trading in connection with SPOs and the associated risks of potential violations of Rule 105, and therefore failed to detect and report those suspicious activities. The firm also failed to implement AML procedures that could be reasonably expected to detect and report potential violations of Section 5 and Rule 105. ([FINRA Case #2013035864201](#))

Securities America, Inc. (CRD #10205, La Vista, Nebraska) submitted an AWC in which the firm was censured and fined \$250,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it permitted one of its representatives to sell preferred notes of an unregistered limited partnership investment (the fund) without the firm first conducting adequate due diligence regarding this product. The findings stated that shortly after the representative's association with the firm, he began seeking its approval of the preferred notes to the fund's investors. The firm advised the representative that it was awaiting an independent third-party due diligence report before approving the preferred notes for sale by the firm. However, the firm agreed to allow the representative to offer the preferred notes for sale to existing investors in the fund even though it had not yet received the due diligence report. The approval was limited to existing customers who already held the investment to be converted. The firm did not conduct any meaningful due diligence on the preferred notes prior to extending this approval to the representative in violation of its WSPs. The firm's approval of the preferred notes did not enforce with the firm's own WSPs regarding due diligence. As a result, the firm was not aware of, and did not investigate, numerous red flags about the ongoing financial viability of the fund. Within four months, the representative's branch office converted just over \$8 million of existing interests to the preferred notes, which required additional capital contributions from customers of just over \$2.5 million. Thereafter, the fund began making late payments to preferred note holders, and stopped making payments altogether eventually.

The findings also stated that the firm's WSPs provided that representatives could not offer investment products for sale unless that product had first been approved for distribution by the firm's due diligence committee. Moreover, the firm's procedures made any such approval contingent on a "thorough review" of the product, which required an "evaluation, through quantitative analysis, of the product with respect to the economics, management organization, business strategy, financial strengths, prior performance and other relevant matters related to the performance of the investment product." ([FINRA Case #2013036692002](#))

Stephens Inc. (CRD #3496, Little Rock, Arkansas) submitted an AWC in which the firm was censured, fined \$235,000 and ordered to pay \$458,747.07 in restitution to customers. The firm has paid restitution to all affected customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to identify and apply sales charge discounts to certain customers' eligible purchases of UITs,

resulting in customers paying excessive sales charges of approximately \$458,747. The findings stated that the firm failed to establish, maintain, and enforce a supervisory system and WSPs reasonably designed to ensure customers received sales charge discounts on all eligible UIT purchases. The firm relied primarily on its registered representatives to ensure that customers received appropriate UIT sales charge discounts despite the fact that the firm did not effectively inform and train representatives and their supervisors to identify and apply such sales charge discounts. ([FINRA Case #2014042543901](#))

U.S. Bancorp Investments, Inc. (CRD #17868, Saint Paul, Minnesota) submitted an AWC in which the firm was censured, fined \$150,000 and ordered to pay \$144,456.38 in restitution to customers. The firm has paid restitution to all affected customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to identify and apply sales-charge discounts to certain customers' eligible purchases of UITs resulting in customers paying excessive sales charges of approximately \$144,456.38. The findings stated that the firm failed to establish, maintain and enforce a supervisory system and WSPs reasonably designed to ensure that customers received sales-charge discounts on all eligible UIT purchases. Although the firm had WSPs related to UIT sales-charge discounts, the firm failed to effectively inform and train registered representatives and supervisors to ensure that representatives followed these procedures and identified and applied all applicable discounts. ([FINRA Case #2014042542101](#))

Wilson-Davis & Co., Inc. (CRD #3777, Salt Lake City, Utah) submitted an AWC in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that for the fourth calendar quarter of 2012, the firm made publicly available a report on its routing of non-directed orders in covered securities during that quarter. The findings stated that this report included inaccurate and incomplete information, in that the firm identified itself as one of the significant venues to which it routed orders for execution as principal, but identified the venue in the report as "principal," rather than identifying itself by the firm's name, and failed to disclose that as a routing venue it stood to share in 100 percent of whatever profits it generated by trading as principal with customer orders. ([FINRA Case #2013035768601](#))

W.R. Hambrecht + Co., LLC (CRD #45040, San Francisco, California) submitted an AWC in which the firm was censured and fined \$17,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce a supervisory system and WSPs reasonably designed to ensure the timely disclosure of unsatisfied judgments on representatives' Uniform Applications for Securities Industry Registration or Transfer (Forms U4). The findings stated that the firm amended its WSPs to eventually address this requirement, but erroneously provided that disclosures relating to judgments applied to only securities-related judgments exceeding \$15,000. ([FINRA Case #2013037680201](#))

Firm Sanctioned

Alton Securities Group Inc. (CRD #39639, Alton, Illinois) submitted an AWC in which the firm was censured and ordered to pay \$75,000, plus interest, in partial restitution to customers. In the interest of maximizing restitution to customers, FINRA did not impose any fine after considering, among other things, the firm's revenue and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, implement and maintain a supervisory system reasonably designed to ensure compliance with the securities laws. The findings stated that in particular, the firm's supervisory system was not reasonably designed to ensure that registered representatives made suitable recommendations of complex products such as leveraged, inverse or inverse-leveraged ETFs (non-traditional ETFs), and leveraged, inverse or inverse-leveraged mutual funds (non-traditional mutual funds). In addition, the firm failed to adopt and implement WSPs relating to markups and markdowns on corporate debt transactions, and failed to tailor its procedures to the firm's business in corporate debt securities. The firm also failed to implement a reasonable system to supervise its registered representatives' sales activities. In general, the firm's supervision of registered representative sales activity consisted of only a daily review of a trade blotter reflecting sales the registered representatives' made on the previous day. The blotter did not contain details relating to the transacting customer's investment objective, risk tolerance, age or other information relevant to reviewing transactions for suitability. The firm failed to evidence that it conducted ongoing monitoring of customer accounts to detect problematic trends. In fact, the firm failed to use any exception reports or similar tools in connection with its supervision of registered representative sales activity.

The firm also failed to reasonably supervise the sale of non-traditional ETFs and non-traditional mutual funds by its registered representatives. Although the firm sold non-traditional ETFs and non-traditional mutual funds, it failed to conduct adequate due diligence on non-traditional ETFs and non-traditional mutual funds, and failed to adequately train its registered representatives on the unique risks associated with these products. The firm also failed to adopt and implement adequate WSPs relating to these complex products, and further failed to implement any system to monitor non-traditional ETF and non-traditional mutual fund holding periods, benchmark volatility and losses. The findings also stated that the firm failed to conduct sufficient due diligence to understand the terms and features of non-traditional ETFs and non-traditional mutual funds. In addition, the firm failed to provide adequate training regarding non-traditional ETFs and non-traditional mutual funds before permitting its registered representatives to recommend the products to the firm's customers. Notwithstanding the inadequate due diligence and training, the firm, acting through certain of its registered representatives, recommended and sold these funds to the firm's customers. In some instances, the recommendations were made to customers with conservative investment objectives and those customers realized losses on the transactions. The findings also included that the firm charged customers markups and markdowns that were not fair, taking into

consideration all relevant circumstances, on corporate debt transactions, and charged its customers markups or markdowns that were not fair and reasonable in connection with municipal bond transactions. ([FINRA Case #2013035045903](#))

Individuals Barred or Suspended

Giovanni L. Acevedo ([CRD #2508321](#), Wilton Manors, Florida) 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, Acevedo consented to the sanctions and to the entry of findings that he converted more than \$160,000 from individuals, including customers, for his own personal use. The findings stated Acevedo provided false information to FINRA during its investigation of his conversion of funds and failed to provide FINRA with requested information during the course of its investigation. ([FINRA Case #2014041529001](#))

Bret Michael Ackerman ([CRD #4449836](#), New York, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Ackerman consented to the sanction and to the entry of findings that he refused to appear and provide testimony FINRA sought during its investigation to obtain information regarding certain corporate bond transactions Ackerman executed while he was employed at a member firm. ([FINRA Case #2016048589901](#))

Kenny Akinfolarin Akindemowo ([CRD #4315718](#), Hopkins, Minnesota) was barred from association with any FINRA member firm in any capacity and ordered to disgorge \$15,000, plus prejudgment interest. The sanctions were imposed by the National Adjudicatory Council (NAC) following an appeal of an Office of Hearing Officers (OHO) decision. The sanctions were based on findings that Akindemowo converted the funds of two women by inducing them to invest an aggregate of \$15,000 in purported private securities transactions that would yield profits, and did so by intentionally making fraudulent misrepresentations, in violation of FINRA Rule 2020. The findings stated that Akindemowo exploited his personal relationships with the women and persuaded them to give him the money based upon his misrepresentation that their funds would be invested. Instead, Akindemowo deposited their funds in an account that he controlled and used the funds for his personal expenses. Both women complained to Akindemowo's member firm after numerous requests to Akindemowo for documentation of their investments. The firm refunded both women their investments, plus interest. Akindemowo was permitted to resign while he was under investigation with the firm. The findings also stated that Akindemowo engaged in private securities transactions, which were outside the regular course and scope of his employment with his firm, without prior written notice to and written permission from the firm. Additionally, Akindemowo engaged in outside business activities without providing written notice to his firm about his efforts to establish an insurance agency and that he incorporated a legal entity in connection with that activity.

This matter has been appealed to the Securities and Exchange Commission (SEC) and the sanctions, except for the bar, are not in effect pending review. ([FINRA Case #2011029619301](#))

Merid Amde (CRD #1897365, West Bloomfield, Michigan) submitted an Offer of Settlement in which he was fined \$20,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the allegations, Amde consented to the sanctions and to the entry of findings that he executed discretionary transactions in a customer's accounts without obtaining the customer's prior written authorization and without obtaining his member firm's acceptance of the accounts as discretionary. The findings stated that Amde provided the customer with two consolidated reports containing inaccurate valuations. The consolidated reports made false, exaggerated and misleading statements regarding the value of the customer's investments, and did not provide the customer with a sound basis for evaluating the status of her investments. The findings also stated that Amde mismarked order tickets for the customer's account as unsolicited when they were, in fact, solicited. As a result of mismarking the orders as unsolicited, Amde avoided the supervision the firm accorded to solicited trades. Amde's mismarking of the order tickets also caused the firm's books and records to be inaccurate regarding those trades. The allegations that Amde failed to disclose fiduciary status and failed to disclose outside business activities were dismissed.

The suspension is in effect from March 21, 2016, through June 20, 2016. ([FINRA Case #2012033393401](#))

Carlton Eugene Burton (CRD #6095109, Pensacola, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Burton consented to the sanction and to the entry of findings that he failed to provide FINRA with documents and information during the course of its investigation into allegations that Burton misappropriated assets from an investment advisory firm where he worked. ([FINRA Case #2015048104901](#))

Patrick Gordon Carr (CRD #5025619, Parkville, Maryland) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Carr consented to the sanctions and to the entry of findings that he circumvented and violated his member firm's gift procedures by accepting a gift of stock from a firm customer. The findings stated that without the firm's knowledge, Carr arranged for the shares to be transferred, with the customer's consent, from the customer's account to a brokerage account in the name of Carr's mother-in-law.

The suspension is in effect from March 7, 2016, through April 18, 2016. ([FINRA Case #2013038423801](#))

Vincent A. Casillo ([CRD #5002738](#), Huntington, New York) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for 12 months. In light of Casillo's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Casillo consented to the sanction and to the entry of findings that he used a social media account that was not approved by his member firm to communicate with a firm customer concerning her complaint against him. The findings stated that Casillo provided the customer with \$155,000 in checks in an attempt to resolve her complaint against him without the firm's knowledge or approval. The findings also stated that Casillo borrowed approximately \$4,000 from a firm customer. The firm's written policies and procedures prohibited employees from borrowing funds from a customer. The findings also included that Casillo willfully failed to timely amend his Form U4 to report federal tax liens filed against him. Casillo submitted compliance questionnaires to his firm in which he falsely certified that he did not have any undisclosed liens filed against him and falsely stated that he had not used any social media websites not approved by the firm to communicate regarding firm business.

The suspension is in effect from March 7, 2016, through March 6, 2017. ([FINRA Case #2014041544201](#))

Andrew Scott Corbman ([CRD #2513558](#), Ashburn, Virginia) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for one month. In light of Corbman's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Corbman consented to the sanction and to the entry of findings that he made unsuitable recommendations to customers that were inconsistent with the customers' investment objectives and risk tolerances, and resulted in over-concentration of their liquid net worth in these investments. The findings stated that the investments exposed the customers to a risk of loss that exceeded each customer's risk tolerance and investment objectives. The findings stated Corbman distributed a sales brochure for an alternative mutual fund to his customers that contained information that was misleading and failed to provide a sound basis for evaluating the referenced alternative mutual fund.

The suspension was in effect from March 7, 2016, through April 6, 2016. ([FINRA Case #2010024620302](#))

Robert Joe Cross Jr. ([CRD #2978747](#), Rome, Georgia) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Cross consented to the sanction and to the entry of findings that he failed to appear for FINRA on-the-record testimony during the course of its investigation into Cross' outside business activities, financial reporting obligations, and whether he accepted unapproved loans from a customer while engaging in a private securities transaction. ([FINRA Case #2014041637201](#))

Byron A. Echeverria (CRD #4957701, Katy, Texas) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for three months. In light of Echeverria's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Echeverria consented to the sanction and to the entry of findings that he falsified documents related to customer accounts, including disclosure forms, transfer forms and Individual Retirement Account (IRA) distribution forms. The findings stated that Echeverria re-used original customer signatures from previously executed documents, recycled customer-signed signature pages from expired forms, affixed customer initials to handwritten changes, and altered tax withholding amounts to expedite transactions. The customers were not aware that Echeverria altered the forms or affixed their signatures to the documents. Echeverria's member firm's written procedures prohibited the alteration of documents in any manner.

The suspension is in effect from March 21, 2016, through June 20, 2016. ([FINRA Case #2015045682701](#))

Mark Kim Gaskill (CRD #848103, Portland, Oregon) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Gaskill consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose federal and state tax liens.

The suspension is in effect from March 21, 2016, through June 20, 2016. ([FINRA Case #2015043333201](#))

Mia Carol Higen (CRD #5113610, Madisonville, Kentucky) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Higen consented to the sanction and to the entry of findings that she converted for her own personal use approximately \$240 in funds belonging to a non-profit organization for which she served as president and treasurer. The findings stated that Higen failed to timely respond to FINRA requests for documents and information. ([FINRA Case #2014040607802](#))

Clay Emerson Hoffman (CRD #4371162, Brunswick, Georgia) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Hoffman consented to the sanctions and to the entry of findings that he executed discretionary transactions in a customer's account without the customer's prior written authorization to exercise discretionary trading power and without his member firm's written approval of the account as discretionary. The findings stated that Hoffman discussed investment strategies, purchases and sales of products with the customer, but exercised his discretion in executing those transactions on future dates without prior written authorization.

The suspension was in effect from March 7, 2016, through March 28, 2016. ([FINRA Case #2014041921901](#))

Stuart Horowitz (CRD #2795019, Coral Springs, Florida) submitted an AWC in which he was assessed a deferred fine of \$100,000 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the findings, Horowitz consented to the sanctions and to the entry of findings that he recommended and engaged in unsuitable trading in preferred notes of an unregistered limited partnership investment fund. The findings stated that his recommendations lacked a reasonable basis because he failed to adequately investigate red flags that the fund was not a viable investment. Shortly after Horowitz's association with his member firm, he began sending emails to firm personnel requesting a quick approval process for the preferred notes. Horowitz told the firm that it was urgent that there be a quick approval process so that he could begin selling the preferred notes because there may only be a short period in which they could be sold. The offering documents for the preferred notes did not specify a deadline by which conversion requests had to be completed, although they did set a cap on the amount of money that could be converted to preferred notes. In addition, Horowitz attempted to persuade his customers to not participate in this conversion directly with the issuer even though they could have done so without the firm's and Horowitz's participation. Horowitz's previous broker-dealer decided not to allow its representatives to sell the preferred notes to that firm's customers due to concerns about the fund's ability to generate income for investors. Horowitz became aware of this decision soon after, while he was associated with his new firm. However, Horowitz's new firm advised him that it was awaiting an independent third-party due diligence report before approving the preferred notes for sale by the firm. Horowitz then requested that he nonetheless be permitted to sell the preferred notes to his existing customers, notwithstanding that the firm had not received the third-party report. The following day, the firm agreed to allow Horowitz to offer the preferred notes for sale to existing investors in the fund. Thereafter, Horowitz recommended the conversion of his customers' interests to the preferred notes although the firm had not obtained the third-party due diligence report and Horowitz had done nothing more than review the preferred notes offering documents and other written and oral representations the fund had made. Horowitz was also aware of red flags that cast doubt on the veracity of the issuer's representations and the continuing viability of the fund. Within months, Horowitz's branch office converted just over \$8 million of existing interests to the preferred notes, which required additional capital contributions from his customers of just over \$2.5 million. Horowitz was responsible for all but \$137,500 of these conversions, and he was paid more than \$200,000 in net commissions from the conversion process. The fund began making late payments to preferred note holders, and within months stopped making payments altogether. The findings also stated that Horowitz did not apprise his firm of any of the red flags. Despite Horowitz's increasing knowledge of severe problems the fund had experienced and was experiencing, he continued to recommend that his customers convert their interests to the preferred notes. Horowitz's staff processed some conversions on behalf of his customers even after he had learned that distributions on existing interests had been reduced to zero.

The suspension is in effect from March 7, 2016, through March 6, 2017. ([FINRA Case #2013036692001](#))

Christopher Breland Kelly (CRD #2306054, Jupiter, Florida) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Kelly consented to the sanctions and to the entry of findings that he borrowed \$150,000 from customers in violation of his member firm's borrowing policy. The findings stated that Kelly did not disclose his borrowing arrangement to the firm, let alone seek an exception to its prohibition on borrowing. The findings also stated that Kelly participated in a private securities transaction when he sold a \$150,000 convertible preferred equity interest in his investment advisory business to an investor. Kelly failed to provide his firm with prior written notice of the transaction.

The suspension is in effect from March 7, 2016, through July 6, 2016. ([FINRA Case #2014040813201](#))

Shafik A. Khalil (CRD #2028942, Ann Arbor, Michigan) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Khalil consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony related to allegations that he misappropriated \$714 of auto insurance premiums from customers. ([FINRA Case #2015046559501](#))

John Joseph Labarca (CRD #2030473, Spotswood, New Jersey) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Labarca consented to the sanction and to the entry of findings that he refused to provide FINRA with requested information and documents in connection with its investigation into allegations made against Labarca in a statement of claim a customer had filed. ([FINRA Case #2015045012301](#))

Katherine L. Le (CRD #2481957, Houston, Texas) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Le consented to the sanction and to the entry of findings that she refused to provide FINRA with documents and information during the course of its investigation into allegations that she engaged in money laundering via an illegal gambling operation. ([FINRA Case #2015047321801](#))

Matthew Dale Maberry (CRD #1907099, Bethalto, Illinois) submitted an AWC in which he was fined \$10,000, suspended from association with any FINRA member in any capacity for five months and ordered to pay \$38,445, plus interest, in restitution to customers. Without admitting or denying the findings, Maberry consented to the sanctions and to the entry of findings that he failed to ensure that his member firm implemented a supervisory system reasonably designed to supervise the sales activity of its registered representatives. The

findings stated that Maberry was his firm's chief executive officer (CEO) and CCO, and was solely responsible for the design and implementation of the firm's supervisory system. The firm's supervisory system was not reasonably designed to ensure that registered representatives made suitable recommendations of complex products such as leveraged, inverse and inverse-leveraged ETFs (non-traditional ETFs), and leveraged, inverse or inverse-leveraged mutual funds (non-traditional mutual funds). The firm failed to evidence that it conducted ongoing monitoring of customer accounts to detect problematic trends, and failed to use any exception reports or similar tools in connection with its supervision of registered representative sales activity. The firm also failed to reasonably supervise its registered representatives' sales of non-traditional ETFs and non-traditional mutual funds. Notwithstanding guidance from FINRA, the firm sold non-traditional ETFs (as well as non-traditional mutual funds, which are subject to similar risks) to its customers, many of whom held these products for far longer than one trading session. Although the firm sold non-traditional ETFs and non-traditional mutual funds, it failed to conduct adequate due diligence on non-traditional ETFs and non-traditional mutual funds, and failed to adequately train its registered representatives on the unique risks associated with these products.

The firm also failed to adopt and implement adequate WSPs relating to these complex products, and further failed to implement any system to monitor non-traditional ETF and non-traditional mutual fund holding periods, benchmark volatility and losses. The findings also stated that as a producing broker, Maberry recommended and sold complex products to his customers. Maberry lacked a reasonable basis to recommend the products to his customers because he did not fully understand the risks associated with these securities. As a result, Maberry's recommendations of these products were unsuitable. Maberry also recommended and executed unsuitable purchases of Class A shares of non-traditional mutual funds for customers' accounts, which resulted in losses of \$38,445 for the customers who purchased the Class A shares.

The suspension is in effect from March 21, 2016, through August 20, 2016. ([FINRA Case #2013035045902](#))

William Wesley Marshall (CRD #3267723, Frisco, Texas) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 15 months. Without admitting or denying the findings, Marshall consented to the sanctions and to the entry of findings that he participated in the sale of \$1.72 million of privately-issued preferred stock without having provided prior written notice to his member firm. The findings stated that as compensation for facilitating certain private securities transactions, Marshall received common stock purchase warrants from the issuer. The findings also stated that Marshall engaged in an outside business activity without providing prior written notice to his firm. Marshall received common stock purchase warrants as compensation for serving as a member of an advisory board for the issuer. Marshall inaccurately attested on an annual firm compliance attestation that he

had disclosed all of his outside business activities in accordance with his firm's written policies and procedures. The findings also included that Marshall used an unapproved personal email account to communicate with firm customers about investing in the issuer, effectively preventing his firm from fulfilling its supervisory obligations regarding review and retention of business correspondence. FINRA found that Marshall distributed to investors sales literature the issuer had prepared that failed to disclose his business and personal financial interest in it. Additionally, although Marshall did not create the sales literature, it contained misleading, exaggerated, and/or unwarranted statements and inadequate risk disclosures.

The suspension is in effect from March 7, 2016, through June 6, 2017. ([FINRA Case #2012033291204](#))

Daniel Irvin McCourt (CRD #1336258, Aptos, California) submitted an Offer of Settlement in which he was assessed a deferred fine of \$50,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the allegations, McCourt consented to the sanctions and to the entry of findings that he participated in private securities transactions without providing prior written notice to his member firm. The findings stated that McCourt's firm had previously approved his outside business activity request for a coffee business. McCourt's outside business activity began accepting investments from investors, including firm customers, in the form of long-term promissory notes. The promissory notes were securities, and prior to participating in the private securities transactions, McCourt did not provide written notice to his firm of the proposed investments in his outside business activity through the issuance of the promissory notes, nor did he provide written notice to his firm of his proposed role in, or the selling compensation that he may receive from, the private securities transactions. McCourt did not receive his firm's requisite approval to participate in the private securities transactions. The findings also stated that McCourt provided false information and falsified documents to a mortgage company on behalf of a client at his firm to help the client qualify for a home loan.

The suspension is in effect from February 16, 2016 through February 15, 2018. ([FINRA Case #2012030670402](#))

Lawrence Leslie Miller Jr. (CRD #1578485, Davie, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Miller consented to the sanction and to the entry of findings that he refused to provide FINRA with on-the-record testimony during the course of its investigation into allegations that he arranged for an unauthorized person to access his member firm's client account information via the firm's online database. ([FINRA Case #2015046309501](#))

Bahram Mirhashemi ([CRD #2937037](#), Newport Coast, California) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Mirhashemi consented to the sanction and to the entry of findings that he churned customer accounts, engaged in excessive and unauthorized trading and made unsuitable recommendations to customers. Mirhashemi consistently spread mutual fund purchases across multiple fund families, and in so doing, failed to obtain breakpoint discounts for customers. These short-term mutual fund trades were both excessive and unsuitable, and cost the customers more than \$150,000 in overall commissions. Mirhashemi also churned customers' accounts by conducting short-term equity trades in customer accounts. Such trading was unsuitable and cost the customers more than \$665,000 in overall commissions. As a result of his conduct, Mirhashemi willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and FINRA Rules 2020, 2111 and 2010. The findings also stated that Mirhashemi willfully filed untimely, false and misleading Forms U4, and willfully failed to file Forms U4 to disclose his liens, compromises with creditors and an outside business activity. The findings also included that Mirhashemi distributed materially false and misleading communications to customers. ([FINRA Case #2012033566201](#))

Timothy Chris Moody ([CRD #1776126](#), Dawsonville, Georgia) submitted an AWC 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, Moody consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose that he had filed a bankruptcy petition.

The suspension is in effect from March 21, 2016, through June 20, 2016. ([FINRA Case #2013035210102](#))

Michael Joseph Mularski ([CRD #2037556](#), Mequon, Wisconsin) submitted an AWC in which he was assessed a deferred fine of \$12,500 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Mularski consented to the sanctions and to the entry of findings that he exercised discretion in a customer account without obtaining the customer's prior written authorization or his member firm's prior written approval to exercise discretion. The findings stated that Mularski was the representative of record for a securities account owned by a charitable corporation and held at his firm. Mularski had verbal authorization from the chief financial officer (CFO) of the charitable organization to purchase securities in its account, using discretion, whenever there was more than \$100,000 in cash in the account. The firm's WSPs prohibited registered representatives from exercising discretion in brokerage accounts. The findings also stated that Mularski engaged in unauthorized trading when approximately \$3.2 million was rolled into the securities account of the charitable organization. Mularski effected securities transactions using the \$3.2 million, without the charitable organization's knowledge or consent, and in the absence of written or oral authorization to effect such trades.

The suspension is in effect from February 16, 2016, through August 15, 2016. ([FINRA Case #2014040884801](#))

Matthew Edward O'Callaghan (CRD #5273940, Upper Saddle River, New Jersey) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, O'Callaghan consented to the sanction and to the entry of findings that he failed to provide FINRA with documents and information during the course of its investigation into allegations concerning O'Callaghan's possible conversion and theft of funds related to transactions involving secondary market syndicate loan trades. ([FINRA Case #2015047862701](#))

Robert Frank O'Keef (CRD #351684, Milwaukee, Wisconsin) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, O'Keef consented to the sanctions and to the entry of findings that he exercised discretion while effecting transactions in customers' securities accounts without obtaining customers' prior written authorization or his member firm's prior written approval. The findings stated that all of the customers had orally authorized O'Keef to exercise discretion in their securities accounts. However, O'Keef admitted that he did not obtain his customers' written authorization to exercise discretion in their accounts, and that his firm did not approve these accounts for discretionary trading in writing. The firm prohibited the use of discretion, except in circumstances that were not applicable to the accounts in which O'Keef exercised discretion. The firm terminated O'Keef's registration for violating its policies.

The suspension was in effect from March 7, 2016, through March 28, 2016. ([FINRA Case #2014040938602](#))

Brian Lewis Pittman (CRD #2963196, Orlando, Florida) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Pittman consented to the sanctions and to the entry of findings that he participated in a private securities transaction without providing prior written notice of his participation or obtaining his member firm's approval of his participation. The findings stated that Pittman referred a customer of an affiliated firm to invest \$100,000 in a promissory note security offered by a petroleum company, and received compensation from the petroleum company of approximately \$4,000. Pittman filled out an annual compliance questionnaire for his firm and checked a box falsely indicating that he had not participated in any private securities transactions.

The suspension is in effect from February 16, 2016, through August 15, 2016. ([FINRA Case #2016048480901](#))

Harry James Poulos ([CRD #810909](#), Berwyn, Pennsylvania) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Poulos consented to the sanction and to the entry of findings that he failed to appear for FINRA on-the-record testimony during the course of its investigation into, among other things, the conduct described on Poulos' Uniform Termination Notice for Securities Industry Registration (Form U5), which stated that he was terminated for failing to comply with firm policy, in that he did not fully disclose information related to his approved outside business activities. ([FINRA Case #2014041072501](#))

Derek F. Prater ([CRD #4063564](#), Houston, Texas) submitted an AWC in which he was assessed a deferred fine of \$17,500 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, Prater consented to the sanctions and to the entry of findings that he effected unauthorized trades, both sales and purchases of mutual funds, in customer accounts without their knowledge, authorization or consent. The findings stated that Prater executed discretionary trades in customer accounts despite the fact that his member firm's WSPs prohibited its registered representatives from exercising discretion in customer accounts. Although the customers verbally authorized the trades, Prater did not speak with any of them on the dates of these trades prior to entering the relevant orders. At no time did the firm accept any of Prater's customer accounts for discretionary trading. The findings also stated that Prater made misstatements to the firm in connection with its investigation of this misconduct.

The suspension is in effect from March 7, 2016, through March 6, 2018. ([FINRA Case #2014040437101](#))

Roselyn L. Riley ([CRD #4197633](#), Jacksonville, Florida) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Riley consented to the sanction and to the entry of findings that she converted her member firm's funds by issuing herself checks totaling more than \$5,000 drawn from the firm's branch operating account and using the funds for personal expenses without the firm's permission. ([FINRA Case #2016048622901](#))

Marcus Carlos Rodriguez ([CRD #2561801](#), Lubbock, Texas) submitted an AWC in which he was fined \$50,000, which shall be paid collectively to FINRA, BATS Exchange, Inc., The NASDAQ Stock Market LLC, and NYSE Arca Equities, Inc., of which \$12,500 shall be paid to FINRA; and barred from association with any FINRA member in any principal capacity. Without admitting or denying the findings, Rodriguez consented to the sanctions and to the entry of findings that he was aware, or should have been aware, of red flags raised by his member firm's business model, the business models of its customers and by specific inquiries from FINRA and other self-regulatory organizations. The findings stated that despite these red flags and the heightened risk to the market posed by the firm's client trading activity, Rodriguez failed to implement adequate systems and controls and failed to

establish, maintain and enforce adequate WSPs reasonably designed to detect and prevent this potentially manipulative trading activity. Rodriguez failed to tailor the parameters of the firm's third-party surveillance system (TPSS) reports to the firm's business until at least December 2013. Rodriguez also failed to ensure that that activity for all firm customer accounts was being routed through the TPSS. Further, Rodriguez designated the firm's back-up Financial and Operations Principal (FinOp), who had no prior experience performing a compliance function or reviewing surveillance reports, as the person with primary responsibility for reviewing the TPSS reports. Rodriguez performed a secondary review of any alerts the primary reviewer flagged, but did not otherwise independently review the surveillance reports. In spite of being told on several occasions by the primary reviewer that he was not confident in his abilities to perform this task because he lacked the requisite experience and knowledge, Rodriguez did not provide any formal training to assist the primary reviewer in performing this function and failed to assign another qualified person this responsibility. Because Rodriguez failed to effectively tailor the TPSS to the firm's business until at least December 2013, failed to ensure that the TPSS was receiving activity for all customer accounts, and failed to ensure that the reports generated by this system were being effectively reviewed by a qualified person, it was neither reasonable nor adequate for Rodriguez to rely on the TPSS to detect the type of violative trading activity it was purportedly relied upon to detect. As a result, Rodriguez failed to implement adequate supervisory systems and controls to monitor, detect and prevent potentially manipulative activity by the firm's M A customers. Rodriguez and the firm's system of follow-up and review was inconsistent, insufficient and not reasonably designed to detect or prevent potentially manipulative activity from recurring. As such, the firm and Rodriguez's follow-up and review was deficient. The findings also stated that Rodriguez failed to establish, maintain and enforce written procedures reasonably designed to supervise firm customer trading activity. Specifically, the firm's procedures did not include sufficient provisions for reviewing for and identifying potentially manipulative trading activity. ([FINRA Case #2013037932401](#))

Wayne Anthony Schultz ([CRD #2205095](#), Oxford, New Jersey) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Schultz consented to the sanction and to the entry of findings that he failed to provide FINRA with requested documents and information during its investigation concerning certain notes that he had issued to an elderly client. ([FINRA Case #2015044640601](#))

John Paul Schwan ([CRD #1421895](#), Aberdeen, South Dakota) submitted an AWC in which he was fined \$20,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Schwan consented to the sanctions and to the entry of findings that he participated in private securities transactions, not for compensation, without providing prior written notice to, or receiving prior written approval from his member firm. The findings stated that although Schwan did not receive compensation from a limited partnership formed for the purpose of generating

oil and gas investments, he requested that a fellow firm representative introduce two firm customers, a married couple, to the limited partnership and facilitate their investment in the limited partnership to the extent that the customers believed their investment was made through Schwan's company, doing business as the firm, of which the customers understood to be a firm branch office. The investment was made directly with the limited partnership and did not appear on the customers' statement. However, the emails to the customers regarding the limited partnership stated the securities were offered through the firm. Schwan introduced other individuals, one of them being a firm customer, to another limited partnership and facilitated their investment by providing subscription documents. Schwan did not receive compensation from this limited partnership. Schwan also invested in the offering of notes of an insurance company and instructed the other representative to provide information about the notes to individuals, some of them firm customers. The findings also stated that Schwan participated in outside business activities for compensation, without seeking the firm's permission or obtaining the requisite prior approval. Schwan served on the board of directors for a bank and was an owner of a bar and grill.

The suspension is in effect from March 21, 2016, through May 20, 2016. ([FINRA Case #2010023826303](#))

Lev Slootsky (CRD #5192406, Brooklyn, New York) submitted an AWC in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the findings, Slootsky consented to the sanctions and to the entry of findings that he participated in private securities transactions totaling \$446,978 without giving prior written notice to his member firm. The findings stated that Slootsky facilitated the purchase, by a group of investors through several limited liability companies, of \$328,844 in fractional working interests issued in connection with an oil well project. Slootsky also personally purchased \$18,134 of such interests through one of those companies. In addition, Slootsky personally purchased \$100,000 of membership interests issued by limited liability companies specializing in real estate debt investments. The findings also stated that Slootsky engaged in an undisclosed outside business activity, in which he was a member and manager of one of the limited liability companies, without providing written notice to his firm.

The suspension is in effect from March 7, 2016, through March 6, 2017. ([FINRA Case #2014040542601](#))

Kristopher B. Smith (CRD #4199159, Kindred, North Dakota) submitted an AWC 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, Smith consented to the sanctions and to the entry of findings that he exercised discretion when placing hundreds of securities transactions in customers' brokerage accounts. The findings stated that although the affected customers accepted Smith's discretionary trading, his member

firm prohibited the practice, except in limited circumstances that were inapplicable to the accounts at issue. Smith was aware of this prohibition, having twice been instructed by his firm to stop exercising discretion in customer accounts.

The suspension was in effect from March 21, 2016, through April 4, 2016. ([FINRA Case #2014040996801](#))

Robert Gerald Stein (CRD #869186, Sudbury, Massachusetts) submitted an AWC 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, Stein consented to the sanctions and to the entry of findings that he recommended and effected unsuitable purchases of reverse convertible notes (RCNs) totaling approximately \$4 million for customers' accounts. The findings stated that most of the customers were over the age of 60 and had modest or conservative investment objectives and risk profiles. Furthermore, all of the customers' accounts were heavily concentrated in RCNs, with the amounts of these investments constituting a substantial portion of their net worth. Stein's recommendations were unsuitable given the customers' risk tolerances, investment objectives, ages and net worth.

The suspension is in effect from March 21, 2016, through June 20, 2016. ([FINRA Case #2011025548802](#))

Jeffrey Kyle Stinnett (CRD #2888588, Carl Junction, Missouri) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any principal capacity for two months. Without admitting or denying the findings, Stinnett consented to the sanctions and to the entry of findings that he failed to conduct the required review of representatives' electronic correspondence and failed to ensure that anybody else from his member firm did so. The findings stated that as the firm's CCO, Stinnett was responsible for conducting the firm's email review.

The suspension is in effect from March 7, 2016, through May 6, 2016. ([FINRA Case #2014039194102](#))

Stephen James Sullivan (CRD #3123249, Hicksville, New York) submitted an AWC 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, Sullivan consented to the sanctions and to the entry of findings that he exercised discretion in customer accounts without obtaining the customers' prior written authorization and his member firm's approval. The findings stated that Sullivan discussed potential transactions with these customers but exercised his discretion in executing those transactions on future dates.

The suspension was in effect from March 7, 2016, through March 18, 2016. ([FINRA Case #2014039219802](#))

Keilen Dimone Wiley ([CRD #4259612](#), Houston, Texas) was barred from association with any FINRA member in any capacity. The sanction was sustained by the SEC following an appeal of a NAC decision. The sanction was based on findings that Wiley converted \$6,532.70 in insurance premium payments from customers by depositing the payments into his own bank account and using the funds for personal and business expenses. The findings stated that Wiley provided FINRA with false and misleading testimony during his on-the-record interview regarding whether he used customer funds for his personal use.

This matter has been appealed to the United States Court of Appeals for the Fifth Circuit and the bar remains in effect pending review. ([FINRA Case #2011028061001](#))

David Robert Wolk ([CRD #2945630](#), New York, New York) was assessed a deferred fine totaling \$15,000 and suspended from association with any FINRA member in any capacity for one year for willfully failing to timely amend his Form U4, and was suspended from association with any FINRA member in any capacity for six months for his false attestation on his member firm's annual compliance questionnaire. The suspensions shall run consecutively. The sanctions were based on findings that Wolk willfully failed to timely amend his Form U4 to disclose that he was subject to federal tax liens totaling \$810,209.64, a state tax levy for \$106,871.02, and that he had entered into an Offer in Compromise with the Internal Revenue Service (IRS) for eight tax years. The findings stated that Wolk made a false attestation to his firm on an annual compliance questionnaire by failing to disclose the liens, levy or compromise.

The suspension is in effect from February 15, 2016, through August 14, 2017. ([FINRA Case #2012033981601](#))

Matthew Charles Woodard ([CRD #5699485](#), Farmington, Connecticut) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Woodard consented to the sanction and to the entry of findings that he failed to provide FINRA with documents and information during the course of its investigation into allegations that he converted customer funds from a deceased customer's account. ([FINRA Case #2015047964901](#))

Steven Matthew Ybarra ([CRD #4933750](#), Gardnerville, Nevada) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Ybarra consented to the sanction and to the entry of findings that he submitted several insurance policies to his member firm's insurance affiliate, causing him to meet production thresholds necessary to remain qualified for subsidy payments. The findings stated that two of these policies were fictitious and, as a result, Ybarra received subsidy payments and commissions from the insurance affiliate that he was not entitled to receive. ([FINRA Case #2015044369601](#))

Aleksandr Yusupov ([CRD #2908181](#), Rego Park, New York) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Yusupov consented to the sanctions and to the entry of findings that in separate telephone calls on different dates, he impersonated three of his relatives as an accommodation to them by calling his member firm's customer service department and inquiring about premiums due for their term life insurance policies. The findings stated that during those telephone calls, Yusupov, the insurance agent for all three accounts, and beneficiary and payee for his mother's and wife's policies, falsely represented himself as his cousin, his mother and his wife, in an effort to obtain premium amount information to pay the policy premiums.

The suspension was in effect from February 16, 2016, through March 16, 2016. ([FINRA Case #2015044388101](#))

Decision Issued

The Office of Hearing Officers (OHO) issued the following decision, which has been appealed to or called for review by the NAC as of February 29, 2016. 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*.

Thomas Edmund Connors ([CRD #1081185](#), Seaside Park, New Jersey) was fined \$40,000 and suspended from association with any FINRA member in any capacity for 14 months. The sanctions were based on findings that Connors engaged in undisclosed outside business activities without his member firm's knowledge by charging customers a fee for opening their managed advisory accounts in addition to the fees they paid under their agreements with the firm's advisory affiliate. Connors also charged customers a tax preparation fee without notifying the firm, and secretly sold insurance products for insurance companies that were not on the firm's approved list.

This matter has been appealed to the NAC and the sanctions are not in effect pending review. ([FINRA Case #2012033362101](#))

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.

Purshe Kaplan Sterling Investments, Inc. ([CRD #35747](#), Albany, New York) and Gopi Krishna Vungarala ([CRD #4856193](#), Midland, Michigan) were named respondents in a FINRA complaint alleging that Vungarala, through the firm, regularly lied to his customer, a Native American tribe, regarding investments he recommended. The complaint alleges that in addition to serving as the customer's registered representative, Vungarala was employed by the tribe as its treasury investment manager and participated in decisions regarding the tribe's investments. Vungarala fraudulently induced the tribe to invest hundreds of millions of dollars in non-traded real estate investment trusts (REITs) and business development companies (BDCs) without revealing that he and the firm received commissions on the sales or the availability of certain volume discounts. Vungarala knew that his customer prohibited its employees, such as himself, from engaging in business activities that could constitute a conflict of interest with the tribe, or that could impair an employee's ability to make impartial decisions on the tribe's behalf. Notwithstanding these prohibitions, and knowing that tribal leaders relied upon his recommendations as treasury investment manager, Vungarala recommended the tribe invest more than \$190 million in non-traded REITs and BDCs over the course of three years, generating \$11.4 million in commissions for the firm, \$9.6 million of which was paid to Vungarala. In order to induce the tribe to make these purchases, notwithstanding the tribe's prohibitions against conflicts of interests, Vungarala falsely represented to the tribe that he would not receive any commissions on purchases of the non-traded REITs and BDCs made in the tribe's accounts with the firm. Vungarala also allowed tribal leaders to believe the firm would not receive any commissions on these transactions, either, when he knew or should have known that this was their understanding. The complaint also alleges that Vungarala was aware of, but failed to disclose to the tribe, that it was eligible to receive volume discounts on its non-traded REIT and BDC purchases based on the fact that multiple trust accounts the tribe owned purchased the same offerings through the firm. As a result, the tribe failed to receive more than \$3.3 million in volume discounts to which it was eligible. All of these funds, instead, went to the firm and Vungarala in the form of commissions to the detriment of the tribe. As a result of his conduct, Vungarala willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and FINRA Rules 2010 and 2020.

The complaint further alleges that at the time the tribe became the firm's customer, the firm failed to perform an adequate review of Vungarala's dual relationship with the tribe to determine whether this relationship heightened the risk of fraudulent conduct by him toward the tribe. Because the firm failed to conduct an adequate review of the risks inherent to Vungarala's dual relationship with the tribe, it likewise failed to establish sufficient procedures to mitigate any such risks. In addition, the complaint alleges that the firm failed to have adequate supervisory systems and WSPs in place to supervise the sale of non-traded REITs and BDCs to ensure the proper application of volume discounts. The firm failed to take reasonable steps to verify Vungarala's representations that the tribe did not want to take advantage of the additional volume discounts to which it was eligible, even after red flags were raised. ([FINRA Case #2014042291901](#))

VFG Securities, Inc. ([CRD #15121](#), Culver City, California) and Jason Bryce Vanclef ([CRD #5096529](#), San Luis Obispo, California) were named respondents in a FINRA complaint alleging that the firm and Vanclef provided customers with misleading personalized recommendation spreadsheets that contained false, exaggerated, unwarranted or misleading statements, and included improper projections of investment performance. The complaint alleges that the firm failed to comply with advertising rule standards by failing to have a registered principal approve sales literature prior to its first use and failing to submit the sales literature to FINRA for review. The complaint also alleges that the firm's supervisory systems were deficient in two respects. First, the firm failed to follow its WSPs that required a designated supervisor to review consolidated investment reports provided to customers. Second, the firm did not have any supervisory system, including written procedures, to review for high concentration levels in illiquid alternative investments, including non-traded direct participation programs and non-traded REITs, in customer accounts. ([FINRA Case #2013038283001](#))

Jay Kumar Chitnis ([CRD #2038685](#), Miami Beach, Florida) was named a respondent in a FINRA complaint alleging that he engaged in a scheme to fraudulently obtain funds from his member firm's clearing firm in order to keep his firm afloat and support his own lifestyle. The complaint alleges that Chitnis made trades with extended settlement dates in fixed income securities and repeatedly cancelled and rebooked the trades before the extended settlement date in order to keep the unearned payments the clearing firm made to his firm for the trades. Chitnis reported the purchase and sale of municipal securities knowing that the trades had not been actually effected and were fictitious. The complaint also alleges that Chitnis intentionally and wrongfully obtained and exercised ownership over \$680,917.36 of the clearing firm's funds as a result of his fictitious trading scheme. To date, Chitnis has failed to return any of these funds to the clearing firm. The complaint further alleges that Chitnis made or caused to be made trades in customer accounts without communicating with any of the customers about these trades before making the trades. None of the customers authorized any of the trades. Chitnis and his firm received payments of at least \$680,917.36 from the clearing firm from these unauthorized transactions. In the alternative, Chitnis regularly exercised discretion in accounts belonging to customers. Chitnis exercised discretion over when, and at what price, to place purchase and sale orders for the securities without consulting the customers. Chitnis, however, did not have written authorization from any of the customers involved in the transactions to exercise discretionary power in their accounts. Additionally, Chitnis' firm had not accepted these accounts in writing as discretionary accounts.

In addition, the complaint alleges that Chitnis caused his firm to maintain inaccurate books and records by recording transactions that he knew at the time they were made were fictitious and by failing to maintain proper order tickets. By making the trades, Chitnis caused the firm to inaccurately report trades to TRACE and the MSRB, and caused the publication and circulation of communications and reports of non-bona fide purchases and sales to the clearing firm. Moreover, the complaint alleges that Chitnis' firm, under Chitnis'

direction, did not enforce its WSPs related to unauthorized trading, did not enforce its WSPs related to discretionary accounts, and did not enforce its WSPs with regard to maintaining order tickets that contained all of the data required under SEC and MSRB rules. The firm, under Chitnis' direction, did not have any WSPs or supervisory systems relating to principal review of trade cancellations, failed to maintain a daily trade blotter signed or approved by a designated principal, failed to have a municipal principal who was conducting any meaningful review of municipal transactions, and did not have a reasonable supervisory system or WSPs to ensure compliance with MSRB rules. As a result of his conduct, Chitnis willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and MSRB Rules G-8, G-9, G-14, G-17 and G-27, and violated FINRA Rule 2020. ([FINRA Case #2015047037401](#))

Anthony Uzoma Ogbonna ([CRD #2771427](#), Blue Island, Illinois) was named a respondent in a FINRA complaint alleging that he failed to timely respond to FINRA's requests for information and documents, including copies of his bank and brokerage account statements. The complaint alleges that Ogbonna only provided the requested documents and information after the initiation of an expedited proceeding against him. Ogbonna also failed to timely appear and provide FINRA-requested testimony. Ogbonna only appeared and provided testimony after the initiation of a second expedited proceeding against him. The complaint also alleges that Ogbonna willfully failed to disclose a judgment of \$1,622 on his Form U4. In addition, Ogbonna completed an annual compliance certification questionnaire for his member firm, in which he falsely stated that he did not have any unsatisfied judgments or liens that he had not previously reported to the firm. ([FINRA Case #2014040437703](#))

Winston Wade Turner ([CRD #5965386](#), Tampa, Florida) was named a respondent in a FINRA complaint alleging that he falsified information relating to variable annuity transactions. The complaint alleges that Turner circumvented his member firm's supervisory review process by misrepresenting the source of funds in variable annuity application materials in connection with exchanges by customers. Turner further circumvented his firm's supervisory review process by lying to the firm about the source of funds for the variable annuity purchases and about the relationship between a customer and his former marketing assistant. Turner also engaged in deceptive conduct by misrepresenting his personal email addresses as the email addresses of his customers by submitting documents bearing forged signatures of a customer and by making payments to a customer from his own funds while creating the false appearance that the funds were coming from the firm.

The complaint also alleges that Turner falsified his firm's books and records by submitting falsified variable annuity applications, questionnaires, customer information forms and related documents for the exchanges by customers, by submitting documents with forged signatures of a customer, and by misrepresenting his own email address as that of customers. The complaint further alleges that Turner willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and FINRA Rule 2020 by

inducing customers to purchase securities by intentionally or recklessly making material misstatements and omissions regarding the earnings to be generated by their variable annuities, and as to the tax impact of a transaction involving one customer. In addition, the complaint alleges that Turner failed to disclose or provide accurate and timely disclosure of his outside business activities. Turner also failed to disclose or obtain authorization to engage in private securities transactions. Moreover, the complaint alleges that Turner refused to produce significant categories of information FINRA had requested, and failed to appear for his scheduled on-the-record testimony. ([FINRA Case #2013038398401](#))

Complaints Dismissed/Withdrawn

(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/withdrawn.)

ACN Securities, Inc. (#37645)
New York, New York
(February 2, 2016)
FINRA Case #2013035237101

David DiCenso (CRD #1538474)
Upland, California
(February 23, 2016)
FINRA Case #2010025475601

Kevin Murphy (CRD #1645347)
San Juan Capistrano, California
(February 23, 2016)
FINRA Case #2010025475601

Simon Taylor (CRD #3079767)
Palm Beach, Florida
(February 2, 2016)
FINRA Case #2013035237101

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

SL Hare Capital, Inc. (CRD #143019)
Encino, California
(February 16, 2016)

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

Steelpoint Securities, LLC (CRD #155847)
San Diego, California
(February 18, 2016)

Firm Suspended for Failure to Pay 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.)

Benjamin & Jerold Brokerage I, LLC (CRD #29110)
New York, New York
(February 4, 2016 – February 18, 2016)

Individuals Revoked for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320

(If the revocation has been rescinded, the date follows the revocation date.)

Darnell Anthony Deans (CRD #2200059)
Jersey City, New Jersey
(February 19, 2016)
FINRA Case #2012030677101

Daniel Joseph Frydrych (CRD #1343609)
Sun City West, Arizona
(June 14, 2002 – February 11, 2016)
FINRA Case #C02010003

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.)

Thomas Edward Andrews (CRD #4587953)
Holladay, Utah
(February 12, 2016)
FINRA Case #2015047236301

Ryan Jerry Attenson (CRD #1132472)
Royal Oak, Michigan
(February 2, 2016)
FINRA Case #2015044360701

John H. Berry (CRD #1282188)
Mission Viejo, California
(February 16, 2016)
FINRA Case #2015046825101

Keith Joseph Bettex (CRD #2054476)
Apex, North Carolina
(February 1, 2016)
FINRA Case #2014041468001

**Ricardo Athelstone Broome
(CRD #4201644)**
Brooklyn, New York
(February 22, 2016)
FINRA Case #2015046439901

Thomas Buono (CRD #2102270)
Valley Cottage, New York
(February 22, 2016)
FINRA Case #2014041660101

Henry Kimtong Chang (CRD #1361697)
Scituate, Massachusetts
(February 16, 2016)
FINRA Case #2015046849501

Saimir Collaku (CRD #5969154)
Budd Lake, New Jersey
(February 2, 2016)
FINRA Case #2014043784001

Veronica A. Deese (CRD #4792774)
Charlotte, North Carolina
(February 16, 2016)
FINRA Case #2015046425101

**Aaron Alexander Fautleroy
(CRD #5921719)**
Clinton, Maryland
(February 1, 2016)
FINRA Case #2015046090101

Larry Gordon Goldston (CRD #1869099)
Lubbock, Texas
(February 29, 2016)
FINRA Case #2015045198601

Rogelio Fernando Guevara (CRD #5644549)
El Paso, Texas
(February 23, 2016)
FINRA Case #2015046603501

Gregory Kieth Hines Jr. (CRD #4221844)
Reynoldsburg, Ohio
(February 2, 2016)
FINRA Case #2015046235501

Warren Scott Koch (CRD #2442078)
Roanoke, Texas
(February 2, 2016)
FINRA Case #2015044525101

Tiffany K. Le (CRD #4696188)
Monterey Park, California
(February 16, 2016)
FINRA Case #2014041213201

Sergio D. Lopez (CRD #5413383)
River Edge, New Jersey
(February 16, 2016)
FINRA Case #2015046509201

Gary James Lundgren (CRD #724817)
Panama City, Panama
(February 29, 2016)
FINRA Case #2014041670301/FPI150009

Chakkin Tony Mok (CRD #4267922)
Miami, Florida
(February 2, 2016)
FINRA Case #2014042976401

**April Christine Morris-Spicer
(CRD #2418557)**
Dallas, Texas
(February 29, 2016)
FINRA Case #2015045222101

Samuel Sean Nelson (CRD #6051619)

San Mateo, California
(February 1, 2016)
FINRA Case #2015045783001

Hai Yan Ni (CRD #5049987)

Glenelg, Maryland
(February 1, 2016)
FINRA Case #2014042588601

Edward Homer Painter (CRD #1407117)

Chappaqua, New York
(February 1, 2016)
FINRA Case #2015045976901

Bernard Mark Parker (CRD #2010184)

Indiana, Pennsylvania
(February 2, 2016)
FINRA Case #2014043341801

Sean David Portnoy (CRD #4962978)

Plano, Texas
(February 29, 2016)
FINRA Case #2015045928801

Samantha Raeshawn Raines (CRD #6102598)

Raleigh, North Carolina
(February 29, 2016)
FINRA Case #2015044493301

Royal Vance Keith Charles Reynolds III (CRD #6283762)

Phoenix, Arizona
(February 16, 2016)
FINRA Case #2015045657301

William Victor Siegel (CRD #4407213)

New York, New York
(February 1, 2016)
FINRA Case #2015046109601

Abel Gaim Teklai (CRD #6482044)

Lynnwood, Washington
(February 1, 2016)
FINRA Case #2015046312201

Angelos Stephen Tsigounis (CRD #2136978)

Sparta, New Jersey
(February 16, 2016)
FINRA Case #2015046586801

Makiasa Donyell Turner (CRD #5913308)

Raymond, Mississippi
(February 16, 2016)
FINRA Case #2015046430001

Joseph Arnold Weber (CRD #2489411)

Pleasant Prairie, Wisconsin
(February 1, 2016)
FINRA Case #2015045673901

Teule S. Williams (CRD #5910452)

Newnan, Georgia
(February 1, 2016)
FINRA Case #2015046205601

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.)

Jonathan Arroyo (CRD #6212050)

Naples, Florida
(February 22, 2016)
FINRA Case #2015048317901

Matthew C. Ashton (CRD #6102975)

Jupiter, Florida
(November 23, 2015 – February 2, 2016)
FINRA Case #2015046151801

Vladimir Belyaev (CRD #6056976)

Brooklyn, New York
(February 18, 2016)
FINRA Case #2015045871401

Ho Choong Chung (CRD #5576768)

Bellevue, Washington
(February 8, 2016)
FINRA Case #2015046011201

Anthony S. Curcio (CRD #1720826)

Coram, New York
(February 8, 2016)
FINRA Case #2015047330501

George Jay Dobbins (CRD #2774580)

Del Rio, Texas
(February 8, 2016)
FINRA Case #2015045513001

Robert Blake Ellender (CRD #2345532)

Baton Rouge, Louisiana
(November 19, 2015 – February 2, 2016)
FINRA Case #2015045846501

Tameika Andrea Frinks (CRD #6260215)

Davie, Florida
(February 22, 2016)
FINRA Case #2015047114401

William Lee Hutchinson (CRD #2055616)

Montague, New Jersey
(February 1, 2016)
FINRA Case #2015043944001

Chad Lewis Jackson (CRD #6426461)

Walworth, New York
(February 22, 2016)
FINRA Case #2015047477201

Daniel Seunghun Lee (CRD #6164357)

Richmond, Virginia
(February 19, 2016)
FINRA Case #2015045974101

Janice Jean Ling (CRD #6034271)

Deland, Florida
(February 19, 2016)
FINRA Case #2015047514801

Charles Little (CRD #2632450)

Kernersville, North Carolina
(February 8, 2016)
FINRA Case #2015044919301

Matthew R. Mizera (CRD #5802791)

Chicago, Illinois
(February 22, 2016)
FINRA Case #2015047035101

Lindsey Brooke Nelan (CRD #6388227)

Ridgeland, Mississippi
(February 22, 2016)
FINRA Case #2015047096301

Charles Holman Phelps (CRD #2030848)

Orlando, Florida
(February 1, 2016)
FINRA Case #2014043733501

Tanvir M. Shah (CRD #6527916)

Jackson Heights, New York
(February 22, 2016)
FINRA Case #2015047169201

**Michael Taylor Shuttlesworth
(CRD #1285729)**

Tuscaloosa, Alabama
(February 8, 2016)
FINRA Case #2015047434801

Mark Francis Speakman (CRD #2693667)

Grove City, Ohio
(February 16, 2016)
FINRA Case #2015048101701

Thomas Suarez (CRD #5645277)

Dix Hills, New York
(February 25, 2016)
FINRA Case #2015047006301

Christopher George Taylor (CRD #3251069)

Murrells Inlet, South Carolina
(February 1, 2016)
FINRA Case #2014043034302

Sheena Anne Toney (CRD #5787621)

Lancaster, California
(February 16, 2016)
FINRA Case #2015047279901

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

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

Russell Andrew Carbonara (CRD #5565610)

Atlanta, Georgia
(February 4, 2016)
FINRA Arbitration Case #10-03712

Roger Briggs Coe Jr. (CRD #710456)

Boston, Massachusetts
(February 3, 2016)
FINRA Arbitration Case #12-00889

Jerrid Jemal Douglas (CRD #4924066)

Freehold, New Jersey
(February 3, 2016)
FINRA Arbitration Case #15-00486

Joshua Standish Fortin (CRD #3008070)

Highpoint, Ohio
(December 16, 2008 – February 29, 2016)
FINRA Arbitration Case #07-03545

Terry Lee Haggerty (CRD #728634)

Glenview, Illinois
(February 18, 2016)
FINRA Arbitration Case #14-01550

Mark David Holt (CRD #3150622)

Vadnais Heights, Minnesota
(February 2, 2016)
FINRA Arbitration Case #14-00954

Pil Sang Hwang (CRD #3170277)

Portland, Oregon
(February 2, 2016)
FINRA Arbitration Case #15-00449

Robert John Matarazzo Jr. (CRD #3242484)

Brooksville, Florida
(November 12, 2014 – February 2, 2016)
FINRA Arbitration Case #13-03247

James Kenneth Maurice (CRD #2037790)

Cedar Rapids, Iowa
(January 16, 2009 – February 11, 2016)
FINRA Arbitration Case #08-01203

Bahram Mirhashemi (CRD #2937037)

Newport Coast, California
(February 4, 2016)
FINRA Arbitration Case #13-00962

Charles J. Moore (CRD #4525896)

East Brunswick, New Jersey
(February 24, 2016)
FINRA Arbitration Case #14-00316

Joshua James Nanci (CRD #2843041)

Pittsburgh, Pennsylvania
(February 4, 2016)
FINRA Arbitration Case #10-03712

FINRA Bars Two Brokers for Fraudulent Sales of a Hedge Fund

FINRA barred two Buffalo-based brokers—[Timothy S. Dembski](#) and [Walter F. Grenda](#)—from the securities industry for fraud in connection with the sale of a hedge fund, the Prestige Wealth Management Fund, LP. Dembski and Grenda’s misconduct occurred while they were employed with Mid Atlantic Capital Corporation.

FINRA’s investigation found that Dembski and Grenda made material misrepresentations and omissions to lead investors to believe that the hedge fund was a “growth” fund that would be based on a computer algorithm that automatically included risk protections and stop-losses to limit losses in the fund. In fact, the fund was a highly speculative investment, the fund’s Chief Investment Officer had complete control over the investments made, and it was not obligated to follow the computer algorithm. In the last full month that the fund traded, it lost over 80 percent of its value.

Brad Bennett, FINRA’s Executive Vice President and Chief of Enforcement, said, “In 2015, FINRA barred nearly 500 brokers from the securities industry and we will continue to root out those brokers who seek to take advantage of their customers.”

FINRA found that when marketing the hedge fund, Dembski and Grenda distributed a Private Placement Memorandum (PPM) that they knew contained material misrepresentations about the Chief Investment Officer’s professional experience. The PPM stated that the Chief Investment Officer had “worked in the financial services industry for over 14 years,” “co-managed a portfolio of over \$500 million” and was a “Vice President of Investments for a New York based investment company,” all of which were false.

In settling [this matter](#), Dembski and Grenda neither admitted nor denied the charges, but consented to the entry of FINRA’s findings.

FINRA Bars Broker for Market Manipulation

Supervisor Barred from Supervising, Suspended and Fined; Additional Broker Sanctioned

FINRA barred broker [George Johnson](#) from the securities industry for engaging in a manipulative trading scheme to artificially inflate the market price and trading volume for the common stock of IceWEB, Inc. (OTCBBTM: IWEB). FINRA also sanctioned [Christopher Wynne](#), Johnson’s supervisor, suspending him for two years in all capacities, barring him in a principal capacity, and fining him \$25,000. [Joseph Mahalick](#), another broker who worked with Johnson and Wynne, was suspended for six months and fined \$20,000 for falsifying firm records and has been barred from the securities industry in a separate action. Johnson, Wynne and Mahalick all worked for Meyers Associates L.P. in that firm’s Chicago branch office during the time period of the misconduct.

FINRA found that over an eight-day period, Johnson manipulated the market for IWEB by recommending that certain of his customers buy at increasingly higher and artificially inflated prices while also recommending his other customers sell their shares, frequently matching trades between the customers. FINRA found that among Johnson's motives for manipulating the stock was the fact that he wanted to obtain business from the issuer for which he would anticipate receiving compensation in connection with a future private offering. Johnson coordinated a campaign with a stock promoter to attempt to increase the stock's share price to a level that would allow for the exercise of certain warrants.

Brad Bennett, FINRA's Executive Vice President and Chief of Enforcement, said, "Any broker engaging in manipulative activity poses a threat to market integrity and has no place in the securities industry. The branch office manager, who was the first line of defense in supervising George Johnson's activities, completely failed to supervise his transactions to ensure compliance with securities laws and FINRA rules."

FINRA also found that Johnson and Wynne sent customers IWEB sales materials that omitted information concerning material conflicts of interest and material risks concerning IWEB's business, and contained misleading, exaggerated and unwarranted information. Moreover, Johnson disclosed confidential information to potential purchasers concerning another offering.

In addition to the IWEB scheme, FINRA found that Johnson committed fraud by recommending that certain of his customers purchase shares of another penny stock without disclosing to them that he was liquidating his own personal positions of the security from his own brokerage accounts.

In addition, FINRA's investigation found that to cover up Johnson's violations of state securities registration requirements, Johnson, Mahalick and Wynne agreed to the practice of entering false information on more than 100 order memoranda, indicating that Wynne or Mahalick was responsible for the account or transactions, instead of Johnson.

In settling this matter, [Johnson](#), [Wynne](#) and [Mahalick](#) neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

Mahalick's suspension is in effect from February 16, 2016, through August 15, 2016. Wynne's suspension is in effect from March 21, 2016, through March 20, 2018.

FINRA and Nasdaq Fine Wedbush Securities Inc. \$675,000 For Supervisory Violations Relating to Chronic Fails to Deliver by a Client in Multiple Exchange-Traded Funds

The Financial Industry Regulatory Authority (FINRA) and The Nasdaq Stock Market LLC (Nasdaq) announced that they jointly censured and fined [Wedbush Securities Inc.](#) \$675,000 for supervisory violations in connection with its handling of a client's redemption activity and trading of leveraged exchange-traded funds (ETFs) that led to chronic fails to deliver in several ETFs for over two years.

Wedbush served as the clearing firm for its broker-dealer customer, Scout Trading, LLC, and acted as an Authorized Participant of various ETFs. This enabled Wedbush to submit redemption/creation orders on Scout Trading's behalf and on behalf of its other clients. From January 2010 to March 2012, Scout Trading routinely submitted "naked" redemption orders in ETFs to Wedbush, meaning Scout Trading was insufficiently long in the ETF shares comprising the redemption orders. During the review period, Scout Trading submitted at least 255 naked redemption orders through Wedbush in 11 ETFs, totaling over 295 million shares. This naked redemption activity, along with short selling of the ETFs on the secondary market by Scout Trading, resulted in substantial, repeated fails to deliver by Wedbush. Scout Trading submitted creation orders, used to create new shares of the ETFs, through Wedbush to close out the fails to deliver; however, Scout Trading, shortly thereafter, submitted further naked redemption orders, or engaged in additional secondary market selling activity in the ETFs, through or with the assistance of Wedbush, that led to fails to deliver redeveloping at Wedbush. This pattern of naked redemption orders followed by creation orders resulted in persistent and sustained fails to deliver at Wedbush, and was profitable but impermissible.

Wedbush repeatedly effectuated Scout Trading's ETF orders without first ascertaining whether Scout Trading owned, or had full legal and beneficial right to tender for redemption, the requisite number of ETF shares associated with its orders, contrary to its obligations as an Authorized Participant, and without taking sufficient follow-up actions concerning Scout Trading's systemic and cyclical fails to deliver. As such, Wedbush failed to observe high standards of commercial honor and just and equitable principles of trade, and failed to meet its supervisory obligations to ensure that its activities as an Authorized Participant, including its processing of ETF orders, complied with applicable securities laws and regulations.

Thomas Gira, FINRA Executive Vice President and Head of Market Regulation, said, "Timely delivery of securities is a critical component of sales activity in the markets, particularly in ETFs that rely on the creation and redemption process. Naked trading strategies that result in a pattern of systemic and recurring fails flout such principle and do not comply with Regulation SHO. Authorized Participants and their broker-dealer clients need to have adequate supervisory procedures and controls in place to ensure that they are properly redeeming and creating shares of ETFs."

John Zecca, Senior Vice President of Market Regulation for Nasdaq's U.S. Markets, continued, "Authorized Participants, as gatekeepers and conduits to the primary ETF markets, play vital roles in ensuring they carry out their obligations consistent with applicable securities laws and do not become a vehicle for misconduct. We will continue to monitor firms for adherence to Regulation SHO and adequate supervisory systems to ensure such compliance."

In concluding [this settlement](#), Wedbush neither admitted nor denied the charges, but consented to the entry of FINRA's findings. Scout Trading, which was a member of Nasdaq but not FINRA, was the subject of a separate Nasdaq disciplinary [proceeding](#) on April 7, 2015, in which it consented, without admitting or denying the charges, to the entry of findings by Nasdaq that Scout Trading violated Rule 204 of Regulation SHO and Nasdaq's requirements that pertain to supervision and just and equitable principles of trade. That settlement resulted in a censure and \$3 million fine against Scout Trading, a former Nasdaq member.