

# Disciplinary and Other FINRA Actions

## Firms Fined, Individuals Sanctioned

Ari Financial Services, Inc. (CRD® #137608, Overland Park, Kansas) and William Brian Candler (CRD #2802438, Leawood, Kansas) submitted an Offer of Settlement in which the firm was censured, fined \$7,500 and, for a period of one year, must file with FINRA's Advertising Regulation department all retail communications that the firm intends to permit its registered representatives to use or distribute at least 10 business days prior to use. A lower fine was imposed against the firm after considering, among other things, its revenue and financial resources. Candler was censured, fined \$2,500, suspended from association with any FINRA® member in any capacity for 10 business days, and suspended from association with any FINRA member in any principal capacity for 10 business days, to be served after the completion of the suspension in any capacity. In light of Candler's financial status, a fine of \$2,500 was imposed.

Without admitting or denying the allegations, the firm and Candler consented to the sanctions and to the entry of findings that Candler failed to conduct reasonable due diligence regarding a private placement that the firm sold directly to retail investors. The findings stated that as a result, the firm lacked a reasonable basis to believe that the private placement was suitable for any investor. The offering was later discovered to be a Ponzi scheme, and customers who purchased interests lost their collective investment principal of approximately \$560,000. The findings also stated that as a result of deficiencies in its supervisory system, the firm failed to identify and prevent the dissemination of misleading and imbalanced advertising and sales materials by registered brokers, and failed to ensure that the offering materials prepared and distributed contained sufficient and accurate disclosures. The findings also included that the firm failed to document the written approval of the advertising and sales material it used, and the first and last dates of use.

FINRA found that Candler provided medallion signature guarantees for numerous pre-signed securities assignment forms without having the forms signed in his presence or otherwise verifying their authenticity. Moreover, despite providing signature guarantees for numerous securities transfers, ARI and Candler had not previously established any supervisory system or written procedures for the firm's medallion signature guarantee program. Candler did not establish a supervisory system for the firm's medallion signature guarantee program. Following the receipt of a complaint that Candler improperly provided signature guarantees in connection with certain securities transfers, he established deficient written supervisory procedures (WSPs) governing the firm's activities as a guarantor. FINRA also found that the firm and Candler

## Reported for August 2016

FINRA has taken disciplinary actions against the following firms and individuals for violations of FINRA rules; federal securities laws, rules and regulations; and the rules of the Municipal Securities Rulemaking Board (MSRB).

failed to retain and review certain securities business-related communications to and from its registered representatives, and failed to establish appropriate escrow accounts for contingent offerings. The firm's WSPs did not include appropriate provisions to ensure that its standards regarding communications with the public were implemented and followed, and Candler did not enforce the WSPs that required it to preserve all business email. In addition, FINRA found that although the firm had WSPs that generally addressed the supervision of its private placement activities, they were often insufficiently tailored to the nature of its business and amounted to a supervisory system that was not reasonably designed to achieve compliance with the applicable laws and regulations.

The suspension in any capacity was in effect from June 23, 2016, through July 7, 2016. The suspension in any principal capacity was in effect from July 8, 2016, through July 21, 2016. ([FINRA Case #2010023883601](#))

### Firms Fined

**Ameriprise Financial Services, Inc. (CRD #6363, Minneapolis, Minnesota)** submitted a Letter of Acceptance, Waiver and Consent (AWC) in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a system and procedures that were reasonably designed to supervise its registered representatives' sales of closed-end funds (CEFs) to their customers. The findings stated that despite being aware that CEFs purchased at an initial public offering (IPO) were most suitable for long-term investments, and that the sales charges applied to purchases at the IPO made short-term trading of these CEFs generally unsuitable, the firm did not have a system and procedures reasonably designed to detect and prevent potentially harmful short-term trading of CEFs. As a result, the firm failed to detect and prevent at least one registered representative from engaging in a pattern of unsuitable short-term trading of CEFs purchased at the IPO. The findings also stated that a former registered representative engaged in a pattern of recommending short-term trading of CEFs at the IPO in connection with customer accounts. On two occasions, the registered representative's activity was flagged by the firm's centralized supervision unit (CSU), which was a group of registered principals responsible for reviewing trading and determining discipline. However, on each occasion, no demonstrable action was taken, as the CSU registered principals' attempts at escalation were not properly acted upon, indicating that the firm was not adequately supervising this type of transaction. The findings also included that a CSU registered principal again flagged the registered representative's activity, and an investigation of the registered representative's CEF recommendations was undertaken, which ultimately led to the registered representative's termination.

FINRA found that the firm did not utilize any surveillance reports designed to highlight or detect patterns of short-term trading or switching of CEFs. While CSU registered principals generally reviewed CEF IPO transactions, and had the ability to establish filters in their supervisory review tool for purposes of detecting potentially unsuitable patterns, the use of these filters was not required. As a result, the firm failed to establish, maintain, and enforce a supervisory system and WSPs reasonably designed to ensure compliance with applicable laws and regulations relating to the suitability of short-term trading of CEFs at the IPO.

([FINRA Case #2014039843501](#))

**Barclays Capital Inc.** ([CRD #19714](#), New York, New York) submitted an AWC in which the firm was censured and fined \$22,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to provide written notification disclosing to its customer its correct capacity in transactions. The findings stated that the firm failed to make, keep, and preserve transaction confirmations for institutional customers. ([FINRA Case #2013035614701](#))

**Canaccord Genuity Inc.** ([CRD #1020](#), New York, New York) 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 it failed, within 10 seconds after execution, to transmit last-sale reports of transactions in designated securities to the FINRA/Nasdaq Trade Reporting Facility (FNTRF). ([FINRA Case #2015044116001](#))

**Centaurus Financial, Inc.** ([CRD #30833](#), Anaheim, California) submitted an AWC in which the firm was censured, fined \$100,000 and required to pay \$85,281.62 in restitution to customers. The firm has paid restitution to all affected customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to identify and apply sales charge discounts to certain customers' eligible purchases of unit investment trusts (UITs), resulting in customers paying excessive sales charges of approximately \$85,281.62. The findings stated that the firm failed to establish, maintain, and enforce a supervisory system and WSPs reasonably designed to ensure customers received sales charge discounts on all eligible UIT purchases. The firm relied primarily on its registered representatives to apply appropriate UIT sales charge discounts to customer purchases, but did not ensure that the sales charge discounts were identified and calculated accurately. ([FINRA Case #2014041676601](#))

**Dougherty & Company LLC** ([CRD #7477](#), Minneapolis, Minnesota) 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 provided underwriting services for municipal bond issuers with which it had active "blanket" financial advisory agreements. The findings stated that the blanket agreements were not limited by time or specific issuances of bonds. Rather, the agreements outlined the firm's responsibilities as financial adviser for all "projects that require the issuance of obligations." The firm's responsibilities to the issuers included recommending the type or

types of bonds to be utilized, assisting in determining the amount of financing required, and recommending financing or refinancing programs to fit the issuers' resources and requirements. In exchange for financial advisory services, the firm would have received a fee for each specific bond issue. Despite these blanket financial advisory agreements, the firm provided municipal underwriting services to the municipal issuers with which it had blanket financial advisory agreements. The firm was compensated only as an underwriter for those issuances. ([FINRA Case #2014039171201](#))

**FCG Advisors, LLC** ([CRD #40633](#), Chatham, New Jersey) 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 effected the sale of unregistered securities in contravention of Section 5 of the Securities Act of 1933 (Securities Act). The findings stated that customers received a total of approximately \$632,205 in proceeds from the sale of shares of a penny stock, and the firm collected approximately \$25,000 in commissions. No registration statement was in effect for any of the shares sold and no exemption from registration was applied. Moreover, the firm did not conduct a sufficient inquiry into the circumstances surrounding the customers' acquisition and sale of the shares, prior to executing the sales, to ensure the availability of an exemption from registration. The findings also stated that the firm failed to establish, maintain and enforce a supervisory system and WSPs reasonably designed to ensure compliance with Section 5. The firm failed to ensure that adequate inquiries were conducted to determine whether securities deposited into customer accounts for resale were registered or exempt from registration. The firm also lacked an effective system for verifying the circumstances under which customers obtained microcap shares and instead relied on its clearing firm to flag potential unregistered distributions. ([FINRA Case #2012030676501](#))

**Foresight Investments, LLC** ([CRD #132644](#), Northbrook, Illinois) submitted an AWC in which the firm was censured and fined \$20,000. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it effected transactions involving restricted shares of microcap securities that should have raised "red flags" for unregistered distributions of securities or other potentially suspicious activity. The findings stated that the firm failed to adequately investigate the facts surrounding the microcap transactions in a customer's account, missed numerous red flags, and otherwise failed to conduct the review required by its own WSPs and its obligations with respect to its anti-money laundering (AML) Compliance Program (AMLCP). The findings stated that the firm liquidated 7.8 million shares that were deposited in certificated form into one of the customer's accounts. The value of these transactions was approximately \$4.3 million. The firm failed to establish and implement an adequate supervisory system to detect and prevent violations of Section 5 of the Securities Act related to transactions of microcap securities. The findings also stated that although the firm's written AMLCP required it to monitor for potentially suspicious activity, the firm did

not adequately investigate these concerns to assess whether filing a suspicious activity report was warranted. Additionally, the firm failed to report potential red flags as required by its AMLCP. ([FINRA Case #2015043656301](#))

**Gates Capital Corporation** ([CRD #29582](#), New York, New York) submitted an AWC in which the firm was censured, fined \$22,500 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 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. The findings stated that the firm failed to report information about such transactions within 15 minutes of trade time to an RTRS Portal, failed to report the correct trade time to the RTRS, and failed to show the correct execution time on brokerage order memoranda. 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 MSRB rules concerning municipal securities reporting. ([FINRA Case #2014043127801](#))

**MCAP LLC** ([CRD #139515](#), New York, New York) 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 it transmitted Combined Order/Execution reports to the Order Audit Trail System (OATS<sup>SM</sup>) that contained inaccurate, incomplete, or improperly formatted data. The findings stated that the firm reported Combined Order/Execution reports that improperly used a Reporting Exception Code, which prevented the OATS reports from matching to a related trade report in a FINRA Trade Reporting Facility<sup>®</sup> (TRF<sup>®</sup>). Though the firm's order-sending organization made an error with respect to the firm's submissions to OATS and told the firm that it had corrected the error when it had not, the firm is responsible for ensuring that its Combined Order/Execution reports are properly reported to OATS. ([FINRA Case #2014043771201](#))

**Meyers Associates, L.P.** ([CRD #34171](#), New York, New York) 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 transmitted Reportable Order Events (ROEs) to OATS, which OATS subsequently rejected for context or syntax errors and were repairable. The findings stated that the firm failed to repair the majority of these ROEs, thereby resulting in an inaccurate and or incomplete audit trail. 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 concerning OATS reporting. The firm also failed to provide documentary evidence it performed the supervisory reviews set forth in its WSPs concerning OATS reporting. ([FINRA Case #2014043859101](#))

**Morgan Stanley & Co. LLC** ([CRD #8209](#), New York, New York) submitted an AWC in which the firm was censured, fined \$80,000 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 due to a coding error, the firm deleted over-the-counter (OTC) options positions upon expiration, and thereby under-reported each of these OTC options positions to the Large Options Positions Report (LOPR) system on one day. The findings stated that the firm failed to maintain an adequate system of supervision, including systems of follow-up and review, reasonably designed to achieve compliance with the rules governing the reporting of options positions to the LOPR system. The firm also lacked adequate WSPs requiring reviews to ensure that its LOPR submissions were accurate. The firm was unaware of a coding error that deleted expiring options on the expiration date from the LOPR and, as a result, the firm failed to detect and prevent the deletion of options positions upon expiration from the LOPR. ([FINRA Case #2014040951201](#))

**Morgan Stanley Smith Barney LLC** ([CRD #149777](#), Purchase, New York) submitted an AWC in which the firm was censured and fined \$200,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to adequately supervise by following firm policies and procedures to detect and cause the reporting of potentially suspicious transactions. The findings stated that a firm client was able to kite checks between his financial management account maintained at the firm and a separate bank account maintained at a local bank, in furtherance of a fraudulent Ponzi scheme, despite his activity raising red flags identified in firm policies and procedures as being indicative of potentially suspicious activity. The firm permitted the client to write checks against uncleared funds. The client had been engaged in a fraudulent Ponzi scheme that he kept afloat in part by moving money between the firm account and the bank account. During this period of increased deposit and withdrawal activity, the firm account had almost no securities transactions. Instead, the account was used almost exclusively to transfer funds between the firm account and the bank account. The activity in the firm account triggered red flags indicative of potentially suspicious activity that were, appropriately, identified in the firm's written AML policies and procedures that are issued to firm employees. In addition, the firm's electronic alert system generated alerts as a result of the rapid movement of funds through the firm account and, as a result, the firm reviewed the client relationship and met with the client. The firm received what it believed was a plausible business explanation for the activity. However, the alerts and the red flags indicative of potentially suspicious activity continued. The firm again reviewed the activity in the client's account. As a result of this review, the firm concluded that it would no longer pay the client's checks on uncleared funds. The client's Ponzi scheme then collapsed when he bounced several checks. ([FINRA Case #2011029749101](#))

**Newbridge Securities Corporation** ([CRD #104065](#), Boca Raton, Florida) submitted an AWC in which the firm was censured, fined \$115,000 and required to pay \$188,803.99 in restitution to customers. The firm has paid full restitution, plus statutorily calculated interest, and provided proof of payment to FINRA. Without admitting or denying the findings, the

firm consented to the sanctions and to the entry of findings that it failed to identify and apply sales charge discounts to certain customers' eligible purchases of UITs, resulting in customers paying excessive sales charges of approximately \$172,835.29. The findings stated that the firm failed to establish, maintain, and enforce a supervisory system and adequate WSPs reasonably designed to ensure customers received sales charge discounts on all eligible UIT purchases. The firm adopted a new UIT trade process that representatives must adhere to which is now reflected in the firm's WSPs. Prior to that, the firm had no WSPs in place specific to UIT discounts. ([FINRA Case #2014042542501](#))

**Oppenheimer & Co. Inc. (CRD #249, New York, New York)** submitted an AWC in which the firm was censured, fined \$275,000, and required to implement procedures reasonably designed to achieve compliance with applicable rules and regulations. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it inaccurately reported short positions and failed to report short interest positions on multiple settlement dates. The findings stated that the firm erroneously reported "fail to receive" positions on settlement dates in the firm's "Buy-In Account" as short interest positions, when such positions should not have been reported to FINRA. The findings also stated that the firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with the applicable securities laws and regulations and NASD<sup>®</sup> and FINRA rules concerning short interest reporting to ensure compliance with NASD Rule 3360 and FINRA Rule 4560. In addition, while the firm's WSPs identified an individual responsible for conducting a review, the frequency of such review, and a description of how the review should be documented, the firm's supervisory steps did not contain a periodic review of the firm's short interest reporting logic to ascertain that it was operating properly and that it captured the required information. ([FINRA Case #2013038725201](#))

**OTR Global Trading, LLC (CRD #138116, Purchase, New York)** 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 Market Access Rule certifications for the years 2013 and 2014 were not completed in a timely manner. The findings stated that the firm's chief executive officer (CEO) and chief compliance officer (CCO) jointly performed the review of the firm's risk management controls and supervisory procedures required in a timely manner. However, the firm did not complete its certification of the review conducted in 2013 until April 2014, and the firm did not complete its certification of the review conducted in 2014 until February 2015. ([FINRA Case #2015047181301](#))

**RBC Capital Markets, LLC (CRD #31194, New York, New York)** submitted an AWC in which the firm was censured, fined \$125,000 and required to adopt and implement supervisory systems and written procedures reasonably designed to achieve compliance with the requirements of FINRA Rule 2081. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it conditioned settlement in a

FINRA Dispute Resolution arbitration by including a provision in the settlement agreement that the firm's former customers agree not to object to, or oppose any efforts to seek expungement of all reference to the arbitration or customer dispute information from the CRD system. The findings stated that the firm failed to establish and maintain a supervisory system, including written procedures, reasonably designed to ensure compliance with Rule 2081. The firm failed to have an adequate system to address and take sufficient steps to achieve compliance with the prohibition in the rule on conditioning or seeking to condition settlement of a dispute with a customer on the customer's agreement to consent to, or not to oppose, expungement. The firm failed to take adequate steps to ensure and document that the requirements of the new rule were communicated to all relevant personnel until it published its new procedures seven months after the rule became effective. The firm also failed to have a designated supervisor who was responsible for enforcing the requirements of Rule 2081, and failed to provide evidence that it had a business employee in charge of establishing, or that it had established, an adequate supervisory system related to Rule 2081. The findings also stated that the firm failed to establish, maintain and enforce WSPs reasonably designed to achieve compliance with Rule 2081. The firm's procedures merely restated the text of Rule 2081 and certain explanatory information from FINRA Regulatory Notice 14-31. The WSPs failed to include a designated supervisor responsible for conducting supervision regarding compliance with Rule 2081, a description of the review process that such a supervisor would take to review for compliance, the frequency of such reviews, how such reviews will be documented, or what the firm will do when it identifies deficiencies in compliance. ([FINRA Case #2014043628201](#))

**Shearson Financial Services, LLC ([CRD #38619](#), Boca Raton, Florida)** submitted an AWC in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it continued to inaccurately mark orders as unsolicited when the orders were solicited, despite receiving a Cautionary Action Letter in 2012 from FINRA. The findings stated that the mismarked order tickets resulted in the firm maintaining inaccurate books and records. The findings also stated that the firm, acting through its registered representatives, exercised discretion in transactions in customer accounts without the customers' prior written approval and without the firm's acceptance of the accounts as discretionary. ([FINRA Case #2015043417501](#))

**The Vertical Trading Group, LLC ([CRD #104353](#), New York, New York)** submitted an AWC in which the firm was censured; fined \$62,500; ordered to pay \$5,240.46, plus interest, in restitution to customers; 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 accepted and held customer orders, traded for its own account at prices that would have satisfied the customer orders, and failed to execute or immediately thereafter execute the customer orders up to the size and at the same price at which it traded for its own account or at a better price. The findings stated that the firm failed to show the correct execution time on order memoranda and failed to record "Not Held" terms and conditions on order memoranda. The findings also stated that the firm failed to implement

policies and procedures that reasonably avoid displaying, or engaging in a pattern or practice of displaying, locking or crossing quotations in any OTC equity security. The findings also included 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 the minimum requirements for adequate WSPs concerning Order Protection requirements applicable to customer orders in OTC securities, and locking or crossing quotations in OTC securities. ([FINRA Case #2013036710501](#))

**Timber Hill LLC** ([CRD #33319](#), Greenwich, Connecticut) submitted an AWC in which the firm was censured, fined \$145,000, and required to revise its supervisory system, including its WSPs, for tracking and closing out fail-to-deliver positions to address its deficiencies and to ensure future compliance with Rules 204(a) and 204(b) of Regulation SHO. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that in several instances, it had a fail-to-deliver position in equity securities at a registered clearing agency that was attributable to bona fide market-making activities or short sale activities, but did not close the fail-to-deliver position by purchasing or borrowing securities of like kind and quantity within the time frame prescribed by Rule 204(a)(3) of Regulation SHO. The findings stated that in hundreds of instances, the firm accepted a short sale order from another person, or effected a short sale for its own account without first borrowing the security, or entering a bona fide arrangement to borrow the security, and had a fail-to-deliver position at a registered clearing agency in such security that had not been closed out in accordance with the requirements of paragraph (a) of Rule 204 of Regulation SHO. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to ensure the firm's compliance with the close-out requirements of Rule 204(a) of Regulation SHO and the pre-borrow requirements of Rule 204(b) of Regulation SHO. The firm's methodology for tracking and closing out fail-to-deliver positions failed to properly account for the firm's short sale activities in determining whether the firm was net long or net flat on the applicable close-out date, and improperly utilized securities purchased over multiple days prior to the close-out date or after the start of trading on the close-out date to satisfy its close-out obligation. ([FINRA Case #2011029026901](#))

**WFG Investments, Inc.** ([CRD #22704](#), Dallas, Texas) submitted an AWC in which the firm was censured, fined \$65,000 and required to pay \$75,563.62 in restitution to customers. The firm has paid restitution to all affected customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to identify and apply sales charge discounts to certain customers' eligible purchases of UITs, resulting in customers paying excessive sales charges of approximately \$68,975. The findings stated that the firm failed to establish, maintain, and enforce a supervisory system and WSPs reasonably designed to ensure customers received sales charge discounts on all eligible UIT purchases. The firm failed to ensure that purchases were properly coded in its clearing firm's system, and relied primarily on its clearing firm to aggregate same day purchases for applicable volume discounts. ([FINRA Case #2014041680101](#))

**Ziv Investment Company (CRD #4316, Chicago, Illinois)** submitted an AWC in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that through its former Financial Operations Principal (FINOP), the firm impermissibly conducted intra-day reserve formula computations to determine the amount that the firm was required to maintain in its Special Reserve Bank Account for the Exclusive Benefit of Customers (Special Reserve Account) and withdrew funds from that account based on the impermissible intra-day calculations to fund firm operations, causing reserve account hindsight deficiencies. The findings stated that after engaging in the improper calculations and making the related withdrawals, the FINOP transferred the withdrawn funds to a firm operational account in order to pay the Depository Trust Company for securities purchased by the firm's customers. Without making the improper withdrawals from the firm's Special Reserve Account, there would have been insufficient funds in the firm's operational account to make these required payments. The findings also stated that the firm did not have any specific policies or procedures regarding the Special Reserve Account or the calculations necessary to ensure that the account was properly funded. The firm's WSPs merely placed all responsibility on the FINOP for complying with the firm's requirements under all financial responsibility rules promulgated pursuant to the Securities Exchange Act of 1934 (Exchange Act), including special reserve formula calculations. As a result of the inadequate WSPs, the firm, through the FINOP, engaged in the improper special reserve calculations and associated withdrawals. The firm subsequently revised its WSPs for calculating the special reserve formula, and now has two employees responsible for calculating and subsequently affirming the special reserve formula calculation. Additionally, the firm has enhanced the funds maintained in its Special Reserve Account to provide additional cash reserved in that account. ([FINRA Case #2014041633901](#))

## Individuals Barred or Suspended

**Alison Nicole Andrews (CRD #6196235, West Plains, Missouri)** submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Andrews consented to the sanction and to the entry of findings that after a potential customer's son was unsuccessful in obtaining copies of his elderly mother's account statements, Andrews contacted the FINRA member firm where the assets were held and falsely claimed to be the customer's relative in order to obtain the customer's account statements. The findings stated that the customer's son submitted an online complaint alleging that the firm had refused to provide him with his mother's account statements. Andrews contacted FINRA and attempted to obtain information about the status of the complaint. During the call, Andrews falsely claimed that she was the son's daughter. The findings also stated that after Andrews and a registered representative at her member firm learned that FINRA was investigating her claim that she was the customer's relative, they devised a plan to provide FINRA with false information by providing false on-the-record testimony and false written responses to requests for information. ([FINRA Case #2013039630301](#))

**Alexandre Waehnelde Artmann (CRD #2804856, Miami, Florida)** submitted an AWC in which he was fined \$15,000 and suspended from association with any FINRA member in any principal capacity for 45 days. Without admitting or denying the findings, Artmann consented to the sanctions and to the entry of findings that as the CEO of his former member firm, he signed a FINRA Rule 3130 certification form on the firm's behalf that was inaccurately dated and that he should have known contained false statements. The findings stated that after the firm had withdrawn from FINRA membership, Artmann was requested by an employee of the firm to sign the Rule 3130 certification for the annual period ending March 31, 2013. Because the firm's prior Rule 3130 certification was made on or before March 31, 2012, the firm was required to make a new certification by no later than March 31, 2013. The employee told Artmann, inaccurately, that Artmann had signed the original version of the Rule 3130 certification on March 31, 2013, but that he could not locate it. Artmann dated the certification March 31, 2013, which made it appear that it had been signed by the required deadline. The findings also stated that the Rule 3130 certification inaccurately confirmed that the firm had processes in place to test its procedures on a periodic basis in compliance with applicable rules, and that the testing for the prior year had been evidenced in a written report. Artmann should have known that the firm had not conducted its annual testing because he had approved the firm's cancellation of its annual testing in mid-2012. In addition, Artmann should have known that the firm had not prepared the required reports and that he had not reviewed them. Artmann failed to appropriately review the certification that he was signing and failed to act reasonably to ensure that the statements contained therein were true.

The suspension is in effect from July 5, 2016, through August 18, 2016. ([FINRA Case #2012033767401](#))

**Alfredo Francisco Ayme (CRD #1531433, Miami, Florida)** submitted an AWC in which he was suspended from association with any FINRA member in any capacity for 10 business days and suspended from association with any FINRA member in any principal capacity for three months. In light of Ayme's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Ayme consented to the sanctions and to the entry of findings that Ayme caused his member firm to violate Rule 101 of Regulation M by placing market-maker bid quotations during the restricted period for the distribution of securities issued by a company in which the firm acted as the manager and exclusive placement agent. The findings stated that the firm was a distribution participant and subject to the prohibitions regarding bidding for or purchasing the issuer's shares during restricted periods. During the time of the offering, Ayme was the Chief Operating Officer (COO) and Head Trader for the firm, and was responsible for supervision of proprietary trading activity, including the placement of market-maker bids. While acting in his capacity as COO and Head Trader, Ayme failed to ensure the firm had a supervisory system and WSPs reasonably designed to achieve compliance with Rule 101 of Regulation M, despite the fact that the firm was acting as the manager and exclusive placement agent for the distribution of securities the company issued. The firm did not have any procedures, written or otherwise, setting forth how the firm was to ensure compliance with any part of Regulation M.

The suspension in any capacity was in effect from July 18, 2016, through July 29, 2016. The suspension in any principal capacity is in effect from July 18, 2016, through October 17, 2016 ([FINRA Case #2014039410601](#))

**Rohit Bansal (CRD #6376630, New York, New York)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Bansal consented to the sanction and to the entry of findings that while employed as a non-registered person with FINRA member Goldman Sachs, he received, utilized, and disseminated confidential supervisory information related to the Federal Reserve Bank of New York (FRBNY) and Board of Governors in an effort to further his employment at his member firm. The findings stated that prior to his employment with his firm, Bansal was employed as a supervisory manager at the FRBNY, where he had responsibility for supervising certain banks. Bansal's firm, among other things, provided advice on regulatory issues to certain banks clients, including banks supervised by the FRBNY. Bansal later pled guilty in federal court to one count of theft of government property, the value of which property did not exceed \$1,000. ([FINRA Case #2014043517201](#))

**Gregory Edward Barr (CRD #1312703, Boca Raton, Florida)** 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, Barr consented to the sanctions and to the entry of findings that he exercised discretion in customer accounts by entering transactions without obtaining the customers' prior written authorization and without having his member firm's acceptance of the accounts as discretionary. The findings stated that Barr placed sell orders for different customers in the same stock. The customers had previously given Barr verbal authorization to sell their positions at his discretion in the event the stock decreased in price. However, Barr did not discuss the transactions with the customers on the day of executing the transactions in the customers' accounts. Barr's conversations with the customers had occurred approximately seven to 10 days earlier. Barr did not have the customers' written authority to exercise discretion in their accounts. In addition, Barr's firm had not accepted the customers' accounts as discretionary, and only allowed time and price discretion within a single day, consistent with the applicable rule.

The suspension was in effect from July 5, 2016, through July 18, 2016. ([FINRA Case #2014041373401](#))

**Nathan D. Bartow (CRD #4805130, Canton, Ohio)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Bartow consented to the sanction and to the entry of findings that he failed to provide FINRA with requested documents and information related to an investigation into allegations that he negligently managed and converted a customer's investment assets. ([FINRA Case #2016049765601](#))

**Jamey Darius Benenhaley** ([CRD #4609123](#), Lugoff, South Carolina) 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 two months. Without admitting or denying the findings, Benenhaley consented to the sanctions and to the entry of findings that he borrowed money from a member firm customer. The findings stated that Benenhaley's firm prohibited its representatives from borrowing money from customers in any circumstances. Benenhaley has only partially repaid the loan amount.

The suspension is in effect from June 20, 2016, through August 19, 2016. ([FINRA Case #2015046554502](#))

**Salvatore Bonetti** ([CRD #4494241](#), Windham, Maine) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Bonetti consented to the sanctions and to the entry of findings that he altered the telephone numbers of his member firm's customers without the customers' authorization, causing the firm to have inaccurate books and records. The findings stated that Bonetti anticipated moving from his firm to another broker-dealer. Bonetti's actions could have prevented or delayed competing registered representatives at the firm from being able to contact these customers.

The suspension is in effect from July 5, 2016, through August 15, 2016. ([FINRA Case #2015044363401](#))

**Edward Joseph Bosch Sr.** ([CRD #1127469](#), Florence, Kentucky) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Bosch consented to the sanction and to the entry of findings that during the course of a FINRA investigation into allegations that he converted customer funds and generated false account statements to conceal his misconduct, he refused to respond to FINRA's request for documents and information. The findings stated that Bosch acknowledged that he received FINRA's request and would not produce the information requested at any time. ([FINRA Case #2016049364301](#))

**Shannon Braymen** ([CRD #2099783](#), San Antonio, Texas) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Braymen consented to the sanction and to the entry of findings that she failed to appear and provide FINRA with on-the-record testimony during an investigation into possible net capital violations by her member firm and the potential submission of a falsified document to FINRA in connection with the investigation. ([FINRA Case #2015043464401](#))

**Kevin Albert Busto** ([CRD #2584875](#), Huntington, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Busto failed to appear for testimony during the course of FINRA's investigation into the circumstances leading to his termination by his member firm in connection with his activities in his personal bank accounts. ([FINRA Case #2014041252402](#))

**John Albert Coleman** ([CRD #50757](#), Bethel Park, Pennsylvania) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Coleman 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 he had failed to disclose his involvement in an outside business activity. ([FINRA Case #2016048859001](#))

**Frank Dominic Corto** ([CRD #2537861](#), York, Pennsylvania) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Corto 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 outstanding federal, state and local tax liens totaling approximately \$942,500.

The suspension is in effect from July 5, 2016, through November 4, 2016. ([FINRA Case #2015045282601](#))

**Michael Lee Cuckler** ([CRD #2139887](#), Austin, Texas) 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 30 days. Without admitting or denying the findings, Cuckler consented to the sanctions and to the entry of findings that he failed to establish, maintain, or enforce adequate WSPs at his member firm relating to business travel and expense reimbursement. The findings stated that as a result, the firm was unable to effectively monitor employee spending and expense reimbursement. As the CCO, Cuckler was responsible for establishing and maintaining the firm's WSPs. The firm's WSPs also failed to address the provision of valuation pricing to unaffiliated third parties, despite the firm's routine practice of providing such information.

The suspension was in effect from July 5, 2016, through August 3, 2016. ([FINRA Case #2014040771901](#))

**Kenneth James Daley** ([CRD #2352143](#), Glenwood Landing, 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, Daley consented to the sanction and to the entry of findings that he concealed his improper receipt of funds from a customer that were paid in connection with purported profits in an account of his member firm. The findings stated that the customer contacted Daley about providing him with money to allow him to benefit by sharing in the profits in her account with Daley's firm. The customer wrote Daley a check for \$2,500 drawn from her cash management account with the firm. Daley immediately contacted the customer because he was concerned that his firm would learn of the deposit, which he knew to be prohibited. In order to avoid detection by the firm, Daley instead provided the customer with his personal banking account details for an account he held at

another financial institution and informed her that she could directly deposit funds related to purported profits in her account with the firm to his personal checking account. As a result, the customer deposited to Daley's personal bank account eight additional checks, each of which was drawn off of her non-firm bank account. In total, the customer gave Daley \$29,000 in connection with purported profits in her account, all of which Daley used for personal expenses. Throughout this time period, Daley knew he was prohibited from accepting such payments.

The findings also stated that Daley used his personal cell phone to text message customers. Daley was prohibited from text messaging with customers unless done through an approved firm platform. The findings also included that Daley submitted an annual firm attestation falsely attesting that in the prior 12 months he had not used text messaging with any customer. As a result, Daley prevented the firm from discharging its supervisory responsibilities with respect to the review of his electronic communications and caused the firm to fail to maintain such communications as required under FINRA and Securities and Exchange Commission (SEC) rules. FINRA found that Daley recommended that the customer purchase units of a non-traditional, leveraged crude oil exchange-traded fund (ETF) without having a reasonable basis to do so. On Daley's recommendation, the customer purchased 5,000 units for a principal amount of \$41,850. Daley did not liquidate the position until after the customer had experienced losses. ([FINRA Case #2016050129701](#))

**Michael Andrew Dinich** ([CRD #5230563](#), Athens, 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, Dinich consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose tax liens and judgments.

The suspension is in effect from June 20, 2016, through September 19, 2016. ([FINRA Case #2015046219701](#))

**John Neumann Duffin** ([CRD #2309815](#), Glen Rock, New Jersey) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Duffin consented to the sanctions and to the entry of findings that he failed to qualify as a general securities principal within 90 days from his association with his member firm and continued to function as a principal without having successfully passed the appropriate qualification examination. The findings stated that although the firm applied to register Duffin as a general securities principal, he did not obtain his Series 24 license until nearly one year after becoming employed by the firm as a securities principal.

The suspension was in effect from June 20, 2016, through July 11, 2016. ([FINRA Case #2013038353002](#))

**Nathaniel Edward Edie** ([CRD #4278231](#), Gretna, Nebraska) submitted an AWC in which he was assessed a deferred fine of \$1,250 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Edie consented to the sanctions and to the entry of findings that he substantially assisted and contributed to his stepfather's misconduct of borrowing money from a customer of their member firm by, among other things, preparing and signing a note reflecting a loan and conveying its proceeds to his stepfather. The findings stated that Edie knew or should have known that he was assisting or contributing to that misconduct, as he was aware that his stepfather could not borrow from his customer directly. The firm prohibited its representatives from borrowing from customers, which Edie and his stepfather knew. In an effort to circumvent that restriction, Edie's stepfather asked Edie to sign a promissory note reflecting the loan. Edie agreed to do so, and prepared the note. At that time, Edie depended on his stepfather financially, and his stepfather informally guaranteed that Edie's note would be honored. The customer agreed, not because she regarded the loan as a good investment but because she wanted to help Edie's stepfather and his family. Edie received the proceeds of the loan, then conveyed more than half of those funds to his stepfather or used them for his benefit. Edie's stepfather arranged for another loan from the customer, again for the purpose of paying taxes. Edie helped his stepfather obtain that loan by drafting a note, which his mother signed. Edie paid interest on both debts until 2012 when the customer demanded the repayment of her loans. Edie promptly repaid the customer, using funds that his stepfather provided. The firm was not aware of the loans until 2015, when the customer complained. After investigating the matter, the firm suspended Edie for two weeks and fined him \$2,500.

The suspension was in effect from July 5, 2016, through July 18, 2016. ([FINRA Case #2015046698102](#))

**Arthur Espinoza** ([CRD #1344849](#), Port Saint Lucie, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Espinoza consented to the sanction and to the entry of findings that he engaged in an outside business activity without disclosing this activity to his member firm. The findings stated that Espinoza incorporated a company that he operated and obtained investors who collectively invested more than \$325,000 with the company. In return for the investments, which were undocumented, Espinoza orally agreed to pay the investors an annual or semi-annual payment equaling 5.25 percent of their invested principal. Espinoza is unable to account for substantial amounts of the funds he raised from the investors, is not currently able to pay the principal back, and does not have any credible plans to do so.

The findings also stated that Espinoza failed to disclose outside brokerage accounts he controlled at two third-party FINRA member firms. Espinoza opened an account at one third-party firm for the previously mentioned company that he incorporated. Espinoza deposited many of the funds he raised from investors into the account, and also traded

securities in the account. Espinoza also opened a master brokerage account for the previously mentioned company at the other third-party firm and opened subaccounts under the company's master account for individual customers, many of whom were also his customers at his firm. Espinoza had full trading authority in these subaccounts, used that authority to perform more than 40 securities transactions totaling approximately \$1.5 million on behalf of the subaccount owners, and charged a total of \$15,195 in commissions for performing those securities transactions. Espinoza conducted this securities business through the third party firm instead of his firm in part to circumvent a wage garnishment in place at his firm related to a civil judgment a former business partner obtained against him. On the application paperwork Espinoza completed to open the company's accounts with the two third-party firms, he falsely represented through omission that he was not affiliated with a FINRA member firm and falsely indicated that he was not registered as an employee of a securities brokerage firm. The findings also included Espinoza willfully failed to disclose on his Form U4 reportable tax liens that remain unsatisfied and the civil judgment obtained by a former business partner against him in connection with a dispute over their joint insurance-making business.

FINRA found that Espinoza made misrepresentations on firm compliance questionnaires in which he falsely indicated and/or certified that he had disclosed to the firm all of his outside business activities, outside securities accounts, or on certain questionnaires, liens and judgments against him. FINRA also found that Espinoza failed to respond to several FINRA requests for documents and information, failed to provide timely responses to certain other requests outright, and provided false information in response to one request. ([FINRA Case #2016048881501](#))

**Darrin Barton Farrow** ([CRD #1995240](#), Westlake, Ohio) 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 12 months. Without admitting or denying the findings, Farrow consented to the sanctions and to the entry of findings that he participated in undisclosed outside business activities without disclosing his involvement to his member firm. The findings stated that Farrow founded an unincorporated entity that provides consulting services to the cannabis industry, and cultivates, produces and manufactures cannabis in states where such activities are legal. Farrow also formed a limited-liability company that grows cannabis and supplies it to dispensaries throughout Oregon. The findings also stated that Farrow participated in undisclosed private securities transactions with firm customers involving the sale of \$1 million of membership interests in his limited-liability company by soliciting customers to invest in the company. Farrow did not disclose the sale of these membership interests to his firm and the firm did not approve them.

The suspension is in effect from July 5, 2016, through July 4, 2017. ([FINRA Case #2015045751101](#))

**Gregory Mark Feldman** ([CRD #4449089](#), Parkland, Florida) submitted an AWC in which he was assessed a deferred fine of \$10,000, suspended from association with any FINRA member in any capacity for 10 business days and ordered to pay deferred disgorgement of \$7,451.02, plus interest. Without admitting or denying the findings, Feldman consented to the sanctions and to the entry of findings that while registered with his member firm, he purchased shares in IPOs in two disclosed personal brokerage accounts he held at another member firm. The findings stated that Feldman sold all of the shares for a total profit of \$7,451.02.

The suspension was in effect from July 5, 2016, through July 18, 2016. ([FINRA Case #2016048853301](#))

**Armando Fernandez** ([CRD #3079602](#), Miami Shores, Florida) submitted an AWC in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Fernandez consented to the sanctions and to the entry of findings that he exercised discretion in a customer's account and executed related trades without the customer's written authorization and without obtaining his member firm's prior written acceptance of the account as discretionary. The findings stated that Fernandez mismarked order tickets as unsolicited when, in fact, the trades were solicited, thereby causing the firm to maintain inaccurate books and records.

The suspension is in effect from August 1, 2016, through August 26, 2016. ([FINRA Case #2012034556901](#))

**Herbert Garrett Frey** ([CRD #214237](#), Cincinnati, Ohio) submitted an AWC in which he was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in any FINOP capacity for 45 days and required to requalify as a FINOP by passing the requisite examination prior to either acting in that capacity with any FINRA member or registering with any FINRA member as a FINOP, following the suspension. Without admitting or denying the findings, Frey consented to the sanctions and to the entry of findings that acting as his member firm's FINOP, he caused the firm to fail to maintain its minimum required net capital while engaging in a securities business. The findings stated that in addition to net capital deficiencies, the firm, through Frey, failed to prepare and maintain an accurate general ledger, trial balance and balance sheet, and filed inaccurate Financial and Operational Combined Uniform Single (FOCUS) filings.

The suspension is in effect from August 1, 2016, through September 14, 2016. ([FINRA Case #2014039129301](#))

**Richard Lee Garland** ([CRD #2026948](#), Export, 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 15 business days. Without admitting or denying the findings, Garland consented to the sanctions and to the entry of findings that he attempted to

settle a customer complaint without notifying his member firm. The findings stated that Garland's customers, a married couple, complained to him about the premiums owed on life insurance policies that they had purchased. Garland did not bring this complaint to the attention of his firm; rather, he attempted to settle the complaint by depositing a total of \$27,972 into the customers' checking account to cover their premium payments.

The suspension was in effect from July 5, 2016, through July 25, 2016. ([FINRA Case #2015047294801](#))

**Richard John Gasman Sr.** ([CRD #1195112](#), Hortonville, Wisconsin) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Gasman consented to the sanctions and to the entry of findings that he willfully failed to timely update his Form U4 to disclose that he was charged with and found not guilty of committing three felonies.

The suspension is in effect from July 5, 2016, through January 4, 2017. ([FINRA Case #2014042212501](#))

**Sonia Giannetti** ([CRD #5922748](#), Coral Springs, Florida) submitted an AWC in which she 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, Giannetti consented to the sanctions and to the entry of findings that she withheld documents responsive to FINRA information requests, produced false and misleading responses to FINRA information requests, and provided false and misleading testimony during her on-the-record interview in connection with FINRA's review of her member firm's corporate bond trading activity.

The suspension is in effect from June 6, 2016, through June 5, 2018. ([FINRA Case #2014042602401](#))

**Brandon Daryl Gioffre** ([CRD #2854741](#), South Salem, 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, Gioffre consented to the sanction and to the entry of findings that he participated in private securities transactions without providing prior notice to his member firm. The findings stated that Gioffre received commissions totaling \$100,000 for the sale of approximately \$2 million of securities to purchasers, who lost their entire investments. Gioffre recommended to several people, including a customer of his firm, an investment in a private placement that was not offered through the firm. Gioffre created the false impression that the firm sanctioned the private placement by meeting with the issuer and potential investors at the firm's offices and using his firm-issued email address to communicate with the issuer and potential investors. ([FINRA Case #2015046448701](#))

**Kyle A. Gonzales** ([CRD #3269399](#), San Jose, California) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Gonzales consented to the sanctions and to the entry of findings that he made inaccurate changes to customer phone numbers and email addresses in a database his former member firm maintained. The findings stated that, as an unregistered assistant, Gonzales joined a team of two brokers and an unregistered assistant at his firm. The team's brokers had decided to move their business to another broker-dealer prior to Gonzales joining, and Gonzales was to assist with the move. During preparation for that move, Gonzales was directed to make the inaccurate changes.

The suspension is in effect from July 18, 2016, through August 17, 2016. ([FINRA Case #2012030959201](#))

**John Lewis Grosso** ([CRD #4564852](#), Schwenksville, Pennsylvania) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Grosso consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony, and failed to produce documents and information FINRA requested during the course of its investigation into whether he submitted fabricated expense receipts for reimbursement while associated with his member firm. ([FINRA Case #2015045436301](#))

**Jodi Lynn Hall** ([CRD #4471020](#), Brentwood, Missouri) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hall consented to the sanction and to the entry of findings that she converted funds by causing approximately \$75,000 in unauthorized disbursements to be made from a business checking account of an individual she worked for at her member firm, without the individual's knowledge or authorization. The findings stated that Hall's responsibilities regarding the individual's business included bookkeeping, handling payroll and processing business expense reimbursements. Hall had access to the outside vendor system the individual used for the purpose of processing authorized monthly payroll, bonus payments and other payments for the individual and all of his employees. Hall made the unauthorized disbursements for her own personal benefit to make unauthorized insurance premium payments, unauthorized payments to her personal credit cards, and to give herself unauthorized salary increases and bonus payments. ([FINRA Case #2014041710901](#))

**Becky Vee Halphin** ([CRD #2421711](#), Blue Springs, Missouri) 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 six months. Without admitting or denying the findings, Halphin consented to the sanctions and to the entry of findings that she borrowed from one of her customers without her member firm's permission. The findings stated that Halphin signed a promissory note in favor of one of her customers, a friend with whom she had a long-standing association. The note obligated a company that Halphin owned to pay \$60,000

plus interest to the customer, except that “[i]n the event of death the lender forgives the note ... with the exception of any interest due.” The note reflected a loan whose proceeds Halphin had received and conveyed as an intermediary to a third party. During the time of the loan, Halphin invested in two pieces of property with the third party. Halphin signed the note at the customer’s request due to her personal relationship with him. Several months later, the customer died. When Halphin signed the note, her firm’s written procedures did not allow its registered persons to borrow from its customers, and the firm did not give prior written approval for the loan.

The suspension is in effect from June 20, 2016, through December 19, 2016. ([FINRA Case #2014042604701](#))

**Francisco Gabriel Hervella** ([CRD #2521560](#), Miami, Florida) submitted an AWC in which he was assessed a deferred fine of \$50,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, Hervella consented to the sanctions and to the entry of findings that he engaged in undisclosed and unapproved outside business activities as the 50 percent owner of a British Virgin Islands (BVI) entity without providing written notice or otherwise disclosing his ownership interest to his member firm. The findings stated that Hervella acted on behalf of the BVI entity as the director of a limited partnership domiciled in New Zealand, in which his role was that of a signatory, without providing written notice or otherwise disclosing to the firm his actions, which were outside the scope of his employment at the firm. Hervella’s firm did not approve his involvement with the entities. The findings also stated that Hervella participated in an advisory capacity in undisclosed private securities transactions with institutional customers totaling more than \$250 million without providing prior written notice or receiving his firm’s approval for the transactions. Hervella structured and implemented transactions in two South American countries in which foreign institutional customers used their currency holdings to purchase debt securities. Hervella was compensated more than \$2 million for his participation.

The suspension is in effect from June 20, 2016, through June 19, 2018. ([FINRA Case #2015044201103](#))

**James Stivender Holbrook Jr.** ([CRD #1455973](#), Birmingham, Alabama) submitted an AWC in which he was assessed a deferred fine of \$25,000 and suspended from association with any FINRA member in any principal capacity for 15 months. Without admitting or denying the findings, Holbrook consented to the sanctions and to the entry of findings that he failed to establish and maintain supervisory systems at his member firm that were reasonably designed to achieve compliance with applicable securities laws and regulations and FINRA rules. The findings stated that Holbrook did not ensure that the Office of the CEO was appropriately supervised to ensure compliance with applicable rules and regulations. Instead, Holbrook, as CEO, was not adequately supervised under firm supervisory policies and procedures concerning the use and expenditure of the firm and the firm’s parent

company's entities' resources, and the entertainment of political figures. The absence of adequate supervision left the firm unable to reasonably ascertain whether its resources were being utilized solely for business purposes and created the risk that the firm was not in compliance with applicable securities laws and regulations, and FINRA and MSRB rules. Specifically, Holbrook's failure to ensure that the firm had adequate supervisory systems created the potential for vulnerabilities regarding the use of corporate credit cards and purchase cards, the use of corporate assets, and MSRB Rule G-37 reporting. Holbrook was not required to follow his firm's expense reporting procedures to authenticate and verify the business purpose of expenses submitted for reimbursement. Holbrook was permitted to purchase assets on behalf of his firm and its parent company, and was also allowed to acquire a personal ownership stake in certain assets. The firm did not maintain adequate documentation to ensure that Holbrook's usage of these assets was consistent and commensurate with Holbrook's employment package and/or personal ownership interest. In addition, Holbrook was permitted to determine whether certain benefits that he provided to political figures required reporting to the firm pursuant to MSRB Rule G-37.

The suspension is in effect from June 20, 2016, through September 19, 2017. ([FINRA Case #2014041318501](#))

**Paolo Franca Iida (CRD #6020324, New York, New York)** was suspended from association with any FINRA member in any capacity for one year. The National Adjudicatory Council (NAC) reduced the sanctions the Office of the Hearing Officers (OHO) had imposed following a call for review of the OHO decision. The sanctions were based on findings that Iida engaged in structuring when he deposited \$48,000 into his personal bank account at his member firm's bank in five cash deposits of \$10,000 or less, each for the purpose of causing the bank to fail to file a Currency Transaction Report (CTR) and avoid federal reporting requirements.

The suspension is in effect from July 18, 2016, through July 17, 2017. ([FINRA Case #2012033351801](#))

**David Martin Joyce (CRD #4462324, Haddon Township, New Jersey)** 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 12 months. Without admitting or denying the findings, Joyce consented to the sanctions and to the entry of findings that he was responsible for one round-trip transaction in bonds that was executed at nearly simultaneous times that lacked a legitimate economic purpose and resulted in no change in beneficial ownership. The findings stated that the round-trip transaction had the effect of raising the inter-dealer price in the relevant security. The transaction was executed 6.285 points higher than Joyce's acquisition cost from one week earlier, and was reported and publicly disseminated to other market participants through the MSRB's EMMA (Electronic Municipal Market Access) system. The findings also stated that FINRA requested a signed, written statement from Joyce, and conducted an on-the-record interview with him, wherein Joyce claimed that the

round-trip transaction was executed to provide compensation to the inter-dealer broker for conducting a bid-wanted for the security that was ultimately unsuccessful. Before Joyce's on-the-record interview with FINRA, he acknowledged that his written statement about the inter-dealer broker conducting a bid-wanted on his behalf was false.

The suspension is in effect from June 20, 2016, through June 19, 2017. ([FINRA Case #2012031748202](#))

**Louis Karl Kittlaus (CRD #602059, Naples, Florida)** was assessed a deferred fine of \$25,000, suspended from association with any FINRA member in any capacity for two years and ordered to requalify by examination before again becoming registered in any capacity in the securities industry. Kittlaus had appealed the decision to the NAC but later withdrew his appeal. The sanctions were based on findings that Kittlaus made false, exaggerated, unwarranted and misleading statements in a communication he distributed to the public. The findings stated that Kittlaus wrote and distributed a letter received by a president of a FINRA member firm, and in it made exaggerated and unwarranted claims and improper predictions of future performance. The letter contained a pitch for alternative investments and an invitation to attend a dinner meeting, and attached to the letter were two pages describing renewable secured debentures issued by a company. The letter promised significant potential gain without disclosing any risks, including possible financial loss, and failed to provide the reader with any basis, much less a sound one, for evaluating the claims it made. The promised high rate of return and projection of profitability were not accompanied by any explanation of the assumptions underlying the forecasts. The allegation that Kittlaus distributed a misleading brochure advertising the debentures was dismissed.

The suspension is in effect from June 6, 2016, through June 6, 2018. ([FINRA Case #2012033508702](#))

**Eric William Kuchel (CRD #4118500, Yorba Linda, California)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Kuchel failed to provide complete testimony to FINRA during the course of an investigation into mutual fund transactions that occurred at his member firm. The findings stated that Kuchel did not substantially comply with the request for his testimony and failed to appear for his rescheduled testimony. Kuchel's delays, and ultimate failure to provide his testimony, impeded FINRA's investigation. ([FINRA Case #2015047966701](#))

**Vivian Kwok (CRD #2937133, Silver Spring, Maryland)** submitted an AWC in which she was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for 18 months. Without admitting or denying the findings, Kwok consented to the sanctions and to the entry of findings that she falsified her branch office commission sheets regarding transactions involving certificates of deposit (CDs) to give the false appearance of increased sales production in order to conceal the fact that she had personally purchased the CDs, and subsequently caused her member firm to maintain inaccurate books and records.

The suspension is in effect from June 6, 2016, through December 5, 2017. ([FINRA Case #2015045250501](#))

**Lawrence Michael LaBine (CRD #1279935, Fountain Hills, Arizona)** 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, LaBine consented to the sanction and to the entry of findings that he made fraudulent misrepresentations and omissions of material facts to customers in connection with the sale of senior debentures (Series D) issued by a company that developed software for real estate management companies. The findings stated that LaBine was receiving regular updates about the company's poor financial condition from senior management at the company and the company's lead investment banker, and had arranged to receive compensation and other valuable consideration from the company such as a seat on its board of directors, for meeting Series D fundraising targets. The information about the company's perilous financial condition and LaBine's personal incentive to sell Series D was material to the investors, yet LaBine failed to disclose this information to these customers when he made his recommendations. The company ultimately filed for bankruptcy. LaBine also made fraudulent misrepresentations and omissions of material fact to customers in connection with the sale of securities of an entity he had formed with others in an effort to acquire the assets of the bankrupt company. As a result of his conduct, LaBine willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and FINRA Rules 2010 and 2020, and failed to comply with Section 17(a)(1) of the Securities Act.

The findings also stated that LaBine made unsuitable sales of non-traded real estate investment trusts (REITs) and other alternative investments, including Series D and his entity's securities, to customers who were elderly and/or inexperienced investors. LaBine's recommendations of Series D, his entity's securities, REITs and other alternative investments to the customers were unsuitable, given that the investments were illiquid, hard to value, complex and high risk. LaBine did not have a reasonable basis to believe the securities he recommended were suitable in light of the customers' investment objectives and their overall financial circumstances, including net worth, income, risk tolerance and investment experience. Three of the customers had limited financial means and two did not meet suitability standards specified in the prospectuses for the non-traded REITs that LaBine recommended and sold to them. LaBine earned high commissions from the sales of these securities to his customers. No findings were made regarding the alternative charge of allegations of making negligent misrepresentations and omissions of material facts to customers and failing to comply with Sections 17(a)(2) and (a)(3) of the Securities Act. ([FINRA Case #2009019605401](#))

**Roshan A. Loungani (CRD #4256993, Fairfax, Virginia)** submitted an AWC in which he was suspended from association with any FINRA member in any capacity for two months and ordered to pay \$69,901, plus interest, in restitution to a customer. In light of Loungani's financial status, no fine has been imposed. Without admitting or denying the findings,

Loungani consented to the sanctions and to the entry of findings that he recommended and effected unsuitable investments for customers totaling approximately \$658,000 involving the purchase of limited partnership interests in hedge funds that he created and managed, which employed a high-risk trading strategy and use of aggressive options trading. The findings stated that these investments were not suitable for the customers based on their investment objectives and risk tolerances, and resulted in an unsuitable concentration of the customers' net worth.

The suspension is in effect from June 20, 2016, through August 19, 2016. ([FINRA Case #2013037488701](#))

**Edward Scott Manges (CRD #1341341, Philadelphia, Pennsylvania)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Manges consented to the sanction and to the entry of findings that he engaged in a fraudulent trading pattern whereby he executed round-trip transactions that were executed at nearly simultaneous times, with no apparent change in beneficial ownership and were done for the purpose of artificially raising the inter-dealer price in the relevant securities so that Manges could sell his positions in these securities at higher prices. The findings stated that Manges set the transaction prices in the round-trip transactions, which were from 0.5 to 13.85 points higher than his initial acquisition costs. The pre-arranged transactions were reported and publicly disseminated by EMMA to other market participants. Manges ultimately sold his positions in the bonds to customers or other broker-dealers for a profit. In these instances, Manges engaged in a fraudulent scheme by executing pre-arranged transactions in municipal securities with another broker-dealer. The purpose of this scheme was to induce others to purchase these securities at artificially inflated prices. As a result of his conduct, Manges willfully violated MSRB Rule G-17, and Section 10(b) of the Exchange Act and Rule 10b-5. The findings also stated that FINRA requested three signed written statements from Manges, and conducted two on-the-record interviews with him; and in each of these instances, Manges falsely claimed that the round-trip transactions were executed to provide compensation to the inter-dealer broker for conducting bid-wanted that were ultimately unsuccessful. ([FINRA Case #2012031748201](#))

**Samuel Sylvanus McNinch IV (CRD #1319783, Mount Pleasant, South Carolina)** 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 four months. Without admitting or denying the findings, McNinch consented to the sanctions and to the entry of findings that he willfully failed to timely disclose on his Form U4 that he filed a Chapter 7 bankruptcy petition and that he was subject to an Internal Revenue Service (IRS) tax lien.

The suspension is in effect from June 20, 2016, through October 19, 2016. ([FINRA Case #2014041896501](#))

**Dennis Mark Adam Merritt (CRD #1748115, Palm Harbor, Florida)** submitted an Offer of Settlement in which he was suspended from association with any FINRA member in any capacity for four months. In light of Merritt's financial status, no monetary sanction has been imposed. Without admitting or denying the allegations, Merritt consented to the sanctions and to the entry of findings that he participated in private securities transactions without providing prior written notice to his member firm. The findings stated that at the time Merritt recommended that customers purchase units of the company, he had not conducted an adequate investigation upon which to make a determination that the company was a suitable investment for any investor, and did not have a reasonable basis to recommend the company to any customer. Merritt never reviewed the company's financial projections covering an unspecified 24-month period, did not conduct any research on its product, did not obtain information on its executives, did not adequately review the company's investment summary in order to determine what a customer would own after purchasing a unit as defined by the Articles of Incorporation, and never requested, obtained or reviewed other documents referenced in the investment summary that related to a business plan, product development specifications, technology and industry research, and marketing and sales strategies, all of which could be made available on request. The findings also stated that Merritt completed a firm annual attestation in which he falsely affirmed that he was complying with the firm's private securities transactions policy.

The suspension is in effect from July 5, 2016, through November 4, 2016. ([FINRA Case #2013036962201](#))

**Robert Jay Myers (CRD #1744374, Highlands Ranch, Colorado)** submitted an AWC in which he was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the findings, Myers consented to the sanctions and to the entry of findings that he received approximately \$57,575 in compensation for an outside business activity that was not disclosed to or approved by his member firm.

The suspension is in effect from June 20, 2016, through June 19, 2017. ([FINRA Case #2015045384601](#))

**Peter George Neuberg (CRD #2905111, Parsippany, New Jersey)** submitted an AWC in which he was fined \$15,000, suspended from association with any FINRA member in any principal capacity for six months and required to requalify as a general securities principal by passing the Series 24 examination prior to associating with any FINRA member firm in any principal capacity following the suspension. Without admitting or denying the findings, Neuberg consented to the sanctions and to the entry of findings that he failed to reasonably supervise the activities of a registered representative who was also working as his assistant in the branch office where he was the principal. The findings stated that the registered representative altered documents related to customer accounts, including reusing signatures from forms that had been previously completed by customers, and

caused the falsified forms to be maintained in the customers' files. Neuberg ceased regularly reviewing paperwork prepared by the registered representative shortly after the firm hired her. Moreover, Neuberg failed to make a reasonable inquiry or conduct a review of the files the registered representative had handled to determine if she was following the firm's document and signature policies. Neuberg also failed to train the registered representative or otherwise take action to prevent her from engaging in this conduct.

The suspension is in effect from July 18, 2016, through January 17, 2017. ([FINRA Case #2012034188201](#))

**Frank Andrew Passarelli (CRD #1114420, Culpeper, Virginia)** 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 four months. Without admitting or denying the findings, Passarelli consented to the sanctions and to the entry of findings that he signed customer names on variable annuity disclosure and receipts forms without their authorization or consent.

The suspension is in effect from July 5, 2016, through November 4, 2016. ([FINRA Case #2015044741201](#))

**Danielle Arrice Pederson-Opsahl (CRD #6466578, Fergus Falls, Minnesota)** submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Pederson-Opsahl consented to the sanction and to the entry of findings that she refused to appear for FINRA on-the-record testimony requested during the course of an investigation. ([FINRA Case #2015047952701](#))

**Carlton I. Phelps (CRD #6403922, Washington, DC)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Phelps converted approximately \$1,343 from his member firm by means of a check-kiting scheme using personal and business bank accounts at the firm. The findings stated that Phelps issued checks drawn on one of his firm accounts knowing at the time that there were insufficient funds in the account to cover the amount of the checks. Phelps then deposited those checks in other accounts at the firm. Phelps artificially inflated the balance in the receiving accounts by making withdrawals when there were insufficient funds in the issuing account. Each deposit was credited immediately to the receiving account, while the funds were not immediately withdrawn from the issuing account. Phelps then withdrew funds from the receiving account for his personal use. ([FINRA Case #2015044145201](#))

**Srinivasan Raghavan (CRD #5937180, Fremont, California)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Raghavan consented to the sanction and to the entry of findings that he refused to respond to FINRA's request for documents and information related to an investigation into allegations that he submitted false business expenses for reimbursement. ([FINRA Case #2016049211401](#))

**Scott Andrew Roundtree (CRD #5390810, Rancho Cucamonga, 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 six months. Without admitting or denying the findings, Roundtree consented to the sanctions and to the entry of findings that he forged customers' signatures on single advisory contracts for them to participate in another investment advisory program at his member firm without the customers' knowledge, authorization or consent. The findings stated that Roundtree caused his firm's books and records to be inaccurate by falsifying documents relating to customer accounts.

The suspension is in effect from July 5, 2016, through January 4, 2017. ([FINRA Case #2015044378701](#))

**Shannon Marie Rowland (CRD #4526235, Mesa, Arizona)** submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Rowland consented to the sanction and to the entry of findings that she converted at least \$15,885 from insurance customers and from her member firm's insurance affiliate by improperly using cash received from the customers and funds from an account she controlled for her own use and benefit, rather than their intended purpose as insurance premium payments. The findings stated that Rowland admitted that the insurance customer premium payments deposited into the account were the property of the firm's insurance affiliate and that she did not have any authority to withdraw the funds or use the cash received for her personal and non-work-related benefit. The findings also stated that Rowland willfully failed to disclose a civil judgment on her Form U4. ([FINRA Case #2014042783901](#))

**Douglas P. Simanski (CRD #2606998, Lilly, Pennsylvania)** submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Simanski consented to the sanction and to the entry of findings that he failed to provide FINRA with documents and information related to an investigation into allegations of conversion of funds. ([FINRA Case #2016049621301](#))

**Robert George Simons (CRD #1369321, Brooklyn, Connecticut)** 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 45 days. Without admitting or denying the findings, Simons consented to the sanctions and to the entry of findings that he used a personal email account to conduct firm-related securities business, which caused his member firm to fail to comply with its recordkeeping obligations. The findings stated that the firm prohibited its representatives from using a non-firm email account to conduct securities business. The findings also stated that Simons exercised discretion in customer accounts without obtaining any of the customers' prior written authorization and without the firm's written acceptance of the accounts as discretionary.

The suspension was in effect from June 6, 2016, through July 20, 2016. ([FINRA Case #2014041298501](#))

**Jonathan Jay Sung** ([CRD #6240517](#), Fresh Meadows, 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, Sung consented to the sanction and to the entry of findings that he converted \$23,600 from his member firm for his personal use and benefit. The findings stated that the firm has a matching gift program through an affiliated foundation that matches qualifying charitable donations made by employees and contributes funds to qualifying charities based on employees' volunteer hours. Sung was involved with a charitable organization, and the organization was added, through Sung, to the firm's matching gift program. Sung submitted or caused to be submitted falsified documents representing that firm employees made donations of time or money to the charitable organization; and as a result, the firm issued donations totaling \$23,600. Sung received a check from the firm intended for the charitable organization, which he deposited into his personal bank account. The firm also made a payment to an online payment account that Sung had established in the name of the charitable organization, without the charity's knowledge. Sung subsequently withdrew these funds for his personal use. ([FINRA Case #2016050106501](#))

**Gerald Lee Tagge** ([CRD #2155001](#), Omaha, Nebraska) submitted an AWC in which he was assessed a deferred fine of \$2,500 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Tagge consented to the sanctions and to the entry of findings that he borrowed money from his customer without his member firm's permission or approval. The findings stated that Tagge's firm prohibited its representatives from borrowing from customers, which Tagge knew. In an effort to circumvent that restriction, Tagge arranged for his stepson and his wife to sign promissory notes reflecting the loans. Tagge's stepson and wife received the proceeds of the loans and conveyed approximately 75 percent of those funds to Tagge or for his benefit. In 2012, more than two years before the notes matured, the customer demanded the repayment of her loans. Tagge promptly provided virtually all of the funds to repay the customer. Tagge's firm was not aware of the loans until 2015, when the customer complained. After investigating the matter, the firm suspended Tagge for 30 days and fined him \$5,000.

The suspension is in effect from July 19, 2016, through September 18, 2016. ([FINRA Case #2015046698101](#))

**Andres Francisco Talero** ([CRD #4281352](#), Miami, Florida) submitted an AWC in which he was assessed a deferred fine of \$50,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, Talero consented to the sanctions and to the entry of findings that he engaged in undisclosed and unapproved outside business activities as the 50 percent owner of a BVI entity without providing written notice or otherwise disclosing his ownership interest to his member firm. The findings stated that Talero acted on the BVI entity's behalf as the director of a limited partnership domiciled in New Zealand, in which his role was that of a signatory, without

providing written notice or otherwise disclosing to the firm his actions, which were outside the scope of his employment at the firm. Talero's firm did not approve his involvement with the entities. The findings also stated that Talero participated in an advisory capacity in undisclosed private securities transactions with institutional customers totaling more than \$250 million without providing prior written notice or receiving approval from his firm for the transactions. Talero structured and implemented transactions in two South American countries in which foreign institutional customers used their currency holdings to purchase debt securities. Talero was compensated more than \$2 million for his participation.

The suspension is in effect from June 20, 2016, through June 19, 2018. ([FINRA Case #2015044201102](#))

**Steven Robert Tomlinson (CRD #723330, Painted Post, New York)** was suspended from association with any FINRA member in any capacity for 90 days. The U.S. Court of Appeals for the Second Circuit denied Tomlinson's petition for review and affirmed the SEC's decision sustaining a FINRA decision. The sanction was based on findings that Tomlinson downloaded confidential non-public information about customers from his former member firm and its affiliate's computer systems onto a personal flash drive without the customers' consent, and then shared the confidential information, which was protected as non-public information under Regulation S-P, with his new firm. The findings stated Tomlinson acted in contravention of his firm's policies, as well as the employment agreement he had signed with the firm and its affiliate, a credit union, regarding protecting the confidentiality of customers' non-public information. The findings also stated that Tomlinson gave an employee of his new firm the flash drive containing the confidential information, and did not supervise the employee while she worked with the flash drive. Tomlinson's actions were self-interested and for his own purposes, in that he favored his own financial interest in building a book of business over his customers' interests in the privacy of their confidential non-public information. Tomlinson's former and new firm's policies put him on notice of his obligations, but he disregarded them. In addition, Tomlinson was a supervisor and should have known that he could not take and disclose confidential customer information when moving between firms without the customer's consent.

The suspension is in effect from July 5, 2016, through October 2, 2016. ([FINRA Case #2009017527501](#))

**David Bradley Tysk (CRD #1782289, Eden Prairie, Minnesota)** was fined \$50,000 and suspended from association with any FINRA member in any capacity for one year. The NAC affirmed the findings in the OHO decision and increased the sanctions. The sanctions were based on findings that Tysk altered computer notes of customer contacts after the customer complained about the suitability of a recommendation. The findings stated that Tysk knew or should have known the importance of customer-related notes in the event of complaints. Tysk's concealed alterations of his notes did not comply with the clear import of the document-retention policies in his member firm's code of conduct. Tysk failed to

inform the firm of the alterations when he provided a copy of the notes to be produced in discovery during an arbitration proceeding. The customer became suspicious of the notes and requested further discovery to determine whether the notes had been altered after he lodged his complaint with the firm. Tysk and his firm opposed the requests. In a meeting to prepare for the arbitration hearing, Tysk finally disclosed to the firm that he had altered the notes. At the conclusion of the arbitration hearing, the firm and Tysk were sanctioned for violating arbitration discovery rules.

This matter has been appealed to the SEC and the sanctions are not in effect pending review. ([FINRA Case #2010022977801](#))

**James Frederick Van Doren** ([CRD #5048067](#), Long Island City, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Van Doren engaged in unethical conduct and money laundering by helping a childhood friend and business associate evade legal obligations by deceiving his creditors. The findings stated that Van Doren had invested in several real estate deals with his friend's company in an outside business activity. When the company was not able to meet its obligations, creditors attempted to claim the friend's assets. On three separate occasions, Van Doren accepted a total of \$244,000 from his friend, including \$30,000 in cash in a briefcase, with the purpose of concealing the assets from the creditors. Van Doren later returned most of the money to his friend and retained some of the money to offset financial losses he suffered. On one occasion, Van Doren made false representations to his own bank in an effort to obtain additional funds. In connection with the scheme, Van Doren pled guilty in federal district court to one count of money laundering. ([FINRA Case #2013036707101](#))

**Joel William Victory IV** ([CRD #5137138](#), Cleburne, Texas) 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 six months. Without admitting or denying the allegations, Victory consented to the sanctions and to the entry of findings that he willfully failed to timely disclose felony charges and convictions on his Form U4.

The suspension is in effect from July 5, 2016, through January 4, 2017. ([FINRA Case #2015045269001](#))

**James David Williams Jr.** ([CRD #2987409](#), Saint Petersburg, Florida) 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, Williams consented to the sanctions and to the entry of findings that he opened accounts for customers by direct application-way basis with an investment company and purchased mutual funds without providing written notice to his member firm of his participation in the transactions. The findings stated that Williams failed to obtain the firm's approval for these transactions and failed to ensure that the firm supervised the transactions. Williams received compensation in connection with the transactions.

The suspension is in effect from June 20, 2016, through September 19, 2016. ([FINRA Case #2014040409901](#))

**Steven Howard Wine** ([CRD #1503868](#), Chicago, Illinois) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Wine consented to the sanctions and to the entry of findings that he signed his clients' names to redemption request forms in order to effect, with their permission, his clients' stated objective of redeeming their investments in certain funds that provided exposure to alternative investment classes. The findings stated that Wine did not obtain prior written authorization to sign these documents on his clients' behalf, and his member firm's policies prohibited signing documents on behalf of another person, even if done with their consent or for their convenience.

The suspension is in effect from July 18, 2016, through August 31, 2016. ([FINRA Case #2014041752301](#))

## Individuals Fined

**John Weldon Henry** ([CRD #1910378](#), Waterville, Ohio) submitted an AWC in which he was censured and fined \$10,000. Without admitting or denying the findings, Henry consented to the sanctions and to the entry of findings that as CEO of his member firm, he did not certify, among other things, that the firm had in place processes to establish, maintain, review, test, and modify written compliance policies and WSPs or make any of the other certifications as FINRA Rule 3130 required. The findings stated that Henry did not write or cause to be written a report of the testing and verification of the supervisory system and procedures, as the firm's WSPs required. Instead, Henry completed documents prepared by the firm's CCO reflecting the firm's annual compliance meeting, and these documents failed to address the testing and verification of the supervisory system as Rule 3130 required. ([FINRA Case #2013035057601](#))

**Henry Phillips McDowell** ([CRD #3098567](#), Columbia, South Carolina) submitted an AWC in which he was fined \$5,000 and ordered to disgorge \$340.96, plus interest. Without admitting or denying the findings, McDowell consented to the sanctions and to the entry of findings that while registered with his member firm, he purchased shares in an IPO in a personal brokerage account he held at the firm. The findings stated that McDowell sold all of the shares earning a profit of \$340.96. ([FINRA Case #2016049086401](#))

## 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 June 30, 2016. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decision. Initial decisions where the time for appeal has not yet expired will be reported in future issues of *FINRA Disciplinary and Other Actions*.

**WM. H. Murphy & Co., Inc. (CRD #27274, Houston, Texas) and William Herbert Murphy (CRD #343492, Houston, Texas).** The firm was fined a total of \$100,000 and ordered to disgorge \$78,210.91, plus interest, to FINRA. Murphy was fined \$50,000, suspended from association with any FINRA member in any capacity for six months and required to requalify by examination before re-entering the securities industry in any capacity. The sanctions were based on findings that the firm engaged in sales of more than \$1 million of unregistered securities to customers. The findings stated that the firm failed to prove that an exception to the registration requirement existed. The unregistered securities were sold through general solicitation and as such, the exemptions that the firm claimed were not valid. The findings also stated that the firm and Murphy failed to establish and maintain a supervisory system, including WSPs, reasonably designed to ensure compliance with Section 5 of the Securities Act and to prevent the sale of unregistered, non-exempt securities. Murphy was responsible for maintaining current WSPs that accurately stated the procedures the firm was following. The firm, through Murphy, failed to establish and maintain adequate procedures tailored to its new line of business as the broker-dealer responsible for marketing and selling private placements. The firm failed to have any WSPs setting out mechanisms for compliance with Section 5 when marketing and selling private placements to investors who were introduced to the investments via radio shows and workshops hosted by the firm's registered persons. Murphy also failed to supervise a firm Office of Supervisory Jurisdiction (OSJ), its registered persons and its activities. Murphy was aware of the general solicitations because he monitored the radio shows and pre-approved the scripts. In addition, Murphy was the individual responsible for accepting customer accounts, and supervising all associated persons, advertising and private placement activities. Murphy's supervisory lapses allowed registered representatives to obtain new customers through general solicitation and sell those customers unregistered securities in offerings that had commenced before establishing a substantive relationship with them, in contravention of Section 5. Murphy failed to recognize that reading the offering materials would be important when qualifying prospective customers to invest in the offerings. As a result of the firm's lack of supervisory procedures, a firm supervisor did not make any effort to ensure customers were not placed into offerings open prior to the existence of a substantive relationship with the firm. The findings also included that the firm, through Murphy, used a cooling-off period when participating in the sales of the unregistered securities. However, the firm failed to establish and maintain procedures defining an appropriate cooling-off period for private placements, requiring customers to wait an appropriate cooling-off period before offering unregistered securities to them, and

describing a review process wherein supervisors would verify that customers waited the appropriate cooling-off period.

The decision has been appealed to the NAC and the sanctions are not in effect pending the appeal. ([FINRA Case #2012030731802](#))

**David Adam Elgart (CRD #825759, Roswell, Georgia)** was fined a total of \$20,000, suspended from association with any FINRA member in any capacity for six months and suspended from association with any FINRA member in any capacity for 30 business days. The suspensions shall run consecutively. The sanctions were based on findings that Elgart willfully failed to timely amend his Form U4 to disclose outstanding liens. The findings stated that Elgart provided FINRA with a false answer on a questionnaire in connection with a routine examination of his member firm. Because Elgart's misconduct was willful, and the information he failed to disclose was material, he is subject to statutory disqualification.

This matter has been appealed to the NAC and the sanctions are not in effect pending review. ([FINRA Case #2013035211801](#))

**Glenn Robert King (CRD #2191091, Marlboro, New Jersey)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that King fraudulently misrepresented and omitted material facts to customers, recommended and executed unsuitable transactions in customer accounts, and exercised discretion in customer accounts without authority and his member firm's approval. The findings stated that King used telephone and email to knowingly and willfully make numerous false statements to customers, and omitted material information in connection with his sales of UITs to the customers. King sold UITs to elderly and retired customers of the firm by misrepresenting to them that he was offering safe, high-yield, tax-free bonds and CDs, and omitting material information about the products that he actually sold to the customers. King also omitted many of the features and risks of UITs from his sales pitches to firm customers. Additionally, King failed to disclose to firm customers the sales charges and costs associated with the UITs that they purchased or affirmatively misrepresented to them that he would not charge commission. King recommended bonds to his customers, but instead purchased UITs that possessed features that he failed to disclose. King received \$38,000 in commission from these sales. As a result of this conduct, King violated Section 10(b) of the Exchange Act and Rule 10b-5, FINRA Rule 2020 and NASD Rule 2120.

The findings also stated that King engaged in excessive and unsuitable short-term trading of long-term investments, such as UITs and CEFs, in the accounts of firm customers. King's trading was quantitatively and qualitatively unsuitable. King's frenetic trading was inconsistent with their objectives and financial circumstances, and resulted in customer losses of approximately \$163,000. King's misconduct was intentional and resulted in his monetary gain of approximately \$210,000 in commissions. King did not have reasonable grounds to believe that the number of CEF and UIT transactions that he executed in the

customers' accounts were not excessive. The findings also included that King exercised discretion in customer accounts by effecting trades in their accounts, including transactions involving UITs and CEFs, without obtaining prior written authorization from those customers. King also failed to obtain the firm's written acceptance of the accounts as discretionary. In fact, the firm prohibited the use of discretion by its representatives.

The decision has been appealed to the NAC and the sanction is not in effect pending the appeal. ([FINRA Case #2015044444801](#))

## Complaints Filed

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

**Samuel Philip-James Cannizzaro** ([CRD #5041027](#), Mount Prospect, Illinois) was named a respondent in a FINRA complaint alleging that he signed seven customers' names on mutual fund applications, allegedly at the request of the customers, without written authority to do so, without placing any notation on the applications that he had signed on his customers' behalves, and without advising his member firm that he had signed the applications for the customers. The complaint alleges that Cannizzaro completed and signed two firm forms for his brother and sister-in-law. On both forms, Cannizzaro falsely checked "no" to the question asking if the applicant was related to a firm employee. By doing so, Cannizzaro's brother and sister-in-law purchased mutual funds at the public offering price when they could have purchased the mutual funds at net asset value. The complaint also alleges that Cannizzaro completed and signed a firm form on a client's behalf, and on the same day, purchased a mutual fund for the account without the customer's knowledge or consent. The complaint further alleges that Cannizzaro failed to respond to FINRA requests for information. ([FINRA Case #2014041637701](#))

**Matthew DiGregorio** ([CRD #2434158](#), Oceanside, New York) was named a respondent in a FINRA complaint alleging that he failed to pay an arbitration award as ordered by a FINRA arbitration panel to his former partners at a FINRA member firm. The complaint alleges that during the investigation that led to the disciplinary proceeding, DiGregorio told FINRA staff that he did not intend to honor the award. The complaint also alleges that DiGregorio refused to produce any documents responsive to the arbitration panel's orders, specifically in relation to his claims that his child was involved in an accident that resulted in the adjournment of the panel's hearing sessions. The complaint further alleges that in the alternative, DiGregorio made false representations to the panel regarding his child's accident to procure continuances of the hearing sessions. ([FINRA Case #2015045909501](#))

**William Morgan Ditty Jr.** ([CRD #2143553](#), Columbus, Ohio) was named a respondent in a FINRA complaint alleging that he willfully failed to timely amend his Form U4 to disclose an unsatisfied IRS tax lien totaling \$107,519.01 and an Offer in Compromise with the IRS. The complaint alleges that Ditty misled his member firm by making false affirmations in annual compliance attestations. ([FINRA Case #2014042156101](#))

**Allen Bernard Holeman** ([CRD #1060910](#), Marlboro, New Jersey) was named a respondent in a FINRA complaint alleging that he willfully failed to timely amend his Form U4 to disclose tax liens filed against him. The complaint alleges that Holeman misled his member firm by completing its annual compliance questionnaire falsely attesting that there were not any liens against him requiring disclosure on the Form U4 when he knew of liens requiring such disclosure. ([FINRA Case #2014043001601](#))

**Kory Penland Keath** ([CRD #1242675](#), Tacoma, Washington) was named a respondent in a FINRA complaint alleging that she circumvented her member firm's WSPs by failing to disclose to its Field Supervision department the designation of her family members as beneficiaries of a firm client's trust account. The complaint alleges that Keath's failure to notify the Field Supervision department deprived the firm of the opportunity noted in its WSPs to, among other things, identify inappropriate employee behavior, scrutinize potential conflicts of interest and avoid unnecessary and costly litigation. Keath was aware that the firm's WSPs required her to notify the firm of the beneficiary status of her family members. The complaint also alleges that Keath failed to report the firm's client gift of a trip to Egypt—an international vacation paid for entirely by the client—when the WSPs prohibit its associates from receiving gifts totaling over \$100 from a client during a single year and require associates to report the receipt of client gifts to the Field Supervision department using its Gifts & Entertainment Reporting system. Keath did not report this gift from her client, and her failure to report that the client paid for her portion of the trip to Egypt, or to seek approval to accept this gift, deprived the firm of its ability to supervise the relationship between adviser and client, and to assess potential conflicts of interest. ([FINRA Case #2015044489701](#))

**David Matthew Mansour** ([CRD #4082348](#), San Antonio, Texas) was named a respondent in a FINRA complaint alleging that he willfully failed to timely amend his Form U4 to disclose a misdemeanor charge of wrongful taking of property. The complaint alleges that Mansour, without the authority to do so, and without advising anyone of his actions, agreed on behalf of a bank affiliated with his member firm for it to become the successor trustee of a trust that was established for the benefit of one of his customers. Mansour's actions circumvented the established procedures at the bank for the review and acceptance of new trust relationships. Mansour also executed documents on the bank's behalf, in its capacity of trustee of the trust. The bank had not authorized Mansour to execute documents on its behalf. 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](#))

**Richard William Lunn Martin** ([CRD #723309](#), Johor, Malaysia) was named a respondent in a FINRA complaint alleging that he solicited, purchased and recommended that his customers hold non-traditional ETFs in their accounts for lengthy periods of time, despite the enormous risks associated with holding non-traditional ETFs for more than one trading session. The complaint alleges that as a result, Martin did not have a reasonable basis to believe that the non-traditional ETF products he recommended were suitable for any customer. As part of his investment strategy, Martin focused on one potential risk—namely, his prediction of the impending collapse of the monetary and financial system. In failing to account for any other risks, including the risk that his predictions regarding the collapse of the economy may not come to pass, Martin recommended to virtually all of his customers non-traditional ETFs. As a consequence of Martin's unsuitable investment strategy, Martin's customers sustained significant losses in the approximate amount of \$8 million, and he benefited from commissions received in the approximate amount of \$55,912. The complaint also alleges that Martin distributed communications to the public about the non-traditional ETFs that failed to provide a sound basis for evaluating the facts, were misleading, and contained exaggerated and unwarranted language, promissory statements and projections of future provisions. The complaint further alleges that in a FINRA request to appear for testimony, Martin improperly attempted to align his testimony with and/or cause his supervisor to provide inaccurate or untruthful testimony regarding the investment strategy for suggesting the non-traditional ETFs to customers. ([FINRA Case #2013035817701](#))

**Dion Rey Padilla** ([CRD #4432230](#), San Antonio, Texas) was named a respondent in a FINRA complaint alleging that he effected unauthorized purchases of a variable annuity for a member firm customer and concealed this information from the customer for more than nine months through repeated misrepresentations that he had not invested the customer's funds into a variable annuity. The complaint alleges that Padilla knowingly, willfully or recklessly made misrepresentations of material fact in connection with the sale of the variable annuity to the customer. At the time Padilla presented the variable annuity application to the customer, he 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. 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. The customer consistently and unequivocally told Padilla that he did not wish to purchase a variable annuity. As a result, Padilla willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and violated FINRA Rule 2020. ([FINRA Case #2014040362001](#))

**Thomas Jackson Phillips Jr. (CRD #2915516, Austin, Texas)** was named a respondent in a FINRA complaint alleging that he willfully failed to timely disclose a felony charge on his Form U4. The complaint alleges that Phillips made a false attestation to his member firm on an annual compliance questionnaire in which he failed to disclose the felony charge. ([FINRA Case #2014042755301](#))

**Maximillian Santos (CRD #3030271, Jackson Heights, New York)** was named a respondent in a FINRA complaint alleging that while registered with a member firm, he withdrew a total of \$198,800 from his personal bank account in transactions that were structured for the purpose of causing the bank to fail to file a CTR to report the receipt of currency in excess of \$10,000. The complaint alleges that Santos made counter (*i.e.*, non-automated teller machine (ATM)) withdrawals of cash in amounts ranging from \$5,000 to \$9,500 from his personal bank account at various branches totaling \$198,800, and intentionally structured the cash deposits in an attempt to evade reporting requirements. Santos also made withdrawals of cash from various ATMs in amounts less than or equal to \$1,000. Santos' firm's written policies and procedures prohibited structuring, and Santos was aware of the currency reporting requirements for domestic financial institutions. ([FINRA Case #2014041546501](#))

## Complaints Dismissed/Withdrawn

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

**Imtiaz A. Khan (CRD #4084250)**  
New York, New York  
(June 14, 2016)  
FINRA Case #2010020954501

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**Firms Expelled for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320**

**Blackbook Capital, LLC (CRD #123234)**  
Hillside, New Jersey  
(June 29, 2016)  
FINRA Case #2011025700901

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

**PIN Financial, LLC (CRD #132876)**  
Indianapolis, Indiana  
(June 22, 2016)

**Riviere Securities LTD. (CRD #47383)**  
Austin, Texas  
(June 22, 2016)

**The Transportation Group (Securities) Limited (CRD #24329)**  
New York, New York  
(June 22, 2016)

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**Firms Cancelled for Failure to Pay Outstanding Annual Assessment Fee Pursuant to FINRA Rule 9553**

**DME Securities, LLC (CRD #112584)**  
New York, New York  
(June 6, 2016)

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

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

**ACN Securities Inc. (CRD #37645)**  
New York, New York  
(June 3, 2016)

**ACN Securities Inc. (CRD #37645)**  
New York, New York  
(June 6, 2016)

**Avior Capital, LLC (CRD #44732)**  
San Diego, California  
(June 6, 2016)

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**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.)

**Aaron Carter Armstrong (CRD #6124102)**  
Stamford, Connecticut  
(June 20, 2016)  
FINRA Case #2015044683801

**Christopher David Campbell (CRD #6263450)**  
Acworth, Georgia  
(June 7, 2016)  
FINRA Case #2015046975801

**Kora L. Crowder (CRD #4263886)**  
Jacksonville, Florida  
(June 20, 2016)  
FINRA Case #201504783580101

**James Harrington (CRD #5603839)**  
Livermore, California  
(June 27, 2016)  
FINRA Case #2015045235501

**Li-Lin Hsu (CRD #4706509)**  
Diamond Bar, California  
(June 1, 2016)  
FINRA Case #2015045016702

**Don Richard Iley (CRD #4157865)**  
Parker, Colorado  
(June 21, 2016)  
FINRA Case #2015047981001

**Jonathan J. Joyce (CRD #5936434)**  
Park Ridge, Illinois  
(June 13, 2016)  
FINRA Case #2014042498201

**Calvin Edward Moores (CRD #1009137)**  
Brea, California  
(June 10, 2016)  
FINRA Case #2015047356601

**Virgil Queano Santos Jr. (CRD #1135964)**  
Cerritos, California  
(June 6, 2016)  
FINRA Case #2015046573401

**Jennifer A. Smith (CRD #6096895)**  
Teaneck, New Jersey  
(June 13, 2016)  
FINRA Case #2016048717101

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**Individuals Suspended for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552(d)**

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

**Kamran Azim (CRD #5880708)**  
Mason, Ohio  
(June 13, 2016)  
FINRA Case #2015046321702

**Mohamed Baksh (CRD #2885880)**  
Dumont, New Jersey  
(June 13, 2016)  
FINRA Case #2015047798701

**James Lee Carpenter (CRD #2199138)**  
Medford, Oregon  
(June 6, 2016)  
FINRA Case #2015048064901

**Donna Chen (CRD #4982316)**  
Houston, Texas  
(June 17, 2016)  
FINRA Case #2016049318501

**Matthew Michael Cocco (CRD #5990696)**  
Jackson, New Jersey  
(June 27, 2016)  
FINRA Case #2016048730301

**Marcus Joseph Debaise (CRD #2404266)**  
Ellington, Connecticut  
(June 20, 2016)  
FINRA Case #2015046925901

**Phillip David Donnan (CRD #5750971)**  
Easley, South Carolina  
(June 6, 2016)  
FINRA Case #2015045095301

**Assan Faal (CRD #5863258)**  
Desplaines, Illinois  
(June 27, 2016)  
FINRA Case #2016049589501

**Kristen Mae Fitzhugh (CRD #5881437)**  
Rocky River, Ohio  
(June 17, 2016)  
FINRA Case #2015047702901

**Yitzhok Alexander Fox (CRD #2386111)**  
Citrus Heights, California  
(June 3, 2016)  
FINRA Case #2016048527202

**Yosef Yehuda Fox (CRD #2386001)**  
Chicago, Illinois  
(June 13, 2016)  
FINRA Case #2016048527201

**Russell Lee Goldstein (CRD #5502960)**  
Plymouth Meeting, Pennsylvania  
(June 6, 2016)  
FINRA Case #2016048395101

**Behnam Halali (CRD #6069304)**

Morgan Hill, California  
(June 20, 2016)  
FINRA Case #2015047264301

**Demitrios Hallas (CRD #4199832)**

New York, New York  
(April 18, 2016 – June 29, 2016)  
FINRA Case #2015047828801

**Bingyi Hu (CRD #5573954)**

Miami, Florida  
(June 20, 2016)  
FINRA Case #2015045334901

**Vicken Kassouny (CRD #5634449)**

Burbank, California  
(June 24, 2016)  
FINRA Case #2016049349401

**Russell A. Kellock (CRD #5882786)**

Phoenix, Arizona  
(June 17, 2016)  
FINRA Case #2016048402501

**Tucker Robert Kunkel (CRD #6613042)**

Lake Hopatcong, New Jersey  
(June 27, 2016)  
FINRA Case #2016049127501

**Kola Lulgjuraj (CRD #6458399)**

Fishers, Indiana  
(June 24, 2016)  
FINRA Case #2016049096801

**Destina Mantar (CRD #6363802)**

New York, New York  
(June 6, 2016)  
FINRA Case #2015047707801

**Pedro Juan Marrero Astacio IV  
(CRD #4593391)**

Orlando, Florida  
(June 17, 2016)  
FINRA Case #2016048479901

**Valon Mehmeti (CRD #6157895)**

Staten Island, New York  
(June 3, 2016)  
FINRA Case #2016049420201

**John Howard Pemberton (CRD #4326882)**

Overland Park, Kansas  
(June 27, 2016)  
FINRA Case #2016048690801

**Barbara Joann Peters (CRD #6285698)**

Louisville, Kentucky  
(June 13, 2016)  
FINRA Case #2015047947401

**Mikhail M. Rasner (CRD #5945495)**

Pittsburgh, Pennsylvania  
(June 17, 2016)  
FINRA Case #2015047974201

**Barbara E. Rein (CRD #5652524)**

Ellington, Connecticut  
(June 27, 2016)  
FINRA Case #2016049011101

**Rennie M. Roach (CRD #4482798)**

Scottsdale, Arizona  
(June 20, 2016)  
FINRA Case #2015048175301

**Warren Marc Rockmacher (CRD #2005652)**

Trumbull, Connecticut  
(June 20, 2016)  
FINRA Case #2015044980801

**Barbara B. Rustici (CRD #2187594)**

Huntington, New York  
(June 27, 2016)  
FINRA Case #2014039358001

**Lance R. Shaw (CRD #4065444)**

Haverford, Pennsylvania  
(June 9, 2016)  
FINRA Case #2016048486101

**Michael Ronald Smith (CRD #428405)**  
North Miami Beach, Florida  
(June 13, 2016)  
FINRA Case #2015047778601

**James Tao (CRD #3260224)**  
Houston, Texas  
(June 17, 2016)  
FINRA Case #2016049120001

**Larry Steven Werbel (CRD #828351)**  
Solon, Ohio  
(June 6, 2016)  
FINRA Case #2014042949701

**Hannan Zafar (CRD #6564937)**  
Boonton, New Jersey  
(June 27, 2016)  
FINRA Case #2016049291801

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

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

**Steven Bartlett Condit (CRD #1661553)**  
Cincinnati, Ohio  
(June 7, 2016)  
FINRA Arbitration Case #15-02145

**Daniel Joseph Crowley (CRD #2013600)**  
New Canaan, Connecticut  
(December 3, 2015 – June 29, 2016)  
FINRA Arbitration Case #13-00285

**Radcliffe Robert Daly (CRD #4663605)**  
Granger, Indiana  
(June 7, 2016)  
FINRA Arbitration Case #15-00273

**Richard Wayne Hill (CRD #245948)**  
Amarillo, Texas  
(June 9, 2016)  
FINRA Arbitration Case #13-02927 / FINRA Case #2016049978101/ARB160020

**Stephen Dirk Mckoy (CRD #4892097)**  
White Plains, New York  
(June 7, 2016)  
FINRA Arbitration Case #13-02383

**William James Potter (CRD #1281826)**  
Glen Ridge, New Jersey  
(June 28, 2016)  
FINRA Arbitration Case #15-00160

**Chad Herschel Samuel (CRD #4328858)**  
Nixa, Missouri  
(November 2, 2015 – June 20, 2016)  
FINRA Arbitration Case #11-00958

**Richard Diego Vega (CRD #3232067)**  
Bluffton, South Carolina  
(June 22, 2016)  
FINRA Arbitration Case #14-01151

**Larry Steven Werbel (CRD #828351)**  
Solon, Ohio  
(June 7, 2016)  
FINRA Arbitration Case #14-02891

**Gary Lee Wright (CRD #2089462)**  
Medina, Ohio  
(April 11, 2016 – June 3, 2016)  
FINRA Arbitration Case #13-01192

## FINRA Fines E\*Trade Securities LLC \$900,000 for Supervisory Violations Related to Best Execution and Protection of Customer Order Information

FINRA censured and fined [E\\*Trade Securities LLC](#) \$900,000 for failing to conduct an adequate review of the quality of execution of its customers' orders and for supervisory deficiencies concerning the protection of customer order information.

E\*Trade provides online securities investing and trading services for retail customers, and routes its customers' orders to various exchanges and non-exchange market centers. Firms routing customer orders are required to assess the quality of competing markets to which it directs order flow. Accordingly, the firms are required to periodically conduct "regular and rigorous reviews" of the quality of the executions of its customers' orders to determine whether any material differences in execution quality exist among the markets trading the security. In an effort to satisfy this obligation, E\*Trade established a Best Execution Committee to review execution quality it received on its customers' orders.

FINRA found that, E\*Trade's Best Execution Committee lacked sufficiently accurate information to reasonably assess the execution quality it provided its customers. E\*Trade's Best Execution Committee also failed to take into account internalized order flow sent to its affiliated broker-dealer market maker G1 Execution Services (G1X) and failed to adequately consider the actual execution quality provided by the market centers to which it routed orders. In addition, E\*Trade regularly accepted requests from G1X to change prioritization in E\*Trade's order routing system and to redirect certain order flow, without determining whether these changes would improve the quality of execution received by its customers.

FINRA also found that E\*Trade did not have adequate systems and controls in place to ensure that there was no misuse of confidential customer order information by individuals dually registered with E\*Trade and G1X.

Thomas Gira, FINRA Executive Vice President, and Head of Market Regulation, said, "This action serves to remind firms that they must remain diligent in ascertaining the best market for their customers, and must conduct regular and rigorous reviews of their routing decisions to ensure their best execution obligations are met. This needs to be a substance over form review, not a form over substance review. This matter further underscores that firms must have real systems and processes in place to ensure that confidential customer information is protected."

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

FINRA's investigation was conducted by the Department of Market Regulation.

## FINRA Sanctions Oppenheimer & Co. \$2.9 Million for Unsuitable Sales of Non-Traditional ETFs and Related Supervisory Failures

FINRA fined [Oppenheimer & Co. Inc.](#) \$2.25 million and ordered the firm to pay restitution of more than \$716,000 to affected customers for selling leveraged, inverse and inverse-leveraged ETFs (non-traditional ETFs) to retail customers without reasonable supervision, and for recommending non-traditional ETFs that were not suitable.

In August 2009, in response to FINRA Regulatory Notice 09-31, which advised broker-dealers of the risks and inherent complexities of certain non-traditional ETFs, Oppenheimer instituted policies prohibiting its representatives from soliciting retail customers to purchase non-traditional ETFs, and also prohibited them from executing unsolicited non-traditional ETF purchases for retail customers unless the customers met certain criteria, *e.g.*, the customer had liquid assets in excess of \$500,000. Oppenheimer, however, failed to reasonably enforce these policies; thus, representatives continued to solicit retail customers to purchase non-traditional ETFs and continued to execute unsolicited non-traditional ETF transactions even though the customers did not meet Oppenheimer's stated criteria. From August 2009 through September 30, 2013, more than 760 Oppenheimer representatives executed more than 30,000 non-traditional ETF transactions totaling approximately \$1.7 billion for customers.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, "Written procedures are worthless unless accompanied by a program to enforce them. While Oppenheimer's procedures prohibited solicitation of non-traditional ETFs, the absence of any meaningful compliance effort resulted in its representatives continuing to solicit unsuitable non-traditional ETF purchases, including a number involving elderly investors."

In addition, FINRA found that Oppenheimer did not establish an adequate supervisory system to monitor the holding periods for non-traditional ETFs. The firm failed to employ any surveillance or exception reports to effectively monitor the holding periods for non-traditional ETFs, so certain retail customers held non-traditional ETFs in their accounts for weeks, months and sometimes years, resulting in substantial losses.

FINRA also found that Oppenheimer failed to conduct adequate due diligence regarding the risks and features of non-traditional ETFs and, as a result, did not have a reasonable basis to recommend these ETFs to retail customers. Similarly, Oppenheimer representatives solicited and effected non-traditional ETF purchases that were unsuitable for specific customers. For example:

An 89-year conservative customer with annual income of \$50,000 held 96 solicited non-traditional ETF positions for an average of 32 days (and for up to 470 days), resulting in a net loss of \$51,847.

A 91-year conservative customer with an annual income of \$30,000 held 56 solicited non-traditional ETF positions for an average of 48 days (and for up to 706 days), resulting in a net loss of \$11,161.

A 67-year conservative customer with an annual income of \$40,000 held two solicited non-traditional ETF positions in her account for 729 days, resulting in a net loss of \$2,746.

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

### **FINRA Fines Merrill Lynch \$5 Million for Failing to Disclose Material Facts in Sales of Volatility-Linked Structured Notes to Retail Customers**

FINRA fined [Merrill Lynch, Pierce, Fenner & Smith, Inc.](#) \$5 million for negligent disclosure failures in connection with the sale of five-year senior debt notes to retail customers. In particular, Merrill Lynch failed to adequately disclose certain costs, making it appear that the fixed costs were lower than they actually were.

The notes, known as strategic return notes, were linked to Merrill Lynch's proprietary volatility index. The firm structured the index to track volatility in the equities markets by rebalancing, or rolling, S&P 500 Index options contracts through a series of simulated trades. During the relevant period, the firm sold approximately \$168 million worth of the notes to its retail customers, promoting them as a hedge against potential downturns in the equities markets. Included in the costs associated with the notes was the "execution factor," a feature of the Index intended to replicate transaction costs incurred in the simulated buying and selling of S&P 500 Index options. These transaction costs accrued on a daily basis and totaled 1.5 percent per quarter. In buying the notes, a reasonable retail customer would have considered it important that the execution factor imposed these costs.

FINRA found that Merrill Lynch did not adequately disclose the execution factor in the offering documents or sales material. Instead, the firm emphasized that customers would be subject to a 2 percent sales commission and a 0.75 percent annual fee in connection with the notes. Merrill Lynch's disclosures therefore made it appear as if the notes had relatively low fixed costs. As a result, the firm's disclosures in the offering documents pertaining to the fixed costs were materially misleading to customers.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, "Firms must take extra care when marketing unusually complex products to retail customers. Given the importance of costs and expenses to investment performance, firms must ensure that all costs are disclosed clearly and plainly so that retail customers can fully understand and assess the investment."

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

## FINRA Fines Deutsche Bank Securities Inc. \$6 Million for Submitting Inaccurate and Late Blue Sheet Data

FINRA fined [Deutsche Bank Securities Inc.](#) \$6 million for failing to provide complete and accurate trade data in an automated format in a timely manner when requested by FINRA and the SEC. As part of the settlement, Deutsche Bank has agreed to retain an independent consultant to improve its policies, systems and procedures related to blue sheet submissions.

FINRA and the SEC regularly request certain trade data, also known as “blue sheets,” to assist in the investigation of market manipulation and insider trading. Federal securities laws and FINRA rules require firms to provide this information to FINRA and other regulators electronically upon request. Blue sheets provide regulators with critical detailed information about securities transactions, including the security, trade date, price, share quantity, customer name, and whether it was a buy, sale or short sale. This information is essential to regulators’ ability to discharge their enforcement and regulatory mandates.

Cameron Funkhouser, Executive Vice President and Head of FINRA’s Office of Fraud Detection and Market Intelligence, said, “Firms are expected to provide complete, accurate and timely blue sheet data in response to regulatory requests. Incomplete and inaccurate blue sheet data compromises our ability to identify individuals engaging in insider trading schemes and other fraudulent activity. Firms must invest the resources necessary to ensure that they are providing complete and accurate blue sheet data whenever requested—without exception.”

FINRA found that from at least 2008 through at least 2015, Deutsche Bank experienced significant failures with its blue sheet systems used to compile and produce blue sheet data, including programming errors in system logic and the firm’s failure to implement enhancements to meet regulatory reporting requirements. These failures caused the firm to submit thousands of blue sheets to regulators that misreported or omitted critical information on over 1 million trades.

Additionally, FINRA found a significant number of Deutsche Bank’s blue sheet submissions did not meet regulatory deadlines. Firms typically have 10 business days to respond to a blue sheet request. Between January 2014 and August 2015, approximately 40 percent of Deutsche Bank’s blue sheets were filed past the regulatory deadline; and likewise, from July to August 2015, more than 90 percent of Deutsche Bank’s blue sheets were not submitted to FINRA on a timely basis.

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

FINRA’s investigation was conducted by the Office of Fraud Detection and Market Intelligence, and the Department of Enforcement.