

Disciplinary and Other FINRA Actions

Firm Expelled, Individuals Sanctioned

Fox Financial Management Corporation ([CRD® #134277](#), Carrollton, Texas), **Brian Andrew Murphy** ([CRD #4743164](#), Frisco, Texas) and **James Edward Rooney Jr.** ([CRD #1857754](#), Carrollton, Texas). The firm was expelled from FINRA® membership and fined \$100,000. Murphy was fined \$25,000, barred from association with any FINRA member in any principal or supervisory capacity, and suspended from association with any FINRA member in any capacity for three months. Rooney was fined \$50,000, barred from association with any FINRA member in any principal or supervisory capacity, and suspended from association with any FINRA member in any capacity for six months. The National Adjudicatory Council (NAC) affirmed the findings and modified the sanctions following appeal of an Office of Hearing Officers (OHO) decision.

The sanctions were based on findings that the firm, Murphy as its chief compliance officer (CCO), and Rooney as its president, failed to reasonably supervise the private securities transaction of a firm registered representative and failed to record the transactions on the firm's books and records. The findings stated that the representative engaged in private securities transactions and received selling compensation (both transaction-based compensation and profit participation interests). Nevertheless, the firm, Murphy and Rooney failed to record the representative's private securities transactions on the firm's books and records, and failed to supervise the transactions as if they were executed through the firm.

The findings also stated that the firm failed to establish, maintain, and enforce written supervisory systems and procedures that were reasonably designed to ensure compliance with NASD Rule 3040. The firm, Murphy and Rooney failed to conduct a reasonable inquiry into the representative's registered investment adviser (RIA) and hedge fund businesses, and make a determination, documented in writing, as to whether such businesses constituted an outside business activity or outside securities activity. Further, the firm, Murphy and Rooney failed to enforce the firm's procedures by failing to ensure that all the requirements of Rule 3040 were met, and to request copies of duplicate statements from the executing broker-dealer with respect to the representative's RIA and hedge fund activities.

Murphy's suspension is in effect from March 6, 2017, through June 6, 2017. Rooney's suspension is in effect from March 6, 2017, through September 6, 2017. ([FINRA Case #2012030724101](#))

Reported for April 2017

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).

Firms Fined

ACP Securities, LLC ([CRD #139049](#), Miami, Florida) submitted a Letter of Acceptance, Waiver and Consent (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 failed to report transactions in Trade Reporting and Compliance Engine® (TRACE®)-eligible corporate debt securities to TRACE within the time required by FINRA Rule 6730(a). ([FINRA Case #2015046333301](#))

Albert Fried & Company, LLC ([CRD #1914](#), New York, New York) submitted an AWC in which the firm was censured and fined \$27,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report 28 short positions totaling 8,757,100 shares in foreign-listed securities that shared a common International Securities Identification Number (ISIN) with a U.S.-listed or traded security. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and FINRA rules. The firm's WSPs failed to provide for one or more of the minimum requirements for adequate WSPs concerning short interest reporting, including the reporting of foreign-listed securities, under FINRA Rule 4560. ([FINRA Case #2015045345501](#))

Beaconsfield Financial Services, Inc. ([CRD #14634](#), Canonsburg, Pennsylvania) 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 failed to reasonably supervise one of its registered representative's private securities transactions. The findings stated that the representative was associated with an unaffiliated RIA that was disclosed to the firm and approved as an outside business activity. Although the representative participated in securities transactions for compensation through the RIA, including transactions executed on behalf of firm customers, the firm did not record these securities transactions on its books and records or otherwise supervise these activities, as required. ([FINRA Case #2016047658101](#))

BMA Securities, LLC ([CRD #108219](#), El Segundo, California) submitted an AWC in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that on 110 occasions, it accepted a short sale order in an equity security from another person, or effected a short sale in an equity security for its own account, without borrowing the security, or entering into a *bona-fide* arrangement to borrow the security; or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due; and documenting compliance with Rule 203(b)(1) of Regulation SHO. The findings stated that the firm executed short sale transactions and failed to report each of these transactions to the Over-the-Counter (OTC) Reporting Facility™ (ORF™) with a short sale modifier. The findings also stated that the firm's supervisory system did not provide for supervision

reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and FINRA rules. The firm's WSPs failed to provide for one or more of the minimum requirements for adequate WSPs concerning compliance with the Locate requirement under Rule 203(b)(1) of Regulation SHO and FINRA rules governing trade reporting of short sales. ([FINRA Case #2013038379601](#))

BNP Paribas Securities Corp. (CRD #15794, 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 submitted approximately 40 million Reportable Order Events (ROEs) to the Order Audit Trail System (OATS™) without the required "Y" Program Trading Code indicating the orders were part of a program trade. The findings stated that the firm's supervisory procedures were not reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and FINRA rules concerning OATS. Specifically, the firm failed to have procedures to compare the accepted OATS data to the firm's books and records to ensure all ROEs were reported accurately. ([FINRA Case #2015046695501](#))

Buckman, Buckman & Reid, Inc. (CRD #23407, Little Silver, New Jersey) submitted an AWC in which the firm was censured, fined \$40,000, 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 transmitted reports to OATS that contained inaccurate, incomplete, or improperly formatted data; failed to show the correct order receipt time on brokerage order memoranda; and failed to provide written notification disclosing to its customer its correct capacity in transactions. The findings stated that the firm made publicly available a report on its routing of non-directed orders in covered securities that included incorrect information as to the percentage of the firm's customer non-directed flow. 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. The firm's WSPs failed to provide for one or more of the minimum requirements for adequate WSPs concerning order handling, short sale transactions, OATS reporting, extraordinary market volatility, electronic communications reviews, and Securities and Exchange Commission (SEC) Rule 15c3-5. ([FINRA Case #2014039940501](#))

Bulltick, LLC (CRD #104005, Miami, Florida) 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 its WSPs did not adequately document the process and procedure for allocating certain of its customers' trades executed by a firm trading desk to ensure that trade allocations were accurate, and to ensure against potentially unlawful trade allocations. The findings stated that most clients' trades were effected directly by the firm's clients through direct market access (DMA) arrangements, but in some circumstances clients were able to place trades with a firm trading desk. In certain circumstances, the desk-executed trades were placed in a generic execution

management system (EMS) account also occasionally used to place the firm's proprietary trades, and later allocated to the clients' accounts. The findings also stated that the firm did not create any contemporaneous record to reflect whether the desk-executed trades placed through the generic EMS account were for a customer or were proprietary, and if for a customer, which customer. Rather, the firm relied on informal processes to later complete the allocations to the client or firm accounts, if applicable. The firm's WSPs did not adequately document the process and procedure for allocating desk-executed customer orders that were initially processed through the generic EMS account to ensure trade allocations were accurate. The findings also stated that the firm permitted the head of an equities trading desk to supervise his own trading in his personal accounts and in a proprietary firm account. ([FINRA Case #2015048101801](#))

Dawson James Securities, Inc. (CRD #130645, Boca Raton, Florida) submitted an AWC in which the firm was censured and fined \$75,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it had supervisory failures relating to research and private offerings and that those supervisory failures led to substantive rule violations in both areas.

The findings stated that the firm did not adopt or implement written supervisory procedures reasonably designed to ensure that research analysts did not participate in efforts to solicit investment banking business. For example, the firm did not adopt or implement procedures or training defining the circumstances, if any, under which a research analyst could meet with an issuer that may be a potential investment banking client, or communicate with an issuer in the presence of investment bankers. Moreover, the WSPs did not specifically address how research analysts' communications with issuers should be supervised or who research analysts should consult about any potential concerns regarding communications with issuers. The firm did not maintain reasonable procedures governing interactions between the firm's research staff and current or potential investment banking clients, nor did anyone at the firm supervise or review the communications that took place at those meetings. The firm's WSPs also were not reasonably designed to ensure compliance with the disclosure requirements of the research rules.

The findings also stated that the firm did not have a reasonable supervisory system because the firm's director of research supervised his own activities as a research analyst. No person at the firm was formally assigned to supervise the activities of the director of research, including review of his research reports, nor was there systematic or regular review of his reports.

FINRA found that as a result of these supervisory failures, the firm's Director of Research appeared in a video along with other firm executives that advertised the firm's investment banking services. In the video, the Director of Research speaks about the merits of the firm's investment banking services, contrary to FINRA rules that prohibit research analysts from participating in efforts to solicit investment banking business.

Also as a result of these supervisory failures, FINRA found that the firm failed to make clear, comprehensive and prominent research disclosures in research reports as FINRA rules required. The research reports included conditional or indefinite language, did not identify the percentage of all securities rated, and contained a rating that referred to the term “speculative buy” without defining that term, which resulted in them being confusing and potentially misleading.

FINRA also found that the firm failed to enforce its written procedures by failing to conduct a reasonable investigation into a best efforts part or none contingency offering. As a selected dealer participating in the offering, the firm did not adequately investigate the use of non-*bona fide* sales in the minimum contingency calculation. Because the minimum contingency requirement was not met with *bona-fide* sales, the issuer was required to return all investor funds. Additionally, the firm failed to request a letter from the issuer or managing broker-dealer confirming that the required minimum contingency had been met. The firm’s failure to conduct adequate due diligence and to request the required letter from the issuer or managing broker-dealer thereby contributed to the improper closing of the offering and placed investor funds at risk.

In addition, FINRA determined that the firm participated in an offering in which the issuer designated its law firm’s interest on a lawyer’s account as the escrow account for the receipt of subscription funds. The firm received \$62,500 in subscription checks from investors and improperly transferred those checks to the designated escrow account. ([FINRA Case #2015044393901](#))

Edward D. Jones & Co., L.P. (CRD #250, St. Louis, Missouri) 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 overcharged interest on margin loans totaling approximately \$708,000 to the owners of customer accounts. The findings stated that the overcharges occurred because the firm did not adequately supervise its system for determining the interest rates on those loans. The firm did not test its automated system for grouping accounts for the assignment of interest rates on margin loans. Instead, the firm supervised interest on margin loans by reviewing a monthly report from one of its vendors, but that report incorporated the problem with the logic of the firm’s automated system. The firm excluded several thousand qualifying accounts from relationship pricing groups, meaning that those customers paid more interest than the firm had agreed to charge. Additionally, the firm did not direct its supervisors to use the reports to review its method of assigning interest rates, and the supervisors sampled only a small number of accounts on the reports. The firm voluntarily paid restitution of approximately \$708,000, plus interest, to affected customers. ([FINRA Case #2016048760501](#))

Feltl & Company (CRD #6905, Minneapolis, Minnesota) 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 establish, maintain

and enforce WSPs that were reasonably designed to supervise the personal trading activity of persons associated with the firm for conflicts of interest. The findings stated that during the relevant period, one registered representative associated with the firm sold more than 900,000 shares in a penny stock that he personally owned, at or around the same time he was recommending to his firm customers that they purchase shares in the penny stock. The representative sold his shares through a firm account held in his own name. During the relevant period, 59 of the representative's firm customers purchased approximately 1.27 million shares of the penny stock based on the representative's recommendation.

The findings also stated that the firm lacked a supervisory system and written procedures reasonably designed to appropriately monitor trading by persons associated with it in their personal firm accounts. The firm generated exception reports that identified trades involving securities held by its employees and customers that occurred on the same date. However, these reports were primarily used to identify instances of "front-running." The reports were not designed to detect or monitor for conflicts of interest arising out of instances where a firm employee was selling a stock he was recommending his customers purchase. The firm did not have any other system or procedure in place that was principally used to detect or monitor for conflicts of interest arising from transactions in its employee accounts, or to ensure that appropriate disclosures were made to firm customers. The firm's WSPs did not discuss exception reports or the process by which they would be reviewed. Additionally, although these WSPs required supervisors to review daily trading blotters and periodically review transactions effected in firm employee accounts, the procedures provided inadequate guidance regarding the scope or nature of such reviews. The firm also failed to timely respond to a number of "red flags" indicating that the representative was selling penny stock shares while recommending his firm customers purchase the stock. Despite evidence on the firm's daily trading blotters and in exception reports, the firm did not take timely appropriate steps to monitor the representative's selling activity or ensure that adequate disclosures were made to the representative's customers. ([FINRA Case #2010024882202](#))

Financial Services International Corp. dba FSIC (CRD #37813, Edmonds, Washington) submitted an AWC in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it conducted a securities business on business days while it did not meet its net capital requirements. The findings stated that the firm's net capital deficiencies ranged from approximately \$11,325 to \$26,485. ([FINRA Case #2016049792301](#))

Guggenheim Securities, LLC (CRD #40638, New York, New York) 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 immediately publish a bid or offer that reflected the price and the full size of customer limit orders for OTC equity securities the firm held that were at a price that would have improved the firm's bid or offer in such securities. ([FINRA Case #2015045529701](#))

IFC Holdings Inc. dba Invest Financial Corporation (CRD #12984, Tampa, Florida) submitted an AWC in which the firm was censured, fined \$225,000 and required to provide FINRA with a remediation plan to remediate eligible customers who qualified for, but did not receive, the applicable mutual fund sales charge waiver. The firm has paid restitution to eligible customers, which is estimated to total \$504,722 (the amount eligible customers were overcharged, inclusive of interest). The firm will also ensure that retirement and charitable waivers are appropriately applied to all future transactions.

Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it disadvantaged certain retirement plan and charitable organization customers who were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge. The findings stated that these eligible customers were instead sold Class A shares with a front-end sales charge, or Class B or C shares with back-end sales charges and higher ongoing fees and expenses. These sales disadvantaged eligible customers by causing such customers to pay higher fees than they were actually required to pay. The findings also stated that the firm failed to reasonably supervise the application of sales charge waivers to eligible mutual fund sales. The firm relied on its financial advisors to determine the applicability of sales charge waivers, but failed to maintain adequate written policies or procedures to assist financial advisors in making this determination. In addition, the firm failed to adequately notify and train its financial advisors regarding the availability of mutual fund sales charge waivers for eligible customers. The firm also failed to adopt adequate controls to detect instances in which they did not provide sales charge waivers to eligible customers in connection with their mutual fund purchases. As a result of the firm's failure to apply available sales charge waivers, the firm estimates that eligible customers were overcharged approximately \$442,574 for mutual fund purchases made since January 1, 2009. ([FINRA Case #2015046036301](#))

INTL FCStone Financial Inc. (CRD #45993, Winter Park, Florida) submitted an AWC in which the firm was censured; fined \$42,500; ordered to pay \$691.85, 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 immediately display customer limit orders in OTC securities in its public quotation, when each such order was at a price that would have improved the firm's bid or offer in each such security; or when the order was priced equal to the firm's bid or offer for each such security, and the size of the order represented more than a *de minimis* change in relation to the size associated with the firm's bid or offer in each such security. The findings stated that the firm accepted and held customer orders, and failed to execute or immediately execute customer orders in OTC securities up to the size and/or at the same or a better price that the firm executed or satisfied the customer orders. The firm failed to make an effort to cross marketable customer orders with another order received by the firm on the other side of the market. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning limit order display

and trading ahead of customer orders. The firm's WSPs failed to provide for one or more of the minimum requirements for adequate WSPs regarding limit order display and trading ahead of customer orders. ([FINRA Case #2015047592001](#))

Investment Centers of America, Inc. (CRD #16443, Appleton, Wisconsin) submitted an AWC in which the firm was censured, fined \$60,000 and required to provide FINRA with a plan to remediate eligible customers who qualified for, but did not receive, the applicable mutual fund sales charge waiver. The firm will also ensure that retirement and charitable waivers are appropriately applied to all future transactions. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it disadvantaged certain retirement plan and charitable organization customers who were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge. The findings stated that these eligible customers were instead sold Class A shares with a front-end sales charge, or Class B or C shares with back-end sales charges and higher ongoing fees and expenses. These sales disadvantaged eligible customers by causing such customers to pay higher fees than they were actually required to pay.

The findings also stated that the firm failed to reasonably supervise the application of sales charge waivers to eligible mutual fund sales. The firm relied on its financial advisors to determine the applicability of sales charge waivers, but failed to maintain adequate written policies or procedures to assist financial advisors in making this determination. In addition, the firm failed to adequately notify and train its financial advisors regarding the availability of mutual fund sales charge waivers for eligible customers. The firm also failed to adopt adequate controls to detect instances in which they did not provide sales charge waivers to eligible customers in connection with their mutual fund purchases. As a result of the firm's failure to apply available sales charge waivers, the firm estimates that eligible customers were overcharged approximately \$154,194 for mutual fund purchases made since January 1, 2011. ([FINRA Case #2015046688401](#))

Investment Professionals, Inc. (CRD #30184, San Antonio, Texas) submitted an AWC in which the firm was censured, fined \$125,000, and required to revise its WSPs. The sanctions do not include a restitution payment because the firm paid restitution to its customer. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it executed 167 non-bona fide municipal transactions for one trading account without a change in beneficial ownership; and of these transactions, the firm executed seven pre-arranged municipal transactions for the same account. The findings also stated that the firm lacked a reasonable supervisory system to detect and prevent non-bona fide and pre-arranged municipal bond trades in the type of firm account at issue. The subject account was a limited partnership serviced by multiple traders who executed trades on the firm's behalf. The firm did not have any WSPs applicable to trading activity in limited partnership accounts. Instead, the firm's WSPs relating to non-bona fide and pre-arranged trading applied to managed accounts in its investment adviser business and retail municipal transactions, neither of which included the account at issue. ([FINRA Case #2012031363201](#))

J.P. Morgan Securities LLC (CRD #79, New York, New York) submitted an AWC in which the firm was censured and fined \$675,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it firm failed to report transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time, and failed to report the correct trade execution time for transactions in TRACE-eligible securities to TRACE. The findings stated that the firm failed to report information regarding purchase and sale transactions effected in municipal securities to the Real-Time Transaction Reporting System (RTRS) in the manner prescribed by the Municipal Securities Rulemaking Board (MSRB) Rule G-14 RTRS Procedures and the RTRS Users' Manual. Specifically, the firm failed to report information about such transactions to an RTRS Portal within 15 minutes of trade time, and, when reported, the firm failed to report to the RTRS Portal the correct trade execution time. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and FINRA rules relating to the TRACE reporting of the customer legs of "riskless" principal transactions executed by certain trading desks, and with respect to the applicable securities laws and regulations and MSRB rules relating to the RTRS reporting of the customer legs of "riskless" principal transactions executed by certain trading desks. ([FINRA Case #2013038331001](#))

Morgan Stanley Smith Barney LLC (CRD #149777, Purchase, New York) submitted an AWC in which the firm was censured, fined \$115,000, and ordered to pay \$55,284.28, plus interest, in restitution to investors. The total amount of restitution arising from the violations is \$57,159.52. However, the firm already has paid restitution to address some of the violations. The remaining amount to be paid is \$55,284.28.

Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that in pairs of transactions and in municipal bond transactions, the firm purchased municipal securities for its own account from a customer, or sold municipal securities for its own account to a customer, at an aggregate price (including any markup or markdown) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction; the expense involved in effecting the transaction; the fact that the broker, dealer, or municipal securities dealer is entitled to a profit; and the total amount of the transaction. The findings stated that in municipal bond transactions, the firm purchased municipal securities for its own account from a customer at an aggregate price (including any markup or markdown) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction; the expense involved in effecting the transaction; the fact that the broker, dealer, or municipal securities dealer is entitled to a profit; and the total amount of the transaction. The findings also stated that in municipal bond transactions, the firm

purchased or sold municipal securities as agent for a customer for a commission or service charge that was in excess of a fair and reasonable amount, taking into consideration all relevant factors, including the availability of the securities involved in the transaction; the expense of executing or filling the customer's order; the value of the services rendered by the broker, dealer or municipal securities dealer; and the amount of any other compensation received or to be received by the broker, dealer, or municipal securities dealer in connection with the transaction. ([FINRA Case #2014040289101](#))

National Planning Corporation (CRD #29604, El Segundo, California) submitted an AWC in which the firm was censured, fined \$60,000 and required to provide FINRA with a plan to remediate eligible customers who qualified for, but did not receive, the applicable mutual fund sales charge waiver. The firm will also ensure that retirement and charitable waivers are appropriately applied to all future transactions. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it disadvantaged certain retirement plan and charitable organization customers who were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge. The findings stated that these eligible customers were instead sold Class A shares with a front-end sales charge, or Class B or C shares with back-end sales charges and higher ongoing fees and expenses. These sales disadvantaged eligible customers by causing them to pay higher fees than they were actually required to pay.

The findings also stated that the firm failed to reasonably supervise the application of sales charge waivers to eligible mutual fund sales. The firm relied on its financial advisors to determine the applicability of sales charge waivers, but failed to maintain adequate written policies or procedures to assist financial advisors in making this determination. In addition, the firm failed to adequately notify and train its financial advisors regarding the availability of mutual fund sales charge waivers for eligible customers. The firm also failed to adopt adequate controls to detect instances in which they did not provide sales charge waivers to eligible customers in connection with their mutual fund purchases. As a result of the firm's failure to apply available sales charge waivers, the firm estimates that eligible customers were overcharged approximately \$521,370 for mutual fund purchases made since January 1, 2011. ([FINRA Case #2015046915901](#))

SII Investments, Inc. (CRD #2225, Appleton, Wisconsin) submitted an AWC in which the firm was censured, fined \$75,000 and required to provide FINRA with a plan to remediate eligible customers who qualified for, but did not receive, the applicable mutual fund sales charge waiver. The firm will also ensure that retirement and charitable waivers are appropriately applied to all future transactions. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it disadvantaged certain retirement plan and charitable organization customers who were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge. The

findings stated that these eligible customers were instead sold Class A shares with a front-end sales charge, or Class B or C shares with back-end sales charges and higher ongoing fees and expenses. These sales disadvantaged eligible customers by them to pay higher fees than they were actually required to pay.

The findings also stated that the firm failed to reasonably supervise the application of sales charge waivers to eligible mutual fund sales. The firm relied on its financial advisors to determine the applicability of sales charge waivers, but failed to maintain adequate written policies or procedures to assist financial advisors in making this determination. In addition, the firm failed to adequately notify and train its financial advisors regarding the availability of mutual fund sales charge waivers for eligible customers. The firm also failed to adopt adequate controls to detect instances in which they did not provide sales charge waivers to eligible customers in connection with their mutual fund purchases. As a result of the firm's failure to apply available sales charge waivers, the firm estimates that eligible customers were overcharged approximately \$965,720 for mutual fund purchases made since January 1, 2011. ([FINRA Case #2015046915601](#))

Stockcross Financial Services, Inc. ([CRD #6670](#), Beverly Hills, California) submitted an AWC in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to immediately publish a bid or offer that reflected the price and full size of customer limit orders for OTC equity securities held by the firm that were at a price that would have improved the firm's bid or offer in such securities. The findings stated that the firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning limit order display requirements. In addition, the firm's supervisory system did not include sufficient WSPs providing for a statement of the supervisory step(s) to be taken by the identified person(s) responsible for supervision with respect to FINRA Rule 6460. ([FINRA Case #2015044270001](#))

Vision Financial Markets LLC ([CRD #142271](#), Stamford, Connecticut) submitted an AWC in which the firm was censured, fined \$50,000, and agreed to conduct a review of its policies, systems, and procedures relating to its compilation and submission of blue sheet data and its audit deficiencies. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it submitted inaccurate blue sheets to FINRA and the SEC. The findings stated that the firm's blue sheets erroneously reported some "buys" as "cancelled buys" and some "sells" as "cancelled sells," erroneously reported some transactions with zero quantities, and failed to report some options transactions. These problems were caused by corrupted data that resulted from the conversion of the firm's back-office system. The findings also stated that the firm did not have in place an adequate audit system providing for accountability regarding the inputting of records required to be maintained and preserved. ([FINRA Case #2014042060201](#))

William Blair & Company L.L.C. (CRD #1252, Chicago, Illinois) submitted an AWC in which the firm was censured, fined \$17,500, 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 written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in National Market System (NMS) stocks that do not fall within any applicable exception, and if relying on an exception, are reasonably designed to assure compliance with the terms of the exception. The findings stated that in particular, the firm incorrectly claimed the exception for a “stopped order” under SEC Rule 611(b)(9) on numerous occasions due to the firm’s misapplication of that provision. The findings also stated that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to SEC Rule 611 due to the firm’s misapplication of Rule 611(b)(9)’s “stopped order” exception. ([FINRA Case #2015045553701](#))

Individuals Barred or Suspended

Arturo Fernando Alcocer Romo (CRD #5053160, San Diego, California) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 31 days. Without admitting or denying the findings, Alcocer Romo consented to the sanctions and to the entry of findings that he improperly disclosed non-public personal information of his member firm’s customers, including names, account numbers, addresses, birthdates and passport numbers, by emailing the information to a relative and uploading it to a third-party website. The findings stated that Alcocer Romo circumvented his firm’s information technology safeguards by modifying the names of the files he transmitted in order to disguise their contents. Alcocer Romo did not provide notice to the firm, or any customer, that he intended to disclose customer information to any third party, nor did he receive authorization to do so. By improperly taking non-public personal information from the firm, Alcocer Romo caused it to violate Regulation S-P.

The suspension was in effect from March 6, 2017, through April 5, 2017. ([FINRA Case #2015047460001](#))

Kelly Clayton Althar (CRD #2666723, San Pablo, California) 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, Althar consented to the sanction and to the entry of findings that he made unsuitable recommendations and engaged in excessive trading in accounts held by an elderly customer. The findings stated that Althar engaged in high-volume trading to generate commissions and over-concentrated the customer’s accounts in risky securities, despite the fact that the customer was close to retirement and only wanted low-risk investments. Althar’s trading decimated the customer’s accounts, which constituted the bulk of her net worth and retirement savings. After the customer opened her accounts with Althar at his member firm, he exercised

de facto control over both her accounts and frequently placed trades without consulting with her first. Althar often purchased, sold and subsequently repurchased the same security in the customer's accounts within a short period of time. Althar used this control to excessively trade the customer's accounts in a manner that was inconsistent with her investment objectives, financial situation and needs, and the trading strategy resulted in costs so high the possibility of profit was remote. ([FINRA Case #2014041137501](#))

Joseph Albert Ambrosiole ([CRD #5732488](#), Staten Island, New York) submitted an AWC in which he was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in any capacity for one month and ordered to pay deferred restitution of \$645.97, plus interest, to a customer. Without admitting or denying the findings, Ambrosiole consented to the sanctions and to the entry of findings that he executed five unauthorized trades in a customer's account. The findings stated that Ambrosiole sold four securities the customer owned, and used the proceeds from those sales to purchase a Unit Investment Trust (UIT) on the customer's behalf, all without the customer's authorization. Ambrosiole's unauthorized trading resulted in \$645.97 in losses in the customer's account.

The suspension was in effect from February 21, 2017, through March 20, 2017. ([FINRA Case #2015047839902](#))

Eugene Donald Anderson ([CRD #1127707](#), Apache Junction, Arizona) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Anderson consented to the sanction and to the entry of findings that he converted customer funds by soliciting \$15,000 from two of his brokerage customers for his personal use. The findings stated that Anderson kept the funds and did not repay the customers. Anderson acted in bad faith by accepting the funds without the means or intent to repay the customers. ([FINRA Case #2016051376401](#))

Harold Bernie Baker ([CRD #1164970](#), Dubois, Pennsylvania) 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, Baker consented to the sanctions and to the entry of findings that he altered documents for customers by copying and pasting their signatures and/or altering dates and other information. The findings stated that the altered documents included applications to purchase variable annuities and account distribution forms. The customers verbally authorized the underlying transactions.

The suspension is in effect from February 21, 2017, through May 20, 2017. ([FINRA Case #2016050071101](#))

Michael J. Benn ([CRD #4489423](#), Phoenix, 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, Benn consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony during the course of its investigation

into whether Benn, the owner of an accounting firm, failed to timely remit funds obtained through payroll deductions into employees' individual retirement accounts (IRAs). ([FINRA Case #2016050903901](#))

William Bruckner ([CRD #5754875](#), West Palm Beach, Florida) 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, Bruckner consented to the sanctions and to the entry of findings that he mismarked 20 order tickets as unsolicited when, in fact, he had solicited the underlying trades to his customers. The findings stated that Bruckner's member firm's policy required him to obtain its written authorization prior to soliciting the securities that he recommended to the customers, because the securities were not covered by the firm's research division. Bruckner failed to obtain such authorization prior to soliciting the trades. The findings also stated that Bruckner caused the firm's books and records to be inaccurate by marking the order tickets as unsolicited.

The suspension was in effect from March 6, 2017, through March 24, 2017. ([FINRA Case #2016050195201](#))

James David Calder II ([CRD #4022637](#), Borger, Texas) 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 six months. Without admitting or denying the findings, Calder consented to the sanctions and to the entry of findings that he engaged in an undisclosed outside business activity by participating in the sale of life settlement contracts to customers of his member firm after it had expressly denied his request to participate in such activity. The findings stated that Calder recommended life settlement investments to the customers, and when they expressed interest in investing, he referred them to his wife to make their investments. Calder further facilitated the customers' investments by answering their questions about life settlement investments and providing them with the necessary paperwork to make the investments. The customers dealt exclusively with Calder, not his wife, in connection with making their life settlement investments. Calder and his wife received into a joint bank account \$8,925 in commission payments for life settlement sales.

The suspension is in effect from February 6, 2017, through August 5, 2017. ([FINRA Case #2016048601901](#))

J. Michael Casas ([CRD #4422064](#), San Antonio, Texas) was barred from association with any FINRA member in any capacity and ordered to pay \$50,000, plus prejudgment interest, in restitution to an investor. The NAC imposed the sanctions following an appeal of an OHO decision. The sanctions were based on findings that Casas converted investors' funds and fraudulently sold securities issued by a company he owned and controlled on the basis of false statements of material fact regarding the use of investor funds. The findings stated that Casas made material misrepresentations when soliciting two investors to

invest a total of \$83,000 in the membership interests of the company. The purpose of the investments was to fund the development and execution of a reverse merger transaction, which ultimately was never consummated. As a result of his conduct, Casa willfully violated Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-5 and violated FINRA Rule 2020.

The findings also stated that Casas used the majority of the investors' investments for his own personal use. Casas told both investors that their investments would be used to facilitate the reverse merger transaction, particularly with respect to the payment of accounting fees and legal fees, as well as other operational expenses of the company. In an email to one of the investors, Casas further represented that the vast majority of the funds would be directed to accounting and legal fees. Instead, Casas paid less than \$31,000 to accounting and legal firms. Although the company's subscription agreement warned investors of the risks associated with an investment in Casas' company, the subscription agreement did not notify potential investors of Casas' intention to use investor funds for his personal expenses. ([FINRA Case #2013036799501](#))

Christopher Michael Clark (CRD #5938185, West Islip, New York) submitted an Offer of Settlement in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the allegations, Clark consented to the sanctions and to the entry of findings that for the purpose of concealing another registered representative's violations of state registration requirements, he intentionally caused the falsification of his member firm's books and records by causing the broker of record to be misidentified on at least four orders in two customers' accounts. The findings stated that as a result, Clark caused the firm to maintain inaccurate books and records. Clark paid the other representative a portion of his commissions that were generated by the trades. Clark was aware that he was falsely listed as the broker responsible for the trades on the order memoranda, trade confirmations, commission statements and customers' account statements. Clark intended for the firm's books and records to contain these false representations so as to conceal the representative's circumvention of state securities registration requirements.

The suspension was in effect from March 6, 2017, through April 14, 2017. ([FINRA Case #2016048490901](#))

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. Disgorgement was not ordered because Connors has already disgorged to his member firm's parent company and its affiliates his ill-gotten gains. The NAC imposed the sanctions following appeal of an OHO decision. The sanctions were based on findings that Connors failed to provide prior written notice to his member firm of his outside business activities, depriving it of the ability to assess the risks involved from those activities and whether or how to oversee them. The findings stated that Connors charged a \$399 one-time set up

fee to customers who were opening advisory accounts at the firm's investment adviser affiliate, and he received payment directly from those customers. Connors also charged tax preparation fees to customers to whom he provided tax preparation services, and he received payment directly from those customers. Additionally, Connors sold customers insurance policies and received payment directly from outside insurance carriers. Connors never provided prior written notice of these activities to the firm. Although the firm permitted Connors to conduct financial planning, tax preparation and insurance sales through, and for, its affiliates without providing prior written notice on an outside business activity form, Connors did not conduct these activities through the firm's affiliates. Rather, Connors conducted these activities on the side, and in contravention of his employment agreements with those affiliates.

The suspension is in effect from March 27, 2017, through May 26, 2018. ([FINRA Case #2012033362101](#))

Eric S. Darty ([CRD #6314905](#), Birmingham, Alabama) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Darty consented to the sanction and to the entry of findings that he failed to produce FINRA-requested documents and information during the course of its investigation into allegations of conversion and unauthorized transactions involving customer accounts or funds. ([FINRA Case #2016051930401](#))

Timothy Allen England ([CRD #5718567](#), Columbus, Indiana) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, England consented to the sanction and to the entry of findings that he refused to respond to FINRA's request for documents and information during the course of its investigation into allegations that he converted funds from a community organization while acting as its treasurer. ([FINRA Case #2016051471401](#))

Alejandro Falla ([CRD #5064828](#), Miami, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Falla consented to the sanction and to the entry of findings that he failed to disclose the use of non-market foreign exchange (FX) rates in connection with a series of bond swap transactions in retail customer accounts. The findings stated that Falla's member firm, operating through Falla, executed numerous retail customer transactions with inaccurate valuations when converted into U.S. dollars, which affected multiple customer accounts. Falla either manually or caused firm personnel to input non-market FX rates for bond swap transactions in his customer accounts. The findings also stated that the firm's confirmations and account statements did not disclose to customers the use of a non-market FX rate or the excessive nature of the markups in connection with the bond swap transactions. Falla did not disclose that he used non-market FX rates away from the spot rate to value retail customer bond transactions, and did not disclose to retail customers its impact on the valuation of the bond swap transactions.

The findings also included that Falla entered or caused the entry of non-market FX rates into the firm's trade execution system in connection with bond swap transactions involving foreign currency denominated bonds in retail customer accounts, thereby causing the firm to maintain inaccurate books and records. FINRA found that the firm, acting through Falla, failed to establish and maintain a supervisory system and further failed to establish, maintain, and enforce WSPs for the firm that were reasonably designed to identify and prevent the use of non-market FX rates, excessive markups, short-term trading, undue concentration and unsuitable use of margin in customer accounts. ([FINRA Case #2013035313902](#))

Larry Westly Farmbry ([CRD #1017621](#), Philadelphia, Pennsylvania) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Farmbry consented to the sanctions and to the entry of findings that he made discretionary trades in customer accounts without the customers' written authorization and without his member firm having approved the accounts for discretionary trading.

The suspension is in effect from March 20, 2017, through April 18, 2017. ([FINRA Case #2016050093301](#))

Joseph Manuel Focil ([CRD #5478551](#), Studio City, California) 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 one year. Without admitting or denying the findings, Focil consented to the sanctions and to the entry of findings that he intentionally structured cash deposits into his personal bank account in increments of less than \$10,000 to avoid federal reporting requirements and the filing of a Currency Transaction Report (CTR). The findings stated that over an approximately one-month period, Focil made eight cash deposits totaling \$41,800. The funds in question were receipts from a legitimate, home-based business operated by a member of Focil's family, and he promptly accepted responsibility for his conduct both with his member firm and with FINRA.

The suspension is in effect from February 21, 2017, through February 20, 2018. ([FINRA Case #2015047646101](#))

Adam Stuart Fritzsche ([CRD #2821218](#), Canterbury, Connecticut) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for one year. In light of Fritzsche's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Fritzsche 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 resulted in over-concentration of their liquid net worth in an alternative investment. The findings stated that the alternative investment was a speculative, illiquid investment that, according to its registration statement, was suitable only as a long-term investment for persons of adequate financial means who had no need for liquidity. At the time of Fritzsche's

recommendations, all of the customers were retired and had conservative investment objectives. Fritzsche's recommendations resulted in an undue concentration of the customers' liquid net worth in a single, high-risk, illiquid investment. The findings also stated that Fritzsche caused his member firm's books and records to be inaccurate by submitting forms that misrepresented the net worth of the customers. Fritzsche attempted to circumvent the firm's procedures, which prohibited over-concentrating customers' liquid net worth in alternative investments, by overstating the customer's net worth on forms he submitted to the firm on their behalf.

The suspension is in effect from March 6, 2017, through March 5, 2018. ([FINRA Case #2016049383801](#))

Jeffrey Marc Grayson (CRD #728985, Plainfield, New Jersey) 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 two months. Without admitting or denying the findings, Grayson consented to the sanctions and to the entry of findings that he exercised discretion in accounts maintained by related customers without written authorization from those customers and without having obtained his member firm's approval to treat those accounts as discretionary. The findings stated that Grayson provided inaccurate responses about his use of discretion in connection with the firm's annual compliance documents.

The suspension is in effect from February 21, 2017, through April 20, 2017. ([FINRA Case #2016049558701](#))

Jay Christopher Hatton (CRD #1725472, Edinburgh, Indiana) submitted an Offer of Settlement in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the allegations, Hatton consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Uniform Application for Securities Industry Registration or Transfer (Form U4) to disclose criminal matters, a judgment and a lien. The findings stated that Hatton made material misrepresentations and failed to disclose material information to his member firm on its 2010, 2011, 2012 and 2013 Advisor Questionnaires. Hatton falsely answered "no" to the questions that asked, "Do you have any outstanding judgments/liens?" and "Is your current CRD U4 outdated, inaccurate or incomplete in any material respect?" The findings also stated that Hatton failed to appear and provide FINRA with requested testimony in connection with an investigation regarding his failure to disclose certain material events on his Form U4.

The suspension is in effect from February 21, 2017, through February 20, 2019. ([FINRA Case #2014040661801](#))

John Sherman Jumper (CRD #2809649, Eads, Tennessee) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Jumper consented to the sanction and to the entry of findings

that during the course of an ongoing FINRA investigation, he appeared for on-the-record testimony but refused to provide complete testimony and left the on-the-record testimony before its completion. The findings stated that Jumper, through his attorney, stated that he did not intend to proceed further on that date or at any future date, and left prior to the completion of his testimony. The on-the-record testimony sought information related to allegations that Jumper misappropriated funds from a pension plan for his personal use and to infuse capital into his member firm. ([FINRA Case #2017052704401](#))

Joan Marie Larsen ([CRD #4504926](#), Keansburg, New Jersey) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Larsen consented to the sanction and to the entry of findings that she accepted a \$50,000 interest-free personal loan from an elderly customer who was not an immediate family member. The findings stated that Larsen's member firm did not have written procedures permitting such a loan. Although Larsen subsequently repaid \$3,000, \$47,000 of the principal loan amount remains unpaid. The findings also stated that Larsen refused to appear and provide FINRA with on-the-record testimony during the course of its investigation of this matter. ([FINRA Case #2015047806601](#))

Jaoshiang Luo ([CRD #2143876](#), Flushing, New York) was barred from association with any FINRA member in any capacity and ordered to pay \$109,769.88, plus prejudgment interest, in restitution to customers. The NAC modified the sanctions following appeal of an OHO decision. The sanctions were based on findings that Luo made material misrepresentations and omissions in connection with the sale of high interest rate promissory notes issued by his member firm's parent company. The findings stated that Luo sold the high interest rate promissory notes to two unsophisticated investors with conservative risk tolerances and investment objectives without a reasonable basis for determining that the notes were suitable for any investor or for these specific investors. Additionally, Luo made material misrepresentations and omissions concerning the risks of the notes in connection with the sales to these customers. As a result of his conduct, Luo violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, and FINRA Rule 2020. ([FINRA Case #2011026346206](#))

Matthew Christopher Maczko ([CRD #1888519](#), Downers Grove, Illinois) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Maczko consented to the sanction and to the entry of findings that he engaged in excessive trading in an elderly customer's accounts. The findings stated that Maczko effectively controlled these accounts, which had an average aggregate value of \$3 million. Maczko's transactions in these accounts generated approximately \$581,650 in commissions, \$84,270 in other fees, and approximately \$397,000 in trading losses. This level of trading was unsuitable for the customer given her investment profile, including her age, risk tolerance and income needs. The findings also stated that Maczko provided inaccurate and misleading testimony to FINRA. Maczko testified that he had not spoken with two customers since his termination earlier that

month. However, a review of Maczko's telephone records revealed that he had in fact spoken with these customers by telephone several times after his termination. ([FINRA Case #2016050430201](#))

David Matthew Mansour (CRD #4082348, San Antonio, Texas) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Mansour consented to the sanction and to the entry of findings that he willfully failed to timely update his Form U4 to disclose an event that was required to be disclosed. The findings stated that without the authority to do so and without advising anyone of his actions, Mansour agreed, on behalf of a bank affiliated with his member firm, for the bank to become the successor trustee of a trust established for the benefit of one of Mansour's customers. Mansour's actions circumvented the bank's procedures for the review and acceptance of new trust relationships. Mansour executed documents on behalf of the bank, in its capacity as trustee, but was not authorized by the bank to execute documents on its behalf. In addition, in executing these documents, Mansour falsely represented that he was an assistant vice president and trust officer of the bank. Mansour was never an appointed trust officer at the bank. ([FINRA Case #2014041526002](#))

Samuel Ryan McClain (CRD #1555602, Reading, Massachusetts) was barred from association with any FINRA member in any capacity. The sanction was based on findings that McClain failed to appear and provide investigative testimony to FINRA relating to an investigation concerning his alleged failure to make multiple disclosures on his Form U4. ([FINRA Case #2015045532002](#))

Rosemary McGinley (CRD #2435216, Doylestown, Pennsylvania) submitted an AWC in which she was suspended from association with any FINRA member in any capacity for 10 business days. In determining the sanction, FINRA considered the fact that McGinley's member firm separately suspended and fined her for the same conduct. Without admitting or denying the findings, McGinley consented to the sanction and to the entry of findings that she failed to follow her firm's procedures when, in order to facilitate two separate wire transfer requests made by an individual posing as a firm customer, she accepted trade orders from an imposter via email and failed to obtain the customer's verbal authorization to place the trades. The findings stated that a firm branch office received four email requests to transfer funds from the customer's account to multiple outside bank accounts. Unbeknownst to the registered representative for the account, these requests did not come from the customer but from the imposter who had gained unlawful access to the customer's email.

The findings also stated that after receiving the first request to transfer funds, the registered representative forwarded it to McGinley for processing. Believing the imposter to be the customer, McGinley replied by email, advised the imposter that the account had only \$37,000 available to transfer, and provided an outgoing wire request form. After

the required paperwork was completed and returned via email, McGinley submitted it to the firm, which authorized the fraudulent transfer. The findings also included that the imposter's second request to transfer funds was for \$50,000. Noting that the account did not have enough funds available to complete the transfer, McGinley discussed options with other individuals in the office. She then contacted the imposter by email and recommended specific securities to liquidate so that funds would be available to satisfy the requested transfer. The imposter responded, again by email, agreeing to McGinley's recommendations.

FINRA found that the firm's WSPs in effect at that time specifically prohibited registered persons from accepting trade orders via email, and required verbal confirmation before executing any written trade order. Nonetheless, McGinley placed the trades as directed in the email and facilitated completion of the wire transfer paperwork, resulting in a second successful fraudulent transfer. After the imposter requested a third transfer, McGinley again recommended liquidating specific securities to fund the transfer and again accepted the imposter's emailed acceptance of those recommendations. McGinley placed the trades and processed the paperwork based on email communications alone, leading to a third fraudulent transfer of \$60,000. After a fourth wire transfer request, McGinley became suspicious that the requests were not genuine. This prompted the branch office to contact the firm's compliance department. The firm subsequently investigated, determined that the requests were fraudulent, and reimbursed the customer the full \$147,000 that the imposter had succeeded in transferring out of the customer's account.

The suspension was in effect from March 6, 2017, through March 17, 2017. ([FINRA Case #2015047705903](#))

Joseph Henry Murphy III ([CRD #1829393](#), **Madison, Wisconsin**) 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, Murphy consented to the sanctions and to the entry of findings that he exercised discretion in customer accounts that were unrelated, non-discretionary accounts. The transactions occurred on three separate days over an eight-month period and involved customer accounts. The findings stated that Murphy did not obtain written authorization from any of the customers to exercise discretion in their accounts, and his member firm did not approve these accounts for discretionary trading. . Murphy executed transactions in the accounts pursuant to verbal authority from the clients, but the transactions did not occur on the same days that the clients authorized those transactions. The findings also stated that Murphy executed mutual fund transactions after a short telephonic discussion with the customer. During that discussion, neither the specific mutual funds nor the specific amounts that would be invested were expressly identified. Murphy's exercise of discretion in his customers' accounts violated the firm's policies and procedures.

The suspension was in effect from March 20, 2017, through March 31, 2017. ([FINRA Case #2016049008801](#))

Ronald Bruce Nicklas Jr. (CRD #1055099, Hayden Lake, Idaho) 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 four months. Without admitting or denying the findings, Nicklas consented to the sanctions and to the entry of findings that, as his member firm's anti-money laundering (AML) compliance officer (AMLCO), he failed to implement an AML compliance program (AMLCP) that was reasonably designed to detect and cause the timely reporting of suspicious activity. The findings stated that the firm's AMLCP described various red flags of potentially suspicious activity which, upon detection by firm personnel, would trigger further review by the AMLCO. The firm's AMLCP expected its registered representatives to identify the presence of these red flags in the course of their contacts with customers seeking to execute securities transactions and to notify Nicklas. Nicklas himself was to use exception reports to detect the presence of any red flags independently and, after notification or detection of any red flag, Nicklas was required to make a determination as to whether the activity warranted further review or investigation. During the relevant period, the firm accepted for deposit and subsequently facilitated the sale of millions of shares of low-priced securities. Typically, the shares were sold shortly after the deposits. Of the shares sold, approximately 160 million shares were sold at prices of less than one penny. Sales of the deposited shares typically were followed by wire transfers of at least some portion of the proceeds to accounts outside of the firm without re-investment. The deposits and rapid sales of unregistered, low-priced securities, as well as the subsequent wire transfers of proceeds after the sales, presented red flags that should have prompted Nicklas to conduct further investigation for potentially suspicious activity and to determine whether the filing of a suspicious activity report was necessary. Instead, Nicklas did not sufficiently investigate the red flags.

The suspension is in effect from February 6, 2017, through June 5, 2017. ([FINRA Case #2012030446701](#))

Miguel Ortiz (CRD #5893323, New York, New York) was barred from association with any FINRA member in any capacity. The NAC imposed the sanctions following appeal of an OHO decision. The sanction was based on findings that Ortiz fraudulently misrepresented material facts in connection with communications with owners of an investment account by distributing misleading emails and falsified account statements that misrepresented the true composition and value the account to conceal the losses in the account. The findings stated that Ortiz created the false account statements to mislead the account holders into believing their joint brokerage account with his former member firm contained assets and investments that it did not contain, and to prevent them from learning the true value of their joint account. Before, during, and after Ortiz's association with his firm, he misrepresented the composition and value of the account and actively concealed significant losses from them to avoid confrontation and prevent them from liquidating their account. The customers ultimately closed their joint account after having lost approximately \$162,843. As a result, Ortiz willfully violated Section 10(b) of the Exchange

Act and Rule 10b-5, and FINRA Rule 2020. The findings also stated that Ortiz willfully failed to amend his Form U4 to disclose a judgment entered against him in federal court in the amount of \$4,983,606.25, plus interest of \$110,253. ([FINRA Case #2014041319201](#))

Dion Rey Padilla (CRD #4432230, San Antonio, Texas) submitted an Offer of Settlement 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 allegations, Padilla consented to the sanctions and to the entry of findings that he effected an unauthorized purchase of a variable annuity for a customer at his member firm, and in connection with the purchase, misrepresented that the investment was not a variable annuity. The findings stated that the customer and his wife met with Padilla to discuss the transfer of their accounts to Padilla. The customer stressed to Padilla that they did not want any of their funds invested in a variable annuity due to the high fees associated with variable annuities and because of their desire for liquidity. Padilla presented a variable annuity application to the customer and Padilla assured the customer that the application was not for a variable annuity. Padilla convinced the customer to keep the variable annuity beyond the Right to Examine period by reassuring him orally and in writing that the investment the customer had purchased was not a variable annuity. Padilla's misrepresentations were all false and misleading.

The findings also stated that in reliance upon Padilla's material misrepresentations, the customer initially invested \$220,787 in the variable annuity and, in further reliance on the material misrepresentations, made an additional investment in the variable annuity of \$558,889. Padilla earned a net commission on the total variable annuity investment of approximately \$42,000. The findings also included that the customer signed an application for the purchase of the variable annuity but the application did not provide Padilla purchase authorization due to misrepresentations that Padilla made about the investment at the time the document was signed and due to misrepresentations that Padilla made about the nature of the investment during the Right to Examine period. Furthermore, the customer repeatedly told Padilla that he did not wish to purchase a variable annuity. The customer decided to surrender the variable annuity, which caused him to endure surrender charges in excess of \$60,000, which were ultimately paid by Padilla through the firm.

The suspension is in effect from March 6, 2017, through June 5, 2018. ([FINRA Case #2014040362001](#))

Vincent Bee Payne (CRD #5796662, Sacramento, California) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for six months. In light of Payne's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Payne consented to the sanction and to the entry of findings that he forged insurance customer signatures on Memorandums of Insurance and Subscription Agreements without the customers' consent or authorization. The findings

stated that doing so enabled Payne to retain future commissions on the related policies and prevented his member firm's insurance affiliate from exercising its right to reassign those policies and commissions to other agents.

The suspension is in effect from March 6, 2017, through September 5, 2017. ([FINRA Case #2015044764902](#))

Curtis C. Randle EI (CRD #4877870, Pittsburgh, Pennsylvania) 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, Randle EI consented to the sanctions and to the entry of findings that he recommended and effected short-term trades involving Class A mutual fund shares and UITs in accounts of elderly customers' with conservative investment objectives without having a reasonable basis for believing that such transactions were suitable. The findings stated that even though mutual funds and UITs are intended as longer-term investments, Randle EI recommended that the customers sell these products after an average of only 60 days. In addition, some of the transactions involved switching—where Randle EI used the proceeds from the sale of Class A mutual fund shares to purchase other Class A mutual fund shares. As a result of these transactions, the customers suffered losses of approximately \$33,185.

The suspension is in effect from March 6, 2017, through June 5, 2017. ([FINRA Case #2014043660101](#))

Ronald Roy Reid (CRD #1256377, La Habra Heights, California) 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 two years. Without admitting or denying the findings, Reid consented to the sanctions and to the entry of findings that he made cash withdrawals from his personal bank account that were structured in amounts just below \$10,000 in a manner designed to evade the bank's federal reporting requirements and prevent the filing of a CTR. The findings stated that the withdrawals did not involve client funds, and clients were not impacted in anyway.

The suspension is in effect from February 21, 2017, through February 20, 2019. ([FINRA Case #2015044663901](#))

James Rose (CRD #4842996, Asheville, North Carolina) submitted an AWC in which he was assessed a deferred fine of \$25,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Rose consented to the sanctions and to the entry of findings that he engaged in six outside business activities without seeking approval from or disclosing these outside business activities to his member firm. The findings stated that Rose formed and/or served as an active member of six companies that managed family assets, such as real estate, while associated with his firm, but failed to disclose these outside business activities to the firm. The findings also stated Rose invested \$200,000 of his own funds in a start-up software

applications limited liability company. In exchange for his investment, Rose became a member of the limited liability company and was not an officer, director or employee of the company. Rose's investment constituted an investment contract, and was, therefore, a private securities transaction. Rose did not provide written notice to, or receive prior written approval from, his firm before making the investment. The findings also included that Rose failed to disclose to his firm that he had either a financial interest or maintained trading authority in 15 accounts held away from the firm.

The suspension is in effect from February 6, 2017, through August 5, 2017. ([FINRA Case #2015045020501](#))

Diana Lynne Stamborski (CRD #1240581, North Barrington, Illinois) submitted an AWC in which she was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Stamborski consented to the sanctions and to the entry of findings that she participated in an outside business activity without providing the requisite written notice to or receiving approval from her member firm. The findings stated that Stamborski and her direct supervisor were involved in a financing and factoring company owned by Stamborski's husband, who was also both registered with the firm and supervised by the same person who supervised Stamborski. The husband's company, among other things, facilitated commercial financing to a variety of businesses. Based on a recommendation made by Stamborski's supervisor at the firm, a large, religiously affiliated institutional customer began providing funds to finance deals arranged by the outside business owned by Stamborski's husband. Stamborski received approximately \$3,800 in compensation from her husband's company related to the customer's financing activities, which was a portion of the finder's fees paid to her supervisor when the firm customer provided funds to participate in deals through her husband's company. The findings also stated that between 2009 and 2014, Stamborski failed to make required disclosure of this outside business activity in response to the firm's annual compliance questionnaires.

The suspension is in effect from February 21, 2017, through April 20, 2017. ([FINRA Case #2015044783403](#))

Robert Scott Stewart (CRD #5746657, Dewey, Arizona) submitted an AWC in which he was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Stewart consented to the sanctions and to the entry of findings that he falsified documents and caused his member firm to have inaccurate books and records by submitting customer account transfer forms using photocopied signatures. The findings stated that Stewart obtained customer signatures on blank account transfer forms and attached photocopies of the corresponding signature pages to other account transfer forms he completed and submitted to the firm. Stewart submitted to the firm customer account transfer forms that these customers did not actually sign (or review) and caused the firm to maintain documents that inaccurately appeared to have been signed by customers.

The findings also stated that Stewart exercised discretion by accepting the instructions of unauthorized third-parties and failing to confirm the customer orders. On several occasions, Stewart received trading instructions concerning customer accounts via email from non-FINRA registered employees of the banking affiliate of his firm. Stewart placed the trades relayed without contacting the respective customers to confirm, and on one such occasion, this resulted in duplicate orders being placed in a customer account. Stewart did not have written discretionary authority over the customer accounts at issue, and the bank employees were not authorized third-parties on the customer accounts.

The suspension is in effect from February 6, 2017, through June 5, 2017. ([FINRA Case #2015044540701](#))

Thomas James Stewart (CRD #5425478, Warsaw, Kentucky) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Stewart consented to the sanction and to the entry of findings that he converted \$731 of his member firm's funds for his own benefit. The findings stated that Stewart, without authorization, validated his daily parking garage ticket on 50 separate days by stamping the parking garage ticket with the firm's parking stamp and forging a manager's or other employee's signature or initials on the back of the ticket. ([FINRA Case #2016048768101](#))

William Carroll Swanner (CRD #501268, West Memphis, Arkansas) submitted an Offer of Settlement 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 allegations, Swanner consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose two IRS tax liens in the total amount of \$259,709.92 and a state tax lien in the amount of \$6,513. The findings stated that the liens were not disclosed until long after FINRA and his member firm brought these matters to Swanner's attention.

The suspension is in effect from February 21, 2017, through May 20, 2017. ([FINRA Case #2014042122001](#))

Keith Flynn Tomer (CRD #4801360, Doylestown, Pennsylvania) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for 10 business days. In determining the sanction, FINRA considered the fact that Tomer's member firm separately suspended and fined him for the same conduct. Without admitting or denying the findings, Tomer consented to the sanction and to the entry of findings that he falsely attested to his firm that he had confirmed a customer's intention to transfer funds out of the customer's account, when in fact, an imposter had requested the transfer, and Tomer, through his false attestation, unwittingly enabled the fraudulent transfer. The findings stated that a branch office of the firm received an email from the customer requesting that \$50,000 be transferred from the customer's firm account to an outside bank account. This request followed a similar request five days earlier, which had resulted in a \$37,000 wire transfer. Unbeknownst to Tomer and others in the branch office, these requests came

not from the customer, but from the imposter, who had hacked the customer's email account. The findings also stated that the registered sales assistant facilitated completion of the requisite paperwork. Because the branch-office manager was unavailable, Tomer signed the outgoing wire form in his stead, after which the firm transferred \$50,000 out of the customer's account. By signing the outgoing wire form, Tomer attested that he had confirmed the customer's intention to transfer funds by placing an outbound call to the customer's phone. In fact, Tomer had neither telephoned nor otherwise attempted to contact the customer about the request to transfer funds. The findings also included that the imposter made two more requests to transfer funds out of the customer's account. The third request, which did not involve Tomer, succeeded in causing the firm to transfer an additional \$60,000 out of the customer's account. The fourth request prompted the branch office to contact the firm's compliance department. The firm subsequently investigated, determined that the requests were fraudulent, and reimbursed the customer the full \$147,000 that the imposter had succeeded in transferring out of the customer's account.

The suspension was in effect from March 6, 2017, through March 17, 2017. ([FINRA Case #2015047705904](#))

Jill M. Tramontano fka Jill M. Cody (CRD #4333419, Neptune, New Jersey) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Tramontano consented to the sanction and to the entry of findings that she permitted another individual, who had been suspended by FINRA, to engage in securities business while suspended. The findings stated that the individual chose not to inform most of his customers that he was going to be suspended. Instead, he told his customers that Tramontano would be working with him. Over the next year, Tramontano was aware that the individual continued to engage in the securities industry while suspended by, among other things, communicating with customers, making securities recommendations to them, and placing trades on their behalf. Indeed, the individual, by using Tramontano as the broker of record, was able to continue to act as a registered representative, unabated, in nearly all respects during his year-long suspension. On occasion, Tramontano told customers that she worked with the individual and failed to correct any misperception that the individual continued to be their broker. Tramontano also acquiesced to the individual's demands to use her business email account and other member firm systems from which he, among other things, placed trades for customers. ([FINRA Case #2016051816301](#))

Jeffery Allen Vaughn (CRD #2124515, Mason, Ohio) was barred from association with any FINRA member in any capacity. The sanctions were based on findings that Vaughn willfully failed to timely amend his Form U4 to disclose tax liens and a state regulatory consent order. The findings stated that Vaughn willfully caused his Form U4 to falsely report the circumstances of a FINRA suspension, and he made false and misleading statements about the suspension to his member firm. The findings also stated that Vaughn failed to provide FINRA with requested documents and information for its investigation and after this proceeding was commenced. ([FINRA Case #2013037097602](#))

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 28, 2017. 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 *FINRA Disciplinary and Other Actions*.

J.W. Korth & Company, Limited Partnership ([CRD #26455](#), Lansing, Michigan) was ordered to pay the approximate amount of \$29,268, plus interest, in restitution to customers and in lieu of a fine, is required to retain an independent consultant with experience in establishing pricing procedures for sales and purchases of debt securities to review the firm's pricing procedures with a view towards ensuring that the firm does not charge prices in excess of what is fair and reasonable, taking into consideration all relevant factors. Any restitution that the firm is not able to pay to a customer must be paid to FINRA, without interest, as a fine. The sanctions were based on findings that the firm charged excessive markups on sales of municipal bonds and corporate bonds, and excessive markdowns on purchases of corporate bonds. The findings stated that the various markups and markdowns were not fair and reasonable. OHO dismissed allegations that the firm charged excessive markups or markdowns relating to three sales of collateralized mortgage obligations, six sales of municipal bonds and two sales of corporate bonds.

This matter has been appealed to the NAC and the sanctions are not in effect pending review. ([FINRA Case #2012030738501](#))

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.

Erick J. Arnett ([CRD #5007131](#), Spring Hill, Florida) was named a respondent in a FINRA complaint alleging that he engaged in an outside business activity by operating a marketing consulting firm for compensation without providing prior written notice to his member firm in its required form. The complaint alleges that Arnett provided marketing services to his business partner and fellow firm representative, and others, in exchange for compensation through his outside business activity. Arnett received 35 checks totaling more than \$60,000 from his business partner alone. The complaint also alleges that Arnett willfully failed to timely amend his Form U4 to disclose a personal bankruptcy. ([FINRA Case #2015044778302](#))

Legend Securities, Inc. (CRD #44952, New York, New York) was named a respondent in a FINRA complaint alleging various claims arising from failures in the firm's compliance and supervisory systems and procedures. The complaint alleges that the firm failed to report to FINRA, or failed to timely report, 96 customer complaints sent primarily by electronic mail (some of which were reported more than two years late), and that the firm also failed to timely file amendments to Forms U4 or U5 to report arbitrations and complaints against Legend and its associated persons asserting sales practice violations. The complaint also alleges that the firm failed to establish, maintain and enforce reasonable supervisory systems regarding these matters and for the review of electronic correspondence. The complaint further alleges that the firm failed to establish, maintain and enforce a reasonable supervisory system for heightened supervision in light of the fact that on numerous occasions it failed to consider whether representatives with histories of customer complaints, disciplinary actions or other allegations of misconduct should be placed on heightened supervision. In addition, the complaint alleges that the firm charged customers "handling fees"—which were identified on customer confirmations separate from commissions charged on the transaction—but failed to disclose that such fees, which totaled \$870,000 for the relevant period, were in reality additional commissions retained by the firm and not per-ticket, transactional charges. For this conduct, the complaint alleges that the Firm willfully violated Section 10(b) of the Exchange Act and Rule 10b-10. ([FINRA Case #2012030422902](#))

Lightspeed Trading, LLC (CRD #35519, New York, New York) was named a respondent in a FINRA complaint alleging that it failed to establish, document, and maintain an adequate system of risk management controls and supervisory procedures, including certain pre-trade and post-trade risk controls, to ensure compliance with applicable federal securities laws and regulations and FINRA rules. The complaint alleges that the firm failed to establish a system of reasonable supervision, including adequate WSPs, by failing to have sufficient procedures for the review of orders entered by firm customers, and failed to maintain systems to surveil for potentially manipulative trading activity. As an introducing broker, the firm was responsible for monitoring and reviewing its customers' order flow to detect and report suspicious and potentially manipulative trades, and to ensure that order flow entered by the firm's customers complied with applicable federal securities laws and regulations and FINRA rules. Through multiple industrywide notices published during the relevant period, the firm was on notice of its obligations and responsibilities to implement risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory and other risks of its market access business. Despite the applicable rules and notices, the firm failed to adequately surveil for, and prevent, potentially manipulative trading activity by its customers. As a result of these supervisory deficiencies, the orders firm customers entered had the potential to adversely impact the integrity of the market and cause potential harm to other market participants. In addition, the firm failed to adequately supervise the activities of one of its registered representatives who had entered transactions in customer accounts, used a non-firm instant message account to

conduct firm business, provided log-in information for customer accounts to persons who had not received firm authorization, and conducted an outside business activity without notifying the firm. The firm also failed to enforce its supervisory procedures concerning the reporting of an outside business activity of a registered representative, and failed to review that registered representative's electronic communications. The complaint also alleges that the firm failed to maintain and preserve electronic communications of the previously referenced registered representative and as a result, willfully violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4). The complaint further alleges that although the firm had learned that a registered representative was affiliated with a previously unreported outside business activity, the firm willfully failed to amend that person's Form U4 to report the activity. ([FINRA Case #2013035468201](#))

Austin Wayne Morton (CRD #5538108, Spiro, Oklahoma) was named a respondent in a FINRA complaint alleging that he converted a total of \$36,000 from an elderly former customer with dementia. The complaint alleges that Morton first took \$20,000 in cash from the customer shortly after the customer, accompanied by Morton, had withdrawn the cash from his bank account. The customer then agreed to loan Morton \$6,000 for medical expenses that were never incurred. In accepting the loan, Morton took a signed but otherwise blank check from the customer and made the check out for \$22,000 instead of the agreed-upon \$6,000, thus converting \$16,000 the customer had not authorized. The complaint also alleges that Morton engaged in an undisclosed outside business activity. Without providing his member firm with prior written notice, he accepted \$2,000 in cash from the customer as compensation for assisting the customer with locating and surrendering an annuity he held at another firm. ([FINRA Case #2016052347901](#))

Brian Richard Scarpellini (CRD #6320844, Plainsboro, New Jersey) was named a respondent in a FINRA complaint alleging that he converted funds totaling \$1,158 from his member firm's bank affiliate by engaging in a check-kiting scheme. The complaint alleges that Scarpellini wrote checks totaling \$1,167 from a personal bank account and deposited those checks into his personal accounts at his firm's bank affiliate knowing that he had insufficient funds in his personal bank account at the other bank to cover those checks. Scarpellini then used the funds generated from cashing the checks for his personal use, overdrawing his bank account at the affiliate by \$1,158. Scarpellini has not repaid the affiliate even though he has received sufficient funds to do so. ([FINRA Case #2016048882501](#))

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

McBarron Capital LLC (CRD #131431)
Greenwich, Connecticut
(February 21, 2017)
FINRA Case #2016047634901

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

Bonwick Capital Partners, LLC (CRD #156469)
New York, New York
(February 7, 2017)

EDI Financial, Inc. (CRD #15699)
Irving, Texas
(February 24, 2017)

Kaieteur Investments LLC (CRD #145152)
New York, New York
(February 2, 2017)

Seidel & Co., LLC (CRD #42821)
New York, New York
(February 10, 2017)

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

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

MIP Global, Inc. (CRD #164640)
San Juan, Puerto Rico
(January 6, 2017 – February 17, 2017)

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

Kyle Robert Foyer (CRD #2908808)
Carmel, Indiana
(February 16, 2017)
FINRA Case #2013038677001

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.)

Roberto Omar Bastardo (CRD #6570886)
Jupiter, Florida
(February 21, 2017)
FINRA Case #2016051643001

Christopher John Calandrino (CRD #5238231)
Lake Ronkonkoma, New York
(February 10, 2017)
FINRA Case #2016051602401

Kathy Campos (CRD #6091781)
Kearny, New Jersey
(February 7, 2017)
FINRA Case #2016049047401

Dawn Deshean Davenport (CRD #6280800)
Chicago, Illinois
(February 13, 2017)
FINRA Case #2015047703701

Louis Vincent Fontanella Jr. (CRD #3128297)
Wharton, New Jersey
(February 6, 2017)
FINRA Case #2016050353101

Wanda L. Gilmer (CRD #5311699)
Berkeley, Illinois
(April 13, 2009 – February 3, 2017)
FINRA Case #2007009120401

Sherman Lee Greer (CRD #4910464)
Locust, North Carolina
(February 21, 2017)
FINRA Case #2016050228901

John Francis Hart (CRD #2044432)
Richardson, Texas
(February 14, 2017)
FINRA Case #2015046728801

Raul Enrique Jacobs (CRD #6004416)
Mokena, Illinois
(February 14, 2017)
FINRA Case #2016050202901

Kyle Ryan Kurtz (CRD #4212669)
Bay City, Michigan
(February 3, 2017)
FINRA Case #2016049940201

Adela Ovadia Levy (CRD #4964503)
Valley Stream, New York
(February 27, 2017)
FINRA Case #2015046609401

Derrick Joseph Luttrell (CRD #6386882)
Indianapolis, Indiana
(February 21, 2017)
FINRA Case #2016050454201

Destina Mantar (CRD #6363802)
New York, New York
(August 15, 2016 – February 7, 2017)
FINRA Case #2015047707801

Roxanna Andrea Marin (CRD #6467150)
Forest Park, Georgia
(February 14, 2017)
FINRA Case #2016050364001

Wesley Marion Oler IV (CRD #2631304)
Cos Cob, Connecticut
(February 6, 2017)
FINRA Case #2016048620401

Richard Byron Raff (CRD #4064280)
Brandon, Mississippi
(February 7, 2017)
FINRA Case #2016051489901

Francesco Anthony Scarso (CRD #2679981)
Staten Island, New York
(February 13, 2017)
FINRA Case #2016051781701

**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.)

Miguel Angel Aguilar (CRD #5663204)
Hurst, Texas
(February 16, 2017)
FINRA Case #2016051130501

Steven Preston Alexander (CRD #4437162)
Ledyard, Connecticut
(February 6, 2017)
FINRA Case #2016051330201

Jared Cody Artho (CRD #6249211)
College Station, Texas
(February 27, 2017)
FINRA Case #2016051271301

Amadou Bah (CRD #6067377)
Fort Lee, New Jersey
(February 16, 2017)
FINRA Case #2016049429801

Michael W. Benjamin (CRD #6231794)
 Abbeville, South Carolina
 (February 27, 2017)
 FINRA Case #2016051055801

John W. Boals (CRD #4196043)
 Thompson, Ohio
 (February 13, 2017)
 FINRA Case #2016050914501

Lionel Brooks Jr. (CRD #2430484)
 Cumberland, Rhode Island
 (February 2, 2017)
 FINRA Case #2016048730701

Amanda Yvette Burnett (CRD #1622687)
 Decatur, Georgia
 (February 23, 2017)
 FINRA Case #2016051430501

Sandra Canaba (CRD #5631452)
 Santa Teresa, New Mexico
 (February 13, 2017)
 FINRA Case #2016050977601

Joni Carrera (CRD #6502295)
 Blue Springs, Missouri
 (February 23, 2017)
 FINRA Case #2016051263301

Barry Franklin Connell (CRD #3070984)
 Chester, New Jersey
 (February 13, 2017)
 FINRA Case #2016052354501

Pamela A. Daniels (CRD #5700892)
 San Dimas, California
 (February 13, 2017)
 FINRA Case #2016052371901

**Charles Greer Denormandie III
 (CRD #2762869)**
 Alpharetta, Georgia
 (February 6, 2017)
 FINRA Case #2016050805801

Leah Rose Fox-Greenberg (CRD #6526175)
 Memphis, Tennessee
 (February 6, 2017)
 FINRA Case #2016051163901

Jennifer Marie Gonzalez (CRD #6442595)
 San Antonio, Texas
 (February 16, 2017)
 FINRA Case #2016051396401

Chad Daniel Hornaday (CRD #2776038)
 San Marcos, California
 (February 21, 2017)
 FINRA Case #2016051227501

**Stephen Johnathan Hoshimi
 (CRD #1977772)**
 Newport Beach, California
 (February 27, 2017 – March 23, 2017)
 FINRA Case #2016050828901

Matthew J. Houtz (CRD #6625409)
 St. Petersburg, Florida
 (February 13, 2017)
 FINRA Case #2016051070101

Jennifer Rebecca Johnson (CRD #2668325)
 South St. Paul, Minnesota
 (February 16, 2017)
 FINRA Case #2016049086201

Adam Anthony Jurczyk (CRD #6301641)
 Bradenton, Florida
 (February 13, 2017)
 FINRA Case #2016050878701

John James Joseph Labrie (CRD #5910828)
 Palmdale, California
 (February 27, 2017)
 FINRA Case #2016050544601

Alexander Lewis (CRD #6062838)
 Saint Petersburg, Florida
 (February 3, 2017)
 FINRA Case #2016050796701

Derek James Longmuir (CRD #4604122)
Canal Winchester, Ohio
(February 27, 2017)
FINRA Case #2016049930101

Elijah Robert Maldonado (CRD #6102450)
Monticello, New York
(February 21, 2017)
FINRA Case #2016051211601

David K. Mallett (CRD #5145838)
North Little Rock, Arkansas
(February 27, 2017)
FINRA Case #2015047762601

Raymond Edward Martin (CRD #6537916)
Pinole, California
(February 21, 2017)
FINRA Case #2016051034401

**Quinn Alexander McClendon
(CRD #4499537)**
Philadelphia, Pennsylvania
(February 21, 2017)
FINRA Case #2016049799101

Luan Quoc Nguyen (CRD #6130866)
Irvine, California
(February 16, 2017)
FINRA Case #2016050214501

Andrew Michael Pritchard (CRD #6408545)
Urbana, Illinois
(February 21, 2017)
FINRA Case #2016051007401

Timothy John Reed (CRD #2930427)
Gainesville, Virginia
(February 13, 2017)
FINRA Case #2016049929801

Steven Barry Sitzer (CRD #2146661)
New York, New York
(February 17, 2017)
FINRA Case #2015046768801

Raynard Keshav Sookdial (CRD #6265466)
Cutler Bay, Florida
(February 13, 2017)
FINRA Case #2016050296601

Quynh Ngoc Tran (CRD #6354647)
San Jose, California
(February 17, 2017)
FINRA Case #2016051270001

Nathan Robert Trodahl (CRD #5749976)
Steilacoom, Washington
(February 27, 2017)
FINRA Case #2016049759901

Daniel L. Waters (CRD #5511601)
Cincinnati, Ohio
(February 23, 2017)
FINRA Case #2016051430601

Sherman Marcel White (CRD #3074692)
Glenwood, Illinois
(February 27, 2017)
FINRA Case #2016051595401

Brian Scot Winchester (CRD #2741090)
Tallahassee, Florida
(February 21, 2017)
FINRA Case #2016051379601

William Brian Wyman (CRD #4155621)
Palm Bay, Florida
(February 13, 2017)
FINRA Case #2016050213701

Kevin Jin Yi (CRD #6461764)
Federal Way, Washington
(February 6, 2017)
FINRA Case #2016051186701

James Seokhoon Yoon (CRD #6336120)
 Los Angeles, California
 (February 27, 2017)
 FINRA Case #2016050789101

Young Min Yun (CRD #6422483)
 Melbourne, Florida
 (February 17, 2017)
 FINRA Case #2016049696001

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

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

Adam Christopher Boynton (CRD #3195898)
 Modesto, California
 (February 15, 2017)
 FINRA Arbitration Case #13-02295

Olori Dennis Hamilton (CRD #2956727)
 Jersey City, New Jersey
 (February 24, 2017)
 FINRA Arbitration Case #14-03139

Jeffrey G. Lyon (CRD #5385043)
 Brooklyn, New York
 (February 13, 2017)
 FINRA Arbitration Case #16-02396

Daniel Keenan Michelman (CRD #6007717)
 Blue Point, New York
 (February 16, 2017)
 FINRA Arbitration Case #16-01823

Anthony Minerva (CRD #2557946)
 Valley Stream, New York
 (February 13, 2017)
 FINRA Arbitration Case #16-01204

Russell Leo Sadler (CRD #2600742)
 Manomet, Massachusetts
 (February 14, 2017)
 FINRA Arbitration Case #16-01134

Philip Jameson Staff (CRD #6141399)
 Jupiter, Florida
 (February 14, 2017)
 FINRA Arbitration Case #16-01114

Scott Paul Strochak (CRD #1170464)
 Boynton Beach, Florida
 (February 16, 2017)
 FINRA Arbitration Case #14-03127

Donald Lee Watson Jr. (CRD #1833707)
 Bradenton, Florida
 (February 15, 2017)
 FINRA Arbitration Case #16-00548

Patrick Justin White Sr. (CRD #2346690)
 Huntington, New York
 (February 24, 2017)
 FINRA Arbitration Case #16-02022

FINRA Expels Lawson Financial and Bars CEO Robert Lawson for Fraudulent Municipal Bond Sales

Lawson Misused Customer Funds and Breached Fiduciary Duties as a Co-Trustee of a Customer Trust Account

FINRA expelled Phoenix-based [Lawson Financial Corporation, Inc. \(LFC\)](#) from FINRA membership, and has barred LFC's CEO and President [Robert Lawson](#) from the securities industry for committing securities fraud when they sold millions of dollars of municipal revenue bonds to LFC customers.

The bonds at issue were underwritten by LFC and related to an Arizona charter school and two assisted living facilities in Alabama (which were the borrowers on the bonds). FINRA found that Robert Lawson and LFC were aware that each borrower faced financial difficulties, and Lawson transferred millions of dollars to the borrowers and associated parties from a deceased customer's trust account, in order to hide the borrowers' financial condition and to hide the risks associated with the bonds. FINRA determined that when LFC customers purchased the bonds, LFC and Lawson hid the material fact that Lawson was improperly transferring millions of dollars from the trust account to various parties when the borrowers were not able to pay their operating expenses or required interest payments on the bonds.

FINRA found that Lawson and his wife, [Pamela Lawson](#) (LFC's Chief Operating Officer), who were co-trustees of the trust account, violated FINRA rules by breaching their fiduciary duties as trustees and engaging in self-dealing with the trust account. FINRA also determined that Robert Lawson misused customer funds. In addition to expelling LFC and barring Robert Lawson, FINRA suspended Pamela Lawson from associating with any FINRA member firm for two years and fined her \$30,000 to be paid prior to her return to the securities industry. This disciplinary action settles a May 2016 [complaint](#) filed against LFC, Robert Lawson, and Pamela Lawson.

In settling [this matter](#), LFC, Robert Lawson and Pamela Lawson neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

Pamela Lawson's suspension is in effect from February 6, 2017, through February 5, 2019.

FINRA Hearing Panel Expels Red River Securities, LLC and Bars CEO Brian Keith Hardwick for Fraud; Ordered to Pay \$24.6 Million in Restitution to Investors

FINRA announced that a FINRA hearing panel has expelled Plano, TX-based broker-dealer [Red River Securities, LLC](#), barred its CEO [Brian Keith Hardwick](#), and ordered the firm and Hardwick to jointly and severally pay \$24.6 million in restitution to customers for fraudulent sales in five oil and gas joint ventures. The hearing panel found that the respondents engaged in a pattern of misrepresentations and omissions that spanned nearly four years and involved sales in the risky joint ventures. The hearing panel dismissed FINRA Department of Enforcement's allegations that the firm sold interests in two of the joint venture offerings in violation of the general solicitation prohibition for the private placement of securities under Regulation D, one alleged misrepresentation charge, several alleged suitability violations by the firm, and additional suitability allegations against Hardwick. The decision resolves charges brought by FINRA's Department of Enforcement in [July 2015](#).

The panel found that Red River Securities and Hardwick intentionally and fraudulently misrepresented and omitted material facts in connection with the sales of interests in oil and gas joint ventures issued by Regal Energy, LLC, a close affiliate of Red River Securities. The oil and gas offerings, which the panel noted were already high-risk ventures, misrepresented the amount of income distributed to investors in other Regal Entity joint ventures, failed to disclose material conflicts of interest, and failed to disclose that one of the wells was a "wildcat," which carried risk in addition to the usual risks of oil and gas joint ventures. In addition, Red River Securities and Hardwick omitted material information about the sizable management fees that would be paid to the affiliated entity and failed to disclose Hardwick's participation in drafting an independent geologist's report.

In addition, the hearing panel held that the joint venture purchase was not suitable for two customers. One customer was a 74-year-old, self-employed farmer and dog breeder with a net worth of \$2 million, liquidity of \$20,000, and \$150,000 in annual income. Given her level of liquidity and her self-employed/seasonal employment situation, the hearing panel found that her investment of \$94,754, representing well over half of her annual income, in three risky oil and gas ventures in a period of a year, was not suitable.

The panel decision also characterized Red River Securities and Hardwick's misconduct as "egregious" and noted several aggravating factors, including the respondents' "failure to develop and enforce a robust supervisory system" and "the extent of the respondents' monetary gain," including \$3.6 million in due diligence fees and commissions from the five offerings, money earned as owners of Regal Entities, and management fees. Investors received total distributions of less than \$500,000 from the more than \$25 million they invested in the five offerings.

Unless the [hearing panel's decision](#) is appealed to FINRA's National Adjudicatory Council (NAC), or is called for review by the NAC, the hearing panel's decision becomes final after 45 days.

FINRA Orders Purshe Kaplan Sterling Investments to Pay \$3.4 Million in Restitution to Native American Tribe; Firm Also Fined \$750,000 for Failures to Supervise

FINRA announced that Albany, New York-based [Purshe Kaplan Sterling Investments \(PKS\)](#) will pay nearly \$3.4 million in restitution to a Native American tribe, after the tribe paid excessive sales charges on purchases of non-traded Real Estate Investment Trusts (REITs) and Business Development Companies (BDCs). In addition to ordering restitution, FINRA fined PKS \$750,000 for its failures to supervise the sales of these securities. This settlement resolves charges brought in a February 2016 FINRA [complaint](#) against PKS. The charges alleged in the same complaint against the tribe's PKS registered representative, Gopi Vungarala, are ongoing.

FINRA found that from July 2011 through at least January 15, 2015, Vungarala was the tribe's PKS registered representative and also the tribe's Treasury Investment Manager responsible for managing the tribe's investment portfolio. PKS failed to adequately review the risks inherent in that relationship or establish procedures designed to mitigate the risks. FINRA found that as a result of these supervisory failures, Vungarala was able to misrepresent to the tribe that neither PKS nor he would receive commissions on its purchases, and he was therefore able to induce the tribe to invest more than \$190 million in non-traded REITs and BDCs. In fact, Vungarala personally received at least \$9 million in commissions from the tribe's investments.

FINRA also found that PKS failed to identify that more than 200 of the tribe's purchases were eligible for discounts based on the volume of the purchases. FINRA found that Vungarala's commissions would have been reduced to approximately \$6 million if the tribe received the volume discounts for which it was eligible; however, Vungarala misrepresented to PKS that the tribe did not want to receive the volume discounts. PKS failed to take reasonable steps to verify this statement even after it received inquiries about the missed discounts from a REIT issuer and FINRA staff.

In addition, FINRA found that, between April 2009 and October 31, 2014, PKS failed to maintain and enforce an adequate supervisory system and written supervisory procedures to ensure compliance with the securities laws and FINRA rules when it sold non-traded REITs and BDCs. PKS did not have procedures that were reasonably designed to identify accounts that were eligible for volume discounts, and did not provide any guidance to its representatives or supervisors regarding how to ensure that the sales volume discounts were applied appropriately.

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