

# Disciplinary and Other FINRA Actions

## Firms Fined

### **ACP Securities, LLC ([CRD #139049](#), Miami, Florida)**

March 5, 2018 – A Letter of Acceptance, Waiver and Consent (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 accurately report Trade Reporting and Compliance Engine® (TRACE®)-eligible securities transactions to TRACE. The findings stated that the firm reported transactions with FINRA member broker-dealers to TRACE indicating that the contra-party for such transactions was “C” (customer), instead of using the market participant identifier (MPID) assigned to each of the respective FINRA® member broker-dealers. The findings also stated that the firm failed to establish, maintain and enforce a supervisory system and Written Supervisory Procedures (WSPs) that were reasonably designed to achieve compliance with all applicable securities laws and regulations, including TRACE-eligible securities transaction reporting. ([FINRA Case #2016047563501](#))

### **First Kentucky Securities Corporation ([CRD #7524](#), Louisville, Kentucky)**

March 5, 2018 – An AWC was issued in which the firm was censured, fined \$50,000 and required to provide FINRA with a plan to remediate eligible customers who qualified for and did not receive the applicable mutual fund sales-charge waiver. As part of this settlement, the firm agrees to pay restitution to eligible customers, which is estimated to total \$58,153 (the amount eligible customers were overcharged, including interest). Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it disadvantaged certain retirement plan and charitable organization customers that were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge. The findings stated that these eligible customers were instead sold Class A shares with a front-end sales charge, or Class B or C shares with back-end sales charges and higher ongoing fees and expenses. These sales disadvantaged eligible customers by causing them to pay higher fees than they were actually required to pay. The findings also stated that the firm failed to reasonably supervise the application of sales-charge waivers to eligible mutual fund sales. The firm relied on its financial advisors to determine the applicability of sales-charge waivers, but failed to maintain adequate written policies or procedures to assist financial advisors in making this determination. In addition, the firm failed to adequately notify and train its financial advisors regarding the availability of mutual fund sales-charge waivers for eligible customers. The firm also failed to adopt adequate controls to detect instances in which they did not provide

## Reported for May 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).

sales-charge waivers to eligible customers in connection with their mutual fund purchases. As a result of the firm's failure to apply available sales-charge waivers, the firm estimates that eligible customers were overcharged by approximately \$52,569 for mutual fund purchases made since January 1, 2011. ([FINRA #2016048226101](#))

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

March 6, 2018 – An AWC was issued in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to immediately publish a bid or offer that reflected the full size of customer limit orders for over-the-counter (OTC) equity securities held by the firm that were at a price that would have improved its bid or offer in such securities, due to a programming error in which the firm was using outdated quotation price and display matrices. ([FINRA Case #2016049858101](#))

**Selkirk Investments, Inc. ([CRD #13854](#), Spokane, Washington)**

March 6, 2018 – An AWC was issued in which the firm was censured; fined \$30,500; ordered to pay \$16,258.08, plus interest, in restitution to affected customers; and required to revise its WSPs. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that, in corporate bond transactions for or with a customer, it failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. The findings stated that the firm sold corporate bonds to customers and failed to sell such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. The findings also stated that the firm's supervisory systems, including its WSPs, were not reasonably designed to achieve compliance with best execution and fair pricing requirements. ([FINRA Case #2015045624401](#))

**Credit Suisse Securities (USA) LLC ([CRD #816](#), New York, New York)**

March 9, 2018 – An AWC was issued in which the firm was censured; fined in the amount of \$200,000, of which \$75,000 is payable to FINRA;; and imposed and undertaking requiring the firm to ensure that it has implemented controls and procedures that are reasonably designed to achieve compliance with applicable rules and regulations concerning the reporting of options positions to the large options positions reporting (LOPR) system. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report Over the Counter (OTC) options positions to the LOPR system. The findings stated that the firm reported positions to the LOPR with

inaccurate tax ID or tax type fields in millions of instances. Because the firm reported all of these positions to the LOPR and these inaccuracies did not alter the position data, the accounts were able to be identified for surveillance purposes. The firm also failed to report positions to the LOPR in an additional approximately 4,000 to 5,000 instances, and effected opening transactions in a single security for customer accounts acting in concert that, in aggregate, exceeded the applicable position limit on both sides of the market for 107 consecutive days. The findings also stated that the firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with the applicable securities laws and regulations and FINRA rules, and reasonably designed to ensure compliance with position limit requirements and the proper reporting of positions on the LOPR. In addition, the firm's WSPs were inadequate because they failed to include a description of the reviews the firm conducted to ensure the overall accuracy of its LOPR submissions, a review of rejected LOPR submissions, and an adequate description of the steps taken by the firm to review and determine if accounts were acting in-concert.

[\(FINRA Case #2014042167501\)](#)

**Credit Suisse Securities (USA) LLC ([CRD #816](#), New York, New York)**

March 12, 2018 – An AWC was issued in which the firm was censured and fined \$250,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it caused its books and records, including its general ledger, to be inaccurate by improperly reclassifying certain breaks relating to foreign exchange transactions in its bank accounts held at external banks that remained unresolved at month-end as foreign exchange fails payable/receivable. The findings stated that the firm used reconciliation software to perform daily reconciliation of the activity in its bank accounts held at external banks, and the corresponding entries in its general ledger, and of these accounts. This software compared and matched the activity reflected in the accounts to activity reflected in the firm's general ledger. Any activity that the software did not match became a reconciling item or "break." These reclassifications incorrectly represented on the firm's general ledger that each break was the result of failed transactions, when in fact the breaks had not yet been resolved and many remained outstanding and unresolved into the following month and beyond. Consequently, the firm's general ledger contained entries reflecting inaccurate breaks in amounts ranging between \$20 million and \$318 million. The findings also stated that the firm failed to have a supervisory system reasonably designed to achieve compliance with applicable securities laws and regulations and the applicable FINRA rules regarding reconciliation of its bank accounts held at external banks and the treatment of breaks across the firm's books and records. ([FINRA Case #2014040431101](#))

**Liquidnet, Inc. ([CRD #103987](#), New York, New York)**

March 13, 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 transmitted Reportable Order Events (ROEs) to the Order Audit Trail System (OATS™) that contained inaccurate, incomplete, or improperly formatted data. The findings stated that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning OATS reporting. The firm’s supervisory system did not include WSPs to ensure the firm conducted a comprehensive review of the firm’s OATS data subsequent to software coding changes, and to ensure that milliseconds were accurately reported. ([FINRA Case #2015044327201](#))

**MCM Securities LLC ([CRD #41571](#), New York, New York)**

March 13, 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, between April 2014 and June 2016, the firm distributed a total of 44 copies of offering documents in connection with the sale of three unregistered offerings of limited liability companies that were formed to build, own and operate rental properties that failed to disclose that the sole member of the manager of each of the issuers also indirectly controlled the firm through ownership interests in the firm’s parent companies. The findings stated that by failing to disclose in the offering documents the relationship between the issuers and the firm, it failed to provide investors with a sound basis for evaluating the offerings and thus caused the offering documents to be misleading. The findings also stated that during the period from July 20, 2016 through June 6, 2017, the firm conducted a securities business while failing to maintain sufficient net capital, maintained inaccurate financial books and records, and failed to file accurate quarterly Financial and Operational Combined Uniform Single (FOCUS) reports. These net capital violations arose primarily from the firm’s failure to properly account for two lawsuits filed against it and other third parties. The firm did not obtain an outside counsel’s opinion letter for either of the lawsuits until June 7, 2017. Consequently, prior to June 7, 2017, the firm was required to incorporate the damages sought in the lawsuits in its minimum net capital calculations, which it failed to do, resulting in the net capital deficiencies set forth above. In addition, a portion of the June 6, 2017 net capital deficiency resulted from the firm’s improper net capital treatment of a temporary capital contribution. During the period July 20, 2016 through June 6, 2017, the firm failed to prepare an accurate record of the computation of its aggregate indebtedness and net capital, and submitted inaccurate FOCUS reports, due to its failure to properly account for contingent liabilities arising from the two lawsuits filed against it. In addition, during the period of April 17, 2017 through August 7, 2017, the firm failed to prepare an accurate record of the computation of its net capital, and submitted inaccurate FOCUS reports, due to its improper net capital treatment of the temporary capital contribution. ([FINRA Case #2017053724401](#))

**UBS Securities LLC ([CRD #7654](#), New York, New York)**

March 13, 2018 – An AWC was issued in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that due to a system issue, it reported 1,580 short interest positions totaling 262,260,266 shares, when the total shares for those positions was 270,763,348 shares, and failed to report five short interest positions totaling 16,344 shares. ([FINRA Case #2015044077501](#))

**Bolton Global Capital ([CRD #15650](#), Bolton, Massachusetts)**

March 14, 2018 – An AWC was issued in which the firm was censured; fined \$32,500; ordered to pay \$14,422.17, 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 it sold corporate bonds to customers and failed to sell such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, to ensure the firm charged reasonable fixed income markups and markdowns. ([FINRA Case #2016049481101](#))

**R.M. Stark & Co., Inc. ([CRD #7612](#), Delray Beach, Florida)**

March 14, 2018 – An AWC was issued in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that during the time period from 2015-2016, it conducted remote inspections of three Offices of Supervisory Jurisdiction (OSJs), failed to conduct inspections of two non-OSJ locations that have been open at the firm since 2009 and failed to conduct inspections of eight out of 34 non-registered locations, seven of which had been opened between December 2001 and April 2014. ([FINRA Case #2016047570101](#))

**Ascendant Capital Markets, LLC ([CRD #152912](#), Irvine, California)**

March 15, 2018 – An Offer of Settlement was issued in which the firm was censured, fined \$60,000 and prohibited from engaging in principal basis stock and equity trades with its customers and customer accounts for 12 months, provided, however, that this limitation will not apply to principal basis stock and equity trades in customer accounts that are owned by employees and associated persons of the firm. This limitation also does not limit the ability of the firm to engage in riskless principal stock and equity trades and commission-based agency trades with firm customers. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Without admitting or denying the allegations, the firm consented to the sanctions and to the entry of findings that it willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and violated FINRA Rule 2020, by charging unfair and unreasonable

prices with fraudulently excessive and undisclosed markups in principal basis stock sales made by it to a corporate customer. The findings stated that the firm failed to disclose these facts. As a result, it overcharged the customer \$140,000 for these stock purchases. In addition, the firm was a control person of a registered representative in connection with the sale to the customer, in that the firm had control over the representative who was its head trader. Accordingly, the firm is also liable for violations of Section 10(b) and Rule 10b-5 under the control person provisions of Section 20(a) of the Securities Exchange Act of 1934. In addition, the firm is liable for securities fraud under the doctrine of respondeat superior. The findings also stated that the firm sold the shares to its customer at prices that were excessive, unreasonable and unfair (and had excessive markups), taking into consideration all relevant circumstances, including market conditions with respect to such securities at the time of the transaction. The findings also included that the firm failed to reasonably supervise the activities of the representative for the customer's account in order to achieve compliance with the federal securities laws and regulations and FINRA rules. The firm failed to take reasonable steps in the supervision of the representative in connection with the principal basis sales by the firm; and failed to take reasonable steps both to prevent charging the customer unfair and unreasonable prices and excessive markups in such principal basis sales, and to prevent securities fraud in the sale of stocks to the customer at fraudulently excessive prices with fraudulently excessive and undisclosed markups. FINRA found that despite the fact that the firm, as part of its regular business operations, sold stocks on a principal basis with markups to its customers, it had no adequate systems or procedures in place (and no adequate WSPs) to address the supervision of the prices that customers were charged for these sales, and whether these prices (and associated markups) were in compliance with, or in violation of, applicable rules. FINRA also found that the firm did not have policies and procedures reasonably designed to restrict or limit the information flow between its research department personnel and other personnel at the firm, including its trading department personnel. In addition, the firm failed to reasonably supervise its research department to ensure that it did not share information regarding the issuance or content of a research report prior to publication with trading department personnel. On at least three occasions, the firm provided a copy of a research report to all personnel at the firm, including trading department personnel, prior to the research report's publication. ([FINRA #2014038989201](#))

**Allen & Company of Florida, Inc. ([CRD #25](#), Lakeland, Florida)**

March 22, 2018 – An AWC was issued in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain and enforce a supervisory system reasonably designed to review and monitor the transmittals of funds via checks in the firm's accounts. The findings stated that the firm offered its customers an account classification that included a check writing function linked to the account. The check

writing function was provided through a separate bank. The firm's procedures for handling insufficient funds alerts required that the financial advisor assigned to the account notify the client, who would decide whether to pay or reject the insufficient funds alert. If the client decided to pay the deficiency, securities in his or her firm account would be liquidated or journaled to margin to cover the charge. During the relevant time period, four checks in a firm customer's account triggered two insufficient funds alerts. In those instances, securities were liquidated in the customer's account to cover the insufficient funds alerts without first contacting the customer. In addition, the firm received two telephone calls from someone claiming to be the customer, wherein the person inquired about funds availability so that prospective checks would clear. Ultimately, eight checks were drawn on the customer's account totaling approximately \$198,000 that the customer later claimed were written by someone else without his authorization. The firm failed to implement its supervisory procedures related to insufficient funds alerts because the firm did not contact the customer regarding the insufficient funds alerts prior to liquidating securities in his account to cover the deficiencies. ([FINRA Case #2015044874601](#))

**Portfolio Resources Group, Inc. ([CRD #31155](#), Miami, Florida)**

March 28, 2018 – An AWC was issued in which the firm was censured, fined \$100,000 and required to adopt and implement supervisory systems and written procedures reasonably designed to achieve compliance with the requirements of FINRA Rule 3310. 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) compliance program (AMLCP) reasonably designed to detect and cause the reporting of suspicious transactions as required under the Bank Secrecy Act and its implementing regulations. The findings stated that the firm's AMLCP generally stated that its AML compliance officer or his designee would manually monitor a sufficient amount of account activity to allow the firm to identify suspicious activity, and that he would file suspicious activity reports (SARs) as appropriate. The firm also utilized a system that provided alerts to assist in its monitoring for AML compliance. Despite the firm's AMLCP and the red flags set in its AMLCP, the firm failed to identify, and in some cases, to document, its detection and investigation/due diligence of potentially suspicious transactions involving customer accounts that engaged primarily in high levels of money movements with little or no corresponding securities transactions that should have triggered red flags in the firm's AMLCP. The firm understood that a significant portion of its customers from a particular country engaged in activity in their firm accounts that would be more indicative of a bank account. Despite this, the firm failed to create an AMLCP that was reasonably tailored to the risks associated with this type of account activity. The firm's written procedures did not specifically address accounts that engage in banking type of activity, aside from setting forth that such activity was listed as an AML red flag in its AMLCP. ([FINRA Case #2017052146901](#))

## Individuals Barred

### **Michael Bruce Ralby** ([CRD #1301072](#), Boca Raton, Florida)

March 5, 2018 – An AWC was issued in which Ralby was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Ralby consented to the sanction and to the entry of findings that he refused to appear for a FINRA on-the-record testimony in connection with its investigation into whether he had accepted loans from a customer. ([FINRA Case #2017053976201](#))

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

March 5, 2018 – An Office of Hearing Officers (OHO) decision became final in which Rodriguez-Stern was barred from association with any FINRA member in all capacities. The sanction was based on findings that Rodriguez-Stern failed to provide information and documents requested by FINRA during an investigation into his potential failure to timely disclose 10 unsatisfied tax liens and civil judgments filed between 2006 and 2013 on his Uniform Application for Securities Industry Registration or Transfer (Form U4) and the circumstances surrounding 12 customer complaints. ([FINRA Case #2016048870601](#))

### **David Lloyd Barber** ([CRD #1165082](#), Newport Beach, California)

March 6, 2018 – An AWC was issued in which Barber was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Barber consented to the sanction and to the entry of findings that he failed to produce information and documents requested by FINRA during the course of an ongoing examination to determine whether he engaged in unauthorized trading in the accounts of customers of his member firm, exercised discretion in customer accounts without written authorization, or otherwise acted in violation of FINRA rules. ([FINRA Case #2017052696401](#))

### **Mark Kaplan** ([CRD #1978048](#), Merrick, New York)

March 7, 2018 – An AWC was issued in which Kaplan was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Kaplan consented to the sanction and to the entry of findings that he willfully violated Section 10(b) of the Securities Exchange Act of 1934, Securities Exchange Act Rule 10b-5, and violated FINRA Rule 2020, by churning and engaging in unsuitable excessive trading in the brokerage accounts of a senior customer. The finding stated that Kaplan exercised de facto control over the customer's accounts and the customer relied on Kaplan to direct investment decisions in his accounts, contacting Kaplan frequently. In addition, the customer was experiencing a decline in his mental health. The court granted an application by the customer's nephew to act as his legal guardian and manage his financial affairs after he was diagnosed with dementia. Kaplan effected more than 3,500 transactions in the customer's accounts, which resulted in approximately \$723,000 in trading losses and generated approximately \$735,000 in commissions and markups for Kaplan and his member firm. Kaplan never discussed with the customer the extent of his total losses or

the aggregate amount he paid in sales charges and commissions. High turnover rates and cost-to-equity ratios in the customer's accounts reflect how difficult it would have been for him to obtain sufficient profits to cover the costs of Kaplan's active trading. This level of trading was excessive and unsuitable for the customer given his investment profile, including his age, risk tolerance, and income needs. The firm and Kaplan made a settlement payment totaling \$470,000 to the guardian for the customer's accounts. ([FINRA Case #2015045984001](#))

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

March 12, 2018 – An OHO decision became final in which Boykin was barred from association with any FINRA member in all capacities. The sanction was based on findings that Boykin failed to timely respond to FINRA requests for information and documents related to its investigation into whether he had failed to disclose outside business activities to his member firm. ([FINRA Case #2016049508602](#))

**John Neil Milne ([CRD #1747745](#), New York, New York)**

March 13, 2018 – An AWC was issued in which Milne was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Milne consented to the sanction and to the entry of findings that he failed to appear for FINRA-requested testimony in connection with an investigation into his member firm. ([FINRA Case #2016047624601](#))

**Stephen John Woods ([CRD #4390407](#), Freeport, New York)**

March 15, 2018 – An AWC was issued in which Woods was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Woods consented to the sanctions and to the entry of findings that he failed to produce documents and information requested by FINRA in connection with an ongoing investigation regarding his trading activity in customer accounts. ([FINRA Case #2017052732401](#))

**Thomas Alan Meier ([CRD #1146044](#), Miami, Florida)**

March 19, 2018 – An AWC was issued in which Meier was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Meier consented to the sanction and to the entry of findings that he effected approximately 1,290 unauthorized transactions, including both purchases and sales of equity securities, in eight accounts belonging to six customers. The findings stated that none of the eight accounts were discretionary accounts and Meier did not have discussions with the customers about the trades prior to the transactions and did not obtain the customers' authorization prior to executing any of the transactions. Meier received approximately \$265,000 in commissions for those transactions. Two of the customers realized losses of approximately \$78,000. In addition, there were unrealized losses in the accounts. To date, Meier's member firm has paid a total of approximately \$1,087,610 to five of the customers in connection with complaints about Meier. The findings also stated that Meier exercised discretion in five

accounts belonging to four separate customers. None of the customers gave Meier written authorization to exercise discretion in their accounts, and the firm had not accepted any of the accounts as discretionary. None of the transactions were designated as discretionary in the firm's system. The four customers suffered unrealized losses in their accounts totaling approximately \$1.4 million. In addition, one of the customers realized a loss of approximately \$120,000 and another realized a net loss of approximately \$520,000. There were also unrealized losses in the accounts. To date, the firm has paid a total of approximately \$1,078,828 to three of the customers in connection with complaints about Meier. The findings also included that Meier made inaccurate statements on four annual compliance questionnaires that he did not have any accounts in which business was transacted on a discretionary basis. ([FINRA Case #2016049628301](#))

**Gary John Basralian ([CRD #14385](#), Springfield, New Jersey)**

March 20, 2018 – An AWC was issued in which Basralian was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Basralian consented to the sanction and to the entry of findings that he failed to provide FINRA-requested documents and information in connection with an investigation into, among other things, the circumstances of his resignation from his member firm. The findings stated that the firm had filed a Uniform Termination Notice for Securities Industry Registration (Form U5) terminating Basralian's registrations and reporting that he resigned after a customer allegation of fraud and breach of contract related to investments away from the firm. ([FINRA Case #2017056769401](#))

**Matthew Thomas Cochran ([CRD #5853600](#), Charlotte, North Carolina)**

March 20, 2018 – An AWC was issued in which Cochran was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Cochran consented to the sanction and to the entry of findings that he and a third party, a non-registered person, exercised discretionary authority to execute securities transactions in accounts held away from Cochran's member firm. The findings stated that Cochran did not disclose his discretionary power over the outside accounts to the firm or notify the executing broker-dealer of his association with his firm. Cochran recommended that firm customers and other individuals, who were not family members, open accounts at the other broker-dealer. However, at Cochran's recommendation, the investors verbally gave him and/or the non-registered person discretionary authority over the outside accounts. Neither Cochran nor the non-registered person obtained written discretionary authority. Cochran knew that the non-registered person had never held any securities licenses. In addition, on a questionnaire that Cochran submitted to the firm, he falsely answered a question asking whether or not he held trading authority for any account held at the firm or elsewhere. Cochran and the non-registered person executed transactions with an aggregate trade value (buy and sell) of more than \$9.6 million for the investors in the outside accounts. Cochran received \$34,000 in funds from the investors related to this activity. The findings also stated that during telephone calls for investors who verbally

authorized him to make the calls, Cochran misrepresented to the executing broker-dealer that he was one of the investors. During two of these telephone calls, Cochran instructed the executing broker-dealer to liquidate investors' securities positions. ([FINRA Case #2017054247001](#))

**Michael Giokas ([CRD #1398674](#), Clarence, New York)**

March 23, 2018 – An AWC was issued in which Giokas was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Giokas consented to the sanction and to the entry of findings that he provided a partial response, but refused to provide any additional information and documents requested by FINRA in connection with an amended Form U5 filed by his member firm that stated that he had been charged with one count of felony fraud. ([FINRA Case #2017056082101](#))

**Nicholas Ivo Goga ([CRD #6507152](#), Charlotte, North Carolina)**

March 23, 2018 – An AWC was issued in which Goga was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Goga consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested in connection with FINRA's inquiry into his conduct during a Series 65 qualification examination. ([FINRA Case #2017056096701](#))

**Holly Florence Arbuckle ([CRD #6804747](#), Houston, Texas)**

March 26, 2018 – An AWC was issued in which Arbuckle was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Arbuckle consented to the sanction and to the entry of findings that she refused to appear for FINRA on-the-record testimony in connection with its review of her conduct while sitting for the General Securities Representative (Series 7) examination. ([FINRA Case #2017055929001](#))

**Lawrence John Fawcett Jr. ([CRD #5851474](#), Dix Hills, New York)**

March 26, 2018 – An AWC was issued in which Fawcett was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Fawcett consented to the sanction and to the entry of findings that he failed to produce documents and information requested by FINRA, and failed to appear for on-the-record testimony, in connection with an investigation regarding his outside business activities. ([FINRA Case #2017056329801](#))

**Cody Michael Rock ([CRD #6443924](#), Highlands Ranch, Colorado)**

March 26, 2018 – An AWC was issued in which Rock was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Rock consented to the sanction and to the entry of findings that he refused to provide FINRA-requested documents and information in connection with an investigation into the circumstances surrounding his separation from his member firm. ([FINRA Case #2017055673401](#))

**Sanders Lane Spangler ([CRD #4188542](#), San Antonio, Texas)**

March 26, 2018 – An AWC was issued in which Spangler was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Spangler consented to the sanction and to the entry of findings that he refused to appear for on-the-record testimony requested by FINRA in connection with an investigation into potential unauthorized trading in customer accounts. ([FINRA Case #2017053526401](#))

**Matthew Singer ([CRD #4972708](#), Aventura, Florida)**

March 27, 2018 – An AWC was issued in which Singer was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Singer 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 into whether or not he and others had made unsuitable options recommendations to customers. ([FINRA Case #2016049937901](#))

**David Warren Olson ([CRD #1700644](#), Largo, Florida)**

March 28, 2018 – An AWC was issued in which Olson was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Olson consented to the sanction and to the entry of findings that he refused to provide complete documents and information requested by FINRA during an investigation into allegations that he was involved in an undisclosed outside business activity, and that he solicited a loan from a customer of his member firm for that outside business activity. ([FINRA Case #2016052579701](#))

**Paul Eric Taboada ([CRD #2033981](#), Old Brookville, New York)**

March 30, 2018 – The Securities and Exchange Commission (SEC) dismissed Taboada's application for review. Taboada was barred from association with any FINRA member in all capacities. The National Adjudicatory Council (NAC) had previously affirmed the findings and sanction imposed by an OHO decision. The sanction was based on findings that Taboada misappropriated investor funds and securities by failing to return excess capital to investors, and by failing to distribute to certain investors all of the shares in an initial public offering (IPO) to which they were entitled. The findings stated that Taboada misused customer funds and securities by improperly using excess capital from investors, without their authorization, to pay expenses owed by other investors. The findings also stated that Taboada caused a broker-dealer to double its commissions paid to an entity he created, which increased the amount of his member firm's sales concession on transactions and provided financial benefit to the firm. Taboada failed to disclose to investors the sales concessions the firm received on the IPO transactions, and provided false and misleading information to investors. The findings also included that Taboada provided false documents and testimony to FINRA. ([FINRA Case #2012034719701](#))

## Individuals Suspended

### **Napoleon Seymour Andrews (CRD #853585, Columbia, Maryland)**

March 5, 2018 – An AWC was issued in which Andrews 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, Andrews consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose a federal tax lien filed against him for \$13,752.

The suspension was in effect from March 5, 2018, through May 4, 2018. ([FINRA Case #2016050192001](#))

### **Choosri Lao (CRD #4439433, Tinley Park, Illinois)**

March 5, 2018 – An AWC was issued in which Lao 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, Lao consented to the sanctions and to the entry of findings that from January of 2013 to April of 2014, while not registered with any FINRA member firm, she performed services for which she should have been registered. The findings stated that Lao played a role in the sale of approximately 32 alternative investments to 26 customers that were processed through a registered representative at a member firm. The level of Lao's involvement varied from customer to customer, but in some instances included assessing a customers' suitability and making an investment recommendation. Lao received payments from the representative in the amount of approximately \$102,000 while she was not registered. Lao would drop off the paperwork at the representative's office to be executed under the representative's name at his firm. Lao did not become registered with the firm until April of 2014. After she was registered, the representative continued to make payments to her until November of 2015, totaling an additional \$23,250. These payments were made pursuant to different contracts entered into between Lao and the representative, ostensibly for education and training related to alternative investments. However, Lao concedes that the payments were related to her active role in the representative's securities business and were meant to entice Lao to eventually register and become his business partner.

The suspension was in effect from March 5, 2018, through May 4, 2018. ([FINRA Case #2015048340302](#))

### **Christine Alexandria Murphy (CRD #1510853, Delray Beach, Florida)**

March 5, 2018 – An AWC was issued in which Murphy was fined \$5,000, suspended from association with any FINRA member in all capacities for one month and required to attend and satisfactory complete 10 hours of continuing education. Without admitting or denying the findings, Murphy consented to the sanctions and to the entry of findings that without authorization from her member firm, she gained access to its Central Registration

Depository (CRD) account using her own user identification and amended its Form U5 filing regarding her termination from the firm. The findings stated that the firm had denied Murphy's request that it amend the language in its filing. Among other things, Murphy changed the reason for her termination from "permitted to resign" to "voluntary" and changed the termination explanation. Although the new termination explanation entered by Murphy was not false, the firm had not approved it or otherwise authorized her to access the firm's CRD account.

The suspension was in effect from April 2, 2018, through May 1, 2018. ([FINRA Case #2017055369201](#))

**Claudio Leonardo Villa (CRD #5465144, Peekskill, New York)**

March 5, 2018 – An AWC was issued in which Villa was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for 18 months. Without admitting or denying the findings, Villa consented to the sanctions and to the entry of findings that he intentionally structured two cash deposits of \$10,000 into his personal bank account to avoid the filing of a Currency Transaction Report (CTR). The findings stated that Villa made the deposits at the request of a relative with cash that the relative told Villa he had earned. Villa made the deposits as a favor to the relative, whom he believed was concerned about the tax and other consequences of making the deposits directly into his own account. After Villa made the deposits into his personal bank account, he wrote checks in identical amounts to the relative's spouse. Villa promptly acknowledged his misconduct when interviewed by both his member firm and FINRA.

The suspension is in effect from March 5, 2018, through September 4, 2019. ([FINRA Case #2017055193001](#))

**David Lewis Capin (CRD #1418383, Hawley, Pennsylvania)**

March 6, 2018 – An AWC was issued in which Capin was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Capin consented to the sanctions and to the entry of findings that he exercised discretion in customer accounts without written authorization from the customers and without having obtained written authorization from his member firm to service the accounts on a discretionary basis. The findings stated that while the customers had given Capin verbal authorization to exercise discretion in their accounts, none had provided written authorization for him to utilize discretion.

The suspension was in effect from March 19, 2018, through April 9, 2018. ([FINRA Case #2017053556701](#))

**Ellen Marie Scambia ([CRD #1320993](#), Harrison, New York)**

March 6, 2018 – An AWC was issued in which Scambia 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 20 business days and required to requalify by examination for the Series 27 license before again acting in a FinOp capacity. Without admitting or denying the findings, Scambia consented to the sanctions and to the entry of findings that she permitted her member firm to conduct a securities business while below its net capital requirement. The findings stated that as the firm's FinOp, Scambia failed to accurately compute its 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. Scambia inaccurately overstated the firm's net capital by amounts ranging from approximately \$368,000 to approximately \$750,000, and failed to recognize that the firm was maintaining net capital that was as much as \$683,000 below its regulatory minimum net capital requirement of \$250,000. As a result of Scambia's failure to compute the firm's net capital accurately, she caused the firm to maintain inaccurate books and records regarding its net capital, and signed and filed nine inaccurate FOCUS reports on the firm's behalf.

The suspension was in effect from March 19, 2018, through April 16, 2018. ([FINRA Case #2015044865502](#))

**Kevin C. Yang ([CRD #2834317](#), Pasadena, California)**

March 7, 2018 – An AWC was issued in which Yang was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 20 business days. Without admitting or denying the findings, Yang consented to the sanctions and to the entry of findings that he exercised discretion in accounts maintained by customers at his member firm without having obtained prior written authorization from the customers to exercise discretion in their accounts, and without the firm having approved any of the accounts for discretionary trading.

The suspension was in effect from March 19, 2018, through April 16, 2018. ([FINRA Case #2017052993601](#))

**Timothy John Beall ([CRD #4458189](#), Eau Claire, Michigan)**

March 8, 2018 – An AWC was issued in which Beall was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for nine months. Without admitting or denying the findings, Beall consented to the sanctions and to the entry of findings that he exceeded the scope of his member firm's approval to conduct two outside business activities. The findings stated that Beall received approval from the firm to engage in an outside business activity with his stated role as business development

and disclosed his annual income from this activity as “0.” Beall provided services to the company that built and leased greenhouses in Colorado, which exceeded the scope of his disclosed activities that the firm approved, and for which he received compensation. Beall also held officer, director, manager and employee positions with the company and its affiliates that he did not disclose to the firm. In addition, Beall received approval from the firm to engage in another outside business activity and disclosed that he was to receive no compensation in connection with this activity. However, through this approved activity, Beall provided services to a privately-held wholesale plant and flower-growing company that exceeded the scope of his disclosed activities that the firm approved and for which he received compensation. Beall held an employee and a part-time officer position with this company that he did not disclose to the firm. Beall also held manager and officer positions with a privately-held Colorado company and served as a signatory on the company’s bank account, which he did not disclose to the firm. The findings also stated that Beall incorrectly indicated on two firm annual compliance questionnaires that he had disclosed his involvement in all business activities conducted outside of the firm. The findings also included that Beall participated in two undisclosed private securities transactions. Two of Beall’s firm customers purchased a total of \$500,000 in promissory notes issued by an affiliate of the greenhouse building and leasing company. Beall introduced those customers to the company’s chief executive officer (CEO) for purposes of possible investments, and he facilitated the transactions by sending them documents related to their purchase of the notes, including a subscription agreement, wiring instructions and a blank copy of the actual note itself. Beall also interceded with the CEO on the customers’ behalf, which resulted in one of them receiving a discount on the note he purchased. These transactions were not executed through the firm, and Beall did not give it prior notice that he would be participating in them. Furthermore, Beall incorrectly indicated on a firm annual compliance questionnaire that he had not participated in any private securities transactions.

The suspension is in effect from March 19, 2018, through December 18, 2018. ([FINRA Case #2016050269501](#))

**Omer Ozeren (CRD #6171522, Chatsworth, California)**

March 9, 2018 – An AWC was issued in which Ozeren was assessed a deferred fine of \$10,000, suspended from association with any FINRA member in all capacities for three months, and ordered to pay \$9,388, plus interest, in deferred restitution to customers. Without admitting or denying the findings, Ozeren consented to the sanctions and to the entry of findings that he effected discretionary transactions, some of which were options transactions, in customer accounts without prior written authorization from the customers to use discretion in their accounts or prior written acceptance of their accounts as discretionary by his member firm. The findings stated that Ozeren recommended transactions in inverse and inverse leveraged Exchange Traded Funds (non-traditional ETFs) in the same customer accounts without understanding the risks and features of the non-traditional ETFs, and without reasonable grounds for believing these recommendations

were suitable. Ozeren recommended that non-traditional ETF positions be held in customer accounts for periods ranging from approximately five days to two months. As a result of these transactions, two of Ozeren's customers suffered losses of \$9,388.

The suspension is in effect from March 19, 2018, through June 18, 2018. ([FINRA Case #2016049183301](#))

**Douglas Fairchild Bradley (CRD #2850255, La Jolla, California)**

March 12, 2018 – An AWC was issued in which Bradley was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for 45 days. Without admitting or denying the findings, Bradley consented to the sanctions and to the entry of findings that he recommended and effectuated a sequence of mutual-fund transactions designed to avoid the mutual fund's "soft close" to new investors, and in doing so, he effectively bypassed systems and restrictions that his member firm had put in place to abide by such mutual-fund soft closes.

The suspension was in effect from March 19, 2018, through May 2, 2018. ([FINRA Case #2016049307001](#))

**Ricardo Alfredo Estrada (CRD #4130208, Coral Gables, Florida)**

March 12, 2018 – An AWC was issued in which Estrada 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, Estrada consented to the sanctions and to the entry of findings that he engaged in an outside business activity without seeking or receiving prior written approval from his member firm. The findings stated that Estrada failed to disclose that he formed a corporate entity to earn finder's fees, invest in real estate and invest in small start-up companies. In connection with this activity, Estrada received approximately \$7,575 in finder-fee compensation. In addition, Estrada failed to disclose this outside business activity on firm compliance questionnaires for two years.

The suspension is in effect from March 19, 2018, through May 18, 2018. ([FINRA Case #2017053902501](#))

**Michael Murphy Hurtgen (CRD #1742647, Englewood, Colorado)**

March 12, 2018 – An AWC was issued in which Hurtgen was fined \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Hurtgen consented to the sanctions and to the entry of findings that he solicited at least 14 individuals, 10 of whom were customers of his member firm, to invest in a private placement offering without providing prior written notice to the firm. The findings stated that three of the 14 individuals that Hurtgen solicited invested in that private offering and that Hurtgen participated in each of the transactions, which totaled \$75,000. While the firm had approved Hurtgen's outside business activity with the company, it had not approved his subsequent private placement activities on behalf of it.

The findings also stated that Hurtgen distributed sales materials to investors for the private offering that failed to comply with FINRA's content standards for communications with the public. The sales materials failed to provide a balanced presentation and a sound basis for evaluating the investment being promoted. The sales materials also contained forward-looking and misleading statements that implied investor success, and contradicted the inherent risks associated with the subject investment.

The suspension is in effect from April 2, 2018, through June 1, 2018. ([FINRA Case #2016049202201](#))

**William Bernard Lyons (CRD #1521283, Middletown, New Jersey)**

March 12, 2018 – An AWC was issued in which Lyons was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in any principal capacity for three months. Without admitting or denying the findings, Lyons consented to the sanctions and to the entry of findings that he failed to reasonably supervise an individual's outside business activities with a non-FINRA-regulated broker-dealer and to supervise the individual's private securities transactions. The findings stated that Lyons, in his capacity as a general securities principal, was delegated the responsibility to review, approve and enforce the member firm's WSPs with respect to outside business activities and private securities transactions. The firm's WSPs required Lyons to determine whether the activity was, in fact, an outside business activity, or a prohibited private securities transaction. Lyons was required to investigate red flags indicating that the individual was engaging in private securities transactions away from the firm; however, he ignored numerous red flags indicating that the individual was engaging in unapproved private securities transactions.

The suspension is in effect from March 19, 2018, through June 18, 2018. ([FINRA Case #2015044587504](#))

**Michael Douglas Hanke (CRD #3158013, Tampa, Florida)**

March 13, 2018 – An AWC was issued in which Hanke was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Hanke consented to the sanctions and to the entry of findings that he executed discretionary transactions in a customer account without written authorization. The findings stated that although in some instances Hanke had express or implied authority from the customers (a husband and wife) to exercise discretion in their account, he did not obtain prior written authorization from the customers and his member firm did not accept the customers' account as discretionary. The firm prohibited unapproved discretionary trading in customer accounts. The findings also stated that Hanke marked seven order tickets in the customers' account as unsolicited when in fact the trades had been solicited, causing his firm to maintain inaccurate books and records.

The suspension was in effect from March 19, 2018, through April 18, 2018. ([FINRA Case #2015046918701](#))

**Donald Charles Leary Jr. ([CRD #4822972](#), Redondo Beach, California)**

March 13, 2018 – An AWC was issued in which Leary was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Leary consented to the sanctions and to the entry of findings that he engaged in an unapproved outside business activity and provided inaccurate information on firm documents concerning that outside activity. The findings stated Leary entered into a consulting arrangement with a research company focused on the gaming industry and accepted monthly compensation for his work, but did not disclose this arrangement to his member firm. The findings also stated that Leary provided inaccurate responses on firm compliance forms concerning his participation in outside business activities.

The suspension is in effect from March 19, 2018, through May 18, 2018. ([FINRA Case #2016051759301](#))

**Peter Michael Torabkhan ([CRD #5612483](#), New York, New York)**

March 13, 2018 – An AWC was issued in which Torabkhan was fined \$2,500 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the findings, Torabkhan consented to the sanctions and to the entry of findings that he exercised discretion in the accounts of customers without having obtained written authorization from the customers to place discretionary trades and without his member firm having accepted the accounts as discretionary.

The suspension was in effect from April 2, 2018, through April 13, 2018. ([FINRA Case #2016050114801](#))

**Michael Anthony McGregor ([CRD #2778819](#), Staten Island, New York)**

March 14, 2018 – An AWC was issued in which McGregor was fined \$5,000, suspended from association with any FINRA member in all capacities for four months, and ordered to pay \$14,266, plus interest, in restitution to a customer. Without admitting or denying the findings, McGregor consented to the sanctions and to the entry of findings that he engaged in quantitatively unsuitable trading in two accounts of a customer. The findings stated that the customer, who is now retired, had limited investment experience and conservative investment objectives. McGregor recommended the trading for the customer's accounts, and the customer followed such recommendations and did not propose any trades of his own. Accordingly, McGregor had de facto control over the customer's accounts. These accounts sustained a collective loss of \$14,266.

The suspension is in effect from March 19, 2018, through July 18, 2018. ([FINRA Case #2016047619001](#))

**Martin Earl Brooks ([CRD #4507464](#), Lee's Summit, Missouri)**

March 16, 2018 – An AWC was issued in which Brooks 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, Brooks consented to the sanctions and to the entry of findings that he exercised discretionary trading authority for his member firm's customers, by purchasing shares in a real estate fund for each customer, without prior written authorization from the customers and without prior written acceptance of the accounts as discretionary from the firm. The findings stated that Brooks mismarked order tickets associated with the trades as unsolicited instead of discretion exercised and solicited, which caused the firm to maintain inaccurate books and records.

The suspension was in effect from April 16, 2018, through May 4, 2018. ([FINRA Case #2016049674301](#))

**Michael Scott Androulakis ([CRD #2793638](#), Staten Island, New York)**

March 20, 2018 – An AWC was issued in which Androulakis was fined \$5,000, suspended from association with any FINRA member in all capacities for three months and required to attend and satisfactorily complete 10 hours of continuing education concerning complex products, including exchange-traded funds. Without admitting or denying the findings, Androulakis consented to the sanctions and to the entry of findings that he failed to have a reasonable basis to recommend and effect unsuitable Non-Traditional ETF transactions in the accounts of senior citizen customers. The findings stated that Androulakis' customers held the Non-Traditional ETFs for periods as long as 531 days, despite the fact that these Non-Traditional ETFs were short-term trading vehicles not meant to be held for extended periods. In total, the customers invested over \$177,000 resulting in losses of approximately \$42,000. Androulakis lacked a sufficient understanding of the Non-Traditional ETFs at issue, and did not conduct the required diligence to understand the investment. In addition, as Androulakis did not understand the true risks associated with Non-Traditional ETFs, such as the increased risks associated with the use of leverage, there was no way for him to accurately determine whether the Non-Traditional ETFs were suitable for any particular customer.

The suspension is in effect from April 16, 2018, through July 15, 2018. ([FINRA Case #2015047602803](#))

**Craig Dean Blattner ([CRD #1590301](#), Longwood, Florida)**

March 20, 2018 – An AWC was issued in which Blattner was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 15 business days. Without admitting or denying the findings, Blattner consented to the sanctions and to the entry of findings that he settled a customer complaint away from his member firm. The findings stated that the value of a joint account of two customers served by Blattner declined by approximately \$75,000. One of these customers complained, orally

and in writing by email, to Blattner about his management of their account and the losses they had suffered. Blattner did not disclose the customer's complaint to the firm, and that complaint was never reported on his Form U4. Instead, Blattner wrote the customers a \$15,000 check from his personal checking account. Blattner told the customers that the purpose of the check was to generate trading profits to recoup the losses they had suffered in the joint account.

The suspension was in effect from April 2, 2018, through April 20, 2018. ([FINRA Case #2017053438501](#))

**Phillip Paul Tibbetts (CRD #6664181, Upland, California)**

March 22, 2018 – An AWC was issued in which Tibbetts was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 20 business days. Without admitting or denying the findings, Tibbetts consented to the sanctions and to the entry of findings that he accepted a \$1,800 loan from a customer without informing his member firm or seeking its permission to borrow money from the customer. The findings stated that Tibbetts' borrowing arrangement did not satisfy the limited situations identified as allowed by the firm's WSPs.

The suspension was in effect from April 2, 2018, through April 27, 2018. ([FINRA Case #2017055847701](#))

**Frank Bazan (CRD #5593113, Houston, Texas)**

March 23, 2018 – An AWC was issued in which Bazan was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in all capacities for seven months. Without admitting or denying the findings, Bazan consented to the sanctions and to the entry of findings that he failed to disclose to his member firm that he was involved in an outside real estate business. The findings stated that the following year, Bazan submitted a compliance attestation to the firm that inaccurately stated he had not engaged in any outside business activities. The findings also stated that Bazan borrowed \$150,000 from a firm customer without providing prior notice to or obtaining approval from his firm. The day after Bazan deposited the customer's check into his personal bank account, the bank identified the transaction as suspicious and reversed the deposit. Although Bazan had access to the customer's funds for a short period of time, he did not make any withdrawals before the deposit was reversed. The day after the deposit was reversed, Bazan resigned from his firm. The firm's written policies and procedures prohibited loans with customers unless the customer was an immediate family member or a financial institution in the business of providing credit. The customer was neither.

The suspension is in effect from April 2, 2018, through November 1, 2018. ([FINRA Case #2016049542401](#))

**Dennis Ernest Beeby (CRD #1879834, San Diego, California)**

March 23, 2018 – An AWC was issued in which Beeby was assessed a deferred fine of \$10,000, suspended from association with any FINRA member in all capacities for eight months and ordered to pay deferred disgorgement of commissions received in the amount of \$55,000, plus interest. Without admitting or denying the findings, Beeby consented to the sanctions and to the entry of findings that he never disclosed his participation in private securities transactions in writing or otherwise to his member firm and never received its approval to participate in the transactions. The findings stated that the firm's relevant WSPs prohibited representatives from engaging in any private securities transaction without its prior express written permission. Beeby recommended the purchase of securities in the form of oil and gas working interests in the development of an oil and gas lease by a corporation to several of his customers. The working interest securities were not offered through Beeby's firm. Four customers purchased a sum total of \$700,000 in oil and gas working interests. Beeby handled all aspects of the sales, including recommending the investment, providing paperwork for investors to sign, signing some of the transaction documents and managing ongoing communications regarding the investment. Beeby also received a commission of \$55,000 for the sales.

The suspension is in effect from April 2, 2018, through December 1, 2018. ([FINRA Case #2016052305501](#))

**Paul Kreindler (CRD #275334, New York, New York)**

March 23, 2018 – An AWC was issued in which Kreindler was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Kreindler consented to the sanctions and to the entry of findings that he provided FINRA with documents that were falsely backdated with dates he claimed to have conducted certain supervisory tests. The findings stated that FINRA requested that Kreindler's member firm produce evidence that it conducted independent testing of its anti-money laundering compliance program for, among other years, 2013 and 2014. In response, Kreindler, as the firm's anti-money laundering compliance officer, produced two reports to FINRA. However, although Kreindler conducted the testing in 2013 and 2014, he did not create the documents until 2017. He falsely backdated the documents so that it would appear that they had been created contemporaneously with the testing. The findings also stated that Kreindler failed to obtain independent testing of the firm's AMLCP.

The suspension is in effect from April 2, 2018, through June 1, 2018. ([FINRA Case #2017052478201](#))

**Rahim Shah (CRD #6482164, Plano, Texas)**

March 23, 2018 – An AWC was issued in which Shah was assessed a deferred fine of \$15,000 and suspended from association with any FINRA member in all capacities for seven months. Without admitting or denying the findings, Shah consented to the sanctions and

to the entry of findings that he failed to disclose to his member firm that he had opened four outside brokerage accounts in which he had a financial interest. The findings stated that Shah placed trades in three of the outside accounts that involved securities that were on the firm's restricted or "grey lists," meaning that the trades required pre-clearance by the firm, or were prohibited outright by it. The findings also stated that Shah submitted an annual certification to the firm in which he falsely represented that he had only one outside brokerage account. Shah concealed the existence of his four other outside brokerage accounts.

The suspension is in effect from April 2, 2018, through November 1, 2018. ([FINRA Case #2016051945801](#))

**Lisa C. Piazza (CRD #2071299, Folsom, California)**

March 26, 2018 – An AWC was issued in which Piazza was assessed a deferred fine of \$2,500 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, Piazza consented to the sanctions and to the entry of findings that she willfully failed to amend her Form U4 to disclose that she had been charged with two misdemeanors and later pled "no contest" to one of the misdemeanor charges. The findings stated that Piazza completed multiple compliance questionnaires in which she falsely represented to her member firm that she had not been charged with a misdemeanor.

The suspension is in effect from April 2, 2018, through August 1, 2018. ([FINRA Case #2017054644001](#))

**Mark Jude Ketner (CRD #1138522, Dix Hills, New York)**

March 27, 2018 – An AWC was issued in which Ketner was fined \$5,000, suspended from association with any FINRA member in all capacities for two months and ordered to pay \$1,054.33, plus interest, in restitution to a customer. Without admitting or denying the findings, Ketner consented to the sanctions and to the entry of findings that he engaged in an unsuitable pattern of short-term trading of unit investment trusts (UITs) in connection with the accounts of customers. The findings stated that Ketner repeatedly recommended that these customers sell these products well before their maturity dates. The majority of the UITs that Ketner recommended had maturity dates of at least 24 months and carried sales charges ranging from 1.95 percent to 3.95 percent. Nevertheless, Ketner repeatedly recommended that his customers sell their UIT positions less than a year after purchase. The average holding period for the UITs recommended by Ketner was 195 days. In addition, Ketner recommended on multiple occasions that a customer use the proceeds from the short-term sale of a UIT to purchase another UIT with identical investment objectives.

The suspension is in effect from April 16, 2018, through June 15, 2018. ([FINRA Case #2016050823601](#))

**Robert Mark Malbasa ([CRD #1311830](#), Cleveland, Ohio)**

March 27, 2018 – An AWC was issued in which Malbasa was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Malbasa consented to the sanctions and to the entry of findings that he willfully failed to timely disclose on his Form U4 tax liens filed against him by the Internal Revenue Service and the State of Ohio. The findings stated that Malbasa was aware of the unsatisfied liens and was required to timely file an amended Form U4 to disclose each of them. Malbasa did not file an amended Form U4 disclosing these liens until after FINRA notified his member firm of his liens.

The suspension is in effect from April 2, 2018, through July 1, 2018. ([FINRA Case #2016049588501](#))

**William Patrick Slattery ([CRD #2390505](#), Garden City, New York)**

March 28, 2018 – An AWC was issued in which Slattery was assessed a deferred fine of \$12,500 and suspended from association with any FINRA member in all capacities for five months. Without admitting or denying the findings, Slattery consented to the sanctions and to the entry of findings that he engaged in outside business activities without providing prior notice to his member firm. The findings stated that Slattery was retained by start-up companies to identify prospective investors and introduce them to the company principals. In total, Slattery received approximately \$45,000 in compensation for introducing potential investors to the companies. Slattery's compensation was not contingent on any potential investors actually making an investment or on any transactions actually occurring as a result of his introductions. Further, Slattery signed an annual compliance acknowledgement inaccurately confirming that he had not engaged in any undisclosed outside business activities. The findings also stated that Slattery failed to amend his Form U4 or disclose to the firm that the New York State Department of Taxation and Finance had issued a tax warrant, imposing an \$8,325 assessment against him for his failure to pay state taxes.

The suspension is in effect from April 2, 2018, through September 1, 2018. ([FINRA Case #2016049896601](#))

## Decision Issued

The Office of Hearing Officers (OHO) issued the following decision, which has been appealed to or called for review by the NAC as of March 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.

**Wilson-Davis & Co., Inc. ([CRD #3777](#), Salt Lake City, Utah), Byron Bert Barkley ([CRD #12469](#), Salt Lake City, Utah) and James C. Snow Jr. ([CRD #2761102](#), Salt Lake City, Utah)**

March 1, 2018 – The firm, Barkley and Snow appealed the OHO decision to the NAC. The firm was fined a total of \$1,470,000 and ordered to pay \$51,624, plus prejudgment interest, in disgorgement. Barkley was fined \$115,000, suspended from association with any FINRA member in all capacities for one year and ordered to requalify by examination before serving in any registered capacity in the securities industry. Snow was fined \$140,000, suspended from association with any FINRA member in all capacities for one year and ordered to requalify by examination before serving in any registered capacity in the securities industry. The sanctions were based on findings that the firm willfully violated Rule 203(b)(1) of Regulation SHO through its activity, by short selling several stocks without first borrowing the securities. The findings stated that the firm made at least 122 short sales in connection with a former registered representative’s speculative trading strategy in four penny stock securities, and that it failed to comply with the borrow requirement in connection with each of these short sales. In fact, the firm frequently engaged in short sales at prices away from its own posted quotations. The firm’s overall conduct in each of the four securities was that of a speculative trader endeavoring to piggy-back the trajectory of potential “pump and dump” schemes, not that of a genuine market maker. In this regard, this conclusion is reinforced by the findings of the SEC in an enforcement action it brought against the firm for its conduct involving different securities during the same time frame as the trading at issue. The firm improperly relied on the bona-fide market maker exemption rule, which is not intended to give market makers carte blanche to engage in speculative short selling of securities that could not be borrowed for delivery. The findings also stated that the firm and Snow, its president and chief compliance officer, failed to establish and maintain reasonable supervisory systems and WSPs in connection with the firm’s use of the market maker exemption to the borrow requirement of Regulation SHO. The firm lacked reasonable supervisory systems, including WSPs, to identify facts and considerations relevant to the bona-fide market maker exception to the locate requirement, ensure compliance with the requirements necessary to invoke the exception and document any reviews performed or monitor compliance. Snow was responsible for establishing and maintaining adequate supervisory systems and procedures, including systems and procedures relating to the firm’s Regulation SHO compliance and the bona-fide market maker exemption. Snow did not do so. Moreover, Barkley, the firm’s vice president and head of trading, was the principal directly responsible for supervising its trading desk and market making activity. Barkley failed to adequately supervise the former representative’s trading activity in each of the stocks at issue to ensure that the firm was acting as a bona-fide market maker. In addition, the firm and Snow failed to adequately consider a broker for heightened supervision after a complaint was filed against the firm, a principal and the broker, and document any decisions made in that regard. When a heightened supervision plan was finally devised, it was unreasonable and inadequate. Additionally, the firm, acting through Snow, failed to clearly assign each registered person to an appropriately registered representative and/or principal responsible for supervising that individual’s activities. As a

result, the firm and Snow failed to implement a reasonable supervisory system to supervise the representatives and principals at the firm. The firm and Snow also failed to reasonably supervise instant message communications for the firm's representatives. The firm and Snow improperly delegated the review of instant messages by its representatives to an unregistered person at the firm. The findings also included that the firm failed to establish and implement reasonable AML policies and procedures to detect, investigate and report, where appropriate, suspicious trading activity. Snow was responsible for ensuring that the firm's AML program was adequately tailored to the risks posed by the firm's business in order to mitigate those risks. The firm and Snow failed to establish or maintain AML policies and procedures tailored to the risks posed by its penny stock business. As a result of these failures, Snow failed to detect and investigate a number of red flags indicative of potentially suspicious trading activity in the stock of a company. This enabled the suspicious activity to continue for an extended period without adequate review to assess the legitimacy of the trading. Also, Snow failed to provide adequate AML training to enable employees to detect potentially suspicious trading activity, including the risks and red flags associated with penny stock activity.

The sanctions are not in effect pending review. ([FINRA Case #2012032731802](#))

**Austin Wayne Morton (CRD #5538108, Spiro, Oklahoma)**

March 22, 2018 – FINRA appealed an OHO decision to the NAC. The March 14, 2018 decision had dismissed the complaint against Morton after determining that FINRA did not meet its burden of proving that he converted funds from a customer or received compensation for engaging in an undisclosed outside business activity. ([FINRA Case #2016052347901](#))

**Richard Oliver White (CRD #3147238, Charlotte, North Carolina)**

March 22, 2018 – White appealed an OHO decision to the NAC. White was barred from association with any FINRA member in all capacities. The sanction was based on findings that, on his return home from two gambling trips, White structured cash deposits with knowledge of and intent to evade the federal currency reporting requirements in the Bank Secrecy Act. The findings stated that, in each case when he came back from a trip with winnings, White made multiple deposits below \$10,000 over the course of several days or several weeks, rather than depositing the cash in a single transaction. Several times, White broke the wrapper on a pack of \$10,000 that he had received from a casino, pulled out a one hundred dollar bill or two, and deposited the remaining amount. White had extensive training every year on what constitutes unlawful structuring of cash transactions, and he knew from that training that financial institutions are legally required to file currency transaction reports (or "CTRs") for cash transactions in excess of \$10,000. The findings also stated that White dissembled and attempted to mislead his member firm and FINRA investigators.

The sanction is not in effect pending the appeal. ([FINRA Case #2015045254501](#))

## Complaints Filed

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

**Francisco Jose Ortiz ([CRD #4677135](#), Miami, Florida)**

March 5, 2018 – Ortiz was named a respondent in a FINRA complaint alleging that he falsified a wire transfer request form when he falsely represented that a financial advisor at his member firm had confirmed the wire transfer request as well as the customer's date of birth and recent account activity. The complaint alleges that Ortiz processed the wire transfer based on email instructions despite knowing that an unknown imposter had compromised the customer's email account and that the wire request was fraudulent. Ortiz submitted the falsified wire transfer request form to his firm as if it was authentic in order to complete the wire transfer. As a result, Ortiz caused the firm's books and records to be inaccurate. ([FINRA Case #2016051454501](#))

**Dallas Richardson York ([CRD #6449560](#), Phoenix, Arizona)**

March 6, 2018 – York was named a respondent in a FINRA complaint alleging that he failed to provide information and documents requested by FINRA during the course of an investigation into the circumstances of his termination from his member firm. The complaint alleges that the firm filed a Form U5 terminating York's registration and reporting that it discharged him after a customer alleged that funds were withdrawn from his bank account without his knowledge or consent, and that a review of the bank records revealed that York debited the customer's account for the purchase of multiple cashier's checks made out to cash and subsequently cashed those checks. ([FINRA Case #2017056038801](#))

**Melanie Ann Melton ([CRD #4258504](#), Rockwall, Texas)**

March 13, 2018 – Melton was named a respondent in a FINRA complaint alleging that she failed to respond to FINRA requests for written information and documents concerning her tax liens as reported on her former member firm's Form U5 filing made in connection with her termination. ([FINRA Case #2016050951802](#))

**Jason Ryan David ([CRD #6702639](#), Chicago, Illinois)**

March 23, 2018 – David was named a respondent in a FINRA complaint alleging that he consulted a commercial study guide during the Series 66 qualification examination when he was prohibited from doing so. The complaint alleges that David took the exam twice and that both times, he consulted the study guide during an unscheduled break, then changed several answers. David did so after acknowledging and agreeing to follow FINRA's rules of conduct for the exam, which prominently forbid using study materials. ([FINRA Case #2017053669301](#))

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**Firms Expelled for Failure to Pay Fines and/  
or Costs Pursuant to FINRA Rule 8320**

**Fulcrum Securities, LLC (CRD #140084)**  
St. Louis, Missouri  
(March 14, 2018)  
FINRA Case #2014040052601

**Legend Securities, Inc. (CRD #44952)**  
New York, New York  
(March 7, 2018)  
FINRA Case #2012030422902

**Texas E&P Partners, Inc. fka Chestnut  
Exploration Partners, Inc. (CRD #127228)**  
Richardson, Texas  
(March 7, 2018)  
FINRA Case #2014040501801

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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.)

**Stephen Robert Adams (CRD #5411560)**  
Alabaster, Alabama  
(March 5, 2018)  
FINRA Case #2017055716101

**Benjamin Glasser Aibel (CRD #1994)**  
New York, New York  
(March 15, 2018)  
FINRA Case #2016052510801

**Carter Page Brooks (CRD #2477279)**  
Richmond, Virginia  
(March 9, 2018)  
FINRA Case #2017055785701

**Walter Lee Clark (CRD #1803139)**  
Fulton, Maryland  
(March 5, 2018)  
FINRA Case #2017055960401

**Christian Colon (CRD #4899491)**  
Troy, Michigan  
(March 22, 2018)  
FINRA Case #2017055891001

**Randolph Lee Eddlemon III (CRD #2285234)**  
Phoenix, Arizona  
(March 22, 2018)  
FINRA Case #2017055260401

**Carlos Nestor Evertsz-Seda (CRD #4757897)**  
Lake Grove, New York  
(March 19, 2018)  
FINRA Case #2016052401401

**Kenneth Taylor Foreman (CRD #2284242)**  
Mountain View, California  
(March 15, 2018)  
FINRA Case #2017055306001

**Sherie Irene Gaunt (CRD #4145536)**  
Aurora, Colorado  
(March 16, 2018)  
FINRA Case #2016050848101

**Kimberly Pine Kitts (CRD #2768200)**  
Orleans, Massachusetts  
(March 12, 2018)  
FINRA Case #2017056380201

**Peter Jack Margaros (CRD #2088675)**  
King George, Virginia  
(March 16, 2018)  
FINRA Case #2017055632601

**James Albert Pettit (CRD #733916)**  
West Hartford, Connecticut  
(March 5, 2018)  
FINRA Case #2017054428401

**Keisha Diane Pizzo (CRD #2341415)**  
Sciota, Pennsylvania  
(March 22, 2018)  
FINRA Case #2017055998301

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

Johnsonburg, Pennsylvania  
(March 16, 2018)  
FINRA Case # 2017055577901

**John Greg Schmidt (CRD #708094)**

Bellbrook, Ohio  
(March 5, 2018)  
FINRA Case #2017056103801

**Bradley Curtis Williams (CRD #5622102)**

Rochester, New York  
(March 8, 2018 – April 3, 2018)  
FINRA Case #2017053675001

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

Madera, California  
(March 22, 2018)  
FINRA Case #2017055998401

**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.)

**Kevin M. Ahlert (CRD #5140632)**

Aurora, Illinois  
(March 7, 2018)  
FINRA Case #2007011337801

**Jeffrey Scott Cederberg (CRD #4557771)**

Gold Canyon, Arizona  
(March 7, 2018)  
FINRA Case #2014040815101

**Joseph Quinlan McGowan (CRD #2233691)**

New Preston, Connecticut  
(August 15, 2014 – March 15, 2018)  
FINRA Case #2010022586201

**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.)

**Fernando Enrique Acosta (CRD #6738058)**

Nutley, New Jersey  
(March 9, 2018)  
FINRA Case #2018056929801

**Paul Anthony Bustamante (CRD #4175542)**

New York, New York  
(March 9, 2018)  
FINRA Case #2017056792301

**Janna L. Carruth-Vogler (CRD #4559388)**

Savannah, Georgia  
(March 26, 2018)  
FINRA Case #2017056062401

**Abel Chavez (CRD #6501423)**

Grand Junction, Colorado  
(January 16, 2018 – March 26, 2018)  
FINRA Case #2017055456801

**Thomas Matthew Dunlap (CRD #5396486)**

Mason, Ohio  
(March 23, 2018)  
FINRA Case #2017053299601

**Saima Ashraf Durrani (CRD #4457635)**

Palos Heights, Illinois  
(March 5, 2018)  
FINRA Case #2017055370601

**Joshua David Ellis (CRD #5500165)**

Kennesaw, Georgia  
(March 26, 2018)  
FINRA Case #2017056094101

**Ashley Evans (CRD #6696935)**  
Tampa, Florida  
(March 30, 2018)  
FINRA Case #2018057062701

**Samuel LaWayne Haddix (CRD #4427350)**  
Memphis, Tennessee  
(March 5, 2018)  
FINRA Case #2017052994901

**Christopher Lee Hibbard (CRD #3176484)**  
LaGrange, Kentucky  
(March 5, 2018)  
FINRA Case #2018057148601

**Shawn I. Houslin (CRD #6484585)**  
Jacksonville, Florida  
(February 23, 2018 – March 23, 2018)  
FINRA Case #2017056538101

**Michael Dennis Jackson (CRD #2784958)**  
University Place, Washington  
(March 2, 2018)  
FINRA Case #2017055684101

**Valbona Keja Keja-Dasilva (CRD #4461795)**  
Frederick, Maryland  
(March 30, 2018)  
FINRA Case #2017056727501

**Shane Jason Kelly (CRD #3152000)**  
Port St. Lucie, Florida  
(January 29, 2018 – March 23, 2018)  
FINRA Case #2017054666601

**Keesang John Kim (CRD #6242780)**  
Chicago, Illinois  
(March 30, 2018)  
FINRA Case #2017055825201

**Michael Ray Matos (CRD #6460694)**  
Lake Hopatcong, New Jersey  
(March 9, 2018)  
FINRA Case #2017056198201

**Uriah Eli Mitchell (CRD #6707331)**  
Palm Desert, California  
(March 2, 2018)  
FINRA Case #2017055857901

**Michael Patrick Nanto (CRD #6321656)**  
Valley Center, California  
(March 19, 2018)  
FINRA Case #2017054342001

**Frederick Lamar Pearse (CRD #6293124)**  
Marietta, Georgia  
(March 9, 2018)  
FINRA Case #2017056198901

**Anteneh A. Roberts (CRD #6414549)**  
Redford, Michigan  
(March 19, 2018)  
FINRA Case #2017055248402

**Jeanette Marie Sanchez (CRD #4381110)**  
Fortuna, California  
(March 9, 2018)  
FINRA Case #2018056889701

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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.)

**Lawrence Joseph Alfano (CRD #2701389)**  
Kings Park, New York  
(March 27, 2018)  
FINRA Arbitration Case #17-01225

**Terry Dean Bahgat (CRD #1569518)**  
Williamsville, New York  
(March 27, 2018)  
FINRA Arbitration Case #17-01778

**Matthew Wayne Bailey (CRD #5770361)**  
Krum, Texas  
(March 16, 2018)  
FINRA Arbitration Case #17-01378

**Christopher John Calandrino (CRD #5238231)**  
 Lake Ronkonkoma, New York  
 (March 19, 2018)  
 FINRA Arbitration Case #16-02112

**Richard Grant Cody (CRD #2794558)**  
 Neptune, New Jersey  
 (March 14, 2018)  
 FINRA Arbitration Case #15-03327

**Barry Franklin Connell (CRD #3070984)**  
 Chester, New Jersey  
 (March 15, 2018)  
 FINRA Arbitration Case #17-01802

**James Fillmore Crawford Jr. (CRD #1327638)**  
 Penn Laird, Virginia  
 (March 19, 2018)  
 FINRA Arbitration Case #14-01420

**Jeffrey Michael Johnson (CRD #5522469)**  
 Birmingham, Michigan  
 (March 15, 2018)  
 FINRA Arbitration Case #17-01186

**Rick Douglas Konecny (CRD #1727785)**  
 Chicago, Illinois  
 (March 16, 2018)  
 FINRA Arbitration Case #16-03724

**Jonathan Richard Lake (CRD #1385504)**  
 Lordship, Connecticut  
 (March 8, 2018 – March 19, 2018)  
 FINRA Arbitration Case #17-02313

**Maroof Miyana (CRD #4513966)**  
 Boca Raton, Florida  
 (March 26, 2018)  
 FINRA Arbitration Case #14-03451

**Roberto Montano (CRD #3003372)**  
 Chicago, Illinois  
 (March 16, 2018)  
 FINRA Arbitration Case #17-01270

**Michael Jay Novick (CRD #1306549)**  
 Las Vegas, Nevada  
 (March 26, 2018 – May 2, 2018)  
 FINRA Arbitration Case #15-00086

**David Warren Olson (CRD #1700644)**  
 Largo, Florida  
 (March 14, 2018)  
 FINRA Arbitration Case #17-01490

**Jason Charles Parker (CRD #5325129)**  
 Milledgeville, Georgia  
 (March 27, 2018)  
 FINRA Arbitration Case #15-02953

**James Albert Pettit (CRD #733916)**  
 West Hartford, Connecticut  
 (March 26, 2018)  
 FINRA Arbitration Case #17-02168

**Jose Aloisio Teles (CRD #4287528)**  
 New York, New York  
 (March 14, 2018)  
 FINRA Arbitration Case #15-03189

**Jacques Tizabi (CRD #2249386)**  
 Los Angeles, California  
 (March 13, 2018)  
 FINRA Arbitration Case #14-00937

**Christopher Thomas Tolmacs (CRD #4648724)**  
 Scotts, Michigan  
 (March 13, 2018)  
 FINRA Arbitration Case #16-02899

**Bhaskar Chandrakant Vyas (CRD #2253146)**  
 San Clemente, California  
 (March 15, 2018)  
 FINRA Arbitration Case #17-01381

**Mark Edward Winburne (CRD #2341298)**  
 Memphis, Tennessee  
 (March 19, 2018)  
 FINRA Arbitration Case #16-02841

## Press Release

### FINRA Fines Aegis Capital Corp. \$550,000 for Anti-Money Laundering and Supervision Rule Violations

FINRA has fined [Aegis Capital Corp.](#) \$550,000 for failing to have adequate supervisory and anti-money laundering (AML) programs tailored to detect “red flags” or suspicious activity connected to its sale of low-priced securities.

FINRA found that Aegis’ supervisory system for trading in delivery versus payment (DVP) accounts was not reasonably designed to satisfy its obligation to monitor and investigate trading in DVP accounts, particularly in low-priced securities transactions. In a DVP account, customers buy and sell securities that are not held at the brokerage firm executing the trades, and the purchases and sales of those shares are then effected through the brokerage firm. During its investigation, FINRA found that Aegis failed to adequately monitor or investigate the trading in seven DVP customer accounts that liquidated billions of shares of low-priced securities, generating millions of dollars in proceeds for its customers. Several of these customers were foreign financial institutions that effected transactions on behalf of their underlying customers, all of whom were unknown to Aegis. The firm did not identify these trades as suspicious even after its clearing firm alerted Aegis to AML red flags and specific suspicious low-priced securities transactions. These violations were accompanied by a failure to implement an adequate AML program tailored to detect red flags associated with these sales.

“It’s critical that firms have effective AML systems in place so that they can comply with their obligations to review suspicious transactions, including those involving trading in low-priced securities,” said Susan Schroeder, FINRA’s Executive Vice President, Department of Enforcement. “The AML and supervision rules are important components of investor protection and market integrity, and member firms must have reasonably designed systems to ensure these rules are effectively implemented.”

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

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

The Securities and Exchange Commission (SEC) also announced today that Aegis agreed to pay a \$750,000 penalty in a separate action involving anti-money laundering violations by the firm. FINRA appreciates the assistance of the SEC and FinCEN.