

Disciplinary and Other FINRA Actions

Firms Fined, Individuals Sanctioned

Dakota Securities International, Inc. ([CRD® #132700](#), Miami, Florida) and Bruce Martin Zipper ([CRD #1019731](#), Miami, Florida) submitted a Letter of Acceptance, Waiver and Consent (AWC) 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. Zipper was fined \$10,000 and suspended from association with any FINRA® member in any principal capacity for one month. Without admitting or denying the findings, the firm and Zipper consented to the sanctions and to the entry of findings that the firm failed to preserve and maintain all business-related electronic communications. The findings stated that a firm registered principal used text messages in connection with the firm's securities-related business. The firm failed to capture the text messages, and failed to retain and preserve the text messages for the required period and in a non-rewritable, non-erasable format. Moreover, the firm and Zipper knew that the principal was using text messages to conduct firm business. Zipper, in his capacity as the firm's chief compliance officer (CCO), was the person responsible for ensuring that the firm preserved the registered principal's text messages. The findings also stated that the firm and Zipper failed to establish, maintain and enforce an adequate supervisory system to ensure that business-related text messages were subject to retention and supervision. The firm's written supervisory procedures (WSPs) were also inadequate in that they failed to require capturing, retention and preservation of all securities business-related electronic communications.

The suspension is in effect from May 31, 2016, through June 30, 2016. ([FINRA Case #2013035303301](#))

Firms Fined

Albert Fried & Company, LLC ([CRD #1914](#), New York, New York) submitted an AWC in which the firm was censured and fined \$55,000. 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 was attributable to market making-activities, and did not close out the fail-to-deliver position by purchasing or borrowing securities of like kind and quantity within the time frame prescribed by Rule 204(a) (3) of Regulation SHO. The findings stated that the firm effected short sales for its own account without first borrowing the security, or entering into a bona fide arrangement to borrow the security, while it had a fail-to-deliver

Reported for June 2016

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

position at a registered clearing agency that had not been closed out in accordance with the requirements of SEC Rule 204(a). 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 FINRA rules concerning short sales made in connection with market-making activity. ([FINRA Case #2013038590901](#))

BGC Financial, L.P. ([CRD #19801](#), New York, New York) submitted an AWC 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 failed to report transactions in Trade Reporting and Compliance Engine® (TRACE®)-eligible securitized products to TRACE within 15 minutes of the execution time. ([FINRA Case #2015045391801](#))

BNP Paribas Securities Corp. ([CRD #15794](#), New York, New York) submitted an AWC in which the firm was censured and fined \$375,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it overstated its advertised trade volume in securities through Bloomberg. The findings stated that the overstated trade volume resulted from a system issue that caused the firm to combine the advertised trade volume in unrelated securities that had the same trading symbol in the Canadian market and the United States market. A second system error was caused by the manner in which firm customers identified common stocks and preferred stocks in the firm's systems. This error caused the firm to inaccurately advertise volume in a common stock when the volume actually traded by the firm was in the preferred stock related to the same issuer. The findings also stated that the firm failed to establish and implement a supervisory system that was reasonably designed to ensure compliance with regulatory requirements for accuracy in the firm's advertising of executed trade volume. ([FINRA Case #2013035716201](#))

Brock Securities LLC ([CRD #122156](#), New York, New York) submitted an AWC in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it permitted a registered representative to conduct investment banking activities, even though the representative had not successfully completed the Series 79 examination or registered as a Limited Representative-Investment Banking (Investment Banking Representative). The findings stated that the representative advised on several private placement transactions the firm conducted even though he was not registered as an Investment Banking Representative. The firm was aware that the representative was conducting such activities, but nevertheless did not require him to become licensed as an Investment Banking Representative. ([FINRA Case #2015043398801](#))

Charles Schwab & Co., Inc. ([CRD #5393](#), San Francisco, California) submitted an AWC in which the firm was censured and fined \$17,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to provide written notifications disclosing to its customer that a transaction was executed at

an average price. The findings stated that the firm failed to report transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time, failed to report the correct trade execution time for transactions in TRACE-eligible securities to TRACE, and failed to report the correct trade execution time for transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time. The firm also failed to show the correct time of entry on brokerage order memoranda. ([FINRA Case #2014039940001](#))

Citigroup Global Markets Inc. (CRD #7059, New York, New York) submitted an AWC in which the firm was censured, fined \$35,000, and required to revise its procedures. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to access protected quotes in transactions to the disadvantage of its customers in the amount of \$3,423.22. The findings stated that the firm failed to establish, maintain, and enforce written policies and procedures that were reasonably designed to assure compliance with the terms of the Outbound Intermarket Sweep Order (ISO) exception of SEC Rule 611(b)(6). The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable FINRA rules and federal securities laws and regulations concerning SEC Rule 611, specifically with respect to the Outbound ISO exception of SEC Rule 611. ([FINRA Case #2013038061201](#))

Citigroup Global Markets Inc. (CRD #7059, New York, New York) submitted an AWC in which the firm was censured and fined \$55,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it incorrectly reported long sale executions to the FINRA/NASDAQ Trade Reporting Facility (FNTRF) as short sale executions. The findings stated that the firm incorrectly reported these orders on its books and records. The firm also failed to provide documentary evidence that, on the trade dates reviewed, it performed the supervisory reviews set forth in its WSPs concerning the accuracy of FNTRF reports, best execution for over-the-counter (OTC) securities and areas of short sale reviews related to the bona fide market-making exemption. ([FINRA Case #2012031642901](#))

CP Capital Securities, Inc. (CRD #15029, Miami, Florida) submitted an AWC in which the firm was censured, fined \$70,000, and required to retain an independent consultant to review its WSPs concerning its participation in private placement and minimum contingency offerings. Until the firm adopts and implements the recommendations of the independent consultant, it shall refrain from engaging in any private placement or minimum contingency offerings.

Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that while acting as a co-placement agent in connection with a minimum contingency private placement offering of up to \$25 million of senior secured notes issued by a Colombian energy company, the firm failed to establish and maintain a supervisory system, including written procedures, reasonably designed to ensure that the firm's sale

of the notes complied with the applicable securities laws and FINRA rules. The findings stated that the designated supervisor who approved the offering for offer and sale to firm customers failed to understand the basic requirements of Rule 144A and Regulation S of the Securities Act of 1933, and did not take any steps to investigate whether or not specific customer investments in the offering qualified for those exemptions. The supervisor did not make any effort to follow up with the registered representatives who obtained the information or the investors themselves to collect the required information to adequately assess eligibility. The firm had written procedures regarding the Rule 144A safe harbor, but due to the lack of a supervisory system governing the unregistered offering, the procedures were not followed. The firm sent questionnaires to potential investors that lacked questions that could have established whether the investors' purchases of the notes were qualified under the Regulation S exemption or the Rule 144A safe harbor. Some investors sent back completed questionnaires with information that would lead a reviewer to believe that the investors were ineligible for the two intended exemptions, yet the supervisor of the offering approved those customer investments without any further investigation. Further, the firm did not adequately determine whether the minimum contingency for the offering was satisfied before investor funds were exchanged for notes. The firm instead improperly relied solely on its co-placement agent to monitor if the minimum contingency was met, but the firm did not maintain any records of its own to verify that the contingency was met.

In addition, due to the lack of a supervisory system, the firm created, maintained, and in some cases distributed to customers, inaccurate books and records in connection with the offering. The firm failed to make and keep certain required records in connection with the offering. In particular, the offering involved the sale of notes that matured on January 1, 2017. There were no other notes sold that had any maturity date other than January 1, 2017. However, the firm's purchase and sales blotter, customer trade confirmations, and customer account statements reflecting investments in the offering inaccurately described the sale of two separate and distinct notes with some notes maturing on December 15, 2016, and others maturing on January 1, 2017. ([FINRA Case #2013038002601](#))

Goldman, Sachs & Co. (CRD #361, New York, New York) submitted an AWC in which the firm was censured and fined \$260,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to submit special handling codes, accurate route prices, information for reportable events, accurate execution prices, and an accurate limit price to the Order Audit Trail System (OATS™). The findings stated that the firm reported short sale transactions to the FNTRF without the required short sale modifier. The findings also stated the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to FINRA Rule 6182 concerning the reporting of correct short sale modifiers to the FNTRF. ([FINRA Case #2013035825001](#))

Goldman, Sachs & Co. (CRD #361, New York, New York) submitted an AWC 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 failed to accept or decline in the FNTRF transactions in reportable securities within 20 minutes after execution. The findings stated that the majority of these transactions were subject to a Qualified Special Representative agreement with an executing broker, which experienced a technology issue that prevented its automatic acceptance of trades on the firm's behalf and required the firm to engage in a more time-consuming manual review process. ([FINRA Case #2014040037901](#))

IFC Holdings, Inc. dba Invest Financial Corporation (CRD #12984, Tampa, Florida) submitted an AWC in which the firm was censured, fined \$175,000, required to pay \$398,401.30, plus interest of \$45,799.19, in restitution to customers, and within 90 days of acceptance of the AWC, submit a report that explains how the firm has corrected its systems and procedures with respect to the sale of unit investment trusts (UITs) to address its violations. The firm has paid restitution to all affected customers and provided proof of payment to FINRA. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to identify and apply sales charge discounts to certain customers' eligible purchases of UITs, resulting in customers paying excessive sales charges of approximately \$398,401.30. The findings stated that the firm failed to establish, maintain and enforce a supervisory system and WSPs reasonably designed to ensure that customers received sales charge discounts on all eligible UIT purchases. The firm relied primarily on its registered representatives to ensure that customers received appropriate UIT sales charge discounts, despite the fact that the firm did not effectively inform and train representatives and their supervisors to identify and apply such sales charge discounts. ([FINRA Case #2014041838301](#))

Instinet, LLC (CRD #7897, New York, New York) submitted an AWC in which the firm was censured; fined \$115,000; and required to revise its policies and procedures, including its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to properly disclose that on certain occasions, it acted in a principal trading capacity in its Alternative Trading Systems (ATSs) when processing errors. The findings stated that the firm failed to generally disclose on new account documentation provided to entities that traded in the firm's ATSs, the firm website, and other marketing materials that, on occasion, it may trade within its ATSs in a principal capacity when processing errors. Instead, as was indicated on its website and marketing materials, the firm described itself as trading "agency only liquidity."

The findings also stated that the firm issued trade confirmations that incorrectly reflected its trading capacity as an agent rather than as principal. When issuing trade confirmations to customers for whom the firm corrected errors and to those customers with whom it subsequently traded within one of its ATSs to flatten out any such position acquired pursuant to its handling of errors, the firm was required to indicate that it acted in a

principal capacity. The findings also included that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to securities laws and regulations and FINRA rules, including those related to the requirement that the firm properly disclose to its customers that it acted in a principal capacity while executing trades within the firm's ATs, and those related to ensuring the accuracy of trade confirmations that reflected its principal trading capacity. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations regarding the accuracy of trade capacity on trade confirmations under the Securities Exchange Act of 1934 Rule 10b-10. ([FINRA Case #2013038371401](#))

Instinet, LLC ([CRD #7897](#), New York, New York) submitted an AWC in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it improperly reported Execution or Combined Order Execution Reports to OATS with a Reporting Exception Code of "M" that were required to match a related trade report in FINRA's trade reporting system. ([FINRA Case #2014042109401](#))

International Strategy & Investment Group LLC ([CRD #28195](#), New York, New York) submitted an AWC in which the firm was censured and fined \$150,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it sent draft research reports to the subject company, and some of those draft research reports, failed to remove impermissible opinions, estimates and conclusions. The findings stated that FINRA reviewed samples of firm research reports issued and discovered that the firm failed to include a variety of required disclosures. The findings also stated that the firm failed to adopt and implement WSPs reasonably designed to ensure compliance with the rules governing research reports and research disclosure rules. ([FINRA Case #2014039359301](#))

J.P. Morgan Clearing Corp. ([CRD #28432](#), Brooklyn, New York) and **J.P. Morgan Securities LLC** ([CRD #79](#), New York, New York) submitted an AWC in which J.P. Morgan Clearing Corp. (JPMCC) was censured and fined \$250,000. J.P. Morgan Securities LLC (JPMS) was censured and fined \$775,000. Without admitting or denying the findings, the firms consented to the sanctions and to the entry of findings that JPMS failed to send letters to customer accounts confirming changes in their investment objectives within 30 days of the change, as required under Securities and Exchange Commission (SEC) rules. The findings stated that although JPMS had in place a system to generate automated internal alerts prompting the need for sending an investment objective confirmation, as required under SEC rules, JPMS failed to reasonably enforce its system and, as a result, failed to send and retain the required investment objective change letters. JPMS discovered the failure while updating certain systems and subsequently sent the required investment objective change letters to affected account holders. The findings also stated that JPMS failed to collect and review certain outside brokerage statements associated with employee accounts. JPMS discovered

this failure while it was in the process of enhancing its internal system for tracking and recording such outside brokerage account statements for review. Following a look-back review, JPMS discovered instances where employees violated the firm's policy requiring pre-clearance of their transactions involving exchange-traded funds. Although JPMS had supervisory systems and procedures in place to track and review employees' outside brokerage accounts, those systems were not reasonably designed to track and record outside brokerage statements for review. The findings also included that JPMS failed to send letters providing a copy of the account record to new private bank account holders within 30 days of account opening. Though JPMS had supervisory systems and procedures in place concerning these 30-day letters, those systems and procedures were deficient because they did not ensure that such letters were prepared and sent, and that copies were preserved.

FINRA found that JPMS failed to provide transaction confirmations to private bank accounts concerning transactions. As a result of its failure to deliver these transaction confirmations, JPMS also failed to make and preserve records of such documents. For some private bank customers, JPMS' customer profile system incorrectly contained an internal JPMS operations fax number, resulting in a failure to deliver the confirmation to the correct location. JPMS' system for generating and reconciling account statements for private bank customers was not fully automated and JPMS used these faxed transaction confirmations as part of that process. Though JPMS had supervisory systems and procedures in place concerning delivery of the required transaction confirmations, those systems and procedures were deficient because they did not ensure that such confirmations were prepared and sent, and that copies were preserved. Once JPMS discovered the issue, subsequent testing confirmed that the transactions at issue appeared on customer account statements. JPMS has not received any customer complaints regarding those transactions by any of the affected private bank customers.

FINRA also found that when certain JPMS private client services customers updated their investor profiles, JPMS retained that information in its systems and sent updating letters to those customers, but it did not keep copies of those letters. Instead, JPMS retained some—but not all—electronic information in its systems for each such letter so that copies could be regenerated at a later date. Specifically, when JPMS produced a copy of any such letter, its system populated the regenerated letter with the name of the current regional supervisory manager (RSM), who might not be the same person as the RSM whose name appeared in the signature block of the original letter. In addition, in response to document requests in customer arbitrations, JPMS produced regenerated copies of investor profile update letters that reflected different RSMs from those who signed the original letters. While JPMS became aware of this issue in connection with at least one of those customer arbitrations, it did not notify claimants at the time of production of any inaccuracies with the records it produced or otherwise correct the problem. In addition, FINRA determined that in connection with preparing its 2014 annual privacy notices, JPMCC discovered that it had failed to send 2013 privacy notices to certain account holders. While JPMCC had

supervisory policies and procedures in place with respect to these annual privacy notices, including certain checklists concerning the steps involved in obtaining and sending the privacy notices, its controls were inadequate to ensure that such privacy notices were sent to all account holders. ([FINRA Case #2013035265401](#))

Mesirow Financial, Inc. ([CRD #2764](#), Chicago, Illinois) submitted an AWC in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securitized products to TRACE within 15 minutes of the execution time. ([FINRA Case #2015044254601](#))

North Star Investment Services, Inc. ([CRD #7984](#), Chicago, Illinois) submitted an AWC in which the firm was censured and fined \$30,000. 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 report municipal securities transactions to the Municipal Securities Rulemaking Board (MSRB) and failed to report TRACE-eligible securities transactions to TRACE. The findings stated that the firm failed to maintain accurate records for memorializing certain information on order tickets involving municipal bond transactions and for memorializing certain information on order tickets involving TRACE-eligible securities transactions. The findings also stated that the firm failed to enforce its WSPs by failing to review the Real-Time Transaction Reporting System (RTRS) reports to ensure the adequacy and accuracy of the firm's reporting of municipal bond transactions, and by failing to review FINRA-generated reports to ensure the adequacy and accuracy of the firm's reporting of TRACE eligible securities transactions. ([FINRA Case #2015043649801](#))

PTX Securities, LLC ([CRD #7735](#), Plano, Texas) submitted an AWC 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 failed to conduct adequate due diligence on oil and gas private placement offerings of an issuer into, among other things, the potential impact of an adverse money judgment against the issuer. The findings stated that the firm derived the majority of its revenue from its role as a managing wholesaler broker-dealer for oil and gas private placements for the issuer. ([FINRA Case #2014039096101](#))

Purshe Kaplan Sterling Investments, Inc. ([CRD #35747](#), Albany, New York) submitted an AWC in which the firm was censured, fined \$200,000 and required to submit to FINRA a written plan of how it will undertake to conduct a review of the adequacy of relevant policies and procedures. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to conduct adequate due diligence of its registered representatives' outside business activities. The findings stated that the firm, in approving the outside business activities of its registered representatives, did not obtain or review information such as sample client advisory agreements, compensation

received for investment advisory services, and other information sufficient to determine whether these activities involved private securities transactions.

The findings also stated that the firm did not have an adequate supervisory system for the review of performance reports used by its registered persons in connection with outside brokerage services. The firm's written procedures concerning performance reports did not include any provision for the supervisory review of the contents of these reports. The firm did not conduct any supervisory review of the performance reports used by its registered persons. ([FINRA Case #2013035788401](#))

RBC Capital Markets, LLC ([CRD #31194](#), New York, New York) submitted an AWC in which the firm was censured, fined \$225,000 and required to pay \$502,088.88, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to identify and apply sales charge discounts to certain customers' eligible purchases of UITs resulting in customers paying excessive sales charges of approximately \$502,088.88. The findings stated that the firm failed to establish, maintain, and enforce a supervisory system and WSPs reasonably designed to ensure customers received sales charge discounts on all eligible UIT purchases. Although the firm had WSPs related to UIT sales charge discounts, the firm failed to effectively inform and train registered representatives and supervisors to ensure that representatives followed these procedures and identified and applied all applicable discounts. ([FINRA Case #2014042542901](#))

Richards, Merrill & Peterson, Inc. ([CRD #713](#), Spokane, Washington) submitted an AWC in which the firm was censured and fined \$45,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it sold a municipal bond in transactions to customers in amounts below \$25,000, which was the applicable minimum denomination. ([FINRA Case #2015043333801](#))

The Rockwell Financial Group, Inc. ([CRD #26153](#), Hicksville, New York) submitted an AWC in which the firm was censured and fined \$7,500. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to retain and store electronic communications. The findings stated that the firm's WSPs required the firm's registered representatives to copy all email correspondence to its CCO for review and retention. However, the CCO's email account was not properly configured to retain these emails and, therefore, the firm failed to retain dozens of business-related emails to and from the firm's representatives. Moreover, even if the CCO's email account had been properly configured, any emails retained in his email account would not have been retained in a non-rewriteable, non-erasable format, as required. ([FINRA Case #2014038903201](#))

Stifel, Nicolaus & Company, Incorporated (CRD #793, St. Louis, Missouri) submitted an AWC in which the firm was censured and fined \$750,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it routinely used permissible customer-owned securities as collateral for bank loans procured by the firm; but prior to performing its customer reserve computations as of Friday or the close of the last business day of the week, the firm substituted these loans with new loans secured with firm-owned collateral, potentially reducing the amount that the firm was required to deposit into the Special Reserve Bank Account for the Exclusive Benefit of Customers (Customer Reserve Account) and had the effect of reducing the customer credits in the Customer Reserve computation. The findings stated that during a sample review period, the dollar value of the loans collateralized with customer securities that were improperly substituted with firm-owned collateral prior to Customer Reserve and/or Financial and Operational Combined Uniform Single (FOCUS)-related computations ranged from approximately \$30 million to approximately \$100 million.

The findings also stated that the firm incorrectly calculated its Proprietary Accounts of Introducing Brokers and Dealers (PAIB) Reserve and Customer Reserve deposit requirements. The errors were caused by the firm's improper treatment of various cash and securities balances in the accounts of a newly acquired introducing broker-dealer. As related to the firm's computation of its Customer Reserve Deposit requirements, these errors resulted in hindsight deficiencies that ranged between approximately \$825,000 and \$18 million. These errors were reflected in the firm's books and records and in the firm's FOCUS filings, resulting in the firm's maintenance of inaccurate books and records and submission of inaccurate FOCUS filings to FINRA. The findings also included that the firm failed to establish, maintain and enforce a supervisory system, including supervisory procedures, reasonably designed to ensure that its PAIB and Customer Reserve requirements were being computed in accordance with the applicable rules and to prevent and detect any errors in such computations. In connection with the improper loan substitutions, the firm failed to have an adequate supervisory system and procedures in place to ensure the accuracy of its computations. Instead, the firm established a structure in which the accuracy of the Customer Reserve computation was dependent on the output of two separate and distinct firm departments, and failed to ensure that each department was aware of the other's business practices or that the two departments communicated regarding the accuracy of entries relevant to the Customer Reserve computations. Similarly, as evidenced by its errors in calculating the PAIB and Customer Reserve requirements, the firm failed to have an adequate supervisory system and procedures in place to ensure that it properly categorized certain account balances when making its general ledger and reserve allocation entries for its PAIB Reserve and Customer Reserve computations. ([FINRA Case #2013036354001](#))

Vandham Securities Corp. (CRD #26258, Woodcliff Lake, New Jersey) submitted an AWC in which the firm was censured; fined \$62,500; ordered to pay \$300.60, plus interest, in restitution to investors; and required to conduct a comprehensive review of the adequacy

of the firm's policies, systems and procedures (written and otherwise). Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it executed short sale transactions in reportable securities and failed to report each of these transactions to the OTC Reporting Facility (OTCRF) with a short sale modifier, failed to report the correct Market Center Code to the FNTRF in last sale reports of transactions in eligible securities, and failed to provide written notifications disclosing to its customer its correct capacity in transactions. The findings stated that the firm transmitted reports to OATS that contained inaccurate, incomplete, or improperly formatted data. Specifically, the reports contained inaccurate and/or omitted special handling codes, cancel type flags, account type codes, route reports, share quantities, and timestamps. The firm made available a report on the covered orders in national market system securities that it received for execution from any person that included instances containing incorrect information as to the total number of covered shares. The firm accepted and held customer orders, and failed to execute or immediately execute the customer orders in OTC securities up to the size and at the same or a better price that the firm executed or satisfied the customer orders. In some of these instances, the firm traded for its own account at the same or better prices that would have satisfied the customer orders. The findings also stated that the firm failed to adequately enforce its order protection WSPs in conducting supervisory reviews of its execution of orders in OTC securities. The firm failed to report secondary market transactions in TRACE-eligible corporate debt securities to TRACE in a timely manner. The findings also included that the firm failed to display immediately customer limit orders in OTC securities in its public quotation, when each such order was at a price that would have improved the firm's bid or offer in each such security; or when the order was priced equal to the firm's bid or offer for each such security, and the size of the order represented more than a *de minimis* change in relation to the size associated with the firm's bid or offer in each such security. ([FINRA Case #2012035220001](#))

World Equity Group, Inc. (CRD #29087, Arlington Heights, Illinois) submitted an AWC in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system and establish, maintain and enforce WSPs reasonably designed to identify, review and prevent potentially unsuitable excessive trading of equity securities. The findings stated that the firm relied on the daily review of trade blotters by its compliance staff to identify potentially unsuitable excessive trading, as well as reviews of those blotters during periodic internal branch inspections conducted by its compliance department. These blotters, however, did not specifically address traditional indicators of excessive trading in customer accounts, such as turnover and/or cost-to-equity ratios, nor did these blotters aggregate the trading or commissions generated by a customer accounts over any period of time. In addition, the firm did not utilize exception reports made available to it by its clearing firms to assist it in detecting patterns of potentially unsuitable excessive trading. Such exception reports identified turnover and commission-to-equity ratios in customer accounts, but the firm did not begin using those reports until a

later date. The firm's WSPs provided inadequate guidance on how its trade blotters should be reviewed and analyzed by firm staff, and failed to provide the supervisory measures that would be implemented with a view towards detecting and preventing potentially unsuitable excessive trading activity. As a result of its supervisory deficiencies, the firm failed to identify a certain customer's account that exhibited potentially unsuitable excessive trading activity that should have caused further investigation by the firm's compliance department. ([FINRA Case #2014039231401](#))

Firms Sanctioned

BB&T Securities, LLC ([CRD #142785](#), Richmond, Virginia) submitted an AWC 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 a part of this settlement, the firm agrees to pay restitution to eligible customers, which is estimated to total \$1,401,486.77 (the amount the eligible customers were overcharged, inclusive of 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 the firm failed to apply the waivers to mutual fund purchases made by eligible customers and instead sold the customers 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 \$1,269,652.27 for mutual fund purchases made since July 1, 2009. ([FINRA Case #2015046355101](#))

Fifth Third Securities, Inc. ([CRD #628](#), Cincinnati, Ohio) submitted an AWC 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 waivers. As part of this settlement, the firm agrees to pay restitution to eligible customers, which is estimated to total \$355,403 (the amount eligible customers were overcharged, inclusive of 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 the firm failed to apply waivers to mutual fund purchases made by the eligible customers, and instead sold them Class A shares with a front-end sales charge or Class B or Class 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 establish and maintain a supervisory system and procedures reasonably designed to ensure that eligible customers who purchased mutual fund shares received the benefit of applicable sales charge waivers. 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. 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 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 \$298,000 for mutual fund purchases made since July 1, 2009. ([FINRA Case #2015046481601](#))

PNC Investments LLC (CRD #129052, Pittsburgh, Pennsylvania) submitted an AWC 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 waivers. As a part of this settlement, the firm agrees to pay restitution to eligible customers, which is estimated to total \$224,750 (the amount eligible customers were overcharged, inclusive of interest). Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to apply sales charges waivers to mutual fund purchases made by certain retirement plan customers and instead sold them Class A shares with a front-end sales charge or Class B or Class C shares with back-end sales charges and higher ongoing fees and expenses. The findings stated that 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. 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 failure of the firm to apply available sales charge waivers, the firm estimates that eligible customers were overcharged by approximately \$191,740 for mutual fund purchases made since July 1, 2009. ([FINRA Case #2015047865101](#))

Robert W. Baird & Co., Incorporated (CRD #8158, Milwaukee, Wisconsin) submitted an AWC 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 waivers. As part of this settlement, the firm agrees to pay restitution to eligible customers, which is estimated to total \$2.1 million (the amount eligible customers were overcharged, inclusive of interest). Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to apply the waivers to mutual fund purchases made by 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, and instead sold them Class A shares with a front-end sales charge or Class B or Class C shares with back-end sales charges and higher ongoing fees and expenses. The findings stated that these sales disadvantaged the eligible customers by causing them 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 customers. 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. The firm failed to provide adequate guidance and training to 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 failure of the firm to apply available sales charge waivers, the firm estimates that eligible customers were overcharged approximately \$1.8 million for mutual fund purchases made since July 1, 2009. ([FINRA Case #2015045594601](#))

U.S. Bancorp Investments, Inc. (CRD #17868, St. Paul, Minnesota) submitted an AWC 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 a part of this settlement, the firm agrees to pay restitution to eligible customers, which is estimated to total \$100,401 (the amount the eligible customers were overcharged plus 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 customers (eligible customers) that were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge, but 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. The findings stated that these sales disadvantaged the customers by causing them to pay higher fees than they were required to pay. The firm conducted an internal review and based on their findings self-reported to FINRA that certain customers had not received available sales charge waivers.

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 its financial advisors in making this determination. The findings also included that the firm failed to adequately notify and train its financial advisors regarding the availability of mutual fund sales charge waivers for eligible customers and failed to adopt adequate controls to detect instances in which they were not applied. As a result of the firm's failure to apply available sales charge waivers, the firm estimates that eligible customers were overcharged approximately \$74,279 for mutual fund purchases made since July 1, 2009. ([FINRA Case #2015046401801](#))

Individuals Barred or Suspended

Derek Foster Adams ([CRD #6199951](#), Temecula, California) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Adams consented to the sanctions and to the entry of findings that he submitted falsified information to his member firm's insurance affiliate that enabled customers to receive discounts on their homeowner's policies. The findings stated that Adams prepared alarm certificates that falsely represented each customer had installed a monitored alarm system in their home, which allowed the customers to receive premium discounts on their homeowner's policies.

The suspension is in effect from April 18, 2016, through July 17, 2016. ([FINRA Case #2014043894101](#))

Ryan John Bednarcik ([CRD #5356357](#), Mountainside, New Jersey) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for 12 months. Without admitting or denying the findings, Bednarcik consented to the sanctions and to the entry of findings that he made fictitious foreign currency entries in his member firm's internal trade tracking system to create the appearance that these positions were hedged and to conceal the firm's actual exposure. The findings stated that Bednarcik was a foreign currency trader on the firm's emerging markets trading desk, responsible for market making in certain emerging currencies, when the market value of multiple foreign currency positions that he managed for the firm declined. Bednarcik prevented his firm from knowing about approximately \$265,000 in unrealized losses attributable to one of his USD/TRY (Turkish Lira) positions, approximately \$96,000 in unrealized losses attributable to one of his USD/ZAR (South African Rand) positions, and approximately \$58,000 in unrealized losses attributable to one of his USD/CLP (Chilean Peso) positions. For each trade entry, Bednarcik stated that a particular counterparty had entered into the transaction. However, these statements were false and the trades never settled. The firm did not suffer any realized net losses when Bednarcik liquidated the firm's actual positions. As a result of his conduct, Bednarcik caused his firm to maintain inaccurate books and records.

The suspension is in effect from May 2, 2016, through May 1, 2017. ([FINRA Case #2014042680601](#))

Gwendolyn M. Berry (CRD #5205363, Houston, Texas) submitted an AWC in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Berry consented to the sanction and to the entry of findings that she failed to produce FINRA-requested documents and information as part of its investigation into possible misappropriation and mismanagement of customer assets. ([FINRA Case #2015047059701](#))

Henry Betances (CRD #6518682, North Smithfield, Rhode Island) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Betances consented to the sanctions and to the entry of findings that he willfully failed to timely disclose felony charges on his initial Uniform Application for Securities Industry Registration or Transfer (Form U4) that was filed by his member firm.

The suspension is in effect from May 2, 2016, through November 1, 2016. ([FINRA Case #2015046760602](#))

Anthony Wayne Blackshear (CRD #4392612, San Antonio, Texas) submitted an AWC in which he was assessed a deferred fine of \$12,500 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, Blackshear consented to the sanctions and to the entry of findings that he misused customer funds by failing to apply \$5,000 in cash he received from a customer to the customer's retirement account. The findings stated that Blackshear accepted the funds even though he knew it was against his member firm's policy to accept cash from a customer. Blackshear failed to promptly open the account; and when he later attempted to locate the funds, he could not find them. Rather than promptly address the situation, Blackshear waited until the customer complained, at which point his firm terminated him and repaid the customer. The findings also stated that Blackshear borrowed approximately \$3,000 from another firm customer. Blackshear did not notify or seek approval from his firm prior to accepting the loan. Additionally, Blackshear failed to disclose the loan on his annual compliance questionnaire.

The suspension is in effect from May 2, 2016, through May 1, 2018. ([FINRA Case #2014041637601](#))

Jeffrey Christopher Borneman (CRD #1519729, Los Angeles, California) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Borneman consented to the sanctions and to the entry of findings that he engaged in a private securities transaction without providing prior written notice to his member firm. The findings stated that Borneman sold a 5 percent interest in his limited liability company to a brokerage customer for \$15,000. The customer received a stock certificate in the limited liability company as part of the transaction, and considered the transaction to be an investment.

The suspension was in effect from May 2, 2016, through May 31, 2016. ([FINRA Case #2015044368901](#))

Matthew John Brock ([CRD #4517427](#), Saint Joseph, Missouri) submitted an AWC in which he was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in any capacity for seven months. Without admitting or denying the findings, Brock consented to the sanctions and to the entry of findings that he accepted loans totaling \$15,000 from his mother, who was a customer of his member firm, and a loan of \$50,000 from a close personal friend and his wife, both of whom were firm customers, without obtaining written pre-approval from the firm. The findings stated that Brock also made a false attestation on a branch audit questionnaire, false verbal statements to branch auditors of the firm, and other false statements to other firm personnel in order to conceal the loans during the course of an internal review of his personal finances.

The suspension is in effect from May 2, 2016, through December 1, 2016. ([FINRA Case #2015045912101](#))

Brent William Burgesser ([CRD #3278147](#), Chandler, Arizona) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 60 days. Without admitting or denying the findings, Burgesser consented to the sanctions and to the entry of findings that he effected unsuitable short-term switches of Class A mutual fund transactions in customer accounts, usually selling the investment after only approximately one-and-a-half to three months, only to buy and sell another mutual fund. The findings stated that Burgesser also sold shares in a particular mutual fund only to later repurchase shares in the same fund for the same customers. Burgesser did so without having reasonable grounds for believing that such transactions were suitable for these customers in view of the nature, frequency, and size of the recommended transactions and in light of each customer's financial situation, investment objectives, risk tolerance and circumstances. Additionally, Burgesser only bought and sold Class A mutual funds in these accounts. These shares necessitated that each of the subject customers paid upfront sales charges, known as front-end loads, for each of these trades. The collective amount of sales charges these customers paid was at least \$119,209. Burgesser did not discuss with these customers the different types of shares available for investment, or the sales charges and operating expenses associated with each shares class and their effect on potential returns. Burgesser also failed to disclose cost-saving options that were available. During the approximately three years that Burgesser engaged in short-term mutual fund switch transactions, the customers collectively incurred approximately \$63,738 in losses due to Burgesser's unsuitable recommendations while generating approximately \$109,602 in commissions from these activities. Burgesser's member firm repaid the customers in full, and Burgesser later reimbursed the firm \$100,000 of the amount paid to the customers.

The suspension is in effect from May 16, 2016, through July 14, 2016. ([FINRA Case #2012033224601](#))

Frank John Capuano ([CRD #844182](#), West Springfield, Massachusetts) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for 12 months. Without admitting or denying the findings, Capuano consented to the sanctions and to the entry of findings that he engaged in undisclosed and unapproved private securities transactions. The findings stated that Capuano offered and sold approximately \$1.1 million in notes to customers of his member firm, all of whom were his close friends and family, and purchased \$55,000 of the notes for himself and his wife. Capuano received over \$34,000 in commissions in connection with these transactions. Capuano did not seek or obtain approval from his firm before participating in these private securities transactions, nor did he disclose them to his firm.

The suspension is in effect from May 2, 2016, through May 1, 2017. ([FINRA Case #2015046273001](#))

Angie Cho ([CRD #6349599](#), New York, New York) submitted an AWC in which she was barred from associating with any FINRA member firm in any capacity. Without admitting or denying the findings, Cho consented to the sanction and to the entry of findings that she failed to comply with a FINRA request to appear and give testimony at an on-the-record interview in connection with an investigation of her conduct regarding an examination score report that had been altered prior to the time she submitted it to her member firm. The findings stated that the score report inaccurately stated that Cho had successfully completed the Series 7 examination. ([FINRA Case #2015045181801](#))

Roy Stuart Clauss ([CRD #48188](#), New York, New York) submitted an AWC in which he was suspended from association with any FINRA member in any capacity for three months. In light of Clauss' financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Clauss consented to the sanction and to the entry of findings that he willfully failed to timely disclose tax liens on his Form U4.

The suspension is in effect from May 2, 2016, through August 1, 2016. ([FINRA Case #2014040520001](#))

Charles Robert Cobb ([CRD #1505020](#), Lynchburg, Virginia) submitted an Offer of Settlement in which he was fined \$5,000, suspended from association with any FINRA member in any capacity for three months and required to pay \$12,621, plus interest, in disgorgement of commissions. Without admitting or denying the allegations, Cobb consented to the sanctions and to the entry of findings that acting outside of the scope of his employment with his member firm, he participated in private securities transactions totaling \$486,168 in sales from which he received \$20,736 in selling compensation, without providing prior written notice to his firm of his proposed roles in, or the selling compensation that he may receive, from the transactions. The findings stated that the private securities were not approved for sale by Cobb's firm and were not available for sale through the firm. Cobb did not notify the firm in any manner that he had participated in the sale of the private securities. Cobb never received his firm's written approval to participate in the

private securities transactions. The findings also stated that Cobb falsely stated on firm annual compliance acknowledgments that he had not engaged in any private securities transactions away from the firm.

The suspension is in effect from May 16, 2016, through August 15, 2016. ([FINRA Case #2012032740401](#))

Gordon Douglas Dihle (CRD #1851834, Kiowa, Colorado) submitted an Offer of Settlement in which he was assessed a deferred fine of \$25,000 and suspended from association with any FINRA member in any principal capacity for 90 days. Without admitting or denying the allegations, Dihle consented to the sanctions and to the entry of findings that during his tenure as the CCO of his member firm, he failed to establish, maintain and enforce a supervisory system designed to achieve compliance with Section 5 of the Securities Act of 1933 for sales of unregistered penny stocks. The findings stated that Dihle's failures to reasonably supervise and enforce his firm's relevant procedures resulted in numerous "red flags" going undetected and unheeded. The firm, through Dihle, failed to make the necessary searching inquiry required to detect and/or prevent illegal distributions of unregistered securities. Dihle also failed to establish, maintain, and enforce a supervisory system reasonably designed to ensure the firm retained and reviewed business-related email communications despite clear indications registered representatives were using personal email accounts for business-related communications.

The findings also stated that Dihle failed to adequately establish and implement the firm's AML program. Dihle failed to reasonably detect and investigate red flags indicative of potentially suspicious transactions involving the deposits of shares of penny stocks. Dihle should have detected the potentially suspicious nature of this activity and surrounding circumstances, adequately investigated the activity, and considered whether or not to report the activity by filing a Suspicious Activity Report (SAR), as appropriate.

The suspension was in effect from January 4, 2016, through April 2, 2016. ([FINRA Case #2013035865303](#))

Richard F. DiVenuto (CRD #2513921, Newburgh, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, DiVenuto consented to the sanction and to the entry of findings that he willfully made misrepresentations and omissions to an individual in connection with the individual's purchase of an outside business entity's stock in exchange for the intellectual property rights to a non-securities product owned by the individual. The findings stated that as a result of his conduct, DiVenuto violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and FINRA Rule 2020. The findings also stated that DiVenuto engaged in an outside business activity without providing prior written notice to his member firm. DiVenuto helped start the outside business entity, acted as one of its principals and senior managers, and received shares in the business entity as compensation. The findings also included that DiVenuto participated in private securities

transactions exceeding \$3,775,000 without providing written notice to the firm, nor did he seek or obtain the firm's permission to participate in them, since these transactions were outside the regular course and scope of his employment with the firm.

FINRA found that DiVenuto falsely represented in firm compliance questionnaires and another firm compliance-related document that he had not, among other things, participated in an outside business activity or private securities transaction. DiVenuto provided false and misleading information to FINRA concerning the aforementioned outside business activity and private securities transactions while under oath during on-the-record testimony. FINRA also found that DiVenuto willfully failed to timely amend his Form U4 to disclose a customer complaint concerning an investment of approximately \$1.1 million. ([FINRA Case #2013036281301](#))

Timothy Francis Dufresne ([CRD #3237322](#), Bamberg, South Carolina) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Dufresne consented to the sanction and to the entry of findings that he converted at least \$400,000 from customers by improperly obtaining distributions of funds from the customers' variable annuities, depositing the funds in his business account, and using the funds for his own benefit without the customers' authorization. The findings stated that Dufresne obtained, through distribution request forms, checks totaling more than \$400,000 from customers' variable annuity accounts. Thereafter, he endorsed each check and deposited the funds into his business account. ([FINRA Case #2016049412601](#))

Charles Leon Evans ([CRD #202828](#), Plano, Texas) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Evans consented to the sanctions and to the entry of findings that he improperly took confidential, non-public customer information prior to his resignation from his member firm, after agreeing he would not remove any client-related information, records or documents, including account numbers, from his firm beyond a signed account transition agreement. The findings stated that Evans created a New Account Checklist form to record financial and suitability information about his clients, including account numbers, social security numbers, date of birth and other information commonly included on new account documents. Evans had specifically agreed not to remove this customer information from his firm; however, he subsequently accessed his firm's online client database from his home to copy the information secretly onto his New Account Checklist forms. The findings also stated that Evans did not request permission from his clients to record this information and did not disclose to anyone with the firm or his future member firm that he had copied the client information onto his New Account Checklist forms, because he knew that he was prohibited from removing this information under the firm's protocol guidelines. The findings also included that Evans provided the completed New Account Checklists to his assistant, with instructions to use the client information to complete new account applications and transfer forms, and

to mail those completed forms to his clients, requesting their signature. Evans took the information when he left the firm in order to contact the customers to solicit their transfer to his new firm.

The suspension was in effect from May 2, 2016, through May 13, 2016. ([FINRA Case #2014042196601](#))

Gerard A. Fagnant ([CRD #1886886](#), Westminster, Massachusetts) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Fagnant consented to the sanction and to the entry of findings that while associated with a member firm, he improperly accepted loans totaling \$325,000 from firm customers with notifying or receiving approval from his firm. The findings stated that of the \$325,000 loaned to Fagnant, the customers obtained \$300,000 from their brokerage account. The activity resulted in the near depletion of the customers' brokerage account. The customers wrote checks to Fagnant, which he then deposited into his personal bank account held outside of the firm. The loans were subsequently documented in a promissory note. The findings also stated that after a few months, Fagnant ceased making interest-only payments to the customer; and to date, the principal balance remains outstanding. The findings also included that Fagnant's firm's written policies and procedures precluded him from accepting such loans; and he falsely represented on two firm compliance questionnaires that he was in compliance with the firm's policies and procedures concerning lending arrangements and promissory notes. ([FINRA Case #2015046376501](#))

Michael John Feilla ([CRD #1801562](#), Ann Arbor, Michigan) submitted an AWC in which he was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in any capacity for 12 months. Without admitting or denying the findings, Feilla consented to the sanctions and to the entry of findings that he forged a customer's signature on an account transfer form without the customer's knowledge or authorization. The findings stated that the customer met with Feilla and completed documents to roll over an individual retirement account (IRA) to Feilla's member firm. After the customer inquired about the status of the rollover, Feilla told the customer that additional documents were required to complete it, which Feilla indicated that he would submit. Feilla forged the customer's signature on the account transfer form related to the rollover, which directed the firm to liquidate certain assets before they were transferred to the customer's firm IRA. Forging the customer's signature on the account transfer form caused Feilla's firm to create and maintain inaccurate books and records. The findings also stated that Feilla willfully failed to amend his Form U4 to report a state tax lien that had been filed against him. Feilla was fully aware of the tax lien and his obligation to report it. His Form U4 was amended seven times after the tax lien was filed, but none of the amendments disclosed the tax lien. The findings also included that Feilla submitted a "Disclosure Acknowledgments" form to the firm in which he falsely certified his compliance with certain written firm policies, including, among things, that he did not have any "litigations,

proceedings or violations” (which the firm’s written policies defined to include “unsatisfied judgments/liens”) that weren’t previously disclosed on his Form U4. FINRA found that Feilla failed to timely respond to FINRA requests for documents and information, requesting, among other things, a written statement concerning the allegations in his Uniform Termination Notice for Securities Industry Registration (Form U5).

The suspension is in effect from April 4, 2016 through April 3, 2017. ([FINRA Case #2014041601902](#))

Steven R. Frank ([CRD #5158749](#), Dix Hills, New York) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the findings, Frank consented to the sanctions and to the entry of findings that he falsified an approval signature on an outside business activity form. The findings stated that Frank’s member firm requested that he provide the compliance department with documentation that he had received firm approval to engage in an outside business activity. Frank, believing that the outside activity had been previously approved, created an internal approval form and affixed a photocopy of the CCO’s signature to the form and submitted it in response to the firm’s request.

The suspension is in effect from May 2, 2016, through May 1, 2017. ([FINRA Case #2015046379401](#))

Jonathan Glenn Freeland ([CRD #5906172](#), Minneapolis, Minnesota) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Freeland consented to the sanction and to the entry of findings that he failed to respond to FINRA’s requests for documents and information during the course of an investigation into allegations that he misappropriated funds from a non-registered investment advisory firm. ([FINRA Case #2015047745001](#))

Richard John Fusari ([CRD #1018500](#), Palm Harbor, Florida) was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for six months. The sanctions were based on findings that Fusari willfully failed to amend his Form U4 to disclose an unsatisfied default final judgment and an unsatisfied federal tax lien entered against him. The findings stated that Fusari completed his member firm’s annual compliance questionnaire and certification in which he falsely represented that there were not any unreported judgments or liens against him.

The suspension is in effect from April 18, 2016, through October 17, 2016. ([FINRA Case #2013035517601](#))

Leonard Allen Goldberg ([CRD #223972](#), Rancho Mirage, California) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Goldberg consented to the sanction and to the entry of findings that he caused over \$123,600 in losses to five customers

while making over \$77,900 for himself and his member firms by using discretion without the requisite written authorization in connection with 300 mutual fund and exchange-traded fund (ETF) transactions to his benefit and the customers' detriment. The findings stated that Goldberg used that discretion to facilitate a scheme, practice, and course of business of effecting fraudulent and unsuitable short-term switching of Class A mutual funds in customer accounts. Goldberg's mutual fund switching in the customers' accounts did not have any business purpose other than to generate commissions for himself. The approximately 90 short-term mutual fund switch transactions effected in the accounts was inconsistent with the customers' financial circumstances and/or investment objectives, and did not make any economic sense. As a result of his conduct, Goldberg willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rules 10b-5(a) and (c) thereunder, acted in contravention of Section 17(a)(1) of the Securities Act of 1933, and violated FINRA Rule 2020 and NASD Rule 2120.

The findings also stated that Goldberg bought mutual funds in one customer's account while at the same time selling the same funds in another customer's account. He further sold customers' shares in a particular mutual fund only to later repurchase shares in the same fund for the same customers. Goldberg did so without having reasonable grounds for believing that such transactions were suitable for these customers in view of the nature, frequency and size of the recommended transactions, and in light of each customer's financial situation, investment objectives, risk tolerance and circumstances. Additionally, Goldberg only bought and sold Class A mutual funds in these accounts. These shares necessitated that each of the subject customers pays upfront sales charges, known as front-end loads, for each of these trades. The collective amount of sales charges these five customers paid was at least \$53,100. Goldberg did not discuss with these customers the different types of shares available for investment, or the sales charges and operating expenses associated with each share class and their effect on potential returns. Goldberg also did not disclose cost-saving options that were available.

The findings also included that Goldberg falsified, or caused to be falsified, information in the electronic trading systems, mutual fund switch letters and new account forms associated with the customer accounts. Goldberg also provided false information to his member firms regarding the mutual fund transactions he executed in connection with customer accounts. Goldberg did not consult with the customers to obtain the correct information for the new account forms and instead simply fabricated the information when he filled out the forms or caused the forms to be filled out. As a result, these documents contained false information relating to each customer's net worth, investment objectives and risk tolerance. Goldberg's actions caused the firms to maintain inaccurate books and records.

FINRA found that Goldberg caused the forgery of each customer's signature on new account forms and mutual fund switch letters. On the identified new account forms and mutual fund switch letters, Goldberg signed the customers' names or caused the

customers' names to be signed by someone other than the customers. Goldberg did not have authorization to sign the customers' names or to cause someone else to sign these customers' names on these documents. Goldberg also misled his firms and caused false information to be included in the firms' books and records by instructing his sales assistants to place their personal home addresses in the firms' systems as the addresses of record for customers. ([FINRA Case #2011026098504](#))

Douglas Benjamin Gregg ([CRD #4646585](#), Franklin, Tennessee) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Gregg consented to the sanctions and to the entry of findings that he engaged in an outside business activity without providing prior written notice to, and receiving approval from, his member firm. The findings stated that Gregg received compensation from the outside business for providing assistance in securing and maintaining carriers by which the business could sell nonstandard auto insurance.

The suspension was in effect from May 2, 2016, through May 31, 2016. ([FINRA Case #2014041105101](#))

Brian Joseph Hagerman ([CRD #2115892](#), New York, New York) submitted an AWC in which he was assessed a deferred fine of \$30,000, suspended from association with any FINRA member in any capacity for two years, and required to requalify as a General Securities Principal by passing the Series 24 examination prior to association with any FINRA member firm as a General Securities Principal following the suspension. Without admitting or denying the findings, Hagerman consented to the sanctions and to the entry of findings that he failed to reasonably supervise his member firm's activities by allowing third-party wire transfers to be transmitted to and from customer accounts without any meaningful review; allowed numerous customer accounts to remain open and unrestricted despite missing customer identification documentation; allowed branch managers to approve trades without meaningful review, even when the accounts were flagged by the firm's electronic systems for exceeding thresholds designed to detect excessive trading; and performed insufficient due diligence on physical certificates and restricted securities. The findings stated that Hagerman failed to establish and maintain a reasonable supervisory system to review and verify new account opening documents, monitor and investigate trade exception alerts, monitor and review deliveries and deposits of stock certificates, monitor and review third-party wire transfers, and monitor and review the firm's acceptance and resale of restricted securities.

The findings also stated that while acting as the firm's CCO and Anti-Money Laundering Compliance Officer (AMLCO), Hagerman failed to tailor the firm's anti-money laundering (AML) policies and procedures to address the money-laundering risks specific to the firm's business, and he failed to implement any electronic systems or reports that

were reasonably designed to identify potentially suspicious activity. Hagerman failed to reasonably investigate potentially suspicious activity, including liquidations of low-priced securities, even when he was notified of the potentially suspicious activity by the firm's clearing firm. The findings also included that Hagerman knew that the firm's chief executive officer (CEO) was selling convertible promissory notes to investors. Hagerman failed to supervise the CEO's private securities transactions. Hagerman failed to supervise the sales, ensure that the notes were recorded on the firm's books and records, or ensure that the CEO requested and received the firm's approval of the transactions in writing. FINRA found that despite the fact that Hagerman was responsible for inputting Form U4 and U5 updates into CRD on behalf of the firm and its employees, he willfully failed to disclose civil judgments totaling \$13,028 on his own Form U4.

The suspension is in effect from April 4, 2016, through April 3, 2018. ([FINRA Case #2013035245701](#))

SM Imaze Hasnain ([CRD #5546563](#), Rancho Cordova, California) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hasnain 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 against him for misappropriating insurance customer funds and accepting loans from customers. ([FINRA Case #2015048201301](#))

Peyton Nelson Jackson ([CRD #1988387](#), Alexandria, Virginia) submitted an AWC in which he was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Jackson consented to the sanctions and to the entry of findings that he failed to disclose certain outside business activities and an outside brokerage account to his member firms. The findings stated that Jackson failed to disclose in writing to his firms that he offered investment banking, investor relations, commercial marketing, and Eastern Europe business development services through an outside entity that he controlled; received compensation for insurance services from another outside entity; and served as a successor trustee on behalf of a third-party outside entity. The findings also stated that Jackson failed to disclose to his firms the existence of a brokerage account that he opened, in the name of an outside business entity he owned and controlled, at an outside brokerage firm. Thereafter, Jackson transferred this outside brokerage account to another outside brokerage firm, and maintained that outside brokerage account, and continued to fail to disclose to his firms the existence of that outside brokerage account. The findings also included that Jackson failed to disclose that he was employed by a member firm when he opened a brokerage account at another member firm.

The suspension is in effect from May 2, 2016, through November 1, 2016. ([FINRA Case #2012032095801](#))

William Harold Jennings II ([CRD #1748782](#), Darien, Connecticut) submitted an AWC in which he was fined \$30,000, suspended from association with any FINRA member as a General Securities Principal for three months, and required to requalify as a General Securities Principal (Series 24) prior to reassociation with any FINRA member firm in that capacity. Without admitting or denying the findings, Jennings consented to the sanctions and to the entry of findings that he did not take any action and did not reasonably or properly supervise the activities of his member firm's employees over whom he had supervisory responsibilities so as to prevent false statements from being made, or to correct false statements that had been made, to customers in connection with the sale or offer of mortgage-backed securities. The findings stated that as the co-head of mortgage-backed securities trading at his firm, Jennings had an obligation to prevent or correct the misrepresentations, and he also had an obligation to report any misconduct that he became aware of to his supervisor or to the firm's compliance department.

The suspension is in effect from May 2, 2016, through August 1, 2016. ([FINRA Case #2016048693401](#))

Karmen Dwayne Kingsmore ([CRD #1076197](#), Union, South Carolina) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Kingsmore consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose federal and state unsatisfied tax liens filed against him.

The suspension is in effect from May 16, 2016, through June 15, 2016. ([FINRA Case #2015044506301](#))

Mark Peter Koestner ([CRD #1302960](#), Naples, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Koestner consented to the sanction and to the entry of findings that he failed to appear for a FINRA on-the-record interview in connection with an investigation into allegations that he engaged in a private securities transaction or an outside business activity, or both. ([FINRA Case #2014042031901](#))

Adam Joseph Kuettel ([CRD #5473537](#), Bentonville, Arkansas) submitted an AWC in which he was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any capacity for nine months. Without admitting or denying the findings, Kuettel consented to the sanctions and to the entry of findings that he engaged in private securities transactions without providing prior written notice to, or receiving the requisite written approval from his member firms for his participation. The findings stated that while associated with one of the firms, Kuettel assisted investors, some of whom were firm customers, with the purchase of shares of stock and warrants in a public company through a private investment in a public equity (PIPE) transaction. The customers collectively invested \$836,075.50. These transactions were outside the regular course and scope of Kuettel's employment with the firm. The shares were purchased away from the firm and

none of the customers held the stock in a firm account. Kuettel communicated with the potential investors, including firm customers, via an email account that was outside of the firm's email system. In some email communications, Kuettel specifically requested that the individuals involved with the PIPE transaction communicate with him away from the firm, thus concealing his involvement from the firm. Kuettel never submitted any paperwork, such as new account forms or stock certificates, to the firm for any of the investors participating in the PIPE transaction. The findings also stated that while associated with the second firm, Kuettel engaged in a private securities transaction whereby he assisted a Limited Liability Limited Partnership (LLLP), of which he was a general partner, to purchase an equity interest in a limited liability company. Kuettel assisted the LLLP with making one investment that was executed away from the firm, which was outside the regular course and scope of Kuettel's employment with the firm. Kuettel never disclosed his involvement with the LLLP or the equity investment to the firm.

The suspension is in effect from April 18, 2016, through January 17, 2017. ([FINRA Case #2015044223301](#))

Ryan Alexander Logan ([CRD #4950854](#), Huntington Beach, California) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Logan consented to the sanctions and to the entry of findings that he accessed his member firm's computer system and altered telephone numbers and email addresses belonging to customers of the firm and/or its insurance affiliate without the knowledge or authorization of the customers or his firm. The findings stated that by altering the telephone numbers and email records, Logan caused his firm's books and records to be inaccurate.

The suspension is in effect from May 16, 2016, through June 27, 2016. ([FINRA Case #2014043072601](#))

Royal Lagene Lunsford Jr. ([CRD #2275492](#), Spring, Texas) submitted an AWC in which he was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Lunsford consented to the sanctions and to the entry of findings that for three years, he assisted with the management of a customer's horse ranch, receiving \$283,000 in compensation, without disclosing the outside business activity to his member firm.

The suspension is in effect from May 2, 2016, through August 1, 2016. ([FINRA Case #2014041769301](#))

Michael Marchassalla ([CRD #1338199](#), Plandome Manor, New York) submitted an Offer of Settlement in which he was fined \$10,000, suspended from association with any FINRA member in any capacity for 60 days, and suspended from association with any FINRA member in a principal capacity for 90 days. The suspensions shall run consecutively. Without admitting or denying the allegations, Marchassalla consented to the sanctions and to the entry of findings that he willfully failed to timely disclose unsatisfied tax liens and an unsatisfied civil judgment on his Form U4.

The suspension in any capacity is in effect from May 16, 2016, through July 14, 2016. The suspension in a principal capacity will be in effect from July 15, 2016, through October 12, 2016. ([FINRA Case #2013038654101](#))

Charles Mitchell McInnis (CRD #1321666, Miami, Florida) submitted an AWC in which he was suspended from association with any FINRA member in any principal capacity for 18 months. In light of McInnis' financial status, no monetary sanction has been imposed. Without admitting or denying the findings, McInnis consented to the sanction and to the entry of findings that he failed to understand the specific requirements of the two exemptions from registration applicable for a minimum contingency private placement offering in which his member firm acted as co-placement agent. The findings stated that McInnis failed to ensure that customer purchases of the senior-secured notes issued by the issuer, a Colombian energy company, complied with the requirements of either of the exemptions. McInnis should have been familiar with the terms of the two exemptions because he also was the designated supervisor responsible for the firm's due diligence on the offering, any agreements the firm entered into in connection with the offering, and the firm's review and distribution of the offering memorandum. While supervising the offering, McInnis approved the use of a questionnaire that was designed to determine if a customer was an accredited investor as defined by Rule 501 of Regulation D instead of to determine if the customer's investment would qualify for the Securities Act of 1933 Rule 144A safe harbor or the Securities Act of 1933 Regulation S exemption. When approving the use of the questionnaire in the offering, McInnis failed to recognize that the questionnaire was not designed to determine if the customer's investments in the offering would qualify for either the Rule 144A safe harbor or the Regulation S exemption. Further, McInnis had a lack of understanding of the basic requirements of the Rule 144A safe harbor and Regulation S exemption.

Indeed, based on the information provided in the questionnaires by customers with U.S. addresses that invested in the offering, none of them were a qualified institutional buyer under Rule 144A. In connection with the four firm customers with mailing addresses in the United States, McInnis reviewed their questionnaires and approved all four customers as eligible to invest in the offering without determining if the customers were located outside of the United States at the time they placed their buy orders to purchase the notes. McInnis did not make any effort to follow up with the registered representative who obtained the information or the investors themselves to collect the required information to adequately assess eligibility. As the supervisor for firm's role in the offering, McInnis should have taken appropriate steps to ensure that firm customers' investments in the offering were qualified for either the Regulation S exemption or the Rule 144A safe harbor. McInnis' failures exposed the offering to the possibility that the Regulation S exemption and Rule 144A safe harbor would be inapplicable to the offering. The findings also stated that McInnis failed to monitor investments in the offering to determine if the \$5,000,000 minimum contingency was met prior to proceeds being transmitted to the issuer. The firm did not collect and maintain sufficient documentary evidence to support whether or not the \$5 million minimum contingency had been met on the closing date for the offering.

The suspension is in effect from May 2, 2016, through November 1, 2017. ([FINRA Case #2013038002602](#))

John Rothrock McKinstry Jr. (CRD #1012658, St. Louis, Missouri) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, McKinstry consented to the sanction and to the entry of findings that he failed to continue to provide FINRA with information and documents and failed to appear for on-the-record testimony during the course of an investigation into whether he had made unsuitable securities recommendations to customers, whether he had entered into lending arrangements on behalf of a certain 501(c)(3) charitable entity with customers through the issuance of promissory notes, whether his recommendations to his customers violated FINRA rules, and whether he made materially misleading statements and omissions in connection with lending arrangements his customers entered into with the entity, for which he serves as an unpaid director. ([FINRA Case #2015046315101](#))

Bruce William McNabb (CRD #1738135, Fair Oaks Ranch, Texas) submitted an AWC in which he was assessed a deferred fine of \$50,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, McNabb consented to the sanctions and to the entry of findings that he failed to provide prior written notice to his member firm regarding his participation in a private securities transaction, nor did he receive the firm's permission to participate in the transaction. The findings stated that McNabb represented a group of investors, one of whom was a firm customer, in connection with the transaction in which they formed an entity that purchased stock in a corporation for \$4 million. McNabb participated in the purchase of shares in the transaction by, *inter alia*, introducing potential investors to one another; representing and advising a group of potential investors in negotiations to purchase the corporation; signing an agreement on behalf of a potential investor, a party to the negotiations; and impliedly endorsing a potential transaction by agreeing to serve as a board member and chief financial officer of the corporation.

The suspension is in effect from April 18, 2016, through April 17, 2018. ([FINRA Case #2014041333701](#))

Richard John Morano (CRD #1384468, Madison, New Jersey) submitted an AWC in which he was fined \$20,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Morano consented to the sanctions and to the entry of findings that he made misrepresentations to customers in connection with a purchase, offer or sale of a fixed income security. The findings stated that Moreno made misrepresentations in electronic communications to one institutional customer in connection with separate odd-lot transactions in sovereign debt issued by Argentina. The misrepresentations made to the institutional customer were that Moreno had an offer from another customer to sell the Argentinian bonds when, in fact, the bonds were held in the member firm inventory account that Moreno controlled.

The suspension is in effect from May 2, 2016, through June 15, 2016. ([FINRA Case #2014042663301](#))

Rafael Moreno (CRD #4370359, Key Biscayne, Florida) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Moreno consented to the sanctions and to the entry of findings that he engaged in an outside business activity without providing prior written notice to his member firm. The findings stated that Moreno furnished investment management services to a firm customer through an entity he created. Moreno received fees through the entity that totaled approximately \$21,419. The findings also stated that in annual compliance questionnaires that Moreno submitted to his firm, he incorrectly certified that he was not involved in any business activity outside of the firm.

The suspension was in effect from May 2, 2016, through May 31, 2016. ([FINRA Case #2012033739501](#))

Margaret Clark Morgan (CRD #6078635, Anchorage, Alaska) submitted an AWC in which she was fined \$10,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the findings, Morgan consented to the sanctions and to the entry of findings that she drafted and emailed a false and misleading proof of funds letter to a customer and a third party at the customer's request. The findings stated that the letter was printed on letterhead of the affiliated bank of Morgan's member firm and indicated the customer had \$9 million available for use. As Morgan knew, the customer did not have \$9 million in accounts within the firm or its affiliate bank, nor did she have a reasonable basis to believe that the customer held such funds elsewhere.

The suspension is in effect from May 2, 2016, through May 1, 2018. ([FINRA Case #2015046167001](#))

Scott Muirhead (CRD #5126432, Jacksonville, Florida) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Muirhead consented to the sanction and to the entry of findings that he failed to respond to FINRA requests for documents and information during its investigation into allegations that he engaged in unapproved private securities transactions and misused customer funds. ([FINRA Case #2015044785301](#))

Scott Edward Nuttall (CRD #1412660, Northfield, New Jersey) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 45 days. Without admitting or denying the findings, Nuttall consented to the sanctions and to the entry of findings that he failed to timely amend his Form U4 to disclose judgments.

The suspension is in effect from May 2, 2016, through June 15, 2016. ([FINRA Case #2014042779901](#))

Chris Blaine Palkowitsh (CRD #3090435, Cumming, Georgia) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Palkowitsh consented to the sanction and to the entry of findings that he excessively traded and churned customer accounts. The findings stated that the trading in the customers' accounts was, as evidenced by the high annualized cost-to-equity ratios and number of transactions, excessive in light of, and inconsistent with, the customers' investment objectives and financial situations. None of the customers acquiesced or consented to the heavy level of trading in the accounts. After the customers sustained substantial losses, Palkowitsh placed their remaining equity at risk by concentrating each account in a low-priced security.

The findings also stated that by engaging in unsuitable excess trading with scienter, Palkowitsh engaged in a manipulative, deceptive and fraudulent scheme by churning customer accounts. Palkowitsh acted with intent to defraud and/or reckless disregard of their customers' interests by seeking to maximize their own remuneration in disregard of the interests of his customers. Each of the customers suffered extensive losses and paid exorbitant fees and commissions to Palkowitsh and his member firm. As a result of his conduct, Palkowitsh willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, NASD Rules 2110 and 2120, and FINRA Rules 2010 and 2020. The findings also included that Palkowitsh made unsuitable recommendations to customers and lacked reasonable grounds for believing that the customers understood and were willing and able to assume the risk particular to having their accounts heavily concentrated in a single, low-priced security where a significant loss would effectively wipe out the customer's entire principal, many of which were the sole retirement accounts for the customers. FINRA found that Palkowitsh failed to amend his Form U4 to disclose federal tax liens that were filed against him. ([FINRA Case #2012031496501](#))

Apostolos Nicholas Papadea (CRD #356042, Columbia, South Carolina) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Papadea consented to the sanctions and to the entry of findings that he exercised discretion by effecting transactions in customers' accounts without obtaining the customers' prior written authorization, and his member firm had not accepted the accounts as discretionary. The findings stated that the customers were not aware of the trades at the time they were made, but instead had either spoken with Papadea about the transactions at least 30 days prior or spoke with Papadea about the trades after they were effected. Papadea's firm prohibited the use of discretion in customers' accounts with limited exceptions and did not permit the use of time and price discretion.

The suspension was in effect from May 2, 2016, through May 27, 2016. ([FINRA Case #2015048044301](#))

Fred Perelman ([CRD #2866846](#), Brooklyn, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Perelman failed to provide FINRA with requested information and documentation during the course of a cycle examination of his member firm. The findings stated that FINRA's requests were related to Perelman's customers and his communications with them, his outside business activities, and his business practices during his registration with the firm. FINRA also requested that he provide information and documentation regarding liens and judgments that had been filed against him, and his disclosure of those liens and judgments to the firm. ([FINRA Case #2015047104201](#))

Michael Joseph Russo ([CRD #3072489](#), Manorville, New York) submitted an AWC in which he was assessed a deferred fine of \$35,000 and suspended from association with any FINRA member in any capacity for one year. Without admitting or denying the findings, Russo consented to the sanctions and to the entry of findings that he communicated with the public about his securities business using personal emails and text messages. The findings stated that Russo did so even though his member firm's written procedures required him to utilize its email system when sending or receiving business-related emails and text messages. In addition, Russo signed attestations stating that he had reviewed, read and understood the firm's procedures, and that he had read and reviewed its supervisory procedures regarding client communications and fully understood that personal text messaging could not be used. Russo caused his firm to fail to maintain records of his communications by using his personal email account and text messages to conduct firm business. The findings also stated that Russo sent emails that contained false, exaggerated, unwarranted or misleading statements; contained inappropriate predictions of performance; and failed to provide the investor with a sound basis for evaluating the investment or service. The findings also included that Russo made false statements to FINRA during an examination regarding his use of personal email and text messages to communicate about his securities business.

The suspension is in effect from May 2, 2016, through May 1, 2017. ([FINRA Case #2013037235103](#))

Robert William Schultz ([CRD #2457055](#), Bellingham, Washington) submitted an AWC in which he was barred from association with a FINRA member firm in any capacity. Without admitting or denying the findings, Schultz consented to the sanction and to the entry of findings that he willfully failed to disclose a criminal theft conviction on his Form U4. ([FINRA Case #2015047057301](#))

Simone Shenassa ([CRD #2037110](#), Lake Hopatcong, New Jersey) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Shenassa consented to the sanction and to the entry of findings that he forged the signatures of former customers on life insurance policy applications without the customers' knowledge or consent. The findings stated that Shenassa submitted the applications for life insurance on behalf of the former customers, both of whom had purchased life insurance policies from Shenassa several years earlier.

The customers, however, did not authorize Shenassa to submit these life insurance policy applications. Neither of the customers had spoken with Shenassa in several years. In connection with these unauthorized applications, Shenassa inserted personally identifiable information of the customers and forged their signatures a total of approximately nine times. ([FINRA Case #2015047459701](#))

Catherine Ann Sheridan ([CRD #1203915](#), Lake Forest, Illinois) submitted an AWC in which she was fined \$10,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the findings, Sheridan consented to the sanctions and to the entry of findings that she willfully failed to timely amend her Form U4 to disclose federal income tax liens totaling \$288,976 filed against her.

The suspension is in effect from May 16, 2016, through July 15, 2016. ([FINRA Case #2015044475901](#))

Wellington Robert Smith aka Jerrell W. Smith ([CRD #5669040](#), Buffalo, New York) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Smith consented to the sanction and to the entry of findings that he failed to appear for FINRA-requested testimony in connection with an investigation into the circumstances surrounding his termination from his member firm. The findings stated that the firm filed a Form U5 terminating Smith's registration for "improper business practices" relating to Smith's interference "with client health screening telephone interviews during the underwriting process" regarding certain insurance applications. ([FINRA Case #2015047057301](#))

Thomas Edward Stamborski ([CRD #838908](#), North Barrington, Illinois) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Stamborski consented to the sanction and to the entry of findings that he failed to respond to FINRA requests for documents, information and testimony concerning his resignation from his member firm. ([FINRA Case #2015044783401](#))

Michael David Taylor ([CRD #5747559](#), Buffalo, New York) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Taylor consented to the sanctions and to the entry of findings that he circumvented his member firm's annuity replacement procedures by failing to identify and submit variable annuity purchases totaling approximately \$700,000 as annuity replacements, even though each purchase was funded by the sale of another annuity. The findings stated that Taylor concealed the replacement transactions from the firm's supervisory review by transferring the proceeds from the replaced annuity to a firm money market account in the customer's name. After waiting approximately 30 to 60 days, Taylor then used the funds in the money market account to purchase the new variable annuity. Taylor further concealed that the annuity purchases were replacements by providing inaccurate information on the

transaction documents he submitted to the firm and the annuity companies. Taylor earned approximately \$18,000 in additional commissions by submitting the annuity purchases as new trades rather than as annuity replacements. Taylor subsequently repaid these commissions to the firm.

The suspension is in effect from April 18, 2016, through July 17, 2016. ([FINRA Case #2013039023301](#))

Raymond Louis Thomas ([CRD #6206369](#), Oklahoma City, Oklahoma) submitted an AWC in which he was barred from association with any FINRA member firm in any capacity. Without admitting or denying the findings, Thomas consented to the sanction and to the entry of findings that he wrote renter's insurance policies for fictitious customers in order to meet his quarterly production goals and remain on an agent subsidy program. The findings stated that by writing the fictitious insurance policies, Thomas caused his member firm's insurance affiliate to pay \$24,529 in subsidy payments to him that would not have been paid otherwise. ([FINRA Case #2015044274501](#))

Daniel James Tromello ([CRD #6032858](#), Thousand Oaks, California) submitted an AWC in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Tromello consented to the sanction and to the entry of findings that he failed to appear for FINRA on-the-record testimony during its investigation into, among other things, potentially undisclosed outside business activities and private securities transactions. ([FINRA Case #2015044842801](#))

Paul Frederick Valencia ([CRD #1074828](#), Temecula, California) submitted an AWC in which he was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Valencia consented to the sanctions and to the entry of findings that he exercised discretion in a customer's securities account without obtaining the customer's prior written authorization or his member firm's prior written approval. The findings stated that Valencia received his customer's verbal authorization and approval for purchases and sales of particular securities, but exercised his discretion in executing those transactions on future dates.

The suspension was in effect from May 2, 2016, through May 13, 2016. ([FINRA Case #2014040655501](#))

Curtis Michael Worrell ([CRD #1084980](#), Roanoke, Virginia) submitted an Offer of Settlement in which he was fined \$5,000, suspended from association with any FINRA member in any capacity for one year and required to pay \$44,164, plus interest, in disgorgement of commissions. Without admitting or denying the allegations, Worrell consented to the sanctions and to the entry of findings that he participated in private securities transactions totaling \$1,179,885 in sales, from which he received \$46,492 in selling compensation, without providing prior written notice to his member firm of his

proposed roles in, or the selling compensation that he may receive from the transactions. The findings stated that the private securities were not approved for sale by Worrell's firm and were not available for sale through the firm. Worrell did not notify the firm in any manner that he had participated in the sale of the private securities. Worrell never received his firm's written approval to participate in the private securities transactions. The findings also stated that Worrell falsely stated on a firm annual compliance acknowledgment that he had not engaged in any private securities transactions away from the firm.

The suspension is in effect from May 16, 2016, through May 15, 2017. ([FINRA Case #2012032740401](#))

Bruce Martin Zipper ([CRD #1019731](#), Miami, Florida) submitted an AWC in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. In light of Zipper's financial status, a fine of \$5,000 has been imposed. Without admitting or denying the findings, Zipper consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose unsatisfied judgments against him.

The suspension is in effect from May 31, 2016, through August 30, 2016. ([FINRA Case #2015046512101](#))

Decision Issued

The Office of Hearing Officers (OHO) issued the following decision, which has been appealed to or called for review by the NAC as of April 30, 2016. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decision. Initial decisions where the time for appeal has not yet expired will be reported in future issues of *FINRA Disciplinary and Other Actions*.

Brett Ian Friedberg ([CRD #5012184](#), New York, New York) was barred from association with any FINRA member in any capacity; ordered to pay \$600,000, plus interest, in restitution to customers; and required to pay \$36,250, plus interest, in disgorgement of commissions. The sanctions are based on findings that Friedberg recommended and sold notes in a private placement offering to customers, promising that they would earn a one-year 100 percent rate of return, without a reasonable basis to conclude that the notes were suitable for any investor. The findings stated that Friedberg did not satisfy his reasonable-basis suitability obligation before recommending the investment to his customers. Friedberg relied solely on statements his member firm had made to him and on the information contained in the offering documents, which did not constitute a reasonable investigation. Friedberg had an independent duty to investigate the security. Friedberg could not simply rely on what he was told by his superiors at the firm, even though he trusted them and understood that the firm was fully vetting the offering, and he was inexperienced in the sale of private placements. The offering documents were insufficient, as they lacked key information

necessary for Friedberg to appreciate the risks of the investment. As a result, Friedberg did not have a sufficient understanding of the investment to determine if it was suitable for any customer. The findings also stated that Friedberg's negligent misrepresentations contravened Section 17(a)(2) of the Securities Act of 1933. Friedberg committed these violations with respect to the customers in connection with the suitability violations. FINRA failed to prove by a preponderance of the evidence that Friedberg violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, or FINRA Rules 2010 and 2020, therefore those charges are dismissed. Specifically, Friedberg made grossly negligent, but not reckless, misrepresentations. FINRA failed to show that Friedberg made the material misrepresentations with scienter. Because FINRA failed to prove that Friedberg acted with scienter—an essential element of the fraud charges—the federal and FINRA scienter-based fraud charges were dismissed. Because the FINRA Rule 2010 charge was based on these unproven fraud charges, it was also dismissed.

This matter has been appealed to the NAC and the sanctions are not in effect pending review. ([FINRA Case #2010024522103](#))

Shiva Naby (CRD #5634974, Los Angeles, California) was fined \$25,000 and suspended from associating with any member firm in any capacity for two years. The sanctions were based on findings that Naby falsified documents that her member firm provided to FINRA in response to a request for information. The findings stated that Naby falsified firm records, intending to mislead FINRA by redacting report-generated dates from MSRB Report Cards to create the impression that the Report Cards were reviewed and signed during the fourth quarter of 2011, rather than when the firm actually printed and reviewed the Report Cards in April 2012. Naby falsified documents that the firm intended to produce to FINRA, and intentionally created the false impression that the firm conducted and evidenced supervisory reviews of Report Cards. The allegation that Naby violated MSRB G-17 by willfully engaging in deceptive, dishonest and unfair practices in the conduct of her firm's municipal securities activities was dismissed.

This matter has been appealed to the NAC, and the sanctions are not in effect pending review. ([FINRA Case #2012032080301](#))

Paul Eric Taboada (CRD #2033981, Old Brookville, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Taboada misappropriated investor funds and securities by failing to return excess capital to investors and by failing to distribute to certain investors all of the shares in an initial public offering (IPO) to which they were entitled. The findings stated that Taboada misused customer funds and securities by improperly using excess capital from investors, without their authorization, to pay expenses owed by other investors. The findings also stated that Taboada caused a broker-dealer to double its commissions paid to an entity he created, which increased the amount of his member firm's sales concession on transactions and provided financial benefit to the firm. Taboada failed to disclose to investors the sales

concessions the firm received on the IPO transactions and provided false and misleading information to investors. The findings also included that Taboada provided false documents and testimony to FINRA.

This matter has been appealed to the NAC and the sanction is not in effect pending review. ([FINRA Case #2012034719701](#))

Complaints Filed

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

ACAP Financial Inc. ([CRD #7731](#), Salt Lake City, Utah), Kirk Lynn Ferguson ([CRD #1307741](#), Farmington, Utah) and Gary Hume ([CRD #1216949](#), Syracuse, Utah) were named respondents in a FINRA complaint alleging that the firm, acting through Ferguson, its president and CCO, and Hume, its AMLCO, facilitated the liquidation of more than 3.3 billion shares of unregistered securities in transactions that were not subject to an exemption from the registration requirements of Section 5 of the Securities Act of 1933. From these illicit sales, the firm collected approximately \$144,010 in commissions. The complaint alleges that the firm and Ferguson failed to establish, maintain, and enforce a supervisory system and WSPs that were reasonably designed to achieve compliance with the securities laws and rules. In particular, the firm's WSPs were deficient because they provided insufficient guidance on how and when to conduct an independent searching inquiry into the registration requirements of Section 5 and its exemptions, resulting in penny stock liquidation activity in which the shares were not registered with the SEC, nor were the sales exempt from registration. Hume failed to establish and implement policies and procedures related to the firm's AML program that could reasonably detect and cause the reporting of suspicious activity, particularly with respect to penny stock transactions. Hume failed to conduct due diligence on the firm's customers in the presence of red flags. Had Hume conducted any due diligence, he would have discovered that a customer's husband who exercised control over two penny stock accounts was barred by FINRA and was barred by the SEC from engaging in penny stock activities.

The complaint also alleges that Hume failed to adequately investigate suspicious penny stock activity, even in instances where he identified red flags, and failed to consider whether to report potentially suspicious activity by filing a SAR, where appropriate. The complaint further alleges that the firm and Ferguson failed to adequately supervise Hume in connection with Hume's customers' penny stock liquidation activity. Ferguson failed to directly supervise Hume as the registered representative on the customer accounts

to ensure that he conducted a reasonable and meaningful inquiry and independent due diligence in connection with his customers' penny stock liquidations. Ferguson further failed to adequately and meaningfully analyze documents collected from firm customers and independently verify the provided information, and failed to identify red flags that indicated that penny stock sales were or could be illegal distributions of unregistered stocks. In addition, the complaint alleges that the firm lacked any procedures to ensure that the multiple users of a shared email address indicated, within each email, the names of the persons who prepared and transmitted each communication. The users were multiple individuals associated with the firm using a single firm-issued email address to make business-related communications that did not clearly identify the person who prepared the correspondence. ([FINRA Case #2012030459101](#))

C. L. King & Associates, Inc. ([CRD #6183](#), Albany, New York) and Gregg Alan Miller ([CRD #4163500](#), Ballston Spa, New York) were named respondents in a FINRA complaint alleging that the firm assisted its customer, a hedge fund, and the customer's managing member in a scheme to profit from the deaths of vulnerable elderly and terminally ill patients. The complaint alleges that the firm's customer identified and recruited terminally ill individuals by offering to pay them between \$10,000 and \$15,000 in exchange for their agreement to open a joint brokerage account with the managing member. The firm opened accounts for the customer in the name of the managing member and one of several terminally ill individuals. Although these accounts ostensibly were opened by the managing member and the terminally ill individuals as joint accounts, the customer required the terminally ill individuals to sign side agreements relinquishing their rights over, and responsibilities for, the assets in the accounts. Once opened, the customer used the joint accounts at the firm to purchase discounted corporate bonds, notes, and market-linked CDs containing a survivor's option or "death put" (collectively, the death-put investments), which allowed the customer and its managing member to redeem the investments for the full principal amount prior to maturity upon the death of a beneficial owner. When the terminally ill individual died, the firm redeemed the death-put investments on the customer's behalf. In total, the firm redeemed approximately \$60 million in death-put investments. The firm made at least \$1.2 million in margin interest and trading profits from the customer's death-put business. However, in connection with these redemptions, the firm made material misrepresentations and failed to provide all material information to the issuers, including the fact that the deceased account holders were not the beneficial owners of the death-put investments. The firm did not provide any of the issuers or issuers' agents with participant agreements as part of the redemption documentation, even though it was aware of the existence of the participant agreements. As a result, the firm acted in contravention of Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933.

The complaint also alleges that the firm failed to establish and maintain a reasonably designed supervisory system, including WSPs, to ensure compliance with federal securities laws, and NASD® and FINRA rules with regard to the redemption of the death-put investments. The firm failed to implement any supervisory system or processes to address

any aspect of the death-put investment business. The complaint further alleges that the firm, acting through Miller, its AMLCO, failed to establish and implement a reasonably designed AML program to detect, investigate and report, where appropriate, potentially suspicious activity related to the sale of low-priced penny stocks by the firm's customers, including two toxic-debt financiers, who collectively liquidated more than 11 billion shares of numerous penny stocks through the firm. The financiers' penny stock liquidations generated proceeds of more than \$14.39 million and \$4.87 million, respectively, while the firm generated over \$620,000 in commissions from these sales. Miller ignored and failed to reasonably detect and investigate red flags of potentially suspicious activities and failed to respond appropriately and consider whether or not to report the activity as suspicious to the Financial Crimes Enforcement Network. In addition, the complaint alleges that the firm, acting through Miller, failed to conduct adequate due diligence and respond to red flags regarding the account it opened for a foreign financial institution (FFI). The firm and Miller failed to obtain information about the type, purpose and anticipated activity of the FFI account, as required. The firm and Miller also failed to conduct a periodic review of account activity to determine consistency with the anticipated activity in the account. The firm and Miller failed to conduct and document any meaningful inquiry concerning the FFI account, its clients, whether or not such clients were U.S. persons, or whether or not it was operating as an unauthorized broker-dealer in the United States. The firm and Miller also failed to investigate or respond to the potentially suspicious penny stock activity in the FFI's account. ([FINRA Case #2014040476901](#))

Joey Cless Broussard ([CRD #5653033](#), Princeton, Texas) was named a respondent in a FINRA complaint alleging that he canceled an elderly customer's rescission of her investment by forging a letter from the customer without her consent. The complaint alleges that the customer purchased a \$15,000 investment in a limited partnership from Broussard. As part of the limited partnership's policies, the company offered a right of rescission to any investor who requested the return of his or her investment in writing within 10 days of the investment date. The customer timely sent a rescission letter to the limited partnership canceling her investment. Upon learning that the elderly customer had sent a rescission letter, Broussard contacted her and spoke to her about keeping the investment. Broussard explained that in order to keep the investment she needed to send a second letter to the limited partnership canceling her rescission request. The customer never sent such a letter. Instead, Broussard handwrote a letter requesting the cancellation of the customer's rescission request, and signed it with her name. Broussard then faxed the letter to the limited partnership. Broussard did not have the customer's permission to write the letter or sign her name to the document. By forging the customer's name on the letter, and by sending the falsified letter to his member firm, Broussard engaged in forgery and falsification of documents. ([FINRA Case #2013035039101](#))

Jeffrey E. Krupnick ([CRD #4307569](#), Sarasota, Florida) was named a respondent in a FINRA complaint alleging that he converted approximately \$143,000 of his member firm's customer's funds for his own personal benefit to pay for personal expenses without the

customer's authorization. The complaint alleges that the unauthorized transactions were used to pay for Krupnick's personal expenses. ([FINRA Case #2014043869901](#))

Ka Kiertonkaysy Lor ([CRD #4761591](#), Sacramento, California) was named a respondent in a FINRA complaint alleging that she converted insurance customer funds and used them to pay for her office rent, staff salaries and office expenses, rather than making the customers' insurance premium payments, as the customers had intended. The complaint alleges that Lor subsequently converted additional insurance customers' funds, totaling more than \$4,700. Those customers also intended for the funds to be used for their insurance premium payments. However, Lor used the funds to make insurance premium payments for other customers whose monies she had previously converted. The complaint also alleges that Lor failed to provide FINRA with documents and information, including federal and state tax returns for a particular year, and failed to appear for and provide testimony. ([FINRA Case #2014041073501](#))

William Eric Rice ([CRD #2255148](#), Arkansas City, Kansas) was named a respondent in a FINRA complaint alleging that he willfully failed to timely disclose both a felony charge and felony guilty plea on his Form U4. The complaint alleges that Rice misled his member firm by completing annual attestations in which he falsely represented that he did not have any new disclosures to report. ([FINRA Case #2015043295202](#))

Gregory Scott Taylor ([CRD #1531557](#), Dallas, Texas) was named a respondent in a FINRA complaint alleging that he engaged in unethical conduct involving an elderly customer at his member firm. The complaint alleges that Taylor was named as the beneficiary of the customer's bank accounts, which held more than \$59,000 in funds. While associated with the firm, Taylor was named the executor of the customer's estate, which contained at least \$2 million in assets, and given power of attorney over the customer in the event she became incapacitated. The complaint also alleges that, in violation of the firm's policies and procedures, Taylor failed to disclose to his firm or obtain its approval that he had been named the beneficiary of the customer's bank accounts, the executor of her estate and her attorney-in-fact. Although the customer was no longer a customer of the firm when Taylor learned that she had named him the executor of her estate and her attorney, the firm's policies and procedures prohibited Taylor from accepting a fiduciary appointment from a non-family member related person absent firm approval. The complaint further alleges that Taylor also accepted a cash gift from the customer, which was also prohibited by the firm's policies and procedures. Approximately one month after accepting the cash gift, Taylor submitted a compliance questionnaire to the firm in which he falsely denied accepting any prohibited gifts from a firm customer within the preceding 12 months. ([FINRA Case #2014040523101](#))

Joel William Victory IV ([CRD #5137138](#), Cleburne, Texas) was named a respondent in a FINRA complaint alleging that he willfully failed to timely disclose felony charges and convictions on his Form U4. ([FINRA Case #2015045269001](#))

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

(If the suspension has been lifted, the date follows the suspension date.)

Avenir Financial Group, Inc. (CRD #148490)
New York, New York
(April 4, 2016)

Blue Trading, LLC dba Range Global LLC (CRD #104393)
New York, New York
(April 8, 2016)

DME Securities, LLC (CRD #112584)
New York, New York
(April 8, 2016)

MIP Global, Inc. (CRD #164640)
San Juan, Puerto Rico
(April 8, 2016 – April 20, 2016)

PIN Financial, LLC (CRD #132876)
Indianapolis, Indiana
(April 8, 2016)

Riviere Securities LTD. (CRD #47383)
Austin, Texas
(April 8, 2016)

Sympheron Securities LLC (CRD #167421)
Fargo, North Dakota
(April 8, 2016 – May 3, 2016)

The Transportation Group (Securities) Limited (CRD #24329)
New York, New York
(April 8, 2016)

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.)

Vladimir Belyaev (CRD #6056976)
Brooklyn, New York
(April 28, 2016)
FINRA Case #2015045871401

Ho Choong Chung (CRD #5576768)
Bellevue, Washington
(April 18, 2016)
FINRA Case #2015046011201

Anthony S. Curcio (CRD #1720826)
Corum, New York
(April 18, 2016)
FINRA Case #2015047330501

George Jay Dobbins (CRD #2774580)
Del Rio, Texas
(April 18, 2016)
FINRA Case #2015045513001

William Lee Hutchinson (CRD #2055616)
Montague, New Jersey
(April 11, 2016)
FINRA Case #2015043944001

Daniel Seunghun Lee (CRD #6164357)
Richmond, Virginia
(April 29, 2016)
FINRA Case #2015045974101

Janice Jean Ling (CRD #6034271)
Deland, Florida
(April 29, 2016)
FINRA Case #2015047514801

Charles Little (CRD #2632450)
Kernersville, North Carolina
(April 18, 2016)
FINRA Case #2015044919301

Charles Holman Phelps (CRD #2030848)
Orlando, Florida
(April 11, 2016)
FINRA Case #2014043733501

**Michael Taylor Shuttlesworth
(CRD #1285729)**
Tuscaloosa, Alabama
(April 18, 2016)
FINRA Case #2015047434801

Mark Francis Speakman (CRD #2693667)
Grove City, Ohio
(April 25, 2016)
FINRA Case #2015048101701

Christopher George Taylor (CRD #3251069)
Murrells Inlet, South Carolina
(April 11, 2016)
FINRA Case #2014043034302

Sheena Anne Toney (CRD #5787621)
Lancaster, California
(April 25, 2016)
FINRA Case #2015047279901

**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.)

Samantha Arrieta McAfee (CRD #5058580)
Pasadena, California
(April 14, 2016)
FINRA Case #2012032080301

**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.)

Aaron Carter Armstrong (CRD #6124102)
Stamford, Connecticut
(April 11, 2016)
FINRA Case #2015044683801

Kora L. Crowder (CRD #4263886)
Jacksonville, Florida
(April 11, 2016)
FINRA Case #2015047835801

Wensi Guzman (CRD #3183264)
Bronx, New York
(January 11, 2016 – April 12, 2016)
FINRA Case #2015047005301

Demitrios Hallas (CRD #4199832)
New York, New York
(April 18, 2016)
FINRA Case #2015047828801

James Harrington (CRD #5603839)
Livermore, California
(April 15, 2016)
FINRA Case #2015045235501

Don Richard Iley (CRD #4157865)
Parker, Colorado
(April 11, 2016)
FINRA Case #2015047981001

Johnathan J. Joyce (CRD #5936434)
Park Ridge, Illinois
(April 4, 2016)
FINRA Case
#2014042498201/20150473138

Elias Nicholas Katsis (CRD #4332609)

Rocky Point, New York
(April 29, 2016)
FINRA Case #2015045028901

Jaoshiang Luo (CRD #2143876)

Flushing, New York
(April 29, 2016)
FINRA Case #2014043624101

Rafael Santiago (CRD #2494647)

Bronx, New York
(April 25, 2016)
FINRA Case #2014042949702

Jennifer A. Smith (CRD #6096895)

Teaneck, New Jersey
(April 4, 2016)
FINRA Case #2016048717101

Jonathon William Sullivan (CRD #6558363)

Tacoma, Washington
(April 29, 2016)
FINRA Case #2016048923401

Barbara Jean Waters (CRD #2162078)

Woodbridge, New Jersey
(April 7, 2016)
FINRA Case #2015047719501

Michael David Woodard (CRD #3270674)

Austin, Texas
(April 29, 2016)
FINRA Case #2015047350601

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.)

Anastasios P. Belesis (CRD #2707354)

New York, New York
(April 6, 2016)
FINRA Arbitration Case #13-00041

Anastasios P. Belesis (CRD #2707354)

New York, New York
(April 6, 2016)
FINRA Arbitration Case #13-01112

Barry Boyd Blount Sr. (CRD #2210746)

Venice, Florida
(April 1, 2016)
FINRA Arbitration Case #14-03142

Joseph Michael Carrino Jr. (CRD #2563438)

Pompano Beach, Florida
(April 1, 2016)
FINRA Arbitration Case #14-02705

Victor Rosario Cassone (CRD #2312167)

South Salem, New York
(April 25, 2016)
FINRA Arbitration Case #12-01608

John F. Gannon (CRD #5394261)

Oakland, California
(April 29, 2016)
FINRA Arbitration Case #15-00233

Christopher Clarence Kennedy (CRD #2031538)
Weston, Massachusetts
(April 29, 2016)
FINRA Arbitration Case #15-00161

William Francis Lex (CRD #308990)
Phoenixville, Pennsylvania
(April 26, 2016)
FINRA Arbitration Case #10-05603

Anthony F. Lodati (CRD #4877082)
Roslyn, New York
(April 29, 2016)
FINRA Arbitration Case #15-02808

Lewis Joseph Lucarine (CRD #4575978)
Fayette, New York
(April 28, 2016)
FINRA Arbitration Case #12-01957

Brian Joseph Merrigan (CRD #2195460)
Golden, Colorado
(October 23, 2014 – April 7, 2016)
FINRA Arbitration Case #13-02600

Nicholas McCauley Messoro (CRD #3184289)
Bethesda, Maryland
(April 11, 2016)
FINRA Arbitration Case #14-02588

James Marvin Mitchell (CRD #3110555)
Greeley, Colorado
(April 6, 2016)
FINRA Arbitration Case #10-01778

David Harold Noe (CRD #1629962)
Tampa, Florida
(April 6, 2016)
FINRA Arbitration Case #11-00649

Edward Painter (CRD #1407117)
Chappaqua, New York
(April 26, 2016)
FINRA Arbitration Case #15-02292

Carrie Riley (CRD #5199762)
Montecito, California
(April 1, 2016)
FINRA Arbitration Case #13-03119

Joseph Richard Rizzo Jr. (CRD #866022)
Erdenheim, Pennsylvania
(April 1, 2016)
FINRA Arbitration Case #14-01591

David Aaron Seigerman (CRD #2200011)
Morristown, New Jersey
(April 4, 2016)
FINRA Arbitration Case #13-03332

William Victor Siegel (CRD #4407213)
New York, New York
(April 26, 2016)
FINRA Arbitration Case #15-01972

Steven Craig Spitts (CRD #1443050)
Saratoga, California
(April 29, 2016)
FINRA Arbitration Case #14-03448

Jeff David Snyder (CRD #4608767)
Brewster, New York
(April 11, 2016)
FINRA Arbitration Case #15-00718

Carey Charles Stevens (CRD #2344274)
Dearborn, Michigan
(April 26, 2016)
FINRA Arbitration Case #13-02594

Cynthia Lynn Wadkinson (CRD #1578237)
Greensboro, North Carolina
(April 26, 2016)
FINRA Arbitration Case #15-01806

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

FINRA Decision Bars James Van Doren for Unethical Conduct; Registered Representative Engaged in Money Laundering and Assisted Friend in Deceiving Creditors

The Financial Industry Regulatory Authority (FINRA) announced a decision barring [James Van Doren](#) from the securities industry for unethical conduct involving money laundering and a scheme to deceive a friend's creditors and facilitate violations of law, including conspiracy to commit bankruptcy fraud. The ruling resolves charges brought by FINRA's Department of Enforcement in October 2014 and in its amended complaint.

The default decision finds that Van Doren engaged in unethical conduct in violation of FINRA rules by helping a childhood friend and business associate evade legal obligations by deceiving his creditors. Van Doren had invested in several real estate deals with his friend's company in an outside business activity. When the company was not able to meet its obligations, creditors attempted to claim the friend's assets. On three separate occasions, Van Doren accepted a total of \$244,000 from his friend, including \$30,000 in cash in a briefcase, with the purpose of concealing the assets from the creditors. He later returned most of the money to his friend and retained some of the money to offset financial losses he suffered. On one occasion, Van Doren made false representations to his own bank in an effort to obtain additional funds.

In connection with the scheme, Van Doren has pleaded guilty in federal district court to one count of money laundering and was sentenced to 15 months in prison.

In addition to the violations stated above, [the decision](#) notes that Van Doren is "a grave risk to customers, firms and other participants in the industry," and is "unfit to be in the securities industry and should be barred."

Unless the decision is appealed to FINRA's National Adjudicatory Council (NAC), or is called for review by the NAC, the decision becomes final after 25 days.