

# Disciplinary and Other FINRA Actions

## Firms Fined

### **Puma Capital, LLC ([CRD® #146744](#), Purchase, New York)**

January 2, 2018 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured, fined \$70,000, and required to certify that the firm’s policies, systems and procedures (written and otherwise) and training are reasonably designed with respect to the firm’s compliance with FINRA Rule 3310 and the requirements of the Bank Secrecy Act, and with Section 5 of the Securities Act of 1933 (Securities Act) and the applicable rules and regulations with the respect to the distribution of unregistered securities. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to develop and implement an anti-money laundering (AML) program reasonably designed to achieve and monitor compliance with the Bank Secrecy Act and implementing regulations. The findings stated that the firm failed to establish and implement policies and procedures for the detecting and reporting of potentially suspicious activity relating to the liquidation of millions of shares of microcap securities. The firm’s customers liquidated over 17.2 million shares of microcap stocks and generated over \$5.1 million in proceeds. Many of these customers and transactions raised red flags of potentially suspicious activity that the firm failed to detect and/or sufficiently investigate. The firm’s AML program for detecting and investigating red flags relating to the microcap stock activities of its customers was unreasonable. The firm’s system for reviewing trading activity principally consisted of a manual review of daily trading and a periodic post-trade review occurring a month or longer after the trading took place. Given the high volume of transactions, the firm did not design its manual surveillance methods to detect patterns of suspicious activity that might occur over the course of days, weeks or months. In addition, even when the firm detected red flags of potentially suspicious activity, the firm inadequately investigated those red flags. The findings also stated that the firm failed to establish, maintain and enforce a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with Section 5. The firm did not have an adequate supervisory apparatus, including WSPs, relating to the steps or due diligence to be performed to assess whether the microcap securities being liquidated by firm customers using delivery versus payment (DVP) accounts were freely tradable. Nor was the firm, in practice, doing adequate diligence to determine whether the microcap securities traded by its customers via DVP accounts were, in fact, registered or exempt from registration. The firm’s system for achieving compliance with Section 5 consisted of a periodic post-trade review occurring a month or longer after trading took place. ([FINRA Case #2016047676801](#))

## Reported for March 2018

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

**George K. Baum & Company ([CRD #36354](#), Kansas City, Missouri)**

January 3, 2018 – An AWC was issued in which the firm was censured and fined \$35,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it improperly sought and received reimbursements from municipal bond offering proceeds for certain rating trip expenses that were unrelated to the business purposes of the trips and, as such, constituted excessive expenses. The findings stated that at separate times, a city, a county and a school district had each retained the firm as their financial advisor and the firm failed to deal fairly with these institutions when it sought and obtained reimbursement from municipal bond proceeds for rating trips that were unrelated to the business purposes of the trips. The findings also stated that the firm failed to establish and maintain a supervisory system for ratings trip expenses reasonably designed to ensure compliance with Municipal Securities Rulemaking Board (MSRB) rules. The firm reviewed and approved certain ratings trip expenses without fully reviewing all of the relevant information, such as itineraries and agendas, and was therefore unable to determine whether all of the expenses were reasonably related to the business purposes of the trips. The firm also failed to review ratings trip expenses charged to certain issuers to ensure that expenses collected from municipal bond proceeds came from the business of the ratings trips. The firm supervisor responsible for reviewing and approving all ratings trips expenses did not receive or review the itineraries or agendas in connection with the expense reports. The firm's WSPs failed to reasonably address ratings trip expenses because they did not contain any specific guidelines regarding expense limits, non-reimbursable expenses, prohibited expenses and permissible charges to issuers. In addition, the firm relied on its representatives to determine whether preapproval of expenses was required, but did not provide training or implement any procedures or processes to ensure that its representatives appropriately identified expenses for preapproval. ([FINRA Case #2015043587201](#))

**Cantor Fitzgerald & Co. ([CRD #134](#), New York, New York)**

January 8, 2018 – An AWC was issued in which the firm was censured, fined \$130,000 and required to address MSRB municipal trade reporting to ensure that the firm has implemented procedures reasonably designed to achieve compliance with the required MSRB rules. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report information regarding purchase and sale transactions effected in municipal securities to the Real-Time Transaction Reporting System (RTRS) in the manner prescribed by MSRB Rule G-14 RTRS Procedures and the RTRS Users Manual. The findings stated that the firm failed to report information about the transactions to an RTRS portal within 15 minutes after the trade time. The firm improperly reported to the RTRS inter-dealer transfers of municipal securities that were not reportable to the RTRS. The firm failed to document the correct execution time in trade memoranda of transactions in municipal securities. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or MSRB and FINRA rules

with regard to municipal trade reporting. The firm's WSPs failed to provide sufficiently for one of the minimum requirements for adequate WSPs in the area of municipal securities reporting. In addition, the firm failed to provide evidence of reviews for municipal late trade reporting. ([FINRA Case #2015046457101](#))

**Cowen Execution Services LLC ([CRD #35693](#), New York, New York)**

January 8, 2018 – An AWC was issued in which the firm was censured, fined \$100,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted reports that contained inaccurate, incomplete, or improperly formatted data to the Order Audit Trail System (OATS™). The findings stated that while the firm's reports generally included special handling codes that accurately described the terms and conditions of the orders, the reports at issue failed to include "not held" as an additional special handling code, even though the firm's order handling disclosure statement in effect during the review period indicated that all orders would be treated as "not held" or "working" orders. 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/or FINRA and Securities and Exchange Commission (SEC) rules concerning books and records and OATS reporting. In addition, the firm failed to enforce its WSPs that required it to confirm the accuracy of its reports to OATS. ([FINRA Case #2015044406101](#))

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

January 8, 2018 – An AWC was issued in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report S1 transactions in Transaction Reporting and Compliance Engine® (TRACE®)-eligible securities to TRACE within 15 minutes of the execution time. ([FINRA Case #2016048755401](#))

**Lucia Securities, LLC ([CRD #37179](#), San Diego, California)**

January 9, 2018 - An AWC was issued in which the firm was censured and fined \$35,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish a reasonably designed supervisory system and WSPs for the review, supervision and preservation of certain consolidated reports. The findings stated that firm representatives created and distributed wealth analysis reports to customers. The reports provided a complete overview of each customer's financial assets and included, among other things, current assets held at and away from the firm. The firm failed to review, reasonably supervise and preserve certain consolidated reports that the firm's registered representatives created and distributed to customers. The firm mistakenly failed to classify the reports as consolidated reports, and failed to require for the treatment of the reports as consolidated reports. Because of this deficiency, the firm did not apply its existing supervisory system and preservation requirements that were for consolidated reports to these reports and did not reasonably supervise its representatives' use of the

reports or review them. In addition, the firm did not require the preservation of the reports. As a result, although the firm retained copies of some of the reports, the firm failed to preserve copies of all reports distributed by its representatives to its customers. ([FINRA Case #2017055425901](#))

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

January 9, 2018 – An AWC was issued in which the firm was censured, fined \$7,500 and required to revise its WSPs and/or risk management controls. 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 risk management controls reasonably designed to prevent the entry of erroneous orders by rejecting orders that exceed appropriate price or size parameters. The findings stated that orders entered by a firm customer triggered a trading pause in the security that was the subject of the orders. As a result of the trading pause, FINRA® determined that the firm's limit price controls for stocks priced less than \$10, and its single order quantity controls, were not reasonably designed to prevent the entry of erroneous orders. ([FINRA Case #2014041113202](#))

**SG Americas Securities, LLC ([CRD #128351](#), New York, New York)**

January 9, 2018 – An AWC was issued in which the firm was censured, fined \$200,000, required to report to a FINRA Trade Reporting Facility the transactions that were not previously media reported, pay the Regulatory Transaction Fees as billed and revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it reported transactions to the FINRA/Nasdaq Trade Reporting Facility (FNTRF) with inaccurate prior reference price (.PRP) modifier timestamps and failed to media report buy transactions that it reported to the FNTRF with the .PRP modifier. As a result of the firm's failure to media report these transactions, the firm was not assessed Section 31 of the Securities Exchange Act of 1934 (Exchange Act) fees for the transactions. The findings also stated that the firm's supervisory system, including its WSPs, did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or FINRA rules concerning trade reporting and the accuracy of the firm's stated capacity on customer confirmations. The findings also included that as the result of a system issue, the firm incorrectly disclosed its capacity as an agent in certain confirmations for institutional clients. FINRA found that the firm failed to report transactions in TRACE-eligible corporate debt securities to TRACE within the time required by FINRA Rule 6730(a) and, as managing underwriter, it failed to report new issue offerings in TRACE-eligible corporate debt securities to FINRA according to the time frames set forth in FINRA Rule 6760(c). ([FINRA Case #2015044230001](#))

**Spartan Securities Group, Ltd. ([CRD #104478](#), Clearwater, Florida)**

January 9, 2018 - An AWC was issued in which the firm was censured, fined \$30,000 and required to address its Regulation NMS Rule 611(a) deficiencies to ensure that it has implemented procedures that are reasonably designed to achieve compliance with the

rules and regulations. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system that was reasonably designed to ensure compliance with the applicable securities laws and regulations, and FINRA rules, concerning Regulation NMS Rule 611(a). The findings stated that the firm permitted 197 trade-throughs of protected quotations in Regulation NMS securities without any applicable exception, or if relying on an exception, failed to ensure that the transaction complied with the terms of the exception. ([FINRA Case #2015043667001](#))

**Rainmaker Securities, LLC ([CRD #132995](#), Saint Louis, Missouri)**

January 10, 2018 – An AWC was issued in which the firm was censured, fined \$30,000, and required to review and revise, as necessary, its systems, policies and procedures (written and otherwise) with respect to collecting and recording required information about its customers. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it did not record information on dozens of occasions about its customers, including age, employment status, occupation, income, net worth, investment objectives and other required subjects in the firm’s files for those customers. The findings stated that the customers were participating in primary and secondary transactions involving securities that are exempt from registration. The findings also stated that this practice reflected the firm’s supervisory system and written procedures, which were not reasonably designed to achieve compliance with applicable rules. ([FINRA Case #2016048232401](#))

**Israel A. Englander & Co., LLC ([CRD #33725](#), New York, New York)**

January 11, 2018 - An AWC was issued in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to transmit reportable order events (ROEs) to OATS and transmitted ROEs to OATS that contained incorrect firm Market Participant Identifiers (MPIDs). The findings also stated that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with FINRA Rule 7450. Specifically, the firm failed to enforce adherence to the provision of its WSPs that required the firm to review a sample of OATS submissions made by its OATS reporting agent to ensure that the information submitted to OATS matched the firm’s order records. ([FINRA Case #2015048312801](#))

**Triton Pacific Securities, LLC ([CRD #139919](#), Laguna Niguel, California)**

January 11, 2018 – An AWC was issued in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it permitted an individual registered through the firm as a general securities representative to function as a principal of the firm even though the individual did not hold any principal registrations. The findings stated that, with the firm’s knowledge, the general securities representative functioned as a principal by, among other

things, identifying himself as the firm's president, being involved in decisions regarding the employment status of other registered representatives at the firm and being involved in the distribution of sales bonuses to two registered representatives. ([FINRA Case #2017052171901](#))

**Cantor Fitzgerald & Co. ([CRD #134](#), New York, New York)**

January 16, 2018 - An AWC was issued in which the firm was censured, fined \$25,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system and WSPs reasonably designed to enable the firm's supervisory personnel to perform an adequate review for potential wash sales and prearranged trades, including the prearranged trades effectuated by a firm trader that resulted in the publication of non-bona fide trades. The findings stated that the firm's supervisory system relied on a manual review of trade blotters, which was not reasonable given the trading volume of the firm. The firm also failed to provide trader communications to supervisors as part of their supervisory reviews. Additionally, the firm's WSPs failed to state the specific steps the designated supervisor was required to take in reviewing for potential wash sales and prearranged trades. ([FINRA Case #2014041233101](#))

**Hancock Investment Services, Inc. ([CRD #40637](#), New Orleans, Louisiana)**

January 16, 2018 - An AWC was issued in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to preserve business-related emails in a manner that complied with applicable federal securities laws and FINRA/NASD rules. The findings stated that the firm preserved its business-related emails by means of electronic storage media, but those emails were not preserved in "write once, read many" (WORM) format. As a result, millions of business-related emails sent and received by the firm and its personnel, including emails with firm customers, were not preserved in a manner that complied SEC and FINRA requirements. After discovering this deficiency and self-reporting the matter to FINRA in 2016, the firm has since transitioned its email storage to a cloud-based system that it represents to be WORM-compliant. The findings also stated that until February 2012, the firm did not establish or maintain any WSPs designed to ensure that its method of electronically preserving business-related emails complied with applicable securities laws and regulations and applicable FINRA rules. In February 2012, the firm adopted WSPs that required the firm to perform tests to ensure that its email retention system was WORM-compliant. The firm, however, failed to enforce these new WSPs until August 2015. ([FINRA Case #2016049304801](#))

**Jefferies LLC ([CRD #2347](#), New York, New York)**

January 16, 2018 - An AWC was issued in which the firm was censured and fined \$150,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to hold customers' fully-paid and excess margin securities

in good control locations. The findings stated that from July 2013 through March 2016, the firm held fully-paid and excess margin securities belonging to four firm customers in a clearance account at a foreign depository in Greece. All of the securities held in the Greece Clearance Account were subject to a general lien by the Greece foreign depository, rather than a lien limited for their particular safe custody or administration. However, the firm did not take steps to determine whether such a lien existed, did not identify the lien until August 2015, and did not transfer the last customer's fully-paid securities from the clearance account to an appropriate segregation account until March 2016. From March 2015 through February 2016, the firm held customers' fully-paid and excess margin securities in a clearance account at a foreign depository in Spain. The securities held in the Spain Clearance Account were subject to a lien by the Spanish foreign depository, its agents or its creditors if there were claims of payment for the purchase price, safe custody or administration of the securities in the account. On three days between March 2015 and May 2015, there were claims for payment of the purchase price of some of the securities in the account. However, the firm did not take steps to determine whether a lien existed and did not identify the lien. From May 22, 2015 to June 8, 2015, the firm failed to promptly transfer approximately 28 million shares of 63 different customer fully-paid and excess margin securities from 14 foreign clearance accounts that were not good control locations to foreign segregation accounts. To obtain possession or control, the firm generated a daily report that identified instances in which foreign securities needed to be transferred to foreign segregation accounts in order to obtain physical possession or control of the securities. The firm tasked operations personnel located at one of the firm's foreign affiliates with reviewing the report manually and transferring the securities as necessary. The affiliate personnel did not promptly make the necessary transfers for these 63 securities. Even though the firm's U.S.-based operations department was ultimately responsible for the firm's compliance with the Customer Protection Rule, the firm did not establish a process for that department to review the affiliate personnel's work. These errors resulted in deficits in the customer securities the firm was required to segregate. The firm did not correct the deficits for periods ranging from 2 days to 12 days. The findings also stated that from July 2013 until July 2016, the firm failed to establish, maintain and enforce a supervisory system and WSPs reasonably designed to ensure compliance with the possession or control requirements of the Customer Protection Rule for customer securities held at foreign depositories. From July 2013 to July 2016, the firm unreasonably failed to instruct or establish written procedures requiring the staff responsible for opening accounts at foreign depositories to perform due diligence or obtain and retain written documentation to verify whether the foreign depository was a satisfactory control location. In addition, from May 2015 to November 2015, the firm failed to reasonably supervise the affiliate personnel responsible for manually reviewing the report and transferring foreign securities to segregation accounts. ([FINRA Case #2016050185301](#))

**PlanMember Securities Corporation ([CRD #11869](#), Carpinteria, California)**

January 18, 2018 - An AWC was issued in which the firm was censured; fined \$18,500; ordered to pay \$5,808.25, plus interest, in restitution to customers and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that in transactions, it purchased municipal securities for its own account from a customer and/or sold municipal securities for its own account to a customer at an aggregate price (including any mark-down or mark-up) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer, or municipal securities dealer is entitled to a profit, and the total dollar amount of the transaction. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and MSRB rules, concerning municipal securities fair pricing. The firm's municipal fair pricing WSPs did not provide for any of the minimum requirements for adequate WSPs. ([FINRA Case #2016049183101](#))

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

January 19, 2018 - An AWC was issued in which the firm was censured and fined \$525,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that, as a result of an undetected system logic error in the firm's internal short interest report that dropped certain symbols involved in recent corporate actions that resulted in mergers and an exchange of shares, between July 15, 2013 and December 31, 2013, the firm failed to report short interest positions on nine settlement dates, and inaccurately reported short positions on eight settlement dates. The findings stated that due to an undetected coding error on its internal short interest report that omitted certain over-the-counter (OTC) foreign securities (i.e., duly listed securities) from its short interest submission, between August 15, 2012 and October 31, 2014, the firm failed to report short interest positions on 54 settlement dates. As a result of a failure to update its internal programming logic in its master security database used to determine if a security was reportable, the firm failed to capture certain equity preferred securities involving corporate actions between September 28, 2012 and March 31, 2015, and thus failed to report short interest positions. The issue that caused this failure was only initially detected by the firm during the firm's short interest reporting process for the settlement date of January 30, 2015. The findings also stated that the firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with FINRA Rule 4560. Because the firm failed to detect various system, coding and configuration issues that occurred during the relevant period with regard to its short interest reporting, the firm failed to report and failed to accurately report its short interest positions to FINRA. ([FINRA Case #2014040400701](#))

**C.L. King & Associates, Inc. ([CRD #6183](#), Albany, New York)**

January 22, 2018 - An AWC was issued in which the firm was censured and fined \$75,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to enforce procedures regarding the distribution of research between the firm's research and its trading and sales personnel, and failed to adequately supervise the process by which the firm distributed research reports to customers. The findings stated that the firm's WSPs prohibited its research analysts from "discussing pending research reports with trading personnel prior to public dissemination." However, the firm's research department routinely sent finalized copies of research reports to sales and trading personnel at the firm before it disseminated the research via its internet research distribution platform. Likewise, even though the firm's WSPs required that research be "distributed to all accounts and other recipients at the same time," the firm failed to adequately enforce this procedure. The findings also stated that the firm's research department routinely sent finalized research reports to its trading and sales personnel who, in turn, emailed the reports to certain of the firm's customers, chosen based on their determinations about which customers were likely to be interested in receiving the reports. Consequently, the firm failed to prevent pending research reports from being distributed to some of its customers before others received the reports via the firm's internet research distribution platform. ([FINRA Case #2014039030201](#))

**Windsor Street Capital, LP fka Meyers Associates, L.P. ([CRD #34171](#), New York, New York)**

January 23, 2018 – A National Adjudicatory Council (NAC) decision was appealed to the SEC. The firm was fined \$500,000 and required to retain, within 60 days of this decision becoming FINRA's final disciplinary action, an independent consultant to conduct a comprehensive review of each of the firm's policies, systems and procedures (written and otherwise); and training that relates to branch supervision and inspections; review of emails; communications with the public, including research reports and sales literature; low-priced securities transactions; monitoring of customer accounts for suspicious activities; transactions in the accounts of registered representatives or their family members; and its AML policies and procedures as a whole. The NAC affirmed the findings and modified the sanctions imposed in the Extended Hearing Panel decision. The sanctions were based on findings that the firm failed to adequately supervise its Chicago office and failed to establish and implement adequate AML policies and procedures reasonably designed to detect and cause the reporting of suspicious transactions. The findings stated that the firm failed to adequately supervise a representative's efforts to increase the reported price and trading volume of the common stock of a financially distressed company that traded on the OTC bulletin board. The findings also stated that the firm's supervision of the representative's activities in connection with the financially distressed company's stock was deficient in that the firm did not adequately review emails sent to and received by the Chicago office, did not adequately review the representative's trading in the stock and did not adequately review third-party research reports and other public communications disseminated by the representative (and another representative,

at the representative's request). As a result of these deficiencies, the firm did not adequately supervise the representative to prevent his willful violations of Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder, and violations of restrictions on the dissemination of research reports and other public communications. The findings also included that the firm failed to adequately supervise the representative's activities in connection with the stock of another entity, which traded on the OTC bulletin board, to prevent him from recommending that a customer buy a stock that he was selling without disclosing his adverse interest. FINRA found that the firm did not adequately train a representative for his supervisory responsibilities. The firm failed to take basic steps to ensure that he was adequately supervising the Chicago office. FINRA also found that there were other supervisory deficiencies at the firm, including deficient training and supervision, failure to review emails and deficient WSPs. FINRA determined that in light of the representative's violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, coupled with the finding that the representative was subject to the firm's supervision, and that firm failed reasonably to supervise the representative with a view to preventing violations of the Exchange Act and Exchange Act rules, the firm is subject to statutory disqualification. In addition, FINRA determined that the firm failed to establish and implement adequate AML policies and procedures for monitoring accounts for suspicious activity. These deficiencies are compounded by the fact that the firm did not provide any AML exception reports to the supervisor, and the fact that no one at the firm used AML exception reports for at least the first eight months of 2012. In addition, the firm did not adequately prepare the supervisor for his AML responsibilities.

The sanctions are not in effect pending review. ([FINRA Case #2013035533701](#))

**Stifel, Nicolaus & Company, Incorporated (CRD #793, St. Louis, Missouri)**

January 26, 2018 - An AWC was issued in which the firm was censured; fined \$37,500; ordered to pay \$318.25, plus interest, in restitution to investors; and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that in instances between April 2014 to June 2014, the firm accepted and held customer orders in OTC securities, traded for its own account at prices that would have satisfied the customer orders and failed to execute or immediately execute the customer orders up to the size, and at the same price, at which it traded for its own account, or at a better price. The findings stated that with respect to certain of the instances, the firm asserted the "No-Knowledge Exception," which is codified in Supplementary Material .02 of FINRA Rule 5320. The firm's system of internal controls (information barriers) did not meet the requirements set forth in Supplementary Material .02(b), because traders at one desk had the ability to view the outstanding customer orders that were accepted and held by another desk. The findings also stated that during the second quarter of 2014 and from the fourth quarter of 2014 through the first quarter of 2015, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and

NASD rules, concerning compliance with Rule 5320 and Supplementary Material .02 of Rule 5320. The firm did not have policies or procedures that prevented its trading desks that were separated by information barriers from obtaining knowledge regarding orders or trading activity of the other desks. The firm's WSPs failed to include a supervisory review that ensured that the firm's information barriers, for which the firm relied on the "No-Knowledge Exception," were operating appropriately and permissions that the firm's employees had to the firm's systems were granted appropriately. In addition, although the firm had a trading ahead exception report, it failed to capture any of the trading ahead instances identified. The exception report was also flawed and unreliable during the review periods. The findings also included that during the second quarter of 2014, the fourth quarter of 2014 through the first quarter of 2015 and the fourth quarter of 2015, the firm failed to report an information barrier identifier with its OATS submissions. ([FINRA Case #2014042512701](#))

**Stifel, Nicolaus & Company, Incorporated ([CRD #793](#), St. Louis, Missouri)**

January 26, 2018 - An AWC was issued in which the firm was censured and fined \$17,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securitized products to TRACE within the time required by FINRA Rule 6730. ([FINRA Case #2017053250501](#))

## Firm Sanctioned

**Huntleigh Securities Corporation ([CRD #7456](#), St. Louis, Missouri)**

January 26, 2018 – An AWC was issued in which the firm was censured; required to pay \$98,252.33, plus interest, in restitution to customers; and required to review, and modify as necessary, its compliance policies and supervisory procedures designed to achieve compliance with applicable FINRA rules and other securities laws and regulations, including, without limitation, those related to the matters addressed in this settlement. 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 unit investment trusts (UITs), resulting in the affected customers paying excessive sales charges of \$47,591 for those transactions. The findings stated that the firm has since paid full restitution, with interest, to the affected customers. The findings also stated that the firm failed to establish and maintain a supervisory system and WSPs that were reasonably designed to monitor for, and apply sales-charge discounts to, eligible UIT purchases. The firm did not have a system or procedure, whether written or informal, to ensure that sales-charge discounts were applied to all qualifying purchases, but instead relied on its clearing firm to apply any applicable discounts. The findings also included that the firm failed to establish and maintain a supervisory system and WSPs reasonably designed to detect and prevent unsuitable short-term trading of UITs and mutual fund switching. The firm did not provide its registered personnel with any

training or instruction regarding appropriate holding periods for UITs. Further, the firm had an inadequate system for detecting potentially unsuitable short-term UIT rollovers and mutual-fund switches. The firm's supervision of UIT and mutual-fund activity was similar to its supervision of other securities for which it relied primarily on a daily trade-supervision system. That system, however, was only configured to detect mutual-fund and UIT sales that occurred within 90 days of the corresponding purchase date, resulting in the detection of only a small fraction of potentially unsuitable trading in these products. Further, while other compliance reports may have identified for other reasons accounts in which mutual-fund switching and short-term UIT trading was occurring, the firm never evaluated whether UITs or mutual funds were being used inappropriately as short-term trading vehicles. The firm's unreasonable supervisory system allowed mutual-fund switching and short-term UIT trading to go undetected. As a result, a firm registered representative recommended mutual-fund switching and short-term UIT trading to customers, resulting in these customers incurring \$98,252.33 in excessive sales charges. ([FINRA Case #2015043587602](#))

## Individuals Barred

### **Larry Martin Boggs ([CRD #1582741](#), Dallas, Texas)**

January 5, 2018 – An AWC was issued in which Boggs was barred from association with any FINRA member firm in all capacities. Without admitting or denying the findings, Boggs consented to the sanction and to the entry of findings that he engaged in excessive and unsuitable trading in customer accounts. The findings stated that Boggs used his control over the customers' accounts to excessively trade in them in a manner that was inconsistent with these investors' investment objectives, risk tolerance and financial situations. Boggs engaged in a strategy that was predicated on short-term trading of primarily income-paying equity securities that were identified on a list of recommended securities by his member firm. Boggs would typically buy or sell these securities based on whether they were added to or removed from this list, and would frequently liquidate positions that increased or decreased by more than 10 percent. The findings also stated that Boggs improperly exercised discretion in these accounts without written authorization from the customers or the firm. The findings also included that Boggs caused the firm's books and records to be incorrect by changing the investment objectives and risk tolerance for several of these customers in order to conform to his high-frequency trading strategy, even though the customers' investment objectives and risk tolerance had not actually changed. ([FINRA Case #2015045518901](#))

### **Bradley Carl Mascho ([CRD #2039720](#), Frederick, Maryland)**

January 12, 2018 – An AWC was issued in which Mascho was barred from association with any FINRA member firm in all capacities. Without admitting or denying the findings, Mascho consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony during an investigation into his potential serious violations, including fraud, undisclosed outside business activities and private securities transactions. ([FINRA Case #2015047682403](#))

**Guillermo William Valladolid (CRD #4553357, San Diego, California)**

January 12, 2018 – An AWC was issued in which Valladolid was barred from association with any FINRA member firm in all capacities. Without admitting or denying the findings, Valladolid consented to the sanction and to the entry of findings that he failed to provide FINRA with requested documents and information in connection with an investigation into allegations that he improperly sold investments away from his member firm and engaged in an undisclosed outside business activity. ([FINRA Case #2017054997501](#))

**Matthew Donald Kerby (CRD #5381195, Paoli, Indiana)**

January 16, 2018 - An AWC was issued in which Kerby was barred from association with any FINRA member firm in all capacities. Without admitting or denying the findings, Kerby consented to the sanction and to the entry of findings that he failed to provide FINRA-requested information and documents related to its investigation into allegations that he converted his elderly customer's funds. ([FINRA Case #2017056495801](#))

**Matthew Earl Perego (CRD #2430960, Brick, New Jersey)**

January 16, 2018 - An AWC was issued in which Perego was barred from association with any FINRA member firm in all capacities. Without admitting or denying the findings, Perego consented to the sanction and to the entry of findings that he failed to provide FINRA-requested information related to its investigation into potential misuse of funds and failure to disclose a civil judgment. ([FINRA Case #2017054026701](#))

**Charles Albert Dixon Jr. (CRD #1660422, Houston, Texas)**

January 22, 2018 - An AWC was issued in which Dixon was barred from association with any FINRA member firm in all capacities. Without admitting or denying the findings, Dixon consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony in connection with its investigation of potential use of discretion without prior written authorization. ([FINRA Case #2017053935201](#))

**Talman Anthony Harris (CRD #3209947, Garden City, New York)**

January 23, 2018 – A U.S. Court of Appeals for the Second Circuit Summary Order became final. Harris was barred from association with any FINRA member firm in any capacity. The U.S. Court of Appeals for the Second Circuit denied Harris' petition for review following appeal of an SEC decision. The sanction was based on findings that Harris fraudulently omitted material facts when soliciting purchases of securities and engaged in outside business activities without providing his member firm with prompt written notice. The findings stated that in connection with the sale of \$961,825 worth of a corporation's securities, Harris failed to disclose material facts to customers in that he and another individual received a \$350,000 fee for advisory services from the corporation, and that he had a business relationship with the corporation. Harris must have known that both the payment and his ongoing business relationship with the corporation gave him obvious conflicts of interest that had the potential to influence his decisions regarding which securities to recommend to his customers. As a result of this conduct, Harris willfully

violated Section 10(b) of the Exchange Act and Rule 10b-5 and FINRA Rules 2010 and 2020. The findings also stated that Harris did not disclose to his firm the activities in which he engaged that led to the \$350,000 fee, or that he received the fee. ([FINRA Case #2009019108901](#))

**Joseph C. Farah ([CRD #2978633](#), Hacienda Heights, California)**

January 25, 2018 - An Offer of Settlement was issued in which Farah was barred from association with any FINRA member firm in all capacities. Without admitting or denying the allegations, Farah consented to the sanction and to the entry of findings that he engaged in excessive and unsuitable trading in a customer's account. The findings stated that Farah suggested that the customer open a brokerage account at his member firm and at another broker-dealer. Farah controlled the customer's account at the other broker-dealer, and his trading in the customer's account at the other broker-dealer created risks that were incompatible with the customer's investment needs and welfare. The trading was, as evidenced by the number of trades, the exorbitant turnover rate and the cost-to-equity ratio, excessive and inconsistent with the customer's investment objectives and financial situation. Farah promised the customer that he would reimburse her for any losses in her account at the other broker-dealer and, in exchange, take a portion of the profits. There were, however, no profits. The findings also stated that Farah failed to provide his firm with written notice of his discretionary authority over additional accounts at the other broker-dealer held by five customers, and that he failed to provide written notice to the other broker-dealer that he was associated with his firm. The findings also included that Farah failed to provide his firm with prior written notice, or any notice at all, of his creation of, and involvement with, a financial services company. FINRA found that Farah made material misrepresentations to his firm by falsely responding to questions on the firm's annual compliance questionnaires, certifying that they were accurate and submitting them to the firm. The allegations made in the complaint of fraud, in violation of Section 10(b) of the Exchange Act and Rule 10b-5, and FINRA Rule 2020, were removed. ([FINRA Case #2014041432401](#))

**Kevin Scott Woolf ([CRD #6145312](#), Winter Haven, Florida)**

January 26, 2018 – An AWC was issued in which Woolf was barred from association with any FINRA member firm in all capacities. Without admitting or denying the findings, Woolf consented to the sanction and to the entry of findings that he failed to provide documents and information and to appear and provide FINRA on-the-record testimony during the course of an investigation into allegations that he engaged in multiple undisclosed outside business activities, including the development of a hotel, and participated in an undisclosed private securities offering for that development project that was marketed to customers of his member firm. ([FINRA Case #2016050541201](#))

## Individuals Suspended

### **Kevin John Jedlicka ([CRD #2339602](#), White Hall, Maryland)**

January 2, 2018 - An AWC was issued in which Jedlicka was suspended from association with any FINRA member firm in all capacities for six months. In light of Jedlicka's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Jedlicka consented to the sanction and to the entry of findings that he engaged in a pattern of unsuitable short-term trading of Class A mutual fund shares and UITs in customers' accounts. The findings stated that Jedlicka's recommendations caused the customers to incur unnecessary sales charges and were unsuitable in view of the frequency and cost of the transactions. In connection with these customer accounts, Jedlicka repeatedly recommended that the customers purchase Class A mutual fund shares and UITs, and then sold these securities on a short-term basis. The Class A mutual funds that Jedlicka recommended included substantial front-end sales charges and were intended as long-term investments. Similarly, the majority of the UITs that Jedlicka recommended had maturity dates of at least 24 months and carried sales charges ranging from 1.95 percent to 3.95 percent. Yet, the average holding period for the Class A mutual fund shares and UITs recommended by Jedlicka was only 106 days. In addition, some of the transactions involved switching, whereby Jedlicka recommended that the customers use the proceeds from the sales of Class A mutual fund shares to purchase other Class A mutual fund shares. Because of these transactions, the customers suffered losses of approximately \$206,306.

The suspension is in effect from January 16, 2018, through July 15, 2018. ([FINRA Case #2016047659701](#))

### **Douglas Eugene Keller ([CRD #1272529](#), Middletown, New Jersey)**

January 2, 2018 - An AWC was issued in which Keller was fined \$5,000 and suspended from association with any FINRA member firm in all capacities for three months. Without admitting or denying the findings, Keller consented to the sanctions and to the entry of findings that he sold life insurance policies through an entity unaffiliated with his member firm and was compensated approximately \$20,595 for the sales without properly disclosing the sales or compensation to his firm. The findings stated that the firm's procedures prohibited the sale of insurance products not approved by the firm. In total, 12 of the 14 individuals that purchased the products through Keller were firm customers. In addition, Keller falsely answered "no" to a question on the firm's attestation that asked whether he had solicited any life insurance products away from the firm.

The suspension is in effect from February 5, 2018, through May 4, 2018. ([FINRA Case #2017054402801](#))

**Todd S. Kimm ([CRD #2800913](#), Skaneateles, New York)**

January 3, 2018 – An AWC was issued in which Kimm was fined \$5,000 and suspended from association with any FINRA member firm in all capacities for six months. In light of Kimm’s financial status, a lower fine was imposed. Without admitting or denying the findings, Kimm consented to the sanctions and to the entry of findings that he recommended over 100 unsuitable short-term trades of long-term investment products and eight unsuitable mutual fund switches in a customer’s account. The findings stated that on numerous occasions, Kimm recommended that the customer sell municipal bonds shortly after buying them. All of the municipal bonds in question were income-producing products intended for customers with long-term investment time horizons, and carried substantial commissions. In addition, on numerous occasions, Kimm engaged in unsuitable short-term trading in the customer’s account with respect to closed-end funds and mutual funds. Of the trades at issue, many were income-producing closed-end municipal bond funds intended for customers with long-term investment time horizons. Other trades involved Class A mutual fund shares which are intended to be held long-term because they are front-loaded. Despite the long-term attributes of municipal bonds, closed-end funds and Class A mutual fund shares, Kimm recommended the purchase and subsequent sale of these products within a year of purchase. Nearly all of the short-term trades at issue involved holding periods of 90 days or less. Kimm had no reasonable basis to believe that such short-term trading was suitable for any customer, particularly in light of the nature of the recommended transactions, the short holding periods and the transaction costs incurred. Kimm’s unsuitable trading also involved switching, where Kimm used the proceeds from the sale of Class A mutual fund shares to purchase other Class A mutual funds shares. Specifically, on at least eight occasions, Kimm recommended the sale of a mutual fund to purchase another mutual fund with identical or fundamentally similar investment objectives and underlying assets. As a result of Kimm’s unsuitable trading, the customer’s account incurred realized losses of approximately \$200,000. The findings also stated that Kimm effected dozens of discretionary transactions, including municipal securities transactions, in the customer’s account without prior written authorization from the customer and without having the account approved as discretionary by his member firm.

The suspension is in effect from January 16, 2018, through July 15, 2018. ([FINRA Case #2014041587201](#))

**Jonathan Layne Heise ([CRD #5911913](#), Newberry, Florida)**

January 4, 2018 – An AWC was issued in which Heise was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member firm in all capacities for 15 business days. Without admitting or denying the findings, Heise consented to the sanctions and to the entry of findings that, in anticipation of his departure from his member firm to join another member firm, he improperly removed non-public personal customer information from the firm without the firm’s or the customers’ knowledge or consent. The

findings stated that Heise emailed an Excel spreadsheet to himself that contained 1,300 account numbers, account holdings, market value, tax identification numbers and dates of birth. By virtue of the foregoing, Heise caused his firm to violate Regulation S-P.

The suspension was in effect from January 16, 2018, through February 5, 2018. ([FINRA Case #2016050818701](#))

**Craig Gary Langweiler (CRD #841897, Philadelphia, Pennsylvania)**

January 5, 2018 – An Office of Hearing Officers (OHO) decision became final in which Langweiler was fined a total of \$17,500, suspended from association with any FINRA member firm in all capacities for 14 months and ordered to disgorge \$18,192 in commissions to a customer. The sanctions were based on findings that Langweiler exercised discretion in the customer's account without receiving the customer's prior written authority or his member firm's approval. The findings stated that Langweiler exercised control over the customer's account at the firm through his unauthorized exercise of discretion. The findings also stated that Langweiler recommended and executed excessive and unsuitable trades in the customer's account. Langweiler had control over trading in the customer's account. Langweiler made the customer's account investment decisions, including what to buy and sell, the quantities and the price and timing of each transaction. During a 193 day period, Langweiler executed approximately 257 trades in the customer's account. During that time, the customer made no withdrawals, maintained an average monthly account balance of \$76,773.02 and incurred losses in excess of \$33,000. In comparison, Langweiler's gross purchases in the customer's account totaled approximately \$1,292,158. Because Langweiler knew that his trading outpaced the returns associated with the customer's account, Langweiler lacked a reasonable basis to believe that the number of recommended transactions was suitable for the customer.

The suspension is in effect from January 16, 2018, through March 15, 2019. ([FINRA Case #2014040347701](#))

**Jeffrey Paul Dragon (CRD #1874038, Swampscott, Massachusetts)**

January 8, 2018 – An Offer of Settlement was issued in which Dragon was assessed a deferred fine of \$50,000 and suspended from association with any FINRA member firm in all capacities for 21 months. Without admitting or denying the allegations, Dragon consented to the sanctions and to the entry of findings that he recommended and effected a pattern of unsuitable short-term UIT trading. The findings stated that Dragon, acting as an agent of his member firm and within the scope of his duties, recommended and engaged in short-term UIT trading in accounts belonging to his customers. The firm authorized Dragon and another representative to recommend and place trades in UITs offered by a company and two other sponsors. Dragon's UIT recommendations followed a consistent pattern, which was for the customers to purchase UITs during their initial offering periods, liquidate those UITs before the end of their term, usually after holding

them for six months or less, and use the proceeds from these liquidations to purchase other UITs, thereby incurring new sales charges. The customers to whom Dragon made the recommendations included seniors. In addition, the short-term trading that Dragon recommended meant that the affected customers cycled the same funds through multiple rounds of UIT purchases--and the concomitant sales charges--during a period. The total principal amount of the short-term UIT trades that Dragon recommended to the customers totaled \$19,559,666. The customers paid more than \$421,000 in dealer concessions in connection with Dragon's short-term UIT trade recommendations. Initially, the customers paid the firm the \$421,000, which in turn paid to Dragon 90 percent of all dealer concessions received for UIT transactions placed by Dragon. The findings also stated that Dragon structured UIT purchase recommendations in order to deprive the customers of breakpoint discounts. Dragon was aware that the UITs he recommended to his customers offered breakpoint discounts for purchases of \$50,000 or more. Dragon was further aware that these discounts were available not only for individual transactions at or above breakpoint amounts, but also for multiple UIT purchases made by the same customer from the same product sponsor on a single day if the aggregate principal amount of those purchases exceeded a breakpoint threshold. Despite this knowledge, he recommended transactions to the customers in a manner intended to deprive them of available breakpoint discounts and to increase the dealer concessions paid to his firm and to him for those transactions. Even when soliciting UIT investments that exceeded \$50,000 or \$100,000, Dragon consistently recommended that customers split the amounts invested into multiple, smaller purchases and place the trades on different days, which meant that none of the purchases qualified for breakpoint discounts. This type of structuring was the norm for Dragon. Approximately 40 times, Dragon recommended that customers purchase more than \$100,000 worth of UITs from a single sponsor, but spread those recommendations over multiple days, which made those purchases ineligible for a 0.50 percent breakpoint discount. Dragon, in more than 50 other instances, recommended that his customers purchase more than \$50,000 worth of UITs by a single sponsor, but structured those transactions so that none of the single-day purchases exceeded \$50,000.

The suspension is in effect from January 16, 2018, through October 15, 2019. ([FINRA Case #2014039169601](#))

**Richard Phillip Hohol (CRD #1607957, Bloomingdale, Illinois)**

January 9, 2018 - An AWC was issued in which Hohol was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Hohol consented to the sanctions and to the entry of findings that he allowed a former registered representative to act in a capacity that required registration. The findings stated that the former registered representative worked with Hohol at his member firm to facilitate the purchase of alternative investments to customers. The former representative's level of involvement in each of these investments varied. On some occasions, she and Hohol would meet with a customer,

assess the customer's suitability for an investment and make a recommendation. On other occasions, she would meet with a customer on her own and assess suitability, make a recommendation and then fill out the required paperwork. The former representative would then drop off the paperwork at Hohol's office for executing under Hohol's name at the firm. Additionally, while she was not registered, Hohol made payments to her totaling \$102,000. After she was registered, Hohol continued to make payments to her totaling an additional \$23,250. Hohol made these payments pursuant to five different contracts entered into between him and the representative, ostensibly for education and training related to alternative investments. However, Hohol concedes that the payments to the representative were for her active role in his securities business, as well as to entice her to eventually register and become his business partner.

The suspension is in effect from January 16, 2018, through March 15, 2018. ([FINRA Case #2015048340301](#))

**James Dee Carlson (CRD #4134811, Greensboro, North Carolina)**

January 10, 2018 – An AWC was issued in which Carlson was fined \$5,000 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Carlson consented to the sanctions and to the entry of findings that he executed discretionary transactions in customers' accounts without having obtained prior written authorization from the customers, and without his member firm having accepted the accounts as discretionary. The findings stated that the firm prohibited discretionary trading in non-discretionary accounts.

The suspension was in effect from February 5, 2018, through February 26, 2018. ([FINRA Case #2016049409001](#))

**James Wright (CRD #1629437, New York, New York)**

January 11, 2018 - An AWC was issued in which Wright was fined \$5,000 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the findings, Wright consented to the sanctions and to the entry of findings that he used unapproved personal emails and text messages to communicate with an unregistered administrative assistant regarding member firm customers. The findings stated that Wright communicated with his unregistered administrative assistant using two personal email addresses and the text message function of his personal smartphone, none of which were networked to the firm's retention system for electronic communications. The emails exchanged by Wright and his assistant concerned approximately 20 customers and included information regarding the customers' assets, securities holdings and financial goals. Wright's text messages to his assistant primarily concerned trades in Wright's personal brokerage account, but on one occasion Wright used a text message to transmit a customer order to his assistant. The firm's WSPs required associated persons to only use firm-sponsored or approved systems for business-related communications. Neither

Wright's personal email addresses nor his text messages had been approved by the firm for conducting firm business. By using his personal email accounts and text messages to conduct firm business, Wright caused the firm to fail to maintain records of his communications.

The suspension was in effect from February 5, 2018, through February 16, 2018. ([FINRA Case #2014040024301](#))

**Francine Ann Lanaia ([CRD #1415689](#), Fort Salanga, New York)**

January 16, 2018 – An AWC was issued in which Lanaia was suspended from association with any FINRA member in all capacities for three months. In light of Lanaia's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Lanaia consented to the sanction and to the entry of findings that she willfully failed to disclose or timely disclose three judgments on her Uniform Application for Securities Industry Registration or Transfer (Form U4).

The suspension is in effect from January 16, 2018, through April 15, 2018. ([FINRA Case #2017053382301](#))

**Richard Alan Shotz ([CRD #1681893](#), Port Orange, Florida)**

January 16, 2018 - An AWC was issued in which Shotz was fined \$7,500 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Shotz consented to the sanctions and to the entry of findings that he engaged in an unsuitable pattern of short-term trading of UITs in customer accounts. The findings stated that in connection with these 486 customer accounts, Shotz repeatedly recommended that the customers purchase UITs and then sell these products well before their maturity dates. The majority of the UITs that Shotz recommended had maturity dates of at least 24 months. Nevertheless, Shotz continually recommended that his customers sell their UIT positions less than a year after purchase. Indeed, the average holding period for the UITs purchased in these customers' accounts was 143 days. In addition, on approximately 1,200 occasions, Shotz recommended that his customers use the proceeds from the short-term sale of a UIT to purchase another UIT with identical investment objectives. Shotz's recommendations caused the customers to incur unnecessary sales charges and were unsuitable in view of the frequency and cost of the transactions.

The suspension is in effect from February 20, 2018, through June 19, 2018. ([FINRA Case #2015048039501](#))

**Richard Charles Foster ([CRD #4557045](#), Tulsa, Oklahoma)**

January 18, 2018 - An AWC was issued in which Foster was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member firm in all capacities for six months. Without admitting or denying the findings, Foster consented to the sanctions

and to the entry of findings that he made an unsuitable recommendation that a customer liquidate an individual retirement account (IRA) and give Foster the proceeds to trade in an outside brokerage account utilizing a risky and costly options trading strategy. The findings stated that Foster's recommendation that the customer place all of his retirement account assets, and at least one-third of his net worth, into a high-risk options trading strategy was itself unsuitable. Foster sought and received authorization from his member firm to operate an income fund, which, when seeking approval from the firm, he represented would be a personal trading vehicle and would not involve any customers. Foster also sought and received authorization to open a brokerage account for the income fund at another broker-dealer. That account was opened and funded with Foster's own money. Foster planned to trade exchange-traded funds (ETF) options in the income fund's account. While Foster had prior experience trading covered calls in both personal and customer accounts, he had not previously traded ETF options. The customer sought Foster's advice on investment options for his IRA at Foster's firm, at which point Foster described the ETF options trading he was engaged in through the income fund account. The customer then agreed to invest with Foster in the income fund account. The customer liquidated his IRA, then worth approximately \$169,000, and gave \$160,000 to Foster to trade in the income fund account. Foster was unaware of any material changes to the customer's financial position between the time the customer completed the new account application and when the IRA was liquidated. The income fund account lost significant value based both on trading losses and the commission costs associated with Foster's high-volume ETF option trading strategy. Foster knew that the funds to be invested in an income fund account that he operated were in an IRA, and that the customer would face a tax penalty for making an early withdrawal. The customer learned that he had incurred an \$81,000 tax penalty based on the early liquidation of his firm IRA. The customer therefore requested that Foster return whatever was left of his funds so that he could pay the tax penalty. Foster returned \$52,000 to the customer, which was the remaining balance of the customer's funds in the income fund account. The findings also stated that Foster commingled his own funds with the customer's funds when he deposited the customer's \$160,000 into the income fund account. In connection with the commingling of the customer's funds with his own, Foster failed to inform his firm that his prior representation that there would be no customer funds in the income fund account was no longer accurate. Foster subsequently voluntarily resigned from the firm.

The suspension is in effect from February 5, 2018, through August 4, 2018. ([FINRA Case #2016049239101](#))

**Mark I. Solomon (CRD #1014516, Gladwyne, Pennsylvania)**

January 18, 2018 - An AWC was issued in which Solomon was assessed a deferred fine of \$15,000 and suspended from association with any FINRA firm member in all capacities for 12 months. Without admitting or denying the findings, Solomon consented to the sanctions and to the entry of findings that while registered with his member firm, he

solicited seven investors to purchase a total of \$1.4 million in interests in a private placement without providing his firm written notice of that activity or obtaining the firm's written approval prior to doing so. The findings stated that Solomon first provided written notice of his sales activity to his firm after responding to inquiries made by FINRA during an examination of the firm. None of the seven investors were customers of the firm at the time that they purchased interest in the offering.

The suspension is in effect from February 5, 2018, through February 4, 2019. ([FINRA Case #2015043333001](#))

**Melvin Elwood Case ([CRD #2393464](#), Jacksonville, Florida)**

January 19, 2018 - An AWC was issued in which Case was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member firm in all capacities for six months. Without admitting or denying the findings, Case consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose a felony charge and guilty plea.

The suspension is in effect from February 5, 2018, through August 4, 2018. ([FINRA Case #2017054171301](#))

**Sandeep Varma ([CRD #1926613](#), Encinitas, California)**

January 19, 2018 - An AWC was issued in which Varma was fined \$15,000 and suspended from association with any FINRA member firm in all capacities for 10 business days. Without admitting or denying the findings, Varma consented to the sanctions and to the entry of findings that he used a seminar slide presentation promoting a complex estate planning strategy involving the use of a charitable remainder trust (CRT), which failed to provide a sound basis for evaluating the CRT strategy, failed to provide a balanced discussion of the risks and rewards associated with the strategy, and contained claims that were exaggerated, promissory, and/or misleading. The findings stated that beginning in the early 1990s, Varma started employing a strategy with certain customers designed to avoid paying capital gains taxes on the sale of appreciated assets. Under the strategy, customers would typically sell appreciated real estate through a CRT, without immediately paying capital gains tax on the sale, and the proceeds from the sale could then be invested in various investment instruments held within the CRT. Typically, Varma recommended that the proceeds from the sale be invested in variable annuities held within the CRT. At the time the CRT was created, Varma's customers would also typically purchase some form of life insurance policy through an irrevocable children's trust to replace the value of the appreciated asset for the customers' heirs. Varma's customers would then take periodic, required income from the CRT and use the income from the CRT to pay, in whole or in part, premiums associated with the life insurance policy Varma recommended to replace the value of the sold appreciated asset. The findings also stated that Varma conducted seminars promoting a strategy involving the use of CRTs that were attended

by approximately 70 prospective customers. Varma's presentation repeatedly referenced the elimination of capital gains tax on the sale of appreciated assets by using the CRT strategy. The presentation failed to disclose, however, that the strategy only avoided capital gains tax at the time of the sale of the appreciated asset. Varma's presentation depicted the purchase of a significant life insurance policy to replace, for the prospective customers' heirs, the value of the appreciated asset sold to fund the CRT. The presentation, however, failed to disclose that the customers' ability to pay the life insurance premiums using income from the CRT was dependent on the performance of the investments held by the CRT. The findings also included that the seminar presentation further failed to disclose the potential risk that the life insurance policy could lapse should customers be unable to afford to pay premiums associated with maintaining it, or that the life insurance policy payout was dependent on the claims-paying ability of the insurance provider. The presentation depicted increased income and improved cash flow from employing the CRT strategy, as well as the increased amounts left to the customers' heirs due to securing the substantial life insurance policy. In doing so, the presentation projected performance of assets held in the CRT in an exaggerated and promissory manner by projecting only positive performance and not clearly disclosing how negative investment performance could affect the strategy.

The suspension was in effect from February 20, 2018, through March 5, 2018. ([FINRA Case #2014040164801](#))

**Colin Edward Hammer (CRD #4034070, Akron, Ohio)**

January 22, 2018 - An AWC was issued in which Hammer was fined \$2,500 and suspended from association with any FINRA member firm in all capacities for 10 business days. Without admitting or denying the findings, Hammer consented to the sanctions and to the entry of findings that he exercised discretion in customers' accounts pursuant to authority from the customers to maintain a certain asset allocation in the accounts and to follow certain model portfolio investment strategies. However, he did not have the required prior written authorization from the customers or prior written approval from his firm to exercise discretion in these accounts. The findings stated that although Hammer discussed the trades with the customers, on many occasions he did not have the discussion with the customers on the day on which the trades were executed.

The suspension was in effect from February 20, 2018, through March 5, 2018. ([FINRA Case #2016051154701](#))

**Paul Martin Betenbaugh (CRD #5222485, Orland, California)**

January 23, 2018 - An AWC was issued in which Betenbaugh was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member firm in all capacities for three months. Without admitting or denying the findings, Betenbaugh consented to the sanctions and to the entry of findings that he posted internet ads impersonating a

competing registered representative and soliciting men for sexual encounters. The findings stated that all the posts listed the competing registered representative's business cell phone number as the contact number. As a result, the competing registered representative received phone calls and text messages on his business cell phone in response to the ads Betenbaugh posted.

The suspension is in effect from February 5, 2018, through May 4, 2018. ([FINRA Case #2016051672301](#))

**Shashishekhar Doni (CRD #5095109, Forest Hills, New York)**

January 23, 2018 – A NAC decision became final. Doni was fined \$10,000 and suspended from associating with any FINRA member firm in all capacities for two years for intentionally taking computer source code belonging to his former member firm and using it without authorization for his own benefit in his work at his new member firm. Doni was also fined \$2,500 and suspended for six months (to run concurrently with the two year suspension) for deleting the source code from the file where he kept it at his new firm after discovery of his misconduct, contrary to his supervisor's express instruction. The NAC affirmed the findings and sanctions following the appeal of an OHO decision. The sanctions were based on findings that Doni engaged in unethical conduct involving conversion of a computer code by intentionally copying to his personal computer a confidential and proprietary computer source code belonging to his former member firm and using it without authorization for his own benefit in his work at his new member firm. Contrary to his supervisor's explicit instructions not to do so, Doni deleted his old firm's code from his new firm's system, which impeded his firm's investigation of his misconduct.

The suspensions are in effect from February 19, 2018, through February 17, 2020. ([FINRA Case #2011027007901](#))

**Lorene Fairbanks (CRD #2788572, Poland, Ohio)**

January 24, 2018 - An AWC was issued in which Fairbanks was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member firm in all capacities for five months. Without admitting or denying the findings, Fairbanks consented to the sanctions and to the entry of findings that she borrowed \$75,000 from her securities customer and friend, without her member firm's knowledge or permission, for the purpose of purchasing a house. The findings stated that due to their personal relationship, Fairbanks and the customer did not document any agreement about the loan, or agree on a schedule for repayment, an interest rate, collateral, or other key terms of the loan. Five months later, the customer asked Fairbanks to repay the loan and she did. During that period, Fairbanks' firm prohibited associated persons from borrowing money from customers, and Fairbanks did not seek her firm's approval for the loan. The findings also stated that around the time that Fairbanks repaid the loan, she sent approximately 20 text messages about securities to the customer, which constituted a means of communication that her firm prohibited

and could not monitor. Some of the messages addressed specific transactions, such as orders to sell certain option contracts; investment strategies, such as whether the customer should sell a certain issuer's securities; the performance of the customer's accounts; and referred to a complaint that the customer had about Fairbanks' trading practices. Fairbanks did not provide her text messages with the customer to her firm so that it could retain the communications.

The suspension is in effect from February 5, 2018, through July 4, 2018. ([FINRA Case #2017054579101](#))

**Michael Timothy Dolan (CRD #1209079, St. Paul, Minnesota)**

January 25, 2018 - An OHO decision became final. Dolan was fined \$5,000 and suspended from association with any FINRA member firm in all capacities for 60 days. The sanctions were based on findings that Dolan participated in private securities transactions of membership interests in a hedge fund without providing the required prior written notice to his member firm. The findings stated that the transactions at issue totaled \$850,000 and involved six individuals, including two couples, four of whom were firm customers. The findings also stated that in the course of reviewing Dolan's emails, Dolan's supervisor learned of his participation in the sale of the hedge fund and instructed Dolan to stop communicating with potential investors regarding the fund. Dolan only stopped the activities when the firm detected them and instructed him to do so.

The suspension is in effect from February 5, 2018, through April 5, 2018. ([FINRA Case #2013039306601](#))

**Stefan Angelo Morelli (CRD #5944899, Golden, Colorado)**

January 25, 2018 - An AWC was issued in which Morelli was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member firm in all capacities for one year. Without admitting or denying the findings, Morelli consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose that he was charged with, and then pled guilty to, a felony involving the delivery or possession of a controlled substance. The findings stated that Morelli submitted five annual compliance attestations to his member firm in which he falsely certified that he did not have any felony charges or indictments. As a result, Morelli continued to be associated with the firm for over four years while he was subject to statutory disqualification.

The suspension is in effect from February 5, 2018, through February 4, 2019. ([FINRA Case #2017053635102](#))

**Marla Chidsey Roeser (CRD #5433417, Potomac, Maryland)**

January 25, 2018 - An AWC was issued in which Roeser was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member firm in any principal capacity for four months. Without admitting or denying the findings, Roeser consented

to the sanctions and to the entry of findings that she failed to reasonably supervise a registered representative at her member firm regarding his compliance with FINRA rules requiring his disclosure of outside business activities and private securities transactions to the firm. The findings stated that Roeser was the Office of Supervisory Jurisdiction branch manager and supervisor of the firm's Maryland branch. Although Roeser was aware of an investment fund that the registered representative operated for his friends, family and himself, she did not conduct any analysis to determine whether the investment fund was an outside business that the registered representative needed to disclose, nor did she attempt to cause the registered representative to disclose the outside business to the firm in writing and update his Form U4. As a result, the registered representative's outside businesses were not reviewed or evaluated by the firm and his outside businesses were not disclosed on his Form U4 as required. Roeser knew that individuals had invested in the investment fund, including at least one associated person of the firm and clients of a registered investment advisor affiliated with the firm, and that the registered representative then traded on behalf of the investment fund through outside brokerage accounts. Roeser failed to investigate red flags indicating that the registered representative was not complying with securities rules and regulations requiring disclosure of his outside activities and private securities transactions, and take appropriate action in light of those red flags. Roeser knew that the registered representative engaged in outside business activities and participated in private securities transactions. Roeser nevertheless failed to take reasonable steps to ensure that the registered representative complied with applicable securities laws and rules requiring disclosure of outside business activities and private securities transactions to his firm. After Roeser elevated issues with the registered representative and the investment fund to personnel at the firm's home office and its parent company, Roeser commenced an internal investigation that discovered the registered representative had misrepresented the value of the investment fund in an attempt to conceal losses the investment fund had incurred in 2007, and that the investment fund was worth a fraction of the value the registered representative represented to fund investors.

The suspension is in effect from February 5, 2018, through June 4, 2018. ([FINRA Case #2014043089903](#))

**Jeffrey Collins Kinder (CRD #1442891, St. Louis, Missouri)**

January 26, 2018 – An AWC was issued in which Kinder was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member firm in all capacities for 15 months. In light of Kinder's financial status, the sanction does not include disgorgement. Without admitting or denying the findings, Kinder consented to the sanctions and to the entry of findings that he unsuitably recommended that five customers, including three senior investors, engage in mutual-fund switching and short-term trading of UITs. The findings stated that Kinder routinely recommended that these customers purchase UITs and then sell them well before their maturity dates. The majority of the UITs that Kinder

recommended had maturity dates of at least 24 months. Nevertheless, Kinder repeatedly recommended that his customers sell their UIT positions less than a year after their purchase, often in as little as two to four months, and that they use the proceeds from these short-term sales to purchase other UITs with additional sales charges. Likewise, Kinder recommended that these customers purchase Class A-share mutual funds, liquidate those positions in less than 12 months and then use the proceeds to purchase shares of other front-loaded funds. Kinder's recommendations caused the customers to incur more than \$98,000 in excessive sales charges and were unsuitable in view of the frequency and cost of the transactions. The findings also stated that Kinder willfully failed to amend his Form U4 to disclose multiple outstanding liens and judgments against him. Kinder signed and submitted an annual compliance attestation to his member firm in which he stated that he had reviewed his Form U4 and found all information to be accurate and up to date.

The suspension is in effect from February 5, 2018, through May 4, 2019. ([FINRA Case #2015043587601](#))

**Vincent Samuel Sciabica (CRD #1575919, Albany, New York)**

January 26, 2018 – An AWC was issued in which Sciabica was fined \$5,000 and suspended from association with any FINRA member firm in all capacities for six months. Without admitting or denying the findings, Sciabica consented to the sanctions and to the entry of findings that he engaged in an unsuitable pattern of short-term trading of UITs in customer accounts. The findings stated that Sciabica repeatedly recommended that the customers purchase UITs and then sell these products before their maturity dates. The majority of the UITs that Sciabica recommended had maturity dates of at least 24 months, nevertheless, he continually recommended that his customers sell their UIT positions less than a year after their purchase. The average holding period for the UITs purchased in these customers' accounts was 218 days. In addition, Sciabica recommended that his customers use the proceeds from the short-term sale of a UIT to purchase another UIT with similar investment objectives. Sciabica's recommendations caused the customers to incur unnecessary sales charges and were unsuitable in view of the frequency and cost of the transactions.

The suspension is in effect from February 20, 2018, through August 19, 2018. ([FINRA Case #2014042724101](#))

**Michael Ciro Colletti (CRD #4577898, Glen Head, New York)**

January 29, 2018 - An Offer of Settlement was issued in which Colletti was fined \$7,500 and suspended from association with any FINRA member in any principal capacity for three months. Without admitting or denying the allegations, Colletti consented to the sanctions and to the entry of findings that he failed to reasonably supervise cold callers in his branch office that he had hired without following his member firm's procedures. The findings stated that Colletti was the designated supervisor and branch office manager for the branch office opened by his firm. The branch hired and employed several cold callers,

the majority of whom were not registered through the firm. Colletti and another registered representative, with whom he split expenses for the branch, paid the cold callers a weekly salary from corporations they controlled or from the other registered representative's personal bank account. The firm did not pay any of the cold callers. The findings also stated that Colletti did not follow the firm's WSPs regarding hiring practices, including those specific to cold callers. Because of Colletti's failure to enforce his firm's written procedures regarding hiring and cold callers, the firm was unaware of some, if not all, of the cold callers for months after they began working in the branch office, and some of the cold callers were not subject to a background check, much less approved by the hiring committee. The findings also included that despite working in the same room as the cold callers, Colletti either missed or did not act upon red flags that the cold callers were engaging in impermissible activities. Because Colletti did not reasonably supervise the cold callers, some of the cold callers' unauthorized scripts contained misrepresentations and improper questions.

The suspension is in effect from February 20, 2018, through May 19, 2018. ([FINRA Case #2014042520501](#))

**William J. Febbo (CRD #5335468, Cambridge, Massachusetts)**

January 29, 2018 - An AWC was issued in which Febbo was assessed a deferred fine of \$5,000, suspended from association with any FINRA member firm in a Financial and Operations Principal (FinOp) capacity for 10 business days and required to requalify by examination for the S27 license before again acting in a FinOp capacity. Without admitting or denying the findings, Febbo consented to the sanctions and to the entry of findings that he permitted his member firm to conduct a securities business while below its net capital requirement. The findings stated that Febbo was the firm's FinOp responsible for, among other things, calculating the firm's net capital, maintaining the accuracy of the firm's general ledger, trial balance and balance sheet, and filing the firm's Financial and Operational Combined Uniform Single (FOCUS) reports. Febbo failed to accurately compute the firm's net capital by including non-allowable assets in the firm's net capital calculation by failing to apply blockage charges to positions that were in excess of the most recent four-week trading volume, and by failing to take collateral deficiency deductions for two secured demand note contracts. Febbo inaccurately overstated the firm's net capital by amounts ranging from approximately \$59,000 to approximately \$438,000, and failed to recognize that the firm was maintaining net capital that was as much as \$509,000 below its regulatory minimum net capital requirement of \$250,000. As a result of Febbo's failure to compute the firm's net capital accurately, he caused his firm to maintain inaccurate books and records regarding its net capital, and signed and filed inaccurate FOCUS reports on the firm's behalf.

The suspension was in effect from February 5, 2018, through February 16, 2018. ([FINRA Case #2015044865501](#))

**Vanessa Beth-Anne Reeves-Farry (CRD #5794679, Berry Creek, California)**

January 30, 2018 – An AWC was issued in which Reeves-Farry was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Reeves-Farry consented to the sanctions and to the entry of findings that she failed to timely provide FINRA with information and on-the-record testimony in connection with an investigation arising out of an amended Uniform Termination Notice for Securities Industry Registration (Form U5) submitted by her former member firm, which disclosed that she had been under internal review by the firm's affiliated bank regarding checks endorsed and made payable to her from a bank customer's account.

The suspension is in effect from February 5, 2018, through August 4, 2018. ([FINRA Case #2016049096702](#))

**Cory D. Bataan (CRD #2755223, Bellmore, New York)**

January 31, 2018 – An AWC was issued in which Bataan was fined \$5,000 and suspended from association with any FINRA member firm in all capacities for 15 business days. Without admitting or denying the findings, Bataan consented to the sanctions and to the entry of findings that he exercised discretion in customer accounts by executing several hundred transactions without obtaining prior written authorization from the customers, or obtaining his member firm's written approval of the accounts for discretionary trading. The findings stated that while the customers gave Bataan oral authorization to exercise discretion in their accounts, he executed the transactions without speaking to each customer before execution on the day of the transaction.

The suspension was in effect from February 20, 2018, through March 12, 2018. ([FINRA Case #2017052696501](#))

## Individuals Sanctioned

**Michael Bradley Dryden (CRD #4205364, Fairfield, Connecticut)**

January 29, 2018 – An AWC was issued in which Dryden was censured and required to requalify as a General Securities Principal by passing the Series 24 examination within 60 calendar days after the issuance of the Notice of Acceptance of this AWC. Without admitting or denying the findings, Dryden consented to the sanctions and to the entry of findings that he permitted administrative assistants to complete at least nine firm-required eLearning modules for him, including an annual compliance certification. The findings stated that while Dryden was a managing director and supervisor at his member firm, he and his administrative assistant received notices that he was required to complete certain eLearning modules by a given deadline. Rather than complete each eLearning module himself, as required, Dryden provided his log-in credentials to two administrative assistants and requested that they complete certain trainings for him. ([FINRA Case #2015045496902](#))

**Jay Kim ([CRD #2943078](#), New York, New York)**

January 29, 2018 – An AWC was issued in which Kim was censured and required to requalify as a General Securities Principal by passing the Series 24 examination within 60 calendar days after the issuance of the Notice of Acceptance of this AWC. Without admitting or denying the findings, Kim consented to the sanctions and to the entry of findings that he permitted administrative assistants at his member firm to complete at least five firm-required eLearning modules for him, including an annual compliance certification. The findings stated that while Kim was a Managing Director and supervisor at his member firm, he and his administrative assistant received notices that he was required to complete certain eLearning modules by a given deadline. Rather than complete each eLearning module himself, as required, Kim provided his log-in credentials to two administrative assistants and requested that they complete certain trainings for him. ([FINRA Case #2015045496901](#))

**Peter James Sack ([CRD #4385706](#), Garden City, New York)**

January 29, 2018 – An AWC was issued in which Sack was censured and required to requalify as a General Securities Principal by passing the Series 24 examination within 60 calendar days after the issuance of the Notice of Acceptance of this AWC. Without admitting or denying the findings, Sack consented to the sanctions and to the entry of findings that on at least four occasions, he permitted his administrative assistant to complete a total of at least 12 firm-required eLearning modules for him, including two annual compliance certifications. The findings stated that Sack and his administrative assistant received notices that he was required to complete certain eLearning modules by a given deadline. Rather than complete each eLearning module himself, as required, Sack provided his log-in credentials to the administrative assistant and permitted her to complete certain trainings for him. ([FINRA Case #2015045496903](#))

## Decisions 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 January 31, 2018. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decision. Initial decisions where the time for appeal has not yet expired will be reported in future issues of *FINRA Disciplinary and Other Actions*.

**David Oscar Braeger ([CRD #2137240](#), Bayside, Wisconsin)**

January 8, 2018 – Braeger appealed an OHO decision to the NAC. Braeger was barred from association with any FINRA member firm in all capacities. The sanction was based on findings that Braeger converted his customers' \$30,000 and that he made false and misleading statements over the course of more than five years to conceal his conversion.

The findings stated that Braeger misused and converted his customers' investment funds, a \$30,000 check that the customers, a married couple, intended to invest in a private offering for an investment fund that he created and controlled. Braeger never invested the money in the manner the customers intended and intentionally took the customers' money for his own benefit. Instead of depositing the customers' funds into the escrow account for the offering or causing them to be deposited at the escrow agent for the investment fund, Braeger endorsed the customers' check and caused it to be deposited elsewhere. Braeger purposely told them to write the check in such a way that he could deposit it in the fund's bank account that he controlled, instead of the fund's escrow account, which he did not control.

The findings also stated that Braeger made misrepresentations to his customers regarding the value and status of their purported investment. For approximately a year after receiving the check, Braeger provided quarterly statements to the customers purporting to reflect the value of their private offering investment, even though they had no such investment. Then, Braeger closed the investment fund. Braeger directed the commodities clearing firm for the investment fund's trading accounts to liquidate those trading accounts and send the proceeds to the fund's bank account. Although Braeger had checks printed and sent liquidation proceeds to other investors, Braeger did not inform the customers that the investment fund had closed, and they received no money from the liquidation of the fund. Even though the entity no longer existed, Braeger continued to mislead the customers, who continued to believe that their monies remained in the investment fund. Among the many written and oral misrepresentations Braeger made to the couple each year from 2010 through 2014, Braeger provided the couple with false Schedule K-1s for their income tax returns. The K-1s showed that the couple held an interest in the fund and gave a specific value to the investment. In the context of trying to obtain the Schedule K-1 for a later tax year, the couple came to conclude that Braeger had deceived them. They then submitted a complaint to FINRA.

The sanction is not in effect pending the appeal. ([FINRA Case #2015045456401](#))

**Arthur Mansourian** ([CRD #5252154](#), Sherman Oaks, California), **Trevor Michael Saliba** ([CRD #2692057](#), Beverly Hills, California) and **Sperry Randall Younger** ([CRD #2771029](#), Middletown, New York)

January 8, 2018 – Mansourian and Saliba appealed an OHO decision to the NAC.

January 9, 2018 – Younger appealed an OHO decision to the NAC.

Mansourian, Saliba and Younger were each barred from association with any FINRA member firm in all capacities. The sanctions were based on findings that Saliba caused his member firm to violate interim restrictions FINRA had placed on the firm shortly after it filed a Continuing Membership Application by acting as a principal. The findings stated that Saliba immediately began violating the interim restrictions by signing numerous

engagement agreements obligating the firm to provide investment-banking services for clients, hiring Younger as the firm's chief executive officer (CEO), hiring or participating in hiring other firm personnel and reviewing the outside brokerage account statements of the firm's chief compliance officer (CCO). The findings also stated that Saliba provided false and incomplete information to FINRA's membership application program in the form of memos. Saliba also provided two sets of memos to FINRA in response to a request for information when he knew or should have known that one set was falsified and/or was not authorized by an individual alleged to have produced the set of memos, and that the second set of memos were backdated by Younger. The findings also included that Saliba gave false testimony during his on-the-record testimony regarding his use of computers for firm business, and that he failed to produce all of the computers he used for firm business in response to FINRA's request. FINRA found that as the firm's CEO and CCO, Younger reasonably failed to supervise Saliba in light of the interim restrictions FINRA had placed on the firm and that he failed to take reasonable steps to ensure that the firm complied with the interim restrictions. The firm's WSPs in effect while Younger was CEO and CCO did not address how the firm would comply with the interim restrictions. Younger was the only person at the firm who had authority to order revisions to the WSPs, and he did not establish any new policies or procedures at the firm because of the interim restrictions. Younger also did not place Saliba under heightened supervision. FINRA also found that Younger gave false testimony during his on-the-record testimony that he created memorandum reflecting his approvals for every investment banking transaction that the firm entered into during his tenure as CEO, after which he printed the memorandum, signed it, "digitized" it, and emailed it to the firm's Beverly Hills office. Younger also falsely testified that he created the memorandum contemporaneously with the dates reflected on the memos. In addition, FINRA determined that Mansourian solicited backdated outside business activity and private security transaction compliance forms, knowing that they would be submitted to FINRA examiners. At the direction of Saliba and an individual acting as the firm's CCO at the time, Mansourian emailed firm registered representatives from his personal email account and directed the representatives to backdate forms and return them. After receiving the backdated forms, the CCO, without disclosing the backdating of the forms, submitted the forms to FINRA. At a minimum, Saliba was aware that the CCO was obtaining backdated compliance forms, and that he provided his own backdated forms to the CCO, knowing the firm would submit them to FINRA examiners. Moreover, FINRA found that by using his personal email accounts in connection with obtaining the backdated compliance forms, Mansourian caused the firm to fail to maintain and preserve business records. The use of personal email accounts, in violation of the firm's WSPs, prevented the firm's email archive from capturing the emails, which caused the firm's business records to be incomplete. The Hearing Officers found that FINRA failed to prove that Saliba caused the firm to maintain the falsified memos as firm records.

The sanctions are not in effect pending the review ([FINRA Case #2013037522501](#))

## 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.

**Steven Alan Horwitz ([CRD #710899](#), Waltham, Massachusetts)**

January 5, 2018 – Horwitz was named a respondent in a FINRA complaint alleging that he willfully failed to amend his Form U4 to disclose an indictment, and subsequent conviction, on three felony charges. The complaint alleges that Horwitz remained associated with a member firm after his conviction, and while subject to statutory disqualification. ([FINRA Case #2016050312401](#))

**Douglas Anthony Leone ([CRD #2453784](#), Sandy Hook, Connecticut)**

January 9, 2018 – Leone was named a respondent in a FINRA complaint alleging that he failed to appear and provide FINRA on-the-record testimony in connection with its investigation into Leone's potential misconduct while at his member firm involving, among other things, unsuitable recommendations and excessive trading involving multiple customers. ([FINRA Case #2016052560002](#))

**Brent Van Lott ([CRD #1559744](#), Orem, Utah)**

January 25, 2018 - Lott was named a respondent in a FINRA complaint alleging that he knowingly and substantially aided and abetted an individual in engaging in the recommendation and sale of securities at a time when the individual was not registered with FINRA and not associated with any FINRA member firm. Also, the individual was not registered with the state of Utah, where both the individual and the customers resided. The complaint alleges that at the individual's request, Lott agreed to serve as the registered representative of record for the annuity exchanges and to split with the individual the commissions paid by an insurance company, even though Lott knew that the individual was not registered. Instead of directly paying the individual his share of the commissions, Lott paid the individual's wife, in an effort to conceal his activity. Lott repeatedly facilitated the individual's efforts to continue acting as a securities broker, despite the individual's unregistered status, by effecting variable annuities exchanges and mutual fund sales that the individual recommended to customers to fund fixed indexed annuities purchases. By engaging in this conduct, Lott aided and abetted the individual's violation. The complaint also alleges that in order to effect the transactions, Lott falsely certified to his member firm on firm suitability forms for different customers that he had discussed the benefits and costs of the transactions with the customers identified on the forms. Lott made these false statements and submitted these false documents in order to conceal the individual's role

in the transactions. By doing so, Lott caused his firm to maintain false books and records. The complaint further alleges that Lott made false statements on forms he submitted to the insurance company. Lott submitted forms containing false certifications that he had discussed the appropriateness of the annuity replacement with the customers. Lott also falsely represented on forms that he had met in person with the customer when he had not. Further, on forms for customers that Lott had not met or spoken with, he misrepresented that he had known the customer for at least one or two months. Lott made these false statements and submitted these false documents in order to conceal the individual's role in the transactions. ([FINRA Case #2013038124102](#))

**Shakela Carter ([CRD #4321231](#), Lauderdale Lakes, Florida)**

January 31, 2018 – Carter was named a respondent in a FINRA complaint alleging that she failed to appear and provide FINRA on-the-record testimony during the course of an investigation into conduct described in Forms U5 filed by her former member firm that stated that she participated in an undisclosed private securities transaction. ([FINRA Case #2016049202101](#))

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**Firms Expelled for Failure to Pay Fines and/  
or Costs Pursuant to FINRA Rule 8320**
**Capital Guardian, LLC (CRD #137919)**

Charlotte, North Carolina  
(January 19, 2018)  
FINRA Case #2013035775302

**Further Lane Securities, L.P. (CRD #38162)**

New York, New York  
(January 3, 2018)  
FINRA Case #2012034242501

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**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.)

**Jesse Baker (CRD #6623314)**

Tempe, Arizona  
(January 29, 2018)  
FINRA Case #2017055096501

**Joseph Ryan Costa (CRD #6531320)**

Gresham, Oregon  
(January 29, 2018)  
FINRA Case #2017055278701

**Benjamin Asa Duty (CRD #5365632)**

West Monroe, Louisiana  
(January 8, 2018)  
FINRA Case #2016052583001

**Colleen Elizabeth Flanagan (CRD #5771349)**

Irving, Texas  
(January 22, 2018)  
FINRA Case #2017054905801

**Marques Alexander Green (CRD #5996840)**

Austin, Texas  
(January 12, 2018)  
FINRA Case #2017055104001

**R. Barry Jones (CRD #2296192)**

Ponte Vedra Beach, Florida  
(January 19, 2018)  
FINRA Case #2016051269601

**Deanne M. Lampe (CRD #5447416)**

Verona, New Jersey  
(January 19, 2018)  
FINRA Case #2017053777501

**Alana Marie Lewis (CRD #5842718)**

Iola, Wisconsin  
(January 2, 2018)  
FINRA Case #2016051358201

**Veronica Azucena Lopez (CRD #5740547)**

Greenacres, Florida  
(January 29, 2018)  
FINRA Case #2017053274401

**Scott Alexander Markle (CRD #5335528)**

Anchorage, Alaska  
(January 12, 2018)  
FINRA Case #2017055286001

**Matt Scott Neas (CRD #2863660)**

Austin, Texas  
(January 8, 2018)  
FINRA Case #2017053761301

**Peter Andrew O'Hara (CRD #2031983)**

Kent, Washington  
(January 8, 2018)  
FINRA Case #2017053931501

**Jarrett Powell (CRD #6476396)**

Hanover Park, Illinois  
(January 16, 2018)  
FINRA Case #2017055248501

**Ciro Santoro (CRD #2149524)**

Atlantic City, New Jersey  
(January 16, 2018)  
FINRA Case #2017054584801

**Daniel Richard Shaw (CRD #5603871)**  
 Baltimore, Maryland  
 (January 22, 2018)  
 FINRA Case #2017055013601

**Simon Boowon Song (CRD #2909665)**  
 La Crescenta, California  
 (January 8, 2018)  
 FINRA Case #2017055196201

**Dawei Wang (CRD #4923452)**  
 Eastvale, California  
 (January 8, 2018)  
 FINRA Case #2017055025901

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**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.)

**Michael Earl McCune (CRD #1640241)**  
 Overland Park, Kansas  
 (January 19, 2018)  
 FINRA Case #2011027993301

**Mary Delores Negro (CRD #1373087)**  
 Manchester, Connecticut  
 (January 19, 2018)  
 FINRA Case #2014040813801

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**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.)

**Benjamin Glasser Aibel (CRD #1994)**  
 New York, New York  
 (January 5, 2018)  
 FINRA Case #2016052510801

**Carter Page Brooks (CRD #2477279)**  
 Richmond, Virginia  
 (January 2, 2018)  
 FINRA Case #2017055785701

**Christopher Masharn Bruce (CRD #6010595)**  
 Suwanee, Georgia  
 (January 26, 2018)  
 FINRA Case #2017055608601

**Abel Chavez (CRD #6501423)**  
 Grand Junction, Colorado  
 (January 16, 2018)  
 FINRA Case #2017055456801

**Christian Colon (CRD #4899491)**  
 Troy, Michigan  
 (January 12, 2018)  
 FINRA Case #2017055891001

**Randolph Lee Eddlemon III (CRD #2285234)**  
 Phoenix, Arizona  
 (January 12, 2018)  
 FINRA Case #2017055260401

**Carlos Nestor Evertsz-Seda (CRD #4757897)**  
 Lake Grove, New York  
 (January 8, 2018)  
 FINRA Case #2016052401401

**Patrick Jahmar Fearon (CRD #6631657)**  
 Springfield Gardens, New York  
 (January 22, 2018 – February 7, 2018)  
 FINRA Case #2017055771301

**Kenneth Taylor Foreman (CRD #2284242)**  
 Mountain View, California  
 (January 5, 2018)  
 FINRA Case #2017055306001

**Miriam Fry (CRD #6006002)**  
 Saint Louis, Missouri  
 (January 22, 2018)  
 FINRA Case #2017054927601

**Sherie Irene Gaunt (CRD #4145536)**

Aurora, Colorado  
(January 8, 2018)  
FINRA Case #2016050848101

**Roy Aurelio Gaytan (CRD #5498239)**

Moorpark, California  
(November 13, 2017 - January 25, 2018)  
FINRA Case #2017054506901

**Kevin Richard Graetz (CRD #1935982)**

New Canaan, Connecticut  
(January 23, 2018)  
FINRA Case #2016052540602/FPI170009

**Minish Joe Hede (CRD #2389098)**

Morganville, New Jersey  
(January 23, 2018)  
FINRA Case #2016052540601/FPI170009

**Shane Jason Kelly (CRD #3152000)**

Port St. Lucie, Florida  
(January 29, 2018)  
FINRA Case #2017054666601

**Atiq Urrehman Khan (CRD #4727750)**

Gardena, California  
(November 27, 2017 – January 30, 2018)  
FINRA Case #2016052504601

**Kimberly Pine Kitts (CRD #2768200)**

Orleans, Massachusetts  
(January 2, 2018)  
FINRA Case #2017056380201

**David Wayne Krumrey (CRD #4121845)**

Conroe, Texas  
(January 29, 2018)  
FINRA Case #2017055552901

**Gregory Alan LeVine (CRD #2401300)**

Fort Lauderdale, Florida  
(January 29, 2018)  
FINRA Case #2017054899701

**Peter Jack Margaros (CRD #2088675)**

King George, Virginia  
(January 8, 2018)  
FINRA Case #2017055632601

**Oscar Nunez (CRD #6014411)**

North Bergen, New Jersey  
(November 24, 2017 – January 11, 2018)  
FINRA Case #2017055553001

**Keisha Diane Pizzo (CRD #2341415)**

Sciota, Pennsylvania  
(January 12, 2018)  
FINRA Case #2017055998301

**Eric P. Poague (CRD #2155873)**

Johnsonburg, Pennsylvania  
(January 8, 2018)  
FINRA Case # 2017055577901

**Vanessa Beth-Anne Reeves-Farry (CRD #5794679)**

Berry Creek, California  
(August 14, 2017 – January 30, 2018)  
FINRA Case #2016049096701

**Tyler V. Schultz (CRD #6353393)**

Meridian, Idaho  
(January 29, 2018 – February 21, 2018)  
FINRA Case #2017055687301

**Luis Alberto Zuniga (CRD #6824808)**

Madera, California  
(January 12, 2018)  
FINRA Case #2017055998401

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**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.)

**Kean Lynn Bouplon (CRD #4034661)**  
Voorheesville, New York  
(January 25, 2018)  
FINRA Case #20180571196/ARB180003/  
FINRA Arbitration Case #17-01758

**Craig Charles Franzke (CRD #1809526)**  
Burlington, Wisconsin  
(August 3, 2017 – January 19, 2018)  
FINRA Arbitration Case #16-01661

**Justin Johnston Harris (CRD #5659286)**  
Orinda, California  
(January 5, 2018)  
FINRA Arbitration Case #15-00148

**Steve Morris (CRD #2836989)**  
New York, New York  
(January 11, 2018)  
FINRA Arbitration Case #13-02374

**Mark Allan Plummer (CRD #4608699)**  
Richardson, Texas  
(January 8, 2018)  
FINRA Arbitration Case #16-00955