

Disciplinary and Other FINRA Actions

Firms Fined

NTB Financial Corporation ([CRD® #7425](#), Centennial, Colorado)

December 10, 2018 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured and fined \$45,000. Prior to the issuance of this AWC, the firm voluntarily paid customers restitution for the subject transactions in the total amount of \$43,142.06. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it charged its customers prices that were not fair in principal transactions involving a single corporate bond. The findings stated that the transactions and mark-ups charged were not fair when considering the relevant factors that should be taken into consideration when determining the fairness of mark-ups charged to a firm’s customers. As a result, the firm charged its customers \$43,142.06 in excessive mark-ups on these corporate bond transactions.

[\(FINRA Case #2015047738901\)](#)

E*Trade Futures LLC fka Aperture, LLC dba OptionsHouse ([CRD #145562](#), Chicago, Illinois)

December 12, 2018 – An AWC was issued in which the firm was censured and fined \$75,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it routed for execution multiple options orders to other member firms that were marked with an inaccurate origin code of “Customer,” instead of “Professional Customer.” The findings stated that the firm failed to identify customer accounts under common ownership that met the Professional Customer threshold and failed to configure the Financial Information eXchange messaging code for Professional Customer with one of its executing brokers. The firm’s inaccurate origin codes caused inaccurate order records, an inaccurate audit trail, potentially impacted the priority of order execution on certain exchanges and negatively affected FINRA®’s ability to surveil for and detect potential violations of its rules and federal securities laws. The findings also stated that the firm failed to establish, maintain and enforce written procedures reasonably designed to ensure that accurate origin codes for Professional Customer orders were submitted to other member firms for execution. The firm’s written supervisory procedures (WSPs) were not reasonably designed to ensure compliance with rules governing options origin codes because they failed to explain to the reviewer the proper method of counting orders to determine Professional Customer threshold. Although the firm had reviewed monthly reports of customer account activity, those reports were not limited to options orders and thus were not a reasonable tool to count the total number of options orders each month to enable the firm to assess

Reported for February 2019

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).

Professional Customer status. In addition, the firm lacked documentary evidence that it had conducted quarterly Professional Customer reviews and failed to verify the accuracy of Financial Information eXchange messages sent to one of its executing brokers. ([FINRA Case #2016049700801](#))

Merrill Lynch, Pierce, Fenner & Smith Incorporated ([CRD #7691](#), New York, New York)

December 13, 2018 – An AWC was issued in which the firm was censured and fined \$300,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to reasonably supervise an associated person who, together with a third-party individual, engaged in a scheme to defraud a customer of the firm. The findings stated that the associated person introduced the customer to the third party using a fictitious name, falsely representing that the third party was a wealthy and successful businessman who could help the customer with his various, existing business and other financial needs. In fact, the third party was a con man who, together with the associated person, gained the customer’s confidence and then access to his financial accounts, ultimately misappropriating millions of dollars after the associated person left the firm. The findings also stated that the firm failed to reasonably investigate and respond to “red flags” that the associated person was engaged in conduct that appeared to violate its policies and procedures. The firm failed to reasonably investigate and appropriately escalate certain email communications of the associated person, despite having been flagged and reviewed, that would have revealed her close association with the third party, and that she was providing services beyond what the firm permitted and her potential involvement with private securities transactions. The firm also failed to reasonably follow up on a \$1,694,233.10 default judgment entered against the associated person based on a civil complaint that alleged that she had cheated a couple who had lent money to the third party. Had the firm more vigorously responded to these red flags, it likely could have discovered the associated person’s association with the third party and been in a better position to address the risk the associated person posed to the customer and the firm. The findings also included that the firm failed to disclose to FINRA certain reportable events related to the associated person. Neither the default judgment underlying the associated person’s garnishment order nor the civil complaint that led to the default judgment were disclosed on her Form U4. The firm also failed to disclose the felony charges against that associated person on her amended Form U5. ([FINRA Case #2014041490801](#))

Aegis Capital Corp. ([CRD #15007](#), New York, New York)

December 14, 2018 – An AWC was issued in which the firm was censured and fined \$64,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report to the Trade Reporting and Compliance Engine® (TRACE®) transactions in TRACE-eligible corporate debt securities and transactions in TRACE-eligible securitized products within the time required by FINRA Rule 6730(a). The findings stated that the firm failed to report to TRACE the correct time of trade execution for transactions in TRACE-eligible corporate debt securities and for transactions

in TRACE-eligible securitized products. The findings also stated that the firm failed to show the correct time of execution of the memorandum of brokerage orders. ([FINRA Case #2015047803301](#))

Windsor Street Capital, LP fka Meyers Associates, L.P. ([CRD #34171](#), New York, New York)
December 17, 2018 – An Office of Hearing Officers (OHO) decision became final in which the firm was censured and fined \$500,000. The sanctions were based on findings that the firm failed to establish and maintain a reasonable supervisory system and failed to reasonably supervise two registered representatives and their unsuitable trading in connection with trading in an account owned, through a trust, by an elderly couple. The findings stated that the firm’s WSPs were not reasonably designed to achieve compliance and were vague and unspecific, requiring no one to do anything in particular. There was no systematic process for monitoring, detecting, investigating, or addressing improper sales practices and unsuitable trading, or for documenting what was done. The WSPs purported to have procedures for addressing actively traded accounts like the trust account but they referred to a section of the WSPs that did not exist. The firm relied on supervisors to review the daily blotters for improper trading practices, but the blotters were an inadequate basis for the task since they lacked the kinds of historical information that would make it possible to see patterns of trading, commissions and accumulated losses. The firm also did not train supervisors on what constitutes unsuitable trading or how to identify it. Moreover, even if a potential problem were uncovered, the firm granted supervisors discretion in how to address it and suggested actions that only involved internal discussions. The firm’s WSPs did not even suggest that supervisors exercise their discretion to independently verify information, such as by contacting the customer. The findings also stated that the failure to have a reasonable supervisory system in place led ineluctably to the failure to reasonably supervise the unsuitable trading of two representatives conducted in the trust account. The firm never recognized the many red flags raised by the trading and took no action to investigate, remediate, or prevent similar misconduct in the future. The trading blotters, despite their lack of trading history, raised two red flags. One being the unusually large size of the trades and the second being the repetition of the unusually large trades each month. Monthly exception reports from the firm’s clearing firms contained historical information and raised more red flags by clearly revealing the pattern in the elderly customers’ account of accumulating losses, high commissions and high turnover. The findings also included that despite the red flags, the firm never identified the trading as potentially problematic. It did not discuss concerns about the trading with the representatives or contact the customers to inquire whether they authorized and understood the trading in their account. When the customers eventually became aware of the trading and contacted the firm to stop it, the firm was unresponsive, failing to take any action to remediate the problem. Approximately four months after the customers first complained, the firm finally closed the account charging a substantial commission on the last transaction and returned the customers’ remaining, greatly diminished principal. ([FINRA Case #2015046971701](#))

Tradition Securities and Derivatives Inc. ([CRD #28269](#), New York, New York)

December 18, 2018 – An AWC was issued in which the firm was censured, fined \$100,000 and required to submit a certification that the firm’s policies and procedures were reasonably designed with respect to the firm’s compliance with FINRA Rule 3310, the requirements of the Bank Secrecy Act and the regulations promulgated thereunder. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish or implement an anti-money laundering (AML) compliance program reasonably designed to detect and cause the reporting of suspicious transactions. The findings stated that the firm facilitated transactions in Venezuelan and Argentinian bonds, attributing more than \$8 million to the firm’s total revenue over a three-year period. The customers that traded Venezuelan and Argentinian bonds, including both domestic entities and foreign financial institutions, did so through delivery-versus-payment accounts and some of these customers were located in jurisdictions that presented known money laundering risks. The firm did not appreciate the AML risks associated with foreign bonds and was not knowledgeable about the currency control restrictions in place in Venezuela and Argentina, which contributed to its failure to tailor its AML compliance program and WSPs to fit its foreign bond business. The firm’s AML WSPs did not specifically address foreign bonds or their related AML risks. Although the firm’s AML WSPs contained a list of AML flags, none of those mentioned foreign bonds or were tailored to capture potentially problematic issues that can arise with respect to foreign bonds. The firm’s exception reports were not tailored to the firm’s foreign bond business and were not effective in monitoring for the types of AML risks associated with that business because the activity occurred through delivery-versus-payment accounts. The review of those exception reports conducted by the firm’s AML compliance officer did not trigger any AML-related inquiries involving the firm’s emerging markets desk. The findings also stated that the firm failed to conduct required due diligence on foreign financial institution accounts. In particular, the firm did not reasonably assess, at account opening or thereafter, the money laundering risks posed by the foreign financial institution accounts and failed to perform periodic reviews of activity to determine consistency with information previously obtained about the type, purpose and anticipated activity of the accounts. ([FINRA Case #2015045334101](#))

Cetera Advisor Networks LLC ([CRD #13572](#), El Segundo, California)

December 19, 2018 – An AWC was issued in which the firm was censured, fined \$700,000 and ordered to pay \$691,755.27, plus interest, in restitution to customers. The firm shall also certify to FINRA that it has established and implemented policies, procedures and internal controls reasonably designed to address and remediate the issues identified in the AWC. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to respond reasonably to red flags of unsuitable mutual fund switching and unsuitable stock trading intended to conceal the switching by one of its registered representatives. The findings stated that the firm detected evidence of the representative’s unsuitable trading through annual audits and electronic trade reports;

however, it did not take any disciplinary action against the representative whose unsuitable trading caused nearly \$700,000 in customer losses. The findings also stated that the firm failed to have a reasonable system in place overseeing the representative's designated supervisors. The firm permitted an individual outside of the licensed supervisory chain to direct the designated supervisors on matters relating to the representative's supervision. Furthermore, as the sales manager's compensation was based in part on the profitability of the branch, and thus on the representatives commissions, the sales manager had a financial incentive not to restrict his production. ([FINRA Case #2014040951702](#))

Chardan Capital Markets LLC ([CRD #120128](#), New York, New York)

December 20, 2018 – An AWC was issued in which the firm was censured, fined \$75,000 and required to provide written reports to FINRA concerning its implementation and the effectiveness of its policies, systems, and procedures (written and otherwise) and training, to ensure the firm is in compliance with Rule 101 of Securities and Exchange Commission (SEC) Regulation M, and FINRA Rule 5190(c)(1)(A) and (B). Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that during the restricted period it purchased shares of a common stock on a principal basis, and published and maintained bids in the common stock while it was a distribution participant in the offering of a company's common stock. The findings stated that although the firm acted as a manager (or in a similar capacity) in the distribution of the securities, it failed to timely file restricted period notifications and failed to timely file trading notifications with FINRA. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to SEC Regulation M, Rule 101 and timely submission of notifications to self-regulatory organizations when acting as a manager (or in a similar capacity) in the distribution of securities. ([FINRA Case #2015046871503](#))

J.P. Morgan Securities LLC ([CRD #79](#), New York, New York)

December 21, 2018 – An AWC was issued in which the firm was censured and fined \$560,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that its supervisory system, including its WSPs, did not provide for supervision reasonably designed to achieve compliance with Rules 605 and 606 of Regulation NMS, and Securities Exchange Act of 1934 Rule 10b-10, and FINRA Rule 7450. The findings stated that the firm's supervisory system, including WSPs, failed to include procedures reasonably designed to ensure the accuracy of information reported. As a result, the firm's erroneous Rule 605 and Rule 606 reporting and the collateral Order Audit Trail System (OATS™) misreporting was not detected prior to the firm's self-report and subsequent remedial efforts. The findings also stated that the firm made available monthly reports on the covered orders in NMS stocks that it received for execution from any person pursuant to Rule 605. These monthly reports, however, included incorrect information due to separate technology issues that resulted in omitted or misclassified orders and omitted shares and included incorrect information as to classification of mid-price peg, immediate-

or-cancel orders, which were erroneously classified as marketable limit orders instead of inside-the-quote limit orders. The findings also included that the firm made publicly available a quarterly report on its routing of non-directed orders in covered securities pursuant to Rule 606; however, these quarterly reports included incorrect and incomplete information regarding routing percentages due to technology issues that resulted in the omission or misclassification of orders in the calculations of routing percentages. FINRA found that the firm transmitted to the OATS reports that contained inaccurate codes because of a technology issue that caused certain held orders or certain immediate-or-cancel orders to be classified erroneously as not held. In addition, the firm failed to transmit Reportable Order Events (ROEs) to OATS. FINRA also found that the firm failed to provide written notification disclosing to its customer the firm's correct capacity in the transaction and when it acted as principal for its own account and failed to provide written notification disclosing to its customer that it was a market maker in each such security. Furthermore, the firm failed to provide the required written notification of a transaction to its customer. ([FINRA Case #2014040051801](#))

Individuals Barred

Mitchell Allen Kurtz (CRD #2437746, Mineola, New York)

December 3, 2018 – An AWC was issued in which Kurtz was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Kurtz consented to the sanction and to the entry of findings that he failed to provide FINRA with requested documents and information in connection with its review of his Uniform Termination Notice for Securities Industry Registration (Form U5) filed by his member firm that stated that he violated both FINRA and SEC rules, and firm policies and procedures, regarding outside business activities, selling away, fiduciary duty obligations and violation of professional standards and the firm's code of ethics. ([FINRA Case #2018059423701](#))

Michael Lee Prikopa (CRD #6824343, Farmington, Minnesota)

December 3, 2018 – An AWC was issued in which Prikopa was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Prikopa consented to the sanction and to the entry of findings that he converted \$6,400 from a senior citizen customer of his member firm's bank affiliate. The findings stated that Prikopa ordered a debit card for the customer's account, withdrew funds from the account and retained the funds for his own personal benefit, all without the customer's authorization or consent. ([FINRA Case #2017056708001](#))

Ralph Richard Von Lutzow (CRD #455680, Sarasota, Florida)

December 3, 2018 – An AWC was issued in which Von Lutzow was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Von Lutzow consented to the sanction and to the entry of findings that he accepted loans from

a senior investor and customer of his member firm, totaling \$32,000, without obtaining written pre-approval from the firm. The findings stated that Von Lutzow participated in private securities transactions, for compensation, involving investments made by the customer in a pharmaceutical start-up company without providing prior written notice to or receiving prior written approval from the firm. The findings also stated that Von Lutzow provided false and misleading information to FINRA in response to requests for documents and information during the course of an investigation. ([FINRA Case #2017055306401](#))

Craig Scott Hartman ([CRD #2335606](#), Palatine, Illinois)

December 4, 2018 – An Office of Hearing Officers (OHO) decision became final in which Hartman was barred from association with any FINRA member in all capacities. The sanction was based on findings that Hartman failed to appear and provide FINRA with requested on-the-record testimony related to an investigation initiated after his member firm filed a Form U5 terminating his employment with it for failing to amend his Uniform Application for Securities Industry Registration or Transfer (Form U4) in a timely manner. The findings stated that Hartman willfully failed to timely disclose federal tax liens on his Form U4 that were filed against him in the total amount of \$206,409.54. The findings also stated that Hartman made false statements to his member firm regarding the accuracy of his Form U4. The findings also included that Hartman failed to timely respond to FINRA requests for documents and information made in connection with its investigation. ([FINRA Case #2016052604602](#))

Nicholas Randolph Radke Jr. ([CRD #2610246](#), San Clemente, California)

December 6, 2018 – An AWC was issued in which Radke was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Radke consented to the sanction and to the entry of findings that he failed to provide FINRA with requested documents and information in connection with its investigation into allegations that he, among other things, participated in a private securities transaction without prior approval from his member firm. ([FINRA Case #2018059899901](#))

Sean William Killoran ([CRD #4591890](#), Rye, New York)

December 7, 2018 – An OHO decision became final in which Killoran was barred from associating with any FINRA member in all capacities. The sanction was based on findings that Killoran failed to appear for FINRA on-the-record testimony in connection with an investigation into his potential involvement in the mismarking of certain securities in a proprietary trading portfolio at his member firm. ([FINRA Case #2016049197001](#))

Thomas G. Cooper Jr. ([CRD #4997749](#), New York, New York)

December 10, 2018 – An AWC was issued in which Cooper was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Cooper consented to the sanction and to the entry of findings that he converted his member firm's funds by falsifying expense reports in which he improperly sought

reimbursement for personal expenses he falsely characterized as having been incurred for business purposes. The findings stated that Cooper's submission of false expense reports caused the firm to pay approximately \$116,400 for his personal expenses. ([FINRA Case #2016052530302](#))

Christopher Charles Hellman ([CRD #6584084](#), Plantation, Florida)

December 13, 2018 – An AWC was issued in which Hellman was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Hellman consented to the sanction and to the entry of findings that he failed to provide FINRA with requested documents and information during its investigation initiated after receiving a Form U5 filed by his member firm that terminated his registration for conduct including failure to adhere to firm standards regarding selling away and failure to fully disclose participation in outside business activities. ([FINRA Case #2018060168801](#))

Robert S. Jamison II ([CRD #5793591](#), Smyrna, Georgia)

December 13, 2018 – An AWC was issued in which Jamison was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Jamison consented to the sanction and to the entry of findings that he refused to appear for and provide FINRA with requested on-the-record testimony related to allegations that he, in connection with private securities transactions, referred customers to an individual who was not registered and who may have recommended or sold unsuitable securities to those customers. ([FINRA Case #2017055219802](#))

George Mackley Robertson ([CRD #1026646](#), Pelham, New York)

December 13, 2018 – An AWC was issued in which Robertson was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Robertson consented to the sanction and to the entry of findings that he engaged in outside business activities and a private securities transaction without providing prior written notice to his member firm. The findings stated that Robertson solicited and obtained a \$50,000 investment in his outside business, a fund, from a non-firm customer. In addition, Robertson met with and solicited other individual and institutional investors in an attempt to raise \$100 million in seed money to launch the fund. Robertson concealed the extent of his fund-related activities from the firm and did not advise the firm that he had received a \$50,000 investment from the customer. The findings also stated that Robertson provided false information regarding his outside business activities and the customer's investment in written responses to a FINRA request and during his on-the-record testimony. The findings also included that Robertson failed to disclose a civil judgment entered against him via the timely filing of a Form U4. ([FINRA Case #2016051985601](#))

Adam Michael Lopez ([CRD #5562750](#), Springfield, Illinois)

December 17, 2018 – An AWC was issued in which Lopez was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Lopez consented to the sanction and to the entry of findings that he refused to provide FINRA with requested documents and information in connection with its investigation initiated after it learned through the filing of an amended Form U5 that his former member firm had opened an internal review into his conduct. The findings stated that the firm amended Lopez's Form U5 to state that he was under investigation by a domestic or foreign governmental body or self-regulatory organization with jurisdiction over investment-related business. The amended Form U5 also stated that Lopez currently or at termination was under internal review for, and was discharged or permitted to resign after allegations were made alleging, fraud or wrongful taking of property, or violating investment-related statutes, regulations, rules or industry standards of conduct. ([FINRA Case #2018059935201](#))

Nina Tran ([CRD #6144486](#), Long Beach, California)

December 19, 2018 – An AWC was issued in which Tran was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Tran consented to the sanction and to the entry of findings that she failed to respond to FINRA's request for information and documents in connection with an ongoing examination. ([FINRA Case #2018060151301](#))

Kyle Patrick Harrington ([CRD #2282328](#), San Diego, California)

December 31, 2018 – An OHO decision became final in which Harrington was barred from association with any FINRA member in all capacities, ordered to pay \$105,000, plus interest, in restitution to his member firm and ordered to pay disgorgement in the amount of \$190,974.64, plus interest, to FINRA. The sanctions were based on the findings that Harrington converted customer funds, intentionally causing the customer to wire \$19,874.64 of her funds into his account. The findings stated that Harrington took the funds for his own use, without the customer's authorization, and never returned them. The findings also stated that Harrington attempted to obstruct FINRA's investigation into his conversion by contacting the customer and asking her to sign a false document stating that she had stayed at his vacation rental property. The findings also included that Harrington engaged in private securities transactions, for which he was compensated, without giving prior notice to or receiving prior written approval from his firm and without the firm's supervision. FINRA found that Harrington made misstatements and provided false documents to his firm in connection with its investigation into whether he had engaged in outside business activities. Harrington intentionally misrepresented the nature of payments he received and deposited into his bank accounts as rental income and a payment from his former broker dealer. In fact, the payments were for the purchase of stock in Harrington's outside business. Harrington knowingly caused falsified rental contracts to be sent to his firm in order to conceal the true purpose of the funds he had received. FINRA also found that Harrington provided false and misleading documents

and information to FINRA in connection with its investigation of the private securities transactions and the conversion. Harrington produced a bank statement to FINRA that his sales assistant, under his direction, altered to remove a customer's name as the originator of a wire transfer. Harrington also submitted a written response to FINRA that falsely represented that he was entitled to the funds he directed the customer to wire to him, claiming it was payment for investment advisory fees rendered to the customer. Harrington also falsely testified that the purported rental agreements with another customer were authentic and represented legitimate rental transactions. ([FINRA Case #2015047303901](#))

Individuals Suspended

James Edward Armstrong Sr. ([CRD #720549](#), Leland, North Carolina) and James Edward Armstrong Jr. ([CRD #4517907](#), Wake Forest, North Carolina)

December 4, 2018 – An AWC was issued in which Armstrong Sr. was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any principal capacity for two months. Armstrong Jr. was fined \$7,500 and suspended from association with any FINRA member in any principal capacity for three months. Without admitting or denying the findings, Armstrong Sr. and Armstrong Jr. consented to the sanctions and to the entry of findings that they failed to reasonably supervise a registered representative. The findings stated that the representative made unsuitable investment recommendations to elderly customers resulting in more than \$200,000 in trading losses across the customers' accounts. Armstrong Jr. failed to reasonably supervise the representative by ignoring red flags, which indicated possible unsuitable trading by the representative, and failing to review his email correspondence, which would have revealed that this representative received a customer complaint and alleviated another customer's concerns by making misleading and promissory statements. Armstrong Sr. failed to reasonably supervise the representative by failing to appropriately address concerns elevated to him by Armstrong Jr. regarding the representative's trading activity in customer accounts. Although Armstrong Sr. delegated day-to-day supervision of the representative to Armstrong Jr., Armstrong Sr. was ultimately responsible for the supervision of representatives at his branch office.

Armstrong Sr.'s suspension is in effect from December 17, 2018, through February 16, 2019. Armstrong, Jr.'s suspension is in effect from January 7, 2019, through April 6, 2019. ([FINRA Case #2015044939902](#))

Danijel Velicki ([CRD #4867403](#), Chesapeake, Virginia)

December 4, 2018 – An AWC was issued in which Velicki was assessed a deferred fine of \$2,500, suspended from association with any FINRA member in all capacities for three months and required to attend and satisfactorily complete 10 hours of continuing education within 60 days of re-association with a member firm. Without admitting or denying the findings, Velicki consented to the sanctions and to the entry of findings that

he instructed his assistant to use his unique log-in credentials to access and complete firm element continuing education coursework on his behalf while he was traveling out of state.

The suspension is in effect from December 17, 2018, through March 16, 2019. ([FINRA Case #2017056514301](#))

Michael Dennis Jackson (CRD #2784958, University Place, Washington)

December 10, 2018 – An AWC was issued in which Jackson was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Jackson consented to the sanctions and to the entry of findings that he exercised discretion by placing orders in a customer's account without contacting the customer and obtaining her approval before placing the trades and without providing written notice to his member firm. The findings stated that the customer had deposited money in the account and gave her login credentials to Jackson who then placed orders in the account. The account had been opened with a different broker-dealer after the customer complained about losses in another account to Jackson's firm. Jackson did not notify the broker-dealer that he was associated with a FINRA member firm before placing his initial order in the customer's account. The findings also stated that Jackson exercised excessive trading in the customer's account that was inconsistent with her investment objectives, financial situation and needs. Jackson logged into the customer's account and placed orders with increasing frequency, repeatedly closing positions shortly after opening them. As a result of Jackson's trading, the customer lost virtually all of her money.

The suspension is in effect from December 17, 2018, through June 16, 2019. ([FINRA Case #2017055684102](#))

Scott Gary Dolven (CRD #69678, Pewaukee, Wisconsin)

December 12, 2018 – An AWC was issued in which Dolven was fined \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Dolven consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose federal tax liens and state tax warrants. The findings stated that Dolven also incorrectly represented that he was not the subject of an unsatisfied lien in response to his member firm's annual compliance questionnaires.

The suspension is in effect from January 7, 2019, through March 6, 2019. ([FINRA Case #2018057877501](#))

Holly Louise Walcher (CRD #1512169, Oregon City, Oregon)

December 14, 2018 – An AWC was issued in which Walcher was fined \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Walcher consented to the sanctions and to

the entry of findings that she caused the falsification of her member firm's documents. The findings stated that Walcher shared a common password with a registered financial advisor for whom she worked. With the advisor's authorization, Walcher routinely used the common password to log into the advisor's system worklist to evidence his approval of new accounts by affixing his electronic signature when, in fact, the advisor had neither seen nor reviewed the account documents for those accounts. Similarly, while the advisor was tasked with performing supervisory functions at a branch office of the firm, Walcher, with his authorization, signed his name on documents to evidence his supervisory review and approval of branch correspondence and branch check logs that he had neither seen nor reviewed. The findings also stated that Walcher caused the firm to maintain inaccurate books and records because the signatures evidencing the advisor's review, approval and supervisory approval were not genuine, and because the documents falsely represented that the advisor had reviewed and approved the documents.

The suspension is in effect from January 7, 2019, through March 6, 2019. ([FINRA Case #2016051302301](#))

Annemarie Thomas (CRD #2480458, Cardiff, California)

December 17, 2018 – An AWC was issued in which Thomas 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, Thomas consented to the sanctions and to the entry of findings that in an effort to accommodate a customer, she assisted in the submission of a Letter of Authorization (LOA) authorizing funds to be wired from the customer's account, as well as other documents, that Thomas knew or should have known were not genuine. The findings stated that although the customer had previously approved the wire transfer, the customer did not execute the LOA and, in fact, was out of the country at the time of its purported execution. After a supervisor at the member firm questioned the authenticity of the LOA, Thomas and her team member submitted a letter, purportedly signed by the customer, to persuade the supervisor to process the wire request. Thomas also participated on a call with the supervisor where someone purporting to be the customer confirmed the wire request. Based on the call, the supervisor approved the wire for processing. The firm followed-up with the customer several weeks later and learned that although the customer did in fact want the transfer, she was out of the country, did not sign the LOA or subsequent letter and did not participate on a phone call with the supervisor. In addition, Thomas did not accept responsibility for her actions during the firm's investigation or, at least initially, during FINRA's inquiry.

The suspension is in effect from December 17, 2018, through June 16, 2019. ([FINRA Case #2017053017501](#))

Peter Chris Marketos (CRD #1997184, Warren, New Jersey)

December 18, 2018 – An AWC was issued in which Marketos was assessed a deferred fine of \$20,000, suspended from association with any FINRA member in all capacities for one year, ordered to pay \$5,233.68, plus interest, in deferred restitution to a customer

and is required to attend and satisfactorily complete 10 hours of continuing education concerning suitability, dealing with senior customers and communications with customers. Without admitting or denying the findings, Marketos consented to the sanctions and to the entry of findings that he made unsuitable recommendations to concentrate customers' investments in speculative, high-yield bonds. The findings stated that none of the customers had prior investment experience with corporate or high-yield bonds. The recommendations that Marketos made resulted in concentrations of between approximately 50 percent to over 90 percent of the customers' account value in speculative high-yield corporate bonds, which was unsuitable in light of the customers' investment profiles. Many of the issuers of the company bonds that Marketos had recommended to the customers declared bankruptcy, causing the customers to lose the principal they had invested in those bonds. The findings also stated Marketos negligently sent materially misleading emails containing factually inaccurate statements to customers regarding the risk of high yield bonds in general and the risks of certain bonds in particular. The findings also included Marketos wrote emails to customers that contained unwarranted statements with no sound basis, did not provide a fair and balanced treatment of the risks and benefits of investments, predicted future performance and made performance guarantees.

The suspension is in effect from January 7, 2019, through January 6, 2020. ([FINRA Case #2016049840101](#))

Seth Andrew Nannini (CRD #4406510, Charlotte, North Carolina)

December 21, 2018 – An AWC was issued in which Nannini was suspended from association with any FINRA member in all capacities for four months and ordered to pay \$7,500, plus interest, in restitution to a customer. In light of Nannini's financial status, no fine has been imposed and the restitution amount was reduced. Without admitting or denying the findings, Nannini consented to the sanctions and to the entry of findings that he participated in private securities transactions totaling \$291,500 without providing written notice to or approval from his member firm. The findings stated that Nannini solicited two firm customers to invest a total of \$290,000 in a biotech manufacturing company and facilitated their investments. Nannini routed one of the customers' funds from the customer's firm account through an Individual Retirement Account (IRA) outside of the firm before investing the funds in the company, which made it more difficult for the firm to identify that the customer was investing in the company. The company filed for bankruptcy prior to making any payments to either customer. As a result, one of the customers lost all of the money she invested in the company. She later obtained \$72,500 after filing an arbitration claim arising from her investments, which she settled with the firm, Nannini and two other parties. The other customer recovered only \$788 of the \$70,000 he invested, as part of the company's bankruptcy proceeding. Nannini also purchased shares of the company's stock for \$1,500 without providing written notice to the firm of his personal investment in the company. The findings also stated that Nannini submitted compliance questionnaires to the firm in which he inaccurately stated that he had not engaged in any private securities transactions.

The suspension is in effect from January 22, 2019, through May 21, 2019. ([FINRA Case #2016049895201](#))

Thaddeus James North (CRD #2100909, New Milford, Connecticut)

December 27, 2018 – North appealed an SEC decision to the United States Court of Appeals for the District of Columbia Circuit. North was fined \$40,000, suspended from association with any FINRA member in any principal and supervisory capacity for 30 business days, followed by a two-month suspension from association with any FINRA member in any principal and supervisory capacity. The sanctions were based on findings that North willfully violated Municipal Securities Rulemaking Board (MSRB) Rule G-27(a), (b), (c) and (e) by failing to establish a reasonable supervisory system for the review of electronic correspondence and to reasonably review that correspondence. The findings stated that while chief compliance officer (CCO) at his member firm, North failed to amend the firm's WSPs and to establish reasonable procedures causing the WSPs to fail to specify basic parameters for reviewing electronic communications. The firm's WSPs identified a system to be used in reviewing electronic communications but provided no guidance as to how the system should be used to conduct those reviews. North never reviewed the system containing the firm's Bloomberg messages or chats. The findings also stated that North failed to report to FINRA that a registered representative at his firm entered into an outside business relationship with a statutorily disqualified individual and failed to conduct an independent examination of the relationship despite knowing that the individual was subject to a disqualification.

The sanctions are not in effect pending review. ([FINRA Case #2010025087302](#))

Decision Issued

The OHO issued the following decision, which has been appealed to or called for review by the National Adjudicatory Council (NAC) as of December 31, 2018. 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*.

Linda C. Milberger (CRD #4939206, Orlando, Florida)

December 3, 2018 – Milberger appealed an OHO decision to the NAC. Milberger was suspended from association with any FINRA member in all capacities for two years. The sanction was based on findings that Milberger twice falsified a wire request form she had received from a customer and then, in order to complete the wire transfer, submitted the falsified forms to the customer's broker-dealer as if they were authentic. The findings stated that Milberger caused her member firm's books and records to be inaccurate by providing these forms to the firm as part of its investigation. Milberger also facilitated the conversion of the customer's funds by her boss, a former registered principal of the firm.

The findings also stated that Milberger provided false and misleading documents and information to FINRA in connection with its investigation of private securities transactions and the conversion. Milberger produced a bank statement to FINRA that she, under her boss' direction, altered to remove the investor's name as the originator of a \$100,000 wire transfer that was related to the boss' undisclosed private securities transaction with the investor.

The sanction is not in effect pending review. ([FINRA Case #2015047303901](#))

Spencer Edwards, Inc. (CRD #22067, Centennial, Colorado)

December 3, 2018 – The firm appealed an OHO decision to the NAC. The firm was censured, fined \$495,000, suspended from association with FINRA in all capacities for 45 business days, ordered to offer rescission to customers, ordered to impose a six-month pre-use filing requirement for all of its communications with customers and required to retain an independent outside consultant to review and revise the firm's supervisory procedures. The sanctions were based on the findings that the firm recommended and sold convertible, two-year notes totaling more than \$400,000 in a private placement to customers without having a reasonable basis to believe that the investments were suitable for any investor. The findings stated that the firm conducted a minimal and inadequate due diligence investigation of the private offering and ignored red flags suggesting that further investigation was necessary before recommending the securities to its customers. The findings also stated that the firm distributed false, unbalanced and misleading communications about the notes to potential investors, including one document that did not include a risk disclosure of any kind to balance its positive representations. The findings also included that the firm had inadequate WSPs in place and failed to adequately supervise due diligence conducted in connection with the notes. The firm failed to maintain a documented record of the due diligence the firm actually conducted and when the due diligence was completed. In addition, the firm's due diligence was overly general and provided inadequate guidance. In addition, the firm ignored red flags and did virtually nothing to supervise due diligence on the offering. FINRA found that the firm failed to promptly forward a customer check to the issuer for investment in the note offering, in willful violation of Securities Exchange Act of 1934 Rule 15c2-4(a) and FINRA Rule 2010. FINRA also found that as a result of holding the customer check, the firm failed to maintain the required minimum net capital in willful violation of Exchange Act Rule 15c3-1 and FINRA Rule 2010. In addition, FINRA determined that the firm failed to conduct a daily reserve calculation and set aside a special reserve account for the protection of customers, which it was required to do because it held the customer check, in willful violation of Exchange Act Rule 15c3-3 and FINRA Rule 2010.

The sanctions are not in effect pending review. ([FINRA Case #2014041862701](#))

Charles Acheson Laverty ([CRD #4875386](#), Newport Beach, California)

December 5, 2018 – Laverty appealed an OHO decision to the NAC. Laverty was barred from association with any FINRA member in all capacities. The sanction was based on findings that Laverty borrowed \$1,350,000 from customers, an elderly married couple, while registered with four member firms without disclosing the loans to the firms or obtaining their approval. The findings stated that three of the firms prohibited registered representatives from borrowing from any client, whereas one of the firms permitted loans under limited circumstances but only with its CCO's written permission, which he never provided to Laverty. Laverty never repaid the funds that he borrowed. The findings also stated that on compliance questionnaires provided by two of the firms, Laverty provided false answers about whether he borrowed funds from customers and whether he had judgements entered against him. The findings also included that Laverty provided false testimony to FINRA during its investigation into his borrowing from other persons. FINRA found that Laverty willfully failed to disclose material information on his Form U4 in regards to a civil judgment and tax lien.

The sanction is not in effect pending review. ([FINRA Case #2016050205901](#))

Sandlapper Securities, LLC ([CRD #137906](#), Greenville, South Carolina), Jack Charles Bixler ([CRD #22331](#), Greenville, South Carolina) and Trevor Lee Gordon ([CRD #2195122](#), Greenville, South Carolina)

December 21, 2018 – The firm, Bixler and Gordon appealed an OHO decision to the NAC. The firm was expelled from FINRA membership, ordered to pay restitution of \$901,418, plus interest, jointly and severally with Bixler and Gordon, and ordered to pay restitution of \$2,429,664, plus interest, jointly and severally with Gordon. Bixler was barred from association with any FINRA member in all capacities. Gordon was barred from association with any FINRA member in all capacities and ordered to pay \$4,682,201, plus interest, in restitution. The sanctions were based on findings that the firm, through Gordon, its chief executive officer and Bixler, its president, willfully defrauded investors by charging unreasonable and undisclosed markups on sales of fractional interests in saltwater disposal wells. The findings stated that Gordon and Bixler formed a business relationship with an individual and his development company that constructed and operated disposal wells that return saltwater byproduct from nearby oil wells to rock formations below the ground. Bixler and Gordon, with two firm associates, formed a salt-water reclamation fund to bring in investors along with the capital needed to construct and operate the wells. Bixler, Gordon and the sales associates made all investment decisions for the fund, acted as the fund's investment committee and were owners of the fund's managing member. The firm served as the managing broker dealer for the distribution of fund shares, selling

the interests through firm representatives as well as brokers at other firms within the selling group. Investors purchased units in the fund at a cost of approximately \$12.4 million. The findings also stated that the firm and Gordon defrauded retail customers by selling fractional well interests as securities through the development company while charging excessive markups and failing to disclose to investors the basis or extent of the price markups being charged. The fund's original private placement memorandum did not disclose to investors that the development company would resell interests to the fund at substantially higher prices than it purchased them. The findings also included that Gordon defrauded retail customers by selling well interests through a network of representatives while marketing the investments as real estate. As a result of the above conduct, the firm, Bixler and Gordon willfully violated Section 10(b) of the Securities Exchange Act of 1934, Exchange Act Rule 10b-5 thereunder and FINRA Rules 2020 and 2010. FINRA found that Gordon and Bixler breached fiduciary duties of loyalty and care to the fund by causing the development company to usurp opportunities to purchase lower-priced well interests that should have been reserved for the fund, and by causing the fund to purchase those interests at marked up prices. FINRA also found that Bixler and Gordon were aware that the primary reason the development company existed was to buy working interests as a principal from the market and to sell the interests to investors, including the fund, which qualified it as a dealer of securities. As a result, Bixler and Gordon caused the development company to act as an unregistered dealer in willful violation of Section 15(a) of the Exchange Act and FINRA Rule 2010. In addition, FINRA determined that the firm and Gordon failed to establish, maintain and implement supervisory procedures adequate to address the conflicts of interests created by the participation of the firm and its registered representatives or their affiliates in securities offerings. The same individuals who stood to profit from the disposal well sales were responsible for overseeing the transactions. Gordon was responsible for supervising sales of private placements by affiliates and Gordon and Bixler were members of the firm's investment committee, which was responsible for reviewing and accepting the firm's participation in private placements, direct participation programs and underwritings. The firm and Gordon failed to exercise the supervision expected of the firm in private securities transactions and to enforce its own prohibitions against selling away. The firm and Gordon permitted its representatives to sell well interests marketed as real estate to retail investors, and to receive selling compensation for those transactions, without supervision.

The sanctions are not in effect pending review. ([FINRA Case #2014041860801](#))

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.

Ronald Richard Blasczyk ([CRD #3065429](#), Little Suamico, Wisconsin)

December 3, 2018 – Blasczyk was named a respondent in a FINRA complaint alleging that he made unsuitable recommendations by recommending to his 75-year old customer that she liquidate a valuable variable annuity that she had owned for ten years and use the proceeds to purchase a new variable annuity offered by a different company. The complaint alleges that Blasczyk then arranged to meet with the customer to execute the documents necessary to purchase the new annuity; however, the customer was confused about the purpose of the meeting and asked her daughter to attend. At the meeting, the customer informed Blasczyk not to sell or exchange the variable annuity she owned. Unbeknownst to the customer, Blasczyk had liquidated the variable annuity she owned and placed the proceeds into her IRA weeks before the meeting at which the customer rejected his recommendation. Blasczyk did not inform the customer or her daughter of this prior liquidation at the meeting. Contrary to an entry that Blasczyk made in his firm's records system days after the meeting, the customer and her daughter were not aware of the variable annuity liquidation at the meeting, and it was not until over a year later that they became aware that customer's variable annuity was liquidated for cash. Blasczyk's recommendation was unsuitable for the customer in light of her age, investment objectives, risk tolerance and investment profile information. The liquidation of the variable annuity was unsuitable because it caused the customer to forfeit approximately \$153,000 in guaranteed income that had accrued over the ten years she held it. In its place, Blasczyk recommended that the customer purchase a new variable annuity that would have subjected her to a new, nine-year surrender period while offering her less beneficial features than the variable annuity she already owned—all without any reduced investment risk to her. Blasczyk also lacked a reasonable basis to believe his recommendation was suitable because it was based on an inaccurate and incomplete understanding of the variable annuities involved in his recommendation or the applicable legal protections that the customer enjoyed in Wisconsin. Specifically, Blasczyk inaccurately communicated to the customer that she had only earned a 2.3 percent annual return on her variable annuity investments and her investments with the firm were at or above the amount insured by the state of Wisconsin. The complaint also alleges that Blasczyk created a false and misleading firm business record of what occurred at the meeting. Blasczyk falsely indicated in the firm's contact management system that the customer and her daughter were aware at that time that he had liquidated the customer's variable annuity and were speaking with another person about how best to utilize the proceeds of that sale. ([FINRA Case #2016052503101](#))

Jorge A. Reyes ([CRD #4256834](#), Miami, Florida)

December 11, 2018 – Reyes was named a respondent in a FINRA complaint alleging that he willfully violated Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5, and violated FINRA Rule 2020 by making fraudulent misrepresentations and omissions of material fact in connection with the sale of unregistered Regulation D securities issued by companies affiliated with his member firm. The complaint alleges that Reyes represented that the investments were safe, when they were not. Reyes also failed to disclose that the offerings by two of the companies were self-offerings primarily intended to fund the failing firm and its parent company. Due to Reyes's actions, 18 of the firm's customers lost all of the money they invested in the offerings, totaling about \$4,219,000, and did not receive all of the interest that was due to them pursuant to promissory notes issued in connection with the offerings. In the alternative, Reyes acted in contravention of Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 by negligently engaging in fraudulent conduct in connection with the offerings. The complaint also alleges that Reyes made improper use of and converted funds totaling \$170,000. Reyes falsely represented to an investor, who had opened an account at the firm in the name of his company, that he would use the investor's funds to set up an offshore investment fund and fund the firm's completion of an offshore investment banking transaction. Based on Reyes's misrepresentations and instructions, the investor and his company transferred money to an account controlled by Reyes. Rather than using the funds as promised, Reyes used the funds for his own personal expenses and never returned the funds to the investor and his company. The complaint further alleges that Reyes did not perform adequate due diligence in connection with the offerings and therefore did not have a reasonable basis to believe that the securities he recommended as part of the offerings were suitable for any customers. In addition, the complaint alleges that Reyes made unsuitable recommendations to a customer who was a divorced homemaker with two dependent children whose objective was safe, stable income and capital preservation by recommending that she invest a total of \$1,452,000 in the unregistered, illiquid and risky offerings. Moreover, the complaint alleges that Reyes created and provided to customers and potential customers marketing material for the offerings that contained misrepresentations, omitted material risks, and did not form a sound basis for evaluating the investments. ([FINRA Case #2016051493704](#))

Ami Kathryn Forte ([CRD #2457536](#), Tarpon Springs, Florida) and Charles Joseph Lawrence ([CRD #3131566](#), New Port Richey, Florida)

December 20, 2018 – Forte and Lawrence were named respondents in a FINRA complaint alleging that they exploited an elderly customer suffering from severe cognitive impairment by engaging in qualitatively and quantitatively unsuitable trading in the customer's accounts, generating more than \$9 million in commissions. The complaint alleges that Forte and Lawrence controlled the trading in the customer's accounts, and bought and sold the same securities multiple times over a short period, which resulted in higher commissions and provided little or no economic benefit to the customer. Often, these securities were income-producing bonds, including municipal bonds, intended for

customers with long-term investment time horizons, and carried substantial commissions. Lawrence received no commissions from the trading activity in the customer's accounts; instead, he was paid an annual salary and received a bonus that he negotiated with Forte annually, which ranged from \$175,000 to \$350,000 in total. Forte and Lawrence also effected short-term purchases and sales of bonds without having reasonable grounds to believe that such purchases and sales were suitable for the customer in view of the nature and frequency of the transactions and the transaction costs incurred, and in light of the customer's financial situation, investment objectives, circumstances and needs. By excessively trading and churning in the customer's accounts, Forte and Lawrence willfully violated Section 10(b) of the Securities Exchange Act of 1934, Exchange Act Rule 10b-5, and MSRB Rules G-17 and G-19, and violated FINRA Rule 2020. The complaint also alleges that in the alternative, FINRA alleges that Forte willfully violated MSRB Rule G-17 by aiding and abetting Lawrence's violation of Section 10(b) of the Exchange Act, Rule 10b-5 thereunder, and FINRA Rule 2020. Forte knowingly or recklessly rendered substantial assistance to Lawrence's violations by hiring him for the purpose of executing the excessive trading in the customer's accounts, assisting him in exercising control over the customer's accounts by exploiting her personal and business relationships, and resulting trust and confidence with the customer, and directing and condoning the excessive trading activity that Lawrence executed. The complaint further alleges that Lawrence repeatedly exercised trading discretion in the customer's non-discretionary accounts without obtaining written authorization from the customer, supervisory approval of the authorization, or supervisory approval of each use of discretion. In addition, the complaint alleges that Forte engaged in unethical business conduct in willful violation of MSRB Rule G-17 by using her position of trust and confidence to exploit the customer by causing his accounts to be unsuitably and excessively traded for the purpose of generating excessive commissions for herself. ([FINRA Case #2016049321302](#))

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

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

J. J. & M. Geldzahler (CRD #5797)
Brooklyn, New York
(September 16, 2018 – November 22, 2018)

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.)

Jose Angel Arizmendi (CRD #2927350)
Huntington Beach, California
(December 3, 2018)
FINRA Case #2018057324301

Tabor Alan Barrick (CRD #4761986)
Flagstaff, Arizona
(December 14, 2018)
FINRA Case #2018057648401

David Cesar Bogdan (CRD #5940883)
Orem, Utah
(December 31, 2018)
FINRA Case #2018058670101

Jeffrey Robert Conklin (CRD #5749380)
Broadview Heights, Ohio
(December 28, 2018)
FINRA Case #2018059440301

Anthony Matthew Cottone (CRD #4394861)
Boynton Beach, Florida
(December 10, 2018)
FINRA Case #2018059266101

Sierra Alexandria Crocker (CRD #6725624)
Jacksonville, Florida
(December 14, 2018)
FINRA Case #2018057698601

Frantz Gaston Jr. (CRD #5367652)
Hackettstown, New Jersey
(December 21, 2018)
FINRA Case #2018057604501

Peter Frank Gomez (CRD #6472346)
San Antonio, Texas
(December 31, 2018)
FINRA Case #2018058563901

Dionna Nicole Harris (CRD #6236081)
Downingtown, Pennsylvania
(December 21, 2018)
FINRA Case #2018058437401

Omar K. Henry (CRD #5751648)
Clifton, New Jersey
(December 31, 2018)
FINRA Case #2018058516001

Erin Lindsay King (CRD #6774924)
Denton, Texas
(December 17, 2018)
FINRA Case #2018059044401

Linda Lin (CRD #6738884)
Piscataway Township, New Jersey
(December 3, 2018)
FINRA Case # 2017054385901

Christopher Joseph Lossing (CRD #5798906)
Henderson, Nevada
(December 21, 2018)
FINRA Case #2018059158601

Randolph B. McNeill (CRD #4312991)
Dayton, New Jersey
(December 28, 2018)
FINRA Case #2018059926301

Richard Vincent Minichino (CRD #5760862)
Peekskill, New York
(December 20, 2018)
FINRA Case #2018057502401

Timothy Harry Nicholl (CRD #1206293)
Baltimore, Maryland
(December 14, 2018)
FINRA Case #2018058556701

Isaac Preston Onu (CRD #5952312)
Atlanta, Georgia
(December 3, 2018)
FINRA Case #2018058688001

Denise Marie Peskar (CRD #6100786)
Elyria, Ohio
(December 21, 2018)
FINRA Case #2018059051901

Jaime Leigh Schwede (CRD #6935733)
Minot, North Dakota
(December 3, 2018)
FINRA Case #2018059037001

Justin Alan Simon (CRD #6138143)
Virginia, Minnesota
(December 28, 2018)
FINRA Case #2018059233501

Kimberly Lynn Sredich (CRD #2847564)
Davison, Michigan
(December 3, 2018)
FINRA Case #2018058991701

Dudley Franklin Stephens (CRD #4119268)
Malverne, New York
(December 7, 2018)
FINRA Case #2018059265601

Brandon Eugene Strawn (CRD #6789390)
El Paso, Texas
(December 17, 2018)
FINRA Case #2018058919701

Sean Russell Tinsley (CRD #5139757)
Austin, Texas
(December 14, 2018)
FINRA Case #2018058958301

Derrick R. Trussell (CRD #5197550)
Schertz, Texas
(December 3, 2018)
FINRA Case #2018058999901

Peter Clarence Vaillancourt Jr. (CRD #6033087)
Hillsborough, New Hampshire
(December 28, 2018)
FINRA Case #2018057796001

Daniel E. Wood (CRD #5454330)
Washington, District of Columbia
(December 17, 2018)
FINRA Case #2017054383302

Bryan Allen Wright (CRD #6003150)
Conesville, Ohio
(December 21, 2018)
FINRA Case #2018058447301

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.)

Tywan Chariff Bishop (CRD #6441836)
New York, New York
(December 10, 2018)
FINRA Case #2018059644301

Mauricio Borja (CRD #6102733)
Mission, Texas
(September 7, 2018 – December 3, 2018)
FINRA Case #2018058726501

Edward Ralph Conrekas (CRD #2962132)
 Eastvale, California
 (December 31, 2018)
 FINRA Case #2018056986201

Glen Derek Delaney (CRD #4971534)
 North Babylon, New York
 (December 3, 2018)
 FINRA Case #2017054192101

Joel Vincent Flanigan (CRD #5664958)
 Fort Wayne, Indiana
 (December 24, 2018)
 FINRA Case #2018058657701

Jeffrey Joseph Hovermale (CRD #2104629)
 Longwood, Florida
 (December 31, 2018)
 FINRA Case #2018057839101

Christopher Joseph Marnelego (CRD #4519174)
 Millington, New Jersey
 (December 20, 2018)
 FINRA Case #2016047624301

Valerie Lynn Ness (CRD #4885721)
 Stoughton, Wisconsin
 (December 31, 2018)
 FINRA Case #2018059729801

Tristan Vonte O'Neal (CRD #5898324)
 West Des Moines, Iowa
 (December 17, 2018)
 Finra Case #2018059356301

Aaron Anthony Trotter (CRD #6622731)
 Islip Terrace, New York
 (December 10, 2018)
 FINRA Case #2018059727801

Patsy A. Vrazel (CRD #5646401)
 Buckholts, Texas
 (December 31, 2018)
 FINRA Case #2018058838001

Bruce Colin Worthington (CRD #2193895)
 Tewksbury, Massachusetts
 (December 31, 2018)
 FINRA Case #2018059894201

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.)

Robert Keith Grossman (CRD #3275780)
 Florham Park, New Jersey
 (December 11, 2018)
 FINRA Arbitration Case #17-00366

Oded Joseph Jacobowitz (CRD #2809625)
 Lawrence, New York
 (December 11, 2018)
 FINRA Arbitration Case #17-03459

Garland Sean James (CRD #2308721)
 Cambria Heights, New York
 (December 7, 2018)
 FINRA Arbitration Case #18-00763

Rachael Leigh Konz (CRD #4040114)
 Folsom, California
 (December 4, 2018)
 FINRA Arbitration Case #16-02604

Brian Moltz (CRD #2475645)
 Phoenix, Arizona
 (July 7, 2017 – December 11, 2018)
 FINRA Arbitration Case #15-02111

Thomas Adam Park (CRD #3232662)
 Los Angeles, California
 (September 11, 2018 – December 19, 2018)
 FINRA Arbitration Case #13-03165

Brian Lamont Royster (CRD #4766877)

Ann Arbor, Michigan
(December 11, 2018)
FINRA Arbitration Case #18-00490

Philip Jameson Staff (CRD #6141399)

Lake Park, Florida
(December 7, 2018)
FINRA Arbitration Case #16-03398
Press Releases

FINRA Fines UBS \$5 Million for Significant Deficiencies in Anti-Money Laundering Programs

UBS to Pay \$15 Million Total Fine to FINRA, SEC and FinCEN

FINRA announced that it has fined [UBS Financial Services Inc.](#) (UBSFS) \$4.5 million and UBS Securities LLC (UBSS) \$500,000 for failing to establish and implement anti-money laundering (AML) programs reasonably designed to monitor certain high-risk transactions in customer accounts. The high-risk transactions included foreign currency wire transfers at UBSFS, and transactions in low-priced equity securities, or “penny stocks,” at UBSS.

“AML systems must be reasonably designed to monitor transactions for potentially suspicious activity,” said Susan Schroeder, FINRA’s Executive Vice President, Department of Enforcement. “When firms are part of global operations involving high-risk international securities trades and money movements, it is critical that they design and implement an AML program tailored for their business model.”

FINRA found that, from January 2004 to April 2017, UBSFS processed thousands of foreign currency wires for billions of dollars, without sufficient oversight. UBSFS’s AML surveillance systems failed to reasonably monitor billions of dollars in foreign currency wires flowing through customer accounts, including hundreds of millions of dollars in foreign currency wires to and from countries known to be at high risk for money-laundering. For example, for foreign currency wires to and from certain accounts, UBSFS’s AML surveillance systems did not capture the number and identity of customers, the number and dollar value of the transfers, whether the transfers involved third parties and whether the transfers involved countries known for money-laundering risk. UBSFS’s failure to monitor these high-risk transactions went undetected for more than eight years until discovered in 2012, and the firm failed to implement a reasonable system until April 2017.

With respect to UBSS, FINRA found that, from January 2013 to June 2017, the firm failed to reasonably monitor penny stock transactions that its Swiss parent routed to UBSS for

execution through an omnibus account. During this time, UBSS facilitated the purchase or sale of more than 30 billion shares of penny stocks valued at over \$545 million through the omnibus account for undisclosed customers.

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

In its 2018 Regulatory and Examination Priorities Letter, FINRA highlighted AML as an area of concern and noted it will assess the adequacy of firms' AML programs and their policies and procedures to detect and report suspicious transactions. Firms can also review FINRA's Examination Findings Reports to understand FINRA's areas of concern and observations on effective practices related to AML.

The Securities and Exchange Commission (SEC) and the Financial Crimes Enforcement Network (FinCEN), a bureau of the United States Department of the Treasury, also announced that UBSFS has agreed to pay a \$5 million penalty to each of these agencies in separate actions for AML violations. FINRA appreciates the cooperation of the SEC and FinCEN in the UBSFS investigation.

FINRA Sanctions Merrill Lynch \$6 Million for Selling IPOs to Industry Insiders

IPOs Included Facebook, Inc., General Motors Co., LinkedIn Corp., and Twitter Inc.

FINRA announced that it has fined [Merrill Lynch, Pierce, Fenner & Smith Inc.](#) for improperly selling shares in initial public offerings (IPOs) to industry insiders, including its employees' immediate family members and customers who were brokers at other brokerage firms. Merrill Lynch will pay a \$5.5 million fine, and disgorge \$490,530 it earned as revenue from the sales.

FINRA rules restricting who may purchase IPOs are intended to promote investor confidence and preserve the integrity of the IPO process by ensuring that FINRA members do not provide favorable treatment to industry insiders at the expense of public customers. FINRA Rule 5130 therefore prohibits member firms from selling IPO shares to certain "restricted persons," such as the immediate family members of its own brokers, and its customers who are associated with other broker-dealers.

FINRA found that from 2010 through March 2018, Merrill Lynch made at least 1,462 prohibited sales of IPO shares in 325 different offerings to 149 customer accounts in which brokers at other firms or family members of Merrill brokers held a beneficial interest. Among the IPOs improperly sold to these accounts were highly anticipated and sought-after stocks such as Facebook, Inc., General Motors Co., LinkedIn Corp., and Twitter Inc. At least 120 different financial advisors located in 79 of the firm's branch offices effected the prohibited IPO sales.

FINRA also found that Merrill Lynch's violations occurred because it failed to implement supervisory systems and procedures reasonably designed to achieve compliance with the FINRA rule prohibiting IPO sales to industry insiders. Merrill Lynch failed to use information in its own customer records to prevent the sale of IPO shares to clients who were restricted persons; failed to reasonably respond when it learned that it had sold IPO shares to immediate family members of Merrill Lynch financial advisors; and failed to reasonably train its employees to achieve compliance with the IPO rule.

"IPO shares sold to industry insiders are unavailable to investors who might otherwise have purchased them," said Susan Schroeder, FINRA Executive Vice President, Department of Enforcement. "FINRA rules play an important role in preserving the fairness of the IPO process and protecting investors' access to IPOs. Merrill Lynch knew or should have known that these customers were restricted from IPO purchases, but repeatedly sold them shares in violation of FINRA rules."

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

FINRA Fines Morgan Stanley \$10 Million for AML Program and Supervisory Failures

FINRA announced that it has fined [Morgan Stanley Smith Barney LLC](#) \$10 million for anti-money laundering (AML) program and supervisory failures that spanned a period of more than five years.

FINRA found that Morgan Stanley's AML program failed to meet the requirements of the Bank Secrecy Act because of three shortcomings:

First, Morgan Stanley's automated AML surveillance system did not receive critical data from several systems, undermining the firm's surveillance of tens of billions of dollars of wire and foreign currency transfers, including transfers to and from countries known for having high money-laundering risk.

Second, Morgan Stanley failed to devote sufficient resources to review alerts generated by its automated AML surveillance system, and consequently Morgan Stanley analysts often closed alerts without sufficiently conducting and/or documenting their investigations of potentially suspicious wire transfers.

Third, Morgan Stanley's AML Department did not reasonably monitor customers' deposits and trades in penny stock for potentially suspicious activity, despite the fact that its customers deposited approximately 2.7 billion shares of penny stock, which resulted in subsequent sales totaling approximately \$164 million during that time period.

FINRA also found that Morgan Stanley failed to establish and maintain a supervisory system reasonably designed to comply with Section 5 of the Securities Act of 1933, which generally prohibits the offer or sale of unregistered securities. In particular, Morgan Stanley divided responsibility for vetting its customers' deposits and sales of penny stock among its branch management and two home office departments without reasonable coordination among them. Instead, the firm primarily relied on its customers' representations that the penny stock they sought to deposit was not restricted from sale, and the representations of issuers' counsel that the customers' sales complied with an exemption from the registration requirements. As a result, Morgan Stanley failed to reasonably evaluate the customers' penny stock transactions for "red flags" indicative of potential Section 5 violations.

Moreover, FINRA found that Morgan Stanley failed to implement its policies, procedures, and controls to ensure that it conducted risk-based reviews on a periodic basis of the correspondent accounts it maintained for certain foreign financial institutions.

"As we stated in our Report on FINRA Examination Findings released earlier this month, FINRA continues to find problems with the adequacy of some firms' overall AML programs, including allocation of AML monitoring responsibilities, data integrity in AML automated surveillance systems, and firm resources for AML programs," said Susan Schroeder, FINRA Executive Vice President, Department of Enforcement. "Firms must ensure that their AML programs are reasonably designed to detect and cause the reporting of potentially suspicious activity."

This matter arose out of firm examinations and cause examinations referred to FINRA's Department of Enforcement by FINRA's AML Investigations Unit.

In determining the appropriate monetary sanction, FINRA considered extraordinary corrective measures Morgan Stanley took to expand and enhance its AML-related programs, including that it devoted substantial resources to increase its staffing, improve its automated transaction monitoring system, and revise its policies and procedures.

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