

Disciplinary and Other FINRA Actions

Firm Expelled, Individuals Sanctioned

Success Trade Securities, Inc. ([CRD® #46027](#), Washington, DC) and Fuad Ahmed ([CRD #2404244](#), Washington, DC)

November 27, 2017 – A Securities and Exchange Commission (SEC) decision became final in which the firm was expelled from FINRA® membership and Ahmed was barred from association with any FINRA member in any capacity. The firm and Ahmed also were ordered to pay, jointly and severally, \$13,684,105.19, plus prejudgment interest, in restitution to investors. The SEC sustained the sanctions following an appeal of a National Adjudicatory Council (NAC) decision. The sanctions were based on findings that the firm and Ahmed willfully violated Section 10(b) of the Securities Exchange Act of 1934, Securities Exchange Act of 1934 Rule 10b-5, and FINRA Rules 2020 and 2010 by making misrepresentations and omissions of material fact when they sold \$19.4 million of their parent company's promissory notes to investors. The findings also stated that the firm and Ahmed violated FINRA Rule 2010 because they sold the parent company's unregistered and nonexempt promissory notes in contravention of Section 5 of the Securities Act of 1933. ([FINRA Case #2012034211301](#))

Firms Fined

Brickell Global Markets, Inc. ([CRD #104316](#), Miami, Florida)

November 1, 2017 – A Letter of Acceptance, Waiver and Consent (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 conducted a securities business while failing to maintain its required minimum net capital. The findings stated that the deficiencies occurred after the firm improperly treated a \$2.4 million insurance receivable, related to its settlement of a customer lawsuit, as an allowable asset for the purpose of calculating its net capital. The findings also stated that due to its erroneous net capital computation, the firm filed inaccurate Financial and Operational Combined Uniform Single (FOCUS) Reports and maintained an inaccurate general ledger. ([FINRA Case #2016050832201](#))

Reported for January 2018

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).

Goldman Sachs & Co. LLC ([CRD #361](#), New York, New York)

November 1, 2017 – An AWC was issued in which the firm was censured and fined \$39,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to transmit last sale reports of transactions in over-the-counter (OTC) equity securities to the OTC Reporting Facility™ (ORF™) within 10 seconds after execution. The findings stated that the firm failed to report the correct execution time for transactions in reportable securities to the ORF. The findings also stated that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and NASD® and FINRA rules, concerning OTC equity trade reporting. ([FINRA Case #2015045105501](#))

Scottrade, Inc. ([CRD #8206](#), St. Louis, Missouri)

November 1, 2017 – An AWC was issued in which the firm was censured and fined \$42,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted orders to the Order Audit Trail System (OATS™) that contained inaccurate, incomplete, or improperly formatted data. The findings stated that the firm failed to provide details required to be disclosed on confirmations to customers for transactions effected by a broker-dealer. The findings also stated that the firm’s supervisory system, including WSPs, were not reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and to FINRA rules. The findings also included that the firm’s WSPs failed to provide for one or more of the requirements for adequate WSPs related to OATS reporting requirements and accuracy of customer confirmations for trades being reported by a third party on the firm’s behalf. FINRA found that the firm’s WSPs did not provide for procedures and supervision reasonably designed to ensure and review for compliance with the requirements to locate (or arrange to borrow) securities being sold prior to execution as prescribed by SEC Rule 203(b) of Regulation SHO. ([FINRA Case #2016048608401](#))

David Lerner Associates, Inc. ([CRD #5397](#), Syosset, New York)

November 2, 2017 – 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 failed to timely file Uniform Application for Securities Industry Registration or Transfer (Form U4) and Uniform Termination Notice for Securities Industry Registration (Form U5) amendments with FINRA. The findings stated that FINRA informed the firm of its filing deficiencies, as part of FINRA’s cycle examination of the firm, but the firm continued to submit Form U4 and Form U5 amendments in an untimely manner. Additionally, the firm failed to file Form U4 amendments to disclose four written customer complaints alleging sales practice violations and failed to file timely initial Forms U5 to report that it had terminated the registration of 14 representatives. The findings also stated that the firm failed to report two securities-related arbitrations brought by customers that resulted in settlements in amounts exceeding \$25,000 and failed to timely report statistical and summary information regarding 17 written customer complaints. The findings also

included that the firm failed to establish and maintain supervisory procedures reasonably designed to achieve compliance with its obligation to report information to FINRA on Forms U4 and U5. The firm's WSPs generally required it to timely submit regulatory filings, including Form U4 and U5 amendments and filings, pursuant to FINRA Rule 4530. However, the firm did not adopt any specific written procedures for the collection and submission of information required on the Form U4 or Form U5. Further, the firm lacked procedures for supervising the timely submission of Form U4 and Form U5 amendments regarding customer arbitrations against the firm or its registered representatives. The firm also lacked procedures for supervising the timely reporting of statistical and summary information regarding written customer complaints to FINRA. Consequently, the firm repeatedly failed to submit its regulatory filings in a timely manner. FINRA found that the firm failed to establish and maintain supervisory procedures reasonably designed to achieve compliance with Regulation T. In addition, prior to approximately 2014, the firm lacked any written procedures for filing and supervising extension requests under Regulation T. After adopting written procedures regarding Regulation T, the firm failed to take adequate steps to ensure that its employees, including those responsible for filing Regulation T extension requests, reviewed and understood the procedures. The firm's procedures for conducting supervisory reviews for compliance with Regulation T were also deficient and as a result, the firm did not detect erroneous information entered on extension requests, including errors that resulted in a customer exceeding the annual limit of extension requests. In addition, the firm failed to establish and maintain procedures for imposing a 90-day freeze on extensions of credit to customers who sold securities without having paid for them as required under subpart (c) of Regulation T. ([FINRA Case #2015046295201](#))

Questar Capital Corporation ([CRD #43100](#), Minneapolis, Minnesota)

November 2, 2017 – An AWC was issued in which the firm was censured and required to provide FINRA with a remediation plan to remediate eligible customers who qualified for, but did not receive, the applicable mutual fund sales-charge waiver. As part of this settlement, the firm agrees to pay restitution to eligible customers, which is estimated to total \$796,892 (the amount eligible customers were overcharged, including interest). Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it disadvantaged certain retirement plan and charitable organization customers that were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge. The findings stated that these eligible customers were instead sold Class A shares with a front-end sales charge, or Class B or C shares with back-end sales charges, and higher ongoing fees and expenses. These sales disadvantaged eligible customers by causing such customers to pay higher fees than they were actually required to pay. The findings also stated that the firm failed to reasonably supervise the application of sales-charge waivers to eligible mutual fund sales. The firm relied on its financial advisors to determine the applicability of sales-charge waivers, but failed to maintain adequate written policies or procedures to assist financial advisors in making this determination. In addition, the firm failed to adequately notify and train its financial advisors regarding the

availability of mutual fund sales-charge waivers for eligible customers. The firm also failed to adopt adequate controls to detect instances in which they did not provide sales-charge waivers to eligible customers in connection with their mutual fund purchases. As a result of the firm's failure to apply available sales-charge waivers, the firm estimates that eligible customers were overcharged by approximately \$686,334 for mutual fund purchases made since July 1, 2009. ([FINRA Case #2016049977801](#))

Wells Fargo Clearing Services, LLC ([CRD #19616](#), St. Louis, MO)

November 6, 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 failed to report the correct time of trade execution for transactions in Trade Reporting and Compliance Engine® (TRACE®)-eligible securitized products to TRACE. The findings stated that the firm failed to report transactions in TRACE-eligible securitized products to TRACE within 15 minutes of the time of execution. ([FINRA Case #2016051812801](#))

Ameritas Investment Corp. ([CRD #14869](#), Lincoln, Nebraska)

November 8, 2017 – An AWC was issued in which the firm was censured and fined \$180,000. 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 an adequate supervisory system and WSPs related to the sale of multi-share class variable annuities. The findings stated that despite the significant role that variable annuity sales played in the firm's overall business, it failed to implement an adequate supervisory system and procedures designed to ensure suitability in its multi-share class variable annuity sales, including L-share contracts. The firm's WSPs failed to sufficiently provide registered representatives and principals the guidance or suitability considerations for sales of different variable annuity share classes. More specifically, the firm did not provide sufficient guidance to its registered representatives on the features of various available share classes, the associated fees and surrender charges, and did not provide them with adequate information to compare share classes to make suitability determinations. In addition, the firm failed to establish, maintain and enforce WSPs or provide sufficient guidance to its registered representatives and principals on the sale of long-term income riders with multi-share class variable annuities, particularly the combination of L-share contracts with long-term income riders. The findings also stated that the firm failed to establish, maintain and enforce a reasonably designed supervisory system to achieve compliance with FINRA Rule 2121. The firm's trade system listed a flat four percent default commission for all equity security transactions. Although the four percent commission rate was the firm's default rate, representatives often discounted commissions from that rate to fit particular customer relationships. The firm disclosed its commission rates to customers when they opened their accounts. The firm failed to supervise equity securities commissions charged by its representatives that were at a four percent rate to determine whether such commissions were reasonable and fair given the considerations outlined in Rule 2121. ([FINRA Case #2015043583901](#))

RBS Securities Inc. ([CRD #11707](#), Stamford, Connecticut)

November 8, 2017 – An AWC was issued in which the firm was censured and fined \$40,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the correct contra-party's identifier for transactions in TRACE-eligible agency debt securities to TRACE. ([FINRA Case #2015047759201](#))

Bruce A. Lefavi Securities, Inc. ([CRD #10684](#), Salt Lake City, Utah)

November 10, 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 four retail communications prepared and disseminated by the firm to numerous customers containing content that pertained to Real Estate Investment Trusts (REITs) and/or Business Development Companies (BDCs) failed to completely identify the risks associated with investing in REITs/BDCs, failed to provide sufficient detail to allow customers to evaluate the investments and, in some instances omitted material information. The findings stated that one of the retail communications compared the subject BDC to bond funds without identifying and explaining the material differences between the two products. The findings also stated that the firm did not establish and maintain a reasonable supervisory system and WSPs regarding the appropriateness of fee-based accounts and charges associated with those accounts. Specifically, the firm had no procedures that addressed whether advisory products and services offered to its customers by its affiliated investment advisor and charges paid by its customers for those advisory services were reasonable and appropriate. Approximately 99 percent of the firm's customers also had accounts with its affiliated investment advisor. All of the customers' purchases of REITs and BDCs were processed through the firm, and the customers were charged a commission. For customers who also had accounts with the affiliated investment advisor, the REIT and BDC securities were subsequently transferred to the customers' accounts at the affiliated investment advisor and the dollar value of the securities became subject to an annual asset management fee. ([FINRA Case #2015043353301](#))

Lightspeed Trading, LLC ([CRD #35519](#), New York, New York)

November 10, 2017 – An Offer of Settlement was issued in which the firm was censured and fined a total amount of \$290,000, of which \$41,428.58 shall be paid to FINRA. Additionally, the firm must comply with an undertaking in which it shall make a written submission to FINRA concerning its implementation and effectiveness of its policies, systems and procedures (written or otherwise). Without admitting or denying the allegations, the firm consented to the sanctions and to the entry of findings that it failed to establish a system of reasonable supervision, including adequate WSPs, in that it failed to have sufficient procedures for the review of orders entered by firm customers and failed to maintain systems to surveil for potentially manipulative trading activity. The findings stated the firm failed to establish and maintain the required systems to supervise the activities of its registered representatives, registered principals, and other associated

persons notwithstanding red flags suggesting closer supervision was warranted. These red flags included a representative's suspicious trading activity in customer accounts, sending account user identification and passwords to unauthorized persons, repeated wash trades with one of his customers, and repeated withdrawals of the same amount of money within a short period of time. The findings also stated that the firm failed to review a representative's electronic communications and failed to adequately supervise a representative's electronic communications. The firm should have been aware that a representative was using a non-firm instant messaging account to conduct firm business. However, it did not preserve records of these communications. As a result, the firm failed to adequately make and preserve electronic business records. The findings also included that although the firm learned that a representative was affiliated with a previously unreported outside business activity, it failed to follow its supervisory procedures to notify its registration department that a Form U4 was required to be filed. As a result of these supervisory deficiencies, the orders entered by customers of the firm had the potential to adversely impact the integrity of the markets and cause potential harm to other market participants. ([FINRA Case #2013035468201](#))

Hornor, Townsend & Kent, Inc. ([CRD #4031](#), Horsham, Pennsylvania)

November 14, 2017 – An AWC was issued in which the firm was censured and fined \$275,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to implement a supervisory system and procedures reasonably designed to ensure the suitability of multi-share class variable annuities sales, including L-share contracts. The findings stated that the firm did not provide training to registered representatives on the features of the various share classes and the associated fees and surrender charges, and did not provide them with adequate information to compare share classes to make suitability determinations. In addition, the firm failed to establish, maintain, and enforce WSPs or provide sufficient guidance or training to representatives and principals regarding the sale of long-term income riders with multi-share class variable annuities, particularly the combination of L-share contracts with long-term income riders. The findings also stated that the firm failed to adequately supervise the private securities transactions of its representatives who were dually registered as investment advisors with third-party advisory firms. The firm's WSPs did not address the supervision of transactions that representatives executed through third-party investment advisors. ([FINRA Case #2015043387001](#)) **BGC Financial, L.P. ([CRD #19801](#), New York, New York)**

November 15, 2017 – An AWC was issued in which the firm was censured, fined \$40,000, and required to revise its WSPs with respect to the applicable securities laws and regulations, and FINRA rules, concerning OATS. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted 30 Execution or Combined Order/Execution Reports to OATS that the OATS system was unable to link to related trade reports in a FINRA transaction reporting system due to inaccurate, incomplete, or improperly formatted data. The findings stated that two of these 30 Execution or Combined Order/Execution Reports contained an inaccurate Market Center ID,

five contained an inaccurate Capacity Code, and nine contained an incorrect Market Center ID and Capacity Code. The findings also stated that the firm transmitted 48 Execution or Combined Order/Execution Reports to OATS that it was not required to submit. The findings also included that the firm failed to transmit Reportable Order Events (ROEs) to OATS. FINRA found that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning OATS. Specifically, the firm failed to enforce its WSPs which specified that the firm will ensure accuracy of OATS reporting by third parties on the firm's behalf. Additionally, the firm's WSPs did not specifically mention each category reviewed by it, including FORE Status, Late Reports, Out of Sequence Events and Inter-firm Route Matching. Lastly, the firm's WSPs reference Nasdaq Route Matching instead of Exchange Route Matching; inaccurately state that hedge transactions by a trading desk, as well as orders received from other market makers in securities in which the firm also makes markets, are not OATS reportable transactions; and failed to sufficiently identify any designees of the chief compliance officer (CCO) who are responsible for ensuring OATS reporting compliance. ([FINRA Case #2015044329701](#))

Potamus Trading LLC ([CRD #142867](#), Boston, Massachusetts)

November 15, 2017 – An AWC was issued in which the firm was censured, fined \$27,500, and required to address its Regulation NMS Rule 611(a) and 611(b) deficiencies to ensure that it has implemented procedures reasonably designed to achieve compliance with applicable rules and regulations. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that while acting as a trading center, it failed to establish, maintain, and enforce written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in Regulation NMS stocks that do not fall within any applicable exceptions, and if relying on an exception, are reasonably designed to assure compliance with the terms of the exception. The findings stated that the firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with the applicable securities laws and regulations, and FINRA rules, concerning Regulation NMS Rule 611(a). ([FINRA Case #2014041632901](#))

Morgan Stanley Smith Barney LLC ([CRD #149777](#), Purchase, New York)

November 17, 2017 – An AWC was issued in which the firm was censured and fined \$150,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it did not send approximately four million margin disclosures during 2012, 2013 and 2014. The findings stated that these disclosures alert customers to risks and procedures relating to trading securities on margin. From 2012 through 2014, the firm had a process in place that relied on various individuals and groups providing required disclosures for inclusion in mailings to customers. Prior to 2015, the firm did not formally designate any one person or group to ensure that required yearly margin disclosure statements were included in mailings to customers with margin accounts. ([FINRA Case #2016049857301](#))

NPB Financial Group, LLC ([CRD #137743](#), Burbank, California)

November 17, 2017 – An AWC was issued in which the firm was censured and fined \$35,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain and enforce adequate WSPs for the review of email. The findings stated that the firm’s WSPs were deficient because they did not specify the amount of email required to be reviewed, how the firm would supervise the review of email, the timing and frequency of such supervision, or how such supervision was to be documented. Additionally, the WSPs failed to identify a process by which the emails of the firm’s president, chief executive officer (CEO), and CCO were to be reviewed, and as a result, the firm did not review this individual’s emails. The firm’s WSPs also prohibited registered representatives from using non-firm email addresses for firm business-related communications, but not enforce this prohibition. As a result, at least three of the firm’s representatives used non-firm email addresses for firm business purposes. By failing to enforce this policy, the firm failed to adequately supervise its representatives’ written communications. The findings also stated that the firm’s written supervisory control procedures for the supervision of producing managers were deficient because they did not address how the firm would supervise the securities business of its producing managers, the timing and frequency of such supervision or how such supervision was to be documented. As a result, the firm improperly permitted some of its producing managers to approve their own transactions and to approve new account forms of their own customers. The firm also prepared and submitted reports and certifications that were inadequate because it had failed to conduct sufficient testing or verification of its supervisory procedures. ([FINRA Case #2014038994601](#))

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

November 20, 2017 – An AWC was issued in which the firm was censured, fined \$30,000, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to transmit ROEs to OATS. The findings stated that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning OATS reporting accuracy. ([FINRA Case #2016048745701](#))

RKCA, Inc. fka Rippe & Kingston Capital Advisors, Inc. ([CRD #17655](#), Cincinnati, Ohio)

November 20, 2017 – An AWC was issued in which the firm was censured and fined \$10,000. A lower fine was imposed after considering, among other things, the firm’s revenue and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to memorialize the outside business activities of a registered representative. The findings stated that the firm was notified by the representative that he was participating in multiple outside business activities and carrying out those activities through various entities. The firm failed to evaluate the proposed activity to determine whether it should have been treated

as an outside securities activity. Specifically, the firm did not review any underlying documentation pertaining to the entities involved in the proposed outside business activity and did not conduct an analysis to determine whether or not the representative was participating in the sale of a security. The firm also failed to meet the requirement that it create and maintain records of the disclosed outside activities. Although the representative participated in the outside activities between 2010 and 2016, the firm did not document those activities until February 2017. ([FINRA Case #2016048232601](#))

Wilson-Davis & Co., Inc. ([CRD #3777](#), Salt Lake City, Utah)

November 21, 2017 – An AWC was issued in which the firm was censured, fined \$20,000, and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to immediately publish a bid or offer reflecting the price and the full size of customer limit orders for OTC equity securities held by the firm, which were at a price that would have improved the firm’s bid or offer in such securities. The findings stated that the firm identified, among other things, its locked and crossed markets procedures as part of its supervisory system for complying with FINRA Rule 6460. The firm failed to implement a supervisory system, including policies and procedures, designed to reasonably prevent displaying, or engaging in a pattern or practice of displaying, locking or crossing quotations in any OTC equity security. ([FINRA Case #2014042306201](#))

UBS Financial Services Inc. ([CRD #8174](#), Weehawken, New Jersey)

November 22, 2017 – An AWC was issued in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it submitted ROEs to OATS that contained inaccurate, incomplete, or improperly formatted data. The findings stated that the firm submitted reports to OATS that contained order received timestamps that did not match the receipt time on the firm’s order tickets; submitted OATS reports containing inaccurate order received timestamps for after-market orders; and submitted OATS reports containing improperly recorded buy/sell codes. The findings also stated that the firm submitted order tickets that contained inaccurate, incomplete, or improperly formatted data. The findings also included that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning OATS reporting. ([FINRA Case #2015047864601](#))

ING Financial Markets LLC ([CRD #28872](#), New York, New York)

November 27, 2017 – An AWC was issued in which the firm was censured and fined \$40,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it incorrectly reported OTC options positions to the large options position reporting (LOPR) system with an incorrect multiplier of “1” or “0” for options that had been exercised. The findings stated that the firm inaccurately reported OTC options positions to the LOPR by incorrectly populating with a “zero” the tax

identification (Tax ID) number field for domestic accounts. The findings also stated that the firm inaccurately reported OTC options positions to the LOPR by improperly abbreviating or incorrectly reporting the “city” field for account addresses. The findings also included that the firm inaccurately reported OTC options positions to the LOPR by incorrectly populating the Tax ID field for domestic accounts as “999-99-9999”. FINRA found that the firm inaccurately reported options positions to the LOPR with a zero strike price. The findings stated that the firm failed to establish, maintain and enforce adequate WSPs that were reasonably designed to ensure compliance with its LOPR reporting obligations under applicable FINRA rules. Specifically, the firm’s WSPs did not adequately provide for reviews to ensure the accuracy of its LOPR reports or; of rejected LOPR submissions, and to identify potential acting-in-concert activity. ([FINRA Case #2015044057301](#))

National Financial Services LLC ([CRD #13041](#), Boston, Massachusetts)

November 27, 2017 – An AWC was issued in which the firm was censured and fined \$60,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it had a fail-to-deliver position at a registered clearing agency in an equity security that resulted from either a long or short sale, and did not close the fail-to-deliver position by purchasing or borrowing securities of like kind and quantity within the time frame prescribed by SEC Rule 204(a) or SEC Rule 204(a)(1) of Regulation SHO. ([FINRA Case #2012034660901](#))

SGI Securities LLC ([CRD #155643](#), New York, New York)

November 28, 2017 – An AWC was issued in which the firm was censured and fined \$5,000. The fine amount was reduced after considering, among other things, the firm’s revenue and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to maintain and preserve emails as required by FINRA rules and SEC Rule 17a-4 of the Securities Exchange Act of 1934. The findings stated that the firm used a third-party vendor as its email retention system; however, 2,830 firm emails were not retained on the retention system. While the firm retained those 2,830 emails on its server, the firm’s server was not Rule 17a-4 compliant. In addition, the firm’s retention system did not prevent it from permanently deleting emails. The findings also stated that the firm failed to document its supervisory email reviews. ([FINRA Case #2016047637501](#))

CoreCap Investments, Inc. ([CRD #37068](#), Southfield, Michigan)

November 29, 2017 – An AWC was issued in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it conducted a securities business while operating below its required minimum net capital of \$50,000. The findings stated that the firm’s net capital deficiency resulted primarily from its failure to account properly for certain assets and liabilities. The findings also stated that on the same date, the firm failed to prepare an accurate net capital computation, general ledger and trial balance. Because of the firm’s miscalculations, it also prepared and submitted an inaccurate FOCUS report. ([FINRA Case #2017053505901](#))

TradeStation Securities, Inc. ([CRD #39473](#), Plantation, Florida)

November 29, 2017 – An AWC was issued in which the firm was censured and fined the amount of \$125,000, of which \$32,500 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 it failed to provide written notification disclosing to its customer that the transaction was executed at an average price. The findings stated that the firm failed to provide the extended hours risk disclosure to a customer prior to accepting and executing an order outside of normal market hours. The findings also stated that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA and SEC rules. The firm’s WSPs failed to provide for one or more of the minimum requirements for adequate WSPs in certain of its business areas. The firm failed to provide sufficient documentary evidence that it performed the supervisory reviews set forth in its WSPs for certain areas. The findings also determined that, based upon a review of the firm’s WSPs containing a description of its risk management controls and supervisory procedures, the firm failed to provide one or more of the minimum requirements for adequate WSPs in certain of its business areas. ([FINRA Case #2014039942904](#))

Individuals Barred

Masood Husain Azad ([CRD #4798445](#), Houston, Texas)

November 1, 2017 – An AWC was issued in which Azad was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Azad consented to the sanction and to the entry of findings that he failed to provide FINRA-requested documents and information in connection with its investigation into allegations of misconduct by him while associated with his former member firm. The findings stated that the allegations included that Azad participated in an unapproved private securities transaction by soliciting investments and/or directly investing in an electronic data security company, and engaged in outside business activities involving the company, without obtaining authorization from the firm. ([FINRA Case #2017054623301](#))

Lisa DeAnne Casper ([CRD #1083875](#), Hubertus, Wisconsin)

November 2, 2017 – An AWC was issued in which Casper was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Casper consented to the sanction and to the entry of findings that she failed to produce documents and information requested by FINRA in connection with an investigation into the circumstances of her termination from her former member firm. ([FINRA Case #2017055091301](#))

William Haug Paterson ([CRD #3132630](#), Willmar, Minnesota)

November 2, 2017 – An AWC was issued in which Paterson was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Paterson consented to the sanction and to the entry of findings that he failed to provide a written statement, requested by FINRA, providing information about a particular customer complaint that alleged non-disclosure of mutual fund fees and expenses, and the circumstances of his termination by his former member firm. ([FINRA Case #2017054701901](#))

Lisa J. Lowi ([CRD #1347790](#), Lake Worth, Florida)

November 3, 2017 – An AWC was issued in which Lowi was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Lowi consented to the sanction and to the entry of findings that she refused to appear for FINRA on-the-record testimony in connection with its investigation regarding customer complaints and arbitration claims alleging, among other things, unsuitable trading. ([FINRA Case #2016048424901](#))

Victor Michel ([CRD #2689456](#), Austin, Texas)

November 3, 2017 – An AWC was issued in which Michel was barred from association with any FINRA member firm in all capacities. Without admitting or denying the findings, Michel 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 examination into possible sales practice violations committed by him while registered with his member firm. ([FINRA Case #2017054755201](#))

Adam I. Ocner ([CRD #6092730](#), North Potomac, Maryland)

November 6, 2017 – An AWC was issued in which Ocner was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Ocner consented to the sanction and to the entry of findings that he failed to provide documents and information requested by FINRA in connection with its investigation into allegations that he misappropriated funds from his member firm's branch office manager fund. ([FINRA Case #2017053503701](#))

Eric Spencer Ovesen ([CRD #6277371](#), Roslindale, Massachusetts)

November 6, 2017 – An AWC was issued in which Ovesen was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Ovesen consented to the sanction and to the entry of findings that he failed to appear and provide FINRA on-the-record testimony related to an investigation of allegations contained in a Form U5, submitted by his former member firm, in which the firm stated that it had concerns regarding his role in communications involving impersonating shareholders for proxy voting. ([FINRA Case #2015047826501](#))

Christopher Michael Tenaglia ([CRD #5701431](#), Watertown, Massachusetts)

November 6, 2017 – An AWC was issued in which Tenaglia was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Tenaglia consented to the sanction and to the entry of findings that he refused to appear and provide FINRA on-the-record testimony during the course of its investigation into allegations of a proxy rigging scheme that involved impersonating shareholders to cast their votes in favor of management proposals. ([FINRA Case #2015047826001](#))

Anna Kruglikov ([CRD #5894094](#), Brooklyn, New York)

November 7, 2017 – An AWC was issued in which Kruglikov was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Kruglikov consented to the sanction and to the entry of findings that she refused to appear and provide FINRA on-the-record testimony in connection with its investigation into certain trading anomalies at her member firm during the time that she functioned as an order entry clerk. ([FINRA Case #2016048912702](#))

Victor M. Dandridge III ([CRD #5884409](#), Charlottesville, Virginia)

November 13, 2017 – An AWC was issued in which Dandridge was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Dandridge consented to the sanction and to the entry of findings that he failed to provide documents and information requested by FINRA in connection with an investigation into allegations that he diverted customer funds from accounts held at his member firm to accounts and businesses that he controlled. ([FINRA Case #2016052599901](#))

Jerry Lou Guttman ([CRD #1078383](#), Scottsdale, Arizona)

November 15, 2017 – An AWC was issued in which Guttman was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Guttman consented to the sanction and to the entry of findings that he sold more than \$7,000,000 worth of membership interests in at least six different limited liability companies to 31 customers of his member firm, and seven non-customers, without first disclosing the sales to the firm. The findings stated that Guttman participated in the sales of these membership interests by soliciting the membership interests to investors; communicating with investors about their investments; drafting, distributing and collecting the investment agreements from each investor; collecting and depositing investors' checks into the companies' bank accounts; and managing the companies as one of only two managing members. ([FINRA Case #2017055800301](#))

Robert Hayes Hoffmann ([CRD #4008798](#), Greenwood, Indiana)

November 16, 2017 – An AWC was issued in which Hoffman was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Hoffman 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 investigation into allegations by a customer concerning, among other things, potential unsuitable recommendations, unauthorized transactions, excessive trading and private securities transactions. ([FINRA Case #2017053596501](#))

Rebekah Johnson (CRD #2628392, Carencro, Louisiana)

November 16, 2017 – An AWC was issued in which Johnson was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Johnson consented to the sanction and to the entry of findings that she refused to appear for FINRA on-the-record testimony in connection with an investigation related to the circumstances of her termination from her member firm. ([FINRA Case #2017054377101](#))

Gopi Krishna Vungarala (CRD #4856193, Decatur, Texas)

November 17, 2017 – Vungarala appealed an Office of Hearing Officers (OHO) decision to the National Adjudicatory Council (NAC). Vungarala was barred from association with any FINRA member in all capacities and ordered to pay \$9,682,629, plus prejudgment interest, in disgorgement of commissions received. The sanctions were based on findings that Vungarala willfully violated Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder, and FINRA Rules 2020 and 2010 by making materially false and misleading statements to conceal his commissions on investments made by a Native American tribe he was employed by to manage its investment portfolio. The findings stated that Vungarala persuaded the tribe to invest in REITs and business development companies through a broker-dealer firm where he told the tribe he “parked” his registration. As a result, he received over \$9 million in commissions. Through false and misleading statements, Vungarala led the tribe to believe that he did not receive commissions on its transactions and that he had no conflict of interest. The findings also stated that Vungarala willfully misled the tribe regarding its eligibility for volume discounts by failing to disclose to it that it was eligible to receive more than \$3.3 million in volume discounts. Vungarala personally benefited because the discounts would have reduced his commissions.

The sanctions are not in effect, pending review. ([FINRA Case #2014042291901](#))

Brian Frederick Gimelson (CRD #2262474, Lawrenceville, New Jersey)

November 21, 2017 – An AWC was issued in which Gimelson was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Gimelson 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 allegations that he engaged in an unapproved outside business activity. ([FINRA Case #2017054844801](#))

Brian Lamont Royster (CRD #4766877, Ann Arbor, Michigan)

November 21, 2017 – An AWC was issued in which Royster was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Royster consented to the sanction and to the entry of findings that he refused to provide FINRA-requested documents and information related to its investigation into the circumstances surrounding his termination from his member firm. The findings stated that the firm filed a Form U5 terminating Royster’s registration and stating that he had violated its policy regarding borrowing money from clients. ([FINRA Case #2017052882601](#))

Edward Michael Zadworny ([CRD #1817614](#), Leeds, Massachusetts)

November 21, 2017 – An AWC was issued in which Zadworny was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Zadworny consented to the sanction and to the entry of findings that he refused to provide FINRA-requested documents and information during the course of an investigation into the reasons for his termination provided on a Form U5 by his former member firm. The findings stated that according to the firm, Zadworny violated his employment agreement with a bank the firm had a network agreement with by failing to provide to the bank outside annuity sales transaction information, including commissions received. ([FINRA Case #2016051998601](#))

Craig Edward Lewis ([CRD #1013720](#), Gainesville, Georgia)

November 29, 2017 – An AWC was issued in which Lewis was barred from association with any FINRA member firm in all capacities. Without admitting or denying the findings, Lewis consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony after FINRA discovered additional evidence following his first on-the-record testimony. The findings stated that the new evidence reflected that Lewis may have engaged in an undisclosed outside business activity by selling equity indexed annuities through a third-party life insurance company to several customers of his member firm; directed trading activity in a customer's securities account held away from his firm without disclosing to the other firm that he was a registered representative and without disclosing his activities to his firm; and traded away in an undisclosed personal securities account held at another firm without disclosing to that firm that he was a registered representative. ([FINRA Case #2016050911102](#))

David Lee Reynolds ([CRD #4685302](#), Modesto, California)

November 29, 2017 – An AWC was issued in which Reynolds was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Reynolds consented to the sanction and to the entry of findings that he refused to produce requested documents and information requested by FINRA in connection with its review of allegations, reported on an amended Form U5 by his former member firm, that he had misappropriated customer funds. ([FINRA Case #2017055823701](#))

Demitrios Hallas ([CRD #4199832](#), New York, New York)

November 30, 2017 – An OHO decision became final in which Hallas was barred from association with any FINRA member in all capacities. The sanction was based on findings that Hallas failed to provide FINRA on-the-record testimony. The findings stated that FINRA commenced an investigation after Hallas' member firm filed an amended Form U5 reporting that one of his former customers had alleged "unethical practices with the exchange of a variable annuity which resulted in a taxable event" and that the customer was seeking \$14,000 in damages. ([FINRA Case #2015047828802](#))

Individuals Suspended

Joshua D. Bradley (CRD #5174430, Columbia, South Carolina)

November 2, 2017 – An AWC was issued in which Bradley was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Bradley consented to the sanctions and to the entry of findings that he placed trades in customer accounts with a member firm with which he was no longer associated, and failed to notify his employing firm of these discretionary accounts. The findings stated that after he left the original firm, he improperly used his log-in credentials to access the firm's trading platform and enter trades; and later, after his log-in credentials had been terminated, he used another registered representative's log-in credentials to place another trade. Bradley did not receive any commissions for the trades and caused no customer harm.

The suspension is in effect from November 6, 2017, through May 5, 2018. ([FINRA Case #2016048640801](#))

James Michael Kennedy (CRD #858829, Michigan City, Indiana)

November 2, 2017 – An AWC was issued in which Kennedy was fined \$5,000 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Kennedy consented to the sanctions and to the entry of findings that he executed discretionary transactions in the accounts of a customer pursuant to her prior verbal authorization, but without written authorization from the customer or written approval from his member firm.

The suspension was in effect from December 4, 2017, through December 22, 2017. ([FINRA Case #2015047306901](#))

Conor Knox Hobert (CRD #6361123, Boston, Massachusetts)

November 3, 2017 – An AWC was issued in which Hobert was suspended from association with any FINRA member in all capacities for two years. In light of Hobert's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Hobert consented to the sanction and to the entry of findings that, at the direction of his supervisor, Hobert impersonated three shareholders and participated in several telephone calls where his supervisor impersonated financial advisors or shareholders to cast false proxy votes on their behalf in connection with the annual shareholder meetings for various funds.

The suspension is in effect from November 6, 2017, through November 5, 2019. ([FINRA Case #2015047826301](#))

Janet R. Neumire ([CRD #4834287](#), St. Rose, Louisiana)

November 3, 2017 – An AWC was issued in which Neumire 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, Neumire consented to the sanctions and to the entry of findings that she willfully failed to timely amend her Form U4 to disclose two felony charges and one subsequent guilty plea to a felony charge.

The suspension is in effect from November 6, 2017, through February 5, 2018. ([FINRA Case #2016050963401](#))

Christopher Charles Schaeffer ([CRD #1483859](#), Indianapolis, Indiana)

November 3, 2017 – An OHO decision became final in which Schaeffer was suspended from association with any FINRA member in all capacities for nine months. In light of Schaeffer's financial status, no monetary sanction has been imposed. The sanction was based on findings that Schaeffer willfully failed to timely update his Form U4 to disclose a Chapter 7 bankruptcy petition he had filed in the United States Bankruptcy Court for the Southern District of Indiana.

The suspension is in effect from November 6, 2017, through August 5, 2018. ([FINRA Case #2016049603001](#))

Richard Philip Eastburn ([CRD #1392050](#), Shaker Heights, Ohio)

November 6, 2017 – An AWC was issued in which Eastburn was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member firm in all capacities for six months. Without admitting or denying the findings, Eastburn consented to the sanctions and to the entry of findings that he made material misrepresentations to a customer of his member firm, and non-firm customers who were parties to a custody agreement Eastburn executed on his firm's behalf, thereby indicating that the firm agreed to act as custodian and to comply with the terms and obligations of the custody agreement. The findings stated that Eastburn executed the custody agreement as part of a settlement between the non-firm customers and the firm customer. The custody agreement provided, among other things, that it was entered into by and between the non-firm customers, the firm customer and the firm; and that the parties, including the firm, agreed that Eastburn would serve as custodian for certain stock certificates held by the non-firm customers. When Eastburn executed the custody agreement, he knew that he had not disclosed the agreement or its terms to the firm, and the firm did not give him authority to enter into any agreements on its behalf. The findings also stated that Eastburn later released the stock certificates to the customer, even though the customer had not made the required payments. The firm learned about the custody agreement when the non-firm customers submitted written complaints to it about Eastburn's breach of the custody agreement.

The suspension is in effect from November 6, 2017, through May 5, 2018. ([FINRA Case #2015048024501](#))

Edward Andrew Grey ([CRD #3091079](#), Greenwich, Connecticut)

November 6, 2017 – An AWC was issued in which Grey was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in all capacities for 10 months. Without admitting or denying the findings, Grey consented to the sanctions and to the entry of findings that he accepted a personal loan of \$13,310 from a customer without notifying or obtaining pre-approval from his member firm. The findings stated that, in an attempt to conceal the loan from the firm, Grey twice altered the firm’s engagement letter with the customer, thereby causing its books and records to be inaccurate.

The suspension is in effect from November 6, 2017, through September 5, 2018. ([FINRA Case #2015048056501](#))

William Porter Lawler ([CRD #5399580](#), Santa Clarita, California)

November 6, 2017 – An AWC was issued in which Lawler 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, Lawler consented to the sanctions and to the entry of findings that he provided false information in connection with applications for automobile insurance to an insurance company affiliated with his member firm. The findings stated that Lawler did so to secure discounts on insurance provided by the company for 18 customers. These customers were not eligible for the discounts, but nonetheless received them as a result of Lawler’s misconduct.

The suspension is in effect from November 6, 2017, through February 5, 2018. ([FINRA Case #2017053643001](#))

Frederick Allan Schwarb Jr. ([CRD #6420837](#), Chesterfield, Missouri)

November 6, 2017 – An AWC was issued in which Schwarb was assessed a deferred fine of \$2,000 and suspended from association with any FINRA member in all capacities for 30 days. Without admitting or denying the findings, Schwarb consented to the sanctions and to the entry of findings that he sent an email from his personal email account to a prospective customer, in violation of his member firm’s procedures requiring business-related emails to be sent through firm-approved systems or devices. The findings stated that Schwarb used his personal email account to evade the firm’s detection. In addition, Schwarb communicated with prospective customers via text message on his personal cell phone without the firm’s authorization. Schwarb’s business-related communications, sent from his personal email account and personal cell phone, were not retained by the firm, causing it to fail to comply with its recordkeeping obligations. The findings also stated that Schwarb sent a number of emails to prospective customers, which included a flier not approved by the firm, as an attachment describing services that Schwarb claimed to be able to provide to customers. In the cover emails, Schwarb falsely stated that he worked as part of a team and made a promissory statement claiming to “mitigate investment risk.” The attached flier also touted Schwarb’s use of a particular investment evaluation tool, which had not been approved for use by his firm.

The suspension was in effect from November 6, 2017, through December 5, 2017. ([FINRA Case #2016049817701](#))

Brad C. Lawing ([CRD #4986486](#), Springfield, Missouri)

November 7, 2017 – An AWC was issued in which Lawing was assessed a deferred fine of \$10,000, suspended from association with any FINRA member in all capacities for five months and ordered to pay \$11,754, plus interest, in deferred restitution to customers. Without admitting or denying the findings, Lawing consented to the sanctions and to the entry of findings that he disclosed nonpublic information of ten customers, including information about their account balances or investment strategies, to their former registered representative who had become statutorily disqualified due to a felony conviction. The findings stated that Lawing’s member firm prohibited him from sharing nonpublic information about the representative’s former customers with her because of her statutorily disqualified status. Lawing sent more than one hundred text messages about his securities business to the representative without seeking or receiving the firm’s prior written approval. By doing so, Lawing prevented the firm from supervising those communications, creating a risk of harm to customers. The findings also stated that Lawing recommended shares of a business development company—an illiquid and relatively risky security—to three customers, even though two of them did not satisfy the issuer’s suitability standards, and the third customer’s investment resulted in overconcentration. Lawing did not use reasonable diligence to ascertain those customers’ financial situation, risk tolerance and other factors affecting the investment’s suitability. In one case, Lawing recommended the shares by mail, without speaking with the customer, and in the other cases, he did not collect enough information about the customer’s investment profile to show that the security or the concentration was suitable.

The suspension is in effect from November 20, 2017, through April 19, 2018. ([FINRA Case #2016050058801](#))

Charles Terrence Lundell ([CRD #314440](#), Bellevue, Washington)

November 7, 2017 – An AWC was issued in which Lundell was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 30 days. Without admitting or denying the findings, Lundell consented to the sanctions and to the entry of findings that he exercised discretion to purchase a total of approximately \$252,912 of four NYSE-listed equity securities in the accounts of five of his member firm’s customers without written permission from the customers to exercise discretion, and without the firm having accepted the accounts as discretionary. The findings also stated that Lundell exercised discretion to sell approximately \$65,788 of one NYSE-listed equity security in the account of one of these five customers.

The suspension was in effect from November 20, 2017, through December 19, 2017. ([FINRA Case #2017053736201](#))

Cecil Bailey Byers ([CRD #809253](#), Orange, Texas)

November 8, 2017 – An AWC was issued in which Byers was fined \$10,000 and suspended from association with any FINRA member firm in all capacities for two months. Without admitting or denying the findings, Byers consented to the sanctions and to the entry of findings that he failed to disclose to his member firm that he had been appointed as a co-executor and beneficiary in a customer's will, in contravention of the firm's WSPs. The findings stated that one of Byers' customers passed away, leaving a last will and testament which named Byers as residual beneficiary and co-executor of the customer's estate. Byers became aware of the terms of the will two days before the customer's death. The firm first learned of the appointments when it received notice of probate litigation related to the customer's estate. The probate petition objected to Byers' positions as co-executor and beneficiary of the customer's estate. Byers had himself removed as co-executor almost immediately after the filing of the probate petition. As a result of the probate litigation, Byers did not inherit any funds from the customer's estate.

The suspension is in effect from December 4, 2017, through February 3, 2018. ([FINRA Case #2015046758101](#))

Sandy Michael Galuppo ([CRD #2630674](#), North Reading, Massachusetts)

November 8, 2017 – An AWC was issued in which Galuppo was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for one year. Without admitting or denying the findings, Galuppo consented to the sanctions and to the entry of findings that he submitted dozens of business expense reimbursement requests that he knew, or was reckless in not knowing, were not compliant with his member firm's reimbursement policies. The findings stated that Galuppo's firm permitted him to use his personal credit card to charge business expenses. When seeking reimbursement of those expenses from the firm, Galuppo was required to submit his receipts along with an expense report to document, among other things, the business purpose of the expenses and, where relevant, other persons involved or present. During the relevant period, Galuppo submitted over 600 expense reimbursement requests. Galuppo's practice was to provide his receipts to subordinate employees at the firm so that they could prepare and submit the associated expense report to the firm on his behalf. Given the frequency of his business travel and entertaining, Galuppo often provided these subordinate employees numerous receipts at the same time, and on some occasions, he provided information that he knew, or was reckless in not knowing, was inaccurate. Galuppo's expense reimbursement requests sometimes described meals with his team members as meals with clients, or personal meals as business meals. In other instances, Galuppo also provided his subordinates inaccurate information about the reported attendees at meals. In total, FINRA found that approximately 82 expenses, primarily business-related meals, contained inaccurate information. By failing to ensure that his expense reimbursement requests were accurate, Galuppo caused, among other things, non-reimbursable expenses to be charged against his expense accounts and prevented the firm from properly ensuring that only expenses consistent with its policies be reimbursed.

The suspension is in effect from November 20, 2017, through November 19, 2018. ([FINRA Case #2015048118501](#))

Phillip Joseph Leach ([CRD #5826777](#), Memphis, Tennessee)

November 9, 2017 – An AWC was issued in which Leach was fined \$5,000 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Leach consented to the sanctions and to the entry of findings that, without the knowledge or consent of his member firm or any customers, he removed non-public personal information concerning the customers from the firm prior to resigning, causing the firm to violate SEC Regulation S-P of the Securities Exchange Act of 1934. The findings stated that Leach resigned from the firm and became associated with another FINRA regulated broker-dealer. Prior to leaving the firm's premises, and in violation of its policies, Leach connected a portable storage device to his firm computer, downloaded a personal storage table file to that device, and removed the device from the firm's premises, thereby placing it outside of the firm's possession and control. The personal storage table file included non-public personal information as defined under Regulation S-P. The findings also stated that Leach made a written misrepresentation to his firm when he submitted to it a resignation letter, falsely stating that he had neither removed confidential information from it nor retained such information.

The suspension is in effect from December 4, 2017, through January 17, 2018. ([FINRA Case #2016050096801](#))

Patricia Gail Peterson ([CRD #1962901](#), Henderson, Nevada)

November 9, 2017 – An AWC was issued in which Peterson was fined \$7,500 and suspended from association with any FINRA member in all capacities for 20 business days. Without admitting or denying the findings, Peterson consented to the sanctions and to the entry of findings that she used discretion to place trades in the accounts of her member firm's customers without having received written authorization from the customers to use discretion in their accounts and without the firm having accepted the accounts as discretionary. The findings stated that Peterson had received verbal permission from the customers to use discretion in their accounts.

The suspension was in effect from December 4, 2017, through January 2, 2018. ([FINRA Case #2015047070601](#))

Jeffrey L. Slothower ([CRD #3064787](#), Southampton, New York)

November 9, 2017 – An AWC was issued in which Slothower was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Slothower consented to the sanctions and to the entry of findings that, while associated with a member firm, he wired \$355,000 to a former customer's bank account to offset trading losses incurred from options trading in the customer's brokerage account while Slothower was the customer's

broker of record at his previous firm. The findings stated that Slothower and the customer are not related and at the time of the wire, the customer was not a customer of Slothower. Slothower did not obtain prior written authorization from the prior firm, his firm or the customer, nor had Slothower or his firms financially contributed to the customer's brokerage account prior to the wire. Thus, Slothower improperly shared in the customer's losses.

The suspension was in effect from November 20, 2017, through December 11, 2017. ([FINRA Case #2016049080901](#))

William Norris Jordan Jr. ([CRD #1385105](#), Philadelphia, Pennsylvania)

November 13, 2017 – An OHO decision became final in which Jordan was fined \$7,000, suspended from association with any FINRA member in all capacities for one year, and ordered to disgorge \$25,657, plus prejudgment interest. The sanctions were based on findings that, in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, Jordan engaged in a fraudulent scheme when he willfully executed inter-positioning trades in municipal bond transactions. The findings stated that Jordan failed to disclose the trades to the ultimate purchasers of the bonds that he artificially influenced the bond prices through manipulative activity in the form of his inter-positioning trades. When Jordan sold the bonds to the inter-dealer, he knew they would be coming back to him. The trades with the inter-dealer moved the inter-dealer prices upward, and he profited from this price movement when he sold the bonds to the ultimate purchasers. Jordan did not disclose to the ultimate purchasers that he had engaged in the trades with the inter-dealer. Jordan executed his inter-positioning trades in furtherance of a fraudulent scheme to increase the prices of his municipal bonds on certain select transactions while giving the false appearance that his markups were competitive. Before the inter-positioning trades began, Jordan's largest customer had discussions with him about the fact that his markups were higher than those of his competitors. In six of seven transaction sets, the inter-positioning trades moved the inter-dealer prices upward. The omission from the ultimate purchasers was material because a reasonable investor would consider it important to their investment decision whether the seller had engaged in a fraudulent act, device, or scheme with respect to the bond before selling the bond to the investor. The findings also stated that Jordan's inter-positioning trades with municipal securities were deceptive, dishonest, and unfair and he failed to deal fairly with all persons in violation of Municipal Securities Rulemaking Board (MSRB) Rule G-17. There was no change in beneficial ownership. The findings also included that Jordan reported his inter-positioning trades to the MSRB reporting system even though he knew the trades were fictitious. The trades were fictitious because there was no change in beneficial ownership and they were no different from wash sales, which involve no change in beneficial ownership and are fraudulent. FINRA found that Jordan provided false information to FINRA in both his written statement and his on-the-record interview by representing that he engaged in the trades to reward a broker at another brokerage firm for her hard work on his behalf. The Hearing

Panel decision found that FINRA failed to meet its burden of proving that the prices Jordan charged the ultimate purchasers of the municipal bonds were unfair and unreasonable, therefore this allegation was dismissed.

The suspension is in effect from November 13, 2017, through November 12, 2018. ([FINRA Case #2012031748203](#))

Todd Frederick Taxman (CRD #5333541, Chesterfield, Missouri)

November 13, 2017 – An AWC was issued in which Taxman was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for 15 months. Without admitting or denying the findings, Taxman consented to the sanctions and to the entry of findings that he willfully failed to amend his Form U4 to disclose a felony charge and guilty plea. The findings stated that, due to Taxman's failure to timely report the felony charge and guilty plea, his registration through the member firm continued while he was statutorily disqualified. The findings also stated that Taxman falsely answered questions regarding whether any information on his Form U4 had changed, such as criminal information which had not been disclosed, on the firm's annual compliance questionnaire. In addition, Taxman provided a false answer to his supervisor when asked whether he had any arrest for non-traffic related offenses during the firm's annual compliance inspection of his branch office.

The suspension is in effect from November 20, 2017, through February 19, 2019. ([FINRA Case #2016049347101](#))

Robert Scott Wilder (CRD #2559813, Atlanta, Georgia)

November 13, 2017 – An AWC was issued in which Wilder 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, Wilder consented to the sanctions and to the entry of findings that he participated in private securities transactions without providing prior written notice to, or receiving approval from, his member firm or his subsequent firm to participate in these private securities transactions. The findings stated that Wilder formed and organized a start-up investment advisory business and solicited at least four individuals to purchase promissory notes issued by the advisory business. Wilder participated in the sale of the promissory notes to the four investors, some of whom were customers of the firms, for a total amount of \$200,000. Wilder's participation in the sale of the advisory business promissory notes included, but was not limited to, the distribution of the business private placement memorandums and subscription agreements, as well as the execution of the promissory notes and the subscription agreements on behalf of the business. Wilder repaid the four investors in full, including interest.

The suspension is in effect from November 20, 2017, through February 19, 2018. ([FINRA Case #2015048075801](#))

Bufus Outlaw Jr. ([CRD #2275911](#), Moorestown, New Jersey)

November 15, 2017 – An AWC was issued in which Outlaw 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, Outlaw consented to the sanctions and to the entry of findings that he failed to prepare and maintain accurate financial statements, including his member firm’s general ledger. The finding stated that Outlaw classified his personal expenses as business expenses of the firm, which caused the firm’s books and records to be inaccurate.

The suspension was in effect from November 20, 2017, through January 3, 2018. ([FINRA Case #2017052210001](#))

Dickson Kai Chi Lo ([CRD #4283745](#), San Francisco, California)

November 16, 2017 – An AWC was issued in which Lo was assessed a deferred fine of \$2,500 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Lo consented to the sanctions and to the entry of findings that he engaged in an outside business activity that involved providing fee-based college planning services to customers, which he did not disclose to his member firm. The findings stated that Lo’s business offered assistance with financial aid forms, college applications, and personal admission statements, and financial planning for college. The business collected approximately \$28,000 in fees from firm customers and others for college planning services.

The suspension is in effect from November 20, 2017, through January 19, 2018. ([FINRA Case #2016048895401](#))

Michael James Resciniti ([CRD #4006304](#), Medford, New York)

November 16, 2017 – An AWC was issued in which Resciniti was suspended from association with any FINRA member in all capacities for seven months. In light of Resciniti’s financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Resciniti consented to the sanction and to the entry of findings that he executed unauthorized transactions in the accounts of customers of his member firm.

The suspension is in effect from December 18, 2017, through July 17, 2018. ([FINRA Case #2015046441601](#))

Daniel Joe Wilson ([CRD #1033853](#), Columbus Junction, Iowa)

November 16, 2017 – An AWC was issued in which Wilson was fined \$7,500 and suspended from association with any FINRA member in all capacities for 30 business days. Without admitting or denying the findings, Wilson consented to the sanctions and to the entry of findings that he accepted instructions from a customer’s husband to liquidate mutual fund positions in the customer’s accounts in order to fund withdrawals totaling approximately

\$193,000, without obtaining authorization from the customer. The findings stated that Wilson mistakenly assumed that the customer's husband had authority to direct the liquidations and withdrawals on behalf of the customer. The customer has been reimbursed for the withdrawals.

The suspension is in effect from December 18, 2017, through January 31, 2018. ([FINRA Case #2015047946401](#))

Terry Xing-Zhao Wu ([CRD #5049038](#), Burlingame, California)

November 16, 2017 – An AWC was issued in which Wu 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, Wu consented to the sanctions and to the entry of findings that he engaged in an outside business activity that involved providing fee-based college planning services to customers, which he did not disclose to his member firm. The findings stated that Wu's business offered assistance with financial aid forms, college applications, and personal admission statements, and financial planning for college. The business collected approximately \$28,000 in fees from firm customers and others for college planning services. The findings also stated that Wu solicited a prospective insurance customer to invest in a life insurance product that was not approved for sale by his firm. Wu had a reasonable expectation of earning a commission from the sale of the life insurance product. Wu did not seek or obtain approval from the firm to sell the life insurance product.

The suspension is in effect from November 20, 2017, through January 19, 2018. ([FINRA Case #2016048896401](#))

Timothy Thomas Gibbons ([CRD #219872](#), New Orleans, Louisiana)

November 17, 2017 – An AWC was issued in which Gibbons was assessed a deferred fine of \$20,000, suspended from association with any FINRA member in all capacities for 18 months and ordered to pay deferred partial restitution of \$716,749.78, plus interest, to customers. Without admitting or denying the findings, Gibbons consented to the sanctions and to the entry of findings that he made unsuitable investment recommendations to five elderly, retired customers, who ranged in age from 72 to 90, when he over concentrated the customers' accounts in a single, high-risk energy sector security. The findings stated that some of Gibbons' recommendations were unsuitable for each customer based on the customer's age, risk tolerance, investment objectives and financial circumstances. Gibbons' investment recommendations resulted in collective realized and unrealized losses of over \$960,000 in the customers' accounts.

The suspension is in effect from November 20, 2017, through May 19, 2019. ([FINRA Case #2015047910601](#))

Robert Francis Leis ([CRD #2396271](#), Louisville, Kentucky)

November 20, 2017 – An AWC was issued in which Leis was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 20 business days. Without admitting or denying the findings, Leis consented to the sanctions and to the entry of findings that he effected securities transactions in the accounts of customers on a discretionary basis without having obtained prior written authorization from the customers to exercise discretion on their behalf, and without prior written acceptance of the accounts as discretionary from his member firm. The findings stated that, although Leis had discussed making these purchases with his customers prior to the day he executed each transaction, he failed to contact his customers to obtain their authorization to go forward with each transaction on the same days the transactions took place.

The suspension was in effect from November 20, 2017, through December 18, 2017. ([FINRA Case #2017053370801](#))

Danielle Jean McAniff ([CRD #5766774](#), Albuquerque, New Mexico)

November 20, 2017 – An AWC was issued in which McAniff was fined \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, McAniff consented to the sanctions and to the entry of findings that she engaged, and permitted her office administrator to engage, in a practice of having her customers sign blank and incomplete forms, or using photocopied customer signatures. The findings stated that McAniff or her office administrator then completed the forms and submitted them to her member firm as original documents. The forms were used to open customer accounts, record customer financial information and authorize customer transactions. By engaging, and permitting her office administrator to engage, in this conduct, McAniff caused the firm to create and maintain inaccurate books and records.

The suspension is in effect from December 18, 2017, through February 17, 2018. ([FINRA Case #2016051104501](#))

Alyssa Jeanette Rakovich ([CRD #3003477](#), Bradenton, Florida)

November 21, 2017 – An AWC was issued in which Rakovich was fined \$5,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Rakovich consented to the sanctions and to the entry of findings that she engaged in outside business activities without seeking or receiving prior approval from her member firm. The findings stated that Rakovich provided, among other things, consulting services to various companies and received approximately \$32,500 in related compensation. In addition, Rakovich failed to disclose some of these outside business activities on a firm sales questionnaire.

The suspension is in effect from December 18, 2017, through January 17, 2018. ([FINRA Case #2015047359101](#))

Philip James Fluegge ([CRD #1020686](#), Shelby Township, Michigan)

November 27, 2017 – An AWC was issued in which Fluegge was fined \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Fluegge consented to the sanctions and to the entry of findings that he falsified applications for 529 college savings plans to enable customers to purchase Class C shares when such purchases were prohibited by his member firm. The findings stated that Fluegge caused the firm's books and records to be inaccurate by directing the customers who had expressed a preference for Class C shares to sign applications for Class A shares, which he then submitted to the firm for review. Once the firm had approved the applications, Fluegge changed the share class from A to C before submitting the applications to the plan sponsors.

The suspension is in effect from December 18, 2017, through February 17, 2018. ([FINRA Case #2016051127301](#))

Isaac Franklin Stevens Jr. ([CRD #827523](#), Denton, Texas)

November 27, 2017 – An AWC was issued in which Stevens 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, Stevens consented to the sanctions and to the entry of findings that he exercised time and price discretion without written authority. The findings stated that a customer authorized a purchase, but the order was not entered until two or three weeks later. The customer did not have a discretionary account and Stevens did not have written trading authority from the customer. The findings also stated that Stevens entered the relevant trade order using another registered representative's log-on credentials, thereby causing his member firm's books and records to be inaccurate.

The suspension was in effect from December 18, 2017, through January 2, 2018. ([FINRA Case #2016051642201](#))

Thomas Mark Cibotti ([CRD #4672417](#), Boston, Massachusetts)

November 28, 2017 – An AWC was issued in which Cibotti was fined \$25,000, suspended from association with any FINRA member in all capacities for 45 days and required to pay \$28,323.07, plus interest, in disgorgement. Without admitting or denying the findings, Cibotti consented to the sanctions and to the entry of findings that while associated with his member firm, he purchased shares in 52 initial public offerings (IPOs) in two brokerage accounts held at another firm. The finding stated that both of these personal brokerage accounts were fully disclosed to his firm at the time of the transactions. Cibotti sold all 52 IPOs generating actual profits of \$28,323.07.

The suspension is in effect from December 18, 2017, through January 31, 2018. ([FINRA Case #2017054294701](#))

David Adam Elgart ([CRD #825759](#), Roswell, Georgia)

November 28, 2017 – Elgart appealed an SEC Order to the U.S. Court of Appeals for the Eleventh Circuit. The SEC sustained the NAC’s findings and sanctions imposed. Elgart was fined a total of \$20,000, suspended from association with any FINRA member in all capacities for six months and suspended from association with any FINRA member in all capacities for 30 business days, to be served consecutively. The sanctions were based, in part, on findings that Elgart willfully failed to timely disclose five tax liens on his Form U4. The findings stated that Elgart was aware of his tax liens around the time they were issued, yet he voluntarily did not timely update his Form U4. The sanctions were also based on the findings that Elgart intentionally provided false information to FINRA, by making a false statement on a personal activity questionnaire that he was not subject to any tax liens. Elgart did not correct the false response even after FINRA requested that he do so, and his false statement functioned to conceal his failure to update his Form U4.

The sanctions are not in effect pending their review. ([FINRA Case #2013035211801](#))

Paula Louise Harold ([CRD #5848199](#), Grand Terrace, California)

November 28, 2017 – An AWC was issued in which Harold was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 18 months. Without admitting or denying the findings, Harold consented to the sanctions and to the entry of findings that she submitted an application on behalf of a customer to purchase a fixed indexed annuity that contained the purported electronic signature of the customer. The findings stated that the customer did not sign the document, nor did she authorize Harold to sign the application on her behalf. Without the customer’s knowledge or permission, the annuity application falsely listed Harold’s residential address as the customer’s address, Harold’s husband as the customer’s family member and Harold’s husband as the customer’s beneficiary.

The suspension is in effect from December 4, 2017, through June 3, 2019. ([FINRA Case #2016050696001](#))

Paul William Lascelle ([CRD #2003206](#), Flemington, New Jersey)

November 29, 2017 – An AWC was issued in which Lascelle was fined \$2,500 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the findings, Lascelle consented to the sanctions and to the entry of findings that he effected discretionary transactions in a customer’s account without obtaining prior written authorization from the customer, and without his member firm having accepted the account as discretionary.

The suspension was in effect from December 18, 2017, through January 2, 2018. ([FINRA Case #2017053501901](#))

Michael Lawrence Oromaner ([CRD #2857559](#), Huntington, New York)

November 29, 2017 – An AWC was issued in which Oromaner was assessed a deferred fine of \$25,000, suspended from association with any FINRA member firm in all capacities for two years and required to pay \$60,158, plus interest, in restitution to customers. Without admitting or denying the findings, Oromaner consented to the sanctions and to the entry of findings that he exercised discretion in a customer's account without prior written authorization from the customer or approval from his member firm. The findings stated that Oromaner effected unauthorized trades in a second customer's account without the customer's authorization, knowledge or consent. In addition, Oromaner engaged in quantitatively unsuitable trading in that customer's account, which resulted in losses of approximately \$32,550 and the customer paid approximately \$28,129 in commissions paid to Oromaner. The findings also stated that Oromaner excessively traded a third customer's account, resulting in losses of \$27,608 and the customer paying over \$400,000 in commissions and fees.

The suspension is in effect from December 4, 2017, through December 3, 2019. ([FINRA Case #2016052559401](#))

Joseph Palermo ([CRD #5101931](#), Staten Island, New York)

November 29, 2017 – An AWC was issued in which Palermo was assessed a deferred fine of \$50,000 and suspended from association with any FINRA member in all capacities for 12 months. Without admitting or denying the findings, Palermo consented to the sanctions and to the entry of findings that he made misrepresentations and omissions to a member firm regarding his individual brokerage account at the executing firm. The findings stated that when Palermo opened the individual brokerage account, he acknowledged in writing that he was the sole account holder and trader, had responsibility for all activities in the account and would keep confidential the account user ID and passwords. Palermo opened the account in his name and funded the account with \$50,000. Before Palermo opened the account, he entered into a verbal agreement with an unregistered person, whereby Palermo authorized this person to trade in the account. Palermo provided his account login credentials and password to the unregistered person, who then conducted the activity in Palermo's account. Palermo and this person agreed to share evenly any profits, above the initial \$50,000, generated because of the person's activity in Palermo's account. The unregistered person engaged in substantial activity in Palermo's account. Throughout that time, the two shared in the profits generated. The unregistered person's activity in Palermo's account generated an average monthly profit of about \$45,000, and the monthly account statements showed that the account lost money in just one of the 24 months during which the account was active.

The findings also stated that Palermo failed to provide written notification to his firm that he owned five brokerage accounts at three firms other than it, including the brokerage account at the executing firm discussed above. In addition, Palermo failed to provide written notification to two of the executing firms that he was an associated person of a

firm and failed to provide prompt written notification of this fact to the third firm. The findings also included that Palermo failed to provide written notification to his firm prior to engaging in an outside business activity. Palermo acted as a property owner for two residential properties he owned. Palermo was primarily responsible for dealing with the tenants and collecting rent. Furthermore, Palermo completed a compliance questionnaire in which he disclosed some outside business activities to the firm but did not include his activity as a property owner.

The suspension is in effect from December 4, 2017, through December 3, 2018. ([FINRA Case #2015045753401](#))

Charles Matthew Anderson (CRD #1494859, Doylestown, Pennsylvania)

November 30, 2017 – An AWC was issued in which Anderson was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Anderson consented to the sanctions and to the entry of findings that he engaged in an unsuitable pattern of short-term trading of Unit Investment Trusts (UITs) in customers' accounts. The findings stated that Anderson repeatedly recommended that the customers purchase UITs and then sell these products well before their maturity dates. The majority of the UITs that Anderson recommended had maturity dates of at least 24 months and carried sales charges ranging from 1.95 percent to 3.95 percent. Nevertheless, Anderson repeatedly recommended that his customers sell their UIT positions less than a year after purchase. Indeed, the average holding period for the UITs purchased in these customers' accounts was 202 days. In addition, Anderson recommended that his customers use the proceeds from the short-term sale of a UIT to purchase another UIT with identical investment objectives. Anderson's recommendations caused the customers to incur unnecessary sales charges and were unsuitable in view of the frequency and cost of the transactions.

The suspension is in effect from December 4, 2017, through April 3, 2018. ([FINRA Case #2016051829601](#))

Matthew Robert Grabbe (CRD #5294056, Fort Branch, Indiana)

November 30, 2017 – An AWC was issued in which Grabbe was fined \$7,500 and suspended from association with any FINRA member firm in all capacities for 10 business days. Without admitting or denying the findings, Grabbe consented to the sanctions and to the entry of findings that without compensation, he executed discretionary securities transactions in the 401(k) accounts of customers at his member firm that were held at financial institutions other than the firm, without providing prior written notification to the firm or to the executing financial institutions. The findings stated that Grabbe did not have a financial interest in these 401(k) accounts, but his customers granted him discretionary trading authority and permitted him to access their online accounts using their login credentials and passwords.

The suspension was in effect from December 18, 2017, through January 2, 2018. ([FINRA Case #2016051225801](#))

Anthony Sica ([CRD #1332626](#), Sands Point, New York)

November 30, 2017 – An AWC was issued in which Sica was fined \$20,000, suspended from association with any FINRA member in all capacities for three months, required to pay \$3,039.11, plus interest, in restitution to a customer and required to attend and satisfactorily complete 10 hours of continuing education concerning suitability or dealing with senior customers by a FINRA-approved provider. Without admitting or denying the findings, Sica consented to the sanctions and to the entry of findings that he made unsuitable recommendations to an elderly customer living on a fixed income. The findings stated that Sica repeatedly recommended that the customer purchase high-risk, speculative securities that were inconsistent with her investment profile. Sica's recommendations resulted in an undue concentration of the customer's account, which represented substantially all of her liquid assets, in speculative securities. Further, Sica engaged in short-term, in-and-out trading of the speculative investments in the customer's accounts, resulting in losses of more than \$150,000. The findings also stated that Sica engaged in unauthorized trading by placing trades in the Individual Retirement Accounts of a customer who he knew was deceased, causing aggregated losses on the trades totaling \$3,039.11.

The suspension is in effect from December 18, 2017, through March 17, 2018. ([FINRA Case #2013039507101](#))

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.

John Anthony Vedovino ([CRD #6113995](#), Pompton Plains, New Jersey)

November 7, 2017 - Vedovino was named a respondent in a FINRA complaint alleging that he converted \$3,427.93 from his member firm's affiliated bank by making automatic teller machine withdrawals, debit card transactions, and credit card transactions and then fraudulently claiming to the bank that he had not made those transactions. The complaint alleges that Vedovino maintained personal bank and credit card accounts with the bank and that the bank provided him a debit and a credit card linked to the accounts. On 20 occasions, Vedovino used his debit card and credit card to effect transactions

totaling \$3,727.93. Vedovino filed the fraudulent claims with the bank after each of the transactions, claiming that he did not make them. The bank reimbursed Vedovino \$3,427.93 for 19 of the transactions; however, he was not entitled to the reimbursement of funds because he himself had made the transactions. The complaint also alleges that Vedovino failed to appear and provide FINRA on-the-record testimony and failed to provide FINRA-requested documents. ([FINRA Case #2015048362402](#))

Dakota Securities International, Inc. ([CRD #132700](#), Miami, Florida) and Bruce Martin Zipper ([CRD #1019731](#), Miami, Florida)

November 8, 2017 – The firm and Zipper were named respondents in a FINRA complaint alleging that while statutorily disqualified and suspended in all capacities, Zipper conducted a securities business, engaged in clerical and managerial activities on behalf of the firm, and continued to associate with the firm in violation of a suspension order he had entered into with FINRA. The complaint alleges that Zipper engaged in activities that required registration by soliciting the sale of securities, communicating with customers regarding securities and account holdings, providing account statements to customers, accessing the firm’s trading systems, and engaging in clerical and managerial functions on behalf of the firm, including emailing with firm vendors. The complaint also alleges that the firm was notified, in writing, of Zipper’s suspension; However, while he was suspended in all capacities, the firm allowed him to be associated with it in capacities inconsistent with the sanctions imposed by allowing him to perform the above mentioned functions. The complaint further alleges that the firm failed to establish and maintain a supervisory system reasonably designed to ensure regular review of electronic correspondence, and that individuals subject to a suspension were not acting in a capacity that required registration or otherwise acting in contravention of the suspension. During Zipper’s suspension period, there were numerous red flags suggesting that he was violating his suspension including, but not limited to, numerous emails sent by him using the firm’s email system and trades being placed through the firm’s trading system under his representative code. In addition, the complaint alleges that Zipper and another associated person of the firm caused the falsification of the firm’s books and records by misidentifying the broker of record for hundreds of trades. As a result, Zipper caused the firm to maintain inaccurate books and records, and the firm maintained inaccurate books and records in willful violation of Section 17(a) of the Securities and Exchange Act of 1934 and Rule 17a-3 thereunder. ([FINRA Case #2016047565702](#))

Leslie George Markus Jr. ([CRD #2688964](#), Bethlehem, Pennsylvania)

November 17, 2017 – Markus was named a respondent in a FINRA complaint alleging that he executed transactions in a customer's account without first obtaining authorization. The complaint alleges that he entered a note in his member firm's client notes software that falsely stated that he had spoken to the customer about the purchases and that the customer agreed to them. In addition, when correcting the trades, Markus entered a note that falsely stated that he had understood this to be mandate. The complaint also alleges that Markus falsely represented to FINRA that he had time and price discretion in the customer's account, when he did not. ([FINRA Case #2015047069701](#))

Brian Joseph Panfil ([CRD #4326407](#), Chicago, Illinois)

November 20, 2017 – Panfil was named a respondent in a FINRA complaint alleging that he engaged in a pattern of short-term mutual fund switch transactions in the accounts of customers, frequently selling Class A mutual funds he had recommended to, or placed for, the customers, after they had held those investments for only two to three months. The complaint alleges that Panfil recommended mutual fund switches for these customers that resulted in them paying \$27,924 more in sales charges than they should have if he recommended they hold existing positions or exchange to a new fund within the same fund family. Panfil received most of the sales charges and fees. Panfil did not have any reasonable grounds for believing that his Class A share recommendations were suitable for these customers. Panfil did not disclose to the customers cost-saving options that were available, such as purchasing Class C mutual funds, which have a lower cost than Class A mutual funds when held for shorter periods of time. Moreover, Panfil never provided his customers with any documentation, which would have explained the sales charges to his customers, disclosed the fees associated with Class A, Class B, and Class C shares, and identified the different share class options and the higher costs of following his recommendations. Panfil never disclosed to his customers the mutual fund disclosure form required by his member firm, which would have disclosed that information. Additionally, Panfil never recommended to the customers a short-term exchange to another mutual fund within the same fund family, which he knew would avoid new sales charges for the customers. Because Panfil consistently recommended the customers change from one fund family to another, the customers incurred new up-front sales charges in connection with each new mutual fund purchased. The complaint also alleges that Panfil forged, or caused to be forged, mutual fund switch forms associated with the accounts belonging to customers. The customers stated that they did not receive these switch forms, that they did not recall completing/signing them and/or that the signatures on these forms were not their signatures. The complaint further alleges that Panfil regularly exercised discretion in accounts without the written authorization from the customers and without receiving approval from his firms to maintain discretionary accounts. Panfil exercised discretion over when, and at what price, to purchase or sell securities for these accounts and exercised discretion over which securities to purchase for these accounts without consulting the customers. ([FINRA Case #2015045549301](#))

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

Wall Street Strategies, Inc. (CRD #31268)
Huron, Ohio
(November 22, 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.)

CDK Financial Services, LLC (CRD #124333)
New York, New York
(September 5, 2017 – November 27, 2017)

CDK Financial Services, LLC (CRD #124333)
New York, New York
(September 8, 2017 – November 27, 2017)

Wall Street Strategies, Inc. (CRD #31268)
Huron, Ohio
(November 6, 2017)

Wall Street Strategies, Inc. (CRD #31268)
Huron, Ohio
(August 11, 2017 – November 15, 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.)

Donald C. Blackwell (CRD #5682804)
Oxford, Mississippi
(November 27, 2017)
FINRA Case #2016047564701

Wayne Earl Cooksey (CRD #845368)
Jacksonville Beach, Florida
(November 13, 2017)
FINRA Case #2017054598201

Christian Desmond Fautz (CRD #2622627)
Sanibel, Florida
(November 6, 2017)
FINRA Case #2017054319701

Adham Shafik Khalil (CRD #6127719)
Ypsilanti, Michigan
(November 6, 2017)
FINRA Case #2017054284801

Suhail Saleem Khan (CRD #3168241)
Chicago, Illinois
(November 13, 2017)
FINRA Case #2017054093201

Rick Douglas Konecny (CRD #1727785)
Chicago, Illinois
(November 21, 2017)
FINRA Case #2016049543601

Spencer David Laufer (CRD #6312867)
Brooklyn, New York
(November 17, 2017)
FINRA Case #2017054567801

Caeron Arlington McClintock (CRD #3206481)
Jamaica, New York
(November 6, 2017)
FINRA Case #2016051468601

Stanley Calvin Pigue (CRD #5365194)
Franklinton, North Carolina
(November 17, 2017)
FINRA Case #2017054507501

Jordan Charles Rodden (CRD #1422173)
Bryant, Indiana
(November 20, 2017)
FINRA Case #2017054221701

Jessica Rene Sewell (CRD #6435084)

Oklahoma City, Oklahoma
(November 6, 2017)
FINRA Case #2017054516801

Amus Desmond Stevens (CRD #5957270)

Bronx, New York
(November 13, 2017)
FINRA Case #2017054505401

Anaida Tashchyan (CRD #4834875)

North Hollywood, California
(November 6, 2017)
FINRA Case #2016052529101

David Arthur Wismer III (CRD #2397960)

Colorado Springs, Colorado
(November 6, 2017)
FINRA Case #2017053930101

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.)

Keith Joseph Michelfelder (CRD #3084331)

Atlanta, Georgia
(November 21, 2017)
FINRA Case #2013035584501

Ronald William Weimer (CRD #4199148)

Stevensville, Michigan
(November 2, 2017)
FINRA Case #2016052117801

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.)

Jesse Baker (CRD #6623314)

Tempe, Arizona
(November 17, 2017)
FINRA Case #2017055096501

Joseph Ryan Costa (CRD #6531320)

Gresham, Oregon
(November 17, 2017)
FINRA Case #2017055278701

Ethan Frederick Daubert (CRD #6289970)

Lebanon, Pennsylvania
(November 27, 2017)
FINRA Case #2017055163701

Deborah Ann Day (CRD #733334)

Altamonte Springs, Florida
(November 27, 2017)
FINRA Case #2017055353601

Matthew Evan Eckstein (CRD #2997245)

Syosset, New York
(September 11, 2017 – November 24, 2017)
FINRA Case #2017054146301

Colleen Elizabeth Flanagan (CRD #5771349)

Irving, Texas
(November 13, 2017)
FINRA Case #2017054905801

Roy Aurelio Gaytan (CRD #5498239)

Moorpark, California
(November 13, 2017)
FINRA Case #2017054506901

Marques Alexander Green (CRD #5996840)
Austin, Texas
(November 2, 2017)
FINRA Case #2017055104001

R. Barry Jones (CRD #2296192)
Ponte Vedra Beach, Florida
(November 9, 2017)
FINRA Case #2016051269601

Atiq Urrehman Khan (CRD #4727750)
Gardena, California
(November 27, 2017)
FINRA Case #2016052504601

Deanne M. Lampe (CRD #5447416)
Verona, New Jersey
(November 9, 2017)
FINRA Case #2017053777501

Veronica Azucena Lopez (CRD #5740547)
Greenacres, Florida
(November 20, 2017)
FINRA Case #2017053274401

Scott Alexander Markle (CRD #5335528)
Anchorage, Alaska
(November 2, 2017)
FINRA Case #2017055286001

Oscar Nunez (CRD #6014411)
North Bergen, New Jersey
(November 24, 2017)
FINRA Case #201705553001

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

Jarrett Powell (CRD #6476396)
Hanover Park, Illinois
(November 6, 2017)
FINRA Case #2017055248501

Ciro Santoro (CRD #2149524)
Atlantic City, New Jersey
(November 3, 2017)
FINRA Case #2017054584801

Daniel Richard Shaw (CRD #5603871)
Baltimore, Maryland
(November 13, 2017)
FINRA Case #2017055013601

Larry Charles Wolfe (CRD #502361)
Boca Raton, Florida
(November 27, 2017)
FINRA Case #2017052731901

Individuals Suspended for Failure to Pay Arbitration 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.)

Dwarka Persaud (CRD #1396880)
Scotch Plains, New Jersey
(November 16, 2017)
FINRA Arbitration Case #14-03762

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.)

Timothy Clark Bryant (CRD #2101404)
St. Petersburg, Florida
(November 1, 2017)
FINRA Arbitration Case #17-00864

Philip Orezio Fatta (CRD #1467533)

Holtsville, New York
(November 20, 2017)
FINRA Arbitration Case #16-01492

Stephen Grivas (CRD #1829703)

Jericho, New York
(November 20, 2017)
FINRA Arbitration Case #15-01410

Lee Allen Jenkins Jr. (CRD #1380857)

Roswell, Georgia
(September 7, 2012 – November 17, 2017)
FINRA Arbitration Case #10-03661

Rick Douglas Konecny (CRD #1727785)

Chicago, Illinois
(November 21, 2017)
FINRA Arbitration Case #13-02544

Michael James McGraw (CRD #2660349)

Trabuco Canyon, California
(November 20, 2017)
FINRA Arbitration Case #16-03327

Robert A. Perconte (CRD #1812389)

Port St. Lucie, Florida
(November 21, 2017)
FINRA Arbitration Case #16-01824

Philip Anthony Pizelo (CRD #2429418)

Renton, Washington
(November 16, 2017)
FINRA Arbitration Case #13-01600

Michael Luciano Spinali (CRD #5408358)

Newport Beach, California
(January 29, 2016 – November 30, 2017)
FINRA Arbitration Case #15-00146

Kevin Wayne Taylor (CRD #1783290)

Overland Park, Kansas
(November 10, 2017 – November 15, 2017)
FINRA Arbitration Case #16-01025

Gary Mark Zwetchkenbaum**(CRD #2224378)**

Floral Park, New York
(November 21, 2017)
FINRA Arbitration Case #12-04083

FINRA Hearing Panel Bars Broker for Defrauding Elderly, Blind Customer

The Financial Industry Regulatory Authority (FINRA) announced today that a FINRA extended hearing panel barred broker [Hank Mark Werner](#) of Northport, New York, for fraudulently churning and excessively trading the accounts of his customer—a blind, elderly widow—and for making unsuitable recommendations. The hearing panel also ordered Werner to pay more than \$155,000 in restitution to the widow, fined him \$80,000 and ordered disgorgement of more than \$10,000 representing commissions received for recommending the purchase of an unsuitable variable annuity. The decision resolves charges brought by FINRA’s Department of Enforcement in [August 2016](#).

Werner had been the elderly widow’s broker—and that of her blind husband until his 2012 death—since 1995. According to the hearing panel decision, Werner “plundered” his customer’s accounts by engaging “in such an active trading strategy that, when the high commissions he charged were taken into account, it was impossible for [the customer] to make money.” The panel found Werner frequently bought and sold a security within a week or two, and charged exorbitant commissions even though the blind widow’s financial circumstances required that Werner invest her assets with a minimum amount of risk. She was 77 and in ill health when Werner began churning her accounts. Werner engaged in more than 700 trades from October 2012 to December 2015, generating approximately \$210,000 in commissions while the customer lost more than \$175,000 as a result of his “reckless trading.” The decision also noted that it was apparent to the Hearing Panel that “Werner took advantage of [the customer’s] vulnerability after her husband died in September 2012. Werner’s sole motivation was to use [the customer’s] accounts to generate commissions to cover his financial liabilities, not make money for his client.”

The hearing panel concluded that “Werner engaged in egregious misconduct and is unfit to work in the securities industry.”

Legend Securities, Inc. which was also named in an amended disciplinary complaint, failed to respond and accordingly was held in default. The complaint charged that Legend failed to reasonably supervise Werner, which allowed him to engage in churning his customer’s account, and failed to establish, maintain, and enforce an adequate supervisory system to ensure that Werner was subject to heightened supervision. The hearing officer issued a default decision censuring and fining the firm \$200,000. Legend voluntarily paid \$20,000 in partial restitution to the customer.

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

FINRA Fines J.P. Morgan Securities, LLC \$1.25 Million for Failing to Appropriately Fingerprint or Screen Its Employees

The Financial Industry Regulatory Authority (FINRA) today announced it has fined [J.P. Morgan Securities, LLC](#) \$1.25 million for failing to conduct timely or adequate background checks on approximately 8,600, or 95 percent, of its non-registered associated persons from January 2009 through May 2017.

Federal securities laws require broker-dealers to fingerprint certain associated persons working in a non-registered capacity who may present a risk to customers based on their positions. Fingerprinting helps firms identify if a person has been convicted of crimes that would disqualify them from being associated with a firm, absent explicit regulatory approval. Federal banking laws require banks to conduct similar checks on banking employees using a more limited list of disqualifying events.

FINRA found that for more than eight years, J.P. Morgan did not fingerprint approximately 2,000 of its non-registered associated persons in a timely manner, preventing the firm from determining whether those persons might be disqualified from working at the firm. In addition, the firm fingerprinted other non-registered associated persons but limited its screening to criminal convictions specified in federal banking laws and an internally created list. In total, the firm did not appropriately screen 8,600 individuals for all felony convictions or for disciplinary actions by financial regulators. FINRA also found that four individuals who were subject to a statutory disqualification because of a criminal conviction were allowed to associate, or remain associated, with the firm during the relevant time period. One of the four individuals was associated with the firm for 10 years; and another for eight years.

Susan Schroeder, Executive Vice President of FINRA's Department of Enforcement, said, "FINRA member firms play an important gatekeeper role in keeping bad actors from harming investors. Firms have a clear responsibility to appropriately screen all employees for past criminal or regulatory events that can disqualify individuals from associating with member firms, even in a non-registered capacity."

In determining the appropriate monetary sanction, FINRA considered J.P. Morgan's cooperation in self-reporting and undertaking a plan to address the violations.

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