

Disciplinary and Other FINRA Actions

Firms Fined, Individuals Sanctioned

Noble Capital Markets, Inc. fka Noble Financial Capital Markets ([CRD® #15768](#), Boca Raton, Florida) and Nicolaas Petrus Pronk ([CRD #1726101](#), Lighthouse Point, Florida)

October 18, 2017 – An Offer of Settlement was issued in which the firm was fined \$225,000, and Pronk was fined \$25,000, suspended from association with any FINRA® member for eight months—in any principal capacity for six months, and consecutively, two months in all capacities—and required to requalify by examination for the Series 7 (General Securities Representative) and Series 24 (General Securities Principal) licenses. If Pronk fails to requalify as a General Securities Representative or General Securities Principal within the eight-month suspension period, he will be suspended from acting in such capacity until the examination is successfully complete.

Without admitting or denying the allegations, the firm and Pronk consented to the sanctions and to the entry of findings that they recommended and sold nearly a million shares of a company’s common stock to customers without disclosing the firm’s multiple and material conflicts of interest. The findings stated that the firm and Pronk aggressively promoted and recommended the company’s common stock to prospective investors to profit from the firm’s undisclosed investment banking relationships with the company and their undisclosed arbitrage of the company’s securities, which created a financial incentive for the firm and Pronk to recommend the common stock to customers. Pronk retained ultimate control over all firm activities including proprietary trading, sales, investment banking, and the decision to initiate and prioritize the promotion and sale of the common stock. To boost the sale of the company’s common stock, the firm and Pronk aggressively promoted and solicited purchases of the common stock by issuing research through the firm’s research department, conducting non-deal road shows through the firm’s investment banking and institutional sales departments, and contacting prospective investors, primarily institutions, through registered representatives in the firm’s institutional sales departments. The firm and Pronk also provided the representatives with a misleading sales script to use when soliciting prospective investors in the company’s common stock.

The findings also stated that the firm and Pronk failed to disclose to the customers who purchased the company’s common stock of the firm’s advisory and warrant agreements with the company and the compensation it received and anticipated receiving thereunder. In addition, the firm failed to disclose to the customers the additional compensation the firm promised its registered

Reported for December 2017

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

Contents

Firms Fined, Individuals Sanctioned	1
Firms Fined	2
Individuals Barred	9
Individuals Suspended	13
Decision Issued	30
Complaints Filed	30
Complaints Dismissed	35

representatives for promoting, recommending and selling the company's stock, and of the firm's speculative arbitrage strategy in the company's securities that created a financial incentive for the firm and Pronk to recommend the company's stock. The firm and Pronk did not disclose or take any steps to ensure that the representatives disclose to the customers to whom they recommended and sold the common stock that the firm and Pronk were engaged in the speculative arbitrage strategy. As a result, the firm violated Section 17(a)(2) of the Securities Act of 1933 (Securities Act). The findings also included that the firm issued research reports that failed to disclose that it had a current client relationship with the company, and the firm expected to receive or intended to seek compensation from its investment-banking activities with the company in the three months that followed the issuance of the research reports.

The suspension in any principal capacity is in effect from December 1, 2017, through May 31, 2018. The suspension in all capacities will be in effect from June 1, 2018, through July 31, 2018. ([FINRA Case #2013035740901](#))

Firms Fined

BOK Financial Securities, Inc. ([CRD #17530](#), Tulsa, Oklahoma)

October 2, 2017 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured and fined \$175,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to maintain brokerage records in non-erasable and non-rewritable format, known as “write one, read many” (WORM) format. The findings stated that the firm failed to maintain in WORM format approximately 730,000 order tickets and approximately 2,000 financial records, including accounting ledgers and Financial and Operational Combined Uniform Single (FOCUS) reports, during the relevant period. The findings also stated that the firm failed to implement an audit system regarding retaining and preserving electronic records. The findings also included that the firm failed to establish, maintain and enforce written supervisory procedures (WSPs) reasonably designed to achieve compliance with Rule 17a-4 of the Securities Exchange Act of 1934. The firm's WSPs failed to specify how the firm would supervise its compliance with Rule 17a-4(f). ([FINRA Case #2016051512501](#))

Jefferies Execution Services, Inc. ([CRD #867](#), New York, New York)

October 2, 2017 – An AWC was issued 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 failed to establish, maintain, and enforce written policies and procedures reasonably designed to prevent the execution or display of a non-exempt short sale order in a security subject to a short sale circuit breaker at a price at or below the national best bid. The findings stated that the firm's supervisory system, including its WSPs, did not provide for supervision reasonably designed to achieve compliance with Securities and Exchange Commission (SEC) Rule 201(b). ([FINRA Case #2015047211201](#))

Network 1 Financial Securities Inc. ([CRD #13577](#), Red Bank, New Jersey)

October 2, 2017 – An AWC was issued in which the firm was censured, fined \$20,000, and required to review and revise, as necessary, its systems, policies and procedures (written and otherwise) and training with respect to the sale of leveraged, inverse and inverse-leveraged exchange-traded funds (non-traditional ETFs). Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce a supervisory system and WSPs reasonably designed to supervise representatives' sales of non-traditional ETFs. The findings stated that the firm did not have any procedures addressing non-traditional ETFs. The firm added a section to its WSPs that included a general description of ETFs that mentioned some of the risks inherent in non-traditional ETFs, including that the performance of these products "can differ significantly from the underlying index or benchmark during the same time period." However, this new section did not provide any guidance to the firm's supervisors regarding how they should supervise non-traditional ETFs in light of the unique features and risks inherent in these products.

The findings also stated that the firm did not have an adequate system for the review of non-traditional ETF transactions to ensure their suitability. The firm did not have any exception reports specific to non-traditional ETFs and did not have an automated method of monitoring non-traditional ETF holding periods. The firm did not require supervisors to review open positions in non-traditional ETFs held for extended periods or resulting in unrealized losses; nor did the firm impose any limitations on trading or holding non-traditional ETFs. The findings also included that the firm failed to provide non-traditional ETF training to representatives and their supervisors. The firm did not include the topic of non-traditional ETFs at its annual compliance meetings, continuing education programs or in any other type of firm training. In addition, the firm did not require its representatives to complete product-specific training on non-traditional ETFs before recommending them to customers. ([FINRA Case #2015046575201](#))

The Benchmark Company, LLC ([CRD #22982](#), New York, New York)

October 3, 2017 – An AWC was issued 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 utilized an improper "cash basis" method of accounting, resulting in the firm's failure to properly record liabilities on its financial books and records. The findings stated that as a result, the firm maintained an inaccurate general ledger, and its FOCUS reports were inaccurate for the months of July 2015 and September 2015. The findings also stated that the firm conducted a securities business while it did not meet its net capital requirements. The net capital deficiencies were due to the firm's failure to properly accrue vendor expenses. ([FINRA Case #2015048109201](#))

Dealerweb Inc. ([CRD #19662](#), Jersey City, New Jersey)

October 6, 2017 – An AWC was issued in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the correct trade execution time for transactions in Trade Reporting and Compliance Engine® (TRACE®)-eligible agency debt securities to TRACE, failed to report the same transactions to TRACE in TRACE-eligible agency debt securities within 15 minutes of the execution time, and failed to show the correct execution time on brokerage order memoranda. ([FINRA Case #2016050784301](#))

Barclays Capital Inc. ([CRD #19714](#), New York, New York)

October 9, 2017 – An AWC was issued in which the firm was censured, fined \$40,000, and required to address its supervisory deficiencies. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to use reasonable diligence to ascertain the best market for subject securities, and failed to buy or sell in such markets so that the resultant prices to the customers were as favorable as possible under prevailing market conditions, resulting in direct customer harm of \$850.47. The firm previously offered restitution to impacted customers. The findings stated that in 20 instances, the firm executed an agency intermarket sweep order that was inferior, from the perspective of the customer, to at least one displayed top-of-book quotation; and/or missed liquidity from one or more displayed top-of-book quotations, at the respective time of execution. The findings also stated that the firm failed to enforce its WSPs designed to achieve compliance with FINRA Rule 5310. In particular, the firm did not follow its escalation procedures related to firm personnel analyzing automated exceptions involving potential best execution violations. ([FINRA Case #2015046989401](#))

Performance Trust Capital Partners, LLC ([CRD #36155](#), Chicago, Illinois)

October 9, 2017 – An AWC was issued in which the firm was censured and fined \$45,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report TRACE-eligible securitized products transactions to TRACE within the time required by FINRA Rule 6730(a). The findings stated that the firm failed to report information regarding purchase and sale transactions effected in municipal securities to the Real-Time Transaction Reporting System (RTRS) in the manner prescribed by Municipal Securities Rulemaking Board (MSRB) Rule G-14 RTRS Procedures and the RTRS Users Manual. The firm failed to report information about such transactions to an RTRS Portal within 15 minutes after trade time. ([FINRA Case #2015047655301](#))

Barclays Capital Inc. ([CRD #19714](#), New York, New York)

October 11, 2017 – An AWC was issued in which the firm was censured, fined \$50,000 (to be paid to FINRA and other exchanges in related disciplinary actions, of which \$25,000 shall be paid to FINRA), and required to address its Regulation NMS 611(a) and 611(c) deficiencies to ensure that it has implemented procedures reasonably designed to achieve compliance with the rules and regulations. Without admitting or denying the findings, the

firm consented to the sanctions and to the entry of findings that it executed intermarket sweep orders through protected quotations, and failed to route additional intermarket sweep orders to execute against protected quotations. The findings stated that the firm failed to take reasonable steps to establish that intermarket sweep orders it routed met the definitional requirements set forth in Regulation NMS Rule 600(b)(30) when routing and executing intermarket sweep orders on exchanges. These instances occurred when the firm did not receive direct feed quotes from the two exchanges due to system issues, which the firm failed to detect.

The findings also stated that the firm, while acting as a trading center, failed to establish, maintain, and enforce written policies and procedures that were reasonably designed to ensure compliance with the terms of the outbound intermarket sweep order exception in Regulation NMS Rule 611(b)(6); and failed to take reasonable steps to establish that intermarket sweep orders it routed met the definitional requirements set forth in Regulation NMS Rule 600(b)(30). The findings also included that the firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with the applicable securities laws and regulations and FINRA rules concerning compliance with Regulation NMS Rules 611(a) and 611(c). Specifically, the firm failed to ensure that direct feeds were operational and that the direct feed data that it used to compile the National Best Bid or Offer was reliable. ([FINRA Case #2014043787402](#))

J.P. Morgan Clearing Corp. nka J.P. Morgan Securities LLC (CRD #28432, Brooklyn, New York)
October 11, 2017 – An AWC was issued in which the firm was censured and fined \$17,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to timely report transactions that required an .RX modifier to the FINRA/Nasdaq Trade Reporting Facility (FNTRF) by 8:00 p.m. Eastern time. The findings stated that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities law and regulations, and FINRA rules, concerning trade reporting. Specifically, the firm’s supervisory reviews regarding over-the-counter (OTC) exercise/assignments were not adequate. ([FINRA Case #2015044057401](#))

Cabrera Capital Markets, LLC (CRD #10081, Chicago, Illinois)
October 12, 2017 – An AWC was issued in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to maintain records evidencing sufficient due diligence was performed to form a reasonable belief that certain key representations made in offering disclosure documents were true and complete in relation to municipal bond issuances in which it was the lead underwriter. The findings stated that the firm’s WSPs were not reasonably designed to achieve compliance with rules governing due diligence obligations for its municipal securities transactions. While there were due diligence files for each deal, the extent of documentation contained in the files varied from deal to

deal. Statements the firm's representatives provided indicated there was additional due diligence performed that was not maintained in the due diligence files, such as via email, and that there was an analysis of information gathered that was not evidenced in the files. However, the failure to maintain centralized files hindered the firm's ability to reasonably supervise the underwriting of the issuances. Further, although personnel were directed to maintain due diligence materials, the firm's WSPs were not reasonably designed to achieve compliance because they failed to provide specific direction for the gathering and retention of documents evidencing due diligence when acting as a lead underwriter of municipal issuances. In addition, the firm acted as a non-lead underwriter on several municipal issuances without any guidance as to the appropriate procedures to be followed when underwriting an issuance in which it was not the lead underwriter.

The findings also stated that the firm acted as a municipal advisor for different municipalities while not properly registered with either the MSRB or the SEC. The firm also failed to timely update form MA-Is for individuals involved in its municipal advisory business, and had WSPs pertaining to its municipal advisory business that were not reasonably designed to maintain compliance with the applicable regulations for a municipal advisory business. ([FINRA Case #2015043640701](#))

Phillips Capital ([CRD #3603](#), Denver, Colorado)

October 12, 2017 – An AWC was issued 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 did not update its WSPs as they related to new and amended FINRA and SEC Rules and Regulatory Notices. The findings stated that the firm was reminded of its obligation to update WSPs in connection with a cycle examination but failed to do so. The findings also stated that the firm did not enforce its existing WSPs in connection with the activities of its sole registered representative. Although the firm had WSPs in place requiring the collection of customer information, it failed to enforce its WSPs to ensure that the representative collected customer information in connection with transactions, and failed to detect and correct the representative's failure. Similarly, the firm failed to review the representative's electronic correspondence, did not establish a periodic schedule to inspect the representative's non-branch location, and did not inspect the location. Although the representative provided the firm with notice of his outside business activity, the firm failed to maintain the required record of its review and approval of the activity.

The findings also included that the firm failed to conduct testing of its supervisory controls, policies and procedures, and to prepare reports of such testing for four years. The firm did not have any record of the required testing, and did not have any reports to senior management regarding testing of supervisory controls. Although the firm's chief executive officer (CEO) completed annual certifications, those certifications were inadequate because the certifications were made without the necessary reports being reviewed by the CEO or chief compliance officer (CCO). ([FINRA Case #2016047943901](#))

Ameriprise Financial Services, Inc. ([CRD #6363](#), Minneapolis, Minnesota)

October 13, 2017 – An AWC was issued in which the firm was censured and fined \$45,000. 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. The findings stated that the firm also recommended and sold securities to customers who were not qualified institutional buyers (QIBs), as defined in Rule 144A of the Securities Act, because the firm was unaware of such sales restrictions in the official statements. The official statements for these securities explicitly limited their sale/resale to QIBs. By lacking awareness of such a material fact about such securities due to its failure to review such official statements, the firm failed to exercise reasonable diligence to form a reasonable basis to believe that the recommended transactions were suitable under the “reasonable-basis” obligations of the MSRB’s suitability requirements.

The findings also stated that the firm failed to disclose to customers at or prior to the time of the trade that the transaction was being effected in an amount below the minimum denomination, of the above sales restriction, and the potential adverse effect on liquidity of a customer position below the minimum denomination. The findings also included that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the MSRB rules, concerning compliance with the minimum denomination requirements of MSRB Rule G-15(f), and failed to have sufficient supervisory procedures reasonably designed to achieve compliance with MSRB suitability requirements. ([FINRA Case #2015046583001](#))

Canaccord Genuity Inc. ([CRD #1020](#), New York, New York)

October 13, 2017 – An AWC was issued 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 failed to implement policies and procedures that reasonably avoid displaying, or engaging in a pattern or practice of displaying, locking or crossing quotations in any OTC equity security. ([FINRA Case #2016048855201](#))

Charles Schwab & Co., Inc. ([CRD #5393](#), San Francisco, California)

October 16, 2017 – An AWC was issued 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 timely report transactions in TRACE-eligible securitized products to TRACE, failed to report the correct trade execution time for transactions in TRACE-eligible securitized products to TRACE, and failed to show the correct execution time on brokerage order memoranda. ([FINRA Case #2016048798801](#))

Flow Traders U.S. LLC ([CRD #150780](#), New York, New York)

October 17, 2017 – An AWC was issued in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted inaccurate, incomplete or improperly formatted data to the Order Audit Trail System (OATS™). ([FINRA Case #2015044231502](#))

Interactive Brokers LLC ([CRD #36418](#), Greenwich, Connecticut)

October 18, 2017 – An AWC was issued in which the firm was censured and fined a total of \$70,000, of which \$4,000 is payable to FINRA. The balance shall be paid to other exchanges in related disciplinary matters. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that due to various systems issues and data latencies, the firm’s smart order routing system failed to capture protected quotations for all relevant market centers, or certain direct feed quotations were stale, for purposes of complying with its obligations to take reasonable steps to establish that intermarket sweep orders it routed met the definitional requirements of Regulation NMS Rule 600(b)(30). As a result, in certain instances the firm failed to send simultaneous intermarket sweep orders to execute against the full displayed size of certain protected quotations when routing intermarket sweep orders to other market centers, including to the FINRA Alternative Display Facility (ADF®), which led to trade-throughs of such protected quotations. The findings also stated that the firm failed to establish and maintain a supervisory system reasonably designed to achieve compliance with Regulation NMS Rule 611(c) and applicable securities laws and regulations regarding the use of intermarket sweep orders. Given the recurring nature of the violations from January 2015 through December 2015, the firm’s supervisory system was inadequate. ([FINRA Case #2014041235404](#))

GTS Securities LLC ([CRD #149224](#), New York, New York)

October 26, 2017 – An AWC was issued in which the firm was censured and fined a total of \$75,000, of which \$23,500 is payable to FINRA. The remaining balance shall be paid to other exchanges in related disciplinary matters. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that as a result of a coding error, the firm submitted inaccurate information to the FNTRF and to multiple equity exchanges by entering “principal” orders as “agency” orders in approximately 22 million instances, of which approximately 6,937,587 orders were entered on the FNTRF. The findings stated that these inaccuracies affected certain cross-market surveillances but there was no identified market impact or harm to market participants. The findings also stated that the firm failed to establish and maintain a supervisory system reasonably designed to achieve compliance with certain applicable securities laws and regulations, and FINRA rules, with respect to submission of accurate capacity codes on orders submitted to the FNTRF. In addition, the firm’s supervisory system did not include sufficient WSPs to ensure submission of accurate capacity codes. ([FINRA Case #2015045798103](#))

Principal Securities, Inc. fka Princor Financial Services Corporation ([CRD #1137](#), Des Moines, Iowa)

October 26, 2017 – An AWC was issued in which the firm was censured and fined \$250,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that for at least three years, its system for supervising additions to existing variable annuities was not reasonably designed to ensure that they complied with

applicable securities laws and rules, including those governing suitability. The findings stated that during an almost three-year period, the firm's customers added money to existing variable annuities on more than 6,000 occasions. Those additions accounted for approximately one-sixth of the firm's revenue from variable products during that period. While the firm reviewed some of those additions by three exception reports and periodic branch and desk audits, the scope of that supervision was unreasonably limited. The exception reports covered only transactions involving one of the firm's affiliates, not all of the existing variable annuities that the firm's customers held. The exception reports covered only additions to existing variable annuities that were funded by surrendering insurance products, not all sources. The firm's supervisors used the exception reports to identify trading trends and patterns, rather than to evaluate the propriety of individual additions. The firm's periodic audits covered only selected customers, not additions to existing variable annuities generally or patterns of recommendations to make such additions.

The findings also stated that the firm's system did not capture—so the firm did not review—more than two-thirds of those additions to existing variable annuities. Nor was the firm's system reasonably designed to focus on the additions that posed the greatest risk to the firm's customers. As a result, the firm's system was not likely to detect and flag relatively risky transactions—such as a large addition to a contract long after it was purchased, prompted by a recommendation from an associated person—so that the firm could determine whether such recommendations violated any securities laws or rules. Those gaps in the firm's system resulted in improper transactions escaping detection by the firm, causing harm to contract holders. The firm has remedied the harm to those customers. ([FINRA Case #2015047322502](#))

William Blair & Company L.L.C. ([CRD #1252](#), Chicago, Illinois)

October 30, 2017 – An AWC was issued in which the firm was censured and fined \$17,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible corporate debt securities to TRACE within the timeframe FINRA Rule 6730 required. ([FINRA Case #2016050963001](#))

Individuals Barred

Ronald Michael Dolinger ([CRD #1056302](#), Bexley, Ohio)

October 2, 2017 – An AWC was issued in which Dolinger was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Dolinger consented to the sanction and to the entry of findings that he failed to appear and provide FINRA with on-the-record testimony in connection with an investigation concerning allegations that he engaged in undisclosed outside business activities, and that he failed to timely disclose reportable financial events on his Uniform Application for Securities Industry Registration or Transfer (Form U4). ([FINRA Case #2015048209602](#))

Yue Zhu ([CRD #6729240](#), Charlottesville, Virginia)

October 2, 2017 – An AWC was issued in which Zhu was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Zhu consented to the sanction and to the entry of findings that he bought securities while in knowing possession of material nonpublic information concerning the relevant issuer. The findings stated that Zhu willfully violated Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-5, and violated FINRA Rule 2020. The findings also stated that Zhu conducted his trading in a company's options using a brokerage account held away from his member firm at another brokerage firm. Zhu did not notify the firm about this account or his trading therein, and he did not notify the firm carrying the account of his association with his member firm. ([FINRA Case #2017054990601](#))

Clement Lancelot Chichester ([CRD #1255275](#), Marina Del Ray, California)

October 5, 2017 – An AWC was issued in which Chichester was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Chichester consented to the sanction and to the entry of findings that he failed to provide FINRA-requested documents and information after initially providing partial responses to a previous request in connection with FINRA's investigation of his alleged receipt of funds from a customer. ([FINRA Case #2017053136101](#))

Brittney Jade Sias ([CRD #4274432](#), Marina Del Ray, California)

October 5, 2017 – An AWC was issued in which Sias was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Sias consented to the sanction and to the entry of findings that she failed to respond to FINRA requests for documents and information in connection with an investigation of her alleged receipt of funds from a customer at her member firm. ([FINRA Case #2017053136102](#))

Susan Jane Allen ([CRD #1689767](#), Brookfield, Wisconsin)

October 10, 2017 – An AWC was issued in which Allen was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Allen consented to the sanction and to the entry of findings that she failed to provide FINRA-requested documents and information in connection with its investigation into allegations that she failed to timely report one or more reportable financial events on her Form U4. ([FINRA Case #2016052509601](#))

Kenneth Bostian Neuner ([CRD #2719529](#), Dallas, Texas)

October 11, 2017 – An AWC was issued in which Neuner was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Neuner consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony during the course of an investigation into his unauthorized exercise of discretion purported by his member firm on a Form U5. ([FINRA Case #2017053555601](#))

Dartanian VJ Sanders ([CRD #3242448](#), Abita Springs, Louisiana)

October 11, 2017 – An AWC was issued in which Sanders was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Sanders consented to the sanction and to the entry of findings that during a FINRA on-the-record interview, he refused to answer questions about certain monetary transactions involving an entity that he formed and operated as an outside business activity. The findings stated that FINRA's investigation concerned Sanders' acceptance, through the entity, of four loans totaling more than \$100,000 and about the expenditure of the proceeds of one of the loans. Sanders refused to answer any questions about how those funds were used. ([FINRA Case #2016052554301](#))

Steven John Meyer ([CRD #4798400](#), South Plainfield, New Jersey)

October 12, 2017 – An AWC was issued in which Meyer was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Meyer consented to the sanction and to the entry of findings that he engaged in churning and unsuitable excessive trading in customers' accounts, two of whom were senior citizens. The findings stated that Meyer exercised control over these accounts, and the high costs and turnover rates were inconsistent with the customers' objectives, yet generated steady income for Meyer in the form of commissions or markups or markdowns (collectively, sales charges). Most of the customers had limited investment experience and all of them relied on Meyer to direct investment decisions in their accounts. Meyer's active trading in the accounts generated sales charges at the expense of his customers. Since more than half of the trades were mark ups or markdowns, the customers could not appreciate the extent of the costs. The high turnover rates and cost-to-equity ratios demonstrate the increasing difficulty for the accounts to make sufficient profits from the trading to cover the costs of Meyer's in-and-out trading. Consequently, Meyer's active trading in the accounts resulted in more than \$115,000 in cumulative losses to his customers, while Meyer generated \$160,000 in sales charges. Meyer willfully violated Section 10(b) of the Exchange Act and Rule 10b-5, and violated FINRA Rule 2020. The findings also stated that Meyer engaged in pervasive unauthorized trading in one of the customers' accounts. This particular customer experienced losses of \$44,074.05 to his account, while Meyer generated sales charges of \$33,897.41. ([FINRA Case #2017052709201](#))

Sam Peter Paolini ([CRD #6087086](#), New York, New York)

October 13, 2017 – An AWC was issued in which Paolini was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Paolini consented to the sanction and to the entry of findings that he converted a prospective customer's funds that were given to him for the purposes of making an investment. The findings stated that because Paolini told the customer he was unsure to whom the customer should make the check payable, the customer left the payee line blank. Instead of applying the check to the investment Paolini had discussed with the customer, he wrote his own name on the payee line, endorsed and then cashed the check, and kept the funds for his own use. ([FINRA Case #2017055696501](#))

Robert Baldwin Del Guercio ([CRD #2639851](#), Cedar Grove, New Jersey)

October 16, 2017 – An AWC was issued in which Del Guercio was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Del Guercio consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony related to an arbitration claim filed by his customers alleging sales practice violations. ([FINRA Case #2016051166301](#))

Deborah E. Greenlee-Keck ([CRD #5527553](#), Columbia City, Indiana)

October 20, 2017 – An AWC was issued in which Greenlee-Keck was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Greenlee-Keck consented to the sanction and to the entry of findings that she failed to respond to FINRA's requests for documents and information in connection with an investigation into a Uniform Termination Notice for Securities Industry Registration (Form U5) her former member firm filed disclosing that she resigned while under internal review for engaging in financial transactions with a firm employee and with an individual who subsequently became a firm customer. ([FINRA Case #2015046299801](#))

Rafael Enrique Febus Jr. ([CRD #6441029](#), Massapequa, New York)

October 23, 2017 – An AWC was issued in which Febus was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Febus consented to the sanction and to the entry of findings that he converted a customer's funds by issuing an unauthorized automatic teller machine (ATM) card for the customer's account at a bank affiliate of his member firm and using it to withdraw approximately \$1,000 from the customer's bank account. The findings stated that Febus used the funds to pay for his own personal expenses without the customer's knowledge or consent. ([FINRA Case #2017053900701](#))

Giovanni T. LoRusso ([CRD #5992539](#), Norwood, Massachusetts)

October 24, 2017 – An AWC was issued in which LoRusso was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, LoRusso consented to the sanction and to the entry of findings that he converted his member firm's funds by falsifying information in an internal firm system used to track employee productivity and calculate variable compensation. The findings stated that LoRusso was paid \$3,340 in compensation that he did not earn and was not entitled to receive as a result of his falsification. ([FINRA Case #2017052795801](#))

Jerry Lee Travers Jr. ([CRD #1101129](#), Tomball, Texas)

October 26, 2017 – An AWC was issued in which Travers was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Travers consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony in connection with an inquiry into the circumstances surrounding his payments in connection with securities transactions to a non-registered person. ([FINRA Case #2017052795101](#))

John Robert Larson ([CRD #2700798](#), Colleyville, Texas)

October 27, 2017 – An AWC was issued in which Larson was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Larson consented to the sanction and to the entry of findings that he refused to provide FINRA with information and documents requested in connection with its investigation into allegations on a Form U5 filed by his former member firm. The findings stated that the firm permitted Larson to resign during an investigation related to irregularities in expense reports submitted through the company's expense reimbursement process. ([FINRA Case #2017054082401](#))

Individuals Suspended

Michael Anton Crowe ([CRD #1057029](#), Mesa, Arizona)

October 2, 2017 – An AWC was issued in which Crowe was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in all capacities for one month and ordered to pay \$2,500, plus interest, in deferred disgorgement of financial benefits received. Without admitting or denying the findings, Crowe consented to the sanctions and to the entry of findings that he failed to disclose his participation in a private securities transaction for compensation involving a real estate investment company to his member firm. The findings stated that Crowe solicited two firm customers—a married couple—to invest in the real estate investment company in which the owner of the company promised an annual rate of return on their investment of upwards of 8 percent. The customers provided a \$50,000 check for investment to the real estate investment company, and thereafter signed a joint venture agreement with the company. For his involvement in the transaction, Crowe received a \$2,500 referral fee. A few days after the customers made their investment in the real estate investment company, Crowe learned of a lawsuit against the owner of the company for improper use of investor funds. After receiving an initial return of \$1,250 on their investment, the customers did not receive any additional payments from the real estate investment company. Crowe did not provide written notice to his firm or receive its approval prior to participating in the private securities transaction.

The suspension was in effect from October 2, 2017, through November 1, 2017. ([FINRA Case #2016051678001](#))

Ryan Nicholas Paugh ([CRD #4827214](#), Wickliffe, Ohio)

October 2, 2017 – An AWC was issued in which Paugh was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Paugh consented to the sanctions and to the entry of findings that he participated in \$48,500 in sales of a company that purported to be a wholesaler of computer products without providing notice to or receiving permission from his member firm. The findings stated that the company issued unregistered securities bearing high interest rates. The offering included investment

contracts and notes. Paugh solicited five individuals—two of whom were firm customers—to invest, providing the individuals with information about the offering, and facilitating payments. In addition, Paugh provided false answers on his firm’s annual compliance certifications in 2013 and 2014 regarding his involvement in private securities transactions.

The suspension is in effect from October 2, 2017, through February 1, 2018. ([FINRA Case #2015046604801](#))

Edward Ryan Buechting (CRD #3235635, Gilbert, Arizona)

October 3, 2017 – An AWC was issued in which Buechting was fined \$5,000 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the findings, Buechting consented to the sanctions and to the entry of findings that he improperly took customers’ non-public personal information from his previous member firm, without the knowledge or consent of the firm or any customer. The findings stated that in the days leading up to his departure from the firm, Buechting used his personal digital camera to take photographs of electronic client information pages relating to the clients he serviced at that firm. These photographs contained non-public personal information about these clients, including date of birth, Social Security number, net worth, annual income and investment objectives. Buechting took the photographs with him when he moved to a new member firm and used the non-public personal information contained in the photographs to assist him with transitioning customer business to his new firm. When Buechting’s new firm began to investigate his misconduct, he initially denied taking any non-public personal information of the previous firm’s customers. Buechting subsequently admitted his misconduct to his new firm, which fined him \$15,000 and issued him a letter of admonishment.

The suspension was in effect from November 6, 2017, through November 17, 2017. ([FINRA Case #2016050700901](#))

Scott Jason Wallach (CRD #3108314, Glen Rock, New Jersey)

October 4, 2017 – An AWC was issued in which Wallach was fined \$5,000, suspended from association with any FINRA member in all capacities for one month and ordered to pay \$873.59, plus interest, in disgorgement of commissions received. Without admitting or denying the findings, Wallach consented to the sanctions and to the entry of findings that he effected five unauthorized trades in a customer’s account while the customer was on vacation. The findings stated that Wallach sold shares of two securities the customer owned and used the proceeds from those sales to purchase a preferred bond in the customer’s account. In addition, Wallach sold shares in one security the customer owned and used the proceeds to purchase shares in another security. Wallach earned \$873.59 in commissions for the five trades, and the customer’s account profited from the transactions at issue.

The suspension was in effect from October 16, 2017, through November 15, 2017. ([FINRA Case #2016051573601](#))

John A. Crumb ([CRD #4453234](#), Macedon, New York)

October 5, 2017 – An AWC was issued in which Crumb was assessed a deferred fine of \$12,500 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Crumb consented to the sanctions and to the entry of findings that he failed to properly disclose two outside business activities to his member firm. The findings stated that Crumb served as CEO of a corporation he had created for tax and accounting purposes in connection with his securities business without providing prior written notice to his firm. Crumb solicited sales, on behalf of a third party, of a private offering of shares of a nutritional supplement and natural products company without providing prior written notice to his firm. Crumb expected to receive compensation for any successful sales, but failed to make any sales prior to the termination of his association with his firm. Crumb also submitted several compliance questionnaires to his firm in which he did not disclose the outside business activities and inaccurately confirmed that he had disclosed all such activities to his firm. The findings also stated that Crumb borrowed \$15,037.39 from a friend and firm customer, but failed to provide prior notice of the loan to, or obtain written pre-approval for the loan from, the firm. Crumb also submitted an inaccurate compliance questionnaire to his firm when he did not disclose the loan in response to a relevant question.

The suspension is in effect from October 16, 2017, through February 15, 2018. ([FINRA Case #2016050457501](#))

Robert Kendrick Gray ([CRD #3265733](#), Santa Monica, California)

October 5, 2017 – An AWC was issued in which Gray was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Gray consented to the sanctions and to the entry of findings that he routinely used multiple personal email accounts to engage in member firm-related business without the firm's approval and in violation of the firm's procedures. The findings stated that Gray continued to use personal email accounts for firm-related business even after the firm instructed him, in writing, not to do so. The firm did not retain Gray's firm-related business emails sent from his personal email accounts. Gray's use of these email accounts caused the firm to fail to comply with its recordkeeping obligations.

The suspension is in effect from October 16, 2017, through December 15, 2017. ([FINRA Case #2015046433801](#))

Robert Jeffrey Scherzer ([CRD #1872092](#), Basking Ridge, New Jersey)

October 5, 2017 – An AWC was issued in which Scherzer was fined \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Scherzer consented to the sanctions and to the entry of findings that he participated in a series of private securities transactions involving a total

of \$400,000 in investments from five individuals, without his member firm's approval. The findings stated that none of the individuals were firm customers and Scherzer did not receive selling compensation for his participation in these transactions. Scherzer also personally invested in the company and obtained his firm's approval for that investment. However, Scherzer did not seek or obtain his firm's approval prior to participating in the private securities transactions by these five individuals, nor did he disclose in writing to the firm his participation in them.

The suspension is in effect from October 16, 2017, through January 15, 2018. ([FINRA Case #2015047648401](#))

Cheryle Anne Brady (CRD #2226003, Marshfield, Massachusetts)

October 6, 2017 – An AWC was issued in which Brady was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Brady consented to the sanctions and to the entry of findings that she falsely stated to her member firm that she had contacted customers prior to trades being placed. The findings stated that Brady's registered sales assistant placed trades in her customers' accounts without first obtaining the customers' approvals. A member of Brady's firm's sales supervision team sent her an email containing a list of the trades and inquired if Brady had spoken with each customer on that day. Brady responded that she had spoken to each of the customers, and after each call, she had instructed her sales assistant to place the trades. In a conference call with members of the firm's Legal and Compliance Department, Brady reiterated that she had spoken to each customer before the trades were placed. Brady later admitted to her firm and FINRA that she did not speak with the customers before the trades were placed.

The suspension is in effect from October 16, 2017, through April 15, 2018. ([FINRA Case #2016051588201](#))

Walter Joseph Marino (CRD #2121623, Dix Hills, New York)

October 6, 2017 – An Offer of Settlement was issued in which Marino was suspended from association with any FINRA member in all capacities for one year. In light of Marino's financial status, no monetary sanction has been imposed. Without admitting or denying the allegations, Marino consented to the sanctions and to the entry of findings that he recommended unsuitable replacements (also known as exchanges) of non-qualified variable annuities to two customers without having a reasonable basis for recommending the transactions, resulting in benefits to him and substantial financial harm to the customers. The findings stated that Marino received commissions of approximately \$60,000 from the unsuitable transactions. Marino's customers, however, suffered financial harm due to the costs incurred and new or extended surrender periods as a result of the annuity replacements. Marino's recommendation to one of the customers resulted in her incurring an \$82,523.23 surrender charge. In addition, Marino failed to use the tax-free exchange available under Section 1035 of the Internal Revenue Code in recommending non-qualified annuities, causing the customers to incur significant tax liabilities.

The findings also stated that Marino made false statements to his member firm and in the firm's books and records by misrepresenting the source of funds being used to purchase the customers' annuities, and by stating that the customers' annuity purchases did not involve an annuity replacement or exchange. The findings also included that Marino recommended an unsuitable variable annuity surrender to a semi-retired customer without a reasonable basis for recommending the transaction. Marino failed to conduct a reasonable investigation to determine whether the transaction would result in a surrender charge to the customer or the forfeiture of any benefits. In fact, the transaction resulted in a \$6,980.52 surrender charge, and the forfeiture of an enhanced death benefit which exceeded the value of the variable annuity by approximately \$28,000, and a lifetime income benefit that provided the customer with the ability to receive annual income payments of \$24,305.73.

The suspension is in effect from October 16, 2017, through October 15, 2018. ([FINRA Case #2015046537501](#))

Jack B. McBride (CRD #2517946, Troy, Michigan)

October 9, 2017 – An AWC was issued in which McBride was fined \$12,500 and suspended from association with any FINRA member in all capacities for 40 days. Without admitting or denying the findings, McBride consented to the sanctions and to the entry of findings that he settled a customer complaint without notifying his member firm. The findings stated that over the course of four days in July 2013, McBride executed \$320,000 in securities purchases on the customer's behalf. The customer had instructed the purchases to be spread across his and his wife's six accounts. Due to a mistake in execution, all of the securities were purchased in only one of the customer's accounts, which did not have a sufficient balance to cover the purchases. The customer incurred a margin balance and was charged margin interest. The customer noticed the margin balance and interest, and demanded of McBride that the firm reimburse him the interest. Rather than reporting the complaint to the firm, McBride wrote four checks to the customer from his personal account, totaling \$12,845.86, to reimburse the customer for the margin interest charges. McBride did not disclose the customer's complaint or the payments he made to the customer to the firm until after the customer complained directly to the firm.

The findings also stated that McBride sent emails to the customer listing account balances that were overstated from approximately \$200,000, to as high as \$570,000 more than the actual value of the accounts, which averaged around \$3.9 million. The customer requested that McBride send summaries of his account values to supplement the account statements he received monthly from McBride's firm. McBride agreed, and provided account summaries via email that identified the account value for each account and the aggregate value for all six accounts, as of the date of the email. To do so, McBride created an excel spreadsheet that was supposed to reflect all activity in the accounts. McBride or his assistant maintained the spreadsheet themselves, inputting transactions as they occurred. At some point, the account values reflected on the spreadsheet became inflated

due to inadvertent errors made by McBride or his assistant, including a failure to remove some positions after they were sold and a failure to account for certain reverse stock splits. In addition, McBride did not account for the margin balance and interest charges discussed above, and he did not detect the inflated values in the spreadsheet. The findings also included that in connection with non-traditional exchange-traded products, which were prohibited by his firm, McBride mismarked order tickets as unsolicited when the transactions were in fact solicited.

The suspension is in effect from November 6, 2017, through December 15, 2017. ([FINRA Case #2014042223301](#))

Stuart L. Pearl (CRD #1500833, Buffalo Grove, Illinois)

October 9, 2017 – An AWC was issued in which Pearl was fined \$7,500 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Pearl consented to the sanctions and to the entry of findings that he effected securities transactions in a customer’s account on a discretionary basis without the customer’s prior written authority and without his member firm’s prior written acceptance of the account as discretionary. The findings stated that Pearl used discretion to liquidate positions in six different securities with a total principal amount of approximately \$20,000, on behalf of the customer, who was a senior investor. Although the customer had authorized Pearl to execute these liquidations in prior discussions, Pearl failed to speak with the customer on the day he liquidated the positions to confirm the customer’s authorization to make these sales.

The findings also stated that Pearl made unsuitable recommendations in two customers’ joint brokerage account when he recommended the customers use margin to effect several trades. Pearl’s recommendations to purchase securities on margin were unsuitable in light of the customers’ investment objectives, risk tolerances, and their financial situation and needs. Because of those purchases, the customers experienced a significant increase in their margin debt balances in relation to their available funds, and their account was subject to seven margin calls during the relevant period.

The suspension is in effect from November 6, 2017, through December 20, 2017. ([FINRA Case #2015046329201](#))

Terrence Jeffrey Diehl (CRD #2335297, Victor, New York)

October 10, 2017 – An AWC was issued in which Diehl was assessed a deferred fine of \$10,000, suspended from association with any FINRA member in all capacities for nine months and ordered pay \$37,500, plus interest, in deferred disgorgement of transaction-based compensation. Without admitting or denying the findings, Diehl consented to the sanctions and to the entry of findings that he participated in undisclosed private securities transactions involving \$500,000 of purchases of a company on behalf of a third party through a private offering by three customers. The findings stated that Diehl assisted the

customers in making the investments by, among other things, providing the customers with information about the company, expressing confidence in the company's CEO, reviewing the purchase agreements, and facilitating the exchange of documents and funds between the seller of the shares and the customers. Diehl received \$37,500 in transaction-based compensation for his customers' purchases. Diehl did not give prior notice to his member firm that he would be participating in the offering. The findings also stated that Diehl submitted certain forms to his firm in connection with two of the customers' purchases of shares of the private offering, and falsely attested on each form that he did not "solicit, recommend, or otherwise participate" in the customer's purchase and that he "received no compensation or promise of compensation" for the purchase.

The suspension is in effect from October 16, 2017, through July 15, 2018. ([FINRA Case #2016050457601](#))

Andre Watson (CRD #3256059, Ann Arbor, Michigan)

October 10, 2017 – An AWC was issued in which Watson was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Watson consented to the sanctions and to the entry of findings that he engaged in an outside business activity involving a commercial real estate investment partnership without providing timely or complete prior written notice to his member firm. The findings stated that Watson provided an inaccurate response on an annual compliance attestation when he reported that he disclosed all of his outside business activities. In fact, he had not disclosed his involvement in the partnership at that time despite being involved for approximately one year. When Watson did provide notice to the firm that he was involved in the partnership, the notice was inadequate because it did not provide a complete description of the scope of the partnership's business.

The suspension is in effect from October 16, 2017, through January 15, 2018. ([FINRA Case #2016049458801](#))

Marlon O. Cole (CRD #5054806, Queens Village, New York)

October 11, 2017 – An AWC was issued in which Cole was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 16 months. Without admitting or denying the findings, Cole consented to the sanctions and to the entry of findings that he engaged in excessive trading in senior citizens' accounts. The findings stated that Cole controlled the accounts and his trading generated high costs and turnover rates that were inconsistent with the customers' objectives, yet generated steady sales charges for Cole. The sales charges were in the form of both commissions and mark-ups and mark-downs. The sales charges were set forth on trade confirmations to the customers. Commissions were clearly stated; however, mark-ups and mark-downs, which accounted for many of the sales charges, were not clearly stated. Thus, the customers would need to understand that they must calculate the aggregate cost for the trade.

The findings also stated that Cole engaged in qualitatively unsuitable trading in two accounts by recommending transactions solely to generate sales charges. Cole engaged in a strategy in one customer's account of purchasing a security, selling a covered call option on that security, and then buying back the call position at a loss and selling the underlying stock at a loss. Cole executed more than 30 of these trades, which resulted in more than \$30,000 in losses to the customer, while generating \$26,000 in sales charges for Cole. Cole recommended a similar strategy in another customer's account, which also resulted in losses. This covered call strategy had no economic benefit for the customers and was recommended solely to generate sales charges.

The findings also included that Cole engaged in unauthorized transactions in two accounts. In one instance, a customer authorized the purchase of 500 shares of a stock, but Cole purchased 2,000 shares. The transaction generated a sales charge of \$2,980 for Cole. In another instance, Cole executed 12 transactions in a customer's account without authorization that resulted in losses of more than \$12,000 to the customer, but generated sales charges of more than \$8,000 for Cole.

The suspension is in effect from October 16, 2017, through February 15, 2019. ([FINRA Case #2014043043601](#))

Jamil Ahmed ([CRD #4240332](#), New York, New York)

October 13, 2017 – An AWC was issued in which Ahmed was suspended from association with any FINRA member in all capacities for four months. In light of Ahmed's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Ahmed consented to the sanction and to the entry of findings that on at least three occasions, Ahmed borrowed a total of over \$5,000 from a member firm customer despite the firm's written procedures, which specifically prohibited registered representatives from borrowing money from or lending money to customers. The findings stated that in Ahmed's firm annual compliance certification statements, he falsely represented that he had not borrowed money or securities from a customer despite having already borrowed money from a customer.

The suspension is in effect from October 16, 2017, through February 15, 2018. ([FINRA Case #2015045759301](#))

Cecil Ernest Nivens ([CRD #2110613](#), Gastonia, North Carolina)

October 16, 2017 – An Office of Hearing Officers (OHO) decision became final in which Nivens was suspended from association with any FINRA member in all capacities for two years and ordered to disgorge \$185,737 to FINRA. Nivens' member firm paid \$558,848 to the affected customers to resolve complaints related to his variable universal life (VUL) sales. Because the firm has already resolved the customers' claims against Nivens, no restitution was ordered. The sanctions were based on findings that Nivens circumvented his firm's supervisory and compliance procedures by failing to identify and process VUL

purchases as replacements, even though each purchase was funded by a withdrawal from an existing variable annuity, and therefore was a replacement transaction. The findings stated that by doing so, Nivens caused customers to incur unnecessary surrender charges and pay federal taxes on their variable annuity withdrawals. Nivens represented to his customers that once they invested funds in VULs, the VULs would provide tax-free supplemental income. A client profile requesting suitability information accompanied each of the VUL applications. It also required the registered representative to provide details regarding the annuity as a source of funds to purchase a VUL. In the VUL purchases, Nivens failed to disclose that an annuity was a source of the funds, although all the customers funded their VUL purchases with withdrawals from other annuities. For each purchase, Nivens marked “checking/savings,” “inheritance/gift,” or some other source of funding, but never “annuity.” In six instances, the firm contacted Nivens regarding the customers’ ability to pay the annual premiums because of concern about the customers’ annual income levels. Rather than disclose that the customers intended to pay annual premiums through withdrawals from existing annuities, Nivens falsely stated that the customers had an adequate liquid net worth to cover the premiums. In certain of the VUL sales, Nivens falsely answered “no” on replacement forms even though the customers owned existing variable annuities. On other replacement forms, Nivens correctly answered “yes,” but falsified a related question regarding premium payments. Nivens signed the bottom of the replacement forms, which contained a statement certifying the accuracy of the responses. Nivens also falsely represented that the transaction was not a replacement. In the VUL transactions at issue, Nivens’ customers paid approximately \$439,805 in first-year premiums for their VUL purchases. For these purchases, Nivens received \$185,737 in commissions in addition to commissions he already had received on the purchases of the variable annuities he initially sold to the same customers. The findings also stated that Nivens falsified firm records by submitting to his firm variable annuity-related documents containing misrepresentations and false information disguising the fact that these transactions were replacements. This prevented the firm from performing an appropriate supervisory review.

The suspension is in effect from November 6, 2017, through November 5, 2019. ([FINRA Case #2014040873501](#))

Martin William Pernoll (CRD #2094844, Los Angeles, California)

October 16, 2017 – An AWC was issued in which Pernoll was assessed a deferred fine of \$25,000 and suspended from association with any FINRA member in all capacities for nine months. Without admitting or denying the findings, Pernoll consented to the sanctions and to the entry of findings that he made false statements on attestation forms used to approve three fraudulent wire transfer requests that sought disbursement of customer funds to third-party accounts resulting in false entries in his member firm’s books and records. The findings stated that a hacker illegally gained access to the personal email account of an individual authorized to request transactions in a customer’s account, and

then sent the firm three requests and letters of authorization for disbursements of more than \$88,000 from the customer's account. Pernoll approved the disbursements and signed attestation forms required by his firm's clearing firm to process third-party wire distributions. Pernoll falsely stated on these forms that he had verbally confirmed with the customer the authenticity of the wire request instructions and had authenticated the customer's signature on the letters of authorization. Pernoll did not actually take either of these actions. Because the firm was required to maintain these forms in connection with its business, these false statements created false books and records. In addition, the firm's clearing firm processed the wire requests and disbursed the customer's funds to different third-party accounts.

The findings also stated that to process the requests, Pernoll effected two unsolicited sale transactions of stock and mutual fund shares in the customer's account to create available cash of approximately \$59,000. The customer did not have a discretionary account at the firm. Pernoll, nonetheless, effected these transactions without discussing them with the customer or receiving the customer's approval. The findings also included that Pernoll willfully failed to timely amend his Form U4 to disclose three customer-initiated, investment-related arbitrations and one civil judgment, and he willfully failed to amend his Form U4 to disclose a settlement in one of those three arbitrations. FINRA found that Pernoll—the firm's majority owner, CEO and CCO—allowed the firm to conduct a securities business while failing to maintain its required minimum net capital.

The suspension is in effect from October 16, 2017, through July 15, 2018. ([FINRA Case #2014040362101](#))

Joseph Leigh Cotter (CRD #1263122, Charlotte, North Carolina)

October 17, 2017 – An AWC was issued in which Cotter was assessed a deferred fine of \$15,000, suspended from association with any FINRA member in all capacities for nine months, and ordered to pay \$100,549.42, plus interest, in deferred disgorgement of commissions received. Without admitting or denying the findings, Cotter consented to the sanctions and to the entry of findings that he engaged in excessive, unsuitable trading in a customer's accounts. The findings stated that Cotter exercised de facto control over an individual retirement account and a second account of the customer. The findings stated that de facto control existed because Cotter solicited all the transactions in the accounts, the customer routinely accepted his recommendations, and she was an unsophisticated investor. Cotter used this control to excessively trade the accounts in a manner that was inconsistent with the customer's investment objectives, financial situation and needs. The trading generated net commissions of \$100,549.42, and the customer's accounts experienced losses of \$391,893. The customer was in her sixties and had a conservative risk tolerance. Given the customer's age and her conservative risk tolerance, the recommendations were unsuitable for these accounts.

The suspension is in effect from November 6, 2017, through August 5, 2018. ([FINRA Case #2016049316301](#))

Coleman Joseph Devlin ([CRD #2317635](#), Baltimore, Maryland)

October 18, 2017 – An AWC was issued in which Devlin was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 30 business days. Without admitting or denying the findings, Devlin consented to the sanctions and to the entry of findings that he effected discretionary trades in customer accounts without obtaining the customers' prior written authorization and without his member firm's acceptance of the accounts as discretionary.

The suspension is in effect from November 6, 2017, through December 18, 2017. ([FINRA Case #2016050359301](#))

Anthony Christopher Reiner ([CRD #2695644](#), New York, New York)

October 18, 2017 – An AWC was issued in which Reiner was fined \$15,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Reiner consented to the sanctions and to the entry of findings that he failed to disclose to his member firm that he had opened two outside brokerage accounts in which he had a beneficial interest, and entered trades in one of them. The findings stated that Reiner failed to disclose his affiliation with his firm to the broker-dealers carrying these outside brokerage accounts. The findings also stated that Reiner provided false responses to his firm on two annual compliance affirmation reports regarding one of his outside brokerage accounts, and falsely told a member of the firm's compliance department that one of the accounts had been closed before the firm hired him, which was not true. Reiner also reiterated this false statement in an email communication with the firm.

The suspension is in effect from November 20, 2017, through March 19, 2018. ([FINRA Case #2016049589201](#))

Kumi Toyokawa Ichikawa ([CRD #2960345](#), New York, New York)

October 19, 2017 – An AWC was issued in which Ichikawa was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Ichikawa consented to the sanctions and to the entry of findings that she submitted to her member firm a fake receipt for a \$5,000 donation she never made, and claimed reimbursement for volunteer work she never performed, while knowing both of these claims were false. The findings stated that the firm, through an affiliated company, had a matching gift program, where the firm matched employee donations to an approved charity and reimbursed employees for hours volunteered on behalf of the charity. Ichikawa intended to seek a tax deduction based on the false receipt. Ichikawa also initially lied to firm investigators about the fake donation and volunteer hours when the firm questioned her.

The suspension is in effect from November 6, 2017, through May 5, 2018. ([FINRA Case #2016050091705](#))

David M. Apted (CRD #1255773, St. Louis, Missouri)

October 20, 2017 – An AWC was issued in which Apted was fined \$10,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Apted consented to the sanctions and to the entry of findings that he participated in private securities transactions in a certain venture-capital fund through another member firm without notifying his member firm at the time about those transactions or his role in them. The findings stated that after Apted decided to change firms but before he moved, two investors expressed interest to Apted in investing in the venture-capital fund. Although Apted’s firm at the time offered that fund, Apted referred the investors to the other firm for investing in the fund. The investors collectively invested more than \$300,000 in the fund through the other firm, and Apted advised and assisted the investors with transactions. Apted’s firm at the time prohibited its associated persons from participating in private securities transactions, and Apted had attested on three occasions that he would comply with that policy.

The findings also stated that before Apted changed firms, he sent lists of his customers to the new firm. Apted disclosed nonpublic information about customers to the new firm without their consent, and did not notify his firm that he was sharing the nonpublic information. Apted communicated about his securities business using a personal email account that his firm could not supervise. The findings also included that Apted used a Twitter account to send tweets about his securities business without pursuing or receiving a qualified registered principal’s approval even though the firm prohibited using a Twitter account without approval. In addition, Apted did not provide copies of those tweets to the firm so that it could retain them.

The suspension is in effect from November 20, 2017, through March 19, 2018. ([FINRA Case #2016049587401](#))

Richard Allen Riemer Jr. (CRD #1721245, Clifton, New Jersey)

October 20, 2017 – Riemer appealed a National Adjudicatory Council (NAC) decision to the SEC. Riemer was fined \$5,000 and suspended from association with any FINRA member in all capacities for six months. The NAC affirmed the sanctions and findings that OHO had imposed. The sanctions were based on findings that Riemer willfully failed to timely update his Form U4 to disclose two tax liens and a bankruptcy petition. The findings stated that Riemer falsely reported on his member firm’s annual compliance questionnaires that he did not have any unsatisfied liens against him and that he had not filed for bankruptcy.

The sanctions are not in effect pending review. ([FINRA Case #2013038986001](#))

Jeffrey Michael Johnson ([CRD #5522469](#), Birmingham, Michigan)

October 23, 2017 – An AWC was issued in which Johnson was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for seven months. Without admitting or denying the findings, Johnson consented to the sanctions and to the entry of findings that he failed to notify his member firm of an outside business activity and participated in private securities without receiving the firm’s approval. The findings stated that Johnson collaborated with a friend, who was his customer at the firm, in two outside business entities, participated in both entities as an owner and manager, and informed his firm of just one of the two businesses. Johnson disclosed to the firm a personal investment in the business as an outside business activity, including a description of what the business was and how it was going to make money. Johnson indicated he would not be soliciting investments for the company and that he was not participating in the management of the company. The firm rejected Johnson’s involvement in the outside activity because his friend, a firm customer, was a 50 percent owner and manager of the business. Despite the firm’s rejection of Johnson’s request to participate in the business as an outside business activity, Johnson continued to participate in the development of the company, working with his friend.

The findings also stated that at no time did Johnson disclose to the firm that he would be involved in soliciting customers to invest in the business. Johnson denied taking part in any private securities transactions in his annual compliance attestation, despite having begun selling the investments in the business. Johnson never received the firm’s approval to engage in private securities transactions outside the firm. Johnson again sought the firm’s approval to participate in the outside business. At that time, Johnson provided limited information about the business and did not disclose to the firm his ownership interest, his role as manager, or that he had solicited and received investments from 11 persons, including four firm customers, totaling \$310,000. Because of the limited amount of information Johnson disclosed, the firm did not object to his involvement in the business at that time. However, while investigating an unrelated customer complaint, the firm investigated the matter further. Upon questioning, Johnson denied being anything more than an adviser concerning the business’ application, but the firm had discovered at least one customer to whom Johnson had attempted to sell interest in the business, so it terminated him.

The suspension is in effect from November 6, 2017, through June 5, 2018. ([FINRA Case #2016049341201](#))

Ryan Christopher Keller ([CRD #5618662](#), Middletown, New Jersey)

October 23, 2017 – An AWC was issued in which Keller was fined \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Keller consented to the sanctions and to the entry of findings that he sold life insurance policies, including indexed life insurance policies, through an entity unaffiliated with his member firm without properly disclosing the sales

to the firm. The findings stated that the firm's procedures prohibited the sale of insurance products it did not approve. Most of the individuals that purchased the products through Keller were firm customers. Keller was compensated approximately \$21,419 for the sales of these insurance products. The findings also stated that Keller falsely answered a question on a firm attestation that asked whether he had solicited any life insurance products away from the firm.

The suspension is in effect from November 20, 2017, through February 19, 2018. ([FINRA Case #2017054402501](#))

Landon L. Williams (CRD #1751467, Daytona Beach, Florida)

October 23, 2017 – An Offer of Settlement was issued in which Williams was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for two years. Without admitting or denying the allegations, Williams consented to the sanctions and to the entry of findings that during telephone conversations with customers, he misrepresented and omitted material facts, and made misleading statements relating to securities transactions that he was recommending. The findings stated that in connection with each telephone conversation, Williams, as required by his member firm's policies and procedures, electronically entered notes in the firm's customer relationship management software application describing his discussion with, and disclosures made to the customers. In his notes, Williams made false statements about what he discussed with and disclosed to the customers. Williams' entries were relied upon by supervisory and compliance personnel to evaluate the suitability of his recommendations and to determine whether or not to approve the securities transactions that he had recommended. In addition, Williams made false statements in an email to a manager at his firm. Williams knew, or should have known, that his notes would be reviewed by firm supervisory and/or compliance personnel, including his immediate supervisor; and knew, or should have known, that the information he provided in his email to a firm manager would be considered in evaluating the suitability of his recommendations to a customer. By entering false information, Williams caused his firm's books and records to be inaccurate.

The suspension is in effect from November 6, 2017, through November 5, 2019. ([FINRA Case #2014042524301](#))

Donald Patrick Fewer (CRD #1415123, Colts Neck, New Jersey)

October 24, 2017 – An AWC was issued in which Fewer was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Fewer consented to the sanctions and to the entry of findings that he caused his member firm's books and records to be inaccurate by causing order tickets to reflect inaccurate customer information.

The suspension is in effect from November 6, 2017, through January 5, 2018. ([FINRA Case #2016049054301](#))

David Albert Ross ([CRD #3021782](#), Murfreesboro, Tennessee)

October 25, 2017 – An AWC was issued in which Ross was suspended from association with any FINRA member in all capacities for 10 months. In light of Ross' financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Ross consented to the sanction and to the entry of findings that he accepted loans totaling \$89,000 from customers in violation of his member firms' policies and procedures. The findings stated that Ross did not disclose the loans to one of the firms as required. Ross also falsely certified on the firm's compliance questionnaires over two years that he was aware of, understood and complied with the firm's prohibition. While with another firm, Ross falsely certified on its compliance questionnaires over five years that he was aware of, understood and complied with the firm's policy that prohibited registered representatives from borrowing funds from firm clients.

The findings also stated that Ross engaged in outside business activities without disclosing those activities to his firms as required. Ross falsely certified that he complied with the firms' policies in this regard. Ross was engaged to provide certain consulting services to a customer and served on the board of directors of a corporation that was his customer. Ross never reported the consulting outside business activity or compensation to one of his firms nor reported the board of directors outside business activity or sought approval for it with the other firm. Ross also falsely attested to this firm six times over five years that he complied with the firm's relevant policies and procedures.

The suspension is in effect from November 6, 2017, through September 5, 2018. ([FINRA Case #2016049638401](#))

Thomas Joseph Breslin Jr. ([CRD #3252236](#), Encinitas, California)

October 26, 2017 – An AWC was issued in which Breslin was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for five months. Without admitting or denying the findings, Breslin consented to the sanctions and to the entry of findings that he participated in private securities transactions without notifying his member firm. The findings stated that Breslin purchased 15,000 shares of a biopharmaceutical company for \$150 and introduced five firm customers and an additional person to the company. Breslin arranged a meeting between the company and one of these individuals, provided the individuals with advice about investment structure and the company's potential, reviewed transaction documentation for the individuals, participated in communications between the individuals and the company, and delivered one individual's funds to the company. In total, the individuals invested more than \$375,000 in the company. In addition, Breslin inaccurately stated on annual firm compliance questionnaires that he had not participated in any private securities transactions.

The suspension is in effect from November 6, 2017, through April 5, 2018. ([FINRA Case #2016049655901](#))

Michael Thomas Standley (CRD #2422939, Kirkwood, Missouri)

October 26, 2017 – An AWC was issued in which Standley was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Standley consented to the sanctions and to the entry of findings that he exercised discretion by placing trades in a customer's accounts pursuant to an agreed-upon investment strategy, but without obtaining the customer's prior written authorization and his member firm's prior approval for his use of discretion. The findings stated that the investment strategy involved the regular purchase and sale of reverse-convertible notes for the customer's accounts, and Standley executed the transactions consistent with that strategy. Standley alone determined when and at what price to affect these transactions, using his discretion to place them without consulting the customer on the day each transaction took place. The findings also stated that in addition to the discretionary trades noted, Standley executed other transactions that were not part of the agreed-upon strategy. Standley placed each of those transactions without documenting that he first discussed them with the customer or obtained her written consent and authorization to place them on her behalf.

The suspension is in effect from November 6, 2017, through May 5, 2018. ([FINRA Case #2015048133101](#))

Luigi Edward Mancusi (CRD #2193040, Long Grove, Illinois)

October 27, 2017 – An AWC was issued in which Mancusi was fined \$10,000, suspended from association with any FINRA member in all capacities for two months, and ordered to pay \$2,966.97, plus interest, in restitution to a customer. Without admitting or denying the findings, Mancusi consented to the sanctions and to the entry of findings that he exercised discretion in effecting transactions in a customer's accounts without the customer's prior written authorization and without his member firm's approval of the accounts for discretionary trading. The findings stated that the discretionary trades did not occur before the end of a business day on which time and price discretion had been given. Mancusi also executed transactions in another customer's account without prior authorization. The customer was out of the country and could not be reached to approve the sale of a security owned in a non-discretionary account. Mancusi sold the security and used the proceeds to purchase two other securities in the customer's account to replace it. As a result, the customer incurred fees, commissions, and ultimately a loss in disposing of an unwanted purchase into a new position, totaling \$2,966.97.

The suspension is in effect from November 20, 2017, through January 19, 2018. ([FINRA Case #2015048159201](#))

Jeffery John Waldera ([CRD #3259898](#), Onalaska, Wisconsin)

October 27, 2017 – An AWC was issued in which Waldera was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in all capacities for five months. Without admitting or denying the findings, Waldera consented to the sanctions and to the entry of findings that he borrowed a total of \$52,500 from his member firm’s customers without providing prior notice to, and receiving written approval from, the firm. The findings stated that the firm’s WSPs and policies prohibited registered representatives from borrowing money from, or lending money to, firm customers without first notifying the firm and receiving its approval. The firm’s WSPs also required the borrowing or lending arrangement to satisfy one of the permissible conditions set forth in FINRA Rule 3240, none of which applies here. Waldera was the registered representative assigned to the firm customers’ accounts at the time he borrowed the funds. Waldera did not disclose his receipt of these loans to the firm until questioned by the firm. The firm reimbursed the customers the amounts outstanding under their respective loans to Waldera.

The findings also stated that Waldera made multiple misstatements to the firm. Waldera completed annual compliance questionnaires in which he affirmed that he had not engaged in outside borrowing or lending of money, even though he had borrowed money from the firm’s customers. In addition, during an interview with Waldera’s firm’s supervisor, and in at least two additional meetings occurring thereafter, he denied borrowing money from any firm customer other than one of the respective customers, when in fact he had also borrowed money from the other relevant customers.

The suspension is in effect from November 6, 2017, through April 5, 2018. ([FINRA Case #2016050884702](#))

Frederick Wesley Roehm ([CRD #2340397](#), Inverness, Illinois)

October 30, 2017 – An Offer of Settlement was issued in which Roehm was fined \$5,000 and suspended from association with any FINRA member in all capacities for five months. Without admitting or denying the allegations, Roehm consented to the sanctions and to the entry of findings that he willfully failed to disclose on his Form U4 that he was the subject of an investment-related, consumer-initiated written complaint that alleged that he was involved in sales practice violations, and contained a claim for compensatory damages of more than \$5,000. The findings stated that Roehm willfully failed to timely and accurately disclose on his Form U4 that he was named as a defendant in investment-related, consumer-initiated civil litigation that alleged that he was involved sales practice violations. The findings also stated that Roehm attempted to settle the claims outlined in a draft complaint without notifying his member firm.

The suspension is in effect from November 20, 2017, through April 19, 2018. ([FINRA Case #2014041233001](#))

Decision Issued

The Office of Hearing Officers (OHO) issued the following decision, which has been appealed to or called for review by the NAC as of October 31, 2017. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decision. Initial decisions where the time for appeal has not yet expired will be reported in future issues of FINRA Disciplinary and Other Actions.

Stanley Clayton Niekras ([CRD #2417486](#), Watertown, New York)

October 24, 2017 – FINRA appealed an OHO decision to the NAC. On October 28, 2017, Niekras cross-appealed to the NAC. The October 2, 2017, decision had dismissed the complaint against Niekras after determining that FINRA had failed to prove by a preponderance of the evidence that Niekras made the alleged material misrepresentations as alleged in the complaint. ([FINRA Case #2013037401001](#))

Complaints Filed

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

James Randall Clay ([CRD #5748560](#), Clarksville, Tennessee)

October 4, 2017 – Clay was named a respondent in a FINRA complaint alleging that he engaged in an undisclosed and unapproved outside business activity involving the acquisition and management of rental properties located in Clarksville, Tennessee. The complaint alleges that Clay's real estate venture was the byproduct of his relationship with a then 86-year old customer of his member firm. The customer and Clay entered into an agreement whereby the customer would sell Clay the rental properties for \$1 million, finance Clay's purchase, and make an additional \$500,000 loan to Clay for repairs and upgrades. In furtherance of his undisclosed outside business, Clay established a company and collected and deposited into his personal bank account nearly \$6,000 in rent proceeds from the rental properties' tenants. In addition, in order to fund the \$500,000 loan, Clay liquidated nearly \$500,000 worth of securities held in the customer's firm advisory account. Ultimately, the customer's son successfully prevented Clay from receiving the proposed loan and complained to the firm about Clay's acquisition of the rental properties. The complaint also alleges that during the firm's investigation into the complaint, Clay repeatedly lied to a firm supervisor claiming, among other things, that he was not personally involved in any outside business activity, but was merely facilitating his sister's purchase of the rental properties. The complaint further alleges that Clay repeated

these misrepresentations concerning his purchase of the rental properties to FINRA in both written responses to requests for information and on-the-record interviews. ([FINRA Case #2014039775501](#))

Glendale Securities, Inc. ([CRD #123649](#), Sherman Oaks, California), Jose Miguel Abadin ([CRD #1273345](#), Beverly Hills, California), George Alberto Castillo ([CRD #1936486](#), Newhall, California), Paul Eric Flesche ([CRD #3277904](#), Los Angeles, California), Huanwei Huang ([CRD #3268328](#), Brooklyn, New York) and Albert Raymond Laubenstein ([CRD #303462](#), Rancho Palos Verdes, California)

October 5, 2017 – The firm, Abadin, Castillo, Flesche, Huang and Laubenstein were named respondents in a FINRA complaint alleging that the firm and Castillo—its president and head trader—engaged in a scheme to manipulate a low-priced, thinly traded stock issued by a company. The complaint alleges that the firm and Castillo placed an order on a customer’s behalf to manipulate the closing price of the stock. By artificially inflating the stock’s price, the firm and Castillo released customers from “lock-up” agreements that limited their ability to sell shares of the stock unless and until the stock’s market capitalization reached certain thresholds. Once the customers’ shares were free from the lock-up agreement as a result of the artificial price inflation, those customers liquidated over \$8 million of shares, and for its part, the firm earned over \$190,000 in commissions and fees for effecting such liquidations. Castillo and the firm knew that the stock was thinly capitalized, held few tangible assets, and had no consistent history of generating revenue. As a result, the firm and Castillo willfully violated Section 10(b) of the Exchange Act and Rule 10b-5, and FINRA Rules 2010 and 2020.

The complaint also alleges that the firm’s business primarily concerned facilitating customer deposits and liquidations of microcap securities and penny stocks and market making in those same securities. The firm, Castillo, CCO Flesche and anti-money laundering (AML) Compliance Officer (AMLCO) Laubenstein failed to establish and implement AML policies and procedures reasonably designed to detect and report suspicious activity, including AML red flags, specific to the firm’s lines of business. The firm and its principals Castillo, Flesche and Laubenstein were aware of the importance of implementing an effective system to monitor for suspicious activity because FINRA had recently sanctioned the firm for failing to have an adequate AML compliance program in place. The firm received exception reports from its clearing firm that were not designed to identify patterns of potentially suspicious activity within the firm’s primary business line. Accordingly, the firm relied entirely upon manual review of trading data to identify potentially suspicious activity, which review failed entirely to identify potentially suspicious activity within customer accounts that traded in certain stocks. The firm’s AML program relied upon individual registered representatives to identify potentially suspicious activity within customer accounts not identified as “high risk accounts,” which, once identified, were supposed to be referred to the Laubenstein to further investigate. However, the written procedures failed to specify how this process was to be accomplished, and the informal

manner in which the firm's registered representatives referred potentially suspicious activity to Laubenstein meant that investigations that failed to result in a suspicious activity report (SAR) filing were neither formally documented nor otherwise memorialized. Castillo, Flesche and Laubenstein failed to investigate high-risk account holders, including one that the firm had labeled high risk because the customer had engaged in potentially manipulative activity in connection with the sale of unregistered securities. Notably, Castillo, Flesche and Laubenstein failed to obtain any additional information required by the firm's AML program concerning high-risk account holders. Castillo failed to detect or to investigate red flags and other potentially suspicious activity within customer accounts that deposited and/or liquidated stocks. In addition, registered representatives Abadin and Huang failed to detect and report suspicious activity, including AML red flags, in connection with the firm's penny stock business. Because Abadin, Castillo, Flesche, Huang, and Laubenstein did not adequately identify or consider numerous red flags related to customer accounts, they also failed to adequately consider whether to file an SAR with respect to these accounts, as required by the Bank Secrecy Act and its implementing regulations.

Huang further violated the firm's customer identification program by communicating exclusively with intermediaries on behalf of new customers who opened accounts at the firm to deposit and liquidate microcap securities and penny stocks. Huang failed to use any of the required non-documentary methods to verify the identity of the approximately 30 foreign-based firm customers who opened new accounts at the firm without a face-to-face meeting with Huang. Flesche, as Huang's immediate supervisor, and Laubenstein, as the AMLCO, failed to ensure that Huang complied with the firm's customer identification and verification requirements by confirming his customers' identities through the non-documentary methods described in the firm's WSPs. Because the firm failed to ascertain the type, purpose and anticipated activity of the correspondent accounts, it could not assess the money-laundering risks presented by the accounts, nor could it conduct required periodic review of the correspondent account activity to determine whether the activity was consistent with its stated purpose. The firm and Laubenstein also failed to establish and implement an adequate due diligence program for correspondent accounts for foreign financial institutions as a component of its AML program, and failed to establish and implement risk-based AML procedures and controls designed to detect and report suspicious activity within correspondent accounts.

The complaint further alleges that the firm, through Castillo and Flesche, failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with the requirements of Section 5 of the Securities Act for sales of restricted securities. The firm's supervisory system was inadequate to ensure that its customers' sales of microcap securities were sold pursuant to an effective registration statement or a valid exemption therefrom. In addition, the firm, Abadin, Castillo, Flesche and Laubenstein failed to comply with Section 5 by causing the firm to engage in the unlawful resale of approximately 482,377 shares of restricted securities into the public market, absent a valid exemption. The firm, Castillo and Flesche were aware of the importance of implementing a reasonable supervisory system to monitor for potential Section 5 violations in the firm's

microcap liquidation business, both because it was the firm's principal revenue-generating business line, and because FINRA had recently sanctioned the firm for failing to have written procedures in place from April 2007 through April 2009 that were reasonably designed to detect and prevent participation in an unregistered distribution of securities. However, in connection with the deposit and sale of certain stocks, neither Castillo nor Flesche took any action to determine the relationship between Castillo's customers that deposited shares, and the prior owners of the securities to ensure that the shares deposited were immediately sellable. Consequently, the firm failed to identify that customers each received shares directly from affiliates of the issuer, and thus some of the shares that those customers deposited at the firm were not eligible for immediate resale.

The firm, Flesche and Laubenstein failed to reasonably supervise Huang. Flesche and Laubenstein failed to conduct a reasonable review of Huang's email with customers using the firm's email systems, which contained red flags of potentially suspicious activity, and failed to make reasonable inquiries about his communications with customers. Flesche, as Huang's direct supervisor, failed to supervise Huang's communications with firm customers that resided outside of the United States. In particular, Flesche was aware that Huang opened accounts and conducted securities transactions on behalf of customers in Malaysia and China. However, Flesche failed to inquire how Huang communicated with his overseas customers in general, or take any reasonable steps to ensure that Huang was verifying that his customers understood the communications, including the representations the firm was seeking from them. Laubenstein was principally responsible for reviewing Huang's email communications. However, Laubenstein's review was confined to conducting periodic word-search reviews of emails retained by the firm's email archive vendor. Laubenstein unreasonably failed to detect numerous red flags of suspicious activity contained in emails regarding a stock. The firm's email review system was also unreasonable because these English language-based word searches would not yield results when Huang communicated by email with firm customers in other languages, such as Chinese. Laubenstein did not take any action to determine how to apply search terms to Huang's non-English written communications, even though he observed that Huang drafted translations of firm documents from English to Chinese for customers and posted signage in the firm's New York office that was written in Chinese.

In addition, the complaint alleges that Huang exchanged more than 150 securities-related electronic communications with customers using a cellular-based messaging application outside of the firm's systems, without providing those communications to the firm. These messages contained numerous red flags of suspicious activity that Huang and the firm failed to identify and address. Huang caused the firm to violate its recordkeeping requirements. Moreover, the complaint alleges that by using the firm's email system and the cellular-based messaging application, Huang improperly disclosed confidential, nonpublic customer information to third parties absent an agreement from the customers permitting him to do so, in contravention of SEC Regulation S-P. ([FINRA Case #2016049565901](#))

Jasper Eugene Boykin Jr. ([CRD #3141703](#), Atlanta, Georgia)

October 16, 2017 – Boykin was named a respondent in a FINRA complaint alleging that he failed to timely respond to FINRA’s requests for information and documents, and later completely failed to respond to additional requests. The complaint alleges that FINRA was investigating whether Boykin had failed to disclose certain outside business activities and whether he received compensation from unapproved outside business activities. ([FINRA Case #2016049508602](#))

Ricardo Rodriguez-Stern ([CRD #4676168](#), Great Neck, New York)

October 30, 2017 – Rodriguez-Stern was named a respondent in a FINRA complaint alleging that he failed to provide FINRA with requested documents and information related to an investigation into his potential misconduct regarding his failure to timely disclose on his Form U4 unsatisfied tax liens and civil judgments filed between 2006 and 2013. The complaint alleges that FINRA also sought to investigate the circumstances behind customer complaints that had been lodged against him. ([FINRA Case #2016048870601](#))

Complaints Dismissed

FINRA issued the following complaint, which represented FINRA's initiation of a formal proceeding.

The findings as to the allegations were not made, and the Hearing Officer has subsequently ordered that the complaint be withdrawn.

Robert Baldwin DelGuercio (CRD #2639851)
Cedar Grove, New Jersey
(October 25, 2017)
FINRA Case #2013038393601

Matthew Joseph Dodds Jr. (CRD #2176100)
New Brunswick, New Jersey
(October 3, 2017)
FINRA Case #2014043020901

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

Nanes, Delorme Capital Management LLC (CRD #104135)
New York, New York
(October 18, 2017)

Wilbanks Securities, Inc. (CRD #40673)
Oklahoma City, Oklahoma
(October 6, 2017)

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.)

Wall Street Strategies, Inc. (CRD #31268)
Huron, Ohio
(October 2, 2017)

Wilbanks Securities, Inc. (CRD #40673)
Oklahoma City, Oklahoma
(October 2, 2017)

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.)

KJM Securities, Inc. (CRD #20277)
Bronxville, New York
(October 6, 2017 – October 6, 2017)

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.)

Helle Romer Bannister (CRD #2965930)
Stamford, Connecticut
(October 10, 2017 – October 24, 2017)
FINRA Case #2016052638801

Kayla Jo Brassesco (CRD #6776397)
Milwaukie, Oregon
(October 16, 2017)
FINRA Case #2017054448501

Aalim Jamaal Brown (CRD #6144137)
Brooklyn, New York
(October 30, 2017)
FINRA Case #2017054339701

Laura Ann Cava (CRD #5092233)
Lehigh Acres, Florida
(October 23, 2017)
FINRA Case #2017054338601

Wesley Claflin (CRD #6402626)
Tempe, Arizona
(October 2, 2017)
FINRA Case #2016049941501

Brett Allen DeFore (CRD #1777059)
Nokomis, Florida
(October 2, 2017)
FINRA Case #2017053983501

Jessica Marie Franze (CRD #5147250)
Shrub Oak, New York
(October 13, 2017)
FINRA Case #2017054624301

Edward Kenneth Frost (CRD #215131)
Long Beach, California
(October 6, 2017)
FINRA Case #2016051140901

Charles Edwin Garrison (CRD #1342995)
Whispering Pines, North Carolina
(October 10, 2017)
FINRA Case #2017053569601

Robert Constantine Gray (CRD #5515001)
Chicago, Illinois
(October 2, 2017)
FINRA Case #2016051367801

Leanna Greene (CRD #5261897)
Lake Park, Georgia
(October 2, 2017)
FINRA Case #2017054065001

Robert William Griffin (CRD #4562307)
Farmers Branch, Texas
(October 23, 2017)
FINRA Case #2017054340801

Stephen Allen Holmes (CRD #736787)
Holden, Massachusetts
(October 23, 2017)
FINRA Case #2017053992901

Stephen Joseph Kipp (CRD #1255862)
Ventura, California
(October 27, 2017)
FINRA Case #2016051931201

Craig Gary Langweiler (CRD #841897)
Philadelphia, Pennsylvania
(October 23, 2017)
FINRA Case #2017052705901

Matthew M. McDonagh (CRD #5948542)
New York, New York
(October 10, 2017)
FINRA Case #2017053992301

Christine Doreen Memet (CRD #2535775)
Jackson, New Jersey
(October 16, 2017)
FINRA Case #2017053842101

Terry Mark Mlodzik (CRD #2196874)
Minneapolis, Minnesota
(October 2, 2017)
FINRA Case #2016051198201

Monica Jean O'Neill (CRD #6272347)
Hendersonville, North Carolina
(October 23, 2017)
FINRA Case #2017054075601

Carlos Antonio Rodriguez (CRD #4363000)
Irving, Texas
(October 10, 2017)
FINRA Case #2015046502101

Casey Thomas Rodriguez (CRD #4870499)
 Huntington, New York
 (October 24, 2017)
 FINRA Case #2017054592101

David Edward Smith (CRD #6255994)
 Follansbee, West Virginia
 (October 2, 2017)
 FINRA Case #2016051710301

Clint Herrison Stoffels (CRD #5891072)
 Dallas, Texas
 (October 30, 2017)
 FINRA Case #2015046502102

Harvey Alan Weisenfeld (CRD #1187453)
 Beverly Hills, Florida
 (October 30, 2017)
 FINRA Case #2017054425701

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

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

Murray Gerard Monroe (CRD #2337934)
 Claremont, California
 (October 14, 2017)
 FINRA Case #2015047426001

Larry Charles Wolfe (CRD #502361)
 Boca Raton, Florida
 (October 14, 2017)
 FINRA Case #2016048456401

**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.)**

Florjan Beqo (CRD #6568650)
 Macomb, Michigan
 (October 10, 2017)
 FINRA Case #2017053564601

Benjamin Philip Brown (CRD #5967897)
 Westfield, Indiana
 (October 13, 2017)
 FINRA Case #2017054972901

Joseph Calascione (CRD #6501046)
 Staten Island, New York
 (October 2, 2017)
 FINRA Case #2017054423701

Sonya D. Camarco (CRD #2427529)
 Colorado Springs, Colorado
 (October 10, 2017)
 FINRA Case #2017055240601

Benjamin Asa Duty (CRD #5365632)
 West Monroe, Louisiana
 (October 27, 2017)
 FINRA Case #2016052583001

Oscar R. Galdamez (CRD #5044661)
 Beverly Hills, California
 (October 2, 2017)
 FINRA Case #2017054032101

Michael D. Graham (CRD #5028062)
 Coralville, Iowa
 (October 13, 2017)
 FINRA Case #2017054391801

Steven Harris (CRD #2440292)
Chicago, Illinois
(October 2, 2017 – October 31, 2017)
FINRA Case #2017053990001

Kimberlyann Huegel (CRD #3137776)
Springfield, Pennsylvania
(October 20, 2017)
FINRA Case #2017054945601

Randall William Hunt (CRD #1387936)
Rossford, Ohio
(October 2, 2017)
FINRA Case #2017053653401

Alana Marie Lewis (CRD #5842718)
Iola, Wisconsin
(October 23, 2017)
FINRA Case #2016051358201

Garrett Dalton Martin (CRD #6225597)
Trophy Club, Texas
(October 2, 2017)
FINRA Case #2015047127702

Matt Scott Neas (CRD #2863660)
Austin, Texas
(October 30, 2017)
FINRA Case #2017053761301

Peter Andrew O'Hara (CRD #2031983)
Kent, Washington
(October 27, 2017)
FINRA Case #2017053931501

Hong Kun Pan (CRD #5722308)
College Point, New York
(October 2, 2017)
FINRA Case #2016050091704

Jay Anthony Pandy-Tatum (CRD #5309647)
Phoenix, Arizona
(October 2, 2017 – November 24, 2017)
FINRA Case #2017054875001

Youngsoo Park (CRD #6088276)
New York, New York
(October 10, 2017)
FINRA Case #2017054782501

Gary Dennis Ruiz (CRD #2551366)
Stony Brook, New York
(October 2, 2017)
FINRA Case #2017054030901

Simon Boowon Song (CRD #2909665)
La Crescenta, California
(October 27, 2017)
FINRA Case #2017055196201

Dawn Louise Stephens (CRD #6440427)
Arlington, Texas
(October 13, 2017 – October 19, 2017)
FINRA Case #2017054781701

Lynn Shuster Strain (CRD #3032417)
North Charleston, South Carolina
(October 10, 2017)
FINRA Case #2017053136902

Melanie Sherry Sweet (CRD #2620987)
Sunrise, Florida
(December 2, 2016 – October 3, 2017)
FINRA Case #2016049072701

Joseph Francis Valdini (CRD #5517610)
Farmingdale, New York
(October 10, 2017)
FINRA Case #2017052731101

Dawei Wang (CRD #4923452)
Eastvale, California
(October 27, 2017)
FINRA Case #2017055025901

Russell L. Woodley (CRD #5232542)
Pittsburgh, Pennsylvania
(October 10, 2017)
FINRA Case #2017054370201

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.)

Jason N. Anderson (CRD #4370191)
Beaumont, Texas
(October 13, 2017)
FINRA Case #2017055025701/ARB170033

Johan Henrik Frisell (CRD #3002232)
Santa Barbara, California
(August 29, 2017 – October 19, 2017)
FINRA Arbitration Case #16-02715

Deborah E. Greenlee-Keck (CRD #5527553)
Columbia City, Indiana
(October 13, 2017)
FINRA Arbitration Case #16-01158

Manuel Tomas Paredes (CRD #4733530)
Maspeth, New York
(April 3, 2017 – October 17, 2017)
FINRA Arbitration Case #16-02020/FINRA
Case #2017053489001/ARB170013

Phillip Eugene Pistilli (CRD #4741243)
Melville, New York
(October 12, 2017)
FINRA Arbitration Case #14-01175

Charles Courtney Sandoval (CRD #2133126)
Gilbert, Arizona
(July 27, 2017 – October 12, 2017)
FINRA Arbitration Case #16-02682/FINRA
Case #2017055042201/ARB170034

FINRA Orders Wells Fargo Broker-Dealers to Pay \$3.4 Million in Restitution and Reminds Firms of Sales Practice Obligations for Volatility-Linked Products

FINRA has ordered Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC to pay more than \$3.4 million in restitution to affected customers for unsuitable recommendations of volatility-linked exchange-traded products (ETPs) and related supervisory failures. FINRA found that between July 1, 2010, and May 1, 2012, certain Wells Fargo registered representatives recommended volatility-linked ETPs without fully understanding their risks and features.

Volatility-linked ETPs are complex products that could be misunderstood and improperly sold by registered representatives. Certain Wells Fargo representatives mistakenly believed that the products could be used as a long-term hedge on their customers' equity positions in the event of a market downturn. In fact, volatility-linked ETPs are generally short-term trading products that degrade significantly over time and should not be used as part of a long-term buy-and-hold investment strategy.

In light of the unique features and risks of volatility-linked ETPs, FINRA issued [Regulatory Notice 17-32](#) today to remind firms of their sales practice obligations relating to these products. FINRA encourages member firms to review the guidance about volatility-linked ETPs provided in today's Regulatory Notice, as well as FINRA's earlier guidance about heightened supervision of complex products set forth in [Regulatory Notice 12-03](#), and assess the reasonableness of their own practices and supervision of these products.

FINRA found that Wells Fargo failed to implement a reasonable system to supervise solicited sales of these products during the relevant time period. However, FINRA found that Wells Fargo took remedial action to correct its supervisory deficiencies in May 2012, prior to detection by FINRA and around the time that the firm was fined for similar violations relating to sales of leveraged and inverse ETPs. In addition, Wells Fargo provided substantial assistance to FINRA's investigation by, among other things, engaging a consulting firm to determine the appropriate restitution to be provided to affected customers.

FINRA took Wells Fargo's previous corrective actions and cooperation into account when assessing the sanctions in this matter, and encourages member firms to assess their own sales and supervision of volatility ETPs.

"FINRA seeks restitution when customers have been harmed by a member firm's misconduct," stated Susan Schroeder, Executive Vice President of FINRA's Department of Enforcement. "We also credit firms that proactively detect and correct issues prior to detection by FINRA, as Wells Fargo did in this matter. Firms soliciting sales of volatility ETPs should already be well aware of the unique risks that they pose – but FINRA's Regulatory Notice 17-32 is intended to further educate the industry so that member firms can assess their own practices and take appropriate remedial action if necessary."

In settling with FINRA, Wells Fargo neither admitted nor denied the charges, but consented to the entry of FINRA's findings.