

Disciplinary and Other FINRA Actions

Firms Fined, Individuals Sanctioned

Houlihan Capital, LLC ([CRD #156028](#), Chicago, Illinois) and Andrew David Smith ([CRD #2433015](#), Clarendon Hills, Illinois) submitted a Letter of Acceptance, Waiver and Consent (AWC) in which the firm was censured and fined \$25,000, \$5,000 of which is joint and several with Smith. Smith was also suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, the firm and Smith consented to the sanctions and to the entry of findings that in the course of their participation in the offering of a private placement of securities for a company seeking to raise \$5 million through the sale of subordinated convertible promissory notes, the firm and Smith, acting as its president, chief compliance officer (CCO) and part-owner, created and disseminated written materials that failed to comply with FINRA-required standards for communications with the public. The findings stated that the materials failed to present a balanced view of the risks and benefits of the investment, included inaccurate or misleading statements, presented an overly positive portrayal of the issuer, failed to provide a sound basis for evaluating the facts in regard to an investment in the issuer, omitted material information, included out-of-date information, and contained false, exaggerated, unwarranted, promissory or misleading statements or claims. The findings also stated that the firm and Smith distributed information that contained what had become an untrue statement of a material fact to potential investors without providing written updated information.

The suspension was in effect from November 21, 2016, through December 5, 2016. ([FINRA Case #2015045347101](#))

Wedbush Securities Inc. ([CRD #877](#), Los Angeles, California) and Edward William Wedbush ([CRD #461221](#), Rancho Santa Fe, California). The firm was fined \$300,000. Mr. Wedbush was fined \$50,000 and suspended from association with any FINRA member in any principal capacity for 31 days. The Securities and Exchange Commission (SEC) sustained the sanctions following an appeal of a National Adjudicatory Council (NAC) decision. The findings stated that for five-and-a-half years, the firm failed to properly report to the public, to other industry employers and to regulators 80 disclosable events, including customer settlements and complaints; and the firm and Mr. Wedbush failed to reasonably supervise regulatory reporting, failed to effectively and reasonably implement the firm's supervisory system related to regulatory reporting, failed to act decisively to detect and prevent future regulatory reporting rule violations, and failed to implement corrective measures that were timely and sufficient to address the regulatory reporting failures.

Reported for December 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).

This matter has been appealed to the United States Court of Appeal for the Ninth Circuit, and the sanctions are not in effect pending review. ([FINRA Case #2007009404401](#))

Firms Fined

Ameritas Investment Corp. ([CRD #14869](#), Lincoln, Nebraska) submitted an AWC in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to adequately monitor and otherwise supervise a registered representative's activities. The findings stated that the firm did not detect that the representative changed a customer's address of record to the address of the representative's branch office, and then requested disbursements from the customer's account to the new address of record. The customer did not authorize either the address change or the disbursement of funds. As a result, the firm sent funds from the customer's account to the branch office, where the representative misappropriated the money. The firm's supervisory systems and procedures at the time were not sufficient to adequately monitor its representative's requests to change the customer's address of record without her knowledge and to disburse funds to her new address. When the representative's improper activities were discovered, the firm terminated him, reimbursed the customer's losses, and modified its policies governing customers' address changes. ([FINRA Case #2014043064701](#))

BGC Financial, L.P. ([CRD #19801](#), New York, New York) submitted an AWC in which the firm was censured, fined \$155,000, and required to revise its written supervisory procedures (WSPs). 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), failed to designate through the FNTRF last sale reports as late, and failed to report the correct execution time to the FNTRF in last sale reports of transactions in designated securities. The findings stated that the firm failed, within 10 seconds after execution, to transmit last sale reports of transactions in designated securities to the over-the-counter (OTC) Reporting Facility (OTCRF), failed to designate through the OTCRF last sale reports as late, and failed to report the correct execution time to the OTCRF in last sale reports of transactions in designated securities. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance concerning equity trade reporting. The findings also included that the firm failed to report transactions in Trade Reporting and Compliance Engine (TRACE)-eligible securitized products and TRACE-eligible corporate debt securities to TRACE within 15 minutes of the execution time. ([FINRA Case #2015044008101](#))

BNP Paribas Securities Corp. ([CRD #15794](#), New York, New York) submitted an AWC in which the firm was censured and fined \$85,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the accurate execution time for corporate debt inter-dealer transactions to TRACE,

failed to record the correct execution time on brokerage order memoranda of corporate debt transactions, and failed to report transactions in TRACE-eligible corporate debt securities to TRACE within 15 minutes of the execution time. The findings also stated that the firm failed to enforce its WSPs. ([FINRA Case #2015046334701](#))

BNP Paribas Securities Corp. ([CRD #15794](#), New York, New York) submitted an AWC in which the firm was censured and fined \$135,000, of which \$45,000 is payable to FINRA. The balance of the fine will be paid to other self-regulatory organizations. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to take reasonable steps to establish that the intermarket sweep orders it routed met the definitional requirements set forth in Rule 600(b)(30) of Regulation NMS. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to Securities Exchange Act of 1934 (Exchange Act) Rule 611(c) of Regulation NMS. ([FINRA Case #2014043098801](#))

BNY Mellon Capital Markets, LLC ([CRD #17454](#), New York, New York) submitted an AWC in which the firm was censured, fined \$50,000, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it incorrectly recorded executions as short when they should have been recorded as short exempt, and incorrectly recorded executions as long when they should have been recorded as short on brokerage order memoranda. The findings stated that the firm transmitted reports to the Order Audit Trail System (OATS) that contained inaccurate, incomplete or improperly formatted data. Specifically, the reports inaccurately reported stop-limit orders with stop-on-quote order modifiers. The findings also stated that the firm made publicly available four quarterly reports on its routing of non-directed orders in covered securities, and each report included incomplete information as to the material aspects of its relationship with its affiliates. The findings also included that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA rules, in that the firm's WSPs failed to satisfy the minimum requirements for adequate WSPs regarding the FNTRF, OATS reporting, and books and records. ([FINRA Case #2015044233001](#))

Carty & Company, Inc. ([CRD #7001](#), Memphis, Tennessee) submitted an AWC in which the firm was censured and fined \$30,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it effected municipal bond transactions in amounts below the minimum denomination set for the bonds being sold. The findings stated that the firm failed to disclose to customers at the time of the trade that the transaction was being effected in an amount below the minimum denomination. The findings also stated that while the firm had WSPs prohibiting the sale of municipal securities to customers below the minimum denomination, subject to certain exceptions, it did not have any systems or controls in place to monitor and prohibit sales below the minimum denomination. ([FINRA Case #2015043297101](#))

Convergenx Execution Solutions LLC ([CRD #35693](#), New York, New York) submitted an AWC in which the firm was censured, fined \$20,000, 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 on 611 occasions, it accepted a short sale order in an equity security from another person—that is, a broker-dealer that was not registered in the United States—without borrowing the security, or entering into a bona-fide arrangement to borrow the security, or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due, and documenting compliance with Rule 203(b)(1) of Regulation SHO. The findings stated that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with certain applicable securities laws and regulations, and/or FINRA rules. The firm’s WSPs failed to provide for one of the minimum requirements for adequate WSPs relating to compliance with Rule 203(b)(1) of Regulation SHO. ([FINRA Case #2015044728201](#))

Corporate Investments Group, Inc. ([CRD #38690](#), Chicago, Illinois) submitted an AWC in which the firm was censured and fined \$12,500. 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 prepared an inaccurate general ledger, trial balance, and net capital computation in its Financial and Operational Combined Uniform Single (FOCUS) report, and as a result, overstated its net capital. The findings stated that the firm failed to evidence an adequate review of disclosed outside business activities for its registered representatives in outside business activity questionnaires submitted by the registered representatives. The findings also stated that the firm’s WSPs state that the firm will review firm and registered representative websites monthly, and that the review will be evidenced in the firm’s Supervisory Journal. During the course of a three-month review period, the firm’s Supervisory Journals failed to contain documentation of any review of firm or registered representative websites. The findings also included that the firm prepared deficient written branch inspection reports. The firm’s office of supervisory jurisdiction branch inspection report did not contain the testing and verification of the firm’s policies and procedures in the area of supervision of customer accounts serviced by branch office managers. In addition, the branch inspection report was conducted by a person who shared supervisory responsibility over the branch, and the firm failed to document the basis for its reliance on the Limited Size and Resource Exception. ([FINRA Case #2014039217501](#))

Cowen and Company, LLC ([CRD #7616](#), New York, New York) submitted an AWC in which the firm was censured and fined \$35,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securities that it was required to report to TRACE, and failed to show the execution time on brokerage order memoranda. The findings stated that the firm reported cancel accept times rather than cancel request times in cancel/replace reports to OATS; reported the cancel accept time in a cancel/replace report rather than the cancel request time; and failed to report other cancel/replaces to OATS; failed to report

routes, executions and/or cancels to OATS; incorrectly submitted a report to OATS for a non-reportable event; and reported incorrect order receipt times to OATS. ([FINRA Case #2014042512401](#))

Fenix Securities, LLC ([CRD #159481](#), New York, New York) submitted an AWC in which the firm was censured and fined \$30,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it permitted unregistered foreign associates to conduct a securities business with off-shore investors, including opening customer accounts and placing orders on behalf of customers, even though those representatives were not registered with FINRA in any capacity and should have been registered as foreign associates. The findings stated that the firm had attempted to register three of the unregistered foreign associates with FINRA, but failed to submit legible fingerprint cards to complete the registration process. The firm did not make any attempt to register with FINRA the remaining nine unregistered foreign associates, each of whom were registered with local regulators in their home jurisdictions. ([FINRA Case #2015046191401](#))

Finance 500, Inc. ([CRD #12981](#), Irvine, California) 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 in transactions for or with a customer, it failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. The firm has made restitution to affected customers voluntarily in the total amount of \$1,724.24. ([FINRA Case #2013037867501](#))

Fortrend Securities, Inc. ([CRD #32949](#), Melbourne, Australia) 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 charged customers unreasonable amounts for Automated Customer Account Transfer account transfers. The findings also stated that the firm allowed its Australian affiliate to process and hold checks and securities for customers and, in limited instances, these checks and securities were not promptly transmitted to its clearing firm. As a result, the firm was not operating in compliance with its claimed exemption from Rule 15c3-3 of the Exchange Act and was subject to a \$250,000 minimum net capital requirement. In addition, the firm failed to maintain accurate records of net capital computations and submitted FOCUS reports that inaccurately reported its net capital and required minimum net capital. ([FINRA Case #2014039056101](#))

Houlihan Capital, LLC ([CRD #156028](#), Chicago, Illinois) 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 lacked WSPs with respect to contingent private placement offerings that were reasonably designed to ensure compliance with the escrow requirements of Rule 15c2-4 of the Exchange Act. The

findings stated that as a result, the firm raised and accepted funds from investors without establishing a separate bank account or an escrow account. Instead, the firm held the investors' checks, and then caused them to be cashed, and the funds deposited in a bank account established in the name of the issuer that was not an escrow account. ([FINRA Case #2015043654701](#))

ICAP Corporates LLC ([CRD #2762](#), Jersey City, New Jersey) submitted an AWC in which the firm was censured and fined \$40,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to amend, or timely amend, the Uniform Applications for Securities Industry Registration or Transfer (Forms U4) for associated persons even though the firm had notice of the disclosable events, including unsatisfied judgments, liens and bankruptcies, through annual compliance questionnaires or wage garnishment orders. The findings stated that the firm failed to establish and maintain a supervisory system and WSPs reasonably designed to ensure the timely reporting of disclosable events. The firm failed to implement an adequate supervisory system to review associated persons' annual compliance questionnaire responses for reportable events. Similarly, the firm had inadequate supervisory procedures to ensure that the firm's payroll department notified compliance or supervisory personnel to determine whether a garnishment order involved a reportable event. ([FINRA Case #2014038964301](#))

Investors Capital Corp. ([CRD #30613](#), Lynnfield, Massachusetts) submitted an AWC in which the firm was censured, fined \$250,000 and required to pay \$841,532.97 in restitution, which includes interest, to customers. The firm has already paid approximately \$224,500 in restitution to affected customers in addition to the restitution amount ordered. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that through certain of its registered representatives, it recommended unsuitable short-term trading of unit investment trusts (UITs) and steepener notes in customer accounts. The findings stated the recommendations to purchase and sell UITs on a short-term basis were made without reasonable grounds for believing that such recommendations were suitable in view of the frequency, size and cost of the transactions. As a result of all of the unsuitable UIT recommendations, the firm's customers suffered losses in the amount of approximately \$242,892. Further, the registered representatives did not have reasonable grounds for believing that the short-term trading in steepeners was suitable in light of the frequency and size of the transactions, and each customer's investment objectives, financial situation and needs. In total, these unsuitable steepener recommendations resulted in the customers suffering losses of approximately \$125,765.

The findings also stated that the firm failed to identify and apply sales charge discounts to certain customers' eligible purchases of UITs, resulting in customers paying excessive sales charges of approximately \$472,876. The findings also included that the firm failed to establish an adequate supervisory system to ensure that its representatives made suitable UIT and steepener recommendations to customers. The firm failed to sufficiently train its representatives regarding the risks, features, and costs of UITs and steepeners.

Moreover, the firm did not adequately monitor the length of time these products were held in customers' accounts. On occasion, firm alerts were generated regarding certain representatives' excessive commissions made on UIT and steepener transactions, but those alerts were often cleared without contacting any customers or conducting a sufficient review of the underlying transactions. The firm did not have an adequate supervisory system to identify and apply UIT sales charge discounts. The firm relied solely on its registered representatives to ensure that customers received appropriate sales charge discounts. However, the firm failed to sufficiently train its representatives and it did not have a sufficient monitoring system related to sales charge discounts. Because of the lack of oversight and training, the firm's brokers often wrongly believed that others would ensure that customers received available UIT sales charge discounts, and therefore did not appropriately apply the discounts. ([FINRA Case #2013035035901](#))

Merrill Lynch, Pierce, Fenner & Smith Incorporated ([CRD #7691](#), New York, New York) submitted an AWC in which the firm was censured; fined \$52,500; ordered to pay \$582.72, 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 orders in an OTC equity security from its own customer, or a customer of another broker-dealer, and traded that security on the same side of the market for its own account at a price that would have satisfied the customer order without immediately thereafter executing the customer order up to the size and at the same or better price at which it traded for its own account. The findings stated that the firm failed to make every effort to cross marketable customer orders with another order received by the firm on the opposite side of the market; and on occasions involving either a trading ahead and/or crossing failure, the firm failed to execute a marketable customer order fully and promptly. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to trading ahead of customer orders. Specifically, when performing its trading ahead reviews in OTC securities, the firm failed to identify price exceptions of market held orders, and ensure that customer orders were executed within 60 seconds of the firm's proprietary trade and up to the lesser of the proprietary or customer order share quantity. The findings also included that the firm's Trading Supervision Checklist did not evidence a supervisory review related to trading ahead of customer orders and failed to provide to the staff evidence of a supervisory review related to trading ahead of customer orders. ([FINRA Case #2013036708101](#))

Morgan Stanley Smith Barney LLC ([CRD #149777](#), Purchase, New York) submitted an AWC in which the firm was censured and fined \$102,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report securitized product transactions and agency debt securities to TRACE within the time required by FINRA Rule 6730(a), and failed to report large block S1 transactions in TRACE-eligible corporate debt securities to TRACE within 15 minutes of the execution time. ([FINRA Case #2014043135901](#))

Morgan Stanley Smith Barney LLC ([CRD #149777](#), Purchase, New York) submitted an AWC in which the firm was censured and fined \$2,200,000, of which \$550,000 shall be paid to FINRA. The balance of the fine will be paid to another self-regulatory organization. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that in over 13 million instances, it reported positions to the Large Options Positions Report system (LOPR) without the requisite in-concert identification due to the duplication of two required data fields for in-concert submissions. The findings stated that unbeknownst to the firm, the duplicated data had caused rejections of certain of its in-concert reports, and the firm's failure to review and re-submit the rejected in-concert submissions to the Options Clearing Corporation (OCC) caused positions reported to not be identified as acting in concert. The findings also stated that the firm failed to accurately or completely report positions to the LOPR and in a significant but unquantified number of instances, it failed to report, or accurately report, reportable options positions to the LOPR. The findings also included 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 positions to the LOPR. The firm also lacked adequate WSPs requiring reviews to determine that its LOPR submissions were accurate. ([FINRA Case #2015044100801](#))

Quantex Clearing, LLC fka NYFIX Securities LLC ([CRD #126588](#), Hoboken, New Jersey) submitted an AWC in which the firm was censured and fined \$150,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it omitted facts disclosing the source of \$10 million in funds for the purchase of a broker-dealer entity from its Continuing Membership Application with FINRA. The findings stated that the funds were provided to the firm's chief executive officer (CEO) by means of an undocumented loan from a statutorily disqualified person, a material fact requiring disclosure. The findings also stated the firm failed to establish a supervisory system to adequately retain and store its electronic communications, choosing instead to conduct business-related communications through Gmail, personal email accounts and later contracting with a vendor whose systems did not store email in write once read many (WORM) format or establish an audit system providing appropriate accountability. The findings also included that the firm failed to supervise the conduct of its financial operations by permitting a retired individual to assist with the maintenance of its books and records on a volunteer basis. Without sufficiently vetting the individual's qualifications, the firm provided the individual with a password and thereby access to its books and records, including its trial balance and general ledger, and permitted the individual to make entries in those books and records. Consequently, the firm failed to list separately every debit and credit in its general ledger and trial balance—which resulted in its maintenance of inaccurate books and records, failed to perform daily reconciliations of its general ledger and trial balance, failed to utilize the accrual method of accounting in conducting its financial calculations, and failed to timely establish and fund a Proprietary Accounts of Introducing Brokers account for brokers and dealers.

FINRA found that the firm's CEO engaged in unauthorized capital withdrawals by withdrawing \$20,000 from \$2 million in new capital he had recently deposited; and despite FINRA's direction that he return the \$20,000, the firm's CEO did not do so until four months later. FINRA also found that the firm failed to supervise the newly formed broker-dealer entity in various areas for a period of at least 18 months. Principally, the firm failed to supervise the conduct of its financial and operational accounting functions, the retention and storage of its electronic communications, and the accuracy of its related books and records. The firm failed to have in place from the time of its inception and for at least 18 months thereafter adequate systems, procedures, and WSPs to reasonably supervise the types of business in which it intended to engage and to supervise the activities of its registered representatives, principals and associated persons. ([FINRA Case #2012032952101](#))

RBC Capital Markets, LLC ([CRD #31194](#), 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 transmit Reportable Order Events (ROEs) to OATS. The findings stated that these ROEs were limited to transactions with a single counterparty that occurred outside of the firm's usual Order Management System (OMS). The findings also stated that the firm's supervisory system did not provide for supervision concerning transmitting orders that took place outside of the firm's OMSs to OATS. ([FINRA Case #2015044230501](#))

Revere Securities LLC ([CRD #14178](#), 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 to report the correct trade time to the Real-time Transaction Reporting System (RTRS) in reports of municipal securities, failed to report information about these transactions to an RTRS Portal within 15 minutes of the trade time, and failed to record the correct trade execution time on transactions in municipal securities memoranda. ([FINRA Case #2015046455501](#))

Scottrade, Inc. ([CRD #8206](#), St. Louis, Missouri) submitted an AWC in which the firm was censured and fined \$150,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that over a seven-year period, its confirmation statements for approximately 5,000 sales of municipal bonds with optional or special redemption features for approximately 1,500 customers did not identify the bonds as callable. The findings stated that the firm did not have a system to ensure that the confirmation statements contained that information. ([FINRA Case #2013038369901](#))

Stock USA Execution Services, Inc. ([CRD #107403](#), Carmel, New York) submitted an AWC in which the firm was censured and fined \$27,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted reports to OATS concerning orders that contained inaccurate, incomplete, or improperly formatted data. The findings stated that the firm made publicly available a

report on its routing of non-directed orders in covered securities that included incorrect and incomplete information. Specifically, the report included incorrect information concerning percentages of non-directed orders and the number of venues to which such orders were routed in report sections concerning securities listed on a number of different exchanges. In addition, the report omitted a section of information concerning exchange-listed options. ([FINRA Case #2014039942801](#))

Susquehanna Capital Group, LLLP ([CRD #35865](#), Bala Cynwyd, Pennsylvania) submitted an AWC in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the correct trade execution time for transactions in TRACE-eligible corporate debt securities to TRACE, failed to report the transactions within the timeframe required by FINRA Rule 6730, and failed to show the correct execution time on brokerage order memoranda. ([FINRA Case #2015046869101](#))

Vandham Securities Corp. ([CRD #26258](#), Park Ridge, New Jersey) submitted an AWC in which the firm was censured; fined \$17,500; and required to pay \$734.22, plus interest, in restitution to investors. 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, and failed to execute or immediately execute customer orders in OTC securities up to the size and/or at the same or a better price that the firm executed or satisfied the customer orders, and failed to execute customer orders in OTC securities fully and promptly. ([FINRA Case #2014042136001](#))

Wells Fargo Advisors, LLC ([CRD #19616](#), St. Louis, Missouri) submitted an AWC in which the firm was censured; fined \$42,500; and required to offer rescission to the customers who purchased securities at either the original purchase price or the current fair market value, whichever is higher. The offer of rescission shall remain open with the affected customer for a period of 60 days. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it effected customer transactions in a municipal security in an amount lower than the minimum denomination of the issue which were not subject to an exception under the rule. The findings stated that the firm failed to disclose all material facts concerning the municipal securities transactions at or prior to the time of trade. The firm failed to inform its customers that the municipal securities transaction was in an amount below the minimum denomination of the issue, or that the municipal securities contained a resale restriction that could affect the liquidity of the customer's position. ([FINRA Case #2015046578401](#))

Individuals Barred or Suspended

Amr Mostafa Aboulmagd ([CRD #3273075](#), Churchville, Pennsylvania) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Aboulmagd consented to the sanction and to the

entry of findings that he failed to appear for FINRA on-the-record testimony related to an investigation into allegations that Aboulmagd, while associated with his former member firm, made misrepresentations and unsuitable recommendations to customers regarding switches from a fixed annuity to a variable annuity. ([FINRA Case #2015044401301](#))

Michael Babyak Jr. II ([CRD #2376943](#), Randolph, New Jersey) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Babyak consented to the sanction and to the entry of findings that he participated in private securities transactions involving his member firm's customers without first providing the firm written or oral notice of his activities. The findings stated that Babyak had the customers invest a total of \$4,250,000 into a limited liability company that he set up. Babyak was listed on the Certificate of Formation as the company's registered agent and authorized representative, obtained a tax identification number for the company, arranged for legal representation for the company, assisted in wiring funds from the firm's accounts to the borrower and the company's bank account, and signed the loan agreement and related security agreement on the company's behalf. Babyak then caused the company to loan the \$4.25 million to a third party for the benefit of his customers. The findings also stated that Babyak arranged for the company to use funds repaid from the \$4.25 million loan to extend loans on behalf of the customers to two additional borrowers, with one borrower receiving a total of \$1,045,862.40, and another a total of \$984,804.22. Again, Babyak did not notify the firm that he was participating in these additional transactions. ([FINRA Case #2015048141701](#))

James Thomas Barker ([CRD #855803](#), New York, New York) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Barker consented to the sanctions and to the entry of findings that he willfully failed to timely disclose tax liens filed against him on his Form U4.

The suspension is in effect from October 17, 2016, through January 16, 2017. ([FINRA Case #2015045096401](#))

Robert James Batchen ([CRD #2106288](#), Wheeling, Illinois) submitted an AWC in which he was assessed a deferred fine of \$15,000, and suspended from association with any FINRA member in any capacity for five months. Without admitting or denying the findings, Batchen consented to the sanctions and to the entry of findings that he effected discretionary trades in a customer's accounts. The findings stated that although the customer was aware of the trading, Batchen did not obtain the customer's prior written authorization to exercise discretionary power in the accounts, and his member firm did not accept the accounts for discretionary trading. The findings also stated that Batchen effected unsuitable purchases of leveraged and inverse exchange-traded funds (ETFs) (non-traditional ETFs) for the customer's accounts, which did not comport with the customer's financial situation, conservative investment objectives and moderate tolerance for risk.

In addition, Batchen effected the transactions without fully understanding each product, including that holding such products for extended periods could cause a customer to experience significant losses. Batchen held these non-traditional ETFs in the customer's accounts for an average of approximately 222 days, despite the fact that these non-traditional ETFs were designed to achieve their stated objectives within a single trading day. The customer lost approximately \$56,246 and the firm subsequently provided restitution to the customer for the losses. The findings also included that Batchen timely failed to disclose a federal tax lien on his Form U4 in the amount of \$1.2 million. After paying approximately \$12,000 to the Internal Revenue Service (IRS), Batchen was released from the lien.

The suspension is in effect from November 7, 2016, through April 6, 2017. ([FINRA Case #2012032960401](#))

Gregory Russel Bauer ([CRD #2552478](#), Saxonburg, Pennsylvania) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Bauer consented to the sanction and to the entry of findings that he forged member firm customers' signatures, caused the unauthorized sale of securities, intercepted checks in the mail, deposited the checks into his own bank account and used the funds for his personal expenses without permission. The findings stated that Bauer converted more than \$400,000 from the customers, who were also his parents. As a result of his conduct, Bauer had willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and FINRA Rules 2010, 2020 and 2150. ([FINRA Case #2016051501801](#))

Howard Alan Bernstein ([CRD #2834086](#), Daly City, California) submitted an AWC in which he was assessed a deferred fine of \$30,000 and suspended from association with any FINRA member in any principal capacity for three months. Without admitting or denying the findings, Bernstein consented to the sanctions and to the entry of findings that as his member firm's CCO and director of research, he did not adopt and implement supervisory procedures reasonably designed to ensure that the firm and its employees complied with the disclosure requirements of NASD Rule 2711. The findings stated that the firm's WSPs relating to research did not describe any specific process by which the firm would ensure that required disclosures were actually made. Nor did the firm have any systems in place to track and ensure that certain required disclosure items were included in the research reports it disseminated. In addition, firm-published research reports that Bernstein had reviewed and approved contained multiple violations of the various disclosure requirements set forth in NASD Rule 2711(h).

The findings also stated that while acting as the firm's CCO and anti-money laundering (AML) compliance officer, Bernstein failed to develop and implement an AML compliance program reasonably designed to achieve and monitor the firm's compliance with the requirements of the Bank Secrecy Act and the implementing regulations thereunder. The firm's AML compliance program, for which Bernstein was responsible, was not reasonably

designed and could not have been reasonably expected to detect and cause the reporting of suspicious transactions related to short-term trading of low-priced stocks through the firm's accounts.

The suspension is in effect from November 7, 2016, through February 6, 2017. ([FINRA Case #2013034982602](#))

Modesto Biney (CRD #6239490, New Hope, Minnesota) was fined \$2,500 and suspended from association with any FINRA member in any capacity for six months. The sanctions were based on findings that Biney failed to timely produce documents and information requested by FINRA during its investigation into Biney's termination from his member firm. The Hearing Panel dismissed the allegation that Biney's actions were inconsistent with just and equitable principles of trade in regards to approving and authorizing the payment of checks by a bank customer.

The suspension is in effect from November 7, 2016, through May 6, 2017. ([FINRA Case #2014042555002](#))

Kenley Brisard (CRD #2641960, Weston, Florida) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Brisard consented to the sanction and to the entry of findings that he and another registered representative sold an unregistered security that consisted of interest-only strips from loans issued by the United States Small Business Administration (SBA) meant only for Qualified Institutional Buyers (QIBs) to individual retail investors using general solicitation emails that materially misrepresented the product and Brisard's role in its development. The findings stated that the misrepresentations and omissions in the statements that Brisard and the representative made to the customers were material because a reasonable investor would consider them important in making investment decisions, because they significantly altered the total mix of information made available to the solicited customers, and because they denied the investors the opportunity to make an informed decision about whether to invest in the SBA interest-only security. As a result, Brisard willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and FINRA Rules 2010 and 2020 by inducing customers to purchase an interest-only unregistered security with materially false representations. The findings also stated that Brisard and the representative sent materially false emails containing similar misrepresentations and omissions to additional customers and prospects in connection with offers of the SBA interest-only security. Brisard made his statements to potential investors with no regard for their truth or falsity and for whether the statements omitted material facts, and knowingly, willfully and/or recklessly ignored and/or contradicted the private placement memorandum (PPM) for the SBA interest-only security to which he had ready access, and made statements that had no underlying factual basis. The findings also included that Brisard marketed and sold the SBA Interest-Only Security through general solicitations without an exemption and failed to comply with Section 5 of the Securities Act

of 1933 (Securities Act). At no time did Brisard and the representative attempt to determine whether any of the investors to whom they sold the SBA interest-only security were QIBs. ([FINRA Case #2010022046101](#))

Philip Brisard (CRD # 2646923, Wellington, Florida) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Brisard consented to the sanction and to the entry of findings that he and another registered representative sold an unregistered security that consisted of interest-only strips from loans issued by the United States SBA meant only for QIBs to individual retail investors using general solicitation emails that materially misrepresented the product and Brisard's role in its development. The findings stated that the misrepresentations and omissions in Brisard's statements to his customer were material because a reasonable investor would consider them important in making investment decisions, because they significantly altered the total mix of information made available to the solicited customer, and because they denied the investors the opportunity to make an informed decision about whether to invest in the SBA interest-only security. As a result, Brisard had willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and FINRA Rules 2010 and 2020 by inducing at least one customer to purchase the interest-only unregistered security with materially false representations.

The findings also stated that Brisard and the representative sent materially false emails containing similar misrepresentations and omissions to additional customers and prospects in connection with offers of the SBA interest-only security. Brisard made his statements to potential investors without any regard for their truth or falsity and for whether the statements omitted material facts; and knowingly, willfully and/or recklessly ignored and/or contradicted the PPM for the SBA interest-only security to which he had ready access, and made statements that did not have any underlying factual basis. The findings also included that Brisard marketed and sold the SBA interest-only security through general solicitations without an exemption and failed to comply with Section 5 of the Securities Act. At no time did Brisard and the representative attempt to determine whether any of the investors to whom they sold the SBA interest-only security were QIBs ([FINRA Case #2010022046101](#))

David Paul Brown (CRD #1255624, Garden City South, New York) submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the allegations, Brown consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose state tax warrants and federal tax liens. The findings stated that Brown admitted that he had knowledge and notice of each of the tax liens and warrants on or about the date that each was recorded. Despite filing amendments to his Form U4 subsequent to the filing date of the earliest tax lien, Brown failed to disclose the tax liens and warrants on his Form U4 until more than five years later. The findings also

stated that Brown provided false responses to his member firm in separate and distinct firm compliance questionnaires and interview forms regarding the tax liens that had been filed against him.

The suspension is in effect from November 21, 2016, through February 20, 2017. ([FINRA Case #2014041419001](#))

Samuel Phillip-James Cannizzaro ([CRD #5041027](#), Mount Prospect, Illinois) 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, Cannizzaro consented to the sanction and to the entry of findings that he signed customers' names on mutual fund applications, allegedly at the request of these customers, without written authority to do so, without placing any notion 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 findings stated that Cannizzaro completed and signed firm Mutual Funds Roth or Traditional Individual Retirement Account Applications for his brother and sister-in-law. On both forms, Cannizzaro falsely answered questions; and by doing so, the customers purchased the mutual funds at the public offering price when they could have purchased the mutual funds at net asset value. The findings also stated that Cannizzaro used funds from his bank account to purchase a mutual fund for his brother's securities account without his brother's knowledge and authorization, and without discretionary authority. The findings also included that Cannizzaro failed to respond to FINRA's requests for information regarding his affixing of customer signatures, completion of false documents and unauthorized trade. ([FINRA Case #2014041637701](#))

Judith Ann Ebsary ([CRD #3011368](#), Northborough, Massachusetts) 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 20 business days. Without admitting or denying the findings, Ebsary consented to the sanctions and to the entry of findings that she executed securities transactions in customer retirement accounts that were held at financial institutions other than her member firm, but did not notify the firm in writing prior to the execution of these transactions. The findings stated that Ebsary's customers granted her discretionary trading authority and permitted her to access their online accounts using their login credentials and passwords.

The suspension was in effect from October 17, 2016, through November 11, 2016. ([FINRA Case #2015045154701](#))

Alex Evan Etter ([CRD #2981742](#), Old Tappan, New Jersey) submitted an Offer of Settlement in which he was assessed a deferred fine of \$10,000; suspended from association with any FINRA member in any capacity for two years; required to requalify by examination before he reenters the securities industry in any capacity; ordered to pay deferred disgorgement of ill-gotten gains received in the amount of \$227,395.45, plus interest; and ordered to pay deferred restitution to customers in the total amount of \$6,509.99, plus interest.

Without admitting or denying the allegations, Etter consented to the sanctions and to the entry of findings that he recommended that his customers engage in an unsuitable active trading investment strategy, despite the fact he failed to understand the risks of the investment strategy being recommended, or the impact the staggering commissions and fees generated by this active trading investment strategy would have on his customers' accounts. The findings stated that Etter did not have a reasonable basis to recommend such a strategy to his customers. As a result of the recommendation by Etter and other representatives at his member firm of an unsuitable active investment trading strategy, 15 customer accounts paid over \$1 million in commissions and fees.

The findings also stated that Etter did not understand the impact of trading and costs on his customers' accounts and on the specific transactions recommended as part of an investment strategy. Etter did not know how to calculate or even understand cost-to-equity ratios and turnover rates, which are standard industry metrics used to measure whether an account is being excessively traded. Likewise, Etter did not conduct any due diligence into the active trading investment strategy he was recommending. Etter routinely recommended this active trading investment strategy to his customers despite the fact he never reviewed his customers' accounts, either individually or collectively, to determine if the active trading investment strategy was successful or suitable for his customers. Etter failed to review the results of that strategy over any particular period of time, assess the impact of commissions on account performance, or modify his recommended strategy in the face of mounting costs. Etter did not make any inquiry into the commissions and fees his active trading investment strategy generated in particular transactions or overall in an account. Etter did not have any idea of the strategy's break-even point when he continued to recommend an active trading investment strategy to his customer. Etter failed to perform any analysis of the active trading investment strategy's costs, risks, potential benefits, volatility, or likely performance in a variety of market and economic conditions. The active trading investment strategy Etter recommended was not in the best interest of the clients whose accounts are at issue. When customers did complain, Etter did not report these complaints, and instead tried to hide his behavior by reducing sales charges.

The suspension is in effect from October 17, 2016, through October 16, 2018. ([FINRA Case #2014039091903](#))

Debra Jean Ferrara (CRD #1143271, Old Bridge, New Jersey) 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 60 days. Without admitting or denying the findings, Ferrara consented to the sanctions and to the entry of findings that she falsified member firm forms in connection with fraudulent wire transfers totaling \$108,680 from a customer's account to domestic third-party bank accounts. The findings stated that Ferrara submitted the wire transfers for processing based on email instructions she received from an imposter posing as an authorized party for the customer's account. The imposter gained access by hacking into the email account of the authorized party for the account. On each form,

Ferrara stated that she verbally confirmed each wire transfer request with the authorized party of the customer, even though she had not done so and she provided fictitious reasons for the transfer when she had not obtained that information from the imposter, nor had she confirmed the information with the authorized party associated with the customer. Ferrara also ignored “red flags” of potential fraud that included the frequency with which the transfers were being requested, a returned wire with new wiring instructions for the same amount to a different third-party account, and the difference in email address used by the imposter to that of the actual email address of the authorized party for the account. The firm was able to recover part of the total funds transferred out of the account and credited the remaining balance to the account. The findings also stated that as a result of the false attestations made on the verbal wire processing forms, Ferrara caused the firm to maintain inaccurate books and records.

The suspension is in effect from October 17, 2016, through December 15, 2016. ([FINRA Case #2014042917901](#))

Leigh McCobb Garber (CRD #2768572, Cazenovia, New York) submitted an AWC in which she was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any principal capacity for three months. Without admitting or denying the findings, Garber consented to the sanctions and to the entry of findings that on numerous occasions, she allowed her member firm to conduct a securities business while not maintaining sufficient net capital. The findings stated that Garber served as the firm’s president and CEO, and was responsible for the firm’s net capital compliance. On several occasions, these net capital deficiencies resulted from the firm’s failure to reflect all of its accrued expenses, either by not accruing an expense when it was incurred, as required under generally accepted accounting principles, or by removing liabilities from its book and records before they were paid. Also, on several occasions, the firm failed to record certain operating expenses at all, including payments to numerous vendors.

The suspension is in effect from November 7, 2016, through February 6, 2017. ([FINRA Case #2015044682301](#))

Stephen Giannantonio (CRD #2309181, Mt. Sinai, New York) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Giannantonio consented to the sanctions and to the entry of findings that he exercised discretion in executing transactions in a customer’s account without obtaining the customer’s prior written authorization or his member firm’s written approval of the account as discretionary. The findings stated that Giannantonio regularly discussed investment strategies with the customer, but exercised his discretion in executing the transactions on dates when he had not spoken with the customer.

The suspension was in effect from November 7, 2016, through November 18, 2016. ([FINRA Case #2015047426901](#))

Donald Kay Gross II ([CRD #1913749](#), Lebanon, New Jersey) submitted an AWC in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, Gross consented to the sanctions and to the entry of findings that he participated in a private securities transaction for compensation by selling approximately \$6.2 million in limited partnership interests in a hedge fund that traded options to investors, all of whom were his member firm's customers, without providing the required notice to or obtaining permission from the firm. The findings stated that the hedge fund collapsed and investors lost approximately 95 percent of their investments. Firm policies and procedures prohibited registered representatives from participating in private securities transactions without the firm's prior written approval. Further, the firm required that registered representatives disclose all private securities transactions on their annual compliance certifications.

The findings also stated that Gross submitted an annual compliance certification to the firm containing false information. Specifically, in listing his private securities transactions, Gross failed to disclose his participation in the hedge fund offering, which was ongoing at the time. The findings also included that Gross willfully failed to timely disclose a federal tax lien of \$438,991 that was filed against him on his Form U4.

The suspension is in effect from November 21, 2016, through November 20, 2018. ([FINRA Case #2013039548401](#))

Jay Jules Gruenebaum ([CRD #2351888](#), Zanesville, Ohio) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Gruenebaum consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony related to an investigation into the circumstances surrounding his termination from a member firm and the disclosures that the firm made in his Uniform Termination Notice for Securities Industry Registration (Form U5) filings. ([FINRA Case #2016049236901](#))

Shakiba Hashimi ([CRD #6127774](#), Alameda, California) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hashimi consented to the sanction and to the entry of findings that she refused to provide FINRA with requested documents and information, as well as appear for on-the-record testimony related to an investigation into allegations that while associated with her member firm, Hashimi structured a series of cash deposits to her personal bank account at the firm's bank affiliate to avoid federal reporting requirements. ([FINRA Case #2015047603901](#))

Robert Milton Hendrix Jr. ([CRD #1524136](#), Dyersburg, Tennessee) 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, Hendrix consented to the sanctions and to the entry of findings that he willfully failed to timely disclose IRS tax liens on his Form U4. The findings stated that Hendrix certified to

his member firm on firm certification statements that he understood his obligation to update his Form U4 with disclosable events on a timely basis, including liens. Hendrix also represented to his principal in connection with annual firm compliance reviews that he did not have any liens that would require him to amend his Form U4.

The suspension is in effect from October 17, 2016, through April 16, 2017. ([FINRA Case #2016048585601](#))

Jeffrey Hamilton Howell ([CRD #4561368](#), Wentzville, Missouri) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Howell consented to the sanction and to the entry of findings that he sent his customer false weekly reports that overvalued the customer's account by as much as \$3 million. The findings stated that in an effort to conceal his misconduct, Howell also altered account statements from his member firm to match the false information in his reports. The findings also stated that Howell caused his firm to keep inaccurate books and records by sending the weekly reports to the customer using his personal email address, which the firm prohibited. As a result, the firm did not preserve this customer correspondence as required. The findings also included that Howell refused to respond to FINRA's request for testimony. ([FINRA Case #2014043478601](#))

Mohammed Mushtaq Hussain ([CRD #1578410](#), Hoffman Estates, Illinois) 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 three months. Without admitting or denying the findings, Hussain consented to the sanctions and to the entry of findings that he willfully failed to disclose his Chapter 7 Bankruptcy petition filing on his Form U4.

The suspension is in effect from October 17, 2016, through January 16, 2017. ([FINRA Case #2015045735701](#))

Jeffrey Duane Jacobson ([CRD #1976541](#), Maple Grove, Minnesota) submitted an AWC in which he was fined \$7,500 and suspended from association with any FINRA member in any principal capacity for 15 business days. Without admitting or denying the findings, Jacobson consented to the sanctions and to the entry of findings that he did not adequately supervise a representative who initiated hundreds of trades for elderly customers without contacting them and unsuitably recommended transactions to those customers. The findings stated that Jacobson was primarily responsible for supervising the representative's trading activity, although he was not responsible for approving the representative's trades of municipal bonds. Jacobson did not adequately investigate warning signs, such as the customers' repeated appearances on certain monthly exception reports addressing accounts with high levels of trading activity. Jacobson never communicated with the customers, relying instead on "activity letters" that did not adequately describe the representative's trading activity or adequately inform the customer about the concerns that prompted the letters. Jacobson also failed to alert any other supervisory personnel about the representative's trading activity.

The suspension was in effect from November 21, 2016, through December 12, 2016. ([FINRA Case #2015047008702](#))

Kathleen Lynn Kincade ([CRD #2634321](#), Tustin, California) 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 30 days. Without admitting or denying the findings, Kincade consented to the sanctions and to the entry of findings that she improperly caused domestic wire disbursements totaling \$349,947.53 to be effected from a customer's account to bank accounts held by third parties. The findings stated that Kincade processed the wires based on emailed instructions that she received from an impostor who had hacked the customer's email account. In each instance, Kincade falsely represented in her member firm's internal systems that she had verbally confirmed the wire disbursement instructions with the customer. As a result, Kincade caused the firm to maintain inaccurate books and records. The firm subsequently learned that these wire transfers were fraudulent and was able to reverse one wire transfer, and compensated the customer.

The suspension was in effect from October 17, 2016, through November 15, 2016. ([FINRA Case #2016048659801](#))

Robert Peter Lappin ([CRD #1570836](#), Las Vegas, Nevada) submitted an AWC in which he was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in any capacity for three months, and ordered to pay deferred restitution to customers in the amount of \$26,823.96, plus interest. Without admitting or denying the findings, Lappin consented to the sanctions and to the entry of findings that he recommended and effected short-term UIT transactions in customer accounts without having a reasonable basis for believing that such transactions were suitable in view of the nature of the transactions, the frequency of the transactions, and the transaction costs incurred. The findings stated that even though UITs are generally intended as longer-term investments, the average holding period for the UITs Lappin recommended was only 101 days. As a result of these transactions, customers incurred additional sales charges and suffered losses.

The suspension is in effect from October 17, 2016, through January 16, 2017. ([FINRA Case #2015044670801](#))

Richard Andrew Lee ([CRD #2768039](#), West Nyack, New York) submitted an Offer of Settlement in which he was suspended from association with any FINRA member in any capacity for 18 months and required to requalify by examination before he reenters the securities industry in any capacity. In light of Lee's financial status, no monetary sanction has been imposed. Without admitting or denying the allegations, Lee consented to the sanctions and to the entry of findings that he recommended an active trading investment strategy to his customer without a reasonable basis to do so. The findings stated that Lee did not understand the investment strategy he was recommending and did not know how to calculate or even understand cost-to-equity ratios and turnover rates, which are standard industry metrics used to measure whether an account is being excessively traded.

Lee did not understand the impact of trading and costs on his customer's account and on the specific transactions recommended as part of the investment strategy. Likewise, Lee did not conduct any due diligence into the active trading investment strategy he was recommending. Lee routinely recommended this active trading investment strategy to his customer despite the fact he never reviewed his customer's account, either individually or collectively, to determine if the active trading investment strategy was successful or suitable for his customer. Indeed, Lee failed to review the results of that strategy over any particular period of time, assess the impact of commissions on account performance, or modify his recommended strategy in the face of mounting costs. Lee did not make any inquiry into the commissions and fees his active trading investment strategy generated in particular transactions or overall in an account. Lee did not have any idea of the strategy's break-even point when he continued to recommend an active trading investment strategy to his customer. Lee failed to perform any analysis of the active trading investment strategy's costs, risks, potential benefits, volatility, or likely performance in a variety of market and economic conditions. The active trading investment strategy Lee recommended was not in the best interest of the client whose account is at issue. The findings also stated that as a result of the recommendation of an unsuitable active investment trading strategy by Lee and other representatives at his member firm, 15 customer accounts paid over \$1 million in commissions and fees.

The suspension is in effect from October 17, 2016, through April 16, 2018. ([FINRA Case #2014039091903](#))

Terry Taisuk Lee ([CRD #1856901](#), Palisades Park, New Jersey) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Lee consented to the sanction and to the entry of findings that he structured cash and check deposits into his bank account so that each individual transaction was for an amount that was just below the required Currency Transaction Report (CTR) threshold of \$10,000 and in order to avoid federal reporting requirements. ([FINRA Case #2014043686001](#))

Joseph Alan Likens ([CRD #3084903](#), Wentzville, Missouri) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Likens consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony related to an investigation into allegations that he may have engaged in private securities transactions. ([FINRA Case #2015045108801](#))

Yaling Lin ([CRD #5818148](#), Great Neck, New York) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Lin consented to the sanction and to the entry of findings that she refused to appear for FINRA on-the-record testimony during an examination into her activities while she was employed by a member firm, concerning potential misconduct related to false and inaccurate statements connected to the sale of insurance policies. ([FINRA Case #2016049275601](#))

David Randall Lockey ([CRD #3095863](#), Carrollton, Texas) submitted an Offer of Settlement in which he was assessed a deferred fine of \$10,000; suspended from association with any FINRA member in any capacity for six months; ordered to pay deferred disgorgement of a portion of commissions received in the amount of \$46,447.38, plus interest; and ordered to pay deferred restitution to customers in the amount of \$5,329.75, plus interest. Without admitting or denying the allegations, Lockey consented to the sanctions and to the entry of findings that he recommended and engaged in a pattern of unsuitable short-term trading of open-end mutual funds (OMFs) and/or UITs in four customers' accounts at his prior member firm and engaged in unsuitable trading of closed-end funds (CEFs) in two of the four customers' accounts. The findings stated that Lockey's improper trading activities in the customers' accounts generated compensation in the amount of \$61,777.13 for Lockey. Three of the four customers, on the other hand, suffered collective trading losses totaling \$5,329.75. Lockey made the recommendations to buy and sell the OMFs, CEFs, and/or UITs without having reasonable grounds for believing that such recommendations were suitable for the customers in view of the nature and frequency of the transactions, and based upon the facts known to him regarding the customers' investment objectives. These products are generally intended to be held long-term, at least more than one year, in order to off-set their costs. Lockey recommended that the customer hold the OMFs and/or UITs for less than one year, contrary to the design of the products. As a result, the pattern of short-term trading and switching of the OMF, CEF, and/or UIT securities and given the nature of the long-term investments, Lockey's short-term trading and switching was unsuitable for all four customers.

The findings also stated that Lockey falsified his member firm's switch forms and caused the firm to maintain inaccurate books and records. Lockey falsified the date of purchase of certain OMF and/or UIT securities that he traded in customer accounts, making it appear that the securities had been held longer than they actually had been. The switch forms Lockey completed for transactions executed in the customers' accounts contained an inaccurate original purchase date for investments that Lockey had recommended in the customer's accounts when the accounts were held at Lockey's prior firm, and subsequently short-term traded when the accounts were transferred to the new firm. Lockey consistently provided a much earlier purchase date so that it appeared that the product had been held for more than one year prior to sale at the new firm.

The suspension is in effect from October 17, 2016, through April 16, 2017. ([FINRA Case #2013034954001](#))

Anthony Paul Lombardi ([CRD #2921904](#), Carlsbad, California) submitted an AWC in which he was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Lombardi consented to the sanctions and to the entry of findings that he failed to disclose that he was the sole officer and shareholder of a company he formed through which he conducted an insurance business. The findings stated that Lombardi received

sales commissions from the sales of life insurance and other insurance products. The WSPs of Lombardi's member firm required its representatives to disclose in writing any outside business activities prior to engaging in such activity and to complete an Outside Business Activity Request form and submit it to the firm, for written approval, at least 10 days prior to engaging in the activity.

The suspension is in effect from November 7, 2016, through February 6, 2017. ([FINRA Case #2014042740201](#))

Rembert Durbin McNeer III (CRD #1322010, Hopatcong, New Jersey) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any principal capacity for one year. Without admitting or denying the findings, McNeer consented to the sanctions and to the entry of findings that while designated as a registered representative's immediate supervisor and his member firm's CCO, he failed to reasonably supervise the registered representative's private securities transactions. The findings stated that McNeer's firm allowed the representative to form a broker-dealer to sell the securities of a hedge fund that the representative controlled; and the firm, through McNeer, placed two restrictions on the representative's association with the broker-dealer. McNeer instructed the representative that he would be permitted to sell only the hedge fund's securities through the broker-dealer, and required that all sales or placement of any security product must be booked and received through the firm. The findings also stated that contrary to McNeer's instructions, the representative used the hedge fund to sell the securities of several different hedge funds other than the permitted hedge fund and never reported these sales to the firm, as required by McNeer and the firm's procedures governing private securities transactions.

The findings also included that McNeer failed to adequately supervise the representative's activities through the broker-dealer. McNeer never examined the broker-dealer's books and records, reviewed the representative's broker-dealer emails or conducted an on-site visit of the broker-dealer's office. In fact, McNeer failed to take any steps to supervise the representative's sales activities through his broker-dealer or to ensure that the representative complied with the firm's restrictions on his sales through the broker-dealer. In addition, McNeer failed to detect several red flags that should have alerted him to the representative's activity with the options trading fund, including that the representative requested \$2.5 million in wire transfers from the firm accounts of five customers to fund their investments in an undisclosed hedge fund. McNeer approved two of the wire transfers in his capacity as a firm principal, but never questioned the representative about these transactions.

The suspension is in effect from November 7, 2016, through November 6, 2017. ([FINRA Case #2015045602601](#))

Susan Kathleen Menne (CRD #6345636, Imperial, Missouri) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Menne consented to the sanction and to the entry of findings that she engaged in conversion by taking \$200 worth of gift cards from her member firm and then used the gift cards to pay for personal purchases. The findings stated that Menne was subsequently charged with misdemeanor theft of property with a value of less than \$500 in connection with the stolen gift cards and pled guilty to the theft charge. ([FINRA Case #2016050193401](#))

Michael Wayne Miles (CRD #3206302, Charlotte, North Carolina) 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, Miles consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to report a Consent Judgment and Order he entered into with the United States Department of Labor, in which he was permanently enjoined from acting as a fiduciary to any employee benefit plan.

The suspension is in effect from October 17, 2016, through April 16, 2017. ([FINRA Case #2015043665601](#))

Kelly R. Moose (CRD #5752441, Winston Salem, North Carolina) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Moose consented to the sanction and to the entry of findings that she charged a number of personal expenses to her member firm's credit card, including expenses for clothing, food and home décor, and inappropriately caused the firm to pay for those personal expenses, converting more than \$35,000 from the firm. ([FINRA Case #2016050239301](#))

Mary Delores Negro (CRD #1373087, Manchester, Connecticut) submitted an Offer of Settlement in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. In light of Negro's financial status, a fine of \$5,000 has been imposed. Without admitting or denying the allegations, Negro consented to the sanctions and to the entry of findings that she willfully failed to timely amend her Form U4 to disclose federal tax liens filed against her. The findings stated Negro was her member firm's CCO, and she amended the firm's WSPs to include language requiring a registered person or associated person to report all judgment and liens. Despite her role as CCO and her amendment to the firm's WSPs, Negro failed to disclose her own tax liens until an inquiry from FINRA.

The suspension is in effect from November 7, 2016, through February 6, 2017. ([FINRA Case #2014040813801](#))

Alfonso Papa ([CRD #6016829](#), Allentown, Pennsylvania) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Papa consented to the sanction and to the entry of findings that he failed to respond to FINRA requests for documents and information, and failed to provide to FINRA on-the-record testimony related to his termination from a member firm. ([FINRA Case #2016048730602](#))

Tom Abel Puentes ([CRD #1713812](#), Langley, Washington) submitted an AWC in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Puentes consented to the sanctions and to the entry of findings that he exercised time and price discretion in customer accounts to purchase municipal bonds. The findings stated that Puentes' member firm prohibited registered representatives from exercising discretion, including time and price discretion, in commission-based accounts unless prior written authorization had been obtained from both the customer and the firm. Contrary to firm policy, Puentes never obtained written authorization from any of the customers or the firm to exercise time and price discretion in these accounts. The findings also stated that Puentes failed to disclose his use of time and price discretion to the firm when responding to its annual compliance questionnaires for the years 2010 through 2013.

The suspension was in effect from November 7, 2016, through December 6, 2016. ([FINRA Case #2014042676301](#))

Violet I. Rainwater ([CRD #4253516](#), Aliso Viejo, California) submitted an AWC in which she was suspended from association with any FINRA member in any capacity for three months. In light of Rainwater's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Rainwater consented to the sanction and to the entry of findings that she instructed her assistant to complete her Firm Element continuing education coursework on her behalf.

The suspension is in effect from October 17, 2016, through January 16, 2017. ([FINRA Case #2016048397101](#))

Brian Scott Ramsland ([CRD #2090634](#), Barrington, Illinois) 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, Ramsland consented to the sanctions and to the entry of findings that he falsified information on insurance applications submitted on behalf of customers of his member firm who were requesting automobile and homeowners' coverage, and as a result, obtained higher commissions than he was entitled to receive. The findings stated that rather than disclosing on the applications that the applicants were previous policy holders, Ramsland falsely stated that they were customers of other insurance carriers, effectively rewriting existing policies as new business.

The suspension is in effect from November 7, 2016, through February 6, 2017. ([FINRA Case #2016048619101](#))

Alex J. Richardson ([CRD #6287186](#), Fort Wayne, Indiana) 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, Richardson consented to the sanctions and to the entry of findings that he forged customer signatures on various documents pertaining to the products his member firm offered to the general public, without the customers' knowledge and consent, and then submitted the documents to the firm. The findings stated that when the firm initially confronted Richardson, he denied that he forged a customer's signature, but later admitted to the forgery when the firm confronted him again.

The suspension is in effect from October 17, 2016, through January 16, 2017. ([FINRA Case #2015046288801](#))

Dennis William Ryan ([CRD #1390854](#), Flushing, New York) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for two months. In light of Ryan's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Ryan consented to the sanction and to the entry of findings that he willfully failed to disclose liens filed against him on his Form U4.

The suspension is in effect from October 17, 2016, through December 16, 2016. ([FINRA Case #2015045832501](#))

Richard Alan Sampley ([CRD #409802](#), Atlanta, Georgia) submitted an AWC in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for 10 months. Without admitting or denying the findings, Sampley consented to the sanctions and to the entry of findings that he participated in private securities transactions for an early-stage renewable energy company without providing adequate prior written notice to his member firm. The findings stated that Sampley participated in the transactions by arranging for and facilitating the granting to and subsequent exercise of warrants by his customers. In return for his involvement in these transactions, Sampley expected to receive a fee from the company. Sampley used firm systems to participate in the transactions and made verbal inquiries to firm representatives about obtaining company warrants for his customers. Nonetheless, although the firm processed the first commission payment and had notice after-the-fact of the first three transactions, Sampley failed to provide the firm with adequate prior written notice or obtain its approval for any of the four transactions.

The suspension is in effect from November 7, 2016, through September 6, 2017. ([FINRA Case #2014043336601](#))

Maximillian Santos ([CRD #3030271](#), Fresh Meadows, New York) 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, Santos consented to the sanction and to the entry of findings that 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 reporting a receipt of currency in excess of \$10,000. The findings stated that Santos intentionally structured the cash withdrawals in an attempt to evade reporting requirements. Santos' member firm's written policies and procedures prohibited restructuring and he was aware of the currency reporting requirements for domestic financial institutions. ([FINRA Case #2014041546501](#))

Gregg Scott Schreiber ([CRD #1910399](#), Englewood, New Jersey) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Schreiber consented to the sanctions and to the entry of findings that he willfully failed to timely disclose tax liens and civil judgments totaling approximately \$570,000 on his Form U4.

The suspension is in effect from October 17, 2016, through February 16, 2017. ([FINRA Case #2015045081701](#))

Tobin Joseph Senefeld ([CRD #2120820](#), Indianapolis, Indiana) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Senefeld consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony related to allegations that he participated in a Ponzi scheme. ([FINRA Case #2015045728801](#))

Jesse Bedford Shelmire IV ([CRD #1008550](#), Dallas, Texas) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Shelmire consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose tax liens filed against him.

The suspension is in effect from November 21, 2016, through February 20, 2017. ([FINRA Case #2014042728202](#))

Ellen Elizabeth Sims ([CRD #6342808](#), Leander, Texas) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Sims consented to the sanction and to the entry of findings that she made a number of personal charges on her member firm's credit card—including expenses for clothing, entertainment, transportation and food—converting more than \$1,000 from the firm and causing the firm to pay for those personal transactions without proper authorization. ([FINRA Case #2016050463901](#))

Bharminder Singh ([CRD #5428974](#), New York, New York) was fined \$50,000 and suspended from association with any FINRA member in any capacity for 30 business days. The sanctions were based on findings that Singh failed to comply with FINRA's fair prices and commissions rule and its related guidance on markups and markdowns. The findings stated that Singh purchased retail-sized lots of notes from his member firm's retail customers and he did not consider the prevailing market price when he priced the notes, nor did he follow the necessary analytical steps for determining the prevailing market price because he was unfamiliar with the rule and its guidance and was unaware of the step-by-step analysis required. Singh's prices for the notes were substantially in excess of the 5 percent policy memorialized in FINRA guidance. The Hearing Panel dismissed the violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and FINRA Rule 2020, which alleged fraud.

The suspension was in effect from October 17, 2016, through November 28, 2016. ([FINRA Case #2010022691102](#))

Jacqueline Edith Slocum ([CRD #6375563](#), Newark, California) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Slocum consented to the sanction and to the entry of findings that she converted \$9,000 from a bank by removing funds to which she was not entitled from the bank teller cash drawer that she maintained as part of her job responsibilities, and retained those funds for her own personal benefit. The findings stated that in connection with a surprise audit of Slocum's teller cash drawer, a bank branch manager detected a cash shortage of \$9,000. Slocum subsequently admitted that she was having financial difficulties and had taken the \$9,000 from her teller cash drawer. The findings also stated that Slocum acknowledged having falsified balancing documentation for her teller cash drawer during the period between when she removed the money and when the conversion was discovered. ([FINRA Case #2015047811001](#))

William Stephen Smith ([CRD #429285](#), Old Lyme, Connecticut) 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 three months. Without admitting or denying the findings, Smith consented to the sanctions and to the entry of findings that he failed to timely disclose as an outside business activity to his member firm that he had served as the executor of a customer's estate, for which he received compensation. The findings stated that the firm's procedures require registered representatives to disclose all outside business activities to it prior to engaging in such activities and prohibit registered representatives from acting as an executor for a customer's estate. The findings also stated that Smith falsely stated to his firm in annual compliance questionnaires that he had notified it of all outside business activities and that he had not been named as a beneficiary to any accounts.

The suspension is in effect from October 17, 2016, through January 16, 2017. ([FINRA Case #2014043066401](#))

Cornelius Joseph Sullivan (CRD #2094448, Cohasset, Massachusetts) submitted an AWC in which he was fined \$10,000, suspended from association with any FINRA member in any capacity for 10 business days, and ordered to disgorge \$4,057, plus interest. Without admitting or denying the findings, Sullivan consented to the sanctions and to the entry of findings that while registered with a member firm, he purchased shares in initial public offerings (IPOs) in disclosed personal brokerage accounts that he held at the firm. The findings stated that persons associated with a member firm are prohibited from purchasing a new issue in any account in which such person associated with a member has a beneficial interest.

The suspension was in effect from November 7, 2016, through November 18, 2016. ([FINRA Case #2016048854301](#))

Eric Leeper Swenson (CRD #3263767, Vero Beach, Florida) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for nine months. Without admitting or denying the findings, Swenson consented to the sanctions and to the entry of findings that he did not disclose the full extent of his involvement with an outside business activity to his member firm. The findings stated that Swenson provided written notice to the firm that he wished to participate in the activity as an investor and informed the firm that he would not have any responsibilities at the outside business or spend any time on the business. Based on these representations, the firm approved this activity and instructed Swenson that if his participation in this activity changed or ceased, he would be required to notify the firm immediately in writing. Swenson went beyond the described scope of his involvement by contacting potential distributors, exporters, and equipment vendors and lessors on behalf of the business. Swenson was also involved in unsuccessful attempts to solicit potential investors, including firm customers, to purchase the securities of the business, and he obtained a short-term loan to the business from a family member. Moreover, in hundreds of emails he sent on behalf of the business in connection with these and other activities, Swenson identified himself as the business' chief business officer and had business cards identifying him in this capacity. The findings also stated that during FINRA's investigation into the outside business activity and his subsequent termination by the firm, Swenson failed to produce documents and information in a timely manner. In his initial responses to the requests, Swenson did not disclose the full scope of his business activities, and he produced only a single document relating to the termination of his employment. Swenson eventually produced hundreds of additional documents, including emails, many with attachments that were responsive to FINRA's requests.

The suspension is in effect from October 17, 2016, through July 16, 2017. ([FINRA Case #2014039902901](#))

Mark Tauzin ([CRD #1716373](#), Lafayette, Louisiana) submitted an AWC in which he was assessed a deferred fine of \$20,000, suspended from association with any FINRA member in any capacity for eight months, and required to pay deferred disgorgement of ill-gotten gains in partial restitution in the total amount of \$205,115.02, plus interest, to customers. Without admitting or denying the findings, Tauzin consented to the sanctions and to the entry of findings that he engaged in a pattern of unsuitable short-term trading of front-loaded UITs in connection with the accounts of households at his member firm. The findings stated that Tauzin did not have a reasonable basis to believe the short-term trading of these front-loaded products was suitable for the customers. The transactions resulted in sales charges to the customers of \$316,840.50 and \$205,115.02 in commissions to Tauzin. The findings also stated that Tauzin maintained blank forms signed by customers relating to accounts for several households. The forms included Automated Clearing House authorization forms, margin agreements, account applications and switch disclosure forms. With regards to certain households, completed switch disclosure forms were used for transactions that appeared identical to the signed, blank forms maintained in Tauzin's files. The maintenance of the blank forms violated the firm's WSPs, which prohibited registered representatives from having customers sign any blank document, regardless of client knowledge or consent.

The suspension is in effect from November 7, 2016, through July 6, 2017. ([FINRA Case #2014043506501](#))

Lawrence Marshall Thomas ([CRD #1777286](#), North Attleboro, Massachusetts) 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, Thomas consented to the sanctions and to the entry of findings that he directed his assistant to forge customer signatures on his member firm's documents. The findings stated that Thomas' assistant did so by copying and pasting authentic client signatures onto new firm documents. The documents included new account forms and applications. The affected customers requested the underlying transactions. Thomas undertook the falsifications, however, without the customers' knowledge and approval. The firm maintained written procedures prohibiting representatives from affixing non-genuine signatures on documents.

The suspension is in effect from October 17, 2016, through January 16, 2017. ([FINRA Case #2015046862101](#))

Bridget Antoinette Trotter ([CRD #2694032](#), Jacksonville, Florida) 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, Trotter consented to the sanctions and to the entry of findings that she willfully failed to timely amend her Form U4 to disclose a felony charge and guilty plea. The findings stated that Trotter made false attestations to her member firm on annual compliance

questionnaires in which she failed to disclose the felony charge and guilty plea. At the time Trotter completed the questionnaires, she was aware of the felony charge and guilty plea.

The suspension is in effect from November 7, 2016, through May 6, 2017. ([FINRA Case #2015047684201](#))

Andrew Anthony Uccelli (CRD #2247842, San Carlos, California) 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, Uccelli consented to the sanctions and to the entry of findings that he falsely represented to his member firm's operations department and to the firm's AML officer that he had personally confirmed a wire request with a customer over the telephone. The findings stated that Uccelli received an email at an unapproved email address purportedly sent from a customer requesting that the firm transfer funds to an account in Indonesia, where the client resided, for the stated purpose of purchasing art and furniture. Unbeknownst to Uccelli, an impostor had sent the email without the customer's authorization. Uccelli then sent an email from his unapproved email address asking the customer to sign a letter of authorization (LOA) with details of the requested wire. Shortly thereafter, Uccelli received the signed LOA from the impostor at his unapproved email address. As part of the firm's process for third-party wire transfer requests, the firm's operations department contacted Uccelli via telephone to verify that he had received verbal confirmation from the client. During that telephone call, Uccelli falsely attested that he verbally confirmed the wire transfer request with the customer even though he had not done so. The wire transfer was then flagged by the firm's external clearing provider for further review. As a result, the firm's AML officer called Uccelli to discuss the wire transfer and instructed him to go back to the client to verbally confirm the wire again. The next day, Uccelli called the AML officer and again falsely attested that he verbally confirmed the wire with the client, when he had not done so.

The findings also stated that Uccelli sent emails from his unapproved email address to the impostor purporting to be the customer, and received emails at his unapproved email address from the impostor, all related to wire transfer requests. Uccelli also used his unapproved email address to communicate with other firm customers about firm-related business. The firm's WSPs prohibited the use of unapproved email addresses for securities-business related correspondence with firm customers.

The suspension is in effect from November 7, 2016, through December 21, 2016. ([FINRA Case #2015045019001](#))

Dennis Allen Webb (CRD #1796012, New Palestine, Indiana) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Webb consented to the sanctions and to the entry of findings that he assisted a member firm customer with opening an account at another member firm and placing trades in that

account, at the request of and as an accommodation to that customer, without seeking and obtaining his firm's approval. The findings stated that as part of the account-creation process, Webb also completed the new account opening documentation and electronically signed the customer's name on that documentation.

The suspension is in effect from November 7, 2016, through January 6, 2017. ([FINRA Case #2016048816701](#))

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.

JTA Securities Management, Inc. dba Titan Securities ([CRD #131392](#), Dallas, Texas), Brad C. Brooks ([CRD #1584633](#), Frisco, Texas) and Richard Wayne Demetriou ([CRD #828433](#), Dunwoody, Georgia) were named respondents in a FINRA complaint alleging that Demetriou engaged in an undisclosed outside business activity by serving as the manager of and facilitating investments in a Mississippi company involved in speculative real estate investments. The complaint alleges that Demetriou made numerous misrepresentations in sales literature to prospective investors in connection with his promotion of the company. Demetriou sent several promotional emails to prospective investors, including four of the firm's customers, which contained statements regarding the company's investment for which Demetriou did not have a reasonable basis to believe were accurate. Demetriou did not take any steps to independently verify the information contained in the emails and instead, without conducting any meaningful due diligence, blindly repeated information in the emails that he had obtained from company representatives, including an individual who was barred from the securities industry for, among other things, securities fraud. The company's investment has not returned any investment funds, and all investor monies appear to have been lost.

The complaint also alleges that Demetriou did not provide any notice, written or otherwise, to the firm regarding his involvement with the company until Brooks, its CCO, asked him for a written explanation. Even then, Demetriou failed to disclose the true nature and scope of his activities related to the company, or that he served as the manager of the company for a period of time. Demetriou also failed to disclose his involvement with the company on the firm's compliance forms. The complaint further alleges that the firm, acting through Brooks, failed to adequately supervise Demetriou's outside business activity. In connection with a review of Demetriou's email correspondence, Brooks identified red flags indicating that Demetriou was possibly engaged in an undisclosed outside business activity in

connection with the company. Notwithstanding Demetriou's failure to disclose the true nature and extent of his involvement with the company, Demetriou's written explanation raised several red flags that should have prompted the firm and Brooks to investigate further. However, the firm and Brooks did not conduct any additional investigation into Demetriou's involvement with the company, and did nothing to ensure that Demetriou complied with the firm's WSPs regarding outside business activities. Although Brooks purportedly had concerns about an individual who had orchestrated several of the failed sponsored investments of Demetriou's former firm, he did not take any steps to prevent Demetriou from continuing his involvement with the company. Based on the firm and Brooks' failure to conduct any type of meaningful investigation of Demetriou's activities regarding the company, they did not discover that Demetriou acted as the manager of the company. By failing to investigate Demetriou's activities, the firm and Brooks also failed to enforce the firm's WSPs.

In addition, the complaint alleges that Demetriou drafted and disseminated to firm customers consolidated financial statements and sales literature pertaining to the company that contained inaccurate information and failed to provide a sound basis for evaluating the facts contained therein. Demetriou did not obtain principal approval or review of the sales literature and consolidated financial statements prior to use. Moreover, the complaint alleges that the firm, acting through Brooks, failed to establish and implement adequate supervisory systems for the capture, review and retention of all of the firm's securities-related email correspondence. As a result, the firm failed to capture, review or retain the securities-related email correspondence of registered representatives who utilized third-party email accounts to conduct securities business with the firm's customers. The firm's WSPs strictly prohibited the use of personal email accounts for securities-related business unless written permission had been obtained from a registered principal. Even though the firm and Brooks knew or should have known that these registered representatives were utilizing personal email accounts to conduct securities-related business since emails were being sent to the firm personnel from these personal email accounts, they did nothing to stop the use of the personal email accounts or enforce the firm's WSPs. The firm failed to establish and maintain a reasonable supervisory system to detect and prevent the use of personal email accounts. As a result, the firm willfully violated Section 17 of the Exchange Act and Rule 17a-4 thereunder. Furthermore, the complaint alleges that Demetriou utilized unapproved personal email accounts to conduct securities business with firm customers. By utilizing unapproved personal email accounts to conduct securities business, Demetriou violated the firm's WSPs.

The complaint further alleges that the firm, acting through Brooks, rendered false the representation in a PPM for a "minimum-maximum" offering conducted by a limited partnership issuer. The firm and Brooks also released funds from the offering's escrow account prior to the minimum offering amount being raised from bona fide investors. By prematurely releasing investor funds from the escrow account, the firm and Brooks rendered false the representation in the PPM that investor funds would be promptly

returned if the minimum offering amount was not obtained during the offering period. As a result, the firm willfully violated Sections 10(b) and 15(c) of the Exchange Act and Rules 10b-9 and 15c2-4 thereunder, and Brooks willfully violated Section 10(b) of the Exchange Act and Rule 10b-9 thereunder. ([FINRA Case #2013035345701](#))

McBarron Capital LLC fka Arjent LLC (CRD #131431, Greenwich, Connecticut) was named a respondent in a FINRA complaint alleging that it failed to have an effective AML program tailored to the money-laundering risk of the firm's business. The complaint alleges that the firm operated a lucrative business line facilitating high-volume, high-frequency bond trading for a state-owned bank located in South America. Although this business line heightened the money-laundering risk at the firm, it failed to adequately verify customer identification, conduct due diligence on the foreign financial institution correspondent account, monitor account activity, and detect and investigate red flags of suspicious activity. In addition, the firm failed to complete independent testing of its AML program.

The complaint also alleges that the firm failed to supervise suitability determinations for private placements sold. Despite selling high-risk private placements, the firm allowed customer-specific suitability determinations for private placements to be made entirely by the registered representatives who recommended the transactions, with no review by a firm principal or supervisor. Additionally, the firm's chairman and CEO owned and managed issuers of private placements sold through the firm, while also overseeing the firm's private placement activities. Despite these obvious conflicts of interest, the firm failed to adopt or implement any procedure to resolve these conflicts. The firm failed to require personnel not tainted by a conflict of interest to independently investigate private placements owned or managed by the chairman and CEO to ensure the investments were suitable. As a result, the firm failed to independently investigate red flags raised by the offerings, including substantial financial obligations owed by the issuers to the chairman and CEO and share prices that appeared unjustified by the value of the issuer.

The complaint further alleges that because the firm failed to independently investigate private placements that the chairman and CEO owned or managed, it lacked a reasonable basis to conclude that investments in the private placements were suitable for any customer. In addition, the complaint alleges that the firm failed to cooperate with an investigation and cycle examination conducted by FINRA by failing to provide documents and information requested by FINRA staff. ([FINRA Case # 2015044211103](#))

Jeffrey Scott Cederberg (CRD #4557771, Redondo Beach, California) was named a respondent in a FINRA complaint alleging that he willfully failed to timely amend his Form U4 to disclose a federal tax lien and state tax liens totaling approximately \$70,000 that were filed against him. The complaint alleges that Cederberg failed to disclose the tax liens on his Form U4 until after an inquiry from FINRA. ([FINRA Case #2014040815101](#))

Glenn McDowell ([CRD #2748337](#), Springfield Gardens, New York) was named a respondent in a FINRA complaint alleging that he executed unauthorized transactions in a customer's account without first obtaining authorization. The complaint alleges that the customer's individual brokerage account was not a discretionary account, the customer never executed a discretionary account agreement, and McDowell's member firm prohibited any discretionary trading, other than same-day time and price discretion. McDowell earned approximately \$5,300 in commissions for these transactions. ([FINRA Case #2013035902701](#))

Enrique Mercado Jr. ([CRD #2242873](#), Miami, Florida) was named a respondent in a FINRA complaint alleging that he provided false information in response to FINRA requests for information. The complaint alleges that Mercado was requested to provide, among other things, all documents related to annual testing of his member firm's supervisory controls and all annual certifications relating to the testing of the firm's supervisory controls. The certification that Mercado produced to FINRA falsely stated that the firm had in place processes to review and test the effectiveness of its supervisory procedures on a periodic basis, and that these processes were evidenced in a5joj report. Mercado knew that the certification that he provided to FINRA contained false statements and was backdated in order to appear that it was filed on a timely basis. Mercado did not disclose to FINRA that he had provided false information. ([FINRA Case #2012033767402](#))

Fernando de la Lama Merino ([CRD #2257749](#), Key Biscayne, Florida) was named a respondent in a FINRA complaint alleging that he failed to respond to FINRA requests for documents and information related to an investigation into his potential misconduct involving the sales of illiquid structured notes and bonds referred by a foreign individual while he was associated with a member firm. ([FINRA Case #2015046020001](#))

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

Caldwell International Securities Corporation (CRD #104323)
Nassau, Bahamas
(October 17, 2016)

Princeton Securities Group, LLC (CRD #41233)
New York, New York
(October 13, 2016)

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

Texas E&P Partners, Inc. (CRD #127228)
Richardson, Texas
(October 28, 2016)

Firms Cancelled for Failure to Meet Eligibility or Qualification Standards Pursuant to FINRA Rule 9555

Kota Global Securities Inc. (CRD #28137)
New York, New York
(October 31, 2016)

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.)

Bonwick Capital Partners, LLC (CRD #156469)
New York, New York
(July 14, 2016 – October 13, 2016)
FINRA Case #2016049550801/FPI160005

Orion Trading, LLC (CRD #43932)
Winter Park, Florida
(October 10, 2016)

Firm Suspended for Failure to Pay Annual Assessment Fees Pursuant to FINRA Rule 9553

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

Kyson & Co (CRD #37273)
Covina, California
(September 1, 2016 – October 19, 2016)

Firm Suspended for Failing to Pay Arbitration Awards 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.)

Newport Coast Securities, Inc. (CRD #16944)
New York, New York
(October 25, 2016)
FINRA Arbitration Case #14-03861

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.)

Maricela Alvarez (CRD #6126780)
Riverside, California
(October 17, 2016)
FINRA Case #2016049062001

Rushton Leigh Ardrey III (CRD #1598393)
Newbury, Massachusetts
(October 24, 2016)
FINRA Case #2015048133601

Terry Stephen Carraher (CRD #3255825)
Carlsbad, California
(October 31, 2016)
FINRA Case #2016049589301

Scott Thomas Cross (CRD #5701656)
Little Rock, Arkansas
(October 3, 2016 – October 28, 2106)
FINRA Case #2016049281901

Christopher Jeffrey Daniel (CRD #6209668)
Chandler, Arizona
(October 18, 2016)
FINRA Case #2016048790301

Nancy Elaine De Leeuw (CRD #6326061)
Tyler, Texas
(October 4, 2016)
FINRA Case #2016049903301

Paul Edward Dorion (CRD #1103701)
Killington, Vermont
(October 31, 2016)
FINRA Case #2015047608601

John Ezmat (CRD #3014413)
Oakland, New Jersey
(October 17, 2016)
FINRA Case #2016049344101

Noel Fleming (CRD #2030824)
Winchester, Massachusetts
(October 18, 2016)
FINRA Case #2016049770801

Salvatore Gioe (CRD #4390976)
Bayside, New York
(October 3, 2016)
FINRA Case #2016048490401

Stephen Duncan Grant (CRD #2447319)
Alameda, California
(October 24, 2016)
FINRA Case #2016048782601

James Walter Ignatowich (CRD #2490731)
Delray Beach, Florida
(October 11, 2016)
FINRA Case #2014040158901

EvaJean Marie Jackson (CRD #5841613)
Pearland, Texas
(October 25, 2016)
FINRA Case #2015045048402

Dana Liesl McMillin (CRD #5878203)
Naperville, Illinois
(October 17, 2016)
FINRA Case #2016049130301

Myrna Margarita Perez (CRD #4389021)
Miami, Florida
(October 24, 2016)
FINRA Case #2016049193401

Robin Thomas Pledger (CRD #6206439)
Athens, Georgia
(October 3, 2016)
FINRA Case #2015047908001

Robinson Rodriguez (CRD #6237290)
Fort Worth, Texas
(October 17, 2016)
FINRA Case #2016049403301

Michael Alan Siegel (CRD #1950871)
Livingston, New Jersey
(October 28, 2016)
FINRA Case #2016050346301

Stewart Field Smith (CRD #1122433)
Scottsdale, Arizona
(October 17, 2016)
FINRA Case #2016048641501

Donald Shelby Toomer (CRD #2842723)
Henderson, Nevada
(October 5, 2016)
FINRA Case #2016048445101/FPI160009

Frank Rowlin Underhill Jr. (CRD #4970331)
Las Vegas, Nevada
(October 24, 2016)
FINRA Case #2015045581601

**Travis Michael Vandermale
(CRD #5906443)**
Munds Park, Arizona
(October 17, 2016)
FINRA Case #2016049326301

Cheryl Lynn Wallace (CRD #4839255)
Henderson, Nevada
(October 3, 2016)
FINRA Case #2016049316401

Cinday Ah Ran Yi (CRD #6484595)
Royersford, Pennsylvania
(October 31, 2016)
FINRA Case #2016048730801

Julie Marie Ziolkowski (CRD #3028245)
Roanoke, Texas
(October 17, 2016)
FINRA Case #2016049283101

**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.)

Troy Christopher Baldrige (CRD #2976766)
Richmond, Virginia
(October 3, 2016)
FINRA Case #2016051017701

Michael Banjany (CRD #5917243)
Jackson, New Jersey
(August 22, 2016 – October 24, 2016)
FINRA Case #2015048317801

William Joseph Broccio (CRD #6305934)
Staten Island, New York
(October 6, 2016)
FINRA Case #2015048287302

Michael James Coolican IV (CRD #5142906)
Highland, Illinois
(October 11, 2016)
FINRA Case #2015047920501

Brian Michael Gamard (CRD #4616528)
Sound Beach, New York
(October 17, 2016)
FINRA Case #2016049212101

Brian Marc Kennison (CRD #3081096)
Portland, Oregon
(October 13, 2016)
FINRA Case #2016050828701

Laurence H. King (CRD #3029609)
New City, New York
(October 27, 2016)
FINRA Case #2015047776201

Jonathan H. Lowell (CRD #6584011)
Delray Beach, Florida
(October 17, 2016)
FINRA Case #2016049859201

Farid Morim (CRD #5023477)
Los Angeles, California
(October 20, 2016)
FINRA Case #2015047528201

Neil David Pecker (CRD #4677111)
Longwood, Florida
(October 20, 2016)
FINRA Case #2016050013101

Jean Paul Pierre (CRD #6398206)

West Palm Beach, Florida
(October 13, 2016)
FINRA Case #2015047023301

Michael Quiles III (CRD #4351166)

Commack, New York
(September 1, 2016 – October 31, 2016)
FINRA Case #2016049315201

Peter Michael Riley (CRD #4423147)

Dallas, Texas
(October 28, 2016)
FINRA Case #2016051087301

Robert Shaffer (CRD #4673612)

Jackson, New Jersey
(October 31, 2016)
FINRA Case #2015047757001

Patrick Justin White Sr. (CRD #2346690)

Huntington, New York
(October 11, 2016)
FINRA Case #2016050946701

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.)

Keeland Douglas Howe (CRD #2872478)

Phoenix, Arizona
(October 7, 2016)
FINRA Arbitration Case #16-00415

Christopher Lawrence Love (CRD #5060245)

Ferris, Texas
(October 7, 2016)
FINRA Arbitration Case #15-02538

James Michael Roberts (CRD #871777)

Laguna Niguel, California
(October 14, 2016)
FINRA Arbitration Case #14-03860

Cary Rosenfeld (CRD #2425973)

San Clemente, California
(November 21, 2012 – October 5, 2016)
FINRA Arbitration Case #12-00406

FINRA Fines Merrill Lynch \$2.8 Million for Systemic Reporting, Books and Records, and Related Supervisory Violations

FINRA fined [Merrill Lynch, Pierce, Fenner and Smith Inc.](#) \$2.8 million for systemic trade reporting, Order Audit Trail System (OATS) reporting, books and records, and related supervisory violations that occurred over a period of several years.

FINRA uses trade reporting and OATS data as an integral part of its automated market surveillance program to detect manipulative activity and other potential violations of FINRA rules and the federal securities laws. FINRA relies on the accuracy of a firm's books and records to conduct adequate policing of the securities markets.

FINRA found that a system configuration error caused Merrill Lynch to, among other things, inaccurately report millions of trades to a FINRA Trade Reporting Facility in which purchases were reported as principal sales and agency crosses. Merrill Lynch also reported millions of trades it was not required to report. In addition, over the course of almost five years, the firm encountered a number of separate system errors that caused it to report millions of inaccurate reportable order events to OATS, including inaccurate timestamps, broker-dealer orders reported as customer orders and a failure to report millions of execution reports. Moreover, FINRA found that, for approximately three years, Merrill Lynch failed to record certain special handling instructions, as well as the correct receipt and route timestamps on order tickets, which caused millions of records to be inaccurate.

Thomas Gira, FINRA Executive Vice President and Head of Market Regulation, said, "A critical component of market integrity is the ability of regulators to rely on the accuracy of the information reported by broker-dealers. The failure to report accurate audit trail information adversely affects not only FINRA, but other market participants and the investing public."

FINRA also found that the scope of Merrill Lynch's supervisory system with respect to, among other things, trade reporting, OATS reporting, and books and records, was not reasonably designed.

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